

UPPER COASTAL PLAIN COUNCIL OF GOVERNMENTS

Wilson, North Carolina

Financial Statements

For the Year Ended June 30, 2020

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

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June 30, 2020**

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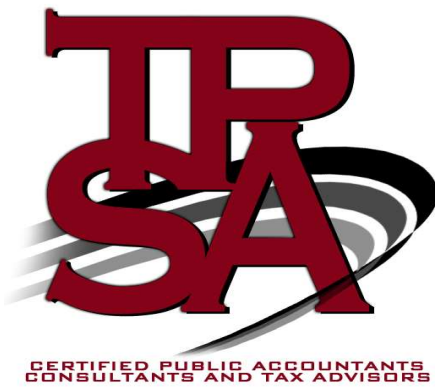
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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Coastal Plain Council of Governments as of and for the year then ended June 30, 2020, and the related notes to the financial statements which collectively comprise the Upper Coastal Plain Council of Governments's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Coastal Plain Council of Governments as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund, Aging, Workforce Development , EDA-RLF, and Planning and Development Services Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 39 and 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Upper Coastal Plain Council of Governments. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2020 on our consideration of the Upper Coastal Plain Council of Governments's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Upper Coastal Plain Council of Governments's internal control over financial reporting and compliance.

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

Whiteville, NC

October 15, 2020

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, 2020. 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

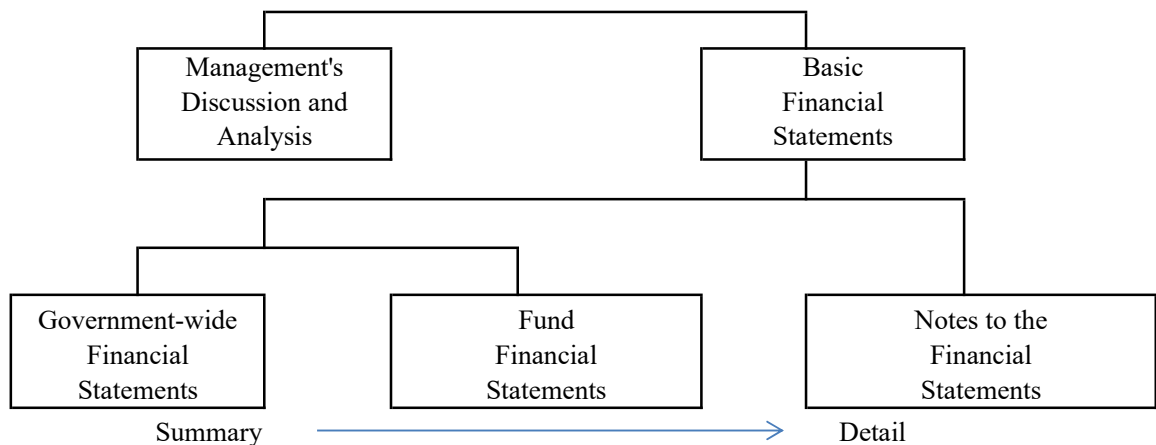
- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$756,527 (net position).
- The government's total net position decreased by \$181,273.
- As of the close of the current fiscal year, the Council's governmental funds reported combined ending fund balances of \$903,119, a decrease of \$41,336 in comparison with the prior year. Approximately 88.22% of this amount, or \$796,721 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$211,455.
- Upper Coastal Plain Council of Governments' total debt, which consists solely of accrued annual leave, increased by \$17,795 during the current fiscal year.
- Expenditures in the Workforce Development Fund accounted for approximately \$4.6 million or 48.29% of the total expenditures of the Council.
- Expenditures in the Aging Fund accounted for approximately \$4.2 million or 43.96% of the total expenditures of the Council.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Council's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Council's governmental funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

The two government-wide statements report the Council's net position and how they have changed. Net position is the difference between the Council's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to 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 24 of this report.

Other Information

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the Council exceeded liabilities and deferred inflows by \$756,527 as of June 30, 2020. The Council's net position decreased by \$181,273 for the fiscal year ended June 30, 2020. One of the largest portions of net position (79.67%) 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 (5.04%) reflects the Council's net investment in capital assets (e.g. fixtures and equipment). The Council uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Net position exceeded restrictions on net position and net investment in capital assets by \$115,666.

Upper Coastal Plain Council of Governments' Net Position

Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	\$ 1,995,285	\$ 1,952,865
Capital Assets	38,110	40,133
Deferred outflows of resources	307,145	351,143
Total assets and deferred outflows of resources	<u>2,340,540</u>	<u>2,344,141</u>
Accounts payable and accrued liabilities	765,551	798,069
Other liabilities	586,345	514,824
Deferred inflows of resources	232,117	93,448
Total liabilities and deferred inflows of resources	<u>1,584,013</u>	<u>1,406,341</u>
Net position:		
Net investment in capital assets	38,110	40,133
Restricted	602,751	595,190
Unrestricted	115,666	302,477
Total Net Position	<u>\$ 756,527</u>	<u>\$ 937,800</u>

The primary aspect of the Council's financial operations that negatively impacted the total unrestricted government net assets:

- 1 Expenditures greatly exceed revenues for Planning & Development Services.

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

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 466,223	\$ 345,465
Operating grants & contributions	8,857,784	9,051,963
Capital grants & contributions	-	-
General revenues:		
Local governmental dues	222,008	223,023
Investment earnings, unrestricted	-	-
Investment earnings, restricted	7,920	12,636
Miscellaneous, unrestricted	434	4,761
Total Revenues	<u>9,554,369</u>	<u>9,637,848</u>
Expenses:		
General government	-	-
Economic and physical development	783,747	793,033
Human services	4,272,935	4,286,948
Workforce development	4,678,960	4,593,375
Non-Major Funds	-	-
Total Expenses	<u>9,735,642</u>	<u>9,673,356</u>
Increase (Decrease) in Net Position	(181,273)	(35,508)
Net position, July 1	937,800	973,308
Net position, June 30	<u>\$ 756,527</u>	<u>\$ 937,800</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 \$211,455 while total fund balance reached \$247,917. 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, 2020, the governmental funds of the Council reported a combined fund balance of \$903,119, a 4.38% decrease from last year. The primary reason for this decrease is Planning & Development Services spending more than they collected.

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 60.69% 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, 2020 totals \$38,110 (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	
	2020	2019
Leasehold Improvements	\$ 24,353	\$ 34,094
Furniture and Equipment	13,757	6,039
Total (net of accumulated depreciation)	\$ 38,110	\$ 40,133

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, 2020, Upper Coastal Plain Council of Governments reported a long term liability for accrued employee annual leave. This liability for accrued employee annual leave increased by \$17,795, or 14.23%, during the past fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

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

Workforce Development

- Governor Cooper's approved Finish Line Grant (FLG) program that leverage \$7 million in federal funds will be extended 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. As well, each of the 58 Community Colleges will receive Governor's Emergency Education Relief (GEER) funding to subsidize additional students in high demand trainings to synthesize growing the talent pipeline for local businesses. These initiatives hopefully will spark the unemployed/underemployed citizens to obtain qualified skills/trainings to secure local business retention and globally competitiveness.
- The Regional Advance Manufacturing Pipeline (RAMP-East) initiative continues to provide a proactive approach for recruiting under-served populations of the ten (10) counties building a pipeline of potential candidates for immediate and future advance manufacturing jobs. Due to COVID-19 employers have acknowledge the need to streamline processes and procedures to be more efficient (Six Sigma). Therefore, workforce development focus is to assist employers with enhanced business services to meet such needs as Incumbent Worker training, Apprenticeships, On the Job training and other work-based learning opportunities.
- Even with the pandemic COVID-19 Turning Point WDB served over 9,000 distinct individuals receiving WIOA services (Adult, Dislocated Worker, Youth and Wagner Peyser) in our region. Unemployment rate in October 2020 – 8.7% (unemployment rate only captures those citizens actively seeking employment) although below double digits 7,129 fewer people were working as the same time the previous year. As social distancing lingers, innovative resources such as Virtual Career Fairs/Expo platforms will be essential to meet the needs of matching jobseekers and employers.
- NCWorks Career Centers powered by Turning Point WDB were recertified by NC Commerce Division of Workforce Solutions (DWS) quality assurance team in November 2019.

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

Aging

- With more than 10,000 turning 65 on a daily basis, across the nation, the region continues to see growth in the Aging population as well. Baby boomers continue to need more Aging services provided through the Home & Community Block Grant.
- Increases in Older Americans Act funding continue to fall behind in meeting the needs of older adults in the region. However, with the addition of Families First and CARES Act funding, there is over one million additional dollars to provide for older adults who have been negatively impacted by COVID-19. During fiscal year 20-21, these additional funds will be used to address food insecurity, social isolation, technology challenges, and more within the region.

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 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. An amendment to the CEDS will be created by regional stakeholders and adopted by the Board to reflect changing priorities and needs as a result of the COVID-19 Pandemic.
- For the coming fiscal year, the department currently has an operational budget of \$849,644.00. This funding is considered "in hand", meaning it has been acquired contractually with member governments and/or other funders through grant awards, technical service contracts, and/or other legal instruments obligating funds to the organization. These revenues represent 25 active or starting projects/programs and have a corresponding, related line item in the department budget. Each project/program has its own detailed budget that is actively tracked and updated on a regular basis for fiscal and management control as well as reporting to the corresponding funder and to meet all necessary compliance and regulatory guidelines.
- The department will also work to raise additional funds during the year. Staffing levels and other expenses will be adjusted as needed during the year to help ensure departmental solvency as well as individual and overall departmental budget management. As of June 30, 2020, fourteen (14) additional projects were in development.

Management Discussion and Analysis
Upper Coastal Plain Council of Governments

Governmental Activities

Budgeted expenditures in the General Fund are expected to decrease by \$570. \$0 of the General Fund Balance is expected to be spent this year.

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

Requests for Information

This report is designed to provide an overview of the Council's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Council's Executive Director at Upper Coastal Plain Council of Governments, PO Box 9, Wilson, NC 27894-0009.

BASIC FINANCIAL STATEMENTS

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash & Cash Equivalents	\$ 711,054
Accounts Receivable	1,173,130
Notes Receivable	94,498
Prepaid Expenses	16,603
Total current assets	1,995,285
Non-current assets:	
Capital Assets	
Capital assets, net of depreciation	38,110
Total Assets	2,033,395
DEFERRED OUTFLOWS OF RESOURCES	307,145
LIABILITIES	
Current liabilities:	
Accounts Payable and Accrued Expenses	765,551
Long-term liabilities:	
Net Pension Liability	443,502
Due in more than one year	142,843
Total Liabilities	1,351,896
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	-
Grants not yet earned	232,117
Total deferred inflows of resources	232,117
NET POSITION	
Net investment in capital assets	38,110
Restricted for:	
Stabilization by State Statute	20,594
Revolving Loans	582,157
Unrestricted	115,666
Total Net Position	\$ 756,527

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ -	\$ -	\$ -	\$ -	-
Economic & Physical Development					
Revolving Loan	3,712	47	-	-	(3,665)
Planning & Development	780,035	466,176	77,182	-	(236,677)
Human Services	4,272,935	-	4,157,370	-	(115,565)
Workforce Development	4,678,960	-	4,623,232	-	(55,728)
Non-Major Funds	-	-	-	-	-
Total governmental activities	<u>\$ 9,735,642</u>	<u>\$ 466,223</u>	<u>\$ 8,857,784</u>	<u>\$ -</u>	<u>(411,635)</u>
General revenues:					
					222,008
					-
					7,920
					434
					<u>230,362</u>
					(181,273)
					<u>937,800</u>
					<u>\$ 756,527</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, 2020**

	Major Funds						
	General Fund	Aging Program	Workforce Investment	EDA - RLF	Planning & Development Services	Total Non-Major Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 711,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 711,054
Accounts receivable	20,594	529,961	529,644	-	89,000	3,931	1,173,130
Notes receivable	-	-	-	94,498	-	-	94,498
Prepaid expenses	15,868	420	-	-	315	-	16,603
Due from other funds	-	-	-	582,157	-	83,596	665,753
Total assets	<u>\$ 747,516</u>	<u>\$ 530,381</u>	<u>\$ 529,644</u>	<u>\$ 676,655</u>	<u>\$ 89,315</u>	<u>\$ 87,527</u>	<u>\$ 2,661,038</u>
LIABILITIES AND FUND BALANCES							
Accounts payable and accrued liabilities	\$ 15,173	\$ 399,235	\$ 323,466	\$ -	\$ 24,630	\$ 3,047	\$ 765,551
Due to other funds	482,690	18,858	28,811	-	135,394	-	665,753
Total liabilities	<u>497,863</u>	<u>418,093</u>	<u>352,277</u>	<u>-</u>	<u>160,024</u>	<u>3,047</u>	<u>1,431,304</u>
DEFERRED INFLOWS OF RESOURCES	1,736	9,007	-	94,498	136,894	84,480	326,615
Fund balances:							
Nonspendable							
Prepaid expenses	15,868	420	-	-	315	-	16,603
Restricted							
Stabilization by State Statute	20,594	-	-	-	-	-	20,594
Revolving Loans	-	-	-	582,157	-	-	582,157
Assigned							
Aging Program	-	102,861	-	-	-	-	102,861
Workforce Development	-	-	177,367	-	-	-	177,367
Unassigned	211,455	-	-	-	(207,918)	-	3,537
Total fund balances	<u>247,917</u>	<u>103,281</u>	<u>177,367</u>	<u>582,157</u>	<u>(207,603)</u>	<u>-</u>	<u>903,119</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 747,516</u>	<u>\$ 530,381</u>	<u>\$ 529,644</u>	<u>676,655</u>	<u>89,315</u>	<u>\$ 87,527</u>	<u>\$ 2,661,038</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, 2020

(continued)

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

Total fund balance, governmental funds	\$ 903,119
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	38,110
Net pension asset (liability)	(443,502)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	117,724
Notes Receivable related to revolving loan activity in the government-wide statements do not provide current financial resources, and therefore are deferred in the fund statements.	94,498
Pension related deferrals	
Differences between expected and actual experience	75,939
Changes in proportion and differences between Council Contributions and proportionate share of contributions are deferred outflows	30,381
Changes in assumptions	72,283
Net difference between projected and actual earnings on pension plan investments	10,818
Accrued Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(142,843)</u>
Net Position	<u>\$ 756,527</u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds					Total Non-Major Funds	Total Governmental Funds
	General	Aging Program	Workforce Investment	EDA - RLF	Planning & Development Services		
REVENUES							
Restricted Intergovernmental:							
Contributions - Federal	\$ -	\$ 2,301,438	\$ 4,623,211	\$ -	\$ 77,182	\$ -	\$ 7,001,831
Contributions - State	-	1,807,670	-	-	-	-	1,807,670
Contributions - Local	-	-	-	-	-	-	-
State AAA Support	-	48,262	-	-	-	-	48,262
Per Capita Assessment	222,008	-	-	-	-	-	222,008
Other Revenues	-	434	21	47	466,176	-	466,678
Interest Income	-	-	-	7,920	-	-	7,920
Revolving Loan Repayments	-	-	-	24,413	-	-	24,413
Program Income	-	-	-	-	-	-	-
Total revenues	222,008	4,157,804	4,623,232	32,380	543,358	-	9,578,782
EXPENDITURES							
Personnel	-	385,663	209,749	2,398	387,349	-	985,159
Travel and Training	9,197	36,072	34,718	-	23,903	-	103,890
Operating Expenses	-	45,687	505,333	244	13,028	-	564,292
Subcontractors	-	3,463,326	3,357,003	-	-	-	6,820,329
Program Operation	1,189	86,478	526,556	-	120,675	-	734,898
Capital Outlay	-	3,838	11,868	-	-	-	15,706
Indirect Cost	-	207,685	-	928	187,231	-	395,844
Revolving Loans made	-	-	-	-	-	-	-
Total expenditures	10,386	4,228,749	4,645,227	3,570	732,186	-	9,620,118
Revenues Over (Under) Expenditures	211,622	(70,945)	(21,995)	28,810	(188,828)	-	(41,336)
Other Financing Sources:							
Transfers (to) from other funds	(169,633)	61,495	16,471	-	91,667	-	-
Revenue and Other financing Sources Over (Under) Expenditures	41,989	(9,450)	(5,524)	28,810	(97,161)	-	(41,336)
Fund Balances:							
Beginning of year	205,928	112,731	182,891	553,347	(110,442)	-	944,455
End of year	\$ 247,917	\$ 103,281	\$ 177,367	\$ 582,157	\$ (207,603)	\$ -	\$ 903,119

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
June 30, 2020

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

Net changes in fund balance - total governmental funds	\$	(41,336)
<p>Governmental funds report capital outlay as expenditures, however in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	12,568	
Depreciation expense for governmental activities	<u>(14,591)</u>	(2,023)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		117,724
<p>Revolving loan repayments and advances are reported as revenues and expenditures in the governmental funds. This is the amount that advances exceeded repayments.</p>		
		(24,413)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resource and, therefore, are not reported as expenditures in governmental funds. (Compensated Absences)</p>		
Compensated Absences	(17,795)	
Pension Expense	<u>(213,430)</u>	<u>(231,225)</u>
Total Changes in Net Position of Governmental Activities	\$	<u><u>(181,273)</u></u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Per capita assessments	\$ 222,787	\$ 222,787	\$ 222,008	\$ (779)
Total Revenues	<u>222,787</u>	<u>222,787</u>	<u>222,008</u>	<u>(779)</u>
Expenditures:				
Travel and Training	10,300	10,300	9,197	1,103
Program Operation	5,000	5,000	1,189	3,811
Total Expenditures	<u>15,300</u>	<u>15,300</u>	<u>10,386</u>	<u>4,914</u>
Revenues Over (Under) Expenditures	<u>207,487</u>	<u>207,487</u>	<u>211,622</u>	<u>4,135</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	<u>(207,487)</u>	<u>(207,487)</u>	<u>(169,633)</u>	<u>37,854</u>
Total Other Financing Sources (Uses)	<u>(207,487)</u>	<u>(207,487)</u>	<u>(169,633)</u>	<u>37,854</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	41,989	<u>\$ 41,989</u>
Fund Balances:				
Beginning of the year, July 1			205,928	
End of year, June 30			<u>\$ 247,917</u>	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Aging Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Restricted Intergovernmental				
Contributions - Federal	\$ 4,060,720	\$ 4,015,119	\$ 2,301,438	\$ (1,713,681)
Contributions - State	141,961	537,189	1,807,670	1,270,481
State AAA Support	48,263	48,263	48,262	(1)
Other Income	3,500	3,500	434	(3,066)
Total Revenues	<u>4,254,444</u>	<u>4,604,071</u>	<u>4,157,804</u>	<u>(446,267)</u>
Expenditures:				
Personnel	445,021	439,516	385,663	53,853
Travel and Training	47,574	46,278	36,072	10,206
Operating Expenses	41,051	29,663	45,687	(16,024)
Subcontractors	3,482,035	3,872,464	3,463,326	409,138
Program Operation	92,365	87,577	86,478	1,099
Capital Outlay	1,800	1,800	3,838	(2,038)
Indirect Cost	206,093	188,268	207,685	(19,417)
Total Expenditures	<u>4,315,939</u>	<u>4,665,566</u>	<u>4,228,749</u>	<u>436,817</u>
Revenues Over (Under) Expenditures	<u>(61,495)</u>	<u>(61,495)</u>	<u>(70,945)</u>	<u>(9,450)</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	<u>61,495</u>	<u>61,495</u>	<u>61,495</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>61,495</u>	<u>61,495</u>	<u>61,495</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(9,450)</u>	<u>\$ (9,450)</u>
Fund Balances:				
Beginning of year, July 1			112,731	
End of year, June 30			<u>\$ 103,281</u>	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Workforce Development			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Restricted Intergovernmental				
Contributions - Federal	\$ 5,135,000	\$ 7,069,407	\$ 4,623,211	\$ (2,446,196)
Other Revenues	-	-	21	21
Total Revenues	<u>5,135,000</u>	<u>7,069,407</u>	<u>4,623,232</u>	<u>(2,446,175)</u>
Expenditures:				
Personnel	260,366	405,368	209,749	195,619
Travel and Training	61,850	123,350	34,718	88,632
Operating Expenses	652,960	841,763	505,333	336,430
Subcontractors	3,383,023	3,941,211	3,357,003	584,208
Program Operation	973,769	1,919,683	526,556	1,393,127
Capital Outlay	-	35,000	11,868	23,132
Total Expenditures	<u>5,331,968</u>	<u>7,266,375</u>	<u>4,645,227</u>	<u>2,621,148</u>
Revenues Over (Under) Expenditures	<u>(196,968)</u>	<u>(196,968)</u>	<u>(21,995)</u>	<u>174,973</u>
Other Financing Sources (Uses):				
Transfers (to) from other funds	40,000	40,000	16,471	(23,529)
Appropriated Fund Balance	156,968	156,968	-	(156,968)
Total Other Financing Sources (Uses)	<u>196,968</u>	<u>196,968</u>	<u>16,471</u>	<u>(180,497)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(5,524)</u>	<u>\$ (5,524)</u>
Fund Balances:				
Beginning of year, July 1			182,891	
End of year, June 30			<u>\$ 177,367</u>	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	EDA - RLF			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other Revenues	\$ -	\$ -	\$ 47	\$ 47
Interest Income	6,000	6,000	7,920	1,920
Revolving Loan Repayments	4,000	4,000	24,413	20,413
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>32,380</u>	<u>22,380</u>
Expenditures:				
Personnel	1,073	1,073	2,398	(1,325)
Operating Expenses	880	880	244	636
Program Operation	150,300	150,300	-	150,300
Indirect Cost	527	527	928	(401)
Total Expenditures	<u>152,780</u>	<u>152,780</u>	<u>3,570</u>	<u>149,210</u>
Revenues Over (Under) Expenditures	<u>(142,780)</u>	<u>(142,780)</u>	<u>28,810</u>	<u>171,590</u>
Other Financing Sources (Uses):				
Fund Balance Appropriated	<u>142,780</u>	<u>142,780</u>	<u>-</u>	<u>(142,780)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	28,810	<u>\$ 28,810</u>
Fund Balances:				
Beginning of year, July 1			553,347	
End of year, June 30			<u>\$ 582,157</u>	

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund and Annually Budgeted Major Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Planning & Development Services			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Restricted Intergovernmental:				
Contributions - Federal	\$ 155,000	\$ 155,000	\$ 77,182	\$ (77,818)
Other Revenues	478,252	528,252	466,176	(62,076)
Total Revenues	633,252	683,252	543,358	(139,894)
Expenditures:				
Personnel	383,299	402,299	387,349	14,950
Travel and Training	46,272	46,272	23,903	22,369
Operating Expenses	4,700	4,700	13,028	(8,328)
Program Operation	101,252	123,252	120,675	2,577
Indirect Cost	189,396	198,396	187,231	11,165
Total Expenditures	724,919	774,919	732,186	42,733
Revenues Over (Under) Expenditures	(91,667)	(91,667)	(188,828)	(97,161)
Other Financing Sources (Uses):				
Transfers (to) from other funds	91,667	91,667	91,667	-
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ -	(97,161)	\$ (97,161)
Fund Balances:				
Beginning of year, July 1			(110,442)	
End of year, June 30			\$ (207,603)	

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

The Board is constituted in a two-part governance:

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

Dues and administrative fees received from the related local governments amounted to \$222,008 for the year ended June 30, 2020.

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

B. Basis of Presentation and Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements:

The statement of net position and the statement of activities display information about the Council. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements ordinarily distinguish between the *governmental and business-type activities* of the governmental entity. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. However, the Council does not have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations have been made in the funds. Program revenues include: 1) fees and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the Council's funds, all of which are governmental since the Council has no proprietary or fiduciary funds. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Council reports the following major governmental funds:

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

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

The Council reports the following non-major governmental funds.

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements.

The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transaction, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental Fund Financial Statements.

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

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

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

D. Budgetary Data

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

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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.

Allowance for Doubtful Accounts

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

Notes Receivable

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Capital Assets

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

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has one item that meets this criterion - contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Council has two items that 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, 2020 amounted to \$142,843. The Council has assumed a first-in, first-out method of using accumulated compensated time. Compensated absences are designated as a long-term liability in the governmental-wide financial statements, as the current portion is immaterial to the financial statements.

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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.

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.

Restricted for Workforce Development - portion of fund balance that is restricted by revenue source for use for Workforce Development.

Restricted for Revolving loans - portion of fund balance that is restricted for low interest loan program activity.

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

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.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Defined Benefit Pension Plans

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

F. Revenues and Expenditures

Cost Allocation Plan

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

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

G. Estimates

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

2. Stewardship, Compliance and Accountability

Deficit in Fund Balance or Net Position of Individual Funds

For the fiscal year ended June 30, 2020, the following Special Revenue Fund has a deficit in fund balance: Planning and Development Services. Efforts are being made to reduce expenditures in the funds. Timing of several projects requires certain percentages of completion before draws can be made. Upper Coastal Plain Council of Governments is working to increase collections of contract revenues.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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, 2020, the Council's deposits had a carrying amount of \$710,954 and a bank balance of \$1,191,966. 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, 2020, the Council's petty cash fund totaled \$100.

Receivables

Receivables at the government-wide level at June 30, 2020, were as follows:

Accounts Receivable:	
General Fund	\$ 20,594
Special Revenue - due from other government units	1,148,605
Non-Major Funds - due from Development Corp.	3,931
Total	<u>\$ 1,173,130</u>

Capital Assets

Capital asset activity for the year ended June 30, 2020, 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	567,409	12,568	-	579,977
Total Capital assets being depreciated	<u>713,525</u>	<u>12,568</u>	<u>-</u>	<u>726,093</u>
Less accumulated depreciation for:				
Leasehold Improvements	112,022	9,741	-	121,763
Furniture and Equipment	561,370	4,850	-	566,220
Total accumulated depreciation	<u>673,392</u>	<u>\$ 14,591</u>	<u>\$ -</u>	<u>687,983</u>
Governmental activity capital assets, net	<u>\$ 40,133</u>			<u>\$ 38,110</u>

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

General Fund	\$ 9,741
Special Revenues:	
Aging	1,806
Planning and Development	550
Workforce Development	2,494
Total	<u>\$ 14,591</u>

Notes Receivable

Notes Receivable at June 30, 2020 amounted to \$94,498 and represents one loan to a small business in the region. The major criteria for receiving such a loan is that the money is spent for purposes that will create new jobs or maintain existing jobs in the area. The note bears interest at a rate of 6.5%, and is repaid monthly. Final maturity is December 2021. The notes are collateralized by some or all of the following: real estate, certificates of deposit, inventory, accounts receivable, vehicle titles, and life insurance policies. The note also has personal guarantees. At June 30, 2020, there was one outstanding loans. The loan is currently delinquent.

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Council employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Council's contractually required contribution rate for the year ended June 30, 2020, was 9.03% 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 \$117,724 for the year ended June 30, 2020.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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 \$443,502 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the Council’s proportion was 0.01624% (measured as of June 30, 2019), which was an increase of 0.00019% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Council recognized pension expense of \$213,430. At June 30, 2020, 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	\$ 75,939	\$ -
Changes of assumptions	72,283	-
Net difference between projected and actual earnings on pension plan investments	10,818	-
Changes in proportion and differences between Council Contributions and proportionate share of contributions	30,381	-
Council contributions subsequent to the measurement date	117,724	-
Total	\$ 307,145	\$ -

\$117,724 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2020	\$	91,409
2021		32,867
2022		49,956
2023		15,189
2024		-
Thereafter		-
		\$ 189,421

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Actuarial Assumptions . The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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

Sensitivity of the Council's proportionate share of the net pension asset to changes in the discount rate . The following presents the Council's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Council's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Council's proportionate share of the net pension liability (asset)	\$ 1,014,370	\$ 443,502	\$ (31,005)

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

NC 401(k)

The Council offers employees to participate in the NC 401(k) plan. The Council currently contributes 2% of employee's annual salary to their plan. This is a non-matching required contribution. Current year contributions were \$26,596 from employer and \$24,342 employee voluntary contributions.

Postemployment Benefits

The Council offers no postemployment benefits to employees.

Other Employment Benefits

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 117,724
Differences between expected and actual experience	75,939
Change of assumptions	72,283
Net difference between projected and actual earnings on pension plan investments	10,818
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,381
	<hr/>
Total	<u><u>\$ 307,145</u></u>

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

Per capita assessment not yet earned (General)	\$ 1,736
Grants not yet earned (Special Revenue)	93,487
Differences between expected and actual experience	-
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
	<hr/>
Total	<u><u>\$ 95,223</u></u>

Commitments

At June 30, 2020, 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, 2020, the Council had no claims or judgments outstanding that in the opinion of management or Council attorney will have a material adverse effect on the Council's financial position.

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Lease Management

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

Long-Term Obligations

The following is a summary of changes in the Council's long-term obligations for the fiscal year ended June 30, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:				
Net pension liability	\$ 389,776	\$ 53,726	\$ -	\$ 443,502
Compensated Absences Payable	125,048	17,795	-	142,843
Governmental activity long-term liabilities	<u>\$ 514,824</u>	<u>\$ 71,521</u>	<u>\$ -</u>	<u>\$ 586,345</u>

Interfund Balances and Activity

The composition of interfund balances as of June 30, 2020 is as follows:

Due to/from other funds:

<u>Payable Funds</u>		<u>Receivable Funds</u>	
General Fund	\$ 482,690	General Fund	\$ -
Special Revenue Funds:		Special Revenue Funds:	
Aging	18,858	Aging	-
Workforce Development	28,811	Workforce Development	-
Planning & Development	135,394	EDA - RLF	582,157
		COG - Projects	83,596
	<u>\$ 665,753</u>		<u>\$ 665,753</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, 2020, consist of the following:

From the General Fund to the Aging Fund	\$ 61,495
From the General Fund to the Workforce Development Fund	16,471
From the General Fund to Planning and Development Services	91,667
Total	<u>\$ 169,633</u>

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

Upper Coastal Plain Council of Governments
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

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	\$ 247,917
Less:	
Stabilization by State Statute	20,594
Remaining Fund Balance	227,323

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.

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, 2020 equaled \$75,000.

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

7. Significant Effects of Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Contributions - Local Government Employees' Retirement System

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability (asset) (%)	0.01624%	0.01643%	0.01630%	0.01716%	0.01536%	0.01598%	0.01750%
Council's proportion of the net pension liability (asset) (\$)	\$ 443,502	\$ 38,976	\$ 249,019	\$ 364,193	\$ 68,935	\$ (94,241)	\$ 210,942
Council's covered payroll	\$ 1,322,047	\$ 1,328,943	\$ 1,229,986	\$ 1,197,170	\$ 1,124,721	\$ 1,081,443	\$ 1,088,986
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.55%	2.93%	20.25%	30.42%	6.13%	-8.71%	19.37%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 117,724	\$ 103,516	\$ 100,734	\$ 90,404	\$ 80,929	\$ 79,518	\$ 76,458
Contributions in relation to the contractually required contribution	<u>117,724</u>	<u>103,516</u>	<u>100,734</u>	<u>90,404</u>	<u>80,929</u>	<u>79,518</u>	<u>76,458</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,303,701	\$ 1,322,047	\$ 1,328,943	\$ 1,229,986	\$ 1,197,170	\$ 1,124,721	\$ 1,081,443
Contributions as a percentage of covered payroll	9.03%	7.83%	7.58%	7.35%	6.76%	7.07%	7.07%

**INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**

Upper Coastal Plain Council of Governments
Wilson, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Per capita assessments	\$ 222,787	\$ 222,008	\$ (779)
Total revenues	<u>222,787</u>	<u>222,008</u>	<u>(779)</u>
Expenditures			
Travel and Training	10,300	9,197	1,103
Program Operation	<u>5,000</u>	<u>1,189</u>	<u>3,811</u>
Total expenditures	<u>15,300</u>	<u>10,386</u>	<u>4,914</u>
Revenues over (under) expenditures	<u>207,487</u>	<u>211,622</u>	<u>4,135</u>
Other financing sources (uses):			
Transfer (to) from other funds	<u>(207,487)</u>	<u>(169,633)</u>	<u>37,854</u>
Total other financing sources (uses)	<u>(207,487)</u>	<u>(169,633)</u>	<u>37,854</u>
Net Change in Fund Balance	\$ <u><u>-</u></u>	41,989	\$ <u><u>41,989</u></u>
Fund balances, beginning		<u>205,928</u>	
Fund balances, ending		\$ <u><u>247,917</u></u>	

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2020**

	Admin	NSIP	HCCBG	Senior Center General Purpose	Legal Services	Ombudsman	Elder Abuse
Revenues							
Contributions - Federal	\$ 201,598	\$ 115,957	\$ 1,356,956	\$ -	\$ 13,529	\$ 113,069	\$ 2,795
Contributions - State	11,048	-	1,570,099	66,967	796	52,962	164
Contributions - Local	-	-	-	-	-	-	-
State AAA Support	48,262	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Program Income	-	-	-	-	-	-	-
Total revenues	<u>260,908</u>	<u>115,957</u>	<u>2,927,055</u>	<u>66,967</u>	<u>14,325</u>	<u>166,031</u>	<u>2,959</u>
Expenditures							
Personnel	158,866	-	-	-	-	97,436	3,609
Travel and Training	16,817	-	-	-	-	9,310	6
Operating Expenses	17,991	-	-	-	-	4,874	2,251
Subcontractors	-	115,957	2,923,711	66,967	14,325	-	-
Program Operation	9,393	-	2,431	-	-	-	-
Capital Outlay	3,838	-	-	-	-	-	-
Indirect Cost	110,157	-	-	-	-	54,414	-
Total expenditures	<u>317,062</u>	<u>115,957</u>	<u>2,926,142</u>	<u>66,967</u>	<u>14,325</u>	<u>166,034</u>	<u>5,866</u>
Revenues over (under) expenditures	<u>(56,154)</u>	<u>-</u>	<u>913</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(2,907)</u>
Other Financing Sources:							
Transfers from other funds	<u>61,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ 5,341</u>	<u>-</u>	<u>\$ 913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ (2,907)</u>

continued

**Upper Coastal Plain Council of Governments
Wilson, NC
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2020**

	<u>Title V</u>	<u>MIS</u>	<u>Fan Relief</u>	<u>LCA</u>	<u>Senior Medicare Patrol</u>	<u>MIPPA</u>
Revenues						
Contributions - Federal	\$ 296,358	\$ -	\$ -	\$ -	\$ 5,000	\$ 20,389
Contributions - State	-	-	2,888	-	-	4,234
Contributions - Local	-	-	-	-	-	-
State AAA Support	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Program Income	-	-	-	-	-	-
Total revenues	<u>296,358</u>	<u>-</u>	<u>2,888</u>	<u>-</u>	<u>5,000</u>	<u>24,623</u>
Expenditures						
Personnel	51,483	-	-	-	4,633	18,631
Travel and Training	4,182	-	-	-	-	654
Operating Expenses	5,401	-	-	-	368	4,822
Subcontractors	222,494	-	2,888	-	-	-
Program Operation	4,250	2,269	-	-	-	394
Capital Outlay	-	-	-	-	-	-
Indirect Cost	15,526	-	-	-	-	122
Total expenditures	<u>303,336</u>	<u>2,269</u>	<u>2,888</u>	<u>-</u>	<u>5,001</u>	<u>24,623</u>
Revenues over (under) expenditures	<u>(6,978)</u>	<u>(2,269)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
Other Financing Sources:						
Transfers from other funds	-	-	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures	<u>(6,978)</u>	<u>(2,269)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>

continued

**Upper Coastal Plain Council of Governments
Wilson, NC
Aging Fund
Combining Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2020**

	Caregiver- FSCP	Health Pr.- Evid. Based	UNC Chronic Disease Education	Families First	Total
Revenues					
Contributions - Federal	\$ 149,719	\$ 26,068	\$ -	\$ -	\$ 2,301,438
Contributions - State	-	1,533	-	96,979	1,807,670
Contributions - Local	-	-	-	-	-
State AAA Support	-	-	-	-	48,262
Other Revenues	140	294	-	-	434
Interest Income	-	-	-	-	-
Program Income	-	-	-	-	-
Total revenues	<u>149,859</u>	<u>27,895</u>	<u>-</u>	<u>96,979</u>	<u>4,157,804</u>
Expenditures					
Personnel	35,119	13,580	2,306	-	385,663
Travel and Training	2,814	2,289	-	-	36,072
Operating Expenses	6,555	3,425	-	-	45,687
Subcontractors	20,005	-	-	96,979	3,463,326
Program Operation	66,453	1,288	-	-	86,478
Capital Outlay	-	-	-	-	3,838
Indirect Cost	18,912	7,313	1,241	-	207,685
Total expenditures	<u>149,858</u>	<u>27,895</u>	<u>3,547</u>	<u>96,979</u>	<u>4,228,749</u>
Revenues over (under) expenditures	<u>1</u>	<u>-</u>	<u>(3,547)</u>	<u>-</u>	<u>(70,945)</u>
Other Financing Sources: Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,495</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (3,547)</u>	<u>\$ -</u>	<u>\$ (9,450)</u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Workforce Development
Combining Schedule of Revenues and Expenditures
For the Year Ended June 30, 2020**

	WIOA Administration	WIOA Adult	WIOA Youth	WIOA Dislocated Worker	WIOA - Enhanced Business Services	WIOA - Roanoke Rapids Center Lease	WIOA - Ramp East Initiative	WIOA - Finish Line Grants	WIOA - Moniotte Investments	WFD Project	Total
Revenues											
Contributions - Federal	\$ 331,760	\$ 1,560,107	\$ 1,317,846	\$ 1,137,868	\$ 64,071	\$ 57,916	\$ 135,075	\$ 18,568	\$ -	\$ -	\$ 4,623,211
Contributions - State	-	-	-	-	-	-	-	-	-	-	-
Contributions - Local	-	-	-	-	-	-	-	-	-	-	-
State AAA Support	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	21	-	-	-	-	21
Program Income	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>331,760</u>	<u>1,560,107</u>	<u>1,317,846</u>	<u>1,137,868</u>	<u>64,071</u>	<u>57,937</u>	<u>135,075</u>	<u>18,568</u>	<u>-</u>	<u>-</u>	<u>4,623,232</u>
Expenditures											
Personnel	87,519	-	57,361	-	59,420	-	5,449	-	-	-	209,749
Travel and Training	23,136	-	3,478	-	4,087	-	4,017	-	-	-	34,718
Operating Expenses	9,684	248,062	110	187,134	564	57,937	1,842	-	-	-	505,333
Subcontractors	-	1,188,821	1,252,784	896,830	-	-	-	18,568	-	-	3,357,003
Program Operation	227,892	123,224	1,633	44,516	-	-	123,767	-	1,330	4,194	526,556
Capital Outlay	-	-	2,480	9,388	-	-	-	-	-	-	11,868
Indirect Cost	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>348,231</u>	<u>1,560,107</u>	<u>1,317,846</u>	<u>1,137,868</u>	<u>64,071</u>	<u>57,937</u>	<u>135,075</u>	<u>18,568</u>	<u>1,330</u>	<u>4,194</u>	<u>4,645,227</u>
Revenues over (under) expenditures	<u>(16,471)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,330)</u>	<u>(4,194)</u>	<u>(21,995)</u>
Other Financing Sources: Transfers from other funds	<u>16,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,471</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>\$ (1,330)</u>	<u>\$ (4,194)</u>	<u>\$ (5,524)</u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	<u>COG - Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ -
Accounts Receivable	3,931	3,931
Due from other Funds	<u>83,596</u>	<u>83,596</u>
Total Assets	<u>\$ 87,527</u>	<u>\$ 87,527</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 3,047	\$ 3,047
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>3,047</u>	<u>3,047</u>
Deferred Inflows of Resources	<u>84,480</u>	<u>84,480</u>
Fund Balances:		
Unassigned	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of	<u>\$ 87,527</u>	<u>\$ 87,527</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, 2020

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

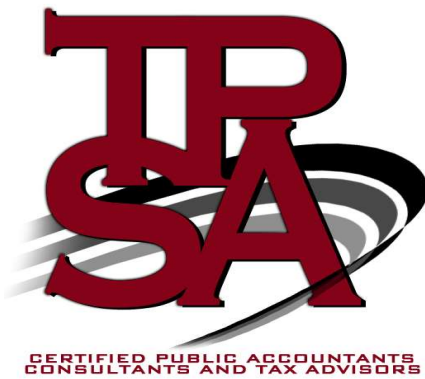
**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Fringe Benefits
For the Year Ended June 30, 2020**

			<u>Fiscal Year Actual Cost</u>
Total Annual Salaries	\$		<u>1,326,980</u>
Fringe Benefits:			
FICA			99,718
LGERS Retirement			117,724
Supplemental Retirement			26,596
Group Insurance			160,837
Workers Comp			3,949
Unemployment Insurance			1,181
Total Fringe Benefits	\$		<u><u>410,005</u></u>
 Fringe Benefit Calculation			
<u>Total Fringe Benefits</u> =		<u>410,005</u>	30.90%
Total Annual Salaries		1,326,980	
 Personnel Cost:			
Total Annual Salaries	\$		1,326,980
Total Fringe Benefits			410,005
Total Personnel Cost	\$		<u><u>1,736,985</u></u>

Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Indirect Costs
For the Year Ended June 30, 2020

	<u>Fiscal Year</u> <u>Actual Cost</u>
Total Indirect Expenditures:	
Total indirect annual salaries	\$ 313,638
Total indirect fringe benefits at 37.840% of salary	96,907
Professional Services	22,012
Travel	13,203
Operating Expenses	163,243
Total Indirect Expenditures	<u>\$ 609,003</u>
 Direct Salaries and Direct Fringe Benefits	
Total personnel costs	\$ 1,736,985
Less:	
Total indirect salaries	(313,638)
Total indirect fringe benefits	(96,907)
Total Direct Salaries and Total Direct Fringe Benefits	<u>\$ 1,326,440</u>
 Indirect Rate Calculation	
<u>Total Indirect Expenditures</u> = \$ 609,003	45.91%
Total Direct Salaries and Total Direct Fringe Benefits \$ 1,326,440	

COMPLIANCE SECTION



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

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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
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**Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Upper Coastal Plain Council of Governments as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Upper Coastal Plain Council of Government's basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Whiteville, NC
October 15, 2020



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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Upper Coastal Plain Council of Governments compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Council, that could have a direct and material effect on each of Upper Coastal Plain Council of Governments major federal programs for the year ended June 30, 2020. Upper Coastal Plain Council of Governments major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Upper Coastal Plain Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

Whiteville, NC
October 15, 2020



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

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

Report on Compliance for Each Major State Program

We have audited Upper Coastal Plain Council of Governments' compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Council, that could have a direct and material effect on each of Upper Coastal Plain Council of Governments major state programs for the year ended June 30, 2020. Upper Coastal Plain Council of Governments major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Upper Coastal Plain Council of Governments complied, in all material respects, with the types of compliance requirements refer to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

Whiteville, NC
October 15, 2020

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020**

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant Deficiency(s) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? _____ Yes X No

Significant Deficiency(s) identified? _____ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
	Aging Cluster
93.044	Title III - Bart B Supportive Services
93.045	Title III - Part C Nutrition Services
93.053	Nutrition Services Incentive Program (NSIP)
11.307	Revolving Loan Fund

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

Auditee qualified as low-risk auditee? X Yes _____ No

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020**

State Awards

Internal control over major State 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 State programs: Unmodified

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

Identification of major State programs:

Program Name

Aging Cluster

90% State Funds:

Access

Home Delivered Meals

Ombudsman

In-Home Services

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020**

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Corrective Action Plan
For the Fiscal Year Ended June 30, 2020**

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Question Costs

None Reported.

Section IV. State Award Findings and Question Costs

None Reported.

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2020**

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, 2020

Grantor Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	State/ Pass-Through Grantor's <u>Number</u>	Federal (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Pass-thru to Sub- Recipient	Local <u>Expenditures</u>
<u>Federal Awards</u>						
<u>U. S. Department of Labor</u>						
Passed through the N.C. Dept of Health and Human Services:						
Division of Aging and Adult Services:						
Senior Community Service Employment Program	17.235		\$ 296,315	\$ -	\$ -	\$ -
Passed through N. C. Department of Commerce -						
Division of Workforce Solutions						
Workforce Investment Act Cluster						
WIOA - Adult Programs	17.258		1,683,227	-	1,188,821	-
WIOA - Youth Activities	17.259		1,426,723	-	1,252,784	-
WIOA - Dislocated Workers	17.278		1,513,261	-	915,398	-
Total Workforce Investment Act Cluster			4,623,211	-	3,357,003	-
Total U.S. Department of Labor			4,919,526	-	3,357,003	-
U.S. Department of Agriculture						
Passed through Rural Development						
Community Facilities Technical Assistance and Training Program (CF TAT)	10.761	04-79-07175	7,182	-	-	-
Total U.S. Department of Agriculture			7,182	-	-	-
<u>U.S. Department of Commerce</u>						
Direct Program:						
Economic Development Administration:						
District Planning Grant	11.302		70,000	-	-	-
Revolving Loan Fund	11.307		476,015	-	-	-
Total U.S. Department of Commerce			546,015	-	-	-
<u>U.S. Department of Health and Human Services:</u>						
Passed through the NC Department of Health and Human Services:						
Division of Aging and Adult Services:						
<u>Aging Cluster</u>						
Title III - C1 / Congregate Nutrition	93.045		226,126	13,302	239,428	31,479
Title III - Families First - Congregate Nutrition	93.045		37,827	-	37,827	-
Title III - C2 / Home Delivered Meals	93.045		572,690	33,688	606,378	18,178
Title III - C2 / Home Delivered Meals - Families	93.045		59,152	-	59,152	-
Title III - C1 / Planning and Administrative	93.045		103,198	5,655	-	-
Title III - B / Planning and Administrative	93.044		59,593	3,266	-	-
Title III - B / Legal Services	93.044		13,530	796	14,325	-
Title III - B / Ombudsman	93.044		85,030	5,002	-	-
Title III - B / Access	93.044		160,346	9,432	169,744	-
Title III - B / In Home Support	93.044		256,888	15,111	265,767	-
Nutrition Services Incentive Program (NSIP)	93.053		115,957	-	115,957	-
Total Aging Cluster			1,690,337	86,252	1,508,578	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, 2020

Grantor Pass-through Grantor <u>Program Title</u>	Federal CFDA <u>Number</u>	State/ Pass-Through Grantor's <u>Number</u>	Federal (Direct & Pass-through) <u>Expenditures</u>	State <u>Expenditures</u>	Pass-thru to Sub- Recipient	Local <u>Expenditures</u>
Title VII - E / Ombudsman	93.042		28,204	1,659	-	-
Title III - B / Elder Abuse	93.041		2,795	164	-	-
Title III - D / Disease Prevention and Health Prom	93.043		26,068	1,533	-	294
Title III - E / Planning & Administration	93.052		38,808	2,127	-	11,838
Title III - E / Family Caregiver	93.052		140,362	9,357	20,005	140
Medicare Improvements for Patients and Provider:	93.071		17,764		-	-
Social Services Block Grant (SSBG)	93.667		143,548	4,101	144,266	-
Passed through N.C. Department of Insurance: NC Senior Medicare Patrol Program	93.048		<u>11,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,099,745</u>	<u>105,193</u>	<u>1,672,849</u>	<u>61,929</u>
Total Federal Assistance Expended			<u>7,572,468</u>	<u>105,193</u>	<u>5,029,852</u>	<u>61,929</u>
State Grants:						
<u>NC Department of Health and Human Services:</u>						
Division of Aging:						
Senior Center Outreach			-	66,970	66,970	-
AAA Administration			-	48,262	-	-
Fan Heat			-	2,888	2,888	-
90% State Funds:						
Access			-	70,138	70,136	-
Home Delivered Meals			-	173,993	74,661	-
Ombudsman			-	46,137	-	-
In-Home Service			-	<u>1,247,729</u>	<u>1,219,142</u>	<u>-</u>
Total N.C. Department of Health and Human Services			<u>-</u>	<u>1,656,117</u>	<u>1,433,797</u>	<u>-</u>
<u>NC Office of State Budget Management:</u>						
Hurricane Matthew Assistance in Princeville			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total State Assistance Expended			<u>-</u>	<u>1,656,117</u>	<u>1,433,797</u>	<u>-</u>
Total Federal and State Assistance Expended			<u>\$ 7,572,468</u>	<u>\$ 1,761,310</u>	<u>\$ 6,463,649</u>	<u>\$ 61,929</u>

**Upper Coastal Plain Council of Governments
Wilson, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020**

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

Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Upper Coastal Plain Council of Governments under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. 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.