

**CENTRAL PINES
REGIONAL COUNCIL**

**FINANCIAL STATEMENTS
AND COMPLIANCE REPORT**

As of and for the Year Ended June 30, 2023

And Reports of Independent Auditor

CENTRAL PINES REGIONAL COUNCIL
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Report of Independent Auditor

To the Board of Delegates
Central Pines Regional Council
Research Triangle Park, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the general fund, and the fiduciary fund of the Central Pines Regional Council (the “Council”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the fiduciary fund of the Council as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council’s ability to continue as a going concern for twelve months after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Council. The accompanying supplementary information, as listed in the table of contents, as well as the Schedule of Expenditures of Federal and State Awards, as required by 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements for the year ended June 30, 2023, as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, 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.

Cherry Bekaert LLP

Raleigh, North Carolina
December 1, 2023

CENTRAL PINES REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The Central Pines Regional Council (the "Council"), formerly known as Triangle J Council of Governments, is comprised of municipal and county governments in North Carolina's Research Triangle Region. The Council is one of 16 regional councils established in 1972 by the General Assembly to educate and empower local governments through direct assistance, regional planning, and technical expertise.

The Council is established under North Carolina General Statutes and includes the municipalities and counties within Chatham, Durham, Johnston, Lee, Moore, Orange and Wake counties. On any given day, CPRC works with our partners to provide support across our six strategic focus areas: Aging and Human Services; Community and Economic Development; Environment and Resilience; Member Support and Strategy and Transportation.

This section of the Council's financial report represents our discussion and analysis of the financial performance of the Council for the year ended June 30, 2023. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The assets and deferred outflows of resources of the Council exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$45,035 (*net position*).
- The Council's total net position increased by \$324,399 as a result of increases in Federal and State funding exceeding the increase in expenditures of the same funding during the year.
- As of the close of the current fiscal year, the Council's general fund reported an ending fund balance of \$2,939,704. Of this amount \$4,269,056 is restricted by state statute.

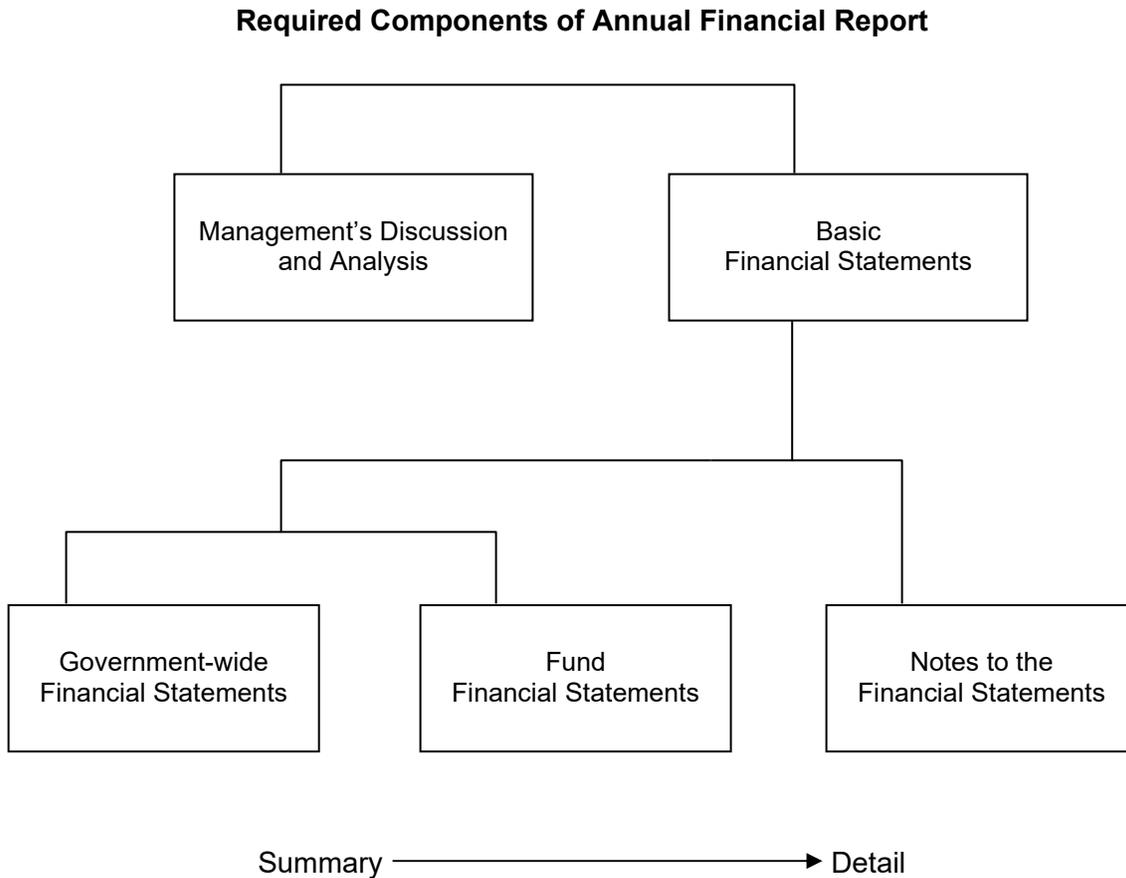
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements which consist of three components as follows: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Council's finances through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Council.

**CENTRAL PINES REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2023

Figure 1



Basic Financial Statements

The first two statements (pages 10 and 11) in the basic financial statements are the *government-wide statements*. They provide both short and long-term information about the Council's financial status. The next statements (pages 12 through 17) are *fund financial statements*. These statements focus on the activities of the individual parts of the Council's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the other postemployment benefit trust fund statements.

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

CENTRAL PINES REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Government-Wide Financial Statements

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

The two government-wide statements report the Council's net position and how it has changed. Net position is the difference between the Council's total assets and deferred outflows and total liabilities and deferred inflows. Measuring net position is one way to gauge the Council's financial condition.

Government-wide financial statements may be divided into as many as three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include all of the Council's basic services such as general administration, economic and community development, human services, environmental protection, and transportation planning services. State and federal grants and contributions from regional non-profits, supporting entities, and local governments comprising the service area of the Council finance most of these activities.

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. One of the funds of the Council can be classified within the governmental funds category, while the other fund of the Council can be classified with the fiduciary funds category.

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. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps to 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 a reconciliation that is part of the fund financial statements.

The Council adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the constituent member local governments, the management of the Council, and the decisions of the Board of Delegates ("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 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 Fund – Fiduciary funds are used to account for resources held for the benefit of parties outside of the Council. The Council's fiduciary fund is for their Other Postemployment Benefit ("OPEB") trust fund.

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

**CENTRAL PINES REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2023

Government-Wide Financial Analysis

**Table 1
Condensed Statement of Net Position
June 30,**

	Governmental Activities	
	2023	2022
Assets:		
Current assets	\$ 10,381,650	\$ 13,415,075
Capital assets	41,985	281,396
	<u>10,423,635</u>	<u>13,696,471</u>
Deferred Outflows of Resources	<u>1,670,298</u>	<u>1,028,955</u>
Liabilities:		
Current liabilities	7,466,304	11,255,152
Noncurrent liabilities	3,762,401	2,775,880
	<u>11,228,705</u>	<u>14,031,032</u>
Deferred Inflows of Resources	<u>820,193</u>	<u>973,758</u>
Net Position:		
Net investment in capital assets	6,837	6,725
Restricted by stabilization of State Statute	4,269,056	3,393,934
Unrestricted	(4,230,858)	(3,680,023)
	<u>\$ 45,035</u>	<u>\$ (279,364)</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Council exceeded liabilities and deferred inflows by \$45,035 of June 30, 2023. The Council's net position increased by \$324,399 for the fiscal year ended June 30, 2023. Of the net position, \$6,837 reflects the Council's net investment in capital assets (office and computer equipment, right-to-use assets, and vehicles). The Council uses these capital assets to provide services to constituent local government members; consequently, these assets are not available for future spending.

**CENTRAL PINES REGIONAL COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2023

**Table 2
Condensed Statement of Activities
June 30,**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for services	\$ 8,654,161	\$ 1,737,662
Intergovernmental revenues	20,146,395	17,975,884
General Revenues:		
Local government dues	701,110	1,125,927
Unrestricted investment earnings	199,669	3,063
Total Revenues	<u>29,701,335</u>	<u>20,842,536</u>
Expenses:		
Governmental Activities:		
General government	15,067,825	1,697,390
Transportation	2,668,773	250,599
Environmental protection	1,603,294	2,820,064
Economic and physical development	8,078,067	2,191,025
Human services	1,958,977	13,392,753
Total Expenses	<u>29,376,936</u>	<u>20,351,831</u>
Change in net position	324,399	490,705
Net position, July 1	<u>(279,364)</u>	<u>(770,069)</u>
Net position, June 30	<u>\$ 45,035</u>	<u>\$ (279,364)</u>

Governmental Activities. Governmental activities increased the Council's net position by \$324,399.

The Council's revenues were \$29,701,335. 68% of the Council's revenues come from federal and state revenues.

The Council's expenditures were \$29,376,936. 51% of the Council's expenditures were related to Human Services programs and 28% of expenses were member support related.

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.

CENTRAL PINES REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

Governmental Funds. The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the operating fund of the Council. At the end of the fiscal year, the General Fund unassigned fund balance reflects a deficit of \$2,148,369 while total fund balance was \$2,939,704, a consequence of State Statute requirements that program receivables are restricted. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The purpose of the comparison is to understand what resources are available for the coming year operations. At June 30, 2023, the fund balance of the governmental funds of the Council increased by \$569,557 over the prior year.

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 to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. The Council's total revenues were \$11 million less than budgeted and the Council's total expenditures were \$12 million less than the final budget.

Capital Assets and Debt Administration

Capital Assets. The Council's investment in capital assets for its governmental activities as of June 30, 2023 totals \$41,985 (net of accumulated depreciation and amortization). Capital assets include the GIS software system, vehicles, furniture, fixtures, and equipment, and are substantially depreciated. Capital assets also include right-to-use lease assets related to a building and copiers.

Additional information on the Council's capital assets can be found in Notes 4 and 5 of the basic financial statements.

Long-Term Debt. The Council's long-term debt consisted of the following for its governmental activities as of June 30, 2023: a net OPEB liability of \$1,723,744, compensated absences of \$204,557, lease liability of \$35,148 and net pension liability of \$1,823,310, totaling \$3,786,759.

Additional information on the Council's debt can be found in Note 6 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The governmental activities of the Council make up the largest percentage of both revenues and expenditures. The Council conducts its administration of the government programs primarily within the indirect cost budget of the government programs it monitors and administers.

The adopted budget for the coming fiscal year calls for funded expenditures of approximately \$34 million. The change in the adopted budget over the current year is attributable to an increase in grant funding and project income.

Requests for Information

This report is intended to provide a summary of the financial condition of the Council. Questions or requests for additional information should be addressed to:

Hope Tally, Chief Financial Officer
4307 Emperor Blvd., Ste. 110
Durham, NC 27703

CENTRAL PINES REGIONAL COUNCIL
STATEMENT OF NET POSITION

JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and cash investments	\$ 4,543,531
Accounts receivable	56,970
Due from other governments	4,212,086
Restricted cash	<u>1,569,063</u>
Total Current Assets	<u>10,381,650</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation and amortization	<u>41,985</u>
Total Noncurrent Assets	<u>41,985</u>
Total Assets	<u>10,423,635</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	1,288,281
OPEB deferrals	<u>382,017</u>
Total Deferred Outflows of Resources	<u>1,670,298</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	5,872,883
Unearned grant revenue	1,569,063
Lease liability	<u>24,358</u>
Total Current Liabilities	<u>7,466,304</u>
Noncurrent Liabilities:	
Compensated absences	204,557
Lease liability	10,790
Net pension liability	1,823,310
Net OPEB liability	<u>1,723,744</u>
Total Noncurrent Liabilities	<u>3,762,401</u>
Total Liabilities	<u>11,228,705</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	7,703
OPEB deferrals	<u>812,490</u>
Total Deferred Inflows of Resources	<u>820,193</u>
NET POSITION	
Net investment in capital assets	6,837
Restricted:	
Stabilization by State Statute	4,269,056
Unrestricted	<u>(4,230,858)</u>
Total Net Position	<u>\$ 45,035</u>

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and
				Changes in Net Position
				Primary Government
				Governmental Activities
Governmental Activities:				
Aging & Human services	\$15,067,825	\$ 36,807	\$15,047,268	\$ 16,250
Community & economic development	2,668,773	933,292	1,584,305	(151,176)
Environment & resilience	1,603,294	1,169,019	553,136	118,861
Member Support & Strategy	8,078,067	6,251,116	1,283,597	(543,354)
Transportation	1,958,977	263,927	1,678,089	(16,961)
Total Governmental Activities	\$ 29,376,936	\$ 8,654,161	\$ 20,146,395	\$ (576,380)
General Revenues:				
Local revenues not restricted				701,110
Unrestricted investment earnings				199,669
Total General Revenues				900,779
Change in net position				324,399
Net position, beginning of year				(279,364)
Net position, end of year				\$ 45,035

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL
BALANCE SHEET – GENERAL FUND

JUNE 30, 2023

ASSETS

Cash and investments	\$ 4,543,531
Accounts receivable	56,970
Due from other governments	4,212,086
Restricted cash	1,569,063
Total Assets	\$ 10,381,650

LIABILITIES

Program accounts payable and accrued expenses	\$ 5,872,883
Unearned grant revenue	1,569,063
Total Liabilities	7,441,946

FUND BALANCES

Restricted:	
Stabilization by State Statute	4,269,056
Assigned:	
Clean Water Education Partnership (CWEP)	96,203
Center of the Region Enterprise (CORE)	105,297
Triangle Area Rural Planning Organization (TARPO)	7,180
Triangle Area Water Supply Monitoring Project (TAWSMP)	171,235
Triangle Water Supply Partnership (TWSP)	439,102
Unassigned	(2,148,369)
Total Fund Balances	2,939,704
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,381,650

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

Ending fund balances - governmental funds.	\$ 2,939,704
Capital assets, including right-of-use assets, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,985
Some liabilities, including leases and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(239,705)
OPEB activity (including long-term liability, deferred outflows, and deferred inflows).	(2,154,217)
Pension activity (including long-term liability, deferred outflows, and deferred inflows) is not reported in the funds.	(542,732)
Net position of governmental activities	\$ 45,035

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GENERAL FUND**

YEAR ENDED JUNE 30, 2023

Revenues:

Federal government grants	\$	4,571,737
State government grants		420,335
Federal and state pass through		14,339,197
Member assessments		701,110
Special assessments		537,242
Local aging share		253,160
Program income/fees		8,654,161
Other income		2,879
Interest income		221,514
Total Revenues		<u>29,701,335</u>

Expenditures:

Aging & Human services		15,067,825
Community & economic development		2,668,773
Environment & resilience		1,603,294
Member Support and Strategy		7,831,599
Transportation		1,960,287
Total Expenditures		<u>29,131,778</u>
Net change in fund balances		569,557
Fund balances, beginning of year		<u>2,370,147</u>
Fund balances, end of year	\$	<u>2,939,704</u>

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

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

Net change in fund balances - total governmental funds	\$ 569,557
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:	
Depreciation and amortization expense for governmental assets, net of disposals	(239,411)
Some expenses reported in the statement of activities do not require the use of current financial resources in governmental funds and, therefore, are not reported as expenditures in the governmental funds:	
Pension related changes	(233,714)
OPEB related changes	31,474
Compensated absences related changes	(13,778)
The issuance of long-term debt (e.g., leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Repayments of lease liability	239,523
Other	(29,252)
Change in net position of governmental activities	<u>\$ 324,399</u>

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ANNUAL BUDGET AND ACTUAL – GENERAL FUND

YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Federal government grants	\$ 17,226,240	\$ 22,833,116	\$ 4,571,737	\$ (18,261,379)
State government grants	1,251,904	1,428,660	420,335	(1,008,325)
Federal and state pass through	10,964,296	11,137,879	14,339,197	3,201,318
Member assessments	704,669	723,096	701,110	(21,986)
Special assessments	980,570	993,684	537,242	(456,442)
Local aging share	253,159	253,159	253,160	1
Program income/fees	2,976,829	3,145,977	8,654,161	5,508,184
Other income	15,723	215,723	2,879	(212,844)
Interest income	-	75,000	221,514	146,514
Total Revenues	<u>34,373,390</u>	<u>40,806,294</u>	<u>29,701,335</u>	<u>(11,104,959)</u>
Expenditures:				
Aging & Human services	16,408,881	16,736,632	15,067,825	1,668,807
Community & economic development	3,067,520	4,144,174	2,668,773	1,475,401
Environment & resilience	1,352,900	2,049,945	1,603,294	446,651
Member Support & Strategy	11,108,473	15,780,475	7,831,599	7,948,876
Transportation	2,657,971	2,543,100	1,960,287	582,813
Total Expenditures	<u>34,595,745</u>	<u>41,254,326</u>	<u>29,131,778</u>	<u>12,122,548</u>
Other financing sources (uses):				
Appropriation of fund balance	222,355	448,032	-	448,032
Total other financing sources (uses)	<u>222,355</u>	<u>448,032</u>	<u>-</u>	<u>448,032</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	569,557	<u>\$ 569,557</u>
Fund balances, beginning of year			<u>2,370,147</u>	
Fund balances, end of year			<u>\$ 2,939,704</u>	

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL
STATEMENT OF FIDUCIARY NET POSITION – OPEB TRUST FUND

JUNE 30, 2023

ASSETS	
Cash and cash equivalents	<u>\$ 417,404</u>
NET POSITION	
Restricted for OPEB benefits	<u>\$ 417,404</u>

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – OPEB TRUST FUND

YEAR ENDED JUNE 30, 2023

Additions:	
Employer contributions	\$ 192,658
Net appreciation in fair value of investments	<u>173</u>
Total Additions	<u>192,831</u>
 Deductions:	
Benefit payments	<u>42,660</u>
Total Deductions	<u>42,660</u>
Change in net position	150,171
Net position restricted for OPEB benefits, beginning of year	<u>267,233</u>
Net position restricted for OPEB benefits, end of year	<u><u>\$ 417,404</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

CENTRAL PINES REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Nature of operations and summary of significant accounting policies

The accounting policies of the Central Pines Regional Council (the “Council”) conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity – The Council is one of 16 regional councils of government formed pursuant to the General Statutes of North Carolina, Chapter 160A, Article 20, Part 2. Membership in the Council consists of seven counties (Durham, Orange, Wake, Chatham, Johnston, Lee, and Moore) and 39 municipalities from within those counties. The Board of Delegates is comprised of one delegate from each governmental unit.

Purpose – The Council’s purpose is to provide a forum for consideration of multi-jurisdictional matters affecting health, safety, welfare, education, recreation, economic conditions, regional planning, and development. The amount of local contribution from the members for the year ended June 30, 2023 (based on July 1999 capital) was \$0.39 for the first 150,000 persons, then \$0.20 per person thereafter. County dues exclude the incorporated population of the municipalities.

During the year ended June 30, 2017, the Council created Triangle J Regional Corporation, a 501(c)(3) not-for-profit organization. There was no activity within Triangle J Regional Corporation during the year ended June 30, 2023.

Basis of Presentation

Government-Wide Financial Statements – The Council has implemented Government Accounting Standards Board (“GASB”) 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and related standards. The statement of net position and the statement of activities display information about the Council. These statements include the financial activities of the overall council. Eliminations have been made to minimize the double counting of internal activities. These statements display the governmental activities of the Council. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

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. 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 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 maintains one governmental fund and one fiduciary fund which are described as follows:

General Fund – The General Fund is the general operating fund of the Council. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are federal and state grants, technical assistance contracts, contracts and fees, and member dues. The primary expenditures are for area agencies on aging, planning assistance and administration, and the regional initiatives group.

Other Postemployment Benefit Trust Fund – The Other Postemployment Benefit (“OPEB”) Trust Fund is used to report resources that are required to be held in trust for the members and beneficiaries of the other postemployment benefit plan. The OPEB Trust Fund accounts for the Council’s contributions for healthcare coverage provided to qualified retirees.

Measurement Focus and Basis of Accounting – In accordance with North Carolina Statutes, all funds of the Council are maintained during the year using the modified accrual basis of accounting.

CENTRAL PINES REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Nature of operations and summary of significant accounting policies (continued)

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 Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. General capital asset acquisitions are reported as expenditures in governmental funds.

Budgetary Data – The Council's budget ordinance is adopted, as required by the North Carolina General Statutes, on or before July 1 for the next fiscal year.

Expenditures may not legally exceed appropriations at the program or project level. The Council's finance 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 Board of Delegates, and the budget amounts reflected in the statement of revenues, expenditures, and changes in fund balance represent the budget as amended to June 30, 2023. Unencumbered annual appropriations lapse at each fiscal year-end and must be re-appropriated in the following fiscal year's budget.

Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 the actual rate.

Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Balance/Net Position

Deposits and Investments – All deposits of the Council are made in board-designated official depositories and are either insured by the Federal Deposit Insurance Corporation ("FDIC") or held in investment vehicles authorized by the State Treasurer.

State law [G.S. 159-30 (c)] authorizes the Council to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the state of North Carolina; bonds and notes of any North Carolina local government or public council; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT").

The Council's investments are primarily in securities of the NCCMT Government Portfolio. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at amortized cost which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than six months.

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Nature of operations and summary of significant accounting policies (continued)

Cash and Cash Equivalents – The Council combines cash from program awards into one operating account to facilitate disbursements and investments and to maximize investment income. The Council considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Accounts Receivable – The Council considers all revenues available if they are collected within 90 days subsequent to year-end except for grant receivables. Grant-related receivables are considered to be available regardless of when the amounts are collected. Grant revenues for which eligibility requirements have not been met at year-end are recorded as unearned revenues.

Those revenues susceptible to accrual are member dues, investment earnings, technical assistance contracts, contracts and fees, and federal and state restricted intergovernmental revenues. Expenditures driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The Council provides for losses on receivables on the allowance method. The allowance method is based on experience, third party contracts, and other circumstances, which may affect the ability of debtors to meet their obligations. It is the Council's policy to charge-off uncollectible receivables when management determines the receivable will not be collected. Management of the Council believes all receivables will be collected. Therefore, no allowance for uncollectible accounts is considered necessary.

Capital Assets – Capital assets are defined by the Council as (a) physical assets and (b) technological assets with an initial, individual cost greater than or equal to (a) \$5,000 and (b) \$30,000 and an estimated useful life in excess of two years. Council assets meeting this definition are recorded at original cost at the time of acquisition and depreciated over the useful lives, ranging from 5 to 10 years, on a straight-line basis. 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.

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

Compensated Absences – Council policy provides the accumulation of earned vacation up to 240 hours. Leave is fully vested when earned. Accumulated earned vacation at June 30, 2023 was \$204,557. Accumulated vacation is accounted for on a LIFO basis, assuming employees are taking leave as it is earned. The current portion of the accumulated vacation pay is not considered to be material and, therefore, no provision has been made in the accompanying financial statements. Employees can accumulate an unlimited amount of sick leave. Accrued sick leave may be used in the determination of length of service for retirement benefit purposes. Since the Council has no further obligation for accumulated sick leave, no accrual for sick leave has been made.

Coverage for other postretirement benefits is provided through common insurance carriers.

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Council has two items that meet this criterion, its contributions and other deferrals made to the Local Government Employees' Retirement System ("LGERS") and contributions and other deferrals made to the Council's OPEB plan.

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Nature of operations and summary of significant accounting policies (continued)

Deferred Inflows of Resources – In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Council has three items that meet this criterion, deferrals related to future changes of the pension, OPEB liabilities and unavailable revenue received outside the Council's 90-day policy at the general fund.

Net OPEB Liability – The Council maintains one postemployment benefit plan. The plan's financial statement is prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Contributions are recognized when due, and the Council will provide the contributions to the Plan. Benefits and refunds are recognized when due and payable in accordance with the term of the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Deposits in savings account are at fair value. Administration costs of the plan are financed through investment earnings and deposits made by the Council.

Pension – 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 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 members' 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 contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Unearned Revenue – Unearned revenue represents grant receipts not yet earned (not expended).

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

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 – 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. There was no nonspendable balance in the current year.

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

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

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1—Nature of operations and summary of significant accounting policies (continued)

Committed – Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Council’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. There was no committed balance in the current year.

Assigned – Portion of fund balance that the Council intends to use for specific purposes.

Subsequent Year’s Expenditures for Triangle Area Water Supply Monitoring Project, Clean Water Education Partnership, Triangle Water Supply Partnership, Triangle Area Regional Planning Organization, CORE – Portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Finance Director to modify the appropriations by resource or appropriation within funds.

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

When both restricted and unrestricted resources are available to use, it is the Council’s policy to use restricted resources first then unrestricted resources, as they are needed.

Note 2—Deposits and investments

All of the Council’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Council’s agents in the unit’s name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Council, these deposits are considered to be held by the agent in the entity’s name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Council or with 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 depository that collateralizes public deposits under the Pooling Method.

At June 30, 2023, the Council’s deposits had a carrying amount of \$833,119 and a bank balance of \$1,251,247. Of the bank balance, \$250,000 was covered by FDIC. The remaining bank balance is collateralized under the Pooling Method.

At June 30, 2023, the Council had the following investments:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2023	Maturity	Rating
NCCMT - Government Portfolio	Fair Value Level 1	\$5,279,475	Less than 6 months	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 2—Deposits and investments (continued)

Level of fair value hierarchy: Level 1 investment securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

The Council's investment in the NCCMT's Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2023. The Authority has no formal policy regarding credit risk on its investments. At June 30, 2023 the Council's OPEB Fund had \$417,404 in a Business Market Rate savings account.

Note 3—Receivables

The amount due from other governments and other receivables that is owed to the Council at June 30, 2023 consists of the following:

DHHS - Div of Aging & Adult Services	\$ 2,017,403
NC Department of Transportation	936,558
Capital Area MPO	154,838
Other receivables	1,160,257
	<u>\$ 4,269,056</u>

Note 4—Capital assets

The capital assets of the Council at June 30, 2023 consist of an office building, administrative and program equipment and vehicles. The following is a schedule of capital assets:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets being depreciated:				
Vehicles	\$ 17,779	\$ -	\$ -	\$ 17,779
Equipment	2,444	-	(2,444)	-
	<u>20,223</u>	<u>-</u>	<u>(2,444)</u>	<u>17,779</u>
Less accumulated depreciation for:				
Vehicles	6,985	2,539	-	9,524
Equipment	509	815	(1,324)	-
	<u>7,494</u>	<u>3,354</u>	<u>(1,324)</u>	<u>9,524</u>
Total capital assets being depreciated, net	<u>12,729</u>			<u>8,255</u>
Capital assets being amortized:				
Building	480,820	-	-	480,820
Copier	44,531	-	(22,783)	21,748
	<u>525,351</u>	<u>-</u>	<u>(22,783)</u>	<u>502,568</u>
Less accumulated amortization for:				
Building	230,794	230,794	-	461,588
Copier	25,890	4,143	(22,783)	7,250
	<u>256,684</u>	<u>\$ 234,937</u>	<u>\$ (22,783)</u>	<u>468,838</u>
Total capital assets being amortized, net	<u>268,667</u>			<u>33,730</u>
Governmental acuities capital assets, net	<u>\$ 281,396</u>			<u>\$ 41,985</u>

CENTRAL PINES REGIONAL COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 5—Retirement plan

Local Governmental Employees' Retirement System

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

Benefits Provided – LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member’s average final compensation, times the member’s years of creditable service. A member’s average final compensation is calculated as the average of a member’s four highest consecutive years of compensation. Plan members are eligible to retire with 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 postretirement benefit increases. Increases are contingent upon actuarial gains of the Plan.

Contributions – Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. 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, 2023 was 12.10% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the Plan from the Council were \$322,882 for the year ended June 30, 2023. The contributions made from the Council equaled the required contributions for the year.

Refund of Contributions – Council employees who have terminated service as a contributing member of LGERS may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to the 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, 2023, the Council reported a liability of \$1,823,310 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The Council’s proportion of the net pension liability was based on a projection of the Council’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Council’s proportion was 0.03232%, which was a decrease of 0.00629% from its proportion measured at June 30, 2021.

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 5—Retirement plan (continued)

For the fiscal year ended June 30, 2023, the Council recognized pension expense of \$556,592. At June 30, 2023, 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	\$ 78,565	\$ 7,703
Changes of assumptions	181,925	-
Net difference between projected and actual earnings on pension plan investments	602,623	-
Changes in proportion and differences between Council contributions and proportionate share of contributions	102,286	-
Council contributions subsequent to the measurement date	322,882	-
	<u>\$ 1,288,281</u>	<u>\$ 7,703</u>

Deferred outflows of resources related to pensions resulting from the Council’s contributions subsequent to the measurement date of \$322,882 will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Years Ending June 30,</u>	
2024	\$ 309,461
2025	264,814
2026	96,321
2027	287,100
	<u>\$ 957,696</u>

Actuarial Assumptions – The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on projections from 2010 using generational improvement with Scale Mortality Projections-2019 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, 2021 valuation were based on the results of an actuarial experience study from January 1, 2015 through December 31, 2019.

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

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 5—Retirement plan (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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

The information above is based on 30-year expectations developed with the consulting actuary for the liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. All rates of return and inflation are annualized.

Asset Class	Target Allocation	Long-Term Expected Real Estate
Fixed income	29.0%	2.1%
Global equity	42.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	7.5%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
	100.0%	

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

Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Council's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Council's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Council's proportionate share of the net pension liability (asset)	\$ 3,290,839	\$ 1,823,310	\$ 613,980

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 5—Retirement plan (continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

Supplemental Retirement Income Plan

All full-time employees of the Council, who are members of LGERS, can voluntarily elect to participate in the Supplemental Retirement Income Plan of North Carolina. This plan is a defined contribution pension plan governed by the Department of the State Treasurer and a Board of Trustees. Participation begins at the date of employment in a defined contribution plan; benefits depend solely on amounts contributed to the plan plus investment earnings. The Council contributes amounts equal to 5% of each employee’s gross annual salary. Contributions are remitted bi-weekly and such contributions vest immediately. Council contributions to the plan totaled \$133,613 for the year ended June 30, 2023.

Note 6—Other postemployment benefits

Plan Administration – Under the terms of a Council resolution, the Council administers a single-employer defined benefit healthcare plan (the “Retiree Health Plan”). The plan provides postemployment healthcare benefits to retirees of the Council, provided they participate in the North Carolina LGERS and have at least five years of creditable service with the Council. The Council pays a percentage of the premium for the coverage based on the equivalent years of service as follows:

Retire with CPRC Service:		Individual Health Insurance Premium:	
<u>At Least</u>	<u>Not More Than</u>	<u>CPRC Pays</u>	<u>Employee Pays</u>
5 years	10 years	25%	75%
10 years	15 years	50%	50%
15 years	20 years	75%	25%
20+ years		100%	0%

Membership in the Retiree Health Plan consisted of 11 retirees and 33 active employees for a total of 44 employees included in the calculation as of June 30, 2023. The Council’s retirees may elect to purchase coverage for their dependents at the Council’s group rates. The Council’s board may amend the benefit provisions. A separate report was not issued for the Retiree Health Plan.

Funding Policy – By Council resolution, the Council pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Council has chosen to fund the healthcare benefits on a pay-as-you-go basis. In fiscal year ended June 30, 2023, the Council’s total contributions were \$192,658. The OPEB Trust Fund is accounted for as a trust fund.

Benefits Provided – The Council’s plan provides healthcare benefits for retirees. The Council pays a percentage of the cost of coverage for employees’ benefits through private insurers.

The following are the Council’s contributions to the plan based on years of creditable service as of June 30, 2023:

<u>Years of Creditable Service</u>	<u>Date Hired Pre-July 1, 2007</u>	<u>Date Hired on or After July 1, 2007</u>
Less than 10 years	43.75%	0.00%
10 to 20 years	32.00%	0.00%
More than 20 years	24.25%	0.00%

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 6—Other postemployment benefits (continued)

Investment Policy – The Council’s policy in regard to the allocation of invested assets is established and may be amended by the board by a majority vote of its members. It is the policy of the board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Council discourages the use of cash and cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value.

The following was the board’s adopted asset allocation policy as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and cash equivalents	100%	0.03%

For the year ended June 30, 2023, the annual money weighted rate of return on investments, net of investment expense, was 0.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Council – The components of the net OPEB liability of the Council at June 30, 2023 were as follows:

Net OPEB Liability

Total OPEB liability	\$ 2,141,148
Plan fiduciary net position	<u>417,404</u>
Net OPEB liability	<u>\$ 1,723,744</u>

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions

Inflation	3.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases	3.25% - 8.41%
Investment rate of return	0.03%
Municipal bond index rate - prior measurement date	3.54%
Municipal bond index rate - measurement date	3.65%
Single equivalent interest rate - prior measurement date	2.56%
Single equivalent interest rate - measurement date	2.21%
Healthcare cost trend rates - Pre-Medicare	7.00% for 2022 decreasing to an
Healthcare cost trend rates - Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 6—Other postemployment benefits (continued)

The total OPEB liability was rolled forward to June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The discount rate used to measure the total OPEB liability was based upon the single equivalent interest rate.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS.

The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Council, as well as what the Council's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Net OPEB liability	\$ 2,172,414	\$ 1,723,744	\$ 1,377,395

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the Council, as well as what the Council's net OPEB liability would be if it were calculated using healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,315,618	\$ 1,723,744	\$ 2,275,673

Changes in Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2023, the Council reported a net OPEB liability of \$1,723,744. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Changes of Assumptions – Changes of assumptions and other inputs reflect a change in the discount rate from 2.56% in 2022 to 2.21% in 2023.

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 6—Other postemployment benefits (continued)

The components of the net OPEB liability of the Council, measured as of June 30, 2023 were as follows:

	<u>Total OPEB Liability (a)</u>	<u>Plan Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance as of June 30, 2022	\$ 2,417,942	\$ 267,233	\$ 2,150,709
Changes for the year:			
Service cost at the end of the year	134,985	-	134,985
Interest on TOL and cash flows	61,357	-	61,357
Change in benefit terms	-	-	-
Difference between expected and actual experience	(594,425)	-	(594,425)
Changes of assumptions or other inputs	163,949	-	163,949
Contributions - employer	-	192,658	(192,658)
Contributions - non-employer	-	-	-
Net investment income	-	173	(173)
Benefit payments	(42,660)	(42,660)	-
Plan administrative expenses	-	-	-
Other	-	-	-
Net changes	<u>(276,794)</u>	<u>150,171</u>	<u>(426,965)</u>
Balance as of June 30, 2023	<u>\$ 2,141,148</u>	<u>\$ 417,404</u>	<u>\$ 1,723,744</u>

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 6—Other postemployment benefits (continued)

For the year ended June 30, 2023, the Council recognized OPEB expense of \$161,184. At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,587	\$ 540,286
Changes of assumptions or other inputs	369,430	270,488
Net difference between projected and actual earnings on plan investments	-	1,716
	<u>\$ 382,017</u>	<u>\$ 812,490</u>

The reported deferred outflows of resources net of deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period for Fiscal Years Ending June 30:

2024	\$ (29,415)
2025	(51,667)
2026	(110,704)
2027	(130,642)
2028	(94,161)
Thereafter	(13,884)
	<u>\$ (430,473)</u>

The financial statements for the OPEB Trust Fund is shown as a fiduciary fund on pages 16 and 17.

Note 7—Other Employment Benefits

The Council has elected to provide death benefits to employees through the Death Benefit Plan for members of the LGERS ("Death Benefit Plan"), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the system, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. 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. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Council considers these contributions to be immaterial.

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 8—Long-term obligations

Leases –The Council leases certain facilities and equipment under noncancelable leases. The lease agreements qualify as other than short-term lease agreements under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The leases have various terms, with maturity ranging from July 2023 and December 2026. The leases have discount rate of 3.25%. As a lessee, the Council recognized lease assets and lease liabilities on the statement of net position. See Note 5 for further information.

The future minimum lease obligations and the net present value of the operating and finance lease payments as of June 30, 2023 are as follows:

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 24,358	\$ 478	\$ 24,836
2025	4,211	288	4,499
2026	4,350	149	4,499
2027	2,229	22	2,251
	<u>\$ 35,148</u>	<u>\$ 937</u>	<u>\$ 36,085</u>

Change in Long-Term Obligations – A summary of changes in long-term obligations for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Net Increase</u>	<u>Net Decrease</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Net OPEB liability	\$ 2,150,711	\$ -	\$ (426,967)	\$ 1,723,744	\$ -
Compensated absences	190,779	173,583	(159,805)	204,557	-
Leases	274,671	-	(239,523)	35,148	24,358
Net pension liability	399,195	1,424,115	-	1,823,310	-
	<u>\$ 3,015,356</u>	<u>\$ 1,597,698</u>	<u>\$ (826,295)</u>	<u>\$ 3,786,759</u>	<u>\$ 24,358</u>

Note 9—Risk management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Council obtains general liability of \$5 million per occurrence, auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Council carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past fiscal years. In accordance with G.S. 159-29, the Council's employees that have access to \$100 or more at any given time of the Council's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

CENTRAL PINES REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10—Contingent liabilities

The Council is the recipient of various state and federal awards for specific purposes that are subject to review and possibly final audit by the grantor agencies. Such audits could lead to requests by the grantor agencies for reimbursement of expenditures disallowed under the compliance terms of the grant. At June 30, 2023, no requests for reimbursement by the grantor agencies existed for those grants which have been subjected to grantor audits.

Note 11—Concentration of risk

A material part of the Council's support is derived from grants from the North Carolina Department of Health and Human Services – Division of Aging. This support represented 51% of the Council's total revenue for the year ended June 30, 2023. The loss of this revenue would have an adverse effect on the Council's ability to continue to provide its aging services.

Note 12—Subsequent events

The Council has evaluated subsequent events through December 1, 2023, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. The Council entered into a partnership with Durham Chapel Hill Carrboro Metropolitan Planning Organization to provide tenancy and administrative support effective July 1, 2023. The Council also entered into a new 10-year building lease agreement effective August 1, 2023.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

This section contains additional information required by governmental accounting standards board.

- Schedule of Changes in Net OPEB Liability, Related Ratios, and Investment Returns
- Schedule of OPEB Investment Returns
- Schedule of OPEB Employer Contributions
- Schedule of Proportionate Share of Net Pension Liability
- Schedule of Contributions

CENTRAL PINES REGIONAL COUNCIL
OTHER POSTEMPLOYMENT BENEFITS –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY, RELATED RATIOS, AND
INVESTMENT RETURNS

LAST SIX FISCAL YEARS ENDING JUNE 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 134,985	\$ 158,078	\$ 163,836	\$ 112,344	\$ 62,775	\$ 66,435
Interest	61,357	48,731	50,542	59,678	59,009	52,713
Changes of benefit terms	-	-	40,278	-	-	-
Difference between expected and actual experience	(594,425)	3,334	(74,097)	(4,424)	45,705	48,354
Changes in assumptions	163,949	(307,957)	(105,169)	483,197	215,218	(85,011)
Benefit payments	(42,660)	(44,414)	(34,401)	(28,207)	(21,584)	(71,569)
Net change in total OPEB liability	<u>(276,794)</u>	<u>(142,228)</u>	<u>40,989</u>	<u>622,588</u>	<u>361,123</u>	<u>10,922</u>
Total OPEB liability, beginning	<u>2,417,942</u>	<u>2,560,170</u>	<u>2,519,181</u>	<u>1,896,593</u>	<u>1,535,470</u>	<u>1,524,548</u>
Total OPEB liability, ending	<u>\$ 2,141,148</u>	<u>\$ 2,417,942</u>	<u>\$ 2,560,170</u>	<u>\$ 2,519,181</u>	<u>\$ 1,896,593</u>	<u>\$ 1,535,470</u>
Plan fiduciary net position						
Contributions - employer	\$ 192,658	\$ 44,414	\$ 97,445	\$ 102,861	\$ 91,682	\$ 20,463
Contributions - non-employer	-	-	-	-	-	-
Contributions - active member	-	-	-	-	-	-
Net investment income	173	2,877	21	31	16	23
Benefit payments	(42,660)	(44,414)	(34,401)	(28,207)	(21,584)	(71,569)
Administrative expense	-	-	-	-	-	-
Other	-	-	-	-	-	46,797
Net change in plan fiduciary net position	<u>150,171</u>	<u>2,877</u>	<u>63,065</u>	<u>74,685</u>	<u>70,114</u>	<u>(4,286)</u>
Plan fiduciary net position, beginning	<u>267,233</u>	<u>264,356</u>	<u>201,291</u>	<u>126,606</u>	<u>56,492</u>	<u>60,778</u>
Plan fiduciary net position, ending	<u>\$ 417,404</u>	<u>\$ 267,233</u>	<u>\$ 264,356</u>	<u>\$ 201,291</u>	<u>\$ 126,606</u>	<u>\$ 56,492</u>
Net OPEB liability - ending	\$ 1,723,744	\$ 2,150,709	\$ 2,295,814	\$ 2,317,890	\$ 1,769,987	\$ 1,478,978
Plan fiduciary net position as a percentage of the total OPEB liability	19.49%	11.05%	10.33%	7.99%	6.68%	3.68%

* This schedule is intended to show information for 10 years. This schedule will not present 10 years of information until fiscal year 2026.

CENTRAL PINES REGIONAL COUNCIL
OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS –
SCHEDULE OF OPEB EMPLOYER CONTRIBUTIONS AND NOTES TO
THE REQUIRED SCHEDULE

LAST SIX FISCAL YEARS ENDING JUNE 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 405,734	\$ 405,734	\$ 404,714	\$ 404,714	\$ 276,180	\$ 276,180
Contributions in relation to the Actuarially Determined Contribution	<u>192,658</u>	<u>44,414</u>	<u>97,445</u>	<u>102,861</u>	<u>91,682</u>	<u>67,260</u>
Annual contribution deficiency (excess)	<u>\$ 213,076</u>	<u>\$ 361,320</u>	<u>\$ 307,269</u>	<u>\$ 301,853</u>	<u>\$ 184,498</u>	<u>\$ 208,920</u>
Covered employee payroll	\$ 1,470,449	\$ 2,010,476	\$ 2,010,476	\$ 1,685,103	\$ 1,685,103	\$ 1,223,575
Actual contributions as a percentage of covered employee payroll	13.10%	2.21%	4.85%	6.10%	5.44%	5.50%

⁽¹⁾ *Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

CENTRAL PINES REGIONAL COUNCIL
OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS –
SCHEDULE OF OPEB EMPLOYER CONTRIBUTIONS AND NOTES TO
THE REQUIRED SCHEDULE

LAST SIX FISCAL YEARS ENDING JUNE 30

Notes to the Required Schedule

Actuarially determined contribution rates, as a percentage of payroll used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated with each biennial actuarial valuation. The following actuarial methods and assumptions (from the June 30, 2022 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	30 years, closed
Asset valuation method	Market value of assets

Actuarial assumptions:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases	3.25 - 8.41%
Investment rate of return	0.03%
Municipal bond index rate - prior measurement date	3.54%
Municipal bond index rate - measurement date	3.65%
Year FNP depletion projected - prior measurement date	2044
Year FNP depletion projected - measurement date	2048
Single equivalent interest rate - prior measurement date	2.56%
Single equivalent interest rate - measurement date	2.21%
Healthcare cost trend rates - Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Healthcare cost trend rates - Medicare	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

Schedule of Investment Returns

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	56.19%	1.09%	31.33%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	54.60%	130%	-7.05%

CENTRAL PINES REGIONAL COUNCIL
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM –
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITIES AND SCHEDULE OF CONTRIBUTIONS

*LAST TEN FISCAL YEARS ENDED JUNE 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion of the net pension liability (asset) (%)	0.032%	0.026%	0.026%	0.026%	0.025%	0.026%	0.023%	0.024%	0.027%	0.027%
Council's proportion of the net pension liability (asset) (\$)	\$ 1,823,310	\$ 399,195	\$ 921,587	\$ 716,321	\$ 600,914	\$ 401,638	\$ 485,166	\$ 108,159	\$ 323,043	\$ 323,043
Council's covered payroll	\$ 2,260,266	\$ 2,065,868	\$ 1,985,350	\$ 1,859,630	\$ 1,729,645	\$ 1,635,289	\$ 1,376,448	\$ 1,472,426	\$ 1,237,322	\$ 1,237,322
Council's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.67%	19.32%	46.42%	38.52%	34.74%	24.56%	35.25%	7.35%	10.65%	22.25%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	95.51%	88.61%	90.86%	91.63%	98.31%	97.97%	98.09%	102.64%	94.35%
Schedule of Contributions										
	<u>2023</u>	<u>2022</u>	<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	\$ 322,882	\$ 255,166	\$ 210,512	\$ 178,483	\$ 144,865	\$ 130,516	\$ 119,540	\$ 91,809	\$ 105,581	\$ 105,921
Contributions in relation to the contractually required contribution	<u>322,882</u>	<u>255,166</u>	<u>210,512</u>	<u>178,483</u>	<u>144,865</u>	<u>130,516</u>	<u>119,540</u>	<u>91,809</u>	<u>105,581</u>	<u>105,921</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Council's covered payroll	\$ 2,683,663	\$ 2,260,266	\$ 2,065,868	\$ 1,985,350	\$ 1,859,630	\$ 1,729,645	\$ 1,635,289	\$ 1,376,448	\$ 1,472,426	\$ 1,237,322
Contributions as a percentage of covered payroll	12.03%	11.29%	10.19%	8.99%	7.79%	7.55%	7.31%	6.67%	7.17%	8.56%

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

SUPPLEMENTARY INFORMATION

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF INDIRECT COSTS –
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Indirect Personnel Costs:			
Salaries	\$ 484,887	\$ 514,260	\$ (29,373)
Fringe benefits	192,730	197,571	(4,841)
	<u>677,617</u>	<u>711,831</u>	<u>(34,214)</u>
Administrative Costs:			
Telecommunications	184,935	177,471	7,464
Travel-mileage	1,500	1,463	37
Computer Equipment	4,000	-	4,000
Leased Equipment	8,500	5,605	2,895
Software Maintenance	16,220	16,179	41
Office Furnishings	1,500	756	744
Recruitment Cost	7,500	9,468	(1,968)
Rent Building	235,054	240,385	(5,331)
Rent Facility	2,500	2,687	(187)
General Supplies	7,000	4,845	2,155
Postage	2,600	3,235	(635)
Printing	13,000	2,620	10,380
Conferences/Professional Development	18,000	14,653	3,347
Contractual	13,660	918	12,742
Legal Cost	6,000	6,256	(256)
Audit Cost	35,450	38,250	(2,800)
Dues & Subscriptions	5,870	2,848	3,022
Insurance	13,000	11,152	1,848
	<u>576,289</u>	<u>538,791</u>	<u>37,498</u>
Total Indirect Costs	<u>\$ 1,253,906</u>	<u>\$ 1,250,622</u>	<u>\$ 3,284</u>

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF INDIRECT COSTS APPLIED TO PROGRAMS

YEAR ENDED JUNE 30, 2023

	<u>Program Salaries and Fringe</u>	<u>Actual Indirect Costs Allocated to Programs Based on Salaries</u>
319 Septic Phase II	\$ 5,720	\$ 2,208
ACL Vaccine Outreach	9,592	2,960
Aging Ombudsman	373,028	121,793
Aging Planning & Administration	482,392	158,220
Alt Fuel Resilience Plan	12,493	5,361
American Rescue Plan	172,869	62,539
ARP CDS Johnston	769	251
ARP Planning & Admin	167,231	54,601
ARP Title III-D-Health Promotion	31,504	10,287
Cary CDBG	44,771	14,977
CDS-Chatham	2,076	880
Center of the Region Enterprise (CORE)	23,265	10,081
Chatham ESFR21	11,214	4,248
Chatham Housing Project	39,573	15,063
Clean Fuels Advanced Technologies	45,759	14,886
Clean Water Education Partnership (CWEP)	38,816	15,592
Community & Economic Dev Strategy & Technical Assistance	55,132	20,306
DEQ ARPA	12,948	3,725
Drive EV USA	50,084	12,317
Drug Alcohol Testing Program	7,382	2,392
Durham MPO	40,173	8,000
Economic Development District	41,056	15,170
Elder Abuse	13,200	4,342
Environment & Resilience Strategy & Technical Assistance	23,779	9,619
EPA Brownfields	7,893	3,232
ESFR 2019 Durham County	74	-
ESFR 2019 Harnett County	103	-
ESG Chatham County	1,892	780
ESHPP Addor Community Center	3,357	1,341
ESHPP Lee County	1,542	570
ESHPP Princeton Grade School	3,049	1,278
Family Caregiver	112,984	36,924
FHLB Grant	3,555	1,288
Foreign Trade Zone	53,474	18,286
Goldston ARPA Administration	3,343	986
Grant Assistance	80,549	29,258
Haw River Specialist	47,242	18,215
Health Promotion	9,153	2,987
Housing Strategy & Technical Assistance	26,918	10,001

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF INDIRECT COSTS APPLIED TO PROGRAMS (CONTINUED)

YEAR ENDED JUNE 30, 2023

	<u>Program Salaries and Fringe</u>	<u>Actual Indirect Costs Allocated to Programs Based on Salaries</u>
JLOW Jan 2022-Jun 2023	\$ 18,498	\$ 6,917
JLOW Membership	24,946	10,749
Lee County ESFR 2021	803	-
Local Contact Agency (LCA)	934	358
Member Assistance	14,191	-
Member Support & Strategy Technical Assistance	165,263	59,196
MIPPA V	2,520	856
MIPPA VI	1,084	500
Morrisville Small Business	3,148	987
NC Recovery & Resiliency	6,684	2,173
NCARCOG Subrecipient Process	12,426	4,613
NCDEQ Meeting Facilitation	9,092	1,294
Raleigh Watershed Protection	20,015	8,337
Regional Data Center	62,911	23,882
Regional Summit	4,355	1,751
Safe Routes to School	12,760	5,000
Saralyn	1,884	-
State Homebound Vaccine Outreach	3,328	1,044
Transportation Demand Management (TDM)	273,620	97,975
Transportation Strategy & Technical Assistance	47,139	18,261
Triangle Area Rural Planning Organization	121,217	45,462
Triangle Area Water Supply Monitoring Project	14,170	7,651
Triangle Clean Cities	74,415	45,498
Triangle Region Solid Waste Consortium	23,452	9,228
Triangle Sustainability Partnership (Solarize)	18,198	6,605
Triangle Water Supply Partnership	29,971	16,761
Tri-COG FEEDS	9,763	3,754
Upper Cape Fear River Basin	15,222	5,981
Urban Transportation Support & Regional Planning Coordinati	270,345	97,006
URP 2021 Lee County	454	174
URP-ESFR Orange County	28,982	10,898
USDA Rural Development HPG	1,970	732
Veteran Directed Home & Community Based Services	977	429
Wake County ARPA	31,949	9,502
Wake County Non-ARPA	65,777	48,054
Wake ESFR21	10,903	4,030
Total Indirect Costs	<u>\$ 3,463,320</u>	<u>\$ 1,250,622</u>

CENTRAL PINES REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF PROGRAM REVENUES –
BUDGET AND ACTUAL – GENERAL FUND

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Aging & Human Services:			
ACL Vaccine Outreach	\$ 102,071	\$ 100,048	\$ (2,023)
Aging Fans	17,360	17,760	400
Aging Ombudsman	581,319	513,107	(68,212)
Aging Planning & Administration	750,298	645,444	(104,854)
Aging Senior Center-GP	156,830	156,459	(371)
ARP CDS Johnston	33,110	6,847	(26,263)
ARP Congregate	518,687	681,882	163,195
ARP Family Caregiver	419,950	170,552	(249,398)
ARP Home Delivered Meals	700,000	799,973	99,973
ARP Ombudsman	39,112	685	(38,427)
ARP Planning & Admin	758,411	229,327	(529,084)
ARP Title III-B	778,288	551,845	(226,443)
ARP Title III-D-Health Promotion	203,290	46,305	(156,985)
CDS-Chatham	43,950	36,807	(7,143)
Elder Abuse	22,673	20,304	(2,369)
Family Caregiver	752,968	694,934	(58,034)
Health Promotion	124,432	112,331	(12,101)
Home Com Care Block Grant	10,106,104	9,948,225	(157,879)
Legal	49,585	49,575	(10)
Local Contact Agency (LCA)	4,941	1,623	(3,318)
MIPPA V	93,109	-	(93,109)
MIPPA VI	95,538	95,538	-
State Homebound Vaccine Outreach	2,567	(9,187)	(11,754)
Supplemental 5 Congregate Meals	95,844	95,844	-
Supplemental 5 Home Delivered	186,928	17,789	(169,139)
Veteran Directed Home & Community Based Services	99,267	100,056	789
	<u>16,736,632</u>	<u>15,084,073</u>	<u>(1,652,559)</u>

CENTRAL PINES REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF PROGRAM REVENUES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Community & Economic Development:			
C Saralyn	\$ 185,742	\$ -	\$ (185,742)
Cary CDBG	65,000	64,746	(254)
Center of the Region Enterprise (CORE)	46,736	32,500	(14,236)
Chatham ESFR21	170,000	123,225	(46,775)
Chatham Housing Project	60,000	60,000	-
Chatham URP23	131,000	-	(131,000)
Community & Economic Dev Strategy & Technical	101,569	76,135	(25,434)
DEQ ARPA	1,276,579	990,970	(285,609)
Digital Inclusion	31,000	-	(31,000)
Durham County ESFR 2022	12,000	-	(12,000)
Durham MPO	88,000	41,849	(46,151)
Economic Development District	68,655	60,392	(8,263)
EPA Brownfields	217,230	60,528	(156,702)
ESFR 2018 Lee County	29,974	29,974	-
ESFR 2019 Durham County	71,200	67,983	(3,217)
ESFR 2019 Harnett County	75,625	76,227	602
ESG Chatham County	19,036	-	(19,036)
ESHPP Addor Community Center	10,332	4,912	(5,420)
ESHPP Lee County	18,862	2,181	(16,681)
ESHPP Princeton Grade School	22,623	4,419	(18,204)
FHLB Grant	161,890	90,000	(71,890)
Foreign Trade Zone	95,862	80,438	(15,424)
Harnett County ESFR 2022	12,000	-	(12,000)
Haw River Specialist	177,925	167,387	(10,538)
Housing Strategy & Technical Assistance	37,799	36,946	(853)
Lee County ESFR 2021	12,000	11,600	(400)
Morrisville Small Business	10,503	4,184	(6,319)
Regional Data Center	104,002	93,300	(10,702)
Saralyn	1,885	1,884	(1)
Selma UDO	13,631	-	(13,631)
Tri-COG FEEDS	24,449	14,257	(10,192)
Urban Transportation Support & Regional Planning Coord	422,665	472,404	49,739
URP 2021 Lee County	30,000	10,000	(20,000)
URP-ESFR Orange County	68,400	39,880	(28,520)
USDA Rural Development HPG	100,000	21,776	(78,224)
Wake ESFR21	170,000	17,500	(152,500)
	<u>4,144,174</u>	<u>2,757,597</u>	<u>(1,386,577)</u>

CENTRAL PINES REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF PROGRAM REVENUES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environment & Resilience:			
319 Septic Phase II	\$ 34,819	\$ 42,050	\$ 7,231
Clean Water Education Partnership (CWEP)	175,360	175,360	-
Environment & Resilience Strategy & Technical Assistance	33,405	33,555	150
JLOW Jan 2022-Jun 2023	44,041	44,041	-
JLOW Membership	68,078	59,750	(8,328)
NC Recovery & Resiliency	174,871	7,904	(166,967)
NCDEQ Meeting Facilitation	40,637	10,471	(30,166)
Raleigh Watershed Protection	736,080	657,245	(78,835)
Triangle Area Water Supply Monitoring Project	433,960	433,961	1
Triangle Region Solid Waste Consortium	32,546	30,303	(2,243)
Triangle Sustainability Partnership (Solarize)	31,683	24,792	(6,891)
Triangle Water Supply Partnership	216,000	216,000	-
Upper Cape Fear River Basin	23,000	23,000	-
Upper Middle Creek Phase II	5,465	-	(5,465)
	<u>2,049,945</u>	<u>1,758,432</u>	<u>(291,513)</u>
Member Support & Strategy:			
American Rescue Plan	\$ 284,348	\$ 294,644	\$ 10,296
Contingency	21,086	53,418	32,332
Drug Alcohol Testing Program	15,200	15,310	110
Goldston ARPA Administration	6,000	6,000	-
Grant Assistance	140,000	127,000	(13,000)
Member Assistance	20,000	34,076	14,076
Member Support & Strategy Technical Assistance	389,763	416,970	27,207
Mid Carolina Finance	133,342	-	(133,342)
NCARCOG Subrecipient Process	20,000	17,038	(2,962)
Non-Departmental	165,306	85,674	(79,632)
Regional Summit	24,146	13,479	(10,667)
Sanford RTGF	7,200	-	(7,200)
Wake County ARPA	4,340,064	988,953	(3,351,111)
Wake County Non-ARPA	10,214,020	6,026,343	(4,187,677)
	<u>15,780,475</u>	<u>8,078,905</u>	<u>(7,701,570)</u>
Transportation:			
Alt Fuel Resilience Plan	55,433	18,105	\$ (37,328)
Clean Fuels Advanced Technologies	62,556	57,288	(5,268)
Drive EV USA	77,000	131,850	54,850
EFC-Extreme Fast Charger	10,000	-	(10,000)
Safe Routes to School	95,644	88,482	(7,162)
Transportation Demand Management (TDM)	1,869,465	1,306,889	(562,576)
Transportation Strategy & Technical Assistance	67,016	66,780	(236)
Triangle Area Rural Planning Organization	146,486	209,514	63,028
Triangle Clean Cities	159,500	143,420	(16,080)
	<u>2,543,100</u>	<u>2,022,328</u>	<u>(520,772)</u>
Total Program Revenues	<u>\$ 41,254,326</u>	<u>\$ 29,701,335</u>	<u>\$ (11,552,991)</u>

CENTRAL PINES REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Aging & Human Services:			
ACL Vaccine Outreach	\$ 102,071	\$ 105,916	\$ (3,845)
Aging Fans	17,360	16,760	600
Aging Ombudsman	581,319	511,848	69,471
Aging Planning & Administration	750,298	660,420	89,878
Aging Senior Center-GP	156,830	156,459	371
ARP CDS Johnston	33,110	7,572	25,538
ARP Congregate	518,687	681,882	(163,195)
ARP Family Caregiver	419,950	170,552	249,398
ARP Home Delivered Meals	700,000	799,973	(99,973)
ARP Ombudsman	39,112	685	38,427
ARP Planning & Admin	758,411	229,327	529,084
ARP Title III-B	778,288	551,034	227,254
ARP Title III-D-Health Promotion	203,290	45,197	158,093
CDS-Chatham	43,950	33,215	10,735
Elder Abuse	22,673	19,705	2,968
Family Caregiver	752,968	688,327	64,641
Health Promotion	124,432	112,334	12,098
Home Com Care Block Grant	10,106,104	9,947,747	158,357
Legal	49,585	49,578	7
Local Contact Agency (LCA)	4,941	1,292	3,649
MIPPA V	93,109	11,958	81,151
MIPPA VI	95,538	50,400	45,138
State Homebound Vaccine Outreach	2,567	4,372	(1,805)
Supplemental 5 Congregate Meals	95,844	95,844	-
Supplemental 5 Home Delivered	186,928	17,789	169,139
Veteran Directed Home & Community Based Services	99,267	97,639	1,628
	<u>16,736,632</u>	<u>15,067,825</u>	<u>1,668,807</u>
Community & Economic Development:			
C Saralyn	\$ 185,742	\$ -	\$ 185,742
Cary CDBG	65,000	62,441	2,559
Center of the Region Enterprise (CORE)	46,736	33,849	12,887
Chatham ESFR21	170,000	128,487	41,513
Chatham Housing Project	60,000	57,222	2,778
Chatham URP23	131,000	-	131,000
Community & Economic Dev Strategy & Technical Assistance	101,569	76,135	25,434
DEQ ARPA	1,276,579	992,690	283,889
Digital Inclusion	31,000	-	31,000
Durham County ESFR 2022	12,000	-	12,000
Durham MPO	88,000	49,849	38,151
Economic Development District	68,655	60,751	7,904
EPA Brownfields	217,230	60,528	156,702
ESFR 2018 Lee County	29,974	8,940	21,034
ESFR 2019 Durham County	71,200	71,003	197
ESFR 2019 Harnett County	75,625	54,330	21,295
ESG Chatham County	19,036	3,074	15,962
ESHPP Addor Community Center	10,332	4,697	5,635
ESHPP Lee County	18,862	2,146	16,716
ESHPP Princeton Grade School	22,623	4,327	18,296

CENTRAL PINES REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Community & Economic Development (continued):			
FHLB Grant	\$ 161,890	\$ 75,946	\$ 85,944
Foreign Trade Zone	95,862	96,117	(255)
Harnett County ESFR 2022	12,000	-	12,000
Haw River Specialist	177,925	157,521	20,404
Housing Strategy & Technical Assistance	37,799	36,946	853
Lee County ESFR 2021	12,000	8,025	3,975
Morrisville Small Business	10,503	4,184	6,319
Regional Data Center	104,002	93,300	10,702
Saralyn	1,885	1,884	1
Selma UDO	13,631	-	13,631
Tri-COG FEEDS	24,449	14,257	10,192
Urban Transportation Support & Regional Planning Coordinatio	422,665	422,664	1
URP 2021 Lee County	30,000	7,628	22,372
URP-ESFR Orange County	68,400	39,880	28,520
USDA Rural Development HPG	100,000	13,081	86,919
Wake ESFR21	170,000	26,871	143,129
	<u>4,144,174</u>	<u>2,668,773</u>	<u>1,475,401</u>
Environment & Resilience:			
319 Septic Phase II	\$ 34,819	\$ 25,165	\$ 9,654
Clean Water Education Partnership (CWEP)	175,360	143,964	31,396
Environment & Resilience Strategy & Technical Assistance	33,405	33,555	(150)
JLOW Jan 2022-Jun 2023	44,041	31,022	13,019
JLOW Membership	68,078	38,412	29,666
NC Recovery & Resiliency	174,871	9,104	165,767
NCDEQ Meeting Facilitation	40,637	10,471	30,166
Raleigh Watershed Protection	736,080	653,919	82,161
Triangle Area Water Supply Monitoring Project	433,960	416,895	17,065
Triangle Region Solid Waste Consortium	32,546	32,680	(134)
Triangle Sustainability Partnership (Solarize)	31,683	25,496	6,187
Triangle Water Supply Partnership	216,000	161,297	54,703
Upper Cape Fear River Basin	23,000	21,314	1,686
Upper Middle Creek Phase II	5,465	-	5,465
	<u>2,049,945</u>	<u>1,603,294</u>	<u>446,651</u>
Member Support & Strategy:			
American Rescue Plan	\$ 284,348	\$ 278,239	\$ 6,109
Contingency	21,086	21,085	1
Drug Alcohol Testing Program	15,200	9,773	5,427
Goldston ARPA Administration	6,000	4,330	1,670
Grant Assistance	140,000	134,817	5,183
Member Assistance	20,000	40,814	(20,814)
Member Support & Strategy Technical Assistance	389,763	420,105	(30,342)
Mid Carolina Finance	133,342	-	133,342
NCARCOG Subrecipient Process	20,000	17,038	2,962
Non-Departmental	165,306	78,122	87,184
Regional Summit	24,146	15,459	8,687
Sanford RTGF	7,200	-	7,200
Wake County ARPA	4,340,064	988,953	3,351,111
Wake County Non-ARPA	10,214,020	5,822,864	4,391,156
	<u>15,780,475</u>	<u>7,831,599</u>	<u>7,948,876</u>

CENTRAL PINES REGIONAL COUNCIL
SUPPLEMENTAL SCHEDULE OF PROGRAM EXPENDITURES –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)

YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation:			
Alt Fuel Resilience Plan	\$ 55,433	\$ 18,124	\$ 37,309
Clean Fuels Advanced Technologies	62,556	63,381	(825)
Disaster Recovery and Resiliency	-	-	-
Drive EV USA	77,000	100,384	(23,384)
EFC-Extreme Fast Charger	10,000	-	10,000
Safe Routes to School	95,644	39,053	56,591
Transportation Demand Management (TDM)	1,869,465	1,345,704	523,761
Transportation Strategy & Technical Assistance	67,016	67,480	(464)
Triangle Area Rural Planning Organization	146,486	174,958	(28,472)
Triangle Clean Cities	159,500	151,203	8,297
	<u>2,543,100</u>	<u>1,960,287</u>	<u>582,813</u>
Total Program Expenditures	<u>\$ 41,254,326</u>	<u>\$ 29,131,778</u>	<u>\$ 12,122,548</u>

COMPLIANCE SECTION

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

To the Board of Delegates
Central Pines Regional Council
Research Triangle Park, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the general fund, and the fiduciary fund of the Central Pines Regional Council (the "Council"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprises the Council's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cherry Bekaert LLP

Raleigh, North Carolina
December 1, 2023

Report of Independent Auditor on Compliance with Requirements Applicable to Each Major Federal Program on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

To the Board of Delegates
Central Pines Regional Council
Research Triangle Park, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Central Pines Regional Council (the “Council”) 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, 2023. The Council’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act we:

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and State Single Audit Implementation and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the Council's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Cherry Bekaert LLP

Raleigh, North Carolina
December 1, 2023

Report of Independent Auditor on Compliance with Requirements Applicable to Each Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

To the Board of Delegates
Central Pines Regional
Research Triangle Park, North Carolina

Report on Compliance for Each Major State Program

Opinion on the Major State Program

We have audited the Central Pines Regional (the “Council”) compliance with the types of compliance requirements identified as subject to audit 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 programs for the year ended June 30, 2023. The Council’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 programs for the year ended June 30, 2023.

Basis for Opinion on the Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”) and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act we:

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and State Single Audit Implementation and which are described in the accompanying schedule of findings and questioned costs as items 2023-001. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the Council's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Cherry Bekaert LLP

Raleigh, North Carolina
December 1, 2023

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	State/Pass-Through Grantor's Number	Expenditures		
			Federal	State	Pass-through to sub-
U.S. Department of Health and Human Services:					
Programs passed-through North Carolina Department of Health and Human Services-Division of Aging:					
Special Programs for the Aging-Title VII, Chapter 3:					
Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	NC-10	\$ 19,177	\$ 1,128	\$ -
Special Programs for the Aging-Title III-D:					
Disease Prevention and Health Promotion Services	93.043	NC-10	106,094	6,241	100,194
COVID-19: ARPA - Preventative Health	93.043	NC-10	46,305	-	-
Special Programs for the Aging-Title VII-D:					
Long Term Care Ombudsman Services for Older Individuals	93.042	NC-10	227,270	13,369	-
COVID-19: ARPA - Ombudsman	93.042	NC-10	685	-	-
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III-B: Grants for Supportive Services and Senior Centers					
HCCBG - Access, In-Home Support Services, Legal Ombudsman-Title III, Part B	93.044	NC-10	2,337,025	137,472	2,424,893
Planning and Administration-Title III, Part B	93.044	NC-10	69,386	4,082	-
COVID-19: Expanding Access	93.044	NC-10	446,800	24,485	-
COVID-19: ARPA Supportive Services	93.044	NC-10	97,169	-	15,369
COVID-19: ARPA Supportive Services	93.044	NC-10	474,888	83,804	508,794
Special Programs for the Aging - Title III-C: Nutrition Services					
Congregate Nutrition-Title III, Part C1	93.045	NC-10	705,601	41,506	747,107
Home Delivered Meals-Title III, Part C2	93.045	NC-10	1,780,741	104,749	1,885,490
Nutrition: Consolidated Appropriations Act	93.045	NC-10	113,633	-	113,633
COVID-19: ARPA - Congregate Meals	93.045	NC-10	579,600	102,282	681,882
COVID-19: ARPA - Home Delivered Meals	93.045	NC-10	679,977	119,996	799,973
COVID-19: ARPA - Planning and Administration	93.045	NC-10	171,995	57,332	-
Nutrition Services Incentive Program	93.053	NC-10	378,818	-	378,818
Total Aging Cluster			<u>7,835,633</u>	<u>675,708</u>	<u>7,555,959</u>
National Family Caregiver Support, Title III, Part E	93.052	NC-10	651,501	43,433	538,017
COVID-19: ARPA - Family Caregiver	93.052	NC-10	127,914	42,638	104,952
Program passed through North Carolina Department of Environmental Quality:					
COVID-19: ARPA - DEQ - Low Income Home Energy Program	93.568		990,970	-	976,017
Total U.S. Department of Health and Human Services			<u>10,005,549</u>	<u>782,517</u>	<u>9,275,139</u>
U.S. Department of Energy:					
Program passed through North Carolina Department of Energy:					
Drive EV	81.086	DE-EE009228	45,850	-	-
Triangle Clean Cities	81.086	DE-FE0004002	107,500	-	-
Alt Fuel Resilience	81.086	DE-FE0004002	18,105	-	-
Total U.S. Department of Energy			<u>171,455</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture					
Rural Housing Preservation Grant	10.433		13,081	-	13,081
Total U.S. Department of Agriculture			<u>13,081</u>	<u>-</u>	<u>13,081</u>

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	State/Pass-Through Grantor's Number	Expenditures		
			Federal	State	Pass-through to sub-
U.S. Department of Transportation:					
Program passed through North Carolina Department of Transportation:					
Triangle TDM Plan	20.205	43725.4.2 49600.4.17 /	\$ 859,972	\$ -	\$ 920,516
TARPO Planning	20.205	49600.4.19	110,486	-	-
Safe Routes to Schools	20.205	48778.4.10	29,882	-	-
Program passed through North Carolina Department of Energy:					
Highway Planning and Construction Clean Fuels	20.205	DE-FE0004002	54,000	-	-
Total U.S. Department of Transportation			1,054,340	-	920,516
U.S. Department of Insurance:					
Medicare Enrollment Assistance Program	93.071		62,358	-	42,140
Total U.S. Department of Insurance			62,358	-	42,140
U.S. Environmental Protection Agency:					
EPA Brownfields	66.818	BF-02D32122	48,786	-	-
Program passed through North Carolina Department of Environmental Quality:					
Jordan Lake One Water	66.454	477121	31,022	-	-
NCDEQ Meeting Facilitation	66.454	477122	10,471	-	-
319 Septic Phase II	66.460	477911	40,699	-	-
Total U.S. Environmental Protection Agency			130,978	-	-
U.S. Department of Commerce:					
Economic Development District	11.307		60,392	-	-
Haw River Specialist	11.307	04-69-07696	157,387	-	-
Total U.S. Department of Commerce			217,779	-	-
Dept of Housing & Urban Development					
Home Investment Partnerships Program:					
ESFR 2019 Durham County	14.239		56,783	-	-
ESFR 2019 Harnett County	14.239		54,330	-	-
ESFR 2021 Chatham County	14.239		128,487	-	-
ESFR 2021 Wake County	14.239		26,871	-	-
Total Dept of Housing & Urban Development			266,471	-	-
U.S. Department of Veterans Affairs:					
Veterans Directed Home & Community Based Services	64.044		100,056	-	-
Total U.S. Department of Veterans Affairs			100,056	-	-
U.S. Department of the Treasury					
Passed through Wake County, North Carolina:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	34CV83	988,953	-	947,502
Passed through NC Assoc Regional Council of Governments:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		278,239	-	-
Total Dept. of Housing & Urban Development			1,267,192	-	947,502
TOTAL FEDERAL AWARDS			13,289,259	782,517	11,185,297

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	State/Pass-Through Grantor's Number	Expenditures		
			Federal	State	Pass-through to sub-
STATE GRANTS					
N.C. Office of Recovery & Resiliency					
N.C. Recovery and Resiliency			\$ -	\$ 7,904	\$ -
Total N.C. Office of Recovery & Resiliency			-	7,904	-
N.C. Department of Health and Human Services					
Division of Aging and Adult Services					
90% State Funds - Ombudsman		NC-10	-	71,742	-
90% State Funds - Access		NC-10	-	428,060	428,060
90% State Funds - In-Home Services		NC-10	-	3,515,432	3,515,432
90% State Funds - Home Delivered Meals		NC-10	-	568,429	568,429
75% State Funds - Senior Center Development		NC-10	-	156,460	156,460
Fan Heat		NC-10	-	16,760	16,760
Project CARE-AAA Admin		NC-11	-	48,261	-
Total Division of Aging and Adult Services			-	4,805,144	4,685,141
Total N.C. Department of Health and Human Services			-	4,805,144	4,685,141
North Carolina Department of Transportation:					
Transportation Demand Management		36225.9.15 / 36225.9.16	-	255,232	-
TOTAL STATE AWARDS			-	5,068,280	4,685,141
TOTAL FEDERAL AND STATE AWARDS			\$ 13,289,259	\$ 5,850,797	\$ 15,870,438

CENTRAL PINES REGIONAL COUNCIL

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2023

Note 1—Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "schedule") includes all federal and state grant activity of Central Pines Regional Council and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 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. Therefore, some amounts presented in this schedule differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2— Summary of Significant Accounting Policies

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

Note—3-Indirect Cost Rate

The Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses ___ yes X none reported

Noncompliance material to financial statements noted

___ yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses ___ yes X none reported

Noncompliance material to Federal awards

___ yes X no

Type of auditor’s report issued on compliance for major Federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance

 X yes ___ no

Identification of major Federal programs:

Assistance Listing #
 93.044, 93.045, 93.053
 21.027

Program Name
 Aging Cluster
 Coronavirus State & Local Fiscal Recovery Funds

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

\$ 750,000

Auditee qualified as low-risk auditee

 X yes ___ no

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2023

Section III – Federal Awards Findings and Questioned Costs

Finding 2023-001 as listed in Section IV *State Award Findings and Questioned Costs* is also considered to be a federal award finding.

Section IV – State Awards Findings and Questioned Costs

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services
Aging Cluster
Assistance Listing # 93.044, 93.045, 93.053

Finding 2023-001

Nonmaterial Noncompliance – Special Tests

Criteria: The Council should ensure that indirect costs allocated to federal programs do not exceed the indirect cost rate approved by U.S. Department of the Interior.

Condition: Indirect cost allocation appears to be greater than the approved rate.

Questioned costs: Using indirect cost schedule provided by the Council, salary and fringe benefits and respective indirect costs allocated to federal projects were allocated \$48,860 over the allowable limit.

Context: Review of the indirect costs applied to federal projects appeared to be higher than the approved rate.

Effect: Indirect costs allocated to projects that exceed the approved rate may not be reimbursed or the Council may be required to pay back the difference to the funding agency if reimbursement has already occurred.

Cause: Allocation automatically generated.

Recommendation: We recommend procedures be implemented to ensure that the automatic allocation is reviewed and reconciled with the approved rate at least annually.

Management's Response: Management agrees with the finding. See corrective action plan.

CENTRAL PINES REGIONAL COUNCIL
SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2023

None reported.

2023-001

Name of Contact Person: Hope Tally

Corrective Action: Management recognizes a systematic error occurred to create an immaterial allocation overage. Management is taking steps to correct the system setup to prevent errors and creating new processes to catch any system overages in a timely and consistent manner.

Proposed Completion Date: 6/30/2024