

**CAPE FEAR COUNCIL OF GOVERNMENTS  
WILMINGTON, NORTH CAROLINA**

**FINANCIAL AND COMPLIANCE REPORTS**

**YEAR ENDED JUNE 30, 2022**



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ASSURANCE, TAX & ADVISORY SERVICES

# CAPE FEAR COUNCIL OF GOVERNMENTS

## Executive Committee Members

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Mike Forte  
Chairman

George Brown, Jr.  
Vice Chair

Charles Rivenbark  
Secretary/Treasurer

Teresa Batts

Julia Olson-Boseman

Janet Dawson

Brenda Bozeman

Brent Watts

Lamont Grate

# CAPE FEAR COUNCIL OF GOVERNMENTS

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Executive Committee  
Cape Fear Council of Governments

### Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Fear Council of Governments as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparisons of the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-10 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 36-37 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.



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The major fund schedules, combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required 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 State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to 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 based on our audit, the procedures performed as described above, such information is 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 November 29, 2022 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 the Council's internal control over financial reporting and compliance.

*PBMares, LLP*

Morehead City, North Carolina  
November 29, 2022

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CAPE FEAR COUNCIL OF GOVERNMENTS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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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, 2022. 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.

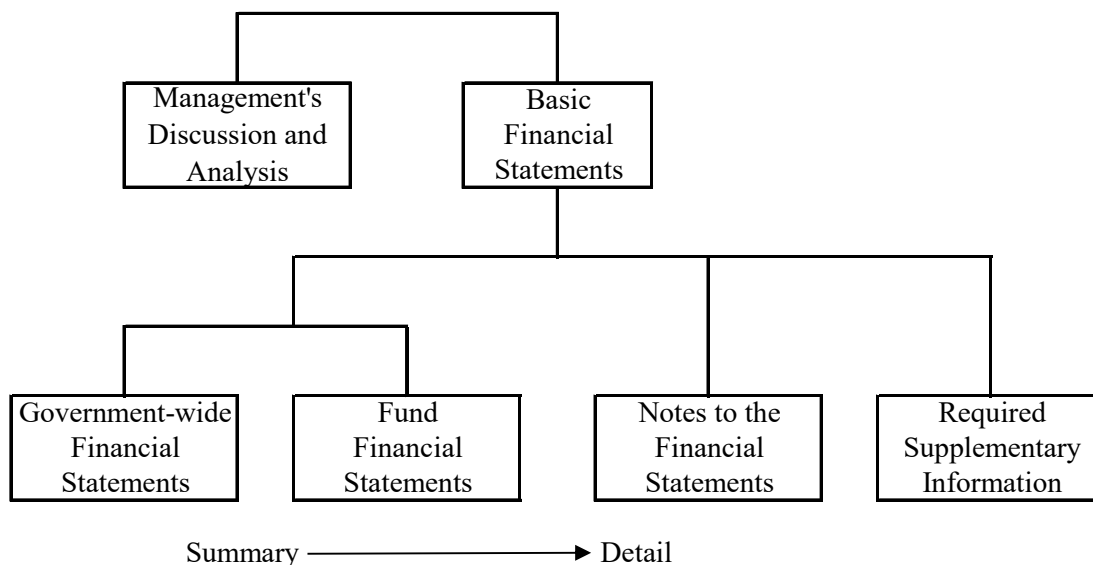
### Financial Highlights

- The assets and deferred outflows of the Council *exceeded* its liabilities and deferred inflows at the close of the fiscal year by \$640,536 (net position).
- The Council's total net position *increased* by \$100,525 from June 30, 2021 to June 30, 2022, primarily due to a decrease in pension liability, compensated absence liability, and required match obligations along with delaying certain budgeted expenses in the General Fund to next fiscal year.
- As of the close of the current fiscal year, the Council's general fund reported ending fund balance of \$735,085, an *increase* of \$66,922 from June 30, 2021. Approximately 94% of this total amount, or \$689,186 which is the general fund's unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$689,186, or approximately 24% 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)

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### Basic Financial Statements

The first two statements (pages 11 and 12) 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 13 through 17) 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 four categories: (1) General; (2) Aging; (3) Workforce Development; and (4) Non-major funds. The governmental activities include the Council's basic services. State and federal grant funds finance most of these activities.

The government-wide financial statements are on pages 11 and 12 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.

## CAPE FEAR COUNCIL OF GOVERNMENTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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**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.

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 18 through 35 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 36 of this report.

CAPE FEAR COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

	Governmental Activities	
	2022	2021
Current and other assets	\$ 3,417,974	\$ 2,832,764
Capital assets	2,314	3,471
<b>Total net assets</b>	<b>3,420,288</b>	<b>2,836,235</b>
Deferred outflows of resources	392,208	332,668
Other liabilities	2,095,581	1,995,940
Net pension liability	240,468	551,380
Long-term liabilities	492,355	81,572
<b>Total liabilities</b>	<b>2,828,404</b>	<b>2,628,892</b>
Deferred inflows of resources	343,556	-
Net position:		
Investment in capital assets	-	3,471
Restricted:		
Stabilization by state statute	2,042,895	2,191,851
Unrestricted (deficit)	(1,402,359)	(1,655,311)
<b>Total net position</b>	<b>\$ 640,536</b>	<b>\$ 540,011</b>

## CAPE FEAR COUNCIL OF GOVERNMENTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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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 \$640,536 as of June 30, 2022. The Council's net position *increased* by \$100,525 from June 30, 2021 to June 30, 2022. Additionally, \$2,042,895 of the net position is restricted and the remaining balance (deficit) of (\$1,402,359) is unrestricted.

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 493,185	\$ 393,668
Operating grants and contributions	10,283,240	10,027,199
General revenues:		
Local dues	229,256	222,291
Investment earnings, unrestricted	961	98
<b>Total revenues</b>	<b>11,006,642</b>	<b>10,643,256</b>
Expenses:		
General government	18,214	7,186
Aging programs	5,919,518	5,898,233
Continuum of care	399,882	334,119
Local government services	589,781	495,312
Workforce development	3,978,722	3,855,416
<b>Total expenses</b>	<b>10,906,117</b>	<b>10,590,266</b>
<b>Change in net position</b>	<b>100,525</b>	<b>52,990</b>
Net position, July 1	540,011	487,021
Net position, June 30	<b>\$ 640,536</b>	<b>\$ 540,011</b>

**Governmental Activities.** Governmental activities increased the Council's net position by \$100,525, thereby accounting for 100% of the total increase in the net position of the Council. The key element of this increase is as follows:

- Decrease in pension liability, compensated absence liability, and required match obligations along with delaying certain budgeted expenses in the General Fund to next fiscal year.



## CAPE FEAR COUNCIL OF GOVERNMENTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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#### *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 \$689,186, while total fund balance of the General Fund was \$735,085. 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 approximately 24% of total expenditures for all funds (excluding pass through expenditures).

At June 30, 2022, the governmental funds of the Council reported a combined fund balance of \$893,964, an approximate 6.8% increase from last year.

**Budgetary Highlights.** During the fiscal year, the Council revised the budget on several occasions. Generally, budget amendments fall into one of four categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; (3) increases in locally generated funds for planning service contracts and providing training workshops; and (4) decreases of federal and/or State grants due to reversion of under-utilized funds. Total amendments increased the Council's budgeted revenues by \$3,366,920. The majority of the increase is the result of the Council being awarded American Rescue Plan Act (ARPA) funds. The Aging and Local Government Services departments received ARPA funds. These awards will carry forward into next year.

Approximately 65% 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.

## CAPE FEAR COUNCIL OF GOVERNMENTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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#### **Capital Asset and Debt Administration**

**Capital Assets.** 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, leases 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 current economic environment, the Council anticipates that the net position and fund balance will remain consistent during the next fiscal year. The Council's members have indicated they will continue to support next year's budget with dues and matching funds at the same rate as previous years.
- In reaction to the pandemic, and its' economic fallout, the federal government passed the American Rescue Plan Act (ARPA). Two of the Council's programs have already received funding from ARPA and those funds will carry forward into the next fiscal year. The Council also anticipates additional ARPA funding to be awarded to the other programs in next fiscal year.
- Since the Council's funding depends on federal and state grants, the Council's management team will continue to monitor industry update concerning federal and state appropriations and will adjust expenditure and budget projections to reflect any changes to current estimates.

#### ***Requests for Information***

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

## **BASIC FINANCIAL STATEMENTS**

CAPE FEAR COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 1,365,078
Receivables:	
Accounts	109,398
Due from other governmental agencies	1,194,336
Prepaid items	34,874
<b>Total current assets</b>	<u>2,703,686</u>
Right to use leased assets, net of amortization	714,288
Capital assets, net of depreciation	2,314
<b>Total assets</b>	<u>3,420,288</u>
<b>Deferred Outflows of Resources</b>	
Pension deferrals	248,655
Contributions to pension plan in current fiscal year	143,553
<b>Total deferred outflows of resources</b>	<u>392,208</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,728,949
Accrued interest payable	510
Current portion of long-term liabilities	295,130
Unearned revenue	70,992
<b>Total current liabilities</b>	<u>2,095,581</u>
Net pension liability	240,468
Long-term liabilities	492,355
<b>Total liabilities</b>	<u>2,828,404</u>
<b>Deferred Inflows of Resources</b>	
Pension deferrals	343,556
<b>Total deferred inflows of resources</b>	<u>343,556</u>
<b>Net Position</b>	
Restricted:	
Stabilization by state statute	2,042,895
Unrestricted (deficit)	(1,402,359)
<b>Total net position</b>	<u>\$ 640,536</u>

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2022**

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	\$ 18,214	\$ 4,000	\$ -	\$ (14,214)
Aging programs	5,919,518	-	5,847,832	(71,686)
Workforce development	3,978,722	-	4,002,760	24,038
Continuum of care	399,882	143,657	263,588	7,363
Local government services	589,781	345,528	169,060	(75,193)
<b>Total governmental activities</b>	<b>\$ 10,906,117</b>	<b>\$ 493,185</b>	<b>\$ 10,283,240</b>	<b>(129,692)</b>
General revenues:				
Local dues				229,256
Investment earnings				961
Total general revenues				<u>230,217</u>
Change in net position				100,525
Net position, beginning				<u>540,011</u>
Net position, ending				<u>\$ 640,536</u>

# CAPE FEAR COUNCIL OF GOVERNMENTS

## BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2022

	General	Aging Programs	Workforce Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 1,365,078	\$ -	\$ -	\$ -	\$ 1,365,078
Receivables:					
Accounts	-	-	-	109,398	109,398
Due from other governmental agencies	6,575	495,731	591,584	100,446	1,194,336
Due from other funds	26,132	713,029	-	-	739,161
Prepaid items	13,192	1,202	19,290	1,190	34,874
<b>Total assets</b>	<b>\$ 1,410,977</b>	<b>\$ 1,209,962</b>	<b>\$ 610,874</b>	<b>\$ 211,034</b>	<b>\$ 3,442,847</b>
<b>Liabilities and Fund Balances</b>					
Accounts payable and accrued liabilities	\$ 4,419	\$ 1,158,775	\$ 521,040	\$ 44,715	\$ 1,728,949
Due to other funds	669,834	-	33,768	35,559	739,161
Unearned revenue	1,639	26,689	4,872	37,792	70,992
<b>Total liabilities</b>	<b>675,892</b>	<b>1,185,464</b>	<b>559,680</b>	<b>118,066</b>	<b>2,539,102</b>
<b>Deferred Inflows of Resources</b>					
Unavailable grant receivables	-	-	-	9,781	9,781
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,781</b>	<b>9,781</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid items	13,192	1,202	19,290	1,190	34,874
Restricted:					
Stabilization by state statute	32,707	1,208,760	591,584	209,844	2,042,895
Unassigned (deficit)	689,186	(1,185,464)	(559,680)	(127,847)	(1,183,805)
<b>Total fund balances</b>	<b>735,085</b>	<b>24,498</b>	<b>51,194</b>	<b>83,187</b>	<b>893,964</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,410,977</b>	<b>\$ 1,209,962</b>	<b>\$ 610,874</b>	<b>\$ 201,253</b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					2,314
Net pension liability					(240,468)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the statement of net position					143,553
Revenues are recognized when measurable and available therefore unavailable revenues are not reported in the funds					9,781
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.					714,288
Long-term liabilities are not due and payable in the the current period and, therefore, are not reported in the fund statements					(721,375)
Accrued compensated absences are not expenditures and therefore are not reported in the funds					(66,620)
Pension related deferrals					(94,901)
<b>Net position of governmental activities</b>					<b>\$ 640,536</b>

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – GOVERNMENTAL FUNDS  
Year Ended June 30, 2022**

	General	Aging Programs	Workforce Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Federal	\$ -	\$ 3,285,451	\$ 4,002,760	\$ 432,648	\$ 7,720,859
State	-	2,562,381	-	-	2,562,381
Local	152,193	81,063	-	489,185	722,441
Interest	961	-	-	-	961
<b>Total revenues</b>	<b>153,154</b>	<b>5,928,895</b>	<b>4,002,760</b>	<b>921,833</b>	<b>11,006,642</b>
<b>Expenditures</b>					
Current:					
General government	11,482	-	-	-	11,482
Aging programs	-	5,905,397	-	-	5,905,397
Workforce development	-	-	3,711,095	-	3,711,095
Continuum of care	-	-	-	403,178	403,178
Local government services	-	-	-	589,381	589,381
Leases:					
Principal	321,268	-	-	-	321,268
Interest and other charges	7,701	-	-	-	7,701
<b>Total expenditures</b>	<b>340,451</b>	<b>5,905,397</b>	<b>3,711,095</b>	<b>992,559</b>	<b>10,949,502</b>
<b>Revenues over expenditures</b>	<b>(187,297)</b>	<b>23,498</b>	<b>291,665</b>	<b>(70,726)</b>	<b>57,140</b>
<b>Other financing sources (uses)</b>					
Transfers in / (out)	254,219	(23,498)	(291,665)	60,944	-
Capital Outlay - Leases	(1,042,133)	-	-	-	(1,042,133)
Lease liabilities issued	1,042,133	-	-	-	1,042,133
<b>Total other financing sources (uses)</b>	<b>254,219</b>	<b>(23,498)</b>	<b>(291,665)</b>	<b>60,944</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>66,922</b>	<b>-</b>	<b>-</b>	<b>(9,782)</b>	<b>57,140</b>
Fund balance, beginning of year	668,163	24,498	51,194	92,969	836,824
Fund balance, end of year	\$ 735,085	\$ 24,498	\$ 51,194	\$ 83,187	\$ 893,964

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

Net change in fund balances, total governmental funds (above)	\$ 57,140
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 of depreciation and amortization expense in the current period	(1,157)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	143,553
Governmental funds recognize revenues when measurable and available. Available is defined as cash to be received within 90 days. This is the amount by which the amount not recognized in revenue changed during the year	9,781
Net effect of lease liability principle and lease asset ammortization	(7,087)
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	(116,657)
Compensated absences	14,952

Change in net position of governmental activities \$ 100,525

CAPE FEAR COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – GENERAL FUND  
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Local			\$ 152,193	
Interest			961	
<b>Total revenues</b>	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 153,154</u>	<u>\$ 111,154</u>
<b>Expenditures</b>				
Current:				
Salaries			210,099	
Fringe			76,785	
Rent			50,008	
Professional services			10,343	
Telephone			2,179	
Supplies			13,573	
Postage			428	
Travel/training			4,436	
Insurance			1,110	
Data processing			13,184	
Meeting costs			8,337	
Maintenance			5,800	
Leased equipment			4,466	
Dues and subscriptions			9,541	
Advertising			181	
Audit			1,297	
	<u>488,710</u>	<u>488,737</u>	<u>411,767</u>	<u>76,970</u>
Overhead allocation	<u>(446,710)</u>	<u>(446,737)</u>	<u>(400,285)</u>	<u>(46,452)</u>
<b>Total expenditures</b>	<u>42,000</u>	<u>42,000</u>	<u>11,482</u>	<u>30,518</u>
<b>Revenues over expenditures</b>	-	-	141,672	141,672
<b>Other financing uses</b>				
Operating transfers out	-	-	(74,750)	(74,750)
<b>Revenues over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>66,922</u>	<u>\$ 66,922</u>
Fund balance, beginning of year			<u>668,163</u>	
Fund balance, end of year			<u>\$ 735,085</u>	
Adjustments to Modified Accrual GAAP				
Lease liabilities issued			1,042,133	
Capital outlay - leases			(1,042,133)	
Transfers In			328,969	
Lease principle			(321,268)	
Lease interest			<u>(7,701)</u>	
<b>Fund Balance</b>			<u><b>\$ 735,085</b></u>	



CAPE FEAR COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES – BUDGET AND ACTUAL – AGING PROGRAMS FUND  
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal			\$ 3,285,451	
State			2,562,381	
Local			81,063	
<b>Total revenues</b>	<u>\$ 10,128,738</u>	<u>\$ 6,063,705</u>	<u>\$ 5,928,895</u>	<u>\$ (134,810)</u>
<b>Expenditures</b>				
Current:				
Pass-through			4,960,617	
Salaries			369,935	
Fringe			156,702	
Rent			17,096	
Professional services			1,150	
Telephone			5,463	
Supplies			27,849	
Postage			499	
Travel/training			21,732	
Insurance			1,493	
Data processing			34,810	
Meeting costs			685	
Maintenance			2,372	
Leased equipment			2,942	
Dues and subscriptions			47,404	
Audit			19,193	
Advertising			117,160	
Overhead allocation			141,793	
<b>Total expenditures</b>	<u>10,128,738</u>	<u>6,063,705</u>	<u>5,928,895</u>	<u>134,810</u>
<b>Revenues over expenditures</b>	-	-	-	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>24,498</u>	
Fund balance, end of year			<u>\$ 24,498</u>	
Adjustments to Modified Accrual GAAP				
Lease payments			23,498	
Transfers out			<u>(23,498)</u>	
<b>Fund Balance</b>			<u>\$ 24,498</u>	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal			\$ 4,002,760	
<b>Total revenues</b>	<b>\$ 6,894,292</b>	<b>\$ 7,310,982</b>	<b>\$ 4,002,760</b>	<b>\$ (3,308,222)</b>
<b>Expenditures</b>				
Current:				
Pass-through			3,011,446	
Salaries			352,705	
Fringe			119,674	
Rent			243,956	
Professional services			750	
Telephone			3,861	
Supplies			11,444	
Postage			242	
Travel/training			9,778	
Insurance			1,706	
Meeting costs			60	
Maintenance			38,138	
Utilities			18,748	
Leased equipment			4,758	
Data processing			43,166	
Dues and subscriptions			3,261	
Audit			12,633	
Overhead allocation			126,434	
<b>Total expenditures</b>	<b>6,894,292</b>	<b>7,310,982</b>	<b>4,002,760</b>	<b>3,308,222</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance, beginning of year			51,194	
Fund balance, end of year			\$ 51,194	
Adjustments to Modified Accrual GAAP				
Lease payments			291,665	
Transfers Out			(291,665)	
<b>Fund Balance</b>			<b>\$ 51,194</b>	

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### 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 16 regional planning and management agencies serving local governments in North Carolina. The Council serves Region O, which includes Brunswick, Columbus, New Hanover and Pender Counties and the municipalities within their boundaries as a jointly governed organization. Working under the direction of locally elected officials representing member governments, the Council plans and administers a variety of federal, state and local programs.

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

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

#### B. Basis of Presentation and Measurement Focus Basis of Accounting

##### *Basis of Presentation*

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

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

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

The Council reports the following major governmental funds:

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

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The Council reports the following non-major governmental funds:

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

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

#### ***Measurement Focus/Basis of Accounting***

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

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

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

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

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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

#### D. Estimates

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

#### E. Indirect Costs

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

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

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

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

#### 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, 2022, the carrying amount of the Council's deposits was \$243,185 and the bank balance was \$496,592

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 \$246,592 was covered by collateral held under the Pooling Method. The Board has no formal policy regarding custodial credit risk for deposits, but informally complies with North Carolina General Statute 159-31.

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

The Council's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The Council's investments in the NCCMT Government Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. Because the NCCMT Government portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with less than 6 months maturity. At June 30, 2022, the Council's investments consisted of \$1,121,893 and were limited to the NCCMT Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's and AAAm-mf by Moody's Investor Service. The Council has no formal policy regarding credit risk.

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### 1. Deposits and Investments (Continued)

The Council's investments are categorized based on the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. All of the Council's investments are categorized as Level I securities, which are valued using directly observable quotes and prices in active markets for identical assets.

#### 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 Items

Prepaid items consist of various prepaid operational expenses.

#### 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. Right to Use Assets

The Council has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### 7. 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 several items that meet the criterion for this category in the government-wide financial statements: contributions made to the pension plan in the 2022 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 at the fund level, unavailable grant revenues, and one item at the government-wide level, pension deferrals.

#### 8. 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, 2022, the Council had accrued \$66,620 for earned vacation leave. This amount is included in long-term liabilities on the accompanying statement of net position.

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

#### 9. 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.



# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### 9. Net Position/Fund Balances (Continued)

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.

#### 10. 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.

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Detail Notes on All Funds

#### A. Assets

##### 1. Capital Assets

Capital asset activity for the year ended June 30, 2022, is as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 31,026	\$ -	\$ -	\$ 31,026
Less accumulated depreciation for equipment	27,555	1,157	-	28,712
Governmental activity capital assets, net	<u>\$ 3,471</u>	<u>\$ (1,157)</u>	<u>\$ -</u>	<u>\$ 2,314</u>

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

Local Government Services	\$ 1,157
	<u>\$ 1,157</u>

##### 2. Right to Use Leased Assets

The Council has recorded seven right to use leased assets. The assets are right to use assets for leased equipment and buildings. The related leases are discussed in the Leases subsection of the Liabilities and Deferred Inflows of Resources section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Government Funds for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased equipment	\$ -	\$ 45,596	\$ -	\$ 45,596
Leased buildings	-	996,537	-	996,537
Total right to use assets	-	1,042,133	-	1,042,133
Less accumulated amortization for:				
Leased equipment	-	14,969	-	14,969
Leased buildings	-	312,876	-	312,876
Total accumulated amortization	-	327,845	-	327,845
Right to use assets, net	<u>\$ -</u>	<u>\$ 714,288</u>	<u>\$ -</u>	<u>\$ 714,288</u>

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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](http://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, 2022, was 11.35% 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 \$143,553 for the year ended June 30, 2022.

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Detail Notes on All Funds (Continued)

#### 1. Pension Plan Obligations (Continued)

*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.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At June 30, 2022, the Council reported a liability of \$240,468 for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, 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, 2021 measurement date, the Council’s proportion was 0.01568%, which was an increase of approximately 0.00025% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Council recognized pension expense of \$116,657. At June 30, 2022, 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	\$ 76,501	\$ -
Changes in assumptions	151,075	-
Net difference between projected and actual earnings on pension plan investments	-	343,556
Changes in proportion and differences between Council contributions and proportionate share of contributions	21,079	-
Contributions subsequent to the measurement date	143,553	-
	<u>\$ 392,208</u>	<u>\$ 343,556</u>

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Detail Notes on All Funds (Continued)

#### 1. Pension Plan Obligations (Continued)

The \$143,553 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 ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	Amount
2022	\$ 33,916
2023	92
2024	(23,779)
2025	(105,130)
	<u>\$ (94,901)</u>

*Actuarial Assumptions* – The total pension liability in the December 31, 2020 actuarial valuation, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25 to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, 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, 2020 valuation, were based on the results of an actuarial experience study prepared as of December 31, 2019.

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

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### Note 2. Detail Notes on All Funds (Continued)

#### 1. Pension Plan Obligations (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, 2022, are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 2.5%. All rates of return and inflation are annualized.

*Discount rate* – The discount rate used to measure the total pension liability was 6.50%. 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)

#### 1. Pension Plan Obligations (Continued)

*Sensitivity of the Council's proportionate share of the net pension liability to changes in the discount rate* – The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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 (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Council's proportionate share of the net pension liability (asset)	\$ 933,476	\$ 240,468	\$ (329,838)

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

#### 2. Unearned Revenue

The balance in unearned revenue at June 30, 2022, which generally consists of money received from the various funding sources in advance, is comprised of the following:

Aging Programs Fund	
Aging administration	\$ 26,689
General Fund	
Charges for services	1,639
Workforce Investment Fund	
Advance drawdowns	4,872
Nonmajor Fund	
Local government services	37,792
	<u>\$ 70,992</u>

#### 3. Long-Term Liabilities

##### a. Leases:

The Council has entered into agreements to lease certain equipment and buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as the date of their inception.

The Council has multiple equipment leases including copiers and phones. The leases have varying expiration dates, the latest of which expires in February 2025. The agreements require various monthly payments from \$176 to \$909. There are no variable payment components of the leases. The lease liability is measured at a discount rate of .89%, which is the incremental borrowing rate. The Council has recorded several right to use assets with a net book value of \$30,627 at June 30, 2022. The assets are discussed in more detail in the right to use asset section of this note.

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

### Note 2. Detail Notes on All Funds (Continued)

#### 3. Long-Term Liabilities (Continued)

##### a. Leases (Continued):

The Council has entered into four agreements to lease certain building space. The leases have varying expiration dates and extension options through September 2025. Fixed monthly payments under the agreements range from \$1,050 to \$15,167. There are no variable payment components of the leases. The lease liability is measured at a discount rate of .89%, which is the incremental borrowing rate. The Council has recorded 4 right to use assets with a net book value of \$683,661 at June 30, 2022. The assets are discussed in more detail in the right to use asset section of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Years ending June 30:	Principal	Interest	Total
2023	\$ 295,130	\$ 5,169	\$ 300,299
2024	198,476	2,947	201,423
2025	181,827	1,281	183,108
2026	45,432	67	45,499
	<u>\$ 720,865</u>	<u>\$ 9,464</u>	<u>\$ 730,329</u>

##### b. Changes in Long-Term Liabilities:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion of Balance
Governmental activities:					
Lease liabilities	\$ -	\$ 1,042,133	\$ 321,268	\$ 720,865	\$ 295,130
Compensated absences	81,572	4,326	19,278	66,620	-
Net pension liability (LGERS)	551,380	-	310,912	240,468	-
	<u>\$ 632,952</u>	<u>\$ 1,046,459</u>	<u>\$ 651,458</u>	<u>\$ 1,027,953</u>	<u>\$ 295,130</u>

##### c. Interfund Balances and Transfer Activity

All cash accounts are recorded in the general fund and, as a result, interfund receivables and payables exist. Net short-term interfund receivables and payables at June 30, 2022, were as follows:

Fund	Receivable	Payable
General Fund	\$ 26,132	\$ 669,834
Aging Programs Fund	713,029	-
Workforce Development Fund	-	33,768
Local Government Services Fund	-	26,132
Continuum of Care Fund	-	9,427
	<u>\$ 739,161</u>	<u>\$ 739,161</u>



# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Detail Notes on All Funds (Continued)

#### c. Interfund Balances and Transfer Activity

Transfers to/from other funds at June 30, 2022 consist of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 254,219	\$ -
Aging Programs Fund	-	23,498
Workforce Development Programs Fund	-	291,665
Local Government Services Fund	60,944	-
	\$ 315,163	\$ 315,163

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. The modified accrual statements show additional transfers to reclassify the special revenue fund share of the lease liabilities serviced by the general fund.

#### d. Fund Balance

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

Total fund balance - General Fund	\$ 735,085
Less:	
Nonspendable fund balance	13,192
Stabilized by state statute	32,707
Remaining fund balance	\$ 689,186

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO FINANCIAL STATEMENTS

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### 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. 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.

### Note 4. Related Party Transactions

During the year ended June 30, 2022, the Council received and recorded dues revenues of approximately \$182,645 from member governments, including Brunswick, Columbus, New Hanover and Pender Counties and the municipalities within their boundaries.

Also during the year ended June 30, 2022, the Council expended the following amounts to member governments, in the form of pass-through monies:

Columbus County	\$ 830,432
New Hanover County	1,766,250
Pender County, directed to Pender Adult Services	725,120
Brunswick County, directed to Brunswick Senior Resources, Inc.	1,618,481
Lower Cape Fear	20,334
	<u>\$ 4,960,617</u>

## CAPE FEAR COUNCIL OF GOVERNMENTS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Pronouncements

Pronouncements Implemented in the Current Year:

The Council implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, effective for fiscal years that end June 30, 2022. The statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As part of implementing the statement, the Council performed a comprehensive review of its leases relationships and applied the criteria within the guidance. As a result beginning net position was not affected.

Pronouncements Issued, Not Yet Effective:

The GASB has issued several pronouncements prior to June 30, 2022, that have effective dates that may affect future financial presentation.

The Council has not yet evaluated the effect of implementation of the following GASB pronouncements.

**Statement No. 91, *Conduit Debt Obligations*.** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 31, 2022.

**Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.** The primary objective of this Statement is to improve financial reporting by addressing issues related to the public-private and public-public partnership arrangements (PPPs). This Statement is effective for reporting periods beginning after June 15, 2022.

## CAPE FEAR COUNCIL OF GOVERNMENTS

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Pronouncements (Continued)

**Statement No. 96, *Subscription-Based Information Technology Arrangements*.** This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for reporting periods beginning after June 15, 2022.

**Statement No. 99, *Omnibus 2022*.** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

**Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*.** The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**Statement No. 101, *Compensated Absences*.** The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM  
 LAST EIGHT FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Council's proportion of the net pension liability (asset) (%)	0.01568%	0.01543%	0.01474%	0.01391%	0.01236%	0.01273%	0.01163%	(0.00926%)
Council's proportion of the net pension liability (asset) (\$)	\$ 240,468	\$ 551,380	\$ 402,538	\$ 329,993	\$ 188,827	\$ 270,174	\$ 52,195	\$ (54,611)
Council's covered-employee payroll	\$ 1,173,901	\$ 1,046,771	\$ 1,073,213	\$ 1,003,627	\$ 939,503	\$ 965,255	\$ 930,506	\$ 728,226
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.48%	52.67%	37.51%	32.88%	20.10%	27.99%	5.61%	-7.50%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

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

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

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

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**SCHEDULE OF CONTRIBUTIONS  
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 143,553	\$ 119,151	\$ 93,686	\$ 83,174	\$ 75,272	\$ 68,114	\$ 64,383	\$ 65,786
Contributions in relation to the contractually required contribution	\$ 143,553	119,151	93,686	83,174	75,272	68,114	64,383	65,786
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Council's covered-employee payroll	\$ 1,264,784	\$ 1,173,901	\$ 1,046,771	\$ 1,073,213	\$ 1,003,627	\$ 939,503	\$ 965,255	\$ 930,506
Contributions as a percentage of covered-employee payroll	11.35%	10.15%	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%

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

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## **SUPPLEMENTARY INFORMATION**

CAPE FEAR COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Continuum of Care Fund	Local Government Services	Total Nonmajor Governmental Funds
<b>Assets</b>			
Receivables:			
Accounts	\$ -	\$ 109,398	\$ 109,398
Due from other governmental agencies	100,446	-	100,446
Prepaid items	1,190	-	1,190
<b>Total assets</b>	<b>\$ 101,636</b>	<b>\$ 109,398</b>	<b>\$ 211,034</b>
<b>Liabilities and Fund Balances</b>			
Accounts payable and accrued liabilities	\$ 22,981	\$ 21,734	\$ 44,715
Due to other funds	9,427	26,132	35,559
Unearned revenue	34,367	3,425	37,792
<b>Total liabilities</b>	<b>66,775</b>	<b>51,291</b>	<b>118,066</b>
<b>Deferred Inflows of Resources</b>			
Unavailable grant receivables	-	9,781	9,781
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>9,781</b>	<b>9,781</b>
<b>Fund Balances</b>			
Nonspendable:			
Prepaid items	1,190	-	1,190
Restricted:			
Stabilization by state statute	100,446	109,398	209,844
Unassigned (deficit)	(66,775)	(61,072)	(127,847)
<b>Total fund balances</b>	<b>34,861</b>	<b>48,326</b>	<b>83,187</b>
<b>Total liabilities and fund balances</b>	<b>\$ 101,636</b>	<b>\$ 109,398</b>	<b>\$ 211,034</b>

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2022**

	Continuum of Care Fund	Local Government Services	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Federal	\$ 263,588	\$ 169,060	\$ 432,648
Local	143,657	345,528	489,185
<b>Total revenues</b>	<u>407,245</u>	<u>514,588</u>	<u>921,833</u>
<b>Expenditures</b>			
Current:			
Continuum of care	406,705	-	406,705
Local government services	-	599,660	599,660
<b>Total expenditures</b>	<u>406,705</u>	<u>599,660</u>	<u>1,006,365</u>
<b>Revenue over (under) expenditures</b>	<u>540</u>	<u>(85,072)</u>	<u>(84,532)</u>
<b>Other financing sources</b>			
Transfers in	-	74,750	74,750
<b>Total other financing sources</b>	<u>-</u>	<u>74,750</u>	<u>74,750</u>
<b>Net change in fund balance</b>	540	(10,322)	(9,782)
Fund balance, beginning of year	<u>34,321</u>	<u>58,648</u>	<u>92,969</u>
Fund balance, end of year	<u>\$ 34,861</u>	<u>\$ 48,326</u>	<u>83,187</u>
Adjustments to Modified Accrual GAAP			
			13,806
			<u>(13,806)</u>
<b>Fund Balance</b>			<u>\$ 83,187</u>

**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, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal:				
Department of Housing and Urban Development Emergency Solutions Grant			\$ 263,588	
Local:				
Other			143,657	
<b>Total revenues</b>	<u>\$ 265,083</u>	<u>\$ 467,187</u>	<u>\$ 407,245</u>	<u>\$ (59,942)</u>
<b>Expenditures</b>				
Current:				
Salaries			126,055	
Fringe			48,010	
Rent			1,607	
Professional services			6,091	
Telephone			2,556	
Supplies			2,940	
Postage			61	
Travel/training			50	
Insurance			529	
Data processing			4,440	
Meeting costs			53	
Maintenance			180	
Leased equipment			1,401	
Dues and subscriptions			35	
Audit			1,141	
Contracts and sub grants			170,068	
Overhead allocation			41,488	
<b>Total expenditures</b>	<u>265,083</u>	<u>467,187</u>	<u>406,705</u>	<u>60,482</u>
<b>Revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>540</u>	<u>\$ 540</u>
Fund balance, beginning of year			34,321	
Fund balance, end of year			<u>\$ 34,861</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, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal:				
Highway Planning and Construction			\$ 133,823	
Department of Defense				
MOTSU			12,901	
Department of Commerce				
EDA Disaster Recovery Grant			22,336	
Local:				
Contract revenue			338,907	
Special Projects			6,621	
<b>Total revenues</b>	<b>\$ 546,758</b>	<b>\$ 631,191</b>	<b>\$ 514,588</b>	<b>\$ (116,603)</b>
<b>Expenditures</b>				
Current:				
Salaries			248,121	
Fringe			89,645	
Rent			6,474	
Professional services			133,050	
Telephone			2,340	
Supplies			3,847	
Postage			107	
Travel/training			11,637	
Insurance			704	
Data processing			5,503	
Maintenance			708	
Leased equipment			2,291	
Dues and subscriptions			2,953	
Audit			1,660	
Advertising			52	
Overhead allocation			90,568	
<b>Total expenditures</b>	<b>546,758</b>	<b>631,191</b>	<b>599,660</b>	<b>31,531</b>
<b>Revenues under expenditures</b>	-	-	(85,072)	(85,072)
<b>Other financing sources</b>				
Operating transfers in	-	-	74,750	74,750
<b>Revenues under expenditures     and other financing sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(10,322)</b>	<b>\$ (10,322)</b>
Fund balance, beginning of year			58,648	
Fund balance, end of year			\$ 48,326	

CAPE FEAR COUNCIL OF GOVERNMENTS

COMBINING BALANCE SHEET BY PROGRAM – AGING PROGRAMS FUND

June 30, 2022

	Aging Administration Title III B & C	Ombudsman Program	Family Caregiver Support	Other Aging Programs	Total
<b>Assets</b>					
Receivables:					
Due from other governmental agencies	\$ 434,128	\$ 1,552	\$ 44,109	\$ 15,942	\$ 495,731
Due from other funds	686,652	-	26,377	-	713,029
Prepaid items	1,202	-	-	-	1,202
<b>Total assets</b>	<b>\$ 1,121,982</b>	<b>\$ 1,552</b>	<b>\$ 70,486</b>	<b>\$ 15,942</b>	<b>\$ 1,209,962</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 1,070,795	\$ 1,552	\$ 70,486	\$ 15,942	\$ 1,158,775
Unearned revenue	26,689	-	-	-	26,689
<b>Total liabilities</b>	<b>1,097,484</b>	<b>1,552</b>	<b>70,486</b>	<b>15,942</b>	<b>1,185,464</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid items	1,202	-	-	-	1,202
Spendable:					
Restricted:					
For aging programs	1,120,780	1,552	70,486	15,942	1,208,760
Unassigned	(1,097,484)	(1,552)	(70,486)	(15,942)	(1,185,464)
<b>Total fund balances</b>	<b>24,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,498</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,121,982</b>	<b>\$ 1,552</b>	<b>\$ 70,486</b>	<b>\$ 15,942</b>	<b>\$ 1,209,962</b>

CAPE FEAR COUNCIL OF GOVERNMENTS

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES BY PROGRAM – AGING PROGRAMS FUND  
Year Ended June 30, 2022**

	Aging Administration Title III B & C	Ombudsman Program	Family Caregiver Support	Other Aging Programs	Total
<b>Revenues</b>					
Federal	\$ 2,751,913	\$ 150,735	\$ 290,647	\$ 92,156	\$ 3,285,451
State	2,390,089	40,787	19,376	112,129	2,562,381
Local	81,063	-	-	-	81,063
<b>Total revenues</b>	<b>5,223,065</b>	<b>191,522</b>	<b>310,023</b>	<b>204,285</b>	<b>5,928,895</b>
<b>Expenditures</b>					
Current:					
Pass-through	4,485,069	-	250,019	225,529	4,960,617
Administration:					
Title III	465,138	-	-	-	465,138
Ombudsman	-	237,453	-	-	237,453
Family Caregiver Support	-	-	118,112	-	118,112
Other Aging Programs	-	-	-	147,575	147,575
<b>Total expenditures</b>	<b>4,950,207</b>	<b>237,453</b>	<b>368,131</b>	<b>373,104</b>	<b>5,928,895</b>
<b>Revenues over (under) expenditures</b>	<b>272,858</b>	<b>(45,931)</b>	<b>(58,108)</b>	<b>(168,819)</b>	<b>-</b>
<b>Other financing sources (uses)</b>					
Operating transfers in (out)	(272,858)	45,931	58,108	168,819	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance, beginning of year	24,498	-	-	-	24,498
Fund balance, end of year	\$ 24,498	\$ -	\$ -	\$ -	\$ 24,498

CAPE FEAR COUNCIL OF GOVERNMENTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – AGING ADMINISTRATION TITLE III B & C PROGRAMS  
Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal			\$ 2,751,913	
State			2,390,089	
Local			81,063	
<b>Total revenues</b>	<b>\$ 5,051,919</b>	<b>\$ 5,023,990</b>	<b>\$ 5,223,065</b>	<b>\$ 199,075</b>
<b>Expenditures</b>				
Current:				
Pass-through			4,485,069	
Salaries			157,645	
Fringe			63,869	
Rent			8,641	
Professional services			1,150	
Telephone			1,814	
Supplies			9,585	
Postage			313	
Travel/training			4,864	
Insurance			640	
Data processing			6,369	
Meeting costs			236	
Maintenance			1,226	
Leased equipment			1,693	
Dues and subscriptions			47,404	
Audit			17,830	
Advertising			80,915	
Overhead allocation			60,944	
<b>Total expenditures</b>	<b>5,051,919</b>	<b>5,023,990</b>	<b>4,950,207</b>	<b>73,783</b>
<b>Revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>272,858</b>	<b>272,858</b>
<b>Other financing uses</b>				
Operating transfers out	-	-	(272,858)	(272,858)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balance, beginning of year			24,498	
Fund balance, end of year			\$ 24,498	



CAPE FEAR COUNCIL OF GOVERNMENTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – OMBUDSMAN PROGRAM  
Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal			\$ 150,735	
State			40,787	
<b>Total revenues</b>	<b>\$ 189,936</b>	<b>\$ 237,453</b>	<b>\$ 191,522</b>	<b>\$ (45,931)</b>
<b>Expenditures</b>				
Current:				
Salaries			97,420	
Fringe			43,917	
Rent			3,857	
Telephone			2,155	
Supplies			10,763	
Postage			20	
Travel/training			13,238	
Insurance			427	
Data processing			26,185	
Maintenance			630	
Leased equipment			313	
Audit			638	
Overhead allocation			37,890	
<b>Total expenditures</b>	<b>189,936</b>	<b>237,453</b>	<b>237,453</b>	<b>-</b>
<b>Revenues under expenditures</b>	<b>-</b>	<b>-</b>	<b>(45,931)</b>	<b>(45,931)</b>
<b>Other financing sources</b>				
Operating transfers in	-	-	45,931	45,931
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
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, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal			\$ 290,647	
State			19,376	
<b>Total revenues</b>	<b>\$ 310,113</b>	<b>\$ 368,995</b>	<b>\$ 310,023</b>	<b>\$ (58,972)</b>
<b>Expenditures</b>				
Current:				
Pass-through			250,019	
Salaries			57,879	
Fringe			24,863	
Rent			2,250	
Telephone			435	
Supplies			7,211	
Postage			23	
Travel/training			253	
Insurance			213	
Data processing			1,369	
Meeting costs			449	
Maintenance			252	
Leased equipment			684	
Audit			369	
Overhead allocation			21,862	
<b>Total expenditures</b>	<b>310,113</b>	<b>368,995</b>	<b>368,131</b>	<b>864</b>
<b>Revenues under expenditures</b>	<b>-</b>	<b>-</b>	<b>(58,108)</b>	<b>(58,108)</b>
<b>Other financing sources</b>				
Operating transfers in	-	-	58,108	58,108
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
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, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Federal			\$ 92,156	
State			112,129	
<b>Total revenues</b>	<u>\$ 4,576,770</u>	<u>\$ 433,267</u>	<u>\$ 204,285</u>	<u>\$ (228,982)</u>
<b>Expenditures</b>				
Current:				
Pass-through:				
Operation Fan			4,824	
Senior Center Outreach			220,705	
Salaries			56,991	
Fringe			24,053	
Rent			2,348	
Telephone			1,059	
Supplies			290	
Postage			143	
Travel/training			3,377	
Insurance			213	
Data processing			887	
Maintenance			264	
Leased equipment			252	
Audit			356	
Advertising			36,245	
Overhead allocation			21,097	
<b>Total expenditures</b>	<u>4,576,770</u>	<u>433,267</u>	<u>373,104</u>	<u>60,163</u>
<b>Revenues over expenditures</b>	-	-	(168,819)	(168,819)
<b>Other financing uses</b>				
Operating transfers out	-	-	168,819	168,819
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

CAPE FEAR COUNCIL OF GOVERNMENTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL – WORKFORCE DEVELOPMENT PROGRAMS  
 Year Ended June 30, 2022

Funding Source	Funding Level	Drawdowns		Available June 30, 2022
		Prior to July 1, 2021	Fiscal Year June 30, 2022	
20-2010	\$ 388,871	\$ (126,350)	\$ (262,521)	\$ -
21-2021	288,291	-	(25,686)	262,605
	<u>677,162</u>	<u>(126,350)</u>	<u>(288,207)</u>	<u>262,605</u>
20-2020-33	1,219,532	(245,854)	(973,678)	-
21.2020-33	959,075	-	(336,082)	622,993
	<u>2,178,607</u>	<u>(245,854)</u>	<u>(1,309,760)</u>	<u>622,993</u>
20-2030-33	855,239	(241,069)	(614,170)	-
21-2030-33	657,495	-	(259,339)	398,156
	<u>1,512,734</u>	<u>(241,069)</u>	<u>(873,509)</u>	<u>398,156</u>
21.FLG.BCC	25,000	-	(6,562)	18,438
21.FLG.CFCC	25,000	-	(1,361)	23,639
21.FLG.SCC	25,000	-	(6,794)	18,206
19.FLG.BCC	10,409	(403)	(10,006)	-
19.FLG.CFCC	9,125	(8,614)	(511)	-
19.FLG.SCC	24,852	(18,984)	(5,868)	-
20.INNOVATIONY2	175,999	(175,999)	-	-
	<u>295,385</u>	<u>(204,000)</u>	<u>(31,102)</u>	<u>60,283</u>
20-2040-I	296,268	(20,000)	(276,268)	-
20-2040-O	888,803	(135,000)	(753,803)	-
21-2040-I	244,513	-	(37,144)	207,369
21-2040-O	733,538	-	(111,432)	622,106
	<u>2,163,122</u>	<u>(155,000)</u>	<u>(1,178,647)</u>	<u>829,475</u>
19-3110 COVID	25,000	(25,000)	-	-
19-3130 COVID	225,000	(121,269)	(37,251)	66,480
	<u>250,000</u>	<u>(146,269)</u>	<u>(37,251)</u>	<u>66,480</u>
Statewide	2,666,472	(2,578,415)	(88,057)	-
	<u>2,666,472</u>	<u>(2,578,415)</u>	<u>(88,057)</u>	<u>-</u>
<b>Total</b>	<u>\$ 9,743,482</u>	<u>\$ (3,696,957)</u>	<u>\$ (3,806,533)</u>	<u>\$ 2,239,992</u>

Expenditures				
Prior to July 1, 2021	Fiscal Year June 30, 2022	Draws (Over)/Under Expenditures	Due From Grantor June 30, 2022	Unearned Revenue June 30, 2022
\$ 94,434	\$ 294,437	\$ -	\$ -	\$ -
-	25,686	-	-	-
94,434	320,123	-	-	-
205,242	1,014,290	-	-	-
-	336,082	-	-	-
205,242	1,350,372	-	-	-
192,730	662,509	-	-	-
-	259,339	-	-	-
192,730	921,848	-	-	-
-	6,562	-	-	-
-	1,361	-	-	-
-	6,794	-	-	-
403	10,006	-	-	-
8,614	511	-	-	-
18,984	5,868	-	-	-
175,999	-	-	-	-
204,000	31,102	-	-	-
21,729	274,539	-	-	-
65,188	823,615	-	-	-
-	35,926	(1,218)	-	(1,218)
-	107,778	(3,654)	-	(3,654)
86,917	1,241,858	(4,872)	-	(4,872)
25,000	-	-	-	-
109,120	49,400	-	-	-
134,120	49,400	-	-	-
2,578,415	88,057	-	-	-
2,578,415	88,057	-	-	-
\$ 3,495,858	\$ 4,002,760	\$ (4,872)	\$ -	\$ (4,872)

CAPE FEAR COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

Year Ended June 30, 2022

		FY 2022 Actual Cost
<hr/>		
Total Indirect Annual Salaries		\$ 210,099
Total Indirect Fringe Benefits		76,785
Travel		4,436
Occupancy Costs		50,008
Operating Expense		58,957
<b>Total indirect expenditures</b>		<u><u>\$ 400,285</u></u>
Total Personnel Costs	\$ 1,797,731	
Less Total Indirect Salaries	(210,099)	
Less Total Indirect Fringe Benefits	(76,785)	
<b>Total direct personnel costs</b>	<u>(76,785)</u>	<u><u>\$ 1,510,847</u></u>
<b>Indirect Rate Calculation</b>		
<u>Total Indirect Expenditures</u>	=	\$ 400,285
Total Direct Personnel Costs		<u>\$ 1,510,847</u>
		26.49%

CAPE FEAR COUNCIL OF GOVERNMENTS

SCHEDULE OF FRINGE BENEFITS

Year Ended June 30, 2022

	FY 2022 Actual Cost
<b>Total Annual Salaries</b>	<u>\$ 1,306,915</u>
FICA	\$ 98,210
LGERS Retirement	142,712
Supplemental Retirement	12,061
Group Insurance	233,559
Workers' Comp	2,865
Unemployment Insurance	<u>1,409</u>
<b>Total Fringe Benefits</b>	<u>\$ 490,816</u>
<b>Fringe Benefit Rate Calculation</b>	
$\frac{\text{Total Fringe Benefits}}{\text{Total Annual Salaries}} = \frac{\$ 490,816}{\$ 1,306,915} = 37.56\%$	
Total Annual Salaries	\$ 1,306,915
Total Fringe Benefits	<u>490,816</u>
<b>Total Personnel Cost</b>	<u>\$ 1,797,731</u>

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## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

Executive Committee  
Cape Fear Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cape Fear Council of Governments (the Council) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements, and have issued our report thereon dated November 29, 2022.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council’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 or significant deficiencies.

## **Compliance and Other Matters**

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

## **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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PBMares, LLP*

Morehead City, North Carolina  
November 29, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Executive Committee  
Cape Fear Council of Governments

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Cape Fear Council of Governments' (the Council) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors* issued by the North Carolina 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, 2022. 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. In our opinion, Cape Fear Council of Governments 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, 2022.

***Basis for opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS); and 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. Our responsibilities under those standards and the audit guide are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Council's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the audit guide, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 audit guide. Accordingly, this report is not suitable for any other purpose.

*PBMares, LLP*

Morehead City, North Carolina  
November 29, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR STATE  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Executive Committee  
Cape Fear Council of Governments

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Cape Fear Council of Governments' (the Council) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors* issued by the North Carolina Local Government Commission, that could have a direct and material effect on the Council's major State program for the year ended June 30, 2022. 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. In our opinion, Cape Fear Council of Governments 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, 2022.

***Basis for opinion on the Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS); 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. Our responsibilities under those standards and the audit guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for the major State program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Council's State program.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of the major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*PBMares, LLP*

Morehead City, North Carolina  
November 29, 2022

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

**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:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None Reported

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

Unmodified

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

\_\_\_\_\_ Yes        X   No

Identification of major federal programs:

Federal Assistance Listing Number	Program Name
Workforce Innovation and Opportunity Act (WIOA) Cluster	
17.258	WIA/WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers
17.277	National Dislocated Worker Grant: COVID-19
Aging Cluster:	
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers – Including COVID-19 Funds
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services – Including COVID-19 Funds
93.053	Nutrition Services Incentive Program

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2022**

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

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

\$ 750,000

Auditee qualified as low-risk auditee?

X  Yes        No

State Awards

Internal control over major state programs:

Material weakness(es) identified?

Yes       X  No

Significant deficiency(ies) identified?

Yes       X  None Reported

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

Unmodified

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

Yes       X  No

Identification of major state program:

---

Federal Assistance Listing Number / Grant Number

Program Name

---

Aging Cluster

N/A

N/A

N/A

N/A

Ombudsman

Access

In-home/Support Services

Home-delivered meals

**CAPE FEAR COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

None noted.

**Section III – Federal Award Findings and Questioned Costs**

None noted.

**Section IV – State Award Findings and Questioned Costs**

None noted.



**Serving Local Government in:**

**Brunswick County**

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

**Columbus County**

- Boardman
- Bolton
- Brunswick
- Cerro Gordo
- 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
- Wallace



**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022**

**Financial Statement, Federal Award and State Award Findings  
Finding 2021-001, 2021-002, 2021-003:**

Status: Corrected

**Cape Fear Council of Governments**

Allen Serkin, Executive Director

Dawn Tucker, Finance Director

1480 Harbour Drive, Wilmington, NC 28401-7776 • (910) 395-4553 • (910) 395-2684 Fax  
[www.capefearcog.org](http://www.capefearcog.org)

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

# CAPE FEAR COUNCIL OF GOVERNMENTS

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing (AL) Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
<b>Federal Awards</b>					
<u>U.S. Department of Health and Human Services</u>					
Passed-through the N.C. Department of					
Health and Human Services – Division of Aging					
Aging Cluster:					
(93.044, 93.045 & 93.053):					
Special Programs for the Aging – Title III B	93.044	NC-15			
Planning and administration			\$ 62,556	\$ 3,428	\$ -
Ombudsman			120,589	7,093	-
Legal			19,208	1,130	20,338
Access			270,724	15,925	286,641
In-home/Support Services			360,903	21,230	382,123
COVID-19 - Legal			8	-	8
COVID-19 - Access			29,823	-	29,823
COVID-19 - In-home/Support Services			98,056	-	98,056
COVID-19 - Access to COVID-19 Vaccines			84,615	-	-
COVID-19 - Ombudsman			24,652	-	-
Special Programs for the Aging – Title III C	93.045	NC-15			
Planning and administration			108,330	5,936	-
Congregate meals			350,338	20,621	371,162
Home-delivered meals			238,077	14,005	252,082
ARPA - Planning and administration			22,379	7,460	-
Nutrition - Consolidated Appropriation Act			252,899	-	252,899
COVID-19 - Planning and administration			9,992	-	-
COVID-19 - Nutrition Services			301,258	-	301,258
Nutrition Services Incentive Program (NSIP)	93.053	NC-15	262,111	-	262,110
<b>Total Aging Cluster</b>			<b>2,616,518</b>	<b>96,828</b>	<b>2,256,500</b>
Special Programs for the Aging – Title III D and F					
Preventive health	93.043	NC-15	46,253	2,710	47,082
Social Services Block Grant					
In-home/Support Services	93.667	NC-15	157,154	4,490	161,644
Elder Abuse Prevention					
Title III Elder Abuse	93.041	NC-15	7,126	419	-
Special Programs for the Aging – Title VII E					
Ombudsman	93.042	NC-15	30,146	1,773	-
National Family Caregiver Support Program	93.052	NC-15			
Planning and administration			40,738	2,232	-
Family Caregiver Services			290,647	19,376	191,927
COVID-19 - Family Caregiver Services			58,092	-	58,092
Passed-through the N.C. Department of Insurance					
Senior's Health Insurance Information Program	93.048	NC-15	5,000	-	-
MIPPA - Medicare Improvement for					
Patients and Providers Act	93.071	NC-15	33,867	-	-
<b>Total U.S. Department of</b>					
<b>Health and Human Services</b>			<b>3,285,541</b>	<b>127,828</b>	<b>2,715,245</b>

# CAPE FEAR COUNCIL OF GOVERNMENTS

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued) Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing (AL) Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
<u>U.S. Department of Labor</u>					
Passed-through the N.C. Department of Commerce – Division of Employment and Training					
COVID-19 - National Dislocated Worker Grant Workforce Innovation and Opportunity Act Cluster: (17.258, 17.259, 17.278)	17.277	NC-33	\$ 49,400	\$ -	\$ 49,400
WIOA Adult Program	17.258	NC-33	1,349,978	-	1,156,217
WIOA Adult Program (2010 Administration)	17.258	NC-33	122,980	-	-
WIOA Youth Activities	17.259	NC-33	1,241,857	-	1,044,761
WIOA Youth Activities (2010 Administration)	17.259	NC-33	113,130	-	-
WIOA Dislocated Workers	17.278	NC-33	922,243	-	729,570
WIOA Dislocated Workers (2010 Administration)	17.278	NC-33	84,012	-	-
WIOA State Wide Activities	17.278	NC-33	88,057	-	-
WIOA Innovations Grant	17.259	NC-33	-	-	-
WIOA Dislocated Workers Finish Line Grant	17.278	NC-33	31,013	-	31,103
<b>Total Workforce Innovation and Opportunity Act Cluster</b>			<b>3,953,270</b>	<b>-</b>	<b>2,961,651</b>
<b>Total U.S. Department of Labor</b>			<b>4,002,670</b>	<b>-</b>	<b>3,011,051</b>
<u>U.S. Department of Housing and Urban Development</u>					
Direct funding:					
Continuum of Care Planning Grant	14.267		43,312	-	-
Passed-through the N.C. Department of Health and Human Services					
Emergency Solutions Grant	14.231	NC-15	136,790	-	81,255
COVID-19 Emergency Solutions Grant	14.231	NC-15	83,486	-	8,634
<b>Total U.S. Department of Housing and Urban Development</b>			<b>263,588</b>	<b>-</b>	<b>89,889</b>
<u>U.S. Department of Defense</u>					
Direct funding:					
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610		12,901	-	-
<u>U.S. Department of Commerce</u>					
Passed through the Southeastern Economic Development Commission					
EDA Disaster Recovery Grant	11.307		22,336	-	-
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction	20.205	NC-15	133,823	-	-
<u>U.S. Department of Treasury</u>					
Passed-through State of North Carolina, Office of State Budget and Management/NCPRO Subawarded North Carolina ARPA - Association of Regional Councils of Government COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
	21.027		9,781	-	-



CAPE FEAR COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)  
Year Ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing (AL) Number	Pass- Through Grantor's Number	Federal Expenditures	State Expenditures	Pass-Through to Subrecipient
<b>State Awards</b>					
<u>N.C. Department of Health and Human Services</u>					
Direct funding:					
Division of Aging					
Aging Cluster:					
Ombudsman 90% State funds	-	NC-15	\$ -	\$ 31,920	\$ -
Access – 90% State funds	-	NC-15	-	54,539	54,539
In-home/Support Services – 90% State funds	-	NC-15	-	1,203,051	1,203,051
Home-delivered meals – 90% State funds	-	NC-15	-	752,273	752,273
Title III P&A/AAA Administration	-	NC-15	-	120,193	120,193
Project CARE	-	NC-15	-	48,261	-
Alzheimers Project Care	-	NC-15	-	109,000	-
Senior Center Development	-	NC-15	-	110,492	110,492
Operation Fan	-	NC-15	-	4,824	4,824
<b>Total N.C. Department of Health and Human Services</b>			-	2,434,553	2,245,372
<b>Total expenditures of federal and state awards</b>			\$ 7,730,640	\$ 2,562,381	\$ 8,061,557

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Year Ended June 30, 2022

### 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, 2022:

Subrecipient	Program Name	Federal AL/State		Total	
		Pass-Through Number	Federal Amount	State Amount	Federal and State Amount
Brunswick Senior Resources, Inc.	Preventative Health	93.043	\$ 15,791	\$ 930	\$ 16,721
Columbus County Dept. of Aging	Preventative Health	93.043	6,730	396	7,126
New Hanover County Dept. of Aging	Preventative Health	93.043	16,161	951	17,112
Pender Adult Services	Preventative Health	93.043	5,783	340	6,123
Brunswick Senior Resources, Inc.	COVID-19 - Legal, Access, In-home/Support Services	93.044	3,000	-	3,000
Columbus County Dept. of Aging	COVID-19 - Legal, Access, In-home/Support Services	93.044	61,584	-	61,584
New Hanover County Dept. of Aging	COVID-19 - Legal, Access, In-home/Support Services	93.044	8	-	8
Pender Adult Services	COVID-19 - Legal, Access, In-home/Support Services	93.044	63,295	-	63,295
Brunswick Senior Resources, Inc.	In-home/Support Services	93.044 & 93.667	211,677	502,081	713,758
Columbus County Dept. of Aging	In-home/Support Services	93.044 & 93.667	85,665	203,192	288,857
New Hanover County Dept. of Aging	In-home/Support Services	93.044 & 93.667	138,550	328,632	467,182
Pender Adult Services	In-home/Support Services	93.044 & 93.667	82,155	194,865	277,020
Brunswick Senior Resources, Inc.	Legal, Access	93.044	11,564	3,043	14,607
Columbus County Dept. of Aging	Legal, Access	93.044	36,931	9,717	46,648
Legal Services of the Lower Cape Fear	Legal, Access	93.044	20,334	-	20,334
New Hanover County Dept. of Aging	Legal, Access	93.044	175,431	46,157	221,588
Pender Adult Services	Legal, Access	93.044	46,189	12,153	58,342
Brunswick Senior Resources, Inc.	Congregate Meals, Home-delivered meals	93.045	476,281	13,720	490,001
Columbus County Dept. of Aging	Congregate Meals, Home-delivered meals	93.045	253,972	7,317	261,289
New Hanover County Dept. of Aging	Congregate Meals, Home-delivered meals	93.045	569,998	16,419	586,417
Pender Adult Services	Congregate Meals, Home-delivered meals	93.045	153,579	4,424	158,003
Brunswick Senior Resources, Inc.	Nutrition - Consolidated Appropriations Act	93.045	98,328	-	98,328
Columbus County Dept. of Aging	Nutrition - Consolidated Appropriations Act	93.045	39,285	-	39,285
New Hanover County Dept. of Aging	Nutrition - Consolidated Appropriations Act	93.045	79,276	-	79,276
Pender Adult Services	Nutrition - Consolidated Appropriations Act	93.045	36,010	-	36,010
Brunswick Senior Resources, Inc.	COVID-19 - Nutrition Services	93.045	68,308	-	68,308
Columbus County Dept. of Aging	COVID-19 - Nutrition Services	93.045	6,774	-	6,774
New Hanover County Dept. of Aging	COVID-19 - Nutrition Services	93.045	189,800	-	189,800
Pender Adult Services	COVID-19 - Nutrition Services	93.045	36,376	-	36,376
Brunswick Senior Resources, Inc.	COVID-19 - Family Caregiver Services	93.052	7,747	-	7,747
Columbus County Dept. of Aging	COVID-19 - Family Caregiver Services	93.052	10,660	-	10,660
New Hanover County Dept. of Aging	COVID-19 - Family Caregiver Services	93.052	27,087	-	27,087
Pender Adult Services	COVID-19 - Family Caregiver Services	93.052	3,284	-	3,284
YWCA of the Lower Cape Fear	COVID-19 - Family Caregiver Services	93.052	9,314	-	9,314
Brunswick Senior Resources, Inc.	Family Caregiver Services	93.052	55,834	4,651	60,485
Columbus County Dept. of Aging	Family Caregiver Services	93.052	39,187	3,264	42,451
New Hanover County Dept. of Aging	Family Caregiver Services	93.052	39,223	3,268	42,491
Pender Adult Services	Family Caregiver Services	93.052	42,924	3,576	46,500
Brunswick Senior Resources, Inc.	Nutrition Services Incentive Program (NSIP)	93.053	92,061	-	92,061
Columbus County Dept. of Aging	Nutrition Services Incentive Program (NSIP)	93.053	38,794	-	38,794
New Hanover County Dept. of Aging	Nutrition Services Incentive Program (NSIP)	93.053	113,039	-	113,039
Pender Adult Services	Nutrition Services Incentive Program (NSIP)	93.053	18,216	-	18,216

# CAPE FEAR COUNCIL OF GOVERNMENTS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Year Ended June 30, 2022

### Note 2. Subrecipients (Continued)

Subrecipient	Program Name	Federal AL/ State Pass-Through Number	Federal Amount	State Amount	Total Federal and State Amount
Columbus County Dept. of Aging	Operation Fan	NC-15	-	2,016	2,016
New Hanover County Dept. of Aging	Operation Fan	NC-15	-	2,244	2,244
Pender Adult Services	Operation Fan	NC-15	-	564	564
Brunswick Senior Resources, Inc.	Senior Center Development	NC-15	-	53,465	53,465
Columbus County Dept. of Aging	Senior Center Development	NC-15	-	24,948	24,948
New Hanover County Dept. of Aging	Senior Center Development	NC-15	-	10,692	10,692
Pender Adult Services	Senior Center Development	NC-15	-	21,387	21,387
<b>Aging Programs Pass-Through</b>			<b>3,486,205</b>	<b>1,474,412</b>	<b>4,960,617</b>
Brunswick Community College	WIOA Adult Program	17.258	399,915	-	399,915
Eckerd Connect, Inc.	WIOA Adult Program	17.258	110,675	-	110,675
Two-Hawk Workforce Services	WIOA Adult Program	17.258	358,435	-	358,435
Southeastern Community College	WIOA Adult Program	17.258	287,193	-	287,193
Two-Hawk Workforce Services	COVID-19 - National Dislocated Worker Grant	17.277	49,400	-	49,400
Brunswick Community College	WIOA Dislocated Workers	17.278	265,037	-	265,037
Eckerd Connect, Inc.	WIOA Dislocated Workers	17.278	110,675	-	110,675
Two-Hawk Workforce Services	WIOA Dislocated Workers	17.278	164,123	-	164,123
Southeastern Community College	WIOA Dislocated Workers	17.278	178,672	-	178,672
Hester Development LLC	WIOA Dislocated Workers	17.278	3,500	-	3,500
Rising Stars of Wilmington	WIOA Dislocated Workers	17.278	4,000	-	4,000
Wilmington Area Rebuilding	WIOA Dislocated Workers	17.278	5,300	-	5,300
PCS Machine Inc.	WIOA Dislocated Workers	17.278	5,671	-	5,671
Master Machine	WIOA Dislocated Workers	17.278	(10,000)	-	(10,000)
The BDK Management Group	WIOA Dislocated Workers	17.278	600	-	600
RM Services	WIOA Dislocated Workers	17.278	1,992	-	1,992
Brunswick Community College	WIOA Dislocated Workers Finish Line Grant	17.278	16,568	-	16,568
Two-Hawk Workforce Services	WIOA Dislocated Workers Finish Line Grant	17.278	1,872	-	1,872
Southeastern Community College	WIOA Dislocated Workers Finish Line Grant	17.278	12,662	-	12,662
Eckerd Connect, Inc.	WIOA Youth Activities	17.259	110,675	-	110,675
Two-Hawk Workforce Services	WIOA Youth Activities	17.259	400,407	-	400,407
Southeastern Community College	WIOA Youth Activities	17.259	213,433	-	213,433
Education Data Systems	WIOA Youth Activities	17.259	320,246	-	320,246
<b>Workforce Innovation and Opportunity Act Programs Pass-Through</b>			<b>3,011,051</b>	<b>-</b>	<b>3,011,051</b>
Good Shepherd Center	Emergency Solutions Grant & COVID-19 Emergency Solutions Grant	14.231	72,479	-	72,479
MI Coalition Against Homelessness	Emergency Solutions Grant & COVID-19 Emergency Solutions Grant	14.231	17,410	-	17,410
<b>Continuum of Care Programs Pass-Through</b>			<b>89,889</b>	<b>-</b>	<b>89,889</b>
<b>Total Federal and State Awards Passed-Through to Subrecipients</b>			<b>\$ 6,587,145</b>	<b>\$ 1,474,412</b>	<b>\$ 8,061,557</b>