

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**FINANCIAL AND COMPLIANCE REPORTS**

**YEAR ENDED JUNE 30, 2021**



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ASSURANCE, TAX & ADVISORY SERVICES

**Neuse River Council of Governments d/b/a Eastern Carolina Council**

**Executive Committee Members**

Name	Title	County	Position
James "Jay" Bender, Jr.	President	Jones	Mayor, Town of Pollocksville
Arthur Robinson	1st Vice President	Greene	Mayor, Town of Hookerton
Edward Riggs, Jr.	2nd Vice President	Pamlico	Town of Alliance, Representative
Shane Turney	Treasurer	Craven	Town of Trent Woods, Commissioner
Pat Prescott	Member	Pamlico	County Commissioner
Jesse Dowe	Member	Duplin	County Commissioner
Freeman Hardison	Member	Wayne	County Commissioner
Roland Best	Member	Lenoir	County Commissioner
Frank Emory	Member	Jones	County Commissioner
Robert Cavanaugh	Member	Carteret	County Commissioner
Chris Roberson	Member	Duplin	Town Manager, Town of Kenansville
Jim Kohr	Member	Craven	Commissioner, Havelock
Bennie Heath	Member	Greene	County Commissioner
McKinley Smith	Member	Onslow	Mayor, Town of Richlands
Steven Wiggins	Member	Wayne	Commissioner, Town of Mount Olive

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

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## **FINANCIAL SECTION**





## **INDEPENDENT AUDITOR'S REPORT**

Executive Committee  
Neuse River Council of Governments d/b/a Eastern Carolina Council

### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Neuse River Council of Governments d/b/a Eastern Carolina Council (the Council), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Council as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and Special Revenue Fund 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 4-10 and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 40-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Other Supplementary Information listed on pages 42-45 and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report August 22, 2022, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

*PBMares, LLP*

Morehead City, North Carolina  
August 22, 2022



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



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

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This section of the Neuse River Council of Governments d/b/a Eastern Carolina Council (“Council”) financial report represents management’s discussion and analysis of the financial performance of the Council for the fiscal year ended June 30, 2021. This information should be read in conjunction with additional information that we have furnished in the Council’s financial statements, which follow this narrative.

Regional councils are multi-county planning and development agencies serving different areas of the state. Membership in these councils is voluntary. In North Carolina, the Council is one of sixteen councils that share similar economic, physical and social characteristics.

***Financial Highlights***

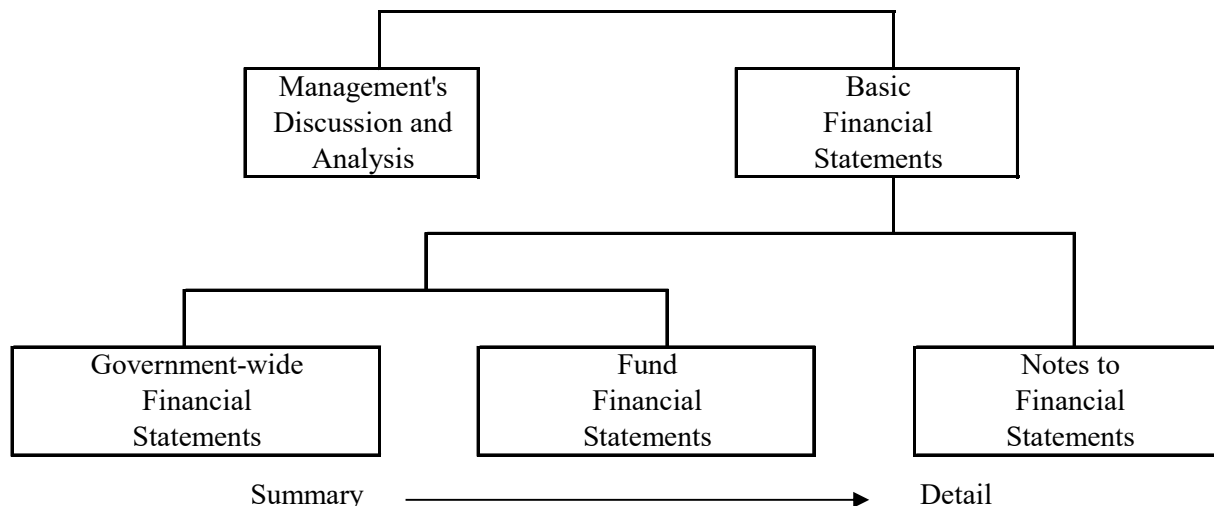
The assets of the Council exceeded its liabilities at the close of the fiscal year by \$149,011 (**net position**).

- The Council’s total net position decreased by \$173,256 during the fiscal year due to an increase in expenses combined with reduced charges for services.
- As of the close of the current fiscal year, the Council’s governmental funds reported combined ending fund balances of \$342,649.
- The Council’s fiscal obligation for accumulated personnel leave amounts to \$49,480 at June 30, 2021.

***Overview of the Financial Statements***

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

**Figure 1  
Required Components of Annual Financial Report**



# **NEUSE RIVER COUNCIL OF GOVERNMENTS D/B/A EASTERN CAROLINA COUNCIL**

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

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### **Basic Financial Statements**

The first two statements (Pages 11 and 12) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Council's financial status.

The next statements (Pages 13, 14 and 15) are the Fund Financial Statements. These statements focus on the activities of the individual parts of the Council's structure. These statements provide more detail than the government-wide statements. Budgetary information required by the General Statutes can be found in this part of the statements.

Following the Fund Financial Statements are the Fiduciary Fund Statements.

The next section of the basic financial statements is the Notes to Financial Statements. The notes to financial statements explain in detail some of the data contained in those statements. After the notes, the Required Supplementary Financial Data (unaudited) is provided to show additional information required by generally accepted accounting principles. The next section is Other Supplementary Information which is provided to show details about the Council's individual funds. More budgetary information required by the General Statutes can be found in this part of the statements as well as the statement of changes in the fiduciary (custodial) fund.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Council's finances on the accrual basis, similar in format to financial statements of a private-sector business. The government-wide 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 it has changed. Net position is the difference between the Council's total assets plus any deferred outflows and total liabilities plus any deferred inflows. Measuring net position is one way to gauge the Council's financial condition.

The government-wide statements present governmental activities only, as the Council has no business-type activities or discretely presented component units. The governmental activities include the Council's basic services. State and federal grant funds finance most of these activities.

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

### **Fund Financial Statements**

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

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources received and held for the benefit of parties outside of the government. The Council has one custodial fund.

**Notes to Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 18 through 39 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplemental financial data and other supplementary information. That information can be found beginning on page 40 of this report.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

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

**Government-Wide Financial Analysis**

**Table 1  
Condensed Statements of Net Position as of June 30, 2021 and 2020**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Assets and deferred outflows		
Current and other assets	\$ 1,638,229	\$ 1,164,912
Capital assets	-	5,278
<b>Total assets</b>	<b>1,638,229</b>	<b>1,170,190</b>
Deferred outflows of resources	177,474	164,954
<b>Total assets and deferred outflows</b>	<b>1,815,703</b>	<b>1,335,144</b>
Liabilities and deferred inflows		
Current liabilities	1,278,383	685,856
Long-term liabilities	373,947	318,564
<b>Total liabilities</b>	<b>1,652,330</b>	<b>1,004,420</b>
Deferred inflows of resources	14,362	8,457
<b>Total liabilities and deferred inflows</b>	<b>1,666,692</b>	<b>1,012,877</b>
Net position:		
Net investment in capital assets	-	5,278
Restricted	1,634,459	1,176,689
Unrestricted	(1,485,448)	(859,700)
<b>Total net position</b>	<b>\$ 149,011</b>	<b>\$ 322,267</b>

Net position may serve over time as one useful indicator of a government's financial condition. The assets of the Council exceeded liabilities by \$149,011 as of June 30, 2021. The Council's net position decreased by \$173,256 for the fiscal year ended June 20, 2021. Additionally, \$1,634,459 of net position is restricted by state statute. The remaining deficit balance of (\$1,485,448) is unrestricted.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

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

**Government-Wide Financial Analysis (Continued)**

**Table 2  
Condensed Statements of Net Activities for the Years Ended June 30, 2021 and 2020**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Revenues:		
Program revenues:		
Charges for services	\$ 71,078	\$ 168,206
Operating grants and contributions	6,868,435	5,898,279
General revenues:		
Local dues	160,545	161,419
Miscellaneous	3,054	7,141
<b>Total revenues</b>	<b>7,103,112</b>	<b>6,235,045</b>
Expenses:		
General government	89,279	199,515
Transportation	258,227	272,636
Environmental protection	37,628	8,633
Economic and physical development	571,559	212,850
Human services	6,319,675	5,633,676
<b>Total expenses</b>	<b>7,276,368</b>	<b>6,327,310</b>
<b>Change in net position</b>	<b>(173,256)</b>	<b>(92,265)</b>
Net position, beginning of year	322,267	414,532
Net position, June 30	\$ 149,011	\$ 322,267

Governmental activities decreased the Council's net position by \$173,256 thereby accounting for 100% of the total decrease in the net position of the Council. The Council's revenues and expenses increased by \$868,067 and \$949,058, respectively, from fiscal year 2020 to fiscal year 2021. The primary cause of the increase in revenues and expenses was an increase in federal and state awards received during the fiscal year.

**Financial Analysis of the Council's Funds**

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

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

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

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

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**Financial Analysis of the Council's Funds (Continued)**

The General Fund is the chief operating fund of the Council. At the end of the current fiscal year, fund balance was \$564,134 for the general fund, of which \$189,870 was unassigned. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. General fund unassigned fund balance represents 230% of total general fund expenditures.

At June 30, 2021, the governmental funds of the Council reported a combined fund balance of \$342,649, a 2.32% decrease over the June 30, 2020 combined balance due to current year expenditures in excess of revenues.

**Impact of Coronavirus on the Council.** During the fiscal year, the Council and the nation were affected by the spread of the coronavirus. There was limited financial and economic impact on the Council.

**Governmental Funds Budgetary Highlights**

During the fiscal year, the Council revised 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) increased in appropriations that become necessary to maintain service.

The Council made several budget amendments due to increases or decreases in federal and State funding for various programs, and decreases in general administration. Total amendments to the Council's budget increased budgeted revenues by \$2,887,892. This increase is primarily due to increases to federal grant revenues and local revenues.

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

**Capital assets.** The Council's investment in capital assets for its governmental activities as of June 30, 2021 totals \$0 (net of accumulated depreciation). These assets include furniture, fixtures, software and equipment used for operations and are scheduled in Note 2.A.3. in the Notes to Financial Statements.

**Budgetary Highlights for the Coming Fiscal Year**

The Council adopted a budget of \$8,101,539 for the fiscal year ending June 30, 2022, which is a 18.83% or \$1,284,202 increase from the original adopted budget for the previous year. The contribution rate of .353 cents per capita for member governments to the Council remains the same. The Council has a positive outlook for the upcoming year.



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

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

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**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:

Neuse River Council of Governments  
d/b/a Eastern Carolina Council  
233 Middle Street, 3<sup>rd</sup> Floor  
PO Box 1717  
New Bern, NC 28563-1717  
(252) 638-3185, Ext 3005  
[executivedirector@eccog.org](mailto:executivedirector@eccog.org)

## **BASIC FINANCIAL STATEMENTS**



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**STATEMENT OF NET POSITION  
June 30, 2021**

	Governmental Activities
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 292,891
Prepaid items	4,512
Accounts receivable	6,486
Awards receivable	1,281,904
Total current assets	<u>1,585,793</u>
Non-current Assets	
Certificate of deposit	52,436
<b>Total assets</b>	<u><u>1,638,229</u></u>
<b>Deferred Outflows of Resources</b>	
Pension deferrals	177,474
<b>Total deferred outflows of resources</b>	<u><u>177,474</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable and accrued liabilities	254,218
Due to member counties	1,024,165
Total current liabilities	<u>1,278,383</u>
Non-current Liabilities	
Compensated absences	49,480
Net pension liability	324,467
<b>Total liabilities</b>	<u><u>1,652,330</u></u>
<b>Deferred Inflows of Resources</b>	
Pension deferrals	14,362
<b>Total deferred inflows of resources</b>	<u><u>14,362</u></u>
<b>Net Position</b>	
Restricted	1,634,459
Unrestricted	(1,485,448)
<b>Total net position</b>	<u><u>\$ 149,011</u></u>

*See Notes to Financial Statements*

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental activities:				
General government	\$ 89,279	\$ 71,078	\$ -	\$ (18,201)
Transportation	258,227	-	315,894	57,667
Environmental protection	37,628	-	10,961	(26,667)
Economic and physical development	571,559	-	440,232	(131,327)
Human services	6,319,675	-	6,101,348	(218,327)
<b>Total governmental activities</b>	<b>\$ 7,276,368</b>	<b>\$ 71,078</b>	<b>\$ 6,868,435</b>	<b>(336,855)</b>
General revenues:				
Local dues				160,545
Miscellaneous				3,054
Total general revenues				163,599
Change in net position				(173,256)
Net position, beginning of year				322,267
Net position, end of year				\$ 149,011

*See Notes to Financial Statements*

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**BALANCE SHEET – GOVERNMENTAL FUNDS  
June 30, 2021**

	Major Funds		Total Governmental Funds
	General	Special Revenue	
<b>Assets</b>			
Cash and cash equivalents	\$ 292,891	\$ -	\$ 292,891
Certificate of deposit	52,436	-	52,436
Accounts receivable	6,486	-	6,486
Awards receivable	-	1,281,904	1,281,904
Prepaid items	4,512	-	4,512
Due from other funds	363,266	-	363,266
<b>Total assets</b>	<b>\$ 719,591</b>	<b>\$ 1,281,904</b>	<b>\$ 2,001,495</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 155,457	\$ 98,761	\$ 254,218
Due to member counties	-	1,024,165	1,024,165
Due to other funds	-	363,266	363,266
<b>Total liabilities</b>	<b>155,457</b>	<b>1,486,192</b>	<b>1,641,649</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	17,197	17,197
<b>Fund Balance (Deficit)</b>			
Nonspendable			
Prepaid items	4,512	-	4,512
Restricted			
Stabilized by State statute	369,752	1,264,707	1,634,459
Unassigned fund balance	189,870	(1,486,192)	(1,296,322)
<b>Total fund balance (deficit)</b>	<b>564,134</b>	<b>(221,485)</b>	<b>342,649</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 719,591</b>	<b>\$ 1,281,904</b>	<b>\$ 2,001,495</b>

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

Total fund balance	\$ 342,649
Revenues are recognized when measurable and available, therefore unavailable revenues are considered deferred inflows of resources in the fund financial statements	17,197
Net pension liability	(324,467)
Pension related deferred outflows of resources	177,474
Pension related deferred inflows of resources	(14,362)
Some liabilities, including accrued vacation are not due and payable in the current period and therefore are not reported in the funds	(49,480)
<b>Net position of governmental activities</b>	<b>\$ 149,011</b>

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE (DEFICIT) – ANNUAL BUDGET AND ACTUAL  
Year Ended June 30, 2021**

	General			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Federal government grants	\$ -	\$ -	\$ -	\$ -
State government grants	-	-	-	-
Local dues	161,420	161,420	160,545	(875)
In-kind	-	-	-	-
Miscellaneous	-	-	3,054	3,054
Contract services	120,844	120,844	71,078	(49,766)
<b>Total revenues</b>	<b>282,264</b>	<b>282,264</b>	<b>234,677</b>	<b>(47,587)</b>
<b>Expenditures</b>				
General government	143,350	143,350	82,540	60,810
Transportation	-	-	-	-
Environmental protection	-	-	-	-
Economic and physical development	-	-	-	-
Human services	-	-	-	-
<b>Total expenditures</b>	<b>143,350</b>	<b>143,350</b>	<b>82,540</b>	<b>60,810</b>
<b>Revenues over (under) expenditures</b>	<b>138,914</b>	<b>138,914</b>	<b>152,137</b>	<b>13,223</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(138,914)	(138,914)	(123,104)	15,810
Fund balance appropriated	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(138,914)</b>	<b>(138,914)</b>	<b>(123,104)</b>	<b>15,810</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>29,033</b>	<b>\$ 29,033</b>
Fund balance (deficit), beginning of year			535,101	
Fund balance (deficit), end of year			\$ 564,134	

*See Notes to Financial Statements*

Special Revenue					Total Governmental Funds
Budgeted Amounts		Variance with Final Budget Positive (Negative)			
Original	Final	Actual		Actual	
\$ 6,073,190	\$ 8,821,082	\$ 4,446,753	\$ (4,374,329)	\$ 4,446,753	
344,817	344,817	2,481,664	2,136,847	2,481,664	
54,566	54,566	47,386	(7,180)	207,931	
35,000	35,000	-	(35,000)	-	
-	-	-	-	3,054	
4,500	4,500	3,712	(788)	74,790	
6,512,073	9,259,965	6,979,515	(2,280,450)	7,214,192	
-	-	-	-	82,540	
497,836	497,836	258,227	239,609	258,227	
64,759	64,759	37,628	27,131	37,628	
215,000	965,000	571,559	393,441	571,559	
5,896,392	8,034,284	6,272,368	1,761,916	6,272,368	
6,673,987	9,561,879	7,139,782	2,422,097	7,222,322	
(161,914)	(301,914)	(160,267)	141,647	(8,130)	
138,914	138,914	123,104	(15,810)	123,104	
-	-	-	-	(123,104)	
23,000	163,000	-	(163,000)	-	
-	-	-	-	-	
161,914	301,914	123,104	(178,810)	-	
\$ -	\$ -	(37,163)	\$ (37,163)	\$ (8,130)	
		(184,322)		350,779	
		\$ (221,485)		\$ 342,649	

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance (Deficit) of the General and  
Special Revenue Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds \$ (8,130)

Governmental funds report capital outlays as expenditures,  
however, in the statement of activities, the cost of those assets  
is allocated over their estimated useful lives and  
reported as depreciation expense in the current period (5,278)

Contributions to the pension plan in the current fiscal  
year are not included on the Statement of Activities 62,793

Governmental funds recognize revenues when measurable and available.

Available is defined as cash to be received within 90 days.

This is the amount of change from the previous year's amount  
are not reported as revenues in the governmental funds: (111,080)

Some expenses reported in the statement of activities do not  
require the use of current financial resources in governmental funds:

Compensated absences (6,739)

Pension expense (104,822)

Change in net position of governmental activities \$ (173,256)



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2021**

	<u>Custodial Fund</u>
<b>Assets</b>	
Cash and cash equivalents	<u><u>\$ -</u></u>
<b>Net Position</b>	
Restricted for organizations	<u><u>\$ -</u></u>

\*This fund was closed as of June 30, 2021

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Year Ended June 30, 2021**

	<u>Custodial Fund</u>
<b>Additions</b>	
Grant funds	\$ 63,007
County reimbursement	27,625
<b>Total additions</b>	<u>90,632</u>
<b>Deductions</b>	
Salaries and benefits	76,740
Other	13,892
<b>Total deductions</b>	<u>90,632</u>
<b>Net change in fiduciary net position</b>	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

\*This fund was closed as of June 30, 2021

## **NOTES TO FINANCIAL STATEMENTS**

# **NEUSE RIVER COUNCIL OF GOVERNMENTS D/B/A EASTERN CAROLINA COUNCIL**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 1. Summary of Significant Accounting Policies**

The financial statements of Neuse River Council of Governments d/b/a Eastern Carolina Council (the “Council”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council’s accounting policies are described below.

#### **A. Reporting Entity**

The Council was formed as a jointly governed entity on May 9, 1967 to perform and carry out such powers, duties and responsibilities as authorized by North Carolina legislation. The Council is one of the sixteen regional councils of government formed pursuant to the General Statutes of North Carolina, Chapter 160A, Article 20, Part 2. Membership in the Council is composed of local governmental units who have:

1. Made application to the Council by resolution and adoption of the Council 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.

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

GAAP requires 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 statements to be misleading or incomplete. The Council has no component units, and is not a component unit of any other entity

#### **B. Governance**

The Board is constituted in a two-part governance:

1. The Executive Committee meets on several occasions throughout the year and is comprised of the following:
  - a. One county commissioner appointed by the member county.
  - b. One city/town alderman or councilman representing a member municipality elected by caucus of the member municipalities in that county.
  - c. Maximum number of Executive Committee is twenty three.
  - d. Officers of the Board are elected from those serving on the Executive Committee.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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

**B. Governance (Continued)**

2. General membership board meets twice a year and is comprised of the following:
  - a. The Executive Committee.
  - b. Additional members appointed as necessary to satisfy Federal requirements on Board composition. The Boards of County Commissioners of the appropriate counties would select these additional members.

Dues and administrative fees received from the related local governments amounted to \$160,545 for the year ended June 30, 2021.

The officers of the Council consist of a president, a first and second vice-president, and a treasurer, all of whom are elected from and by the Board of Directors of the Council, and the Executive Director, who serves as secretary.

**C. Basis of Presentation**

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

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

*Fund Financial Statements:* The fund financial statements provide information about the Council's funds. The Council currently maintains the following major governmental funds:

*General Fund* – The General Fund is the general operating fund of the Council. The General Fund accounts for and reports all unrestricted resources except those required to be accounted for in other funds.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

---

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

**C. Basis of Presentation (Continued)**

*Special Revenue Fund* – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are restricted by law or account for administrative action to expend funds for specified purposes. The primary revenue sources are federal and State grants, and the primary expenditures are for human services. The departments within this special revenue fund with current year operations are Transportation, Economic and Physical Development, Human Services, and Environmental Protection.

The Council's fiduciary fund consists of: *Craven Pamlico Re-Entry Council ("CPRC")* – The fund is custodial in nature and is used to account for assets the Council holds on behalf of others. The Council maintains one custodial fund for the purpose of accounting for the activities of CPRC monies awarded to regional nonprofit organizations for which the Council acts as fiscal agent. This fund closed as of June 30, 2021.

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

*Governmental Funds 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that long-term obligations (e.g. debt, compensated absences) and claims and judgments are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The Council considers all revenues available if they are collected within 90 days after year-end. Those revenues susceptible to accrual are members' dues, investment earnings, technical assistance contracts and fees, and federal and State restricted intergovernmental revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant eligibility requirements have been satisfied, subject to meeting the availability criterion. Grant receipts that are unearned at year-end are included as liabilities.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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

**E. Budgetary Data**

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

Expenditures may not legally exceed appropriations at the program level. The Council's Budget Officer is authorized to transfer appropriations within a program or project; however, any revisions that alter total expenditure of any program must be approved by the governing board.

The appropriations are formally budgeted and legally controlled on a program or project basis. The annual budget, which is prepared on the modified accrual basis of accounting as required by North Carolina statute, is amended during the fiscal year by the Executive Committee, and the final budget amounts reflected in the statement of revenues, expenditures, and changes in fund balance (deficit) represent the budget as amended to June 30, 2021. Unencumbered annual appropriations lapse at each fiscal year-end and must be re-appropriated in the following fiscal year's budget.

**F. Estimates**

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

**G. Indirect Costs**

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

The United States Department of Commerce continues to be the cognizant agency for the Council. As a local government entity, and a public authority, the Council complies with the indirect cost methodology regulated by the Office of Management and Budget ("OMB") 2 CFR part 200, subpart E and the North Carolina State Treasurer Policies, Section 55, User Fees - Utilizing Expense / Expenditure Information.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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

**G. Indirect Costs (Continued)**

Per definition of the Uniform Guidance, the Council is a multi-function entity. The multi-functions include five (5) categories or functions: General Government, Transportation, Environmental Protection, Economic and Physical Development, and Human Services. To comply with the requirements of 2 CFR part 200, subpart E, the Council captures all indirect costs into one separate cost pool at the time of expenditure. On a monthly basis, the indirect costs are allocated to each function, and to individual awards and activities within that function, by means of the indirect cost methodology stated in 2 CFR part 200, subpart E – direct salaries and wages. Each month a percentage relationship is determined between salaries of a particular award or activity and its relation to the total salaries for the Council as a whole. The resultant percentage is applied to all indirect costs held in the pool. The indirect costs are then distributed to indirect line-items within each award or activity on that basis.

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

**1. Deposits and Investments**

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

All of the Council's deposits are either insured or collateralized under the Pooling Method, a system of state-wide single financial institution collateral pools, whereby all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. As the State Treasurer is acting in a fiduciary capacity for the Council, these deposits are considered to be held by the Council's agent in the Council's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Council or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Council under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows.

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each Pooling method depository. The Board has no formal policy regarding custodial credit risk for deposits, but informally complies with North Carolina General Statute 159-31.

At June 30, 2021, the Council's deposits had a carrying amount of \$345,327 and a bank balance of \$361,043. Of the bank balance, \$302,436 is covered under Federal Deposit Insurance Corporation (FDIC) insurance and \$58,607 is covered under the Pooling Method.



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

---

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

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)**

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

North Carolina General Statute 159-30(c) authorizes the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public Council; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). At June 30, 2021, the Council had \$50,000 invested in a certificate of deposit that is covered under Federal Deposit Insurance Corporation (FDIC) insurance and matures June 22, 2022.

At June 30, 2021, the Council had \$1,410 invested in the NCCMT. The NCCMT Government Portfolio, which consists of a SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a7) and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. It is reported at fair value. Because the NCCMT Government portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity date of less than 6 months.

**2. Capital Assets**

Capital assets are reported in the Council's government-wide financial statements only and are defined by the Council as assets with an initial, individual cost greater than \$5,000 and an estimated useful life in excess of two years. Capital assets meeting this policy threshold are recorded at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at their acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books.

Any gain or loss on disposition is reflected in the earnings for the period. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	7 - 10
Copiers	5 - 7
Computer software	3
Computer equipment	3 - 5

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)**

**3. Compensated Absences**

Employees may accumulate up to 240 hours earned vacation leave with such leave being fully vested when earned. Accumulated earned vacation leave at June 30, 2021, was \$49,480. The Council's liability for accumulated earned vacation leave as of June 30, 2021, is recorded in the government-wide financial statements and is considered to be used on a last-in, first-out (LIFO) basis, assuming that employees are taking leave time as it is earned. The current portion of the accumulated vacation leave pay is not considered to be material and therefore, no current liability has been reported in the accompanying statement of net position.

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

**4. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and the balance sheet - governmental funds 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, pension costs to be recognized in future years including contributions made to the pension plan in the 2021 fiscal year in accordance with GASB Statement 68. In addition to liabilities, the statement of financial position and the balance sheet - governmental funds 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 or fund balance that applies to a future period and so will not be recognized as revenue until then. The Council has two items that meet this criterion, unavailable revenue and pension deferrals under GASB Statement 68.

**5. Net Position/Fund Balances**

*Net Position*

Net position in government-wide financial statements is classified as net investment in capital assets; restricted; or unrestricted. Net investment in capital assets reflects amounts expended for capital assets, less accumulated depreciation, net of related debt. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

---

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

**H. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)**

**5. Net Position/Fund Balances (Continued)**

*Fund Balances*

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

The governmental fund types classify fund balances as follows:

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

*Prepaid items* – Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

**Restricted Fund Balance** – This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

*Restricted for Stabilization by State Statute* – Portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

**Committed Fund Balance** – Portion of fund balance that can only be used for specific purpose imposed by majority vote of the Council's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

**Assigned Fund Balance** – Portion of fund balance that the Council governing board has budgeted.

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

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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

**I. Pensions**

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

**J. Other Resources**

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

**Note 2. Detailed Notes on All Funds**

**A. Assets**

**1. Accounts and Awards Receivable**

At June 30, 2021, accounts and awards receivable totaling \$1,288,390 consists of the following amounts due, principally from grantor agencies in the Special Revenue Fund:

General Fund	<u>\$ 6,486</u>
Special Revenue Fund	
Transportation	77,345
Economic and Physical Development	43,957
Human Services	<u>1,160,602</u>
	<u>1,281,904</u>
	<u><u>\$ 1,288,390</u></u>

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Detailed Notes on All Funds (Continued)**

**A. Assets (Continued)**

**2. Capital Assets**

The capital assets activity for the year ended June 30, 2021, is as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
Capital assets being depreciated:				
Council equipment	\$ 112,739	\$ -	\$ 46,093	\$ 66,646
Less accumulated depreciation for:				
Council equipment	107,461	5,278	46,093	66,646
Governmental activity capital assets, net	<u>\$ 5,278</u>	<u>\$ (5,278)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to governmental functions as follows:

General Government	<u>\$ 5,278</u>
	<u>\$ 5,278</u>

**B. Deferred Outflows of Resources**

Deferred outflows of resources as of June 30, 2021 is comprised of the following:

Governmental Activities	
Contributions to pension plan in current fiscal year	\$ 62,793
Other pension deferrals	114,681
	<u>\$ 177,474</u>

**C. Liabilities**

**1. Long-Term Obligation Activity**

The following is a summary of long-term obligation changes for the fiscal year ended June 30, 2021:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Net pension liability (LGERS)	\$ 275,823	\$ 48,644	\$ -	\$ 324,467
Compensated absences	42,741	38,995	32,256	49,480
Total	<u>\$ 318,564</u>	<u>\$ 87,639</u>	<u>\$ 32,256</u>	<u>\$ 373,947</u>

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 2. Detailed Notes on All Funds (Continued)**

**C. Liabilities (Continued)**

**2. 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 of participating local governmental entities. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. LGERS is included in the Annual Comprehensive Financial Report (ACFR) of the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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 or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Council 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, 2021, was 10.15% of compensation, actuarially determined as an amount that, when combined with employer contributions, is expected to finance the cost of benefits earned by employees during the year. Contributions to the pension plan from the Council were \$62,793 for the year ended June 30, 2021.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Detailed Notes on All Funds (Continued)**

**C. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

*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, 2021, the Council reported a liability of \$324,467 for its proportionate share of LGERS's net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Council's proportion was .00908%, which was a decrease of .00102% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Council recognized pension expense of \$104,822. At June 30, 2021, 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	\$ 40,974	\$ -
Changes of assumptions	24,147	-
Net difference between projected and actual earnings on pension plan investments	45,660	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	3,900	14,362
Council contributions subsequent to the measurement date	62,793	-
Total	<u>\$ 177,474</u>	<u>\$ 14,362</u>

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Detailed Notes on All Funds (Continued)**

**C. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

\$62,793 reported as deferred outflows of resources related to pensions resulting from Council contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021 (Council year ending June 30, 2022). Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year(s) ending June 30:	Amount
2022	\$ 28,831
2023	36,637
2024	21,337
2025	13,514
2026	-
Thereafter	-
	<u>\$ 100,319</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 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, 2019 valuation were based on the results of an actuarial experience study prepared 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.



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Detailed Notes on All Funds (Continued)**

**C. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

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

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.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Detailed Notes on All Funds (Continued)**

**C. Liabilities (Continued)**

**2. Pension Plan Obligations (Continued)**

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Council's proportionate share of the net pension liability	\$ 658,308	\$ 324,467	\$ 47,022

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

**Supplemental Retirement Income Plan:**

**Plan Description.** The Council contributes to the Supplemental Retirement Income Plan, a defined contribution retirement (401(k)) plan administered by the Department of State Treasurer and a Board of Trustees. Article 5 of G.S Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is also included in the ACFR of the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 707-0500.

Full-time employees of the Council are eligible for the supplemental retirement plan. Under this plan, an employee may contribute a percentage of their annual gross salary as limited by federal tax laws. Additionally, the Council contributes 3% of an eligible employee's gross salary to the supplemental retirement plan, regardless of the employee's contribution. The Council's contribution to the 401(k) plan for the year ended June 30, 2021, was \$21,002.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Detailed Notes on All Funds (Continued)**

**C. Liabilities (Continued)**

**3. Other Employment Benefits**

The Council has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (the System), a multi-employer State administered cost-sharing plan funded on a one-year term cost basis. Lump sum death benefits are provided to employees who have completed one year as a contributing member in the System and (a) die in active service or (b) die within 180 days of retirement or termination of service. 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. Because all death benefit payments are made from the Death Benefit Plan and not by the Council, the Council does not determine the number of eligible participants. The Council has no liability beyond the payment of monthly contributions. Annually, the State sets the Council's monthly contribution rate for death benefits as a percentage of monthly payroll. For the fiscal year ended June 30, 2021, the Council did not make any contributions to the State of North Carolina death benefits plan as none were required.

**D. Deferred Inflows of Resources**

Deferred Inflows of resources as of June 30, 2021 is comprised of the following:

Governmental Activities	
Other pension plan deferrals	<u><u>\$ 14,362</u></u>
Special Revenue Fund	
Unavailable revenue - receivables not collected within 90 days	<u><u>\$ 17,197</u></u>

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Detailed Notes on All Funds (Continued)**

**E. Fund Balance**

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

Total fund balance-General Fund	\$ 564,134
Less:	
Prepaid costs	4,512
Stabilized by state statute	369,752
Remaining fund balance	<u>\$ 189,870</u>
Unassigned fund balance	<u>\$ 189,870</u>

**Note 3. Summary Disclosure of Other Significant Commitments and Contingencies**

**A. Risk Management**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council participates in a self-funded risk financing pool administered by the North Carolina Association of County Commissioners, transferring risk to the pool. Through this pool the Council obtains property insurance coverage of \$831,171, equipment insurance coverage of \$122,370 and general liability coverage of \$5 million. The pool is reinsured through commercial companies for single occurrence losses in excess of \$500,000 for property coverage and \$500,000 for general liability. The Council carries commercial coverage for all other risks of loss. Claims have not exceeded coverage in any of the past five fiscal years.

In accordance with G.S. 159-29, the Council's employees that have access to \$100 or more at any given time of the Council's funds are performance bonded through a commercial surety bond. The Council purchased public officials bonds for the Finance Director, Deputy Finance Director and Executive Director in the amount of \$50,000. In addition, all employees are bonded under a blanket employee dishonesty bond for \$250,000.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Summary Disclosure of Other Significant Commitments and Contingencies (Continued)**

**B. Operating Lease**

The Council is committed under an office space lease, which is considered for accounting purposes to be an operating lease. The Council also has noncancellable leases for certain office equipment. Rent under these leases for the year ended June 30, 2021, amounted to \$62,310.

Future minimum lease payments for the office and equipment leases are as follows:

<u>Year(s) Ending June 30,</u>	<u>Total Minimum Lease Payments</u>
2022	\$ 59,839
2023	57,701
2024	54,138
2025	49,627
	<u><u>\$ 221,305</u></u>

**C. Federal and State Assisted Programs**

The Council has received significant amounts of proceeds from federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. 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. Due to the Council's reliance on government funding sources, changes in State and federal budgets could have a significant effect on the Council's future operations.

**D. Interfund Balances and Transfer Activity**

Transfers and due to/from other funds at June 30, 2021, consist of the following:

Transfer from the General Fund to the Special Revenue Fund to cover various expenditures in each of the program departments.	\$123,104
Borrowings from the General Fund to the Special Revenue Fund to fund restricted activities until awards receivable are collected	\$363,266

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Summary Disclosure of Other Significant Commitments and Contingencies (Continued)**

**E. Coronavirus Disease (COVID-19)**

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Council, COVID-19 is not expected to have a significant impact on its 2021-2022 operations. Management believes the Council is taking appropriate actions to mitigate any negative impacts. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

**Note 4. Related Party Transactions**

During the year ended June 30, 2021, the Council received and recorded dues revenues of \$160,545 from member governments, including Carteret, Craven, Duplin, Greene, Jones, Lenoir, Onslow, Pamlico and Wayne Counties and the municipalities within their boundaries. Amounts due to member counties at June 30, 2021, are presented separately on the statement of net position and the balance sheet.

Also during the year ended June 30, 2021, the Council expended the following amounts to member governments, in the form of pass-through monies:

Carteret County	\$ 474,782
Craven County	601,640
Duplin County	626,288
Greene County	252,786
Jones County	180,387
Lenoir County	610,113
Onslow County	1,024,306
Pamlico County	196,443
Wayne County	1,122,433
	<u>\$ 5,089,178</u>

**Note 5. Pending GASB Statements**

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

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This Statement is effective for fiscal years beginning after June 15, 2021.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pending GASB Statements (Continued)**

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement is effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that results from the replacement of an interbank offered rate. Paragraph 11b of this Statement, which discusses appropriate benchmark interest rates for a derivative instrument that hedges the interest rate risk of taxable debt is effective for reporting periods ending after December 31, 2021. The remaining Statement is effective for reporting periods beginning after June 15, 2021.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to the public-private and public-public partnership arrangements (PPPs). This Statement is effective for reporting periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement is effective for reporting periods beginning after June 15, 2022.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pending GASB Statements (Continued)**

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- An amendment of GASB Statement No. 14 and No. 84, as a Supersession of GASB Statement No 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements in this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately (June 2020), and did not have a material impact on the Authority's financial position, overall cash flow or balances or results of operations. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements of this Statement related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

In June of 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of the Statement are effective for accounting changes and error corrections beginning after June 15, 2023.



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Pending GASB Statements (Continued)**

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

**Note 6. Commitments and Contingencies**

The Agreement to Terminate the Financial Assistance Award for Convenience with the EDA related to the revolving loan fund in fiscal year 2012 did not relieve the Council of the obligation to pay the federal share on any amounts recovered on defaulted loans for a period of 10 years.

**Note 7. Subsequent Events**

The Council has evaluated its subsequent events (events occurring after June 30, 2021) through August 22, 2022 which represents the date the financial statements were available to be issued. Based upon this evaluation, management determined that there were no events requiring disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY FINANCIAL DATA**  
**(UNAUDITED)**

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This section contains additional information required by generally accepted accounting principles.

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- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF PROPORATIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
FOR LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM  
Last Eight Fiscal Years**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
The Council's proportion of the net pension liability (asset) (%)	0.00908%	0.01010%	0.00928%	0.00957%	0.00768%	0.01032%	0.00956%	0.01130%
The Council's proportion of the net pension liability (asset) (\$)	\$ 324,467	\$ 275,823	\$ 220,153	\$ 146,203	\$ 162,995	\$ 46,316	\$ (56,380)	\$ 136,208
The Council's covered employee payroll*	\$ 678,332	\$ 584,912	\$ 506,123	\$ 559,301	\$ 497,875	\$ 509,914	\$ 487,979	\$ 592,330
The Council's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.83%	47.16%	43.50%	26.14%	32.74%	9.08%	-11.55%	23.00%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%	98.22%

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

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Council will present information for those years for which information is available.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF CONTRIBUTIONS TO LOCAL GOVERNMENTAL  
EMPLOYEES' RETIREMENT SYSTEM  
Last Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 62,793	\$ 59,157	\$ 44,480	\$ 38,559	\$ 41,146	\$ 33,507	\$ 36,051	\$ 34,500
Contributions in relation to the contractually required contribution	<u>62,793</u>	<u>59,157</u>	<u>44,480</u>	<u>38,559</u>	<u>41,146</u>	<u>33,507</u>	<u>36,051</u>	<u>34,500</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Council's covered-employee payroll	\$ 693,414	\$ 678,332	\$ 584,912	\$ 506,123	\$ 559,301	\$ 497,875	\$ 509,914	\$ 487,979
Contributions as a percentage of covered- employee payroll	9.06%	8.72%	7.60%	7.62%	7.36%	6.73%	7.07%	7.07%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Council will present information for those years for which information is available.



## **OTHER SUPPLEMENTARY INFORMATION**



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF REVENUES AND EXPENDITURES – GENERAL FUND  
Year Ended June 30, 2021**

Revenues	
Local dues	\$ 160,545
Miscellaneous	3,054
Contract services	<u>71,078</u>
<b>Total revenues</b>	<u>234,677</u>
Expenditures	
Compensation and benefits	164,915
Board and advisory expenses	14,476
Travel	455
Rent	60,690
Utilities and maintenance	25,360
Training	2,173
Dues and subscriptions	5,222
Supplies	18,824
Professional services	100,773
Systems administration	9,780
Miscellaneous	<u>23,565</u>
	426,233
Indirect costs allocated	<u>(343,693)</u>
<b>Total expenditures</b>	<u>82,540</u>
<b>Revenues over expenditures</b>	152,137
Operational Matching Transfers Out	<u>(123,104)</u>
<b>Revenues and transfers out over expenditures</b>	<u><u>\$ 29,033</u></u>



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM  
SPECIAL REVENUE FUND  
Year Ended June 30, 2021**

	Transportation	Environmental Protection	Economic and Physical Development	Human Services	Total Special Revenue Fund
<b>Revenues</b>					
Federal	\$ 268,508	\$ 10,961	\$ 551,312	\$ 3,615,972	\$ 4,446,753
State	-	-	-	2,481,664	2,481,664
Local	47,386	-	-	-	47,386
Contract revenues	-	-	-	3,712	3,712
<b>Total revenues</b>	<b>315,894</b>	<b>10,961</b>	<b>551,312</b>	<b>6,101,348</b>	<b>6,979,515</b>
<b>Expenditures</b>					
Direct support to counties, others	-	-	-	5,199,948	5,199,948
Compensation and benefits	156,420	-	101,576	528,798	786,794
Board and advisory expenses	-	-	-	2,619	2,619
Travel	290	3	343	4,257	4,893
Rent	480	-	420	720	1,620
Maintenance	3,652	-	1,174	10,244	15,070
Advertising	-	-	-	18,039	18,039
Training	651	-	1,624	11,769	14,044
Dues and publications	700	-	7,625	6,863	15,188
Supplies	4,661	-	5,838	81,488	91,987
Professional services	13,020	37,625	400,348	128,172	579,165
Systems administration	10,480	-	8,250	47,992	66,722
Indirect costs	67,873	-	44,361	231,459	343,693
<b>Total expenditures</b>	<b>258,227</b>	<b>37,628</b>	<b>571,559</b>	<b>6,272,368</b>	<b>7,139,782</b>
<b>Revenues over (under) expenditures</b>	<b>57,667</b>	<b>(26,667)</b>	<b>(20,247)</b>	<b>(171,020)</b>	<b>(160,267)</b>
Operational Matching Transfers In	-	-	24,190	98,914	123,104
<b>Revenues and transfers in over (under) expenditures</b>	<b>\$ 57,667</b>	<b>\$ (26,667)</b>	<b>\$ 3,943</b>	<b>\$ (72,106)</b>	<b>\$ (37,163)</b>

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF MEMBER DUES AND ADMINISTRATIVE FEES REVENUE  
Year Ended June 30, 2021**

County		
Carteret	\$	22,652
Craven		22,792
Duplin		18,738
Greene		10,650
Jones		3,981
Lenoir		19,271
Onslow		23,842
Pamlico		5,270
Wayne		33,349
	\$	160,545

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF INDIRECT COSTS  
Year Ended June 30, 2021**

	Fiscal Year 2020 Budgeted Cost
Total Indirect Annual Salaries	\$ 115,238
Total Indirect Fringe Benefits	43,179
Other Indirect Expenses	188,847
<b>Total Indirect Expenditures</b>	<b>\$ 347,264</b>
 Total Personnel Costs	 \$ 930,260
Less: Total Indirect Salaries	(115,238)
Less: Total Indirect Fringe Benefits	(43,179)
<b>Total Direct Salaries and Direct Fringe Benefits</b>	<b>\$ 771,843</b>

**Indirect Rate Calculation**

<u>Total Indirect Expenditures</u>	=	<u>\$ 347,264</u>	
Total Direct Personnel Costs		\$ 771,843	44.99%

Total Indirect Expenditures	\$ 347,264	
Less: Total Indirect Received	(352,840)	
	<u>\$ (5,576)</u>	-1.60%

**Total Indirect Rate for Fiscal Year 2021** 43.39%



## **COMPLIANCE SECTION**



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

**INDEPENDENT AUDITOR'S REPORT**

Executive Committee

Neuse River Council of Governments d/b/a Eastern Carolina Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Neuse River Council of Governments d/b/a Eastern Carolina Council (the "Council"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated August 22, 2022.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001, 2021-003, 2021-004, 2021-005 and 2021-006 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002 to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001.

## **Council's Response to Findings**

The Council's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questions Costs and Corrective Action Plan. The Council's response was not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## **Purpose of This Report**

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

*PBMares, LLP*

Morehead City, North Carolina  
August 22, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Executive Committee

Neuse River Council of Governments d/b/a Eastern Carolina Council

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

We have audited Neuse River Council of Governments d/b/a Eastern Carolina Council's (the "Council's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2021. The Council's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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



## Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance that we consider to be for the limited purpose described in the first paragraph of this section, was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-007, 2021-008 and 2021-009, that we consider to be material weaknesses.

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

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

*PBMares, LLP*

Morehead City, North Carolina  
August 22, 2022



**REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND  
STATE SINGLE AUDIT IMPLEMENTATION ACT**

**INDEPENDENT AUDITOR'S REPORT**

Executive Committee  
Neuse River Council of Governments d/b/a Eastern Carolina Council

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

We have audited Neuse River Council of Governments d/b/a Eastern Carolina Council's (the "Council's") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on the Council's major State program for the year ended June 30, 2021. The Council's major State program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its State awards applicable to its State program.

**Auditor's Responsibility**

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

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

## Opinion on the Major State Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 applicable sections of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

*PBMares, LLP*

Morehead City, North Carolina  
August 22, 2022

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021**

**Section I - Summary of Auditor's Results**

Financial Statements

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

Internal control over financial reporting:

Material weakness(as) identified?

Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

Unmodified

✓ Yes

         No

✓ Yes

         None Reported

✓ Yes

         No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

✓ Yes

         No

         Yes

✓ 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

         No

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
Aging Cluster:	
93.044-CL	Special Programs for the Aging - Title III B - Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging - Title III C - Nutrition Services
93.053	Nutrition Services Incentive Program (NSIP)
Economic Development Cluster:	
11.307	Economic Development Administration (EDA) COVID-19: Economic Adjustment Assistance - CARES
11.307	Economic Adjustment Assistance - Disaster Recovery

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

\$ 750,000

Auditee qualified as low-risk auditee?

         Yes

✓ No

(Continued)

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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**Section I - Summary of Auditor's Results (Continued)**

State Awards

Internal control over major state programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes

✓ No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes

✓ None Reported

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

Unmodified

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

\_\_\_\_\_ Yes

✓ No

Identification of major State programs:

Federal Assistance Listing Number

Program Name or Cluster

---

Aging Cluster

N/A

Ombudsman

N/A

Access

N/A

In Home/Support Services

N/A

Home Delivered Meals

(Continued)

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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**Section II - Financial Statement Findings**

**Identifying Number: 2021-001**

**Material Noncompliance and Material Weakness in Internal Control - Late Filing of Audit to North Carolina Local Government Commission (NC LGC)**

Criteria: Per the North Carolina Local Government Commission's LGC-205 Contract, all audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end.

Condition and Context: During the course of the audit the Council did not provide all of the information required for the audit in a timely manner in order to complete the audit. The Council also experienced staff turnover that effected timeliness of the audit.

Effect: Late filing of audit to NC LGC.

Cause: Delays mainly caused by the Council not having information required for the audit complete and available by the agreed-upon time as well as staff turnover.

Recommendation: We recommend the Council place an emphasis on deadlines for overall audit preparedness and communicate the status clearly within the Council and to the auditor.

Management's Response: See corrective action plan.

**Identifying Number: 2021-002**

**Significant Deficiency in Internal Control - Cash Cutoff**

Criteria: Appropriate controls should be in place to ensure that bank reconciliations are properly capturing all cash activity as of June 30, 2021.

Condition and Context: During cash cutoff testing we noted one instance in which a check written in fiscal year 2021 was not properly included in the outstanding check listing and was not recorded as a prepaid expense.

Effect: Cash was overstated and prepaid expenses were understated by \$4,512.

Cause: Lack of detailed review over the bank reconciliations to ensure that all cash activity was properly included. Previous reviews were performed by an employee who did not have adequate finance skills, education, and knowledge to perform a detailed review.

Recommendation: We recommend that the Assistant Finance Director prepare the bank reconciliations and that the Finance Director performs a detailed review.

Management's Response: See corrective action plan.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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**Section II - Financial Statement Findings (Continued)**

**Identifying Number: 2021-003**

**Material Weakness in Internal Control - Payroll**

Criteria: Controls should be in place to ensure that payroll transactions are accurate and timely.

Condition and Context: Through payroll test of control procedures and inquiries with the Council, there were several payroll issues identified.

It was determined that one payroll cycle during the year was processed late and resulted in late payroll payments to employees. In addition, two payroll registers out of eleven tested for internal controls did not have proper reviews and approvals by the Executive Director. It was determined through inquiries as well that the Executive Director was not performing detailed reviews and was only checking salary amounts.

It was found that two employees did not have withholdings taken out of their paychecks. This was determined to be caused by a software error, however there were no review controls in place to prevent the error.

It was found that four employees out of twelve tested did not have approved pay change forms in their employee files to support the pay rates per the payroll registers.

It was also found that in one instance out of thirty tested, where an employee's benefit deduction was not properly taken out of their paycheck.

Effect: No misstatements were identified, however the items above caused the Council to perform additional investigative work to resolve the issues.

Cause: Lack of detailed and timely review over payroll transactions and payroll registers.

Recommendation: We recommend that the Council outsource their payroll processing to a third party provider. Then each pay period, the Finance Director should perform a detailed review of the payroll register to ensure it is accurate.

Management's Response: See corrective action plan.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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**Section II - Financial Statement Findings (Continued)**

**Identifying Number: 2021-004**

**Material Weakness in Internal Control - Revenue and Accounts Receivable**

Criteria: Appropriate internal controls should be in place to ensure revenue and receivables are properly recorded and accrued when the criteria for revenue recognition has been achieved in accordance with Generally Accepted Accounting Principles (GAAP).

Condition and Context: During the reconciliation of revenue and accounts receivable to the confirmations provided by North Carolina Department of Health and Human Services (NC DHHS), it was noted that both revenue and accounts receivable balances were overstated.

Effect: In total, revenue was overstated by \$1,596,603 and accounts receivable was overstated by \$257,326.

Cause: Reconciliation between general ledger and NC DHHS confirmations not performed timely or effectively.

Recommendation: We recommend the Council establish an appropriate procedure for completing the reconciliation between the general ledger and NC DHHS confirmations to ensure balances have been properly recorded in accordance with GAAP.

Management's Response: See corrective action plan.

**Identifying Number: 2021-005**

**Material Weakness in Internal Control - Purchase Orders**

Criteria: Purchase orders should be properly approved and a pre-audit authorization should be obtained in accordance with the Local Government Budget and Fiscal Control Act.

Condition and Context: During disbursement test of controls, we found one out of thirty samples did not have an approved purchase order prior to the expense being incurred. In addition, during our testing of the Economic Development Administration grant, we noted that 13 out of the 28 invoices tested did not have approved purchase orders.

Effect: Expenditures occurred without the required approved purchase orders.

Cause: Controls were not in place to prevent the expense from being incurred prior to a purchase order being approved.

Recommendation: We recommend that management implements a formal purchasing policy which will clearly outline control procedures that must occur prior to an expense being incurred.

Management's Response: See corrective action plan.



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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**Section II - Financial Statement Findings (Continued)**

**Identifying Number: 2021-006**

**Material Weakness in Internal Control - Delegation of Authority**

Criteria: Entities should have a formal delegation of authority policy that clearly defines the responsibilities for each position within the entity.

Condition and Context: During the course of the audit, we noted several instances where certain roles and responsibilities were not clearly defined and established for each employee position within the Council.

Effect: The lack of clearly defined responsibilities allowed for the occurrence of mistakes, administrative oversight, contention and uncertainty amongst several Council employees.

Cause: Absence of formal policy that details the roles and responsibilities for each position within the Council.

Recommendation: We recommend that management implements a formal delegation of authority policy that details the roles and responsibilities for each position within the Council.

Management's Response: See corrective action plan.

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

**Identifying Number: 2021-007**

**Material Weakness in Internal Control Over Compliance - Purchase Orders**

U.S. Department of Commerce

Direct Program

Program Name:

Economic Development Cluster:

Economic Development Administration (EDA) Cluster: COVID-19:

COVID-19: Economic Adjustment Assistance - CARES

Economic Adjustment Assistance - Disaster Recovery

Assistance Listing #: 11.307

Award Year: 2021

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Refer to Section II. Financial Statement Findings, Finding 2021-005

Questioned Costs: None

Management's Response: See corrective action plan.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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**Section III - Federal Award Findings and Questioned Costs (Continued)**

**Identifying Number: 2021-008**

**Material Weakness in Internal Control Over Compliance - Reporting**

U.S. Department of Commerce

Direct Program

Program Name:

Economic Development Cluster:

Economic Development Administration (EDA) Cluster: COVID-19:

COVID-19: Economic Adjustment Assistance - CARES

Economic Adjustment Assistance - Disaster Recovery

Assistance Listing #: 11.307

Award Year: 2021

Compliance Requirements: Reporting

Criteria: Per the grant agreement, form SF-270 was required to be submitted with a drawdown at least once per quarter. In addition, a progress report and a financial report (SF-425) were required to be submitted by 10/31/20 and 4/30/21.

Condition and Context: During testing, it was found that there was no drawdown made during the grant period from 7/1/20 through 9/30/20. In addition, we found that the progress report and SF-425 reports due on 10/31/20 were not submitted until 11/1/20. Finally, it was noted that there were no controls in place for the review of the reports.

Effect: Lack of drawdown and late report submission.

Cause: Lack of established policy for review over reports and reporting guidelines.

Questioned Costs: None

Recommendation: We recommend that formal roles for each grant are assigned and documented to ensure that all reporting guidelines are followed and accounted for. Controls should be implemented to ensure that someone other than the preparer is reviewing the financial and progress reports to ensure that the information submitted is accurate and the report is submitted timely.

Management's Response: See corrective action plan.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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**Section III - Federal Award Findings and Questioned Costs (Continued)**

**Identifying Number: 2021-009**

**Material Weakness in Internal Control Over Compliance - Procurement**

U.S. Department of Commerce

Direct Program

Program Name:

Economic Development Cluster:

Economic Development Administration (EDA) Cluster:

COVID-19: Economic Adjustment Assistance - CARES

Economic Adjustment Assistance - Disaster Recovery

Assistance Listing #: 11.307

Award Year: 2021

Compliance Requirements: Procurement, Suspension, and Debarment

Criteria: Procurement transactions for the grant should be in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 C.F.R. §§ 200.317–200.326.

Condition and Context: During testing, it was found that there were no formal or informal bidding procedures performed when the Council determined the first vendor's work was not adequate and needed to procure another vendor. Rather than going out to bid again for another vendor, the Council assigned all work to their attorney. Upon further investigation, it was ascertained that the deadline for the work performed put the Council in an exigent situation, which qualifies for noncompetitive procurement in 2 CFR 200.320 (c)(3). The auditor was unable to obtain evidence from the Council that provided supporting documentation for the noncompetitive procurement.

Effect: Absence of supporting documentation for noncompetitive procurement.

Cause: No formal roles assigned to personnel involved with this grant which lead to lack of controls and procedures in place to ensure that the Council maintained proper supporting documentation for noncompetitive procurement.

Questioned Costs: None.

Recommendation: We recommend that the Council assigns proper personnel with detailed roles in order to ensure projects requiring procurement have formal checklists and documentation to support that each step in the policy was followed, including maintaining the appropriate supporting documentation.

Management's Response: See corrective action plan.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year Ended June 30, 2021**

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

No findings reported.



**Corrective Action Plan  
For Fiscal Year Ended June 30, 2021**

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**Section II. Financial Statement Findings**

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**2021-001      Material Noncompliance and Material Weakness in Internal Control – Late Filing of Audit to North Carolina Local Government Commission (NC LGC)**

Corrective Action: The Council will make all efforts to be fully staffed as needed. This will allow the appropriate positions adequate time to prepare as needed for the audit and ensure all records are available in a timely manner.

Completion Date: August 20, 2022

Contact Person: David Bone, Executive Director

**2021-002      Significant Deficiency in Internal Control – Cash Cutoff**

Corrective Action: The Council agrees with this finding, and the recommendations above have been implemented.

Completion Date: December 31, 2021

Contact Person: David Bone, Executive Director

**2021-003      Material Weakness in Internal Control – Payroll**

Corrective Action: The Council has moved from a bi-weekly payroll to a monthly payroll process, which is being performed by the Deputy Finance Director. The Finance Director will perform a detailed review prior to the monthly payroll upload.

Completion Date: April 1, 2022

Contact Person: David Bone, Executive Director

**2021-004**  
**Receivable**

**Material Weakness in Internal Control – Revenue and Accounts**

Corrective Action: The process in which HCCBG funds are received through NC DHHS has been changed going forward. The funds will come to ECC directly, and we will then forward to the counties. Staff will be assigned to balance the reports received in ARMS and verify that they reconcile with the reports received from the controller's office before payments are issued.

Proposed Completion Date: NC DHHS implemented funding change July 1, 2021.

Contact Person: David Bone, Executive Director

**2021-005**

**Material Weakness in Internal Control – Purchase Orders**

Corrective Action: The Council agrees with this finding. We will work on control procedures to ensure our purchasing policy is followed.

Proposed Completion Date: Immediately

Contact Person: David Bone, Executive Director

**2021-006**

**Material Weakness in Internal Control – Delegation of Authority**

Corrective Action: The Council agrees with this finding. We will work on a clear delegation of authority policy for each position within the Council.

Proposed Completion Date: Immediately

Contact Person: David Bone, Executive Director

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

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**2021-007**  
**Orders**

**Material Weakness in Internal Control Over Compliance – Purchase**

Corrective Action: The Council agrees with this finding. We will work on control procedures to ensure our purchasing policy is followed.

Proposed Completion Date: Immediately

Contact Person: David Bone, Executive Director

**2021-008****Material Weakness in Internal Control Over Compliance – Reporting**

Corrective Action: The Council agrees with this finding. We will work on a clear delegation of authority for each position to include what positions have formal roles for each grant. We will also develop a control that requires a preparer and a reviewer for all EDA reports. Two staff currently receive email alerts when a report deadline is approaching, which will alert them to submit reports timely.

Proposed Completion Date: Immediately

Contact Person: David Bone, Executive Director

**2021-009****Material Weakness in Internal Control Over Compliance**

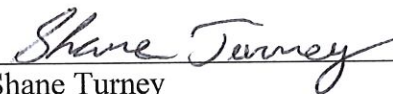
Corrective Action: The Council agrees with this finding. We will work on control procedures to ensure our purchasing policy, which includes procurement policies, is followed by all staff and proper supporting documentation is filed. Clear roles will be defined along with detailed guidance reporting procedures if steps are not being followed.

Proposed Completion Date: Immediately

Contact Person: David Bone, Executive Director



Jay Bender  
President



Shane Turney  
Treasurer



David Bone  
Executive Director



Jenny Miller  
Finance Consultant



**Neuse River Council of Governments d/b/a Eastern Carolina Council  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021**

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**Section II - Financial Statement Findings**

**Finding 2020-001:** Error in Accounts Payable (Material Weakness)

**Status:** Corrected

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

There were no reported findings during the year ended June 30, 2020.

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

There were no reported findings during the year ended June 30, 2020.



**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Year Ended June 30, 2021**

Federal Grantor / State Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Federal Expenditures	State Expenditures	Passed -through to Subrecipients
<b>Federal Programs</b>					
<u>US Department of Health &amp; Human Services</u>					
Passed through NC Dept of Health and Human Services					
Division of Aging & Adult Services					
Aging Cluster:					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers:					
Planning and Administration	93.044	NC-15	\$ 79,608	\$ 4,362	\$ -
Ombudsman			130,658	7,685	-
Legal Services			20,059	1,180	21,239
COVID-19: Legal Services			9,999	-	9,999
Access			299,435	17,614	317,049
In Home/Support Services			364,970	21,469	386,439
COVID-19: In Home/Support Services			76,495	-	76,495
Special Programs for the Aging - Title III C					
Nutrition Services:					
Planning and Administration	93.045	NC-15	137,859	7,555	-
COVID-19: Planning and Administration			91,400	-	-
Congregate Meals			72,436	4,261	76,697
Families First Congregate Meals			206,527	-	206,527
COVID-19: Congregate Meals			251,680	-	251,680
Home Delivered Meals			939,058	55,239	994,297
Families First Home Delivered Meals			190,377	-	190,377
COVID-19: Home Delivered Meals			131,602	-	131,602
Nutrition Services Incentive Program (NSIP)	93.053	NC-15	208,091	-	208,091
<b>Total Aging Cluster</b>			<b>3,210,254</b>	<b>119,365</b>	<b>2,870,492</b>
Special Programs for the Aging - Title III D					
Disease Prevention and Health Promotion Services:	93.043	NC-15			
Preventive Health			29,259	1,721	23,832
Special Programs for the Aging - Title VII, Chapter 3					
Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	NC-15	16,556	974	-
Special Programs for the Aging - Title VII, Chapter 2					
Long Term Care Ombudsman Services for Older Individuals:	93.042	NC-15			
Ombudsman			13,490	793	-
COVID-19: Ombudsman			27,850	-	-
Money Follows the Person Rebalancing Demonstration:					
LCA	93.791	NC-15	1,375	-	-
National Family Caregiver Support, Title III, Part E					
Planning and Administration	93.052	NC-15	51,842	2,841	-
Family Caregiver Services			227,928	15,195	100,852
COVID-19: Family Caregiver Services			37,418	-	17,719
<b>Total US Department of Health and Human Services</b>			<b>3,615,972</b>	<b>140,889</b>	<b>3,012,895</b>

(Continued)

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)  
Year Ended June 30, 2021**

	Federal Assistance Listing Number	State/ Pass-Through Grantor Number	Federal Expenditures	State Expenditures	Pass-through to Subrecipients
<u>US Department of Commerce</u>					
Direct Program					
Economic Development Administration (EDA)					
Economic Development Cluster:					
COVID 19: Economic Adjustment Assistance - CARES	11.307	N/A	\$ 391,084	\$ -	\$ -
Economic Adjustment Assistance - Disaster Recovery	11.307	N/A	95,735	-	-
<b>Total Economic Development Cluster</b>			<u>486,819</u>	<u>-</u>	<u>-</u>
Economic Development Support for Planning Organizations	11.302	N/A	64,493	-	-
<b>Total US Department of Commerce</b>			<u>551,312</u>	<u>-</u>	<u>-</u>
<u>US Environmental Protection Agency</u>					
Passed through the NC Department of Environmental Quality					
Water Quality Management Planning	66.454	N/A	10,961	-	-
<u>US Department of Transportation</u>					
Passed through the NC Department of Transportation					
Highway Planning and Construction Planning Organization Program					
East Carolina RPO	20.205-8	N/A	160,125	-	-
Down East RPO	20.205-8	N/A	108,383	-	-
<b>Total US Department of Transportation</b>			<u>268,508</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>4,446,753</u>	<u>140,889</u>	<u>3,012,895</u>
<b>State Grants</b>					
<u>NC Department of Health and Human Services</u>					
Division of Aging & Adult Services					
Division of Social Services					
Aging Cluster:					
Ombudsman - 90% State Funds		NC-15	-	42,456	-
Access 90% State Funds		NC-15	-	49,340	49,340
In Home/Support Services - 90% State Funds		NC-15	-	1,502,505	1,502,505
Home Delivered Meals - 90% State		NC-15	-	556,219	556,219
Title III P&A / AAA Administration		NC-15	-	48,259	-
Senior Center Development / General Purpose		NC-15	-	73,691	73,691
Operation Fan		NC-15	-	5,298	5,298
<b>Total NC Department of Health and Human Services</b>			<u>-</u>	<u>2,277,768</u>	<u>2,187,053</u>
<u>NC Department of Public Safety</u>					
Rehabilitative Program Services					
Reentry Program		N/A	-	63,007	-
<b>Total assistance expended</b>			<u>\$ 4,446,753</u>	<u>\$ 2,481,664</u>	<u>\$ 5,199,948</u>

*See Notes To Schedule of Expenditures of Federal and State Awards*

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS  
Year Ended June 30, 2021**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (the "Schedule") includes the federal and State award activity of Neuse River Council of Governments d/b/a Eastern Carolina Council, primary government, under programs of the federal and State government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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. Because the Schedule presents only a selected portion of the operations of Neuse River Council of Governments d/b/a Eastern Carolina Council, it is not intended to and does not present the financial position, and changes in net assets of Neuse River Council of Governments d/b/a Eastern Carolina Council.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

Neuse River Council of Governments d/b/a Eastern Carolina Council utilizes an approved indirect cost rate of 43.39% as allowed under the Uniform Guidance. Accordingly, the Council does not utilize the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS (Continued)  
Year Ended June 30, 2021**

**Note 4. Subrecipients**

Federal and State awards which have been passed-through to subrecipients by program:

Subrecipient	Program Name	Federal Assistance Listing Number/State Pass-through	Federal and State Amount
		Number	
Carteret County	HCCBG - In Home/Support Services	93.044	\$ 72,150
Craven County	HCCBG - In Home/Support Services	93.044	32,931
Duplin County	HCCBG - In Home/Support Services	93.044	24,097
Greene County	HCCBG - In Home/Support Services	93.044	21,908
Jones County	HCCBG - In Home/Support Services	93.044	3,445
Lenoir County	HCCBG - In Home/Support Services	93.044	74,308
Onslow County	HCCBG - In Home/Support Services	93.044	91,040
Wayne County	HCCBG - In Home/Support Services	93.044	66,560
Carteret County	COVID-19: HCCBG - In Home/Support Services	93.044	6,616
Duplin County	COVID-19: HCCBG - In Home/Support Services	93.044	3,293
Greene County	COVID-19: HCCBG - In Home/Support Services	93.044	2,053
Jones County	COVID-19: HCCBG - In Home/Support Services	93.044	89
Lenoir County	COVID-19: HCCBG - In Home/Support Services	93.044	13,085
Onslow County	COVID-19: HCCBG - In Home/Support Services	93.044	29,027
Wayne County	COVID-19: HCCBG - In Home/Support Services	93.044	22,332
Carteret County	HCCBG - In Home/Support Services	NC-15	198,205
Craven County	HCCBG - In Home/Support Services	NC-15	163,184
Duplin County	HCCBG - In Home/Support Services	NC-15	73,966
Greene County	HCCBG - In Home/Support Services	NC-15	77,210
Jones County	HCCBG - In Home/Support Services	NC-15	22,561
Lenoir County	HCCBG - In Home/Support Services	NC-15	217,722
Onslow County	HCCBG - In Home/Support Services	NC-15	449,140
Pamlico County	HCCBG - In Home/Support Services	NC-15	76,072
Wayne County	HCCBG - In Home/Support Services	NC-15	224,445
Carteret County	HCCBG - Access	93.044	11,784
Craven County	HCCBG - Access	93.044	89,691
Duplin County	HCCBG - Access	93.044	35,036
Greene County	HCCBG - Access	93.044	14,693
Lenoir County	HCCBG - Access	93.044	11,250
Onslow County	HCCBG - Access	93.044	53,899
Wayne County	HCCBG - Access	93.044	100,696

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS (Continued)  
Year Ended June 30, 2021**

**Note 4. Subrecipients (Continued)**

Subrecipient	Program Name	Federal Assistance Listing Number/State Pass-through Number	Federal and State Amount
Craven County	HCCBG - Access	NC-15	\$ 10,662
Duplin County	HCCBG - Access	NC-15	3,100
Greene County	HCCBG - Access	NC-15	457
Lenoir County	HCCBG - Access	NC-15	2,736
Onslow County	HCCBG - Access	NC-15	9,446
Wayne County	HCCBG - Access	NC-15	22,939
Carteret County	HCCBG - Congregate Meals - Families First	93.045	20,599
Craven County	HCCBG - Congregate Meals - Families First	93.045	7,451
Duplin County	HCCBG - Congregate Meals - Families First	93.045	18,868
Greene County	HCCBG - Congregate Meals - Families First	93.045	6,185
Lenoir County	HCCBG - Congregate Meals - Families First	93.045	36,356
Onslow County	HCCBG - Congregate Meals - Families First	93.045	71,715
Wayne County	HCCBG - Congregate Meals - Families First	93.045	45,353
Carteret County	COVID-19: HCCBG - Congregate Meals	93.045	13,530
Craven County	COVID-19: HCCBG - Congregate Meals	93.045	5,677
Duplin County	COVID-19: HCCBG - Congregate Meals	93.045	52,793
Greene County	COVID-19: HCCBG - Congregate Meals	93.045	18,882
Jones County	COVID-19: HCCBG - Congregate Meals	93.045	9,492
Lenoir County	COVID-19: HCCBG - Congregate Meals	93.045	50,125
Onslow County	COVID-19: HCCBG - Congregate Meals	93.045	51,181
Wayne County	COVID-19: HCCBG - Congregate Meals	93.045	50,000
Craven County	HCCBG - Congregate Meals	93.045	3,044
Greene County	HCCBG - Congregate Meals	93.045	1,443
Jones County	HCCBG - Congregate Meals	93.045	41,384
Onslow County	HCCBG - Congregate Meals	93.045	30,826
Carteret County	HCCBG - Home Delivered Meals	93.045	38,850
Craven County	HCCBG - Home Delivered Meals	93.045	123,235
Duplin County	HCCBG - Home Delivered Meals	93.045	239,412
Greene County	HCCBG - Home Delivered Meals	93.045	45,025
Jones County	HCCBG - Home Delivered Meals	93.045	59,576
Lenoir County	HCCBG - Home Delivered Meals	93.045	93,837
Onslow County	HCCBG - Home Delivered Meals	93.045	120,668
Pamlico County	HCCBG - Home Delivered Meals	93.045	67,020
Wayne County	HCCBG - Home Delivered Meals	93.045	206,674
Carteret County	HCCBG - Home Delivered Meals	NC-15	54,014
Craven County	HCCBG - Home Delivered Meals	NC-15	93,202
Duplin County	HCCBG - Home Delivered Meals	NC-15	56,058
Greene County	HCCBG - Home Delivered Meals	NC-15	26,265
Jones County	HCCBG - Home Delivered Meals	NC-15	10,913
Lenoir County	HCCBG - Home Delivered Meals	NC-15	67,526
Onslow County	HCCBG - Home Delivered Meals	NC-15	48,144
Pamlico County	HCCBG - Home Delivered Meals	NC-15	32,990
Wayne County	HCCBG - Home Delivered Meals	NC-15	167,107

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS (Continued)  
Year Ended June 30, 2021**

**Note 4. Subrecipients (Continued)**

Subrecipient	Program Name	Federal Assistance Listing Number/State Pass-through Number	Federal and State Amount
Carteret County	COVID-19: HCCBG - Home Delivered Meals	93.045	\$ 6,371
Craven County	COVID-19: HCCBG - Home Delivered Meals	93.045	20,749
Duplin County	COVID-19: HCCBG - Home Delivered Meals	93.045	27,689
Greene County	COVID-19: HCCBG - Home Delivered Meals	93.045	12,004
Jones County	COVID-19: HCCBG - Home Delivered Meals	93.045	236
Lenoir County	COVID-19: HCCBG - Home Delivered Meals	93.045	9,565
Wayne County	COVID-19: HCCBG - Home Delivered Meals	93.045	54,988
Carteret County	HCCBG - Home Delivered Meals - Families First	93.045	31,808
Craven County	HCCBG - Home Delivered Meals - Families First	93.045	7,310
Duplin County	HCCBG - Home Delivered Meals - Families First	93.045	37,706
Greene County	HCCBG - Home Delivered Meals - Families First	93.045	6,340
Jones County	HCCBG - Home Delivered Meals - Families First	93.045	12,773
Lenoir County	HCCBG - Home Delivered Meals - Families First	93.045	17,128
Onslow County	HCCBG - Home Delivered Meals - Families First	93.045	13,142
Wayne County	HCCBG - Home Delivered Meals - Families First	93.045	64,170
Carteret County	USDA Nutrition	93.053	7,551
Craven County	USDA Nutrition	93.053	35,885
Duplin County	USDA Nutrition	93.053	34,548
Greene County	USDA Nutrition	93.053	7,494
Jones County	USDA Nutrition	93.053	14,156
Lenoir County	USDA Nutrition	93.053	16,475
Onslow County	USDA Nutrition	93.053	20,216
Pamlico County	USDA Nutrition	93.053	13,070
Wayne County	USDA Nutrition	93.053	58,696
Legal Aid of North Carolina	Legal Services	93.044	20,059
Legal Aid of North Carolina	COVID-19: Legal Services	93.044	9,999
Legal Aid of North Carolina	Legal Services	NC-15	1,180
Carteret Senior Services	Senior Center Outreach and General Purpose	NC-15	10,515
Havelock Senior Center	Senior Center Outreach and General Purpose	NC-15	7,105
Duplin Services on Aging	Senior Center Outreach and General Purpose	NC-15	3,504
Greene County Senior Services	Senior Center Outreach and General Purpose	NC-15	10,515
Jones Co-op Extension	Senior Center Outreach and General Purpose	NC-15	3,494
Lenoir County Council on Aging	Senior Center Outreach and General Purpose	NC-15	10,518
Onslow Senior Services	Senior Center Outreach and General Purpose	NC-15	10,514
Pamlico Senior Services	Senior Center Outreach and General Purpose	NC-15	7,011
Wayne Services of Aging	Senior Center Outreach and General Purpose	NC-15	10,515
Carteret Senior Services	Special Programs for the Aging - Title III D	93.043	2,065
Craven Department of Social Services	Special Programs for the Aging - Title III D	93.043	2,340
Duplin Services on Aging	Special Programs for the Aging - Title III D	93.043	2,962
Greene County Senior Services	Special Programs for the Aging - Title III D	93.043	2,032
Jones Co-op Extension	Special Programs for the Aging - Title III D	93.043	218
Lenoir County Council on Aging	Special Programs for the Aging - Title III D	93.043	2,659
Onslow Senior Services	Special Programs for the Aging - Title III D	93.043	5,715
Wayne Services of Aging	Special Programs for the Aging - Title III D	93.043	5,841

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS (Continued)  
Year Ended June 30, 2021**

**Note 4. Subrecipients (Continued)**

Subrecipient	Program Name	Federal Assistance Listing Number/State Pass-through Number	Federal and State Amount
Coastal Community Action	National Family Caregiver Support Program	93.052	\$ 22,531
Oriental Primetime	National Family Caregiver Support Program	93.052	888
Duplin Services on Aging	National Family Caregiver Support Program	93.052	8,599
Coastal Community Action-Jones City	National Family Caregiver Support Program	93.052	3,906
Greene Home Health	National Family Caregiver Support Program	93.052	5,880
Lenoir County Council on Aging	National Family Caregiver Support Program	93.052	20,194
Onslow Senior Services	National Family Caregiver Support Program	93.052	18,833
Wayne Services of Aging	National Family Caregiver Support Program	93.052	20,021
Coastal Community Action	COVID - 19: National Family Caregiver Support	93.052	80
Craven Department of Social Services	COVID - 19: National Family Caregiver Support	93.052	5,593
Duplin Services on Aging	COVID - 19: National Family Caregiver Support	93.052	4,191
Greene Home Health	COVID - 19: National Family Caregiver Support	93.052	2,518
Jones County	COVID - 19: National Family Caregiver Support	93.052	1,788
Lenoir County Council on Aging	COVID - 19: National Family Caregiver Support	93.052	1,492
Oriental Primetime	COVID - 19: National Family Caregiver Support	93.052	1,275
Wayne Services of Aging	COVID - 19: National Family Caregiver Support	93.052	782
Carteret Community Action	Operation Fan	NC-15	724
Craven Department of Social Services	Operation Fan	NC-15	686
Duplin Services on Aging	Operation Fan	NC-15	466
Greene County Senior Services	Operation Fan	NC-15	280
Jones Co-op Extension	Operation Fan	NC-15	262
Lenoir County Council on Aging	Operation Fan	NC-15	486
Onslow Senior Services	Operation Fan	NC-15	800
Pamlico Senior Services	Operation Fan	NC-15	280
Wayne Services of Aging	Operation Fan	NC-15	1,314
<b>Total Federal and State Awards</b>			
<b>Passed-Through to Subrecipients</b>			
<b>For Aging Programs</b>			<u>\$ 5,199,948</u>
<b>Total Federal and State Awards</b>			
<b>Passed-Through to Subrecipients</b>			<u>\$ 5,199,948</u>

**NEUSE RIVER COUNCIL OF GOVERNMENTS  
D/B/A EASTERN CAROLINA COUNCIL**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS (Continued)  
Year Ended June 30, 2021**

**Note 4. Subrecipients (Continued)**

Total federal and State awards passed-through to subrecipients summary by program:

Subrecipient	Federal Assistance Listing Number/ State Pass-through Number	Federal	State
HCCBG - In Home/Support Services	93.044 / NC-15	\$ 364,970	\$ 1,523,974
COVID-19: HCCBG - In Home/Support Services	93.044	76,495	-
HCCBG - Access	93.044 / NC-15	299,435	66,954
HCCBG - Congregate Meals	93.045 / NC-15	72,436	4,261
HCCBG - Congregate Meals - Families First	93.045	206,527	-
COVID-19: HCCBG - Congregate Meals	93.045	251,680	-
HCCBG - Home Delivered Meals	93.045 / NC-15	939,058	611,458
HCCBG - Home Delivered Meals - Families First	93.045	190,377	-
COVID-19: HCCBG - Home Delivered Meals	93.045	131,602	-
Nutrition Services Incentive Program (NSIP)	93.053 / NC-15	208,091	-
Legal Services	93.044 / NC-15	20,059	1,180
COVID-19: Legal Services	93.044	9,999	-
Senior Center Development / General Purpose	NC-15	-	73,691
Special Programs for the Aging - Title III D	93.043 / NC-15	22,111	1,721
National Family Caregiver Support Program	93.052 / NC-15	85,657	15,195
COVID - 19: National Family Caregiver Support Program	93.052	17,719	-
Operation Fan	NC-15	-	5,298
		<u>2,896,216</u>	<u>2,303,732</u>
<b>Total Federal and State Awards Passed-Through to Subrecipients For Aging Programs</b>			<u><u>\$ 5,199,948</u></u>