

UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS

Wilson, North Carolina

Financial Statements

For the Year Ended June 30, 2022

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

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June 30, 2022**

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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 Audit of Financial Statements

Opinions

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

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 and each major fund of Upper Coastal Plain Council of Governments as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Aging, Workforce Development , PWEDA for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Local Government Employees' Retirement System Schedules of the Council's Proportionate Share of the Net Pension (Asset) Liability on pages 36 through 37, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Coastal Plain Council of Governments' basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. 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 November 30, 2022 on our consideration of the Upper Coastal Plain Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Upper Coastal Plain Council of Governments' 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 Upper Coastal Plain Council of Governments' internal control over financial reporting and compliance.

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

Whiteville, NC
November 30, 2022

Management's Discussion and Analysis

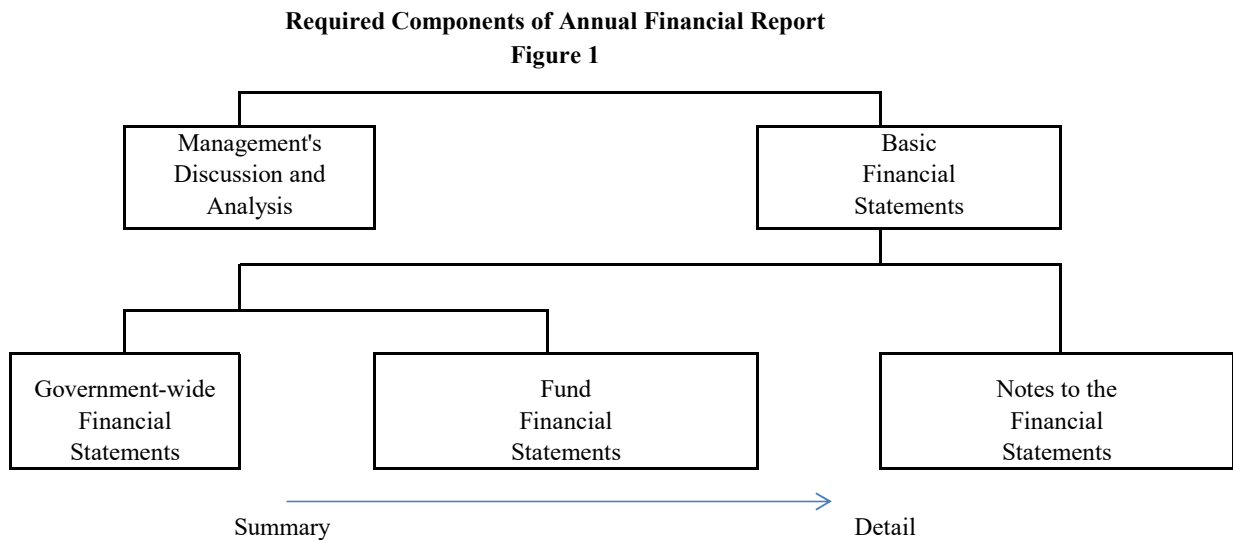
As management of the Upper Coastal Plain Council of Governments, we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2022. The information presented here can be read in conjunction with 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 \$1,159,761 (net position).
- The government's total net position increased by \$225,858.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$1,480,168, an increase of \$190,484 in comparison with the prior year. Approximately \$2,703,744 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$329,415.
- Upper Coastal Plain Council of Governments' total debt, decreased by \$249,538 during the current fiscal year.
- Expenditures in the Workforce Development Fund accounted for approximately \$4.5 million or 42.21% of the total expenditures of the Council.
- Expenditures in the Aging Fund accounted for approximately \$5.0 million or 47.16% 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.



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 gauge 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 21 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 37 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 \$1,159,761 as of June 30, 2022. The Council's net position increased by \$225,858 for the fiscal year ended June 30, 2022. One of the largest portions of net position, \$2,638,407, 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 (1.65%) 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. The remaining deficit balance of \$1,542,369 is unrestricted.

Upper Coastal Plain Council of Governments' Net Position

Figure 2

	Governmental Activities	
	2022	2021
Current and other assets	\$ 2,710,415	\$ 2,381,276
Capital assets	19,147	28,668
Deferred outflows of resources	436,718	371,602
Total assets and deferred outflows of resources	<u>3,166,280</u>	<u>2,781,546</u>
Long-term liabilities outstanding	424,329	862,973
Other liabilities	1,047,107	756,051
Deferred inflows of resources	535,083	228,619
Total liabilities and deferred inflows of resources	<u>2,006,519</u>	<u>1,847,643</u>
Net position:		
Net investment in capital assets	18,723	28,668
Restricted	2,683,407	768,068
Unrestricted	(1,542,369)	137,167
Total Net Position	<u>\$ 1,159,761</u>	<u>\$ 933,903</u>

Upper Coastal Plain Council of Governments Changes in Net Assets

Figure 3

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 495,784	\$ 626,687
Operating grants & contributions	9,938,123	9,361,830
Capital grants & contributions	-	-
General revenues:		
Local governmental dues	208,077	222,217
Investment earnings, unrestricted	-	-
Investment earnings, restricted	99	1,051
Miscellaneous, unrestricted	4,064	5,445
Special Item	-	(14,498)
Total Revenues	<u>10,646,147</u>	<u>10,202,732</u>
Expenses:		
General government	9,780	-
Economic and physical development	920,835	944,142
Human services	5,010,293	4,738,612
Workforce development	4,479,381	4,342,602
Total Expenses	<u>10,420,289</u>	<u>10,025,356</u>
Increase (Decrease) in Net Position	225,858	177,376
Net position, July 1	933,903	756,527
Net position, June 30	<u>\$ 1,159,761</u>	<u>\$ 933,903</u>

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 \$329,415 while total fund balance reached \$362,196. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers.

At June 30, 2022, the governmental funds of the Council reported a combined fund balance of \$1,480,168, a 14.77% increase from last year. The primary reason for this increase is Planning & Development Services collecting more than they spent.

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 57.97% 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, 2022 totals \$19,147 (net of accumulated depreciation). These assets include primarily furniture and equipment.

The Council purchased several laptops during the year.

Upper Coastal Plain Council of Governments Changes in Net Assets

Figure 4

	Governmental Activities	
	2022	2021
Leasehold Improvements	\$ 4,871	\$ 14,612
Furniture and Equipment	14,276	14,056
Total (net of accumulated depreciation)	<u>\$ 19,147</u>	<u>\$ 28,668</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, 2022, Upper Coastal Plain Council of Governments reported the following debt.

Upper Coastal Plain Council of Governments Outstanding Debt

Figure 5

	Governmental Activities	
	2022	2021
Net Pension Liability	\$ 256,877	\$ 595,690
Compensated Absences Payable	151,970	160,361
Lease liabilities	97,666	-
Total	<u>\$ 506,513</u>	<u>\$ 756,051</u>

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.

Workforce Development

- Turning Point Workforce Development Board (WDB) served approximately 4,596 distinct individuals receiving WIOA services (Adult, Dislocated Worker, Youth and Wagner Peyser) in our region. Unemployment rate in October 2022 – 5.4% (6,406 citizens were actively seeking employment); -546 less people were working as the same time the previous year.
- Turning Point WDB extended the purchase of Premier Virtual platform to enhance workforce and economic development services virtually since the Covid-19 pandemic. Premier Virtual platform is designed to bridge the gap between technology and human interaction for such events as career fairs, job expos, etc. providing the following services to jobseekers and employers. This resource has proven valuable by businesses that have taken advantage of virtual platform.
- Turning Point WDB has funded over \$26,895 to assist 38 eligible customers of Governor Cooper’s approved Finish Line Grant (FLG) program that leverage \$7 million in federal funds continued 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. NC Commerce has currently transferred all Finish Line Grant (FLG) funds the NC Community College system for continued services of remaining funding.
- Turning Point WDB received a little over \$1million in funding to expand career services to dislocated workers affected by the tragic QVC-Fire which fatally destroyed the local facility in December 2021.

Aging

- As more than 10,000 individuals continue to turn 65 daily, across the nation, the region continues to see growth in the Aging population as well an increased demand for Aging services provided through the Home & Community Block Grant (HCCBG) and other Older Americans Act (OAA) funding. Unfortunately, during this time of increased need, OAA funding continues to fall behind in meeting the needs of older adults in the region. Thus, the aging department continues to seek additional partners and nontraditional funding sources to meet the growing needs of disabled and older adults in the region.
- For the next two fiscal years, the aging department will be using American Rescue Plan Act (ARPA) funding to employ three new Aging Program Specialists that will focus on Transportation, Home Care Independence, and Information and Options Counseling. The ARPA funding will increase services for the Family Caregiver program as well. And finally, approximately \$460,000 of ARPA funding will be used to continue the consumer supported agriculture boxes (filled with locally sourced food items) being distributed to older adults throughout the region.
- Additionally, the aging department will host a UNC Fellow as an Opioid Navigator for Nash and Wilson Counties through June 30, 2023.

Planning and Development Services

- Local Government and departmental services for local and regional priorities are impacted primarily by state, federal and foundational grant funding availability. Where needed, member government dues are utilized as match funds for grants, primarily related to regional efforts. As in prior years, funding for some existing projects will be ending during the coming year while new projects 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 and/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. As required by the Economic Development Administration, the Board approved a new CEDS (CEDS 2023-2027) in October 2022, which will continue to guide PDS programs and projects. The CEDS will be updated annually moving forward with Board approval.

- 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. As of June 30, 2022, twenty-one (21) additional projects were in development.

Governmental Activities

Budgeted expenditures in the General Fund are expected to decrease by \$8,826. None 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, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash & Cash Equivalents	\$ 839,045
Accounts Receivable	1,753,791
Notes Receivable	-
Prepaid Expenses	20,337
Total current assets	2,613,173
Non-current assets:	
Capital assets, net of depreciation	19,147
Right to use leased assets, net of amortization	97,242
Total non-current assets	116,389
Total Assets	2,729,562
DEFERRED OUTFLOWS OF RESOURCES	436,718
LIABILITIES	
Current liabilities:	
Accounts Payable and Accrued Expenses	964,923
Current portion of long-term liabilities	82,184
Total current liabilities	1,047,107
Long-term liabilities:	
Net Pension Liability	256,877
Compensated Absences Payable	151,970
Due in more than one year	15,482
Total long-term liabilities	424,329
Total Liabilities	1,471,436
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	367,001
Grants not yet earned	168,082
Total deferred inflows of resources	535,083
NET POSITION	
Net investment in capital assets	18,723
Restricted for:	
Stabilization by State Statute	2,683,407
Unrestricted	(1,542,369)
Total Net Position	\$ 1,159,761

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

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Statement of Activities
For the Year Ended June 30, 2022**

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	\$ 9,780	\$ -	\$ -	\$ -	(9,780)
Planning & Development	920,835	495,784	506,189	-	81,138
Human Services	5,010,293	-	4,944,511	-	(65,782)
Workforce Development	4,479,381	-	4,487,423	-	8,042
Total governmental activities	<u>\$ 10,420,289</u>	<u>\$ 495,784</u>	<u>\$ 9,938,123</u>	<u>\$ -</u>	<u>13,618</u>
General revenues:					
					208,077
					99
					4,064
					<u>212,240</u>
					225,858
					<u>933,903</u>
					<u>\$ 1,159,761</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, 2022**

	<u>Major Funds</u>				<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Aging Program</u>	<u>Workforce Investment</u>	<u>PWEDA</u>		
ASSETS						
Cash and cash equivalents	\$ 839,045	\$ -	\$ -	\$ -	\$ -	\$ 839,045
Accounts receivable	13,164	695,539	865,410	-	179,678	1,753,791
Notes receivable	-	-	-	-	-	-
Prepaid expenses	19,617	420	-	-	300	20,337
Due from other funds	-	-	-	660,570	269,046	929,616
Total assets	<u>\$ 871,826</u>	<u>\$ 695,959</u>	<u>\$ 865,410</u>	<u>\$ 660,570</u>	<u>\$ 449,024</u>	<u>\$ 3,542,789</u>
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued liabilities	\$ 32,004	\$ 530,593	\$ 333,388	\$ -	\$ 68,938	\$ 964,923
Due to other funds	474,579	51,346	354,655	-	49,036	929,616
Total liabilities	<u>506,583</u>	<u>581,939</u>	<u>688,043</u>	<u>-</u>	<u>117,974</u>	<u>1,894,539</u>
DEFERRED INFLOWS OF RESOURCES						
	3,047	14,927	-	-	150,108	168,082
Fund balances:						
Nonspendable						
Prepaid expenses	19,617	420	-	-	300	20,337
Restricted						
Stabilization by State Statute	13,164	695,539	865,410	660,570	448,724	2,683,407
Unassigned	329,415	(596,866)	(688,043)	-	(268,082)	(1,223,576)
Total fund balances	<u>362,196</u>	<u>99,093</u>	<u>177,367</u>	<u>660,570</u>	<u>180,942</u>	<u>1,480,168</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 871,826</u>	<u>\$ 695,959</u>	<u>\$ 865,410</u>	<u>\$ 660,570</u>	<u>\$ 449,024</u>	<u>\$ 3,542,789</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, 2022

(continued)

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

Total fund balance, governmental funds	\$ 1,480,168
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	19,147
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	97,242
Pension related deferrals	
Differences between expected and actual experience	81,722
Changes in assumptions	161,385
Net difference between projected and actual earnings on pension plan investments	(367,001)
Changes in proportion and differences between Council Contributions and proportionate share proportionate share of contributions are deferred outflows	28,570
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	165,041
Some liabilities are not due and payable in the current period and therefore are not reported in net assets of governmental activities.	
Net pension asset (liability)	(256,877)
Accrued Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(151,970)
Lease liabilities	<u>(97,666)</u>
Net Position	\$ <u><u>1,159,761</u></u>

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

**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, 2022**

	<u>Major Funds</u>					Total Governmental Funds
	General	Aging Program	Workforce Investment	PWEDA	Total Non-Major Funds	
REVENUES						
Restricted Intergovernmental:						
Contributions - Federal	\$ -	\$ 2,705,472	\$ 4,487,423	\$ -	\$ 497,689	\$ 7,690,584
Contributions - State	-	2,190,778	-	-	8,500	2,199,278
State AAA Support	-	48,261	-	-	-	48,261
Per Capita Assessment	208,077	-	-	-	-	208,077
Other Revenues	-	4,064	-	-	495,784	499,848
Interest Income	-	-	-	99	-	99
Total revenues	<u>208,077</u>	<u>4,948,575</u>	<u>4,487,423</u>	<u>99</u>	<u>1,001,973</u>	<u>10,646,147</u>
EXPENDITURES						
Personnel	-	503,831	152,593	-	451,483	1,107,907
Travel and Training	6,257	36,159	6,146	-	27,475	76,037
Operating Expenses	42	66,896	303,581	-	20,094	390,613
Subcontractors	-	3,477,801	3,265,189	-	-	6,742,990
Program Operation	272	688,437	621,142	-	243,901	1,553,752
Capital Outlay	178,506	4,669	140,781	-	1,800	325,756
Indirect Cost	-	238,739	-	-	200,384	439,123
Total expenditures	<u>185,077</u>	<u>5,016,532</u>	<u>4,489,432</u>	<u>-</u>	<u>945,137</u>	<u>10,636,178</u>
Revenues Over (Under) Expenditures	23,000	(67,957)	(2,009)	99	56,836	9,969
OTHER FINANCING SOURCES (USES)						
Lease Liabilities Issued	178,506	-	2,009	-	-	180,515
Transfers (to) from other funds	(138,574)	61,495	-	-	77,079	-
Total other financing sources (uses)	<u>39,932</u>	<u>61,495</u>	<u>2,009</u>	<u>-</u>	<u>77,079</u>	<u>180,515</u>
Revenue and Other financing Sources Over (Under) Expenditures	62,932	(6,462)	-	99	133,915	190,484
Fund Balances:						
Beginning of year	<u>299,264</u>	<u>105,555</u>	<u>177,367</u>	<u>660,471</u>	<u>47,027</u>	<u>1,289,684</u>
End of year	<u>\$ 362,196</u>	<u>\$ 99,093</u>	<u>\$ 177,367</u>	<u>\$ 660,570</u>	<u>\$ 180,942</u>	<u>\$ 1,480,168</u>

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

Upper Coastal Plain Council of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

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

Net changes in fund balance - total governmental funds	\$	190,484
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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.

Capital outlay expenditures which were capitalized	6,469	
Depreciation expense for governmental activities	<u>(15,990)</u>	(9,521)

Right to use leased asset capital outlay expenditures which were capitalized	180,515	
Amortization expenses for intangible assets	<u>(83,273)</u>	97,242

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		165,041
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	82,849	
New long-term debt issued	<u>(180,515)</u>	(97,666)

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	8,391	
Pension Expense	<u>(128,113)</u>	<u>(119,722)</u>

Total Changes in Net Position of Governmental Activities	\$	<u><u>225,858</u></u>
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The notes to the financial statements are an integral part of this statement.

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, 2022

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Per capita assessments	\$ 222,725	\$ 222,725	\$ 208,077	\$ (14,648)
Other Revenues	-	-	-	-
Total Revenues	<u>222,725</u>	<u>222,725</u>	<u>208,077</u>	<u>(14,648)</u>
Expenditures:				
Travel and Training	18,250	18,250	6,257	11,993
Operating Expenses	-	-	42	(42)
Program Operation	5,000	5,000	272	4,728
Capital Outlay	-	-	178,506	(178,506)
Total Expenditures	<u>23,250</u>	<u>23,250</u>	<u>185,077</u>	<u>(161,827)</u>
Revenues Over (Under) Expenditures	<u>199,475</u>	<u>199,475</u>	<u>23,000</u>	<u>(176,475)</u>
Other Financing Sources (Uses):				
Lease Liabilities Issued	-	-	178,506	178,506
Transfers (to) from other funds	<u>(199,475)</u>	<u>(199,475)</u>	<u>(138,574)</u>	<u>60,901</u>
Total Other Financing Sources (Uses)	<u>(199,475)</u>	<u>(199,475)</u>	<u>39,932</u>	<u>239,407</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	62,932	<u>\$ 62,932</u>
Fund Balances:				
Beginning of the year, July 1			299,264	
End of year, June 30			<u>\$ 362,196</u>	

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

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, 2022

	Aging Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Restricted Intergovernmental				
Contributions - Federal	\$ 2,994,551	\$ 3,792,436	\$ 2,705,472	\$ (1,086,964)
Contributions - State	1,675,549	1,866,091	2,190,778	324,687
State AAA Support	48,263	48,263	48,261	(2)
Other Income	3,500	3,500	4,064	564
Total Revenues	<u>4,721,863</u>	<u>5,710,290</u>	<u>4,948,575</u>	<u>(761,715)</u>
Expenditures:				
Personnel	477,862	555,581	503,831	51,750
Travel and Training	57,357	69,898	36,159	33,739
Operating Expenses	33,894	53,630	66,896	(13,266)
Subcontractors	3,471,500	3,617,548	3,477,801	139,747
Program Operation	543,266	1,251,567	688,437	563,130
Capital Outlay	2,800	2,800	4,669	(1,869)
Indirect Cost	226,679	250,761	238,739	12,022
Total Expenditures	<u>4,813,358</u>	<u>5,801,785</u>	<u>5,016,532</u>	<u>785,253</u>
Revenues Over (Under) Expenditures	<u>(91,495)</u>	<u>(91,495)</u>	<u>(67,957)</u>	<u>23,538</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	<u>91,495</u>	<u>91,495</u>	<u>61,495</u>	<u>(30,000)</u>
Total Other Financing Sources (Uses)	<u>91,495</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>	<u>(6,462)</u>	<u>\$ (6,462)</u>
Fund Balances:				
Beginning of year, July 1			105,555	
End of year, June 30			<u>\$ 99,093</u>	

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

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, 2022

	Workforce Development			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Restricted Intergovernmental				
Contributions - Federal	\$ 5,851,095	\$ 5,593,280	\$ 4,487,423	\$ (1,105,857)
Other Revenues	-	-	-	-
Total Revenues	<u>5,851,095</u>	<u>5,593,280</u>	<u>4,487,423</u>	<u>(1,105,857)</u>
Expenditures:				
Personnel	214,141	292,423	152,593	139,830
Travel and Training	101,000	105,253	6,146	99,107
Operating Expenses	563,707	391,743	303,581	88,162
Subcontractors	3,970,948	3,778,413	3,265,189	513,224
Program Operation	1,117,743	1,001,612	621,142	380,470
Capital Outlay	35,000	175,280	140,781	34,499
Total Expenditures	<u>6,002,539</u>	<u>5,744,724</u>	<u>4,489,432</u>	<u>1,255,292</u>
Revenues Over (Under) Expenditures	<u>(151,444)</u>	<u>(151,444)</u>	<u>(2,009)</u>	<u>149,435</u>
Other Financing Sources (Uses):				
Lease Liabilities Issued	-	-	2,009	2,009
Transfers (to) from other funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,009</u>	<u>2,009</u>
Appropriated Fund Balance	<u>151,444</u>	<u>151,444</u>	<u>-</u>	<u>(151,444)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances:				
Beginning of year, July 1			177,367	
End of year, June 30			<u>\$ 177,367</u>	

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

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, 2022

	PWEDA			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other Revenues	\$ -	\$ -	\$ -	\$ -
Interest Income	5,500	5,500	99	(5,401)
Revolving Loan Repayments	10,000	10,000	-	(10,000)
Total Revenues	15,500	15,500	99	(15,401)
Expenditures:				
Personnel	1,073	1,073	-	1,073
Operating Expenses	655	655	-	655
Program Operation	102,300	102,300	-	102,300
Indirect Cost	527	527	-	527
Total Expenditures	104,780	104,780	-	104,780
Revenues Over (Under) Expenditures	(89,280)	(89,280)	99	89,379
Other Financing Sources (Uses):				
Fund Balance Appropriated	89,280	89,280	-	(89,280)
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ -	99	\$ 99
Fund Balances:				
Beginning of year, July 1			660,471	
End of year, June 30			\$ 660,570	

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

**Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022**

1. 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 \$208,078 for the year ended June 30, 2022.

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.

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.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, PWEDA.

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, and the Planning and Development Services.

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.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

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.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

Allowance for Doubtful

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 special revenue fund, RLF, 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.

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.

Right to Use Assets

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

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 meet 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, 2022 amounted to \$151,970. 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.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Prepaid expenses - portion of fund balance that is not an available resource because it represents expenditures paid in advance, which are not spendable resources.

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

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

Assigned for Aging Program - portion of fund balance that has been budgeted by the Board for Aging programs.

Assigned for Workforce Investment - portion of fund balance that has been budgeted by the Board for Workforce Development programs.

Assigned for Planning and Development- portion of fund balance that has been budgeted by the Board for Planning and Development services.

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

The Council has no formal revenue spending policy for programs with multiple revenue resources. The Finance Officer has authority to make spending decisions in the order that best serves the interest of the Council.

The Council has not adopted a formal fund balance policy for the General Fund.

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 liability, 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

The Council reported \$161,827 over expenditures in the General Fund as a result of not properly budgeting for the initial recording of leases as required for the implementation of GASB 87.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

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.

At June 30, 2022, the Council's deposits had a carrying amount of \$838,945 and a bank balance of \$1,145,376. 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, 2022, the Council's petty cash fund totaled \$100.

Receivables

Receivables at the government-wide level at June 30, 2022, were as follows:

Accounts Receivable:		
General Fund	\$	13,164
Special Revenue - due from other government units		1,560,949
Non-Major Funds - due from Development Corp.		179,678
Total	<u>\$</u>	<u>1,753,791</u>

Capital Assets

Capital asset activity for the year ended June 30, 2022 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	580,835	6,469	(1,649)	585,655
Total Capital assets being depreciated	<u>726,951</u>	<u>6,469</u>	<u>(1,649)</u>	<u>731,771</u>
Less accumulated depreciation for:				
Leasehold Improvements	131,504	9,741	-	141,245
Furniture and Equipment	566,779	6,249	(1,649)	571,379
Total accumulated depreciation	<u>698,283</u>	<u>\$ 15,990</u>	<u>\$ (1,649)</u>	<u>712,624</u>
Governmental activity capital assets, net	<u>\$ 28,668</u>			<u>\$ 19,147</u>

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

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

General Fund	\$ 9,519
Special Revenues:	
Aging	3,052
Workforce Development	3,419
Total	<u>\$ 15,990</u>

Right to Use Leased Assets

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

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

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased building	\$ -	\$ 148,572	\$ -	\$ 148,572
Leased equipment	-	31,943	-	31,943
Total right to use assets	-	180,515	-	180,515
Less accumulated amortization for:				
Leased building	-	74,286	-	74,286
Leased equipment	-	8,987	-	8,987
Total accumulated amortization	-	83,273	-	83,273
Right to use assets, net	<u>\$ -</u>	<u>\$ 97,242</u>	<u>\$ -</u>	<u>\$ 97,242</u>

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022, was 11.41% 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 \$165,041 for the year ended June 30, 2022.

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, 2020, the Council reported a liability of \$256,877 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2022, the Council's proportion was 0.01667% (measured as of June 30, 2020), which was an decrease of 0.00008% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Council recognized pension expense of \$128,113. At June 30, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,722	\$ -
Changes of assumptions	161,385	-
Net difference between projected and actual earnings on pension plan investments	-	367,001
Changes in proportion and differences between Council Contributions and proportionate share of contributions	28,570	-
Council contributions subsequent to the measurement date	165,041	-
Total	\$ 436,718	\$ 367,001

\$165,041 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022**

Year Ended June 30:

2023	\$ 38,785
2024	3,053
2025	(24,858)
2026	(112,304)
2027	-
Thereafter	-
	<u>\$ (95,324)</u>

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

Inflation	2.50 Percent
Salary Increases	3.25 to 8.25 Percent, which includes a 3.25% inflation and productivity factor.
Investment Rate of	6.50 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, 20 valuation were based on the results of an actuarial experience review for LGERS for the period January 1, 2015 through December 31, 2019.

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, 2020 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	6%	4.0%
	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

**Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022**

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Council's proportionate share of the net pension liability (asset)	\$ 997,176	\$ 256,877	\$ (352,346)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) 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 \$29,070 from employer and \$15,050 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 Year Ended June 30, 2022

Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 165,041
Differences between expected and actual experience	81,722
Change of assumptions	161,385
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,570
Total	<u>\$ 436,718</u>

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

	Statement of Net Position	Governmental Funds Balance Sheet
Per capita assessment not yet earned (General)	\$ 3,047	\$ 3,047
Grants not yet earned (Special Revenue)	165,035	165,035
Net difference between projected and actual earnings on pension plan investments	367,001	-
Total	<u>\$ 535,083</u>	<u>\$ 168,082</u>

Commitments

At June 30, 2022, 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, 2022, 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.

Long-Term Obligations

Leases

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

On 07/01/2021, Upper Coastal Plain Council of Governments entered into a 16-month lease as Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$5,439. As of 06/30/2022, the value of the lease liability is \$1,707. Upper Coastal Plain Council of Governments, NC is required to make monthly fixed payments of \$342. The lease has an interest rate of 1.0%. The value of the right to use asset as of 06/30/2022 of \$5,439 with accumulated amortization of \$3,739 is included with Equipment on the Right to Use Asset schedule.

On 7/1/2021, Upper Coastal Plain Council of Governments entered into a 18-quarter lease as Lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$15,927. As of 06/30/2022, the value of the lease liability is \$12,449. Upper Coastal Plain Council of Governments, NC is required to make quarterly fixed payments of \$906. The lease has an interest rate of 1.0%. The value of the right to use asset as of 06/30/2022 of \$15,927 with accumulated amortization of \$3,539 is included with Equipment on the Right to Use Asset schedule.

On 07/01/2021, Upper Coastal Plain Council of Governments entered into a 23-month lease as Lessee for the use of the main office. An initial lease liability was recorded in the amount of \$148,572. As of 06/30/2022, the value of the lease liability is \$74,595. Upper Coastal Plain Council of Governments, NC is required to make monthly fixed payments of \$6,250. The lease has an interest rate of 1.0%. The value of the right to use asset as of 06/30/2022 of \$148,572 with accumulated amortization of \$74,286 is included with Equipment on the Right to Use Asset schedule.

On 07/01/2021, Upper Coastal Plain Council of Governments entered into a 16-month lease as Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$2,009. As of 06/30/2022, the value of the lease liability is \$1,306. Upper Coastal Plain Council of Governments, NC is required to make monthly fixed payments of \$60. The lease has an interest rate of 1.0%. The value of the right to use asset as of 06/30/2022 of 2,009 with accumulated amortization of \$709 is included with Equipment on the Right to Use Asset schedule.

On 11/30/2021, Upper Coastal Plain Council of Governments entered into a 16-month lease as Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$8,568. As of 06/30/2022, the value of the lease liability is \$7,609. Upper Coastal Plain Council of Governments, NC is required to make monthly fixed payments of \$144. The lease has an interest rate of 1.0%. The value of the right to use asset as of 06/30/2022 of 8,568 with accumulated amortization of \$1,000 is included with Equipment on the Right to Use Asset schedule.

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

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 82,184	\$ 604	\$ 82,788
2024	5,822	135	5,957
2025	5,279	78	5,357
2026	3,519	26	3,545
2027	864	3	867
	\$ 97,668	\$ 846	\$ 98,514

The following is a summary of changes in the Council's long-term obligations for the fiscal year ended June 30, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current Portion of</u> <u>Balance</u>
Governmental Activities:					
Net pension liability	\$ 595,690	\$ -	\$ 338,813	\$ 256,877	\$ -
Compensated Absences	160,361	-	8,391	151,970	-
Lease liabilities	-	180,515	82,849	97,666	82,184
Governmental activities long-term liabilities	\$ 756,051	\$ 180,515	\$ 430,053	\$ 506,513	\$ 82,184

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

Interfund Balances and Activity

The composition of interfund balances as of June 30, 2022 is as follows:

Due to/from other funds:

<u>Payable Funds</u>		<u>Receivable Funds</u>	
General Fund	\$ 474,579	General Fund	\$ -
Special Revenue Funds:		Special Revenue Funds:	
Aging	51,346	Aging	-
Workforce Development	354,655	Workforce Development	-
Planning & Development	-	Planning & Development	-
EDA - RLF	-	EDA - RLF	660,570
COG - Projects	49,036	COG - Projects	269,046
	<u>\$ 929,616</u>		<u>\$ 929,616</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, 2022, consist of the following:

From the General Fund to the Aging Fund	\$ 61,495
From the General Fund to Planning and Development Services	77,079
Total	<u>\$ 138,574</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.

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	\$ 362,196
Less:	
Stabilization by State Statute	13,164
Remaining Fund Balance	<u>\$ 349,032</u>

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 monies 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 monies.

In 2021 the Council was invited by EDA to apply for defederalization (Release of Federal Interest) of the Revolving Loan Fund (RLF). The Board approved making application in accordance with the invitation and an application was submitted. EDA subsequently agreed to defederalize the funds and the agreement was fully executed on 11/19/2021. Under the terms of the agreement, the remaining funds are required to be spent in accordance with the Public Works and Economic Development Act of 1965 (PWEDA).

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022 equaled \$75,000.

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 Nine Fiscal Years *

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Council's proportion of the net pension liability (asset) (%)	0.01675%	0.01667%	0.01624%	0.01643%	0.01630%
Council's proportion of the net pension liability (asset) (\$)	\$ 256,877	\$ 595,690	\$ 443,502	\$ 38,976	\$ 249,019
Council's covered payroll	\$ 1,324,238	\$ 1,303,701	\$ 1,322,047	\$ 1,328,943	\$ 1,229,986
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	19.40%	45.69%	33.55%	2.93%	20.25%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Council's proportion of the net pension liability (asset) (%)	0.01716%	0.01536%	0.01598%	0.01750%	
Council's proportion of the net pension liability (asset) (\$)	\$ 364,193	\$ 68,935	\$ (94,241)	\$ 210,942	
Council's covered payroll	\$ 1,197,170	\$ 1,124,721	\$ 1,081,443	\$ 1,081,443	
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	30.42%	6.13%	-8.71%	19.51%	
Plan fiduciary net position as a percentage of the total pension liability**	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 Nine Fiscal Years**

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 165,041	\$ 135,337	\$ 117,724	\$ 103,516	\$ 100,734
Contributions in relation to the contractually required contribution	<u>165,041</u>	<u>135,337</u>	<u>117,724</u>	<u>103,516</u>	<u>100,734</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,446,461	\$ 1,324,238	\$ 1,303,701	\$ 1,322,047	\$ 1,328,943
Contributions as a percentage of covered payroll	11.41%	10.22%	9.03%	7.83%	7.58%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 90,404	\$ 80,929	\$ 79,518	\$ 76,458	
Contributions in relation to the contractually required contribution	<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>	
Council's covered payroll	\$ 1,229,986	\$ 1,197,170	\$ 1,124,721	\$ 1,081,443	
Contributions as a percentage of covered payroll	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 Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Per capita assessments	\$ 222,725	\$ 208,077	\$ (14,648)
Other revenues	-	-	-
Total revenues	<u>222,725</u>	<u>208,077</u>	<u>(14,648)</u>
Expenditures			
Travel and Training	18,250	6,257	11,993
Operating Expenses	-	42	(42)
Program Operation	5,000	272	4,728
Capital Outlay	-	178,506	(178,506)
Total expenditures	<u>23,250</u>	<u>185,077</u>	<u>(161,827)</u>
Revenues over (under) expenditures	<u>199,475</u>	<u>23,000</u>	<u>(176,475)</u>
Other financing sources (uses):			
Lease Liabilities Issued	-	178,506	178,506
Transfer (to) from other funds	<u>(199,475)</u>	<u>(138,574)</u>	<u>60,901</u>
Total other financing sources (uses)	<u>(199,475)</u>	<u>39,932</u>	<u>239,407</u>
Net Change in Fund Balance	\$ <u>-</u>	<u>62,932</u>	\$ <u>62,932</u>
Fund balances, beginning		<u>299,264</u>	
Fund balances, ending		<u>\$ 362,196</u>	

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Year Ended June 30, 2022**

	Admin	ARPA - P&A	CARES - Plan &Admin	NSIP	HCCBG	Senior Center General Purpose	Legal Services	Ombudsman	Elder Abuse
Revenues									
Contributions - Federal	\$ 204,119	\$ 20,581	\$ 31,379	\$ 107,988	\$ 1,261,208	\$ -	\$ 13,313	\$ 168,393	\$ 6,018
Contributions - State	11,830	6,860	-	-	1,781,195	61,555	783	32,076	(218)
State AAA Support	48,261	-	-	-	-	-	-	-	-
Other Revenues	2,000	-	-	-	-	-	-	-	-
Total revenues	<u>266,210</u>	<u>27,441</u>	<u>31,379</u>	<u>107,988</u>	<u>3,042,403</u>	<u>61,555</u>	<u>14,096</u>	<u>200,469</u>	<u>5,800</u>
Expenditures									
Personnel	165,981	17,407	8,325	-	-	-	-	124,202	1,920
Travel and Training	13,539	-	421	-	-	-	-	4,868	65
Operating Expenses	16,572	-	-	-	-	-	-	4,462	406
Subcontractors	-	-	-	107,988	3,041,973	61,555	14,095	-	-
Program Operation	49,415	-	22,633	-	914	-	-	1,350	3,409
Capital Outlay	-	-	-	-	-	-	-	-	-
Indirect Cost	80,199	10,036	-	-	-	-	-	65,587	-
Total expenditures	<u>325,706</u>	<u>27,443</u>	<u>31,379</u>	<u>107,988</u>	<u>3,042,887</u>	<u>61,555</u>	<u>14,095</u>	<u>200,469</u>	<u>5,800</u>
Revenues over (under) expenditures	<u>(59,496)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(484)</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Other Financing Sources: Transfers from other funds	<u>61,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ 1,999</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>\$ (484)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>

continued

**Upper Coastal Plain Council of Governments
Wilson, NC
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Year Ended June 30, 2022**

	Title V	CARES - Ombudsman	MIS	CARES - Non HCCBG Legal Services	CARES-HCCBG- In Home, Nutrition Services	Fan Relief	Families First	Senior Medicare Patrol	MIPPA
Revenues									
Contributions - Federal	\$ 267,603	\$ 9,623	\$ -	319	\$ 252,711	\$ -	\$ -	\$ 5,000	\$ 27,713
Contributions - State	-	-	-	-	-	2,888	23,769	-	-
State AAA Support	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	1,272	-	-	-	-	-	-
Total revenues	<u>267,603</u>	<u>9,623</u>	<u>1,272</u>	<u>319</u>	<u>252,711</u>	<u>2,888</u>	<u>23,769</u>	<u>5,000</u>	<u>27,713</u>
Expenditures									
Personnel	36,217	9,623	-	-	-	-	-	3,872	16,373
Travel and Training	2,916	-	-	-	1,209	-	-	-	553
Operating Expenses	2,730	-	-	-	-	-	-	1,128	10,787
Subcontractors	200,724	-	-	318	-	2,936	23,769	-	-
Program Operation	152	-	1,722	-	251,503	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Indirect Cost	24,864	-	-	-	-	-	-	-	-
Total expenditures	<u>267,603</u>	<u>9,623</u>	<u>1,722</u>	<u>318</u>	<u>252,712</u>	<u>2,936</u>	<u>23,769</u>	<u>5,000</u>	<u>27,713</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(450)</u>	<u>1</u>	<u>(1)</u>	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources: Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</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>(450)</u>	<u>1</u>	<u>(1)</u>	<u>(48)</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 Year Ended June 30, 2022**

	Caregiver- FSCP	Health Pr.- Evid. Based	CARES - Family Caregiver	Vaccine - Access	HRSA Implementation	Mobility Study	Total
Revenues							
Contributions - Federal	\$ 172,806	\$ 26,470	\$ 76,231	\$ -	\$ 37,983	\$ 16,014	\$ 2,705,472
Contributions - State	11,520	1,557	-	59,446	-	197,517	2,190,778
State AAA Support	-	-	-	-	-	-	48,261
Other Revenues	385	407	-	-	-	-	4,064
Total revenues	<u>184,711</u>	<u>28,434</u>	<u>76,231</u>	<u>59,446</u>	<u>37,983</u>	<u>213,531</u>	<u>4,948,575</u>
Expenditures							
Personnel	59,362	13,427	10,380	36,742	-	-	503,831
Travel and Training	3,151	4,632	754	2,099	839	1,113	36,159
Operating Expenses	15,692	1,184	32	11,430	563	1,910	66,896
Subcontractors	24,443	-	-	-	-	-	3,477,801
Program Operation	47,659	2,776	63,665	141	33,855	209,243	688,437
Capital Outlay	-	-	1,400	1,400	-	1,869	4,669
Indirect Cost	34,226	6,417	-	17,410	-	-	238,739
Total expenditures	<u>184,533</u>	<u>28,436</u>	<u>76,231</u>	<u>69,222</u>	<u>35,257</u>	<u>214,135</u>	<u>5,016,532</u>
Revenues over (under) expenditures	<u>178</u>	<u>(2)</u>	<u>-</u>	<u>(9,776)</u>	<u>2,726</u>	<u>(604)</u>	<u>(67,957)</u>
Other Financing Sources:							
Transfers from other funds	-	-	-	-	-	-	61,495
Revenues and Other Financing Sources Over (Under) Expenditures	\$ <u>178</u>	\$ <u>(2)</u>	\$ <u>-</u>	\$ <u>(9,776)</u>	\$ <u>2,726</u>	\$ <u>(604)</u>	\$ <u>(6,462)</u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Workforce Development
Combining Schedule of Revenues and Expenditures
For the Year Ended June 30, 2022**

	WIOA Administration	WIOA QVC Fire Admin	WIOA Adult	WIOA Youth	WIOA Dislocated Worker	WIOA QVC Fire Program	WIOA - Enhanced Business Services	WIOA - Roanoke Rapids Center Lease	WIOA - Finish Line Grants	Total
Revenues										
Contributions - Federal	\$ 479,340	\$ 54	\$ 1,479,916	\$ 1,464,443	\$ 967,468	\$ 11,327	\$ 25,000	\$ 59,201	\$ 674	\$ 4,487,423
Total revenues	<u>479,340</u>	<u>54</u>	<u>1,479,916</u>	<u>1,464,443</u>	<u>967,468</u>	<u>11,327</u>	<u>25,000</u>	<u>59,201</u>	<u>674</u>	<u>4,487,423</u>
Expenditures										
Personnel	72,923	-	-	55,373	-	-	24,297	-	-	152,593
Travel and Training	3,039	54	-	1,983	-	451	619	-	-	6,146
Operating Expenses	9,448	-	230,046	492	4,310	-	84	59,201	-	303,581
Subcontractors	-	-	1,146,517	1,253,082	864,916	-	-	-	674	3,265,189
Program Operation	393,930	-	47,472	153,513	15,351	10,876	-	-	-	621,142
Capital Outlay	2,009	-	55,881	-	82,891	-	-	-	-	140,781
Total expenditures	<u>481,349</u>	<u>54</u>	<u>1,479,916</u>	<u>1,464,443</u>	<u>967,468</u>	<u>11,327</u>	<u>25,000</u>	<u>59,201</u>	<u>674</u>	<u>4,489,432</u>
Revenues over (under) expenditures	<u>(2,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,009)</u>
Other Financing Sources:										
Lease Liabilities Issued	2,009	-	-	-	-	-	-	-	-	2,009
Total Other Financing Sources	<u>2,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,009</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>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	<u>COG - Projects</u>	<u>Planning & Development Services</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Accounts Receivable	\$ 137,668	\$ 42,010	\$ 179,678
Prepaid Expenses	-	300	300
Due from other Funds	-	269,046	269,046
Total Assets	<u>137,668</u>	<u>311,356</u>	<u>449,024</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable and Accrued Liabilities	4,879	64,059	68,938
Due to other funds	49,036	-	49,036
Total liabilities	<u>53,915</u>	<u>64,059</u>	<u>117,974</u>
Deferred Inflows of Resources	<u>83,753</u>	<u>66,355</u>	<u>150,108</u>
Fund Balances:			
Nonspendable			
Prepaid expenses	-	300	300
Restricted			
Stabilization by State Statute	137,668	311,056	448,724
Unassigned	(137,668)	(130,414)	(268,082)
Total fund balance	<u>-</u>	<u>180,942</u>	<u>180,942</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 137,668</u>	<u>\$ 311,356</u>	<u>\$ 449,024</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, 2022

	<u>COG - Projects</u>	<u>Planning & Development Services</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Contributions - Federal	\$ -	\$ 497,689	\$ 497,689
Contributions - State	-	8,500	8,500
Other Revenues	-	495,784	495,784
Total Revenues	<u>-</u>	<u>1,001,973</u>	<u>1,001,973</u>
Expenditures:			
Personnel	-	451,483	451,483
Travel and Training	-	27,475	27,475
Operating expenses	-	20,094	20,094
Program operation	-	243,901	243,901
Capital Outlay	-	1,800	1,800
Indirect Cost	-	200,384	200,384
Total Expenditures	<u>-</u>	<u>945,137</u>	<u>945,137</u>
Revenues over(under) expenditures	<u>-</u>	<u>56,836</u>	<u>56,836</u>
Other financing sources (uses):			
Transfers (to) from other funds	-	77,079	77,079
Total other financing sources (uses)	<u>-</u>	<u>77,079</u>	<u>77,079</u>
Net Change in Fund Balance	<u>-</u>	<u>133,915</u>	<u>133,915</u>
Fund Balances:			
Beginning of Year, July 1	<u>-</u>	<u>47,027</u>	<u>47,027</u>
End of Year, June 30	<u>\$ -</u>	<u>\$ 180,942</u>	<u>\$ 180,942</u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Special Revenue Fund - Planning & Development Services
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	2022		
	Budget	Actual	Variance Positive (Negative)
Revenues			
Contributions - Federal	\$ 382,000	\$ 497,689	\$ (115,689)
Contributions - State	-	8,500	(8,500)
Other Revenues	655,312	495,784	159,528
Total revenues	1,037,312	1,001,973	(35,339)
Expenditures			
Personnel	485,038	451,483	33,555
Travel and Training	21,679	27,475	(5,796)
Operating Expenses	9,749	20,094	(10,345)
Program Operation	341,690	243,901	97,789
Capital Outlay	1,267	1,800	(533)
Indirect Cost	224,556	200,384	24,172
Total expenditures	1,083,979	945,137	138,842
Revenues over (under) expenditures	(46,667)	56,836	103,503
Other financing sources (uses):			
Transfers (to) from other funds	46,667	77,079	30,412
Total other financing sources (uses)	46,667	77,079	30,412
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	133,915	\$ 133,915
Fund Balances:			
Beginning of year, July 1		47,027	
End of year, June 30		\$ 180,942	

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Fringe Benefits
For the Year Ended June 30, 2022**

			<u>Fiscal Year Actual Cost</u>
Total Annual Salaries	\$		<u>1,473,117</u>
Fringe Benefits:			
FICA			110,840
LGERS Retirement			165,245
Supplemental Retirement			29,070
Group Insurance			183,137
Workers Comp			3,598
Unemployment Insurance			2,426
Total Fringe Benefits	\$		<u><u>494,316</u></u>
 Fringe Benefit Calculation			
<u>Total Fringe Benefits</u> =		<u>494,316</u>	33.56%
Total Annual Salaries		1,473,117	
 Personnel Cost:			
Total Annual Salaries	\$		1,473,117
Total Fringe Benefits			494,316
Total Personnel Cost	\$		<u><u>1,967,433</u></u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Indirect Costs
For the Year Ended June 30, 2022**

		<u>Fiscal Year Actual Cost</u>
Total Indirect Expenditures:		
Total indirect annual salaries	\$	338,720
Total indirect fringe benefits at 33.56% of salary		113,659
Professional Services		15,530
Travel		25,471
Operating Expenses		<u>161,373</u>
Total Indirect Expenditures	\$	<u><u>654,753</u></u>
 Direct Salaries and Direct Fringe Benefits		
Total personnel costs	\$	1,967,433
Less:		
Total indirect salaries		(338,720)
Total indirect fringe benefits		(113,659)
Total Direct Salaries and Total Direct Fringe Benefits	\$	<u><u>1,515,054</u></u>
 Indirect Rate Calculation		
<u>Total Indirect Expenditures</u>	= \$	<u>654,753</u>
Total Direct Salaries and Total Direct Fringe Benefits	\$	<u>1,515,054</u>
		43.22%

COMPLIANCE SECTION



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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***

Independent Auditors' Report

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Upper Coastal Plain Council of Governments, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises Upper Coastal Plain Council of Governments' basic financial statements, and have issued our report thereon dated November 30, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Coastal Plain Council of Governments' 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 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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the schedule of findings and questioned costs as item [2022-001] that we consider to be significant deficiencies.

Members

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upper Coastal Plain Council of Governments' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items [2022-001].

Upper Coastal Plain Council of Governments' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Upper Coastal Plain Council of Governments' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 30, 2022



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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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Upper Coastal Plain Council of Governments, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Upper Coastal Plain Council of Governments' major federal programs for the year ended June 30, 2022. 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.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Upper Coastal Plain Council of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Upper Coastal Plain Council of Governments' compliance with the compliance requirements referred to above.

Members

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 30, 2022



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

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**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**

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Upper Coastal Plain Council of Governments, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Upper Coastal Plain Council of Governments' major State programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Upper Coastal Plain Council of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Upper Coastal Plain Council of Governments' compliance with the compliance requirements referred to above.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 30, 2022

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant Deficiency(s) identified? X Yes _____ 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:

CFDA Numbers

Names of Federal Program or Cluster

Aging Cluster

- Title III - Part B Supportive Services
- Title III - Part C Nutrition Services
- Nutrition Services Incentive Program (NSIP)

Workforce Investment Act Cluster

- WIOA Adult Program
- WIOA Youth Activities
- WIOA Dislocated Workers

- 93.044
- 93.045
- 93.053

- 17.258
- 17.259
- 17.278

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 Year Ended June 30, 2022**

Section I. Summary of Auditor's Results (continued)

State Awards

Internal control over major State programs:

Material weaknesses identified? Yes No

Significant Deficiency(s) identified? Yes None Reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes No

Identification of major State programs:

Program Name

Aging Cluster

90% State Funds:
Access
Home Delivered Meals
In-Home Services

Section II. Financial Statement Findings

Finding 2022-001 Budget Violation

NONCOMPLIANCE/SIGNIFICANT DEFICIENCY

Criteria: In accordance with North Carolina General Statutes § 143C, Budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.

Condition: The Council reported \$161,827 over expenditures in the General Fund as a result of not properly budgeting for the initial recording of leases as required for the implementation of GASB 87.

Effect: Moneys were spent that had not been obligated and appropriated.

Cause: Department oversight of the requirements of the new accounting standard.

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section II. Financial Statement Findings (continued)

Recommendation: The finance office should review the General Statutes and GASB Statements more carefully to ensure that new pronouncements are presented correctly in the financials and appropriately budgeted.

Views of responsible officials and planned corrective actions: The Department agrees with this finding.

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

121 W. NASH STREET (27893)
P. O. BOX 9

TELEPHONE: 252.234.5952

WILSON, NORTH CAROLINA 27894

FAX: 252.234.5971

Corrective Action Plan
For the Year Ended June 30, 2022

Section II. Financial Statement Findings

Finding: 2022-001

Name of contact person: Mark Hill, Finance Director

Corrective Action: The finance office will review the General Statutes and GASB statements more carefully to correctly present financial statements and accurately budget the funds.

Proposed Compliance Date: 2/28/2023

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, 2022**

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, 2022

Grantor Pass-through Grantor Program Title	Federal Assistance Listing No.	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		\$ 295,764	\$ -	\$ -	-
Passed through N. C. Department of Commerce -						
Division of Workforce Solutions						
Workforce Investment Act Cluster						
WIOA - Adult Programs	17.258		1,655,685	-	1,146,772	-
WIOA - Youth Activities	17.259		1,630,137	-	1,253,334	-
WIOA - Dislocated Workers	17.278		1,190,220	-	865,083	-
Total Workforce Investment Act Cluster			4,476,042	-	3,265,189	-
National Dislocated Worker Grant	17.277		11,381	-	-	-
Total U.S. Department of Labor			4,783,187	-	3,265,189	-
<u>U.S. Department of Commerce</u>						
Direct Program:						
Economic Development Administration:						
District Planning Grant	11.302		70,000	-	-	50,518
Economic Adjustment Assistance						
Broadband Study Grant	11.307		12,807	-	-	-
CARES - Economic Adjustment Assistance	11.307		287,742	-	-	-
Total Economic Adjustment Assistance			300,549	-	-	-
Total U.S. Department of Commerce			370,549	-	-	50,518
<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 - B / Planning and Administrative	93.044		63,811	3,497	-	18,178
Title III - B / Expanding Access to COVID Vaccine	93.044		41,323	-	-	-
Title III - B / Ombudsman	93.044		157,148	9,244	-	-
Title III - B / CARES Ombudsman	93.044		9,623	-	-	-
Title III - B / Access, In-Home Services, Legal Services	93.044		753,995	44,353	781,190	-
Title III - B CARES Access, In-Home Services, Legal Service	93.044		251,246	-	318	-
Title III - C1 / Congregate Nutrition	93.045		161,861	9,521	257,292	-
Title III - C2 / Home Delivered Meals	93.045		208,230	12,249	186,833	-
Title III - Families First - C2 / Home Delivered Meals	93.045		23,769	-	23,769	-
Title III - C1 / Planning and Administrative	93.045		110,504	6,056	-	31,479
Title III - CARES Planning and Administrative	93.045		31,379	10,460	-	-
Title III - CAA	93.045		192,179	-	192,179	-
Title III - CAA P&A	93.045		16,014	5,338	22	-
Title III - ARPA P&A	93.045		20,581	6,860	-	-
Nutrition Services Incentive Program (NSIP)	93.053		107,988	-	107,988	-
Total Aging Cluster			2,149,651	107,578	1,549,591	49,657

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Grantor Pass-through Grantor Program Title	Federal Assistance Listing No.	State/ Pass-Through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-thru to Sub- Recipient	Local Expenditures
Title III - B / Elder Abuse	93.041		10,357	609	-	-
Title VII - E / Ombudsman	93.042		14,320	842	-	-
Title III - D / Disease Prevention and Health Promotion	93.043		26,472	1,557	-	-
Title III - E / Planning & Administration	93.052		41,555	2,277	-	11,838
Title III - E / Family Caregiver	93.052		172,806	11,520	-	-
Title III - CARES - E / Family Caregiver	93.052		76,231	-	-	-
Medicare Improvements for Patients and Providers	93.071		27,713	-	-	-
Social Services Block Grant (SSBG)	93.667		150,507	4,300	-	-
Passed through N.C. Department of Insurance:						
NC Senior Medicare Patrol Program	93.048		5,000			
Total U.S. Department of Health and Human Services			2,674,612	128,683	1,549,591	61,495
U.S. Environmental Protection Agency						
Direct Program						
Brownsfields Assessment & Cleanup Cooperative Agreement	66.818		34,847	-	-	-
Total U.S. Environmental Protection Agency			34,847	-	-	-
Total Federal Assistance Expended			\$ 7,863,195	\$ 128,683	\$ 4,814,780	\$ 112,013
State Grants:						
<u>NC Department of Agriculture and Consumer Services</u>						
Visit NC Farms			\$ -	\$ 8,500	\$ -	\$ -
Total NC Department of Agriculture and Consumer Services			-	8,500	-	-
<u>NC Department of Health and Human Services:</u>						
Division of Aging:						
State Appropriation			-	113,772	-	-
Fan Heat			-	2,888	-	-
90% State Funds:						
Access			-	74,369	-	-
Congregate Meals			-	56,566	-	-
Home Delivered Meals			-	528,267	-	-
Ombudsman			-	22,576	-	-
In-Home Service			-	1,052,313	-	-
Total N.C. Department of Health and Human Services			-	1,850,751	-	-
Total State Assistance Expended			\$ -	\$ 1,859,251	\$ -	\$ -
Total Federal and State Assistance Expended			\$ 7,863,195	\$ 1,987,934	\$ 4,814,780	\$ 112,013

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Grantor	Federal	State/ Pass-Through	Federal (Direct & Pass-through)	State	Pass-thru to Sub-	Local
<u>Program Title</u>	<u>Assistance</u>	<u>Grantor's</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Recipient</u>	<u>Expenditures</u>
	<u>Listing No.</u>	<u>Number</u>				

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, 2022. 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.