

UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS

Wilson, North Carolina

Financial Statements

For the Year Ended June 30, 2019

**Upper Coastal Plain Council of Governments
Wilson, North Carolina**

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June 30, 2019**

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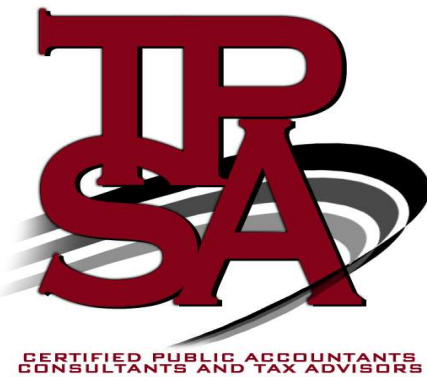
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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Upper Coastal Plain Council of Governments
Wilson, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, based on our audit, the 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 the Upper Coastal Plain Council of Governments as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Aging, Workforce Development, EDA-RLF, and Planning and Development Services Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 39 and 40, respectively, 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 consist 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Upper Coastal Plain Council of Governments. The combining and individual fund statements, budgetary schedules, and 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.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2019 on our consideration of the Upper Coastal Plain Council of Governments'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 the report is 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 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 Upper Coastal Plain Council of Governments's internal control over financial reporting and compliance.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC

October 18, 2019

Management's Discussion and Analysis

As management of the Upper Coastal Plain Council of Governments, we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2019. The information presented here can be read in conjunction with additional information that we have furnished in the Council's financial statements, which follow this narrative.

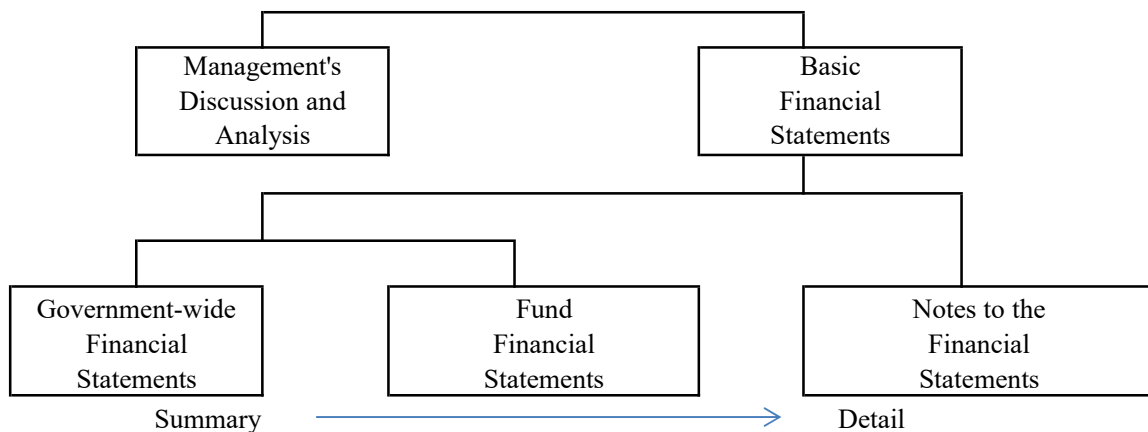
Financial Highlights

- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$937,800 (net position).
- The government's total net position decreased by \$35,508.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$944,455, a increase of \$23,977 in comparison with the prior year. Approximately 82.38% of this amount, or \$778,126 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$164,055.
- Upper Coastal Plain Council of Governments' total debt, which consists solely of accrued annual leave, increased by \$15,342 during the current fiscal year.
- Expenditures in the Workforce Development Fund accounted for approximately \$4.6 million or 47.52% of the total expenditures of the Council.
- Expenditures in the Aging Fund accounted for approximately \$4.3 million or 44.29% of the total expenditures of the Council.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Upper Coastal Plain Council of Governments 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's finances 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.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) 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 (Exhibits 3 through 5) 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. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Council's governmental funds. Budgetary information required by the General Statutes also 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, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Council's financial status as a whole.

The two government-wide statements report the Council's net position and how they have changed. Net position is the difference between the Council's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gage the Council's financial condition.

The government-wide statements consist of governmental activities. The governmental activities include most of the Council's basic services such as economic development and planning, human services, including the aging program and workforce development and general administration. State and federal grant funds and appropriations from counties finance most of these activities offered by the Council.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 Council's funds are governmental funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Council's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which 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 a reconciliation that is a part of the fund financial statements.

The Council adopts an annual budget for its General Fund and each separate special revenue fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Council's member municipalities, 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 and each special revenue 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 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the 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 start on page 24 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Council's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 39 of this report.

Government-Wide Financial Analysis

As noted earlier, 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 \$937,800 as of June 30, 2019. The Council's net position decreased by \$35,508 for the fiscal year ended June 30, 2019. One of the largest portions of net position (63.47%) represents resources that are subject to external restrictions on how they may be used. An additional portion of Upper Coastal Plain Council of Governments net position (4.28%) reflects the Council's net investment in capital assets (e.g. fixtures and equipment). The Council uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Net position exceeded restrictions on net position and net investment in capital assets by \$302,477.

Upper Coastal Plain Council of Governments' Net Position

Figure 2

	Governmental Activities	
	2019	2018
Current and other assets	\$ 1,952,865	\$ 1,879,255
Capital Assets	40,133	54,359
Deferred outflows of resources	351,143	233,562
Total assets and deferred outflows of resources	<u>2,344,141</u>	<u>2,167,176</u>
Accounts payable and accrued liabilities	798,069	764,734
Other liabilities	514,824	358,725
Deferred inflows of resources	93,448	70,409
Total liabilities and deferred inflows of resources	<u>1,406,341</u>	<u>1,193,868</u>
Net position:		
Net investment in capital assets	40,133	54,359
Restricted	595,190	549,099
Unrestricted	302,477	369,850
Total Net Position	<u>\$ 937,800</u>	<u>\$ 973,308</u>

Several particular aspects of the Council's financial operations positively influenced the total unrestricted governmental net assets:

- 1 Continued efforts in regional projects resulting in additional grants and additional resources to support expenses.
- 2 Careful management of expenses.

Upper Coastal Plain Council of Governments Changes in Net Assets
Figure 3

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 345,465	\$ 296,217
Operating grants & contributions	9,051,963	8,856,709
Capital grants & contributions	-	-
General revenues:		
Local governmental dues	223,023	223,701
Investment earnings, unrestricted	-	-
Investment earnings, restricted	12,636	13,304
Miscellaneous, unrestricted	4,761	9,499
Total Revenues	9,637,848	9,399,430
 Expenses:		
General government	-	-
Economic and physical development	793,033	945,580
Human services	4,286,948	4,026,810
Workforce development	4,593,375	4,483,770
Non-Major Funds	-	-
Total Expenses	9,673,356	9,456,160
 Increase (Decrease) in Net Position	(35,508)	(56,730)
Net position, July 1	973,308	1,030,038
Net position, June 30	\$ 937,800	\$ 973,308

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, fund balance available for appropriation 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, the Council's fund balance available in the General Fund was \$164,055 while total fund balance reached \$205,928. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fun balance and total fund balance to total fund expenditures and transfers.

At June 30, 2019, the governmental funds of the Council reported a combined fund balance of \$944,455, a 2.860% increase from last year. The primary reason for this increase is a result of all funds having less expenditures than revenues for the year.

General Fund Budgetary Highlights

During the fiscal year, the Council amended the budget on several occasions. Generally, budget amendments fall into one of three 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; and 3) increases in appropriations that become necessary to maintain services. The General Fund budget did not change during the current fiscal year.

Approximately 58.80% of the Council's budget is for contracted services or pass-thru funds to other agencies. If these agencies do not provide the level of services that are included in their contracts and grants, they do not receive reimbursement from the Council. The unliquidated funds for Workforce Development carry forward and are available for expenditures in the next fiscal year.

Capital Asset and Debt Administration

Capital Assets. Upper Coastal Plain Council of Governments capital assets for its governmental activities as of June 30, 2019 totals \$40,133 (net of accumulated depreciation). These assets include primarily furniture and equipment.

The Council purchased medical equipment and a server during the year.

Upper Coastal Plain Council of Governments Changes in Net Assets
Figure 4

	Governmental Activities	
	2019	2018
Leasehold Improvements	\$ 34,094	\$ 43,835
Furniture and Equipment	6,039	10,524
Total (net of accumulated depreciation)	<u>\$ 40,133</u>	<u>\$ 54,359</u>

Additional information on the Council’s capital assets can be found in Note 3 of the basic financial Statements.

Long-Term Debt

As of June 30, 2019, Upper Coastal Plain Council of Governments reported a long term liability for accrued employee annual leave. This liability for accrued employee annual leave increased by \$15,342, or 13.98%, during the past fiscal year.

Additional information regarding the Council's liability for accrued annual leave can be found in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- Governor Cooper approved the Finish Line Grant (FLG) program in July 2018 that leverage \$7 million in federal funds to help students pay for course materials, housing, medical needs, dependent care or other financial emergencies that students may face through no fault of their own. Community Colleges and workforce development boards collaborated to apply for funding. Students who have completed 50% of their degree or credential and are in good academic standing may receive a maximum of \$1,000 per semester for emergency assistance. Turning Point WDB region was awarded \$110,000 of Finish Line Grant funding through collaboration with the local community colleges (Edgecombe, Halifax, Nash and Wilson Community Colleges).
- Turning Point WDB in partnership with Region Q WDB received \$300,000 from NC Commerce Division of Workforce Solutions (DWS) in Enhancement Funds. These funds are to support two (2) recruiters for the Regional Advance Manufacturing Pipeline (RAMP-East) initiative. The intent of this grant is to fund a proactive approach for recruiting under-served populations of the ten (10) counties building a pipeline of potential candidates for immediate and future advance manufacturing jobs. Within the two-workforce development board region approximately 5,000 new candidates are needed to fill positions in existing, expanding and new businesses.
- Even with the tight labor market Turning Point WDB served over 7,400 distinct individuals received WIOA services in our region (Adult, Dislocated Worker, Youth and Wagner Peyser). Unemployment rate in June 2019 – 5.1% and 633 more people were working as the same time the previous year.
- NCWorks Career Centers powered by Turning Point WDB recertification will be conducted in December 2019 by NC Commerce Division of Workforce Solutions (DWS) quality assurance team.

Economic Factors and Next Year's Budgets and Rates (continued)

- The region continues to see growth in the Aging populations. Baby boomers continue to need more Aging services provided through the Home & Community Block Grant. Increases in funding have not been enough to add new people, or in some cases, been sufficient to maintain those enrolled. The waiting list continues to grow for services needed, but current funding cannot keep pace with the current needs. Earlier this summer, lawmakers approved the Bipartisan Budget Act of 2019, which lifted budget caps for FY 2020 and FY 2021, giving appropriators \$34 billion more overall for non-defense discretionary programs in FY 2020 than they would have received without the deal. While House appropriators included significant increases for OAA and other aging programs in their chamber's FY 2020 funding bills, these increases were not reflected in Senate-proposed aging program allocations. In late September, the Senate passed a short-term spending bill that keeps funding flowing at current levels through November 21, giving the House and Senate more time to negotiate the differences between their respective funding bills.
- Planning and Development Services - Local Governments and departmental services for local and regional priorities are impacted primarily by state, federal and foundational grant funding availability. As in prior years, funding for many existing projects will be ending during the coming year while new projects will begin. Staff will also invest resources over the coming year on developing new grant applications and contracts in the areas of infrastructure, economic development, community development and more to facilitate future years' funding to sustain or expand staffing levels. Programs and projects are principally guided by the UCPCOG Board approved "Comprehensive Economic Development Strategy (CEDS)" and a closely related "Program of Work" for the PDS Department. The documents set out priorities, goals, strategies and related action items.
- For the coming fiscal year, the department currently has an adopted budget of \$875,098.00. This funding is considered "in hand", meaning it has been acquired contractually with member governments and/or other funders through grant awards, technical service contracts, and/or other legal instruments obligating funds to the organization. These revenues represent 22 active or starting projects/programs and have a corresponding, related line item in the department budget approved by the Board. Each budget line item represented has, in turn, its own detailed project/program budget that is actively tracked and updated on a regular basis for fiscal and management control as well as reporting to the corresponding funder and to meet all necessary compliance and regulatory guidelines.
- The department will also work to raise additional funds during the year. Staffing levels and other expenses will be adjusted as needed during the year to help ensure departmental solvency as well as individual and overall departmental budget management.

Governmental Activities

Budgeted expenditures in the General Fund are expected to decrease by \$237. \$0 of the General Fund Balance is expected to be spent this year.

The majority of funds received by the Council are Federal and State funds. Both Federal and State governments are currently seeking ways to reduce expenditures. As unemployment remains a problem and the increased rate of retirements causes more of a demand for services for the senior population, it is hard to determine what kind of impact future or pending legislation will have on the Council's funding.

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 the Council's Executive Director at Upper Coastal Plain Council of Governments, PO Box 9, Wilson, NC 27894-0009.

BASIC FINANCIAL STATEMENTS

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash & Cash Equivalents	\$ 448,756
Restricted Cash	-
Accounts Receivable	1,381,021
Notes Receivable	118,911
Prepaid Expenses	4,177
Total current assets	1,952,865
Non-current assets:	
Capital Assets	
Capital assets, net of depreciation	40,133
Total Assets	1,992,998
DEFERRED OUTFLOWS OF RESOURCES	351,143
LIABILITIES	
Current liabilities:	
Accounts Payable and Accrued Expenses	798,069
Long-term liabilities:	
Net Pension Liability	389,776
Due in more than one year	125,048
Total Liabilities	1,312,893
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	2,018
Grants not yet earned	91,430
Total deferred inflows of resources	93,448
NET POSITION	
Net investment in capital assets	40,133
Restricted for:	
Stabilization by State Statute	41,843
Revolving Loans	553,347
Unrestricted	302,477
Total Net Position	\$ 937,800

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Statement of Activities
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ -	\$ -	\$ -	\$ -	-
Economic & Physical Development		35,000	-	-	35,000
Revolving Loan	2,390	-	-	-	(2,390)
Planning & Development	790,643	310,465	298,015	-	(182,163)
Human Services	4,286,948	-	4,199,727	-	(87,221)
Workforce Development	4,593,375	-	4,554,221	-	(39,154)
Non-Major Funds	-	-	-	-	-
Total governmental activities	<u>\$ 9,673,356</u>	<u>\$ 345,465</u>	<u>\$ 9,051,963</u>	<u>\$ -</u>	<u>(275,928)</u>
General revenues:					
				\$	223,023
					-
					12,636
					4,761
				\$	<u>240,420</u>
					(35,508)
					<u>973,308</u>
				\$	<u>937,800</u>

The notes to the financial statements are an integral part of this statement.

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019**

	Major Funds						Total Governmental Funds
	General Fund	Aging Program	Workforce Investment	EDA - RLF	Planning & Development Services	Total Non-Major Funds	
ASSETS							
Cash and cash equivalents	\$ 448,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 448,756
Restricted Cash	-	-	-	-	-	-	-
Accounts receivable	28,859	452,966	671,451	-	220,174	7,571	1,381,021
Notes receivable	-	-	-	118,911	-	-	118,911
Prepaid expenses	30	-	4,132	-	15	-	4,177
Due from other funds	12,984	1,317	-	553,347	-	81,161	648,809
Total assets	<u>\$ 490,629</u>	<u>\$ 454,283</u>	<u>\$ 675,583</u>	<u>\$ 672,258</u>	<u>\$ 220,189</u>	<u>\$ 88,732</u>	<u>\$ 2,601,674</u>
LIABILITIES AND FUND BALANCES							
Accounts payable and accrued liabilities	\$ 24,645	\$ 335,452	\$ 421,834	\$ -	\$ 12,243	\$ 3,895	\$ 798,069
Due to other funds	259,563	-	70,858	-	318,388	-	648,809
Total liabilities	<u>284,208</u>	<u>335,452</u>	<u>492,692</u>	<u>-</u>	<u>330,631</u>	<u>3,895</u>	<u>1,446,878</u>
DEFERRED INFLOWS OF RESOURCES	493	6,100	-	118,911	-	84,837	210,341
Fund balances:							
Nonspendable							
Prepaid expenses	30	-	4,132	-	15	-	4,177
Restricted							
Stabilization by State Statute	41,843	-	-	-	-	-	41,843
Revolving Loans	-	-	-	553,347	-	-	553,347
Assigned							
Aging Program	-	112,731	-	-	-	-	112,731
Workforce Development	-	-	178,759	-	-	-	178,759
Unassigned	164,055	-	-	-	(110,457)	-	53,598
Total fund balances	<u>205,928</u>	<u>112,731</u>	<u>182,891</u>	<u>553,347</u>	<u>(110,442)</u>	<u>-</u>	<u>944,455</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 490,629</u>	<u>\$ 454,283</u>	<u>\$ 675,583</u>	<u>672,258</u>	<u>220,189</u>	<u>\$ 88,732</u>	<u>\$ 2,601,674</u>

The notes to the financial statements are an integral part of this statement.

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019**

(continued)

Amounts reported for governmental activities in the Statement of New Position (Exhibit 1) are different because:

Total fund balance, governmental funds	\$ 944,455
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	40,133
Net pension asset (liability)	(389,776)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	103,516
Notes Receivable related to revolving loan activity in the government-wide statements do not provide current financial resources, and therefore are deferred in the fund statements.	118,911
Pension related deferrals	
Differences between expected and actual experience	58,115
Changes in proportion and differences between Council Contributions and proportionate share of contributions are deferred outflows	30,559
Changes in assumptions	103,431
Net difference between projected and actual earnings on pension plan investments	53,504
Accrued Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(125,048)</u>
Net Position	<u>\$ 937,800</u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds					Total Non-Major Funds	Total Governmental Funds
	General	Aging Program	Workforce Investment	EDA - RLF	Planning & Development Services		
REVENUES							
Restricted Intergovernmental:							
Contributions - Federal	\$ -	\$ 2,664,651	\$ 4,554,221	\$ -	\$ 298,015	\$ -	\$ 7,516,887
Contributions - State	-	1,486,814	-	-	35,000	-	1,521,814
Contributions - Local	-	-	-	-	-	-	-
State AAA Support	-	48,262	-	-	-	-	48,262
Per Capita Assessment	223,023	-	-	-	-	-	223,023
Other Revenues	-	4,761	-	-	310,465	-	315,226
Interest Income	-	-	-	12,636	-	-	12,636
Revolving Loan Repayments	-	-	-	12,753	-	-	12,753
Program Income	-	-	-	-	-	-	-
Total revenues	<u>223,023</u>	<u>4,204,488</u>	<u>4,554,221</u>	<u>25,389</u>	<u>643,480</u>	<u>-</u>	<u>9,650,601</u>
EXPENDITURES							
Personnel	-	398,125	185,592	1,533	373,387	-	958,637
Travel and Training	12,242	48,338	20,136	-	29,013	-	109,729
Operating Expenses	-	40,607	505,268	234	10,782	-	556,891
Subcontractors	-	3,466,434	3,440,148	-	85,518	-	6,992,100
Program Operation	-	110,253	423,845	-	94,278	-	628,376
Capital Outlay	-	(810)	-	-	1,649	-	839
Indirect Cost	-	200,664	-	580	178,808	-	380,052
Revolving Loans made	-	-	-	-	-	-	-
Total expenditures	<u>12,242</u>	<u>4,263,611</u>	<u>4,574,989</u>	<u>2,347</u>	<u>773,435</u>	<u>-</u>	<u>9,626,624</u>
Revenues Over (Under) Expenditures	210,781	(59,123)	(20,768)	23,042	(129,955)	-	23,977
Other Financing Sources:							
Transfers (to) from other funds	(210,781)	61,495	20,768	-	128,518	-	-
Revenue and Other financing Sources Over (Under) Expenditures	-	2,372	-	23,042	(1,437)	-	23,977
Fund Balances:							
Beginning of year	<u>205,928</u>	<u>110,359</u>	<u>182,891</u>	<u>530,305</u>	<u>(109,005)</u>	<u>-</u>	<u>920,478</u>
End of year	<u>\$ 205,928</u>	<u>\$ 112,731</u>	<u>\$ 182,891</u>	<u>\$ 553,347</u>	<u>\$ (110,442)</u>	<u>\$ -</u>	<u>\$ 944,455</u>

Upper Coastal Plain Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2019

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

Net changes in fund balance - total governmental funds	\$	23,977
<p>Governmental funds report capital outlay as expenditures, however in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	3,688	
Depreciation expense for governmental activities	<u>(17,914)</u>	(14,226)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		103,516
<p>Revolving loan repayments and advances are reported as revenues and expenditures in the governmental funds. This is the amount that advances exceeded repayments.</p>		
		(12,753)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resource and, therefore, are not reported as expenditures in governmental funds. (Compensated Absences)</p>		
Compensated Absences	(15,342)	
Pension Expense	<u>(120,680)</u>	<u>(136,022)</u>
Total Changes in Net Position of Governmental Activities	\$	<u><u>(35,508)</u></u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Per capita assessments	\$ 223,024	\$ 223,024	\$ 223,023	\$ (1)
Other Revenues	-	-	-	-
Total Revenues	<u>\$ 223,024</u>	<u>\$ 223,024</u>	<u>\$ 223,023</u>	<u>\$ (1)</u>
Expenditures:				
Travel and Training	\$ 11,500	\$ 11,500	\$ 12,242	\$ (742)
Program Operation	5,000	5,000	-	5,000
Capital Outlay	-	-	-	-
Total Expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 12,242</u>	<u>\$ 4,258</u>
Revenues Over (Under) Expenditures	\$ 206,524	\$ 206,524	\$ 210,781	\$ 4,257
Other Financing Sources (Uses):				
Fund Balance Appropriated	\$ -	\$ -	\$ -	\$ -
Transfers (to) from other funds	<u>(206,524)</u>	<u>(206,524)</u>	<u>(210,781)</u>	<u>(4,257)</u>
Total Other Financing Sources (Uses)	<u>\$ (206,524)</u>	<u>\$ (206,524)</u>	<u>\$ (210,781)</u>	<u>\$ (4,257)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>-</u>	<u>\$ -</u>	-	<u>-</u>
Fund Balances:				
Beginning of the year, July 1			205,928	
End of year, June 30			<u>\$ 205,928</u>	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Aging Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Restricted Intergovernmental				
Contributions - Federal	\$ 3,755,688	\$ 4,060,720	\$ 2,664,651	\$ (1,396,069)
Contributions - State	141,961	141,961	1,486,814	1,344,853
Contributions - Local	-	-	-	-
State AAA Support	48,263	48,263	48,262	(1)
Program Income	-	-	-	-
Other Income	3,500	3,500	4,761	1,261
Total Revenues	<u>\$ 3,949,412</u>	<u>\$ 4,254,444</u>	<u>\$ 4,204,488</u>	<u>\$ (49,956)</u>
Expenditures:				
Personnel	\$ 424,444	\$ 450,021	\$ 398,125	\$ 51,896
Travel and Training	46,875	47,574	48,338	(764)
Operating Expenses	29,245	41,051	40,607	444
Subcontractors	3,251,815	3,507,035	3,466,434	40,601
Program Operation	69,965	92,365	110,253	(17,888)
Capital Outlay	800	1,800	(810)	2,610
Indirect Cost	187,763	206,093	200,664	5,429
Total Expenditures	<u>\$ 4,010,907</u>	<u>\$ 4,345,939</u>	<u>\$ 4,263,611</u>	<u>\$ 82,328</u>
Revenues Over (Under) Expenditures	\$ (61,495)	(91,495)	(59,123)	32,372
Other Financing Sources (Uses):				
Transfers (to) from other funds	\$ 61,495	\$ 61,495	\$ 61,495	\$ -
Appropriated Fund Balance	-	30,000	-	(30,000)
Total Other Financing Sources (Uses)	<u>61,495</u>	<u>91,495</u>	<u>61,495</u>	<u>(30,000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ 2,372	<u>\$ 2,372</u>
Fund Balances:				
Beginning of year, July 1			110,359	
End of year, June 30			<u>\$ 112,731</u>	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Workforce Development			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Restricted Intergovernmental				
Contributions - Federal	\$ 4,935,000	\$ 6,704,292	\$ 4,554,221	\$ (2,150,071)
Contributions - Local	-	-	-	-
Other Revenues	-	-	-	-
Total Revenues	\$ 4,935,000	\$ 6,704,292	\$ 4,554,221	\$ (2,150,071)
Expenditures:				
Personnel	\$ 165,366	\$ 432,000	\$ 185,592	\$ 246,408
Travel and Training	40,500	138,838	20,136	118,702
Operating Expenses	932,576	1,150,439	505,268	645,171
Subcontractors	3,533,023	3,711,886	3,440,148	271,738
Program Operation	459,157	1,468,097	423,845	1,044,252
Capital Outlay	-	-	-	-
Total Expenditures	\$ 5,130,622	\$ 6,901,260	\$ 4,574,989	\$ 2,326,271
Revenues Over (Under) Expenditures	\$ (195,622)	\$ (196,968)	\$ (20,768)	\$ 176,200
Other Financing Sources (Uses):				
Transfers (to) from other funds	\$ 40,000	\$ 40,000	\$ 20,768	\$ (19,232)
Appropriated Fund Balance	155,622	156,968	-	(156,968)
Total Other Financing Sources (Uses)	195,622	196,968	20,768	(176,200)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -
Fund Balances:				
Beginning of year, July 1			182,891	
End of year, June 30			\$ 182,891	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	EDA - RLF			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Other Revenues	\$ -	\$ -	\$ -	\$ -
Interest Income	6,000	6,000	12,636	6,636
Revolving Loan Repayments	4,000	4,000	12,753	8,753
Total Revenues	\$ 10,000	\$ 10,000	\$ 25,389	\$ 15,389
Expenditures:				
Personnel	\$ 1,073	\$ 1,073	\$ 1,533	\$ (460)
Travel and Training	-	-	-	-
Operating Expenses	880	880	234	646
Program Operation	300	300	-	300
Indirect Cost	527	527	580	(53)
Revolving Loans made	150,000	150,000	-	150,000
Total Expenditures	\$ 152,780	\$ 152,780	\$ 2,347	\$ 150,433
Revenues Over (Under) Expenditures	\$ (142,780)	\$ (142,780)	\$ 23,042	\$ 165,822
Fund Balance Appropriated	142,780	142,780	-	(142,780)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ -	\$ 23,042	\$ 23,042
Fund Balances:				
Beginning of year, July 1			530,305	
End of year, June 30			\$ 553,347	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019

	Planning & Development Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Restricted Intergovernmental:				
Contributions - Federal	\$ 273,850	\$ 328,182	\$ 298,015	\$ (30,167)
Contributions - State	-	35,000	35,000	-
Contributions - Local	-	-	-	-
Other Revenues	627,356	538,024	310,465	(227,559)
Program Income	-	-	-	-
Total Revenues	\$ 901,206	901,206	643,480	(257,726)
Expenditures:				
Personnel	750,050	610,777	373,387	237,390
Travel and Training	10,625	17,452	29,013	(11,561)
Operating Expenses	4,785	8,030	10,782	(2,752)
Program Operation	21,365	49,956	94,278	(44,322)
Capital Outlay	-	1,649	1,649	-
Subcontractors	-	85,700	85,518	182
Indirect Cost	210,356	223,617	178,808	44,809
Total Expenditures	\$ 997,181	997,181	773,435	223,746
Revenues Over (Under) Expenditures	\$ (95,975)	(95,975)	(129,955)	(33,980)
Other Financing Sources (Uses):				
Transfers (to) from other funds	95,975	95,975	128,518	32,543
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	-	\$ (1,437)	\$ (1,437)
Fund Balances:				
Beginning of year, July 1			(109,005)	
End of year, June 30			\$ (110,442)	

**Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019**

I. Summary of Significant Accounting Policies

The accounting policies of Upper Coastal Plain Council of Governments conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Upper Coastal Plain Council of Governments (Council) is a multi-county planning and development organization.

The Council was established to perform and carry out such powers, duties, and responsibilities as authorized by North Carolina General Statute 160A-470.

The membership of the Council is composed of local governmental units who have:

1. Made application to the Council by resolution and adoption of the Charter and Bylaws.
2. Received membership acceptance and approval by the Board of Directors.
3. Appropriated in their annual budgets the pro-rata assessment for the support of the Council's operation.
4. Paid their annual pro-rata membership dues and are otherwise members in good standing.

The Board is constituted in a two-part governance:

1. The Executive Committee, which meets monthly and is comprised of the following:
 - One county commissioner appointed by each member county.
 - One city/town alderman or councilman representing a member municipality elected by caucus of the member municipalities in that county.
 - Officers of the Board are elected from those serving on the Executive Committee.
2. The general membership board is comprised of the following:
 - The Executive Committee.
 - Additional members appointed as necessary to satisfy Federal requirements for Board composition. The Boards of county commissioners of the appropriate counties select these additional members.

Dues and administrative fees received from the related local governments amounted to \$223,023 for the year ended June 30, 2019.

Accounting principles generally accepted in the United States of America require that the reporting entity include: 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and the Council has no component unit of any other entity.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

The financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Basis of Presentation and Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements:

The statement of net position and the statement of activities display information about 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 ordinarily distinguish between the *governmental and business-type activities* of the governmental entity. 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. However, the Council does not have any 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 have been made in the funds. Program revenues include: 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operation 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, all of which are governmental since the Council has no proprietary or fiduciary funds. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Council reports the following major governmental funds:

General Fund – This is the Council's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Special Revenue Funds - Special Revenues Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes. The major special revenue funds are the Aging Fund, Workforce Development Fund, EDA - RLF, and the Planning and Development Services.

The Council reports the following non-major governmental funds.

Special Revenue Funds - Special Revenue Funds account for specific revenue sources that are legally restrictive to expenditures for specified purposes. The non-major special revenue fund is the COG - Projects Fund.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

C. Measurement Focus and 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 fund financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using 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 flows take place. Non-exchange transaction, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

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. The Council considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on capital leases, claims and judgments and compensated absence, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital lease are reported as other financing sources.

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 are both restricted and unrestricted net position available to finance the program. It is the Council's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The Council considers all revenues available if they are collected within 90 days after year-end.

D. Budgetary Data

The Council's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds. All appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the program level for all annually budgeted funds. Amendments are required for any revisions that alter total expenditures of any program within a fund and all amendments must be approved by the governing board. However, transfers from one appropriation to another within the same fund and program in any amount may be made by the finance officer. The finance officer is also permitted to authorize expenditures from the contingency account, if any, provided that such expenditures are transferred to an existing appropriation on a budget line item before the expenditure is made. All such transfers must be reported to the Board at its next meeting and duly recorded in the minutes. During the year, several amendments were necessary due to increased or decreased federal and State funding for various programs.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

Deposits and Investments

All deposits of the Council are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Council may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Council may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Council's investments are reported at fair value.

Cash and Cash Equivalents

The Council pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Certain cash balances are restricted by purpose. Revolving loan cash balances are restricted for loan activity and administration of the program. However, based on recent program changes, the funds are no longer required to be shown in a sequestered fund, so they no longer show as restricted cash.

Allowance for Doubtful Accounts

Accounts Receivable are considered to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Notes Receivable

Loans are recognized as funds are lent. Because the Council's notes receivable are long-term, they do not meet the definition of a current asset under the "current financial resources measurement focus" and therefore, a like amount of the Council's EDA - RLF special revenue fund balance is reserved by deferring the outstanding balance as unavailable revenue. Notes receivable that historically experience uncollectible accounts are shown net of allowance for doubtful accounts. Notes receivable determined to be uncollectible are shown in the statement of revenue, expenditures, and changes in fund balance as a reduction of fund balance. The amount of principal due on notes receivable within one year is considered immaterial.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. It is the policy of the Council to capitalize all capital assets costing more than \$1,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position 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 that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has one item that meets this criterion - contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position 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 two items that meets the criterion for this category - Unearned revenue (for grants received but not yet expended), and deferrals of pension expense that result from the implementation of GASB Statement 68.

Long-Term Obligations

In the government-wide financial statements, other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Compensated Absences

The vacation policy of the Council provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. Accumulated earned vacation at June 30, 2019 amounted to \$125,048. The Council has assumed a first-in, first-out method of using accumulated compensated time. Compensated absences are designated as a long-term liability in the governmental-wide financial statements, as the current portion is immaterial to the financial statements.

The sick leave policy of the Council provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of services for retirement benefit purposes. Since the Council has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the Council.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of Upper Coastal Plain Council of Governments conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Upper Coastal Plain Council of Governments (Council) is a multi-county planning and development organization.

The Council was established to perform and carry out such powers, duties, and responsibilities as authorized by North Carolina General Statute 160A-470.

The membership of the Council is composed of local governmental units who have:

1. Made application to the Council by resolution and adoption of the Charter and Bylaws.
2. Received membership acceptance and approval by the Board of Directors.
3. Appropriated in their annual budgets the pro-rata assessment for the support of the Council's operation.
4. Paid their annual pro-rata membership dues and are otherwise members in good standing.

The Board is constituted in a two-part governance:

1. The Executive Committee, which meets monthly and is comprised of the following:
 - One county commissioner appointed by each member county.
 - One city/town alderman or councilman representing a member municipality elected by caucus of the member municipalities in that county.
 - Officers of the Board are elected from those serving on the Executive Committee.
2. The general membership board is comprised of the following:
 - The Executive Committee.
 - Additional members appointed as necessary to satisfy Federal requirements for Board composition. The Boards of county commissioners of the appropriate counties select these additional members.

Dues and administrative fees received from the related local governments amounted to \$223,023 for the year ended June 30, 2019.

Accounting principles generally accepted in the United States of America require that the reporting entity include: 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and the Council has no component unit of any other entity.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Defined Benefit Pension Plans

The Council participates in one cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State; the Local Governmental Employees' Retirement System (LGERS). For purposes of measuring the net pension 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. Investments are reported at fair value.

F. Revenues and Expenditures

Cost Allocation Plan

Upper Coastal Plain Council of Governments instituted a cost allocation plan in which indirect costs are pro-rated to the various grants based on an indirect rate that is determined in accordance with federal guidelines.

The rates that were used to allocate indirect costs to individual programs were based on the percentage of indirect cost to direct salaries and direct fringe benefits.

G. Estimates

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

2. Stewardship, Compliance and Accountability

Deficit in Fund Balance or Net Position of Individual Funds

For the fiscal year ended June 30, 2019, the following Special Revenue Fund has a deficit in fund balance: Planning and Development Services. Efforts are being made to reduce expenditures in the funds. Timing of several projects requires certain percentages of completion before draws can be made. Upper Coastal Plain Council of Governments is working to increase collections of contract revenues.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

3. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Council are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Council's agents in the Council's name. Under the Pooling Method, which is a collateral pool, 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 entity'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 amounts 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 depository that collateralizes public deposits under the Pooling Method. The Council has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Council complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

Deposits (continued)

At June 30, 2019, the Council's deposits had a carrying amount of \$448,656 and a bank balance of \$848,084. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019, the Council's petty cash fund totaled \$100.

Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

Accounts Receivable:		
General Fund	\$	28,859
Special Revenue - due from other government units		1,344,591
Non-Major Funds - due from Development Corp.		7,571
Total	<u>\$</u>	<u>1,381,021</u>

Capital Assets

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

	<u>Beginning</u> <u>Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u> <u>Balances</u>
Capital assets being depreciated:							
Leasehold Improvements	\$ 146,116	\$	-	\$	-		\$ 146,116
Furniture and Equipment	578,616		3,688		(14,895)		567,409
Total Capital assets being depreciated	<u>724,732</u>		<u>3,688</u>		<u>(14,895)</u>		<u>713,525</u>
Less accumulated depreciation for:							
Leasehold Improvements	102,281		9,741		-		112,022
Furniture and Equipment	568,092		8,173		(14,895)		561,370
Total accumulated depreciation	<u>670,373</u>	<u>\$</u>	<u>17,914</u>	<u>\$</u>	<u>(14,895)</u>		<u>673,392</u>
Governmental activity capital assets, net	<u>\$ 54,359</u>						<u>\$ 40,133</u>

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

General Fund	\$ 10,362
Special Revenues:	
Aging	2,160
Planning and Development	275
Workforce Development	<u>5,117</u>
Total	<u><u>\$ 17,914</u></u>

Notes Receivable

Notes Receivable at June 30, 2019 amounted to \$118,911 and represents two loans to small businesses in the region. The major criteria for receiving such a loan is that the money is spent for purposes that will create new jobs or maintain existing jobs in the area. The first note bears interest at a rate of 6.25%, and is repaid monthly. Final maturity is October 2020. The second note bears interest at a rate of 6.5%, and is repaid monthly. Final maturity is December 2021. The notes are collateralized by some or all of the following: real estate, certificates of deposit, inventory, accounts receivable, vehicle titles, and life insurance policies. Certain notes also have personal guarantees. At June 30, 2019, there are two outstanding loans. One of the loans is current and the other is in default.

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Council is a participating employer in the statewide Local Governmental Employees' Retirement System (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. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement 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. Council employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Council's contractually required contribution rate for the year ended June 30, 2019, was 7.75% for general employees, 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 \$103,516 for the year ended June 30, 2019.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Refunds 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, 2019, the Council reported a liability of \$389,776 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Council’s proportion of the net pension liability was based on a projection of the Council’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Council’s proportion was 0.0164% (measured as of June 30, 2018), which was an increase of 0.00013% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Council recognized pension expense of \$120,680. At June 30, 2019, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,133	\$ 2,018
Changes of assumptions	103,431	-
Net difference between projected and actual earnings on pension plan investments	53,504	-
Changes in proportion and differences between Council Contributions and proportionate share of contributions	30,559	-
Council contributions subsequent to the measurement date	103,516	-
Total	<u>\$ 351,143</u>	<u>\$ 2,018</u>

\$103,516 reported as deferred outflows of resources related to pensions resulting from Council contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:			
2019	\$	115,658	
2020		77,003	
2021		17,822	
2022		35,126	
2023		-	
Thereafter		-	
	<u>\$</u>	<u>245,609</u>	

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

Inflation	3.0 Percent
Salary Increases	3.50 percent
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

Sensitivity of the Council's proportionate share of the net pension asset to changes in the discount rate . The following presents the Council's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, 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 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Council's proportionate share of the net pension liability (asset)	\$ 936,275	\$ 389,776	\$ (66,888)

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

NC 401(k)

The Council offers employees to participate in the NC 401(k) plan. The Council currently contributes 2% of employee's annual salary to their plan. This is a non-matching required contribution. Current year contributions were \$26,818 from employer and \$24,354 employee voluntary contributions.

Postemployment Benefits

The Council offers no postemployment benefits to employees.

Other Employment Benefits

The Council has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Council has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Council considers these contributions to be immaterial.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 103,516
Differences between expected and actual experience	60,133
Change of assumptions	103,431
Net difference between projected and actual earnings on pension plan investments	53,504
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,559
	<hr/>
Total	<u><u>\$ 351,143</u></u>

Deferred inflows of resources at year-end is comprised of the following:

Per capita assessment not yet earned (General)	\$ 493
Grants not yet earned (Special Revenue)	90,937
Differences between expected and actual experience	2,018
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
	<hr/>
Total	<u><u>\$ 93,448</u></u>

Commitments

At June 30, 2019, the Council had no material commitments outstanding that in the opinion of management will have a material adverse effect on the Council's financial position.

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 has Commercial Coverage in the following amounts: property coverage of \$1,000,000 per occurrence and worker's compensation coverage up to the statutory limits. The finance officer is covered under a blanket fidelity bond during the year. The Council's Finance Officer is covered under a separate fidelity bond in the amount of \$500,000.

Claims and Judgments

At June 30, 2019, the Council had no claims or judgments outstanding that in the opinion of management or Council attorney will have a material adverse effect on the Council's financial position.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Lease Management

The Council had an annual lease agreement with the Upper Coastal Plain Development Corp. for office space for \$75,000 through June 30, 2020. See Related Organization Note 6.

Long-Term Obligations

The following is a summary of changes in the Council's long-term obligations for the fiscal year ended June 30, 2019:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities:				
Net pension liability	\$ 249,019	\$ 140,757	\$ -	\$ 389,776
Compensated Absences Payable	109,706	15,342	-	125,048
Governmental activity long-term liabilities	<u>\$ 358,725</u>	<u>\$ 156,099</u>	<u>\$ -</u>	<u>\$ 514,824</u>

Interfund Balances and Activity

The composition of interfund balances as of June 30, 2019 is as follows:

Due to/from other funds:

<u>Payable Funds</u>		<u>Receivable Funds</u>	
General Fund	\$ 259,563	General Fund	\$ 12,984
Special Revenue Funds:		Special Revenue Funds:	
Aging	-	Aging	1,317
Workforce Development	70,858	Workforce Development	-
Planning & Development	318,388	EDA - RLF	553,347
		COG - Projects	81,161
	<u>\$ 648,809</u>		<u>\$ 648,809</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

From the General Fund to the Aging Fund	\$ 61,495
From the General Fund to the Workforce Development Fund	20,768
From the General Fund to Planning and Development Services	128,518
From the General Fund to COG-Project Fund	-
Total	<u>\$ 210,781</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

4. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 205,928
Less:	
Stabilization by State Statute	41,843
Remaining Fund Balance	164,085

5. Summary of Disclosure of Significant Contingencies

The Council receives substantially all of its support from federal, State, and local governments. A reduction in the level of this support, if this were to occur, would have a significant effect on the Council's programs and activities. 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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

6. Related Organization

The Executive committee of the Upper Coastal Plain Council of Governments is also the Board of Directors for the Upper Coastal Plain Development Corporation (a non-profit organization). The Council is accountable for the Development Corp. because of the related governing boards; however, the Council is not financially accountable for the Development Corp. The Council is also disclosed as a related organization in the notes to the financial statements for the Upper Coastal Plains Development Corporation.

The Council leases office space from the Development Corp. and provided employees to staff the Development Center. The office lease paid to the Development Corp. for the year ended June 30, 2019 equaled \$75,000.

Operating Lease - The council is obligated under the above lease agreement to make monthly payments of \$6,250 through June 30, 2020.

7. Significant Effects of Subsequent Events

There were no significant subsequent events through the issuance date of the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Asset (Liability) - Local
Government Employees' Retirement System

Schedule of Contributions - Local Government Employees' Retirement System

**Upper Coastal Plain Council of Governments
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years ***

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Council's proportion of the net pension liability (asset) (%)	0.01643%	0.01630%	0.01716%	0.01536%	0.01598%	0.01750%
Council's proportion of the net pension liability (asset) (\$)	\$ 38,976	\$ 249,019	\$ 364,193	\$ 68,935	\$ (94,241)	\$ 210,942
Council's covered-employee payroll	\$ 1,328,943	\$ 1,229,986	\$ 1,197,170	\$ 1,124,721	\$ 1,081,443	\$ 1,088,986
Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2.93%	20.25%	30.42%	6.13%	-8.71%	19.37%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Upper Coastal Plain Council of Governments
Contributions
Required Supplementary Information
Last Six Fiscal Years**

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 103,516	\$ 100,734	\$ 90,404	\$ 80,929	\$ 79,518	\$ 76,458
Contributions in relation to the contractually required contribution	<u>\$ 103,516</u>	<u>\$ 100,734</u>	<u>\$ 90,404</u>	<u>\$ 80,929</u>	<u>\$ 79,518</u>	<u>\$ 76,458</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered-employee payroll	\$ 1,322,047	\$ 1,328,943	\$ 1,229,986	\$ 1,197,170	\$ 1,124,721	\$ 1,081,443
Contributions as a percentage of covered-employee payroll	7.83%	7.58%	7.35%	6.76%	7.07%	7.07%

**INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Per capita assessments	\$ 223,024	\$ 223,023	\$
Other revenues	-	-	
Total revenues	<u>223,024</u>	<u>223,023</u>	<u>(1)</u>
Expenditures			
Travel and Training	11,500	12,242	
Program Operation	5,000	-	
Capital Outlay	-	-	
Total expenditures	<u>16,500</u>	<u>12,242</u>	<u>4,258</u>
Revenues over (under) expenditures	<u>206,524</u>	<u>210,781</u>	<u>4,257</u>
Other financing sources (uses):			
Fund Balance Appropriated	-	-	-
Transfer (to) from other funds	<u>(206,524)</u>	<u>(210,781)</u>	<u>(4,257)</u>
Total other financing sources (uses)	<u>(206,524)</u>	<u>(210,781)</u>	<u>(4,257)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning		<u>205,928</u>	
Fund balances, ending		<u>\$ 205,928</u>	

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2019**

	Admin	NSIP	HCCBG	Senior Center General Purpose	Legal Services	Ombudsman	Elder Abuse
Revenues							
Contributions - Federal	\$ 195,140	\$ 121,266	\$ 1,593,271	\$ -	\$ 13,700	\$ 123,177	\$ 5,637
Contributions - State	10,693	-	1,344,833	71,283	806	42,838	332
Contributions - Local	-	-	-	-	-	-	-
State AAA Support	48,262	-	-	-	-	-	-
Other Revenues	800	-	-	-	-	20	-
Interest Income	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-
Total revenues	<u>\$ 254,895</u>	<u>\$ 121,266</u>	<u>\$ 2,938,104</u>	<u>\$ 71,283</u>	<u>\$ 14,506</u>	<u>\$ 166,035</u>	<u>\$ 5,969</u>
Expenditures							
Personnel	\$ 169,683	\$ -	\$ -	\$ -	\$ -	\$ 97,905	\$ 1,405
Travel and Training	21,309	-	-	-	-	11,867	188
Operating Expenses	6,993	-	-	-	-	3,662	91
Subcontractors	-	121,266	2,935,967	71,283	14,505	-	-
Program Operation	36,210	-	1,794	-	-	1,104	3,545
Capital Outlay	(810)	-	-	-	-	-	-
Indirect Cost	83,005	-	-	-	-	51,481	739
Total expenditures	<u>\$ 316,390</u>	<u>\$ 121,266</u>	<u>\$ 2,937,761</u>	<u>\$ 71,283</u>	<u>\$ 14,505</u>	<u>\$ 166,019</u>	<u>\$ 5,968</u>
Revenues over (under) expenditures	<u>\$ (61,495)</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 16</u>	<u>\$ 1</u>
Other Financing Sources: Transfers from other funds	<u>61,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 343</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 16</u></u>	<u><u>\$ 1</u></u>

continued

**Upper Coastal Plain Council of Governments
Wilson, NC
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2019**

	<u>Title V</u>	<u>MIS</u>	<u>Fan Relief</u>	<u>LCA</u>	<u>Senior Medicare Patrol</u>	<u>MIPPA</u>
Revenues						
Contributions - Federal	\$ 366,021	\$ -	\$ -	\$ 15,000	\$ 5,000	\$ 25,737
Contributions - State	-	-	2,888	-	-	-
Contributions - Local	-	-	-	-	-	-
State AAA Support	-	-	-	-	-	-
Other Revenues	-	1,891	-	-	-	-
Interest Income	-	-	-	-	-	-
Program Income	-	-	-	-	-	-
Total revenues	<u>\$ 366,021</u>	<u>\$ 1,891</u>	<u>\$ 2,888</u>	<u>\$ 15,000</u>	<u>\$ 5,000</u>	<u>\$ 25,737</u>
Expenditures						
Personnel	\$ 28,402	\$ -	\$ -	\$ 5,326	\$ 4,417	\$ 11,905
Travel and Training	5,469	-	-	472	143	709
Operating Expenses	5,831	-	-	181	440	12,993
Subcontractors	295,985	-	2,888	-	-	-
Program Operation	598	1,880	-	6,221	-	130
Capital Outlay	-	-	-	-	-	-
Indirect Cost	29,736	-	-	2,800	-	-
Total expenditures	<u>\$ 366,021</u>	<u>\$ 1,880</u>	<u>\$ 2,888</u>	<u>\$ 15,000</u>	<u>\$ 5,000</u>	<u>\$ 25,737</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financing Sources:						
Transfers from other funds	-	-	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>-</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

continued

**Upper Coastal Plain Council of Governments
Wilson, NC
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2019**

	Caregiver- FSCP	Health Pr.- Evid. Based	Total
Revenues			
Contributions - Federal	\$ 170,157	\$ 30,545	\$ 2,664,651
Contributions - State	11,344	1,797	1,486,814
Contributions - Local	-	-	-
State AAA Support	-	-	48,262
Other Revenues	2,000	50	4,761
Interest Income	-	-	-
Program Income	-	-	-
Total revenues	\$ 183,501	\$ 32,392	\$ 4,204,488
Expenditures			
Personnel	\$ 61,778	\$ 17,304	\$ 398,125
Travel and Training	4,392	3,789	48,338
Operating Expenses	8,479	1,937	40,607
Subcontractors	24,540	-	3,466,434
Program Operation	58,507	264	110,253
Capital Outlay	-	-	(810)
Indirect Cost	23,805	9,098	200,664
Total expenditures	\$ 181,501	\$ 32,392	\$ 4,263,611
Revenues over (under) expenditures	\$ 2,000	\$ -	\$ (59,123)
Other Financing Sources:			
Transfers from other funds	-	-	61,495
Revenues and Other Financing Sources Over (Under) Expenditures	\$ 2,000	\$ -	\$ 2,372

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Workforce Development
Combining Schedule of Revenues and Expenditures
For the Year Ended June 30, 2019**

	WIOA Administration	WIOA Adult	WIOA Youth	WIOA Dislocated Worker	WIOA - NEG - Hurricane Matthew	WIOA - Job Link Enhance	WIOA - Enhanced Business Services	WIOA - Roanoke Rapids Center Lease	WIOA - Ramp East Initiative	WIOA - Finish Line Grants	Total
Revenues											
Contributions - Federal	\$ 354,283	\$ 1,486,680	\$ 1,342,944	\$ 1,100,535	\$ 99,566	\$ 13,412	\$ 39,582	\$ 44,526	\$ 66,330	\$ 6,363	\$ 4,554,221
Contributions - State	-	-	-	-	-	-	-	-	-	-	-
Contributions - Local	-	-	-	-	-	-	-	-	-	-	-
State AAA Support	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 354,283</u>	<u>\$ 1,486,680</u>	<u>\$ 1,342,944</u>	<u>\$ 1,100,535</u>	<u>\$ 99,566</u>	<u>\$ 13,412</u>	<u>\$ 39,582</u>	<u>\$ 44,526</u>	<u>\$ 66,330</u>	<u>\$ 6,363</u>	<u>\$ 4,554,221</u>
Expenditures											
Personnel	\$ 120,922	\$ -	\$ 24,947	\$ -	\$ -	\$ -	\$ 36,347	\$ -	\$ 3,376	\$ -	\$ 185,592
Travel and Training	10,630	-	3,101	-	-	-	3,041	-	3,364	-	20,136
Operating Expenses	10,815	252,459	-	190,451	-	5,941	194	44,526	882	-	505,268
Subcontractors	-	1,155,074	1,307,150	871,995	99,566	-	-	-	-	6,363	3,440,148
Program Operation	232,684	79,147	7,746	38,089	-	7,471	-	-	58,708	-	423,845
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Indirect Cost	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 375,051</u>	<u>\$ 1,486,680</u>	<u>\$ 1,342,944</u>	<u>\$ 1,100,535</u>	<u>\$ 99,566</u>	<u>\$ 13,412</u>	<u>\$ 39,582</u>	<u>\$ 44,526</u>	<u>\$ 66,330</u>	<u>\$ 6,363</u>	<u>\$ 4,574,989</u>
Revenues over (under) expenditures	<u>\$ (20,768)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,768)</u>
Other Financing Sources:											
Transfers from other funds	<u>20,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,768</u>
Revenues and Other Financing Sources Over (Under)											
Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	<u>COG - Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ -
Accounts Receivable	7,571	7,571
Due from other Funds	<u>81,161</u>	<u>81,161</u>
Total Assets	<u>\$ 88,732</u>	<u>\$ 88,732</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 3,895	\$ 3,895
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 3,895</u>	<u>\$ 3,895</u>
Deferred Inflows of Resources	<u>\$ 84,837</u>	<u>\$ 84,837</u>
Fund Balances:		
Unassigned	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 3,895</u>	<u>\$ 3,895</u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	COG - Projects	Total Nonmajor Governmental Funds
Revenues:		
Contributions - Federal	\$ -	\$ -
Contributions - State	-	-
Contributions - Local	-	-
State AAA Support	-	-
Other Revenues	-	-
Interest Income	-	-
Program Income	-	-
Total Revenues	\$ -	\$ -
Expenditures:		
Personnel	\$ -	\$ -
Travel and Training	-	-
Operating Expenses	-	-
Subcontractors	-	-
Program Operation	-	-
Capital Outlay	-	-
Indirect Cost	-	-
Total Expenditures	\$ -	\$ -
Revenues over(under) expenditures	\$ -	\$ -
Other financing sources (uses):		
Operating transfers in (out)	-	-
Total other financing sources	-	-
(uses)	-	-
Net Change in Fund Balance	\$ -	\$ -
Fund Balances:		
Beginning of Year, July 1	-	-
End of Year, June 30	\$ -	\$ -

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Special Revenue Fund - COG Projects
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Budget	Actual	Variance Positive (Negative)
Revenues			
Contributions - Federal	\$ -	\$ -	\$ -
Contributions - State	-	-	-
Contributions - Local	-	-	-
State AAA Support	-	-	-
Other Revenues	-	-	-
Interest Income	-	-	-
Program Income	-	-	-
Total revenues	-	-	-
Expenditures			
Personnel	-	-	-
Travel and Training	-	-	-
Operating Expenses	-	-	-
Subcontractors	-	-	-
Program Operation	8,466	-	8,466
Capital Outlay	-	-	-
Indirect Cost	-	-	-
Total expenditures	8,466	-	8,466
Revenues over (under) expenditures	(8,466)	-	8,466
Other financing sources (uses):			
Fund balance appropriated	-	-	-
Operating transfers in (out)	8,466	-	(8,466)
Total other financing sources (uses)	8,466	-	(8,466)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	-	\$ -
Fund Balances:			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Fringe Benefits
For the Year Ended June 30, 2019**

			<u>Fiscal Year Actual Cost</u>
Total Annual Salaries	\$		<u>1,341,285</u>
Fringe Benefits:			
FICA	\$		100,849
LGERS Retirement			103,516
Supplemental Retirement			26,818
Group Insurance			166,287
Workers Comp			4,376
Unemployment Insurance			2,008
Total Fringe Benefits	\$		<u><u>403,854</u></u>
 Fringe Benefit Calculation			
<u>Total Fringe Benefits</u> =		<u>403,854</u>	30.11%
Total Annual Salaries		1,341,285	
 Personnel Cost:			
Total Annual Salaries	\$		1,341,285
Total Fringe Benefits			403,854
Total Personnel Cost	\$		<u><u>1,745,139</u></u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Indirect Costs
For the Year Ended June 30, 2019**

	<u>Fiscal Year Actual Cost</u>
Total Indirect Expenditures:	
Total indirect annual salaries	\$ 309,535
Total indirect fringe benefits at 37.840% of salary	93,200
Professional Services	29,611
Travel	11,582
Operating Expenses	64,040
Total Indirect Expenditures	<u>\$ 507,968</u>
 Direct Salaries and Direct Fringe Benefits	
Total personnel costs	\$ 1,745,139
Less:	
Total indirect salaries	(309,535)
Total indirect fringe benefits	(93,200)
Total Direct Salaries and Total Direct Fringe Benefits	<u>\$ 1,342,404</u>
 Indirect Rate Calculation	
<u>Total Indirect Expenditures</u> = \$ 507,968	37.84%
Total Direct Salaries and Total Direct Fringe Benefits \$ 1,342,404	

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co, P.A.

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**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***

To the Board of Directors
Upper Coastal Plain Council of Governments
Wilson, North Carolina

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 accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Coastal Plain Council of Governments as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Upper Coastal Plain Council of Government's basic financial statements, and have issued our report thereon dated October 18, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of the 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

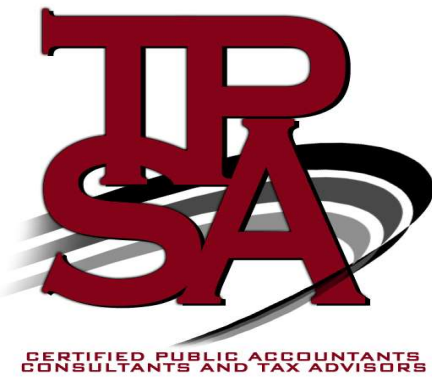
As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
October 18, 2019



**Report On Compliance With Requirements Applicable to Each Major Federal Program
and Internal Control Over Compliance in Accordance With OMB Uniform Guidance and the
State Single Audit Implementation Act**

To the Board of Directors
Upper Coastal Plain Council of Governments
Wilson, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Upper Coastal Plain Council of Governments compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Council, that could have a direct and material effect on each of Upper Coastal Plain Council of Governments major federal programs for the year ended June 30, 2019. Upper Coastal Plain Council of Governments major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Upper Coastal Plain Council of Governments major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States; 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. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a mad with governance. occurred. An audit includes examining, on a test basis, evidence about Upper Coastal Plain Council of Governments compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Upper Coastal Plain Council of Governments compliance.

Opinion on Each Major Federal Program

In our opinion, Upper Coastal Plain 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, 2019.

Report on Internal Control Over Compliance

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

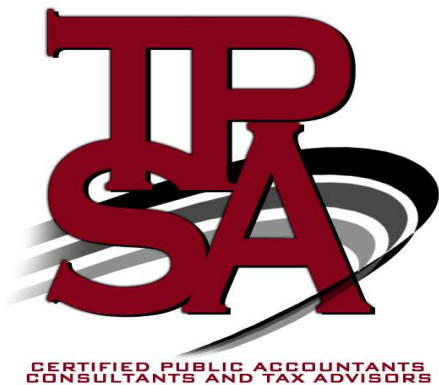
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
October 18, 2019



**Report On Compliance With Requirements Applicable to Each Major State Program And
Internal Control Over Compliance In Accordance With OMB Uniform Guidance and the
State Single Audit Implementation Act**

To the Board of Directors
Upper Coastal Plain Council of Governments
Wilson, North Carolina

Report on Compliance for Each Major State Program

We have audited Upper Coastal Plain Council of Governments compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Council, that could have a direct and material effect on each of Upper Coastal Plain Council of Governments major state programs for the year ended June 30, 2019. Upper Coastal Plain Council of Governments major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Upper Coastal Plain Council of Governments compliance.

Opinion on Each Major State Program

In our opinion, Upper Coastal Plain 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 state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Rice, Scott, Adams & Co., P.A.

Whiteville, NC
October 18, 2019

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019**

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? Yes X No

Significant Deficiency(s) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes X No

Significant Deficiency(s) 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:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	<u>Aging Cluster</u>
93.044	Title III - Bart B Supportive Services
93.045	Title III - Part C Nutrition Services
93.053	Nutrition Services Incentive Program (NSIP)
	<u>Workforce Investment Act Cluster</u>
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Workers

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019**

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2019**

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019**

None Reported.

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-thru to Sub- Recipient	Local Expenditures
<u>Federal Awards</u>						
<u>U. S. Department of Labor</u>						
<u>Passed through the N.C. Dept of Health and Human Services:</u>						
Division of Aging and Adult Services:						
Senior Community Service Employment Program	17.235		\$ 366,021	\$ -	\$ -	\$ 40,669
Passed through N. C. Department of Commerce -						
Division of Workforce Solutions						
Workforce Investment Act Cluster						
WIOA - Adult Programs	17.258		1,615,851	-	1,155,074	-
WIOA - Youth Activities	17.259		1,372,982	-	1,307,150	-
WIOA - Dislocated Workers	17.278		1,465,820	-	878,358	-
Total Workforce Investment Act Cluster			<u>4,454,653</u>	<u>-</u>	<u>3,340,582</u>	<u>-</u>
Workforce Investment Act National Emergency Grants	17.277		99,566		99,566	
Total U.S. Department of Labor			<u>4,920,240</u>	<u>-</u>	<u>3,440,148</u>	<u>40,669</u>
U.S. Department of Agriculture						
Passed through Rural Development						
Community Facilities Technical Assistance and Training Program (CF TAT)	10.761	04-79-07175	12,216	-	-	-
Total U.S. Department of Agriculture			<u>12,216</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Commerce</u>						
Direct Program:						
Economic Development Administration:						
District Planning Grant	11.302		72,641	-	-	-
Hurricane Matthew Assistance	11.307		101,948	-	-	-
Revolving Loan Fund	11.307		472,083	-	-	-
Total U.S. Department of Commerce			<u>646,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Health and Human Services:</u>						
<u>Passed through the NC Department of Health and Human Services:</u>						
Division of Aging and Adult Services:						
<u>Aging Cluster</u>						
Title III - C1 / Congregate Nutrition	93.045		285,056	16,768	301,824	33,536
Title III - C2 / Home Delivered Meals	93.045		413,989	24,352	438,341	48,705
Title III - C1 / Planning and Administrative	93.045		99,892	5,474		27,823
Title III - B / Planning and Administrative	93.044		57,683	3,161		16,067
Title III - B / Legal Services	93.044		13,700	806	14,696	1,612
Title III - B / Ombudsman	93.044		94,458	5,556		11,113
Title III - B / Access	93.044		151,329	8,902	160,231	17,803
Title III - B / In Home Support	93.044		443,347	26,079	469,426	52,159
Nutrition Services Incentive Program (NSIP)	93.053		121,266	-	115,083	-
Total Aging Cluster			<u>1,680,720</u>	<u>91,098</u>	<u>1,499,601</u>	<u>208,818</u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-thru to Sub- Recipient	Local Expenditures
Title VII - E / Ombudsman	93.042		28,719	1,689	-	3,379
Title VII - B / Elder Abuse	93.041		5,637	332	-	663
Title III - D / Disease Prevention and Health Promotion	93.043		30,545	1,797	-	3,594
Title III - E / Planning & Administration	93.052		37,564	2,059	-	10,463
Title III - E / Family Caregiver	93.052		170,157	11,344	152,586	-
Medicare Improvements for Patients and Providers	93.071		14,737	-	-	-
Social Services Block Grant (SSBG)	93.667		299,550	8,559	308,109	34,234
MFP Rebalancing Demonstration	93.791		15,001	-	-	-
Passed through N.C. Department of Insurance: NC Senior Medicare Patrol Program	93.048		16,000	-	-	-
Total U.S. Department of Health and Human Services			<u>2,298,630</u>	<u>116,878</u>	<u>1,960,296</u>	<u>261,151</u>
<u>U.S. Department of Energy</u>						
<u>N.C. Department of Environmental Quality</u>						
<u>State Energy Program</u>						
Powering Energy Efficiency	81.117		111,210	-	85,518	-
Total U.S. Department of Energy			<u>111,210</u>	<u>-</u>	<u>85,518</u>	<u>-</u>
Total Federal Assistance Expended			<u>7,988,968</u>	<u>116,878</u>	<u>5,485,962</u>	<u>301,820</u>
<u>State Grants:</u>						
<u>NC Department of Health and Human Services:</u>						
<u>Division of Aging:</u>						
Senior Center Outreach			-	71,285	71,969	23,762
AAA Administration			-	48,262	-	-
Fan Heat			-	2,888	2,888	-
<u>90% State Funds:</u>						
Access			-	125,001	125,001	13,889
Home Delivered Meals			-	271,416	271,416	30,157
Ombudsman			-	35,593	-	3,955
In-Home Service			-	863,798	863,798	95,978
Total N.C. Department of Health and Human Services			<u>-</u>	<u>1,418,243</u>	<u>1,335,072</u>	<u>167,741</u>
<u>NC Office of State Budget Management:</u>						
Hurricane Matthew Assistance in Princeville			<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Total State Assistance Expended			<u>-</u>	<u>1,453,243</u>	<u>1,335,072</u>	<u>167,741</u>
Total Federal and State Assistance Expended			<u>\$ 7,988,968</u>	<u>\$ 1,570,121</u>	<u>\$ 6,821,034</u>	<u>\$ 469,561</u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019**

Grantor Pass-through Grantor Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-thru to Sub- Recipient	Local Expenditures
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Upper Coastal Plain Council of Governments under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA 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. Because the Schedule presents only a selected portion of the operations of Upper Coastal Plain Council of Governments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Upper Coastal Plain Council of Governments.

Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Upper Coastal Plain Council of Governments has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Aging Cluster.