



## **AGENDA**

**Lower Cape Fear Water & Sewer Authority**  
**1107 New Pointe Boulevard, Suite # 17, Leland, North Carolina**  
**9:00 a.m. – Regular Monthly Board Meeting**  
**January 10, 2022**

**MEETING CALL TO ORDER:** Chairman Rivenbark

**INVOCATION**

**PLEDGE OF ALLEGIANCE**

### **APPROVAL OF CONSENT AGENDA**

- C1** - Minutes of December 13, 2021, Regular Board Meeting
- C2** - Minutes of December 13, 2021, Long Range Planning Committee Meeting
- C3** - Kings Bluff Monthly Operations and Maintenance Report
- C4** - Bladen Bluffs Monthly Operations and Maintenance Reports
- C5** - Line-Item Adjustment

### **PRESENTATION TO :**

Al Leonard, Columbus County Representative, by Chairman Charlie Rivenbark

### **NEW BUSINESS**

- NB1** - Presentation of Annual Audit Report for Fiscal Year Ending June 30, 2021
- NB2** - Appointment of FY 2022-23 Finance Committee by Chairman Rivenbark
- NB3** - Appointment of FY 2022-23 Personnel Committed by Chairman Rivenbark
- NB4** - Appointment of FY 2022-23 Long Range Planning Committee by Chairman Rivenbark
- NB5** - Resolution of Proposal for Professional Consulting Engineering Services for the NC Division of Water Infrastructure State Revolving Fund Application Preparation
  - A)** A Resolution of Lower Cape Fear Water & Sewer Authority Exempting Lower Cape Fear Water & Sewer Authority from The Provisions of N.C.G.S. §143-64.31

**ENGINEER'S COMMENTS**

**ATTORNEY COMMENTS**

### **EXECUTIVE DIRECTOR REPORT**

**EDR1**—Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date  
Ending December 31, 2021

**EDR2**–Operating Budget Status, Ending November 30, 2021.

**EDR3**–Summary of Activities

**DIRECTOR’S COMMENTS AND/OR FUTURE AGENDA ITEMS**

**PUBLIC COMMENT**

**ADJOURNMENT**

*The next board meeting of the Lower Cape Fear Water & Sewer Authority is scheduled for Monday, February 14th at 9:00 a.m. in the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina.*

Lower Cape Fear Water & Sewer Authority  
Regular Board Meeting Minutes  
December 13<sup>th</sup>, 2021

Chairman Leonard called to order the Authority meeting scheduled on December 13, 2021, at 9:00 a.m. and welcomed everyone present. The meeting was held at the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina. Director Milliken gave the invocation.

**Roll Call by Chairman Leonard:**

**Present:** Norwood Blanchard, Patrick DeVane, Wayne Edge, Harry Knight, Al Leonard, Al Milliken, Jackie Newton, Phil Norris, Charlie Rivenbark, Chris Smith, Bill Sue, Frank Williams, and Rob Zapple

**Present by Virtual Attendance:** Bill Saffo

**Absent:** None

**Staff:** Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Tony Boahn P.E., McKim & Creed, Sam Shore, COG, and Danielle Hertzog, Financial Administration Assistant

**Guests Present:** Matt Hourihan, Cape Fear Public Utility Authority Assistant Operations Director; Tom Hendrick, Pender County Utilities; Sean Kenyon P.E., McKim & Creed; John Nichols, Brunswick County Public Utilities Director; Ken Waldrop Cape Fear Public Utility Authority Executive Director; John Malone, Cape Fear Public Utility Authority Water Resources Manager; Glenn Walker, Brunswick County Water Resources Manager; and Jess Powell P.E., McKim & Creed

**Guests Virtual Attendance:** Heidi Cox, NC DEQ Regional Engineering Supervisor, Division of Water Infrastructure and Kenny Keel Pender County Public Utilities Director

**PLEDGE OF ALLEGIANCE:** Chairman Leonard led the Pledge of Allegiance.

**SPECIAL PRESENTATION:** Chairman Leonard presented Director Milliken with a plaque to show our appreciation for his time of service on the board. Director Milliken has been on the board since 2005 and was our chairman in the years 2008 and 2020.

**APPROVAL OF CONSENT AGENDA**

**C1 - Minutes of Regular Board Meeting November 8, 2021**

**C2 - Kings Bluff Monthly Operations and Maintenance Reports**

**C3 - Bladen Bluffs Monthly Operations and Maintenance Reports**

**C4 - Line-Item Adjustment for November 30, 2021**

**C5 - Approval of the Authority's 2022 Regular Scheduled Meetings Calendar**

**Motion:** Director Williams **MOVED**; seconded by Director Blanchard, approval of the Consent Agenda Items as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY**.

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Al Milliken	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

**NEW BUSINESS****NB1 - Election of Authority's Board of Directors Officers for the Term of January 1, 2022, until December 31, 2022**

Chairman Leonard presented the following slate of officers for board consideration for the term of January 1, 2022, to December 31, 2022. Per Bylaws of the Authority (Article III. - Officers 1.), the chairmanship shall rotate among the political subdivisions, with the City of Wilmington being next in the rotation schedule.

Chairman: Charlie Rivenbark (City of Wilmington)  
 Vice-Chairman: Norwood Blanchard (Pender County)  
 Secretary: Harry Knight (New Hanover County)  
 Treasurer: Patrick DeVane (Bladen County)  
 Assistant Treasurer: Phil Norris (Brunswick County)

**Motion:** Director Williams **Moved**; seconded by Director Edge, approval of the Consent Agenda Items as presented. Upon vote, the **MOTION CARRIED UNANIMOUSLY.**

	<u>For</u>	<u>Against</u>	<u>Abstained</u>	<u>Absent</u>
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Al Milliken	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

**ENGINEER'S COMMENTS**

Tony Boahn advised no change in the contracted amount for the 54-inch pipeline project. The contractors paused work while the bypass was installed. Since that is completed, they are back to work on the 54-inch pipeline. The contractors are completing the interconnections between the parallel main and the 48" main. Hopefully, the interconnections will be completed by the end of February or the first of March 2022 instead of the original date of May 2022. Two change orders are under discussion and not finalized yet, but one is pausing the contracts for the bypass and a valve leaking through. Executive Director Tim Holloman advised the line dedication for the 54" pipeline will be Friday, May 20, 2022, at 10:00 a.m.

Tony Boahn advised the leak in the 48" pipeline is located at the southwest side of the Cape Fear River just behind the former DAK site. In this location, the pipeline transitions from prestressed concrete cylinder pipe to ductile iron pipe (DIP). Therefore, as soon as the leak occurred, they knew a bypass would be installed. Two-line stop tapping assemblies around the leak were installed. Then a 36" HDPE high-density polyethylene bypass pipeline around the leak was installed to divert the flow around the break and dry the area to make the repairs. Director Rivenbark wanted to know what the engineering was thinking about the time of installation to use the prestress concrete cylinder pipe and transition to DIP could have been. Tony advised the only reason he could come up with would be putting in the prestressed concrete cylinder pipe may have been difficult due to the nature of the joint and how heavy it is. Mr. Boahn advised they were more prepared for the leak compared to 2016 since they had the HDPE bypass on hand. Along with other sleeves, adapters, and tools needs to help the process go forward faster. Director Zapple wanted to know how we know the pipeline in the section does not have a similar issue and could it have been an issue at installation. Tony Boahn advised that the pipeline could have similar problems and installation issues. Mr. Boahn related that the joint separation had a root mass and roots wrapped around the pipe. There is a cut stump to the right side of the joint separation. The decomposing roots took away the lateral support from the pipe. Some of the

issues observed at the leak were extremely poor and wet soils, select backfill not present, pipe installed with little or no bedding stone, excessive root mat and stumps left in/around the trench, and settlement and misalignment of pipe evident from videos. The following steps are to have the pipe cleaned and videoed between line stops, four joints of restrained joint pipe ordered, and evaluate remaining pipe from videos. Director Zapple wanted to know if Tony thought about a parallel pipeline in this area. Tony Boahn advised yes; the best thing you could do is parallel the pipeline. He announced we put the 54" pipeline for capacity and provide an additional redundancy level. Tony reported that if this had happened under the river, it would have been months to get this repaired and catastrophic. He advised this is not a pipe issue. This is a surroundings soil issue. When the pipe goes into the ground, you have foundation stone, bedding stone, and backfill because the pipe needs that system to bear against, and if that system fails, the pipe will move. Director Knight wanted to know if the pipeline in the section could be inspected and if technology changed that much since the original pipeline was installed. Tony advised you must take the line out of service to inspect it, and they would not have been able to drill the pipe back in the 90s because the technology and equipment were not to that level it is now. Director DeVane wanted to know what the estimated cost for the leak repair is at this time and how LCFWASA plans to pay for the repairs. Executive Director Tim Holloman advised he would estimate about 1.75 to 2 million at this time. The CFPUA, Brunswick County, Pender County, and LCFWASA Directors have been in discussions and will continue talks until the final number comes in. Once they have the absolute numbers, a recommendation will be given to the board. Currently, Brunswick County is bearing the repair cost, and at some point, we will have to make sure that is addressed.

Motion: Director Norris MOVED; seconded by Director Newton, motion to have engineering consultants to review and present the board with an evaluation for strategic parallelism or full parallelism. Upon vote, the MOTION CARRIED UNANIMOUSLY.

	For	Against	Abstained	Absent
Norwood Blanchard	X			
Wayne Edge	X			
Patrick DeVane	X			
Harry Knight	X			
Al Leonard	X			
Jackie Newton	X			
Phil Norris	X			
Al Milliken	X			
Charlie Rivenbark	X			
Bill Saffo	X			
Chris Smith	X			
Bill Sue	X			
Frank Williams	X			
Rob Zapple	X			
	14	0	0	0

#### ATTORNEY COMMENTS

Mr. Nichols advised the manufactured home on Port Royal Road has been relocated outside of the LCFWASA easement.

#### EXECUTIVE DIRECTOR REPORT

##### EDR1 – Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending November 30, 2021

Executive Director Holloman reported that during the month of November 2021, Brunswick County was above projections. CFPUA and Pender County were below projections due to the leak.

#### DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS

No comment

#### PUBLIC COMMENT

No comment

**ADJOURNMENT**

There being no further business, Chairman Leonard adjourned the meeting at 9:58 a.m.

Respectfully Submitted:

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Norwood Blanchard, Secretary

## Lower Cape Fear Water &amp; Sewer Authority

## Long Range Committee Meeting Minutes

December 13, 2021

Chairman Leonard called to order the Long-Range Planning Committee Meeting on December 13, 2021, at 8:00 a.m. The meeting was held at the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina.

**Present:** Norwood Blanchard, Patrick DeVane, Harry Knight, Al Leonard, Al Milliken, Charlie Rivenbark, and Frank Williams

**Present Non-Board Members:** John Nichols, Brunswick County Public Utilities Director; Ken Waldrop Cape Fear Public Utility Authority Executive Director

**Present by Internet/Telephone:** Kenny Keel, Pender County Public Utilities Director

**Absent:** None

**Staff:** Tim H. Holloman, Executive Director; Matthew Nichols, General Counsel; Tony Boahn P.E., McKim & Creed, Sam Shore, COG, and Danielle Hertzog, Financial Administration Assistant Temp

**Guest:** Matt Hourihan, Cape Fear Public Utility Authority Assistant Operations Director; Tom Hendrick, Pender County Utilities; Sean Kenyon P.E., McKim & Creed

**Presentation: Master Plan Review (Capital Improvement Plan) review by Sean Kenyon**

Sean Kenyon presented the current draft Capital Improvement Plan (CIP) from 2022 through 2046, including Kings Bluff, Raw Water facilities, and Bladen Bluff water treatment facilities. The CIP had several factors including category of need, capacity issue, does it need to be replaced or rehabilitated, and is there a maintenance efficiency or redundancy issue. They assigned each CIP a criticality score as far as whether it's a high priority, low priority, also looked at no consequence if no action. There are three primary drivers: demand and capacity, life cycle, redundancy, and resiliency. The criticality is scored one, two, or three. One being the lowest and three being the highest need. The preliminary design memorandum is based on a demand table for projected usage from the different entities with a future demand of 96 million gallons per day in 2062.

Sean Kenyon listed sixteen projects for Kings Bluff. KB1 New 4th Pump at Kings Bluff has a criticality of three because current pumps will meet projected demands by 2035. The fourth pump will be standby/backup and add to pump rotation to reduce hours per pump. KB2 Rebuild/Refurbish existing 1600 hp vertical turbine has a criticality of three due to water pumps original installation date of 2009 and mechanical wear. Rebuilding of the pumps will extend the service life of the pumps. KB3 New generators have a criticality of three due to the need to upgrade due to the future increased load associated with auxiliary pump motor HP and larger quantities pump. Executive Director Tim Holloman advised the dates for the generators have been pushed due to the low hours currently on the generators. KB4 Pig 48" pipe from Kings Bluff pump station to 3 MG ground tank has a criticality of one because pigging will maintain a clean pipeline free of sediment, silt, and debris cleaned. It will also improve the efficiency of pumps by reducing the frictional characteristics of the pipeline. John Nichols wanted to know since the last pigging of the 48" pipeline was from the pump station to the raw water tank, has any thought been given to pigging the pipeline section from the raw water main to the CFPWA vault. Sean advised additional infrastructure would be needed and, it is a matter that needs to be discussed. Tony Boahn advised that the last time an additional catcher was installed, the cost was around one million, including pigging of the line. Tony agreed this would be a good item to add to the CIP due to the current leak and one to two feet of sand found in the pipeline. Chairman Leonard wanted to know what sediment had been seen in the tanks. Tony Boahn advised the tanks haven't been cleaned out in a few years, but there was one foot of sand when it was completed. KB5 Pig future 54" pipe from 3MG ground tank to US 421 has a criticality of one sighting the same reason as pigging the 48" pipeline. KB6 Walkway and air backwash building replacement have a criticality of



two because the walkway is in serviceable condition and will need to be replaced by 2024 due to rotting wood and overall weathering of the walkway. The cost can be significantly increased if this project is completed during the wet season. Director Milliken wanted to know if the cost was composite or concrete materials. Sean Kenyon advised it is for a concrete material replacement. Tony Boahn advised he is discussing with the manufacturer's technical department regarding a design to move the backwash system. KB7 Replacing raw water pumps 1,4 and 5 has a criticality of three due to age and mechanical wear. This project is more of a placeholder, and so we can budget and plan for replacement. The pumps have been in operation since 2009. They were each installed around the same time, so they might need to be replaced one after the other. KB8 New surge tank at Kings Bluff has a criticality of two because the demand increases, surges in the system will likely increase, and this is needed to be installed before the fifth tank comes online. KB9 5 ROW acquisitions required a criticality of two. Director Blanchard feels we need to move this project up because the cost of land continues to increase. KB10 Walkway to access 48" raw water main at Livingston Creek has a criticality of one. The pipe and appurtenances at the aerial crossing are currently inaccessible to operations staff for routine inspection, maintenance, and repairs. KB11 Intermediate booster pump station shelter has a criticality of three to protect existing pumps, equipment, and gear from elements. The shelter will also provide improved maintenance access during inclement weather. Director Blanchard and Rivenbark are concerned KB11 should be sooner because the booster pump station will need repaired/replaced sooner if left exposed. KB12 Intermediate booster pump station upgrade has a criticality of three for the reasons US 421 area demands will exceed current 29MGD capacity in approximately 2037 and recommend updated to 37 MGD capacity. KB13 New fifth pump at Kings Bluff raw water pump station has a criticality of three because decreasing load and run times of exiting pumps will extend the life and improve all pumps' reliability. KB14 20 MG ground tank has a criticality of two for increasing the available system storage and providing a more consistent supply for the safe and efficient operation of the adjacent interim booster pump station. KB15 Parallel raw water main from 3 MG ground tank to US 421 service area has a criticality to provide additional system capacity. KB16 100MGD Reservoir has a criticality of one due to increasing availability system for water storage, allows for temporary redundancy of supply in the case of an emergency (line break, power outage, hurricane). Director DeVane wanted to know if the reservoir would be lined, and Sean advised yes, the cost is with it being lined. Director Knight wanted to know if the budget is accounting for inflation. Sean advised no the budget is in today's dollars.

Executive Director Tim Holloman advised this is just a draft CIP and would like to meet again in January, but this committee might have to meet outside of the formal board meeting.

#### **DIRECTOR'S COMMENTS AND/OR FUTURE AGENDA ITEMS**

No comments.

#### **FUTURE MEETINGS**

The next meeting will is to be determined.

#### **ADJOURNMENT**

There being no further business, Chairman Leonard adjourned the meeting at 8:52 a.m.

Respectfully Submitted:

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Norwood Blanchard, Secretary



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**COUNTY OF BRUNSWICK**  
**PUBLIC UTILITIES DEPARTMENT**  
**Kings Bluff Pump Station**



246 Private Road  
Riegelwood, NC 28456  
(910) 655-4799 Office  
(910) 655-4798 FAX

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**TO: Tim Holloman**

**FROM: Jack Hogan**

**DATE: 1/3/2022**

**SUBJECT: Monthly maintenance report for December 2021**

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**Mr. Holloman,**

The Maintenance and Operations of the king's bluff facility for the month of December were performed as prescribed in the station SOP'S and other items are as follows.

The diesel drive booster pumps along with the standby SCADA generator located at the raw tank and the SCADA generator located at INVISTA / CFPUA vaults off HWY 421 were run and tested weekly and verified standby ready.

KB personnel completed all locates issued by the 811 system.

KB personnel are working with all personnel involved on the line break repair and bypass line.

KB personnel have checked areas of the right of way for leaks on the Authority 48" line.

KB personnel worked to secure and drain the 48" line for Garney to start installation of the crossovers between the 48" and 54" lines. (four blowoffs were opened)

KB personnel completed oil change and tire rotation on Authority truck 2012 Ram 3500.

KB personnel completed PM on 1 & 3 VFD air handling units located at the VFD building.

KB personnel inspected ROW mowing operations for thoroughness from the raw tank to hwy 421.

KB personnel alerted management about possible mining activities on the ROW between Pender WTP and hwy 421.

Thank you,  
Jack Hogan

# Smithfield.

To: Tim Holloman - LCFWASA

From: James Kern – Bladen Bluffs SWTP ORC

Date: 1/3/22

Subject: December 2021 Operations

During the month of December, Bladen Bluffs SWTP operated a total of 22 days, treating 53.55 million gallons of water.

We used:

27,954 lbs. of aluminum sulfate (Alum)

6,631 lbs. of sodium hydroxide (Caustic)

1,008 lbs. of sodium hypochlorite (2,024 gallons of 6% Chlorine Bleach)

**James Kern**  
**Water Treatment Plant**  
**Supervisor**

(910) 862-3114  
(910) 862-3146  
(910) 733-0016 mobile  
[jkern@smithfield.com](mailto:jkern@smithfield.com)

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Bladen Bluffs Surface Water Treatment  
Plant  
17014 Highway 87 West  
Tar Heel, NC 28392  
[www.smithfieldfoods.com](http://www.smithfieldfoods.com)

## Bladen Bluffs SWTP Maintenance Report

Date: 1/3/2022

### ISSUE:

### PLAN OF ACTION:

Air on finished water line (from GAC)	Ordering trial valves
Running spare cl2 lines to settled/finished	Getting quotes
Sump pump check valve needs replacement	Scheduled repair
GAC supports need painting	COMPLETE
Filter #2 FVC failing	FIXED
NPDES valve failed	FIXED
All PLC need updated	Getting quotes
Ordering backup drives for all pumps	Ordered

# Monthly Operating Reports (MORs) Summary

(No user data entry – all values are auto-populated.)

Year: 2021 PWS Name: Bladen Bluffs Water System PWSID#: NC5009012  
 Month: December Facility Name: Bladen Bluff

## Combined Filter Effluent (CFE) Turbidity

Samples exceeding 1 NTU (count):	<u>0</u>	Number of samples required:	<u>119</u>
Samples exceeding .3 NTU (count):	<u>0</u>	Number of samples taken:	<u>119</u>
Samples exceeding .3 NTU (pct):	<u>0.0%</u>	Highest single turbidity reading NTU:	<u>0.104</u>
		Monthly average turbidity NTU:	<u>0.065</u>

## Individual Filter Effluent (IFE) Turbidity

1) Was each filter <u>continuously</u> monitored for turbidity?	Yes	<u>X</u>	No	<u></u>
2) Was each filter's monitoring results <u>recorded every 15 minutes</u> ?	Yes	<u>X</u>	No	<u></u>
3) Was there a failure of the continuous turbidity monitoring equipment?	Yes	<u></u>	No	<u>X</u>
4) Was any individual filter turbidity level > 1.0 NTU in two consecutive measurements ?	Yes	<u></u>	No	<u>X</u>
5) Was any individual filter turbidity level > 0.5 NTU in two consecutive measurements at the end of 4 hours of operation after the filter has been backwashed or otherwise taken offline ?	Yes	<u></u>	No	<u>X</u>
6) Was any individual filter turbidity level > 1.0 NTU in two consecutive measurements in each 3 consecutive months ?	Yes	<u></u>	No	<u>X</u>
7) Was any individual filter turbidity level > 2.0 NTU in two consecutive measurements in 2 consecutive months ?	Yes	<u></u>	No	<u>X</u>

## Entry Point Residual Disinfectant Concentration (EPRD)

Disinfectant Used	<u>Chlorine</u>	Number of samples required	<u>119</u>
Minimum EPRD concentration	<u>0.9000</u>	Number of samples taken	<u>119</u>

## Distribution Residual Disinfectant Concentration

Number of samples under 0.010 mg/L (without any detectable) excluding where HPC is $\leq$ 500/mL	<u>0</u>
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## Contact Time (CT) Ratio

Lowest CT ratio reading	<u>13.72</u>	Number of CT ratios required	<u>22</u>
Number of CT ratios below 1.0	<u>0</u>	Number of CT ratios calculated	<u>22</u>

## Remarks From General Info Worksheet

☒ By checking this box, the ORC certifies that the requirements of 15A NCAC 18C .1301 "General Requirements", .1302 "Tests, Forms, and Reporting", and .1303 "Facility Oversight" have been met for the month of December, 2021 and that records documenting compliance with this rule are maintained on the premises and available for inspection upon request.

**CONSENT AGENDA (CA-5)****Lower Cape Fear Water & Sewer Authority**

**CONSENT ITEM-** Background: Line-Item adjustments are made to more closely align revenues and expenditures to actuals without exceeding or decreasing the approved or amended budget

**LINE-ITEM ADJUSTMENTS FOR 12/31/21**

<b>Operating Fund:</b>	<b>Line-Item Budget Amount prior to Adjustment</b>	<b>Decrease</b>	<b>Increase</b>	<b>Budget Amount as of 12/31/2021</b>
<b>REVENUE</b>				
<b>EXPENSES</b>				
4049-00 Information Technology	\$ 11,800		\$ 2,000	\$ 13,800
4062-01 Office Equipment	\$ 5,000		\$ 3,000	\$ 8,000
4080-01 Miscellaneous Expenses	\$ 17,000		\$ 3,000	\$ 20,000
4520-01 Utilities Pump Station	\$ 789,667	\$ (8,000)		\$ 781,667
<b>Total</b>	<b>6,372,523</b>	<b>\$(22,100)</b>	<b>\$22,100</b>	<b>\$ 6,372,523</b>

## **AGENDA ITEM**

To: CHAIRMAN RIVENBARK AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 10, 2022

Re: Presentation of Annual Audit Report for Fiscal Year Ending June 30, 2021 (Thompson, Price, Scott, Adams & Co., P.A.)

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A representative from the Authority's auditor, Thompson, Price, Scott, Adams & Co., P.A., will present the *Annual Financial Report for the Year Ended June 30, 2021*.

The complete report is also available for members as a hard copy or PDF file if desired.

**Action Requested:** For information purposes only



**LOWER CAPE FEAR WATER AND SEWER AUTHORITY**

**ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2021**



**LOWER CAPE FEAR WATER & SEWER AUTHORITY  
1107 NEW POINTE BLVD., SUITE 17  
LELAND, NORTH CAROLINA 28451**

**Fiscal Year 2021 - 2022**



**AUTHORITY BOARD OF DIRECTORS**

**AL LEONARD, CHAIRMAN  
CHARLIE RIVENBARK, VICE-CHAIRMAN  
NORWOOD BLANCHARD, SECRETARY  
HARRY KNIGHT, TREASURER  
PATRICK DEVANE, ASSISTANT TREASURER  
WAYNE EDGE  
ROB ZAPPLE  
CHRIS SMITH  
JACKIE NEWTON  
PHIL NORRIS  
BILL SAFFO  
WILLIAM SUE  
FRANK WILLIAMS  
WILLIAM A. MILLIKEN**

**COLUMBUS COUNTY  
CITY OF WILMINGTON  
PENDER COUNTY  
NEW HANOVER COUNTY  
BLADEN COUNTY  
BLADEN COUNTY  
NEW HANOVER COUNTY  
COLUMBUS COUNTY  
PENDER COUNTY  
BRUNSWICK COUNTY  
CITY OF WILMINGTON  
BRUNSWICK COUNTY  
BRUNSWICK COUNTY  
BRUNSWICK COUNTY**

**TIM HOLLOMAN, EXECUTIVE DIRECTOR  
DANIELLE HERTZOG, ADMINISTRATIVE ASSISTANT**

LOWER CAPE FEAR WATER AND SEWER AUTHORITY  
TABLE OF CONTENTS  
June 30, 2021

<u>Exhibit</u>		Page(s)
	<b>Financial Section:</b>	
	Independent Auditor's Report	1 - 2
	Management's Discussion and Analysis	3 - 7
	<b>Basic Financial Statements:</b>	
	Government-wide Financial Statements:	
A	Statement of Fund Net Position - Proprietary Fund	8
B	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	9
C	Statement of Cash Flows - Proprietary Fund	10
	Notes to the Financial Statements	11 - 22
	<b>Required Supplemental Financial Data:</b>	
	Schedule of the Proportionate Share of the Net Pension Liability - LGERS	23
	Schedule of Contributions - LGERS	24
	<b>Supplementary Information:</b>	
1	Enterprise Operating Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	25 - 26
2	Renewal and Replacement Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	27
3	Right of Way Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	28
4	System Development Charge Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	29
5	Enterprise Capital Project Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	30

FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co., P.A.  
 4024 Oleander Drive Suite 3  
 Wilmington, North Carolina 28403  
 Telephone (910) 791-4872  
 Fax (910) 395-4872

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### Independent Auditor's Report

To the Chairman of the Board  
 and Members of the Board of Directors  
 Lower Cape Fear Water and Sewer Authority  
 Leland, North Carolina

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Cape Fear Water and Sewer Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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

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

*Members*  
 American Institute of CPAs – N.C. Association of CPAs – AICPA Division of Firms

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Lower Cape Fear Water and Sewer Authority as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions be presented to supplement the basic financial statements. Such information, 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 response to our inquiries, the basis financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Lower Cape Fear Water and Sewer Authority. The individual fund statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Thompson, Price, Scott, Adams & Co., PA*  
 Wilmington, North Carolina  
 October 26, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management's Discussion and Analysis

As management of the Lower Cape Fear Water and Sewer Authority (the "Authority"), we offer readers of the Lower Cape Fear Water and Sewer Authority's financial statements this narrative overview and analysis of the financial activities of the Lower Cape Fear Water and Sewer Authority for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of the Lower Cape Fear Water and Sewer Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$24,693,765 (*net position*).
- The Authority's total net position increased by \$669,358.
- As of the close of the current fiscal year, the Lower Cape Fear Water and Sewer Authority reported ending fund balances as follows:
 

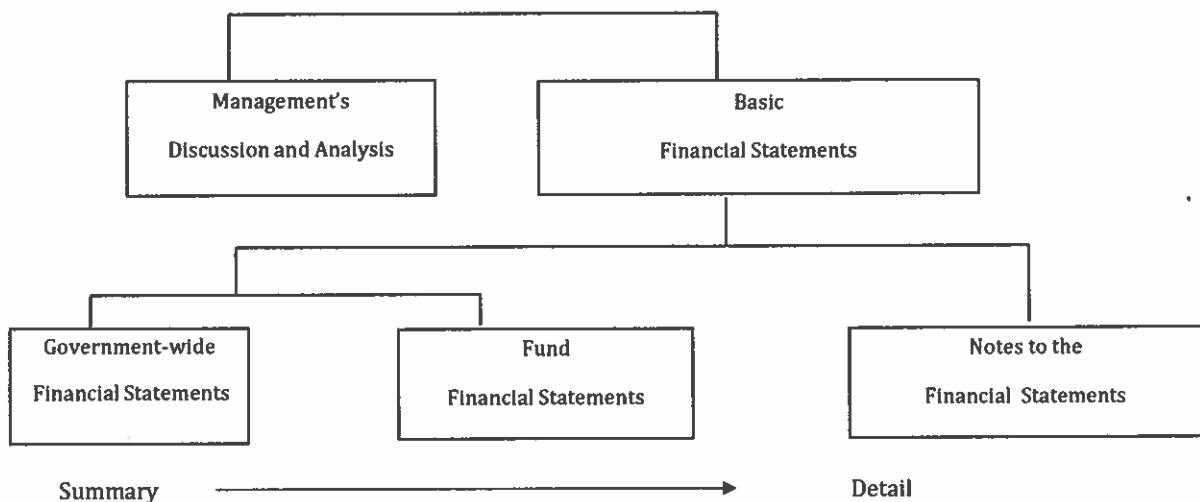
Renewal and Replacement Fund	\$	55,380
Right of Way Fund	\$	281,371
System Development Charge Fund	\$	14
Enterprise Capital Project Fund	\$	680,990
- The Lower Cape Fear Water and Sewer Authority's total debt decreased by \$1,744,273 during the current fiscal year due to normal principal payments.

### Overview of the Financial Statements

The Authority's primary mission is to provide raw water services to various customers in the Lower Cape Fear region. The Authority does not provide other general purpose government services or programs. As such, the Authority is considered to be, and therefore presents the Authority's financial report, as a stand-alone enterprise fund.

#### Required Components of Annual Financial Report

Figure 1





## Basic Financial Statements

The first three documents (Exhibits A, B, and C) are the **basic financial statements**. They provide both short and long-term information concerning the Authority's financial status. The next section is the **notes** that provide a narrative and data explanation regarding selected financial statement presentations. The next five documents (Schedules 1-5) are **supplemental information** that focus on individual funds: one enterprise fund and four project funds.

## Government-Wide Financials Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority'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 Authority's financial status as a whole.

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

The government-wide statements show business-type activities, the only type of activities the Authority has. Business-type activities are those that the Authority charges customers to provide. These include water services offered by the Lower Cape Fear Water and Sewer Authority.

## Fund Financial Statements

The fund financial statements provide a more detailed look at the Authority'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 Lower Cape Fear Water and Sewer Authority, like all over 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 Authority's budget ordinance. All of the funds of the Lower Cape Fear Water and Sewer Authority are proprietary funds.

**Proprietary Funds.** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Lower Cape Fear Water and Sewer Authority uses enterprise funds to account for its water activity.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found following Exhibit C of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Lower Cape Fear Water and Sewer Authority's progress in funding its obligation to provide pension benefits to its employees.

## Financial Analysis

**Lower Cape Fear Water and Sewer Authority's Net Position**  
**Figure 2**

	Business-Type Activities	
	2021	2020
<b>Assets:</b>		
Current and other assets	\$ 3,279,953	\$ 3,083,800
Capital assets	41,884,611	43,177,245
Total assets	45,164,564	46,261,045
Deferred outflows of resources	46,823	41,588
<b>Liabilities:</b>		
Current liabilities	2,005,816	1,985,325
Long-term liabilities	18,511,806	20,292,901
Total liabilities	20,517,622	22,278,226
Deferred inflows of resources	-	-
<b>Net position:</b>		
Net investment in capital assets	21,582,154	21,130,516
Unrestricted	3,111,611	2,893,891
Total net position	\$ 24,693,765	\$ 24,024,407

As noted earlier, net position may serve over time as one useful indicator of the Authority's financial condition. The assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows by \$24,693,765 as of June 30, 2021. The Authority's net position increased by \$669,358 for the fiscal year ended June 30, 2021. However, the largest portion of net position \$21,582,154 (87%) reflects the Authority's net investment in capital assets (e.g. land, buildings, machinery and equipment). The Lower Cape Fear Water and Sewer Authority uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Although the Authority's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$3,111,611(13%) is unrestricted.

Several particular aspects of the Authority's financial operations positively influenced the total net position:

- Increase in charges for services.

**Lower Cape Fear Water and Sewer Authority's Changes in Net Position**  
**Figure 3**

	<b>Business-Type Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Charges for Services	\$ 4,500,161	\$ 4,336,315
Other operating	55,833	1,329
Investment earnings	2,696	8,482
Other non-operating	1,133,995	1,315,693
Total revenues	<u>5,692,685</u>	<u>5,661,819</u>
<b>Expenses:</b>		
Operations	3,288,424	3,261,523
Depreciation and amortization	1,658,635	1,603,414
Interest and fees paid	76,268	301,554
Total expenses	<u>5,023,327</u>	<u>5,166,491</u>
Increase (decrease) in net position before transfers and capital contributions	669,358	495,328
Increase (decrease) in net position	669,358	495,328
Net position, July 1	24,024,407	23,529,079
Net position, June 30	<u>\$ 24,693,765</u>	<u>\$ 24,024,407</u>

**Business-type activities:** Business-type activities increased the Authority's net position by \$669,358. Key element of this increase is as follows:

- Decrease in expenses.

#### **Capital Asset and Debt Administration**

**Capital assets.** The Lower Cape Fear Water and Sewer Authority's investment in capital assets as of June 30, 2021, totals \$41,884,611 (net of accumulated depreciation). These assets include buildings, land, equipment, vehicles, and water system improvements.

**Lower Cape Fear Water and Sewer Authority's Capital Assets**  
**(net of depreciation)**  
**Figure 4**

	<b>2021</b>	<b>2020</b>
Land	\$ 882,053	\$ 882,053
Buildings	237,935	247,829
Vehicles	84,209	45,894
Equipment	465,358	331,239
Plant & distribution system	40,215,056	41,670,230
Total	<u>\$ 41,884,611</u>	<u>\$ 43,177,245</u>

Additional information on the Authority's capital assets can be found in the notes to the Basic Financial Statements.

Management Discussion and Analysis  
Lower Cape Fear Water and Sewer Authority

**Long-term Debt.** As of June 30, 2021, the Authority had total bonded debt outstanding of \$19,751,443. The changes in long-term debt for the year ended June 30, 2021 was as follows:

<b>Revenue Bonds</b>	
<b>Figure 5</b>	
	2021                      2020
Revenue bonds	\$ 19,751,443    \$ 21,131,383
Direct Placement	
Installment Agreement	551,014              915,347
Total	\$ 20,302,457    \$ 22,046,730

**Economic Factors and Next Year's Budgets and Rates**

- The adopted budget for fiscal year 2021-2022 illustrates an increase in customer revenues due to an increase in the raw water rate from \$0.2717 per 1,000 gallons to \$.3300 per 1,000 gallons to provide for the required debt services through 2022.
- The Bladen Bluffs water treatment plant operated by Smithfield Farmland, Inc. will continue to experience increased costs as it enters into its 9th year of operations but those costs are offset 100% by revenues received including all debt service.

**Requests for Information**

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Tim Holloman, Executive Director, Lower Cape Fear Water and Sewer Authority, 1107 New Pointe Blvd., Suite 17, Leland, NC 28451. You can also call (910)383-1919, or visit our website at [www.lcfwasa.org](http://www.lcfwasa.org) for more information.

## BASIC FINANCIAL STATEMENTS

**Lower Cape Fear Water and Sewer Authority**  
**Statement of Fund Net Position**  
**June 30, 2021**

	<b>Major Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 2,867,786
Accounts receivable, customers (net)	356,334
Accounts receivable, other	55,833
Total current assets	<u>3,279,953</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	882,053
Other capital assets, net of depreciation	41,002,558
Total capital assets	<u>41,884,611</u>
Total assets	<u>45,164,564</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Deferrals	32,666
Charge on refunding	14,157
Total deferred outflows of resources	<u>46,823</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	200,273
Compensated absences - current	2,500
Current portion of long-term debt	1,803,043
Total current liabilities	<u>2,005,816</u>
Non-current liabilities:	
Compensated absences payable	3,816
Net pension liability	8,576
Non-current portion of long-term debt	18,499,414
Total non-current liabilities	<u>18,511,806</u>
Total liabilities	<u>20,517,622</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Deferrals	-
Total deferred inflow of resources	<u>-</u>
<b>NET POSITION</b>	
Net investment in capital assets	21,582,154
Unrestricted	3,111,611
Total net position	<u>\$ 24,693,765</u>

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

Exhibit B

**Lower Cape Fear Water and Sewer Authority**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2021**

	<b>Major Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 4,500,161
Other operating revenue	55,833
Total operating revenues	<u>4,555,994</u>
<b>OPERATING EXPENSES</b>	
Operations and administration	3,288,424
Depreciation and amortization	1,658,635
Total operating expenses	<u>4,947,059</u>
Operating income (loss)	<u>(391,065)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	2,696
Insurance Claim Proceeds	1,795
Treated water supply agreement (Smithfield Farmland)	814,276
Contributed capital	-
Interest and fees paid	(76,268)
Other non-operating revenues (expenses)	317,924
Total nonoperating revenues (expenses)	<u>1,060,423</u>
Income (loss) before transfers and capital contributions	669,358
Change in net position	669,358
Net position, beginning	24,024,407
Net position, ending	<u>\$ 24,693,765</u>

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



**Lower Cape Fear Water and Sewer Authority**  
**Statements of Cash Flows**  
**For The Fiscal Year Ended June 30, 2021**

	<b>Major Enterprise Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 4,694,363
Cash paid for goods and services	(2,995,107)
Cash paid to employees for services	(314,883)
Net cash provided (used) by operating activities	<u>1,384,373</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets and construction	(366,001)
Principal paid on bonds and notes payable	(1,744,273)
Insurance Claim Proceeds	1,795
Contributed capital	-
Treated water supply agreement (Smithfield Farmland)	814,276
Other non-operating revenues	317,924
Interest and fees paid on bonds and notes	(76,268)
Net cash provided (used) by capital and related financing activities	<u>(1,052,547)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	<u>2,696</u>
Net cash provided	
Net increase (decrease) in cash and cash equivalents	334,522
<b>Cash and cash equivalents:</b>	
Beginning of year, July 1	2,533,264
End of year, June 30	<u>\$ 2,867,786</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (391,065)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,658,635
(Increase) decrease in accounts receivable	138,369
Increase (decrease) in accounts payable & accrued liabilities	(12,812)
Increase (decrease) in net pension liability	(7,536)
Increase (decrease) in compensated absences	4,017
(Increase) decrease in deferred outflows of resources for pensions	(286)
(Increase) decrease in deferred outflows of resources for refunding	(4,949)
	<u>1,775,438</u>
Net cash provided (used) by operating activities	<u>\$ 1,384,373</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

**Lower Cape Fear Water and Sewer Authority  
Notes to the Financial Statements  
For the Year Ended June 30, 2021**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Lower Cape Fear Water and Sewer Authority (the "Authority") conform to generally accepted accounting principles as applicable to governments. The Authority does not have any discretely presented component units. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Authority is a public authority created under applicable laws of the State of North Carolina and has constructed a pipeline system that provides raw water to counties, adjacent public utility authorities, and industrial customers in southeastern North Carolina. The Authority's current customer mix is comprised as follows:

Customers with the ability to purchase raw water at June 30, 2021:

2 County Governments

2 Industries

1 Government Utility Authority

The Authority is not considered to be a joint venture under generally accepted accounting principles since the customers do not retain an ongoing financial interest (i.e., an equity interest in either assets or liabilities) or responsibility. It is considered a jointly governed organization.

Under the Enabling Acts, the Authority is authorized, among other things, to: (a) acquire, lease, construct, reconstruct, improve, extend, enlarge, equip, maintain, and operate water and sewer systems located within the service area of the Authority's membership; (b) issue revenue bonds of the Authority to pay the cost of such acquisition, construction, reconstruction, improvement, extension, enlargement, or equipment; and (c) fix, revise, charge, and collect rates, fees, and charges for the use of and for the services and facilities furnished by any water and sewer system operated by the Authority. The Authority cannot levy ad valorem taxes.

The Authority is governed by a board of fourteen members, each of who is appointed for a term of three years by the respective governing bodies of each of the Authority members. Each constituent member of the Authority appoints and is represented by two Board members with the exception of Brunswick County, which appoints four members.

**B. Basis of Presentation**

*Government-wide Statements:* The business-type activities are financed in whole or in part by fees charged to external parties. All activities of the Authority are considered business-type activities.

*Fund Financial Statements:* The fund financial statements provide information about the Authority's funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as contributions and investment earnings, result from non-exchange transactions or ancillary activities. The Authority has one fund category - proprietary funds.

**Proprietary Funds**

**Enterprise Fund.** Enterprise funds are used to account for those operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Authority operates as a singular enterprise fund, the Water and Sewer Fund. The Water and Sewer Fund (the operating fund) is consolidated with the Renewal and Replacement Fund, Right of Way Fund, System Development Fund, Enterprise Capital Project Fund, and Bladen Bluff Capital Project Fund.

The Enterprise Fund is considered a major fund for the year ending June 30, 2021.

## Notes to the Financial Statements

**C. Measurement Focus and Basis of Accounting**

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

*Government-wide and Proprietary Fund Financial Statements.* The proprietary fund financial statements are accounted for on a flow of 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 Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, donations, and similar items. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority enterprise funds are charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system.

**D. Budgetary Data**

The Authority's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the Operating Fund, Renewal and Replacement Fund, Right of Way Fund, System Development Charge Fund, Enterprise Capital Project Fund, and Bladen Bluffs Capital Project Fund. All annual appropriations lapse at fiscal year end. Appropriations under project ordinances for the enterprise construction project sub funds lapse at the completion of the project. All budgets are prepared using the modified accrual basis of accounting which is consistent with the accounting system used to record transactions. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and the object level for the multi-year funds. During the year, an amendment was made to the original budget, the effects of which were not material. The budget ordinance must be adopted by June 30 of the fiscal year or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

**E. Assets, Liabilities, Deferred Outflows/Inflows or Resources, and Fund Equity****1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Authority's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2021, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

**2. Cash and Cash Equivalents**

The Authority considers all highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents.

## Notes to the Financial Statements

**3. Allowances for Doubtful Accounts**

All receivables at June 30, 2021 are considered collectible.

**4. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are of individual items of more than \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The Authority has elected to capitalize those interest costs that are incurred during the construction period of general fixed assets when appropriate. Assets are depreciated on a straight-line basis over estimated useful lives, which are as follows:

	<u>Years</u>
Buildings	40
Water supply system - pipeline	40
Water supply system - equipment	25
Office equipment	16
Vehicle	5

**5. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

**6. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has two items that meet this criterion, one is the expense for the refunding of water bonds and the other is pension deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has one item that meet the criterion for this category - pension deferrals.

**7. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred.

## Notes to the Financial Statements

**8. Compensated Absences**

The vacation policy of the Authority provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Authority's proprietary funds, an expense and a liability for compensated leave and the salary-related payments are recorded as the leave is earned. The Authority has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability. The Authority's sick leave policy grants twelve days per year to full-time employees which can accumulate without limit, but which do not vest. As such, accumulated and non-vested sick leave is not provided in these financial statements.

**9. Net Position/Fund Balances****Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

**Committed Fund Balance** - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Authority's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Assigned Fund Balance** - portion of fund balance that the Lower Cape Fear Water and Sewer Authority intends to use for specific purposes.

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

**Defined Benefit Cost-Sharing Plans**

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

## Notes to the Financial Statements

**II. Stewardship, Compliance, and Accountability****A. Significant Violations of Finance-Related Legal and Contractual Provisions****1. Noncompliance with North Carolina General Statutes**

None.

**2. Contractual Violations**

None.

**3. Deficit in Fund Balance or Net Position of Individual Funds**

None.

**4. Excess of Expenditures over Appropriations**

None.

**III. Detail Notes on All Funds****A. Assets****1. Deposits**

All the deposits of the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. 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 Authority, these deposits are considered to be held by the Authority's agents in 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 Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Authority's deposits had a carrying value of \$2,867,786 and a bank balance of \$3,052,292. Of the bank balance \$1,345,051 as covered by federal depository insurance. The remaining balance was covered by the collateral held under the Pooling Method.

**2. Receivables - Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. Uncollectible accounts are deemed to be immaterial for the Authority, in light of historic collectability.



## Notes to the Financial Statements

**3. Capital Assets**

Capital asset activity for the Authority for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ 882,053	\$ -	\$ -	\$ 882,053
Total capital assets not being depreciated	882,053	-	-	882,053
<b>Capital assets being depreciated:</b>				
Buildings	395,734	-	-	395,734
Vehicles	194,493	55,664	-	250,157
Equipment	444,952	160,088	-	605,040
Plant and distribution system	69,849,067	150,249	-	69,999,316
Total capital assets being depreciated	70,884,246	366,001	-	71,250,247
<b>Less accumulated depreciation for:</b>				
Buildings	147,905	9,894	-	157,799
Vehicles	148,599	17,349	-	165,948
Equipment	113,713	25,969	-	139,682
Plant and distribution system	28,178,837	1,605,423	-	29,784,260
Total accumulated depreciation	28,589,054	\$ 1,658,635	\$ -	30,247,689
Total capital assets being depreciated, net	42,295,192			41,002,558
<b>Business-type activity capital assets, net</b>	<b>\$ 43,177,245</b>			<b>\$ 41,884,611</b>

**B. Liabilities****1. Payables**

Accounts payable and accrued liabilities reported on the Statement of Net Position at June 30, 2020 were as follows:

	Business-Type Activities
Accounts and vouchers	\$ 196,464
Accrued interest payable	3,809
Total accounts payable and accrued liabilities	<u>\$ 200,273</u>

**2. Pension Plan Obligations****Local Government Employees' Retirement System**

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

## Notes to the Financial Statements

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2021, was 10.78% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$17,820 for the year ended June 30, 2021.

**Refunds of Contributions** – Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2021, the Authority reported an liability of \$8,576 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Authority's proportion was 0.00024%, which was a decrease of 0.00035% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Authority recognized pension expense of \$9,998. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,083	\$ -
Change in assumptions	638	-
Net difference between projected and actual earnings on pension plan investments	1,206	-
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	11,919	-
Authority's contributions subsequent to the measurement date	17,820	-
Total	<u>\$ 32,666</u>	<u>\$ -</u>

## Notes to the Financial Statements

\$17,820 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	
2022	6,086
2023	5,131
2024	3,272
2025	357
2026	-
Thereafter	-
	<u>\$ 14,846</u>

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

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of position plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

## Notes to the Financial Statements

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

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

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

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension	\$17,400	\$8,576	\$1,243

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

#### Supplemental Retirement Income Plan

**Plan Description.** The Authority contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to personnel employed by the Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend certain benefit provisions to the North Carolina General Assembly. The Plan is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue code Section 401(k) Plan that includes the Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919)981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to three percent of each participant's salary, and all amounts contributed are vested immediately. Also, the participants may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$10,518 which consisted of \$4,560 from the Authority and \$5,958 from employees.

#### Other Employment Benefit

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

## Notes to the Financial Statements

**3. Deferred Outflows and Inflows of Resources**

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

	Amount
Pension deferrals	\$ 32,666
Charge on bond refunding	14,157
Total	<u>\$ 46,823</u>

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

Pension deferrals	\$ -
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**4. Risk Management**

The Authority 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 Authority carries commercial coverage for all risks of loss, to include business auto (\$3,000,000 limit), real and personal property (\$26,397,125 limit), general liability (\$3,000,000 per occurrence), and worker's compensation (statutory). There have been no subsequent reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Authority does not carry flood insurance. In accordance with G.S. 159-29 the Authority's employees that have access to more than \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000. In addition, the Authority carries Government Crime coverage for the loss of or damage to money, securities, and other property resulting directly from theft, forgery, or alteration committed by an employee inside and outside the premises (\$100,000 per occurrence).

**5. Claims, Judgments and Contingent Liabilities**

At June 30, 2021, the Authority was not a defendant to any lawsuits.

**6. Long Term Obligations**

The Authority has no authority to issue general obligation debt under its enabling legislation. The Authority is able to issue revenue bonds in such amounts as may be financially feasible without statutory limits. The following is the composition of long-term debt as of June 30, 2021.

**a. Notes Payable**

In March 2019, the Authority entered into a three year direct placement loan of \$1,506,438 with New Hanover County for the a relocation capital project under US HWY 421. The contract requires principal payments beginning in the fiscal year of 2020 at an annual interest rate of 2 percent. At June 30, 2020, the Authority had received \$915,347. Balance at June 30, 2021 is \$551,014. Matures in May 2023.

\$ 551,014

## Notes to the Financial Statements

**b. Revenue Bonds**

\$24,665,000 Special Facility Revenue Bonds, Series 2010, issued for the construction of a surface water treatment plant; due in annual installments ranging from \$455,000 to \$2,050,000 through December 1, 2024; Interest payable monthly at a variable rate. All payments are made directly by Smithfield Farmland Corporation, although the liability is held in the name of The Authority.

19,150,000

\$5,507,451, 2012 Enterprise System Refunding bonds; due in annual installments ranging from \$515,344 to \$601,444 through May 2022; interest payable semi-annually at 1.95%.

601,443

Total long-term debt

20,302,457

Current portion

1,803,043

\$ 18,499,414**c. Changes in General Long-Term Liabilities**

The changes in the long-term debt for the year ending June 30, 2021 are as follows:

	Balance 6/30/2020	Additions	Retirements	Balance 6/30/2021	Current Portion
Revenue bonds	\$ 21,131,383	\$ -	\$ 1,379,940	\$ 19,751,443	\$ 1,451,443
Direct Placement Installment agreements	915,347	-	364,333	551,014	351,600
Net pension liability	16,112	-	7,536	8,576	-
Compensated absences	2,300	14,557	10,541	6,316	2,500
Total	<u>\$ 22,065,142</u>	<u>\$ 14,557</u>	<u>\$ 1,762,350</u>	<u>\$ 20,317,349</u>	<u>\$ 1,805,543</u>

The future payments of the revenue bonds for the years ending after June 30, 2021 are as follows:

	Business-Type Activities	
Year Ending June 30	Principal	Interest
2022	1,803,043	63,533
2023	1,109,414	16,798
2024	970,000	12,173
2025	1,035,000	11,494
2026	1,115,000	10,770
2027 - 2031	6,845,000	41,010
2032 - 2036	7,425,000	13,955
Total	<u>\$ 20,302,457</u>	<u>\$ 169,733</u>

**d. Special Facility Revenue Bonds**

In March 2010, the Authority issued \$24,665,000 in special facility revenue bonds, per the Treated Water Supply Agreement with the Smithfield Farmland Corporation (the Agreement) dated December 18, 2009, for the construction of a water intake at Bladen Bluff on the Cape Fear River, a four million gallons per day treatment plant and necessary pipelines and appurtenant facilities. Per the Agreement, Smithfield Farmland Corporation will make payments directly to the bond agent in the amount of any principal, interest, or additional bond expenses, when due and payable. Smithfield Farmland Corporation will continue to make such payments so long as Smithfield Farmland Corporation is the sole user of the Bladen Bluffs Project. As per the Agreement, Smithfield Farmland Corporation has provided a letter of credit through Robo Bank sufficient for issuance of the Bonds. The Authority has recognize the value of these principal and interest payment as a nonoperating revenue called Treated Water Supply Agreement (Smithfield Farmland). This revenue is offset by interest expense and principal payments decreasing the balance of the outstanding bonds.

## Notes to the Financial Statements

**e. Revenue Bond Covenants**

The Authority has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 5 of the Bond Orders, authorizing the issuance of the 2012 Enterprise System Revenue Refunding bonds, the 2010 Combined Enterprise Revenue Bonds, and the 2010 Special Facility Revenue Bonds, since the adoption of each bond order. Section 5.01 Bond Orders of the 2012 Enterprise System Revenue Refunding bonds, and 2010 Combined Enterprise Revenue Bonds, require the debt service coverage to be no less than 110%. Section 5.01 of the Bond Order of the 2010 Special Facility Revenue Bonds, requires the debt service coverage to be no less than 100%. The debt service coverage ratio calculation for the year ended June 30, 2021, is as follows:

Operating revenues	\$ 5,370,270
Operating expenses *	<u>3,288,424</u>
Operating income	2,081,846
Non-operating revenues (expenses)	<u>246,147</u>
Income available for debt service	<u>\$ 2,327,993</u>
Debt service, principal and interest paid (Revenue bonds only)	<u>\$ 1,803,043</u>
Debt service coverage ratio	129%

\*Per rate covenants, this does not include the depreciation and amortization expenses of \$1,658,635.

The Authority has pledged future water customer revenues, net of specified operating expenses, to repay \$5,507,451 in 2012 Enterprise System Revenue Refunding bonds, \$3,000,000 in 2010 Combined Enterprise Revenue Bond, and \$24,665,000 in 2010 Special Facility Revenue Bonds. Proceeds from the bonds provided financing for water system improvements and the construction of a surface water treatment plant. The 2012 Enterprise System Revenue Refunding Bonds, and the 2010 Combined Enterprise Revenue Bonds, are payable solely from water customer net revenues and are payable through 2022. The total principal and interest remaining to be paid on these bonds is \$43,661,041. Principal and interest paid for the current year and total customer net revenues were \$1,005,504 and \$1,076,067 respectively. In the event that the Treated Water Supply Agreement is not met, the Special Facility Revenue Bonds are payable from water customer net revenues through 2024. The total principal and interest remaining to be paid on the bonds is \$20,472,190. Principal and interest paid for the current year were \$3,177,200. Payments made directly by Smithfield Farmland Corporation, on behalf of The Authority, for principal and interest for the current year were \$601,556.

**C. Transactions with Related Parties and Major Customers**

Brunswick County is related to the Authority as one of its members (See Note 1: Reporting Entity). The Authority currently sells water to Brunswick County under a Fourth Amended and Restated Water Supply Agreement dated December 10, 2012, which continues until December 31, 2030, with provisions for ten-year extensions thereafter. Water charges of \$1,444,286 for the year ended June 30, 2021 (27% of total water charges) and a customer receivable of \$150,603 at June 30, 2021 are attributable to Brunswick County.

The Authority currently sells water to the Cape Fear Public Utility Authority. Water charges of \$1,102,675 for the year ended June 30, 2021 (21%) and a customer receivable of \$74,561 are attributable to the Cape Fear Public Utility Authority.

**D. Summary Disclosure of Significant Deficiencies**

The Authority has received proceeds from several federal grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**E. Significant Effects of Subsequent Events**

There are no subsequent events that would have a material effect on the financial statements. Subsequent events have been analyzed through the date that the financial statements were available to be issued.

REQUIRED  
SUPPLEMENTAL FINANCIAL DATA

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

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Schedule of the Proportionate Share of the Net Pension  
Liability – Local Government Employees' Retirement  
System

Schedule of Contributions – Local Government  
Employees' Retirement System



**Lower Cape Fear Water and Sewer Authority**  
**Lower Cape Fear WSA's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Eight Fiscal Years\***

**Local Government Employees' Retirement System**

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset) (%)	0.00024%	0.00059%	0.00074%	0.00086%	0.00098%	0.00100%	0.0011%	0.0012%
Authority's proportion of the net pension liability (asset) (\$)	\$ 8,576	\$ 16,112	\$ 17,555	\$ 13,138	\$ 20,799	\$ 4,623	\$ (6,546)	\$ 14,465
Authority's covered-employee payroll	\$ 133,855	\$ 160,576	\$ 156,534	\$ 153,122	\$ 149,387	\$ 145,429	\$ 145,650	\$ 138,599
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.41%	10.03%	11.21%	8.58%	13.92%	3.18%	( 4.49%)	10.44%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Lower Cape Fear Water and Sewer Authority  
Lower Cape Fear WSA's Contributions  
Required Supplementary Information  
Last Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 17,820	\$ 12,770	\$ 13,344	\$ 12,554	\$ 11,744	\$ 10,547	\$ 10,820	\$ 10,820
Contributions in relation to the contractually required contribution	17,820	12,770	13,344	12,554	11,744	10,547	10,820	10,820
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 165,309	\$ 133,855	\$ 160,576	\$ 156,534	\$ 153,122	\$ 149,387	\$ 145,429	\$ 145,650
Contributions as a percentage of covered-employee payroll	10.78%	9.54%	8.31%	8.02%	7.67%	7.06%	7.44%	7.43%

## INDIVIDUAL FUND SCHEDULES

- Enterprise Operating Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Non-GAAP)
- Renewal and Replacement Fund - Schedule of Revenues and Expenditures -  
Budget and Actual (Non-GAAP)
- Right of Way Fund - Schedule of Revenues and Expenditures -  
Budget and Actual (Non-GAAP)
- System Development Charge Fund - Schedule of Revenues and Expenditures -  
Budget and Actual (Non-GAAP)
- Enterprise Capital Project Fund - Schedule of Revenues and Expenditures -  
Budget and Actual (Non-GAAP)

**Lower Cape Fear Water and Sewer Authority, North Carolina**  
**Enterprise Operating Fund**  
**Schedule of Revenues, Expenditures, and Changes Fund Balance**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Operating revenue:			
Brunswick County		\$ 1,444,286	
Invista		32,488	
Cape Fear Public Utility Authority		1,102,675	
Praxair, Inc.		2,088	
Pender County		157,838	
Bladen Bluffs income		1,760,786	
Other operating revenues		55,833	
Total operating revenues	<u>\$4,702,785</u>	<u>4,555,994</u>	<u>\$ (146,791)</u>
Nonoperating revenues:			
Interest earnings		2,264	
Treated water supply agreement (Smithfield)		814,276	
Other non-operating revenues		303,293	
Total non-operating revenues	<u>833,610</u>	<u>1,119,833</u>	<u>286,223</u>
<b>Total Revenues:</b>	<u>5,536,395</u>	<u>5,675,827</u>	<u>139,432</u>
<b>Expenditures:</b>			
Administration:			
Salaries and benefits		306,129	
Insurance		105,167	
Office expense		95,047	
Professional services		79,014	
Other		112,621	
Total administration	<u>708,933</u>	<u>697,978</u>	<u>10,955</u>
Other operating expenditures:			
Kings Bluff O&M expenses		320,115	
Bladen Bluffs expenses		1,446,666	
Utilities-Energy Pump Station		718,294	
Capital Outlay		366,001	
Other		200	
Debt service - principal		1,744,273	
Debt service - interest		76,268	
Total other operating expenditures	<u>4,827,462</u>	<u>4,671,817</u>	<u>155,645</u>
<b>Total expenditures</b>	<u>5,536,395</u>	<u>5,369,795</u>	<u>166,600</u>

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenue over expenditures	-	306,032	306,032
<b>Other financing sources (uses):</b>			
Insurance Claim Proceeds	-	1,795	1,795
Fund balance appropriated	-	-	-
Total other financing sources (uses):	-	1,795	1,795
Revenues and other sources over expenditures and other uses	\$ -	\$ 307,827	\$ 307,827
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures		\$ 307,827	
Reconciling items:			
Depreciation		(1,658,635)	
Capital outlay		366,001	
Principal payments on long-term debt		1,744,273	
(Increase) decrease in net pension liability		7,536	
Increase (decrease) in deferred outflows of resources for pensions		286	
Items from Schedules 2 through 5			
Other expenses from capital projects		(112,993)	
Other income from capital projects		14,631	
Interest earned from capital projects		432	
Total reconciling items		361,531	
Change in net position		\$ 669,358	

**Lower Cape Fear Water and Sewer Authority, North Carolina**  
**Renewal and Replacement Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Interest earnings		\$ 66	
Miscellaneous		14,631	
Total non-operating revenues	\$ -	14,697	\$ 14,697
<b>Expenditures:</b>			
Repairs and maintenance		-	-
Miscellaneous		-	-
Total expenditures	-	-	-
<b>Other financing sources (uses):</b>			
Fund balance appropriated	-	-	-
Total other financing sources (uses):	-	-	-
Revenues and other sources over (under) expenditures and other financing uses	\$ -	14,697	\$ 14,697
<b>Fund balance</b>			
Fund balance - beginning		40,683	
Fund balance - ending		\$ 55,380	

**Lower Cape Fear Water and Sewer Authority, North Carolina**  
**Right of Way Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	<u>2021</u>		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>
<b>Revenues:</b>			
Interest earnings		\$ 366	
Total Revenues	<u>\$ -</u>	<u>366</u>	<u>\$ 366</u>
<b>Expenditures:</b>			
Administration expenses		-	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	-	366	366
<b>Other financing sources (uses):</b>			
Fund balance appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>366</u>	<u>\$ 366</u>
<b>Fund balance</b>			
Fund balance - beginning		281,005	
Fund balance - ending		<u>\$281,371</u>	

**Lower Cape Fear Water and Sewer Authority, North Carolina**  
**System Development Charge Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Interest earnings		\$ -	
Total Revenues	\$ -	-	\$ -
<b>Expenditures:</b>			
Administration expenses		-	
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses):</b>			
Fund balance appropriated	-	-	
Total other financing sources (uses)	-	-	-
Revenues and other sources over expenditures and other uses	\$ -	-	\$ -
<b>Fund balance</b>			
Fund balance - beginning		14	
Fund balance - ending		\$ 14	



**Lower Cape Fear Water and Sewer Authority, North Carolina**  
**Enterprise Capital Project Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Grant revenue		\$ -	
Total Revenues	\$ -	-	\$ -
<b>Expenditures:</b>			
Repairs and Maintenance		111,023	
Administration expenses		1,970	
Total expenditures	218,965	112,993	105,972
Revenues over (under) expenditures	(218,965)	(112,993)	(105,972)
<b>Other financing sources (uses):</b>			
Fund balance appropriated	218,965	-	(218,965)
Total other financing sources (uses)	218,965	-	(218,965)
Revenues and other sources over expenditures and other uses	\$ -	(112,993)	\$ (112,993)
<b>Fund balance</b>			
Fund balance - beginning		793,983	
Fund balance - ending		\$ 680,990	

## **AGENDA ITEM**

**To:** CHAIRMAN RIVENBARK AND BOARD MEMBERS

**From:** TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

**Date:** January 10, 2022

**Re:** Appointment of Calendar Year 2022 Finance Committee by Chairman

Reviewed and approved as to form: MATTHEW A. NICHOLS, AUTHORITY ATTORNEY

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Background: The Chairman historically appoints a Finance Committee to work with staff in preparing the recommended budget for consideration by the full board.

Please find attached Chairman Rivenbark' s appointments to the Finance Committee

**Action Requested:** Discussion and direct staff

**FINANCE COMMITTEE**

**January 1, 2022 - December 31, 2022**

**CHAIRMAN:**

**CHARLIE RIVENBARK**

CITY OF WILMINGTON COUNCILMAN  
4924 PINE STREET.  
WILMINGTON, NC 28403

(910) 200-5244 CELL  
(910) 791-0400 ext 115 WORK  
charlie@mwmrealestate.com  
charlie.rivenbark@wilmingtonnc.gov

**PATRICK DEVANE**

2406 CHESTNUTT LANE  
ELIZABETHTOWN, NC 28337

(910) 874-5014 CELL  
pdevane50@gmail.com

**NORWOOD BLANCHARD**

POST OFFICE BOX 1425  
BURGAW, NC 28425

(910) 289-1310 CELL  
(910) 259-2003 HOME  
(910) 259-8281 FAX  
norwood1310@gmail.com

**CHRIS SMITH**

1409 PEACOCK ROAD  
WHITEVILLE, NC 28472

(910)840-2975 CELL  
ChrisandBillieSmith@gmail.com

**MR. PHIL NORRIS**

1429 ASH LITTLE RIVER ROAD  
ASH, NC 28420

(910) 471-9638 CELL  
(910) 287-5900 WORK  
pnorris@ntengineers.com

**AL J. LEONARD**

MANAGER, TOWN OF TABOR CITY  
POST OFFICE DRAWER 655  
TABOR CITY, NC 28463

(910) 653-3458 WORK  
(910) 653-3970 FAX  
(910) 234-0966 CELL  
yamman@embarqmail.com

**NEW BUSINESS (NB-3)**

**Lower Cape Fear Water & Sewer  
Authority**

## **AGENDA ITEM**

To: CHAIRMAN RIVENBARK AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 10, 2022

Re: Appointment of Calendar Year 2022 Personnel Committee by Chairman

Reviewed and approved as to form: MATTHEW A. NICHOLS, AUTHORITY ATTORNEY

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Background: The Chairman historically has appointed a Personnel Committee to review the Executive Director's annual performance and in regards to other personnel matters on a as needed basis.

**Action Requested:** For information purposes only

**PERSONNEL COMMITTEE**

**January 1, 2022- December 31, 2022**

**CHAIRMAN:**

**CHARLIE RIVENBARK**

CITY OF WILMINGTON COUNCILMAN  
4924 PINE STREET.  
WILMINGTON, NC 28403

(910) 200-5244 CELL  
(910) 791-0400 ext 115 WORK  
charlie@mwmrealestate.com  
charlie.rivenbark@wilmingtonnc.gov

**AL J. LEONARD**

MANAGER, TOWN OF TABOR CITY  
POST OFFICE DRAWER 655  
TABOR CITY, NC 28463

(910) 754-6000 WORK  
(910) 754-6063 FAX  
al@ses.us.com

**WAYNE EDGE**

2202 FIRST STREET  
ELIZABETHTOWN, NC 28337

(910) 862-3713 HOME  
(910) 991-2662 CELL  
j.wedge@hotmail.com

**JACKIE NEWTON**

PENDER COUNTY COMMISSIONER  
4304 SHILOH ROAD  
WATHA, NC 28478

910-619-4692 WORK  
910-619-3869 COUNTY CELL  
janewton@pendercountync.gov

**WILLIAM SUE**

9124 SUE CIRCLE, NE  
LELAND, NC 28451

(910) 540-3543 CELL  
bidgie@ec.rr.com  
(910) 371-2443 HOME

**MAYOR BILL SAFFO**

CITY OF WILMINGTON  
POST OFFICE BOX 1810  
WILMINGTON, NC 28402

(910) 341-7815 WORK  
(910) 341-4628 FAX  
bill.saffo@wilmingtonnc.gov

**HARRY KNIGHT**

3225 ASTER COURT  
WILMINGTON, NC 28409

910-398-7090 CELL  
910-794-4956 HOME  
910-509-7623  
hknight846@aol.com

**MATT NICHOLS**

910-508-7476 WORK  
matt@mattnicholslaw.com

## **AGENDA ITEM**

To: CHAIRMAN RIVENBARK AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 10, 2022

Re: Appointment of Calendar Year 2022 Long Range Planning Committee by  
Chairman

Reviewed and approved as to form: MATTHEW A. NICHOLS, AUTHORITY ATTORNEY

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Background: The Chairman re-established a Long-Range Planning Committee to review the Capital Improvement Plan regarding rate setting and prioritizing projects. This committee makes recommendations to the full LCFWASA Board. Staff present for this committee will be Tony Boahn, Tim Holloman, Tim Holloman, and Matt Nichols

Please find attached Chairman Rivenbark' s appointments to the Long-Range Planning Committee

**Action Requested:** For information purposes only

# LONG RANGE PLANNING COMMITTEE

January 1, 2022 - December 31, 2022

## CHAIRMAN:

### CHARLIE RIVENBARK

CITY OF WILMINGTON COUNCILMAN  
4924 PINE STREET.  
WILMINGTON, NC 28403

(910) 200-5244 CELL  
(910) 791-0400 ext 115 WORK  
charlie@mwmrealestate.com  
charlie.rivenbark@wilmingtonnc.gov

### AL J. LEONARD

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TABOR CITY, NC 28463

(910) 653-3458 WORK  
(910) 653-3970 FAX  
(910) 234-0966 CELL  
yamman@embarqmail.com

### FRANK WILLIAMS

BRUNSWICK COUNTY COMMISSIONER  
P.O. BOX 1986  
LELAND, NC 28451

910-520-5159 CELL  
910-604-6510 County Number  
commissioner.williams@brunswickcounty nc.gov  
flwilliams19770@gmail.com  
frank@pioneerstrategies.com

### ROB ZAPPLE

NEW HANOVER COUNTY COMMISSIONER  
321 R.L. HONEYCUTT DRIVE  
WILMINGTON, NC 28412

(910)-798-7306 WORK  
(910)-798-7145 FAX  
[rzapple@nhcgov.com](mailto:rzapple@nhcgov.com)  
(910)-619-2464 CELL

### HARRY KNIGHT

3225 ASTER COURT  
WILMINGTON, NC 28409

910-398-7090 CELL  
910-794-4956 HOME  
910-509-7623  
hknight846@aol.com

### PATRICK DEVANE

2406 CHESTNUTT LANE  
ELIZABETHTOWN, NC 28337

(910) 874-5014 CELL  
pdevane50@gmail.com

### NORWOOD BLANCHARD

POST OFFICE BOX 1425  
BURGAW, NC 28425

(910) 289-1310 CELLL/WORK  
(910) 259-2003 HOME  
(910) 259-8281 FAX  
norwood1310@gmail.com

### JOHN NICHOLS

[John.Nichols@brunswickcountync.gov](mailto:John.Nichols@brunswickcountync.gov)  
Brunswick County Utilities

Brunswick County Utilities Director  
910-253-2653 WORK

### KEN WALDROUP

[kenneth.Waldroup@cfpu.org](mailto:kenneth.Waldroup@cfpu.org)  
Cape Fear Public Utilitiy Authority

Executive Director  
910-332-6669 Work  
919-369-3240 Cell

### KENNY KEEL

kkeel@pendercountync.gov  
Pender County Utilities

Pender County Utilities Director  
910-259-0212 WORK

## **AGENDA ITEM**

To: CHAIRMAN RIVENBARK AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 10, 2022

Re: Proposal for Professional Consulting Engineering Services for the NC  
Division of Water Infrastructure State Revolving Fund Application preparation

Reviewed and approved as to form: MATTHEW A. NICHOLS, AUTHORITY ATTORNEY

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Background: LCFWASA Staff continue to seek funding for various projects that benefit the Authority. This application is for projects in the Capital Improvement Plan, and currently, all-American Rescue Plan Funding and Infrastructure monies are being administered through the State Revolving Loan Fund.

**Action Requested:** Approval of the proposal.



**Resolution Authorizing the Chairman to Execute Proposal for Professional Consulting Engineering Services Lower Cape Fear Water and Sewer Authority NC Division of Water Infrastructure State Revolving Fund Funding Application Preparation**

**Whereas**, Lower Cape Fear Water & Sewer Authority (the Authority) will have McKim & Creed assist the Authority with the funding application process through the NCDEQ Division of Water Infrastructure (DWI) Clean Water State Revolving Fund (CWSRF) for the following projects;

- Kings Bluff Pump Station Air Backwash Buildings & Walkway Replacement
- Kings Bluff Pump Station 4th Pump Addition
- Kings Bluff Pump Station Standby Generator Replacement

**Whereas**, primary tasks will include the following for each application; prepare the Division of Water Infrastructure application, compile resolutions and certifications, prepare Priority Rating System Form with narrative, compile rate sheets, prepare Opinion of Probable Project Cost, prepare supporting exhibits, and documentation. Then upon completion of the application packages and approval of the Authority, McKim & Creed will submit the applications to the Division of Water Infrastructure.

**Whereas**, the detailed proposal will have a fixed fee of \$8,250; and

**Whereas**, The Division of Water Infrastructure funding deadline for the Spring of 2022 requires applications to be submitted on or before May 2, 2022. McKim & Creed will work directly with the Authority to prepare the applications for submittal by this date.

**Whereas**, based on McKim & Creeds demonstrated competence and qualification for this type of professional services at a fair and reasonable price, the Authority proposes to enter a contract with McKim & Creed, Inc. for engineering services as described hereinafter.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Lower Cape Fear Water & Sewer Authority as follows:

1. The project consisting of consulting engineering services by McKim & Creed McKim to assist the Authority with the funding application process through the NCDEQ Division of Water Infrastructure (DWI) Clean Water State Revolving Fund (CWSRF) in the fixed fee amount of \$8,250.
2. This Resolution shall be effective upon passage.

This Resolution adopted this 10th day of January 2022.

\_\_\_\_\_  
Charlie Rivenbark, Chairman

**ATTEST:**

\_\_\_\_\_  
Harry Knight, Secretary



ENGINEERS

SURVEYORS

PLANNERS

January 3, 2022

214402

Mr. Tim Holloman, Executive Director  
 Lower Cape Fear Water & Sewer Authority  
 1107 New Pointe Blvd Suite 17  
 Leland, NC 28451

Re: **Proposal for Professional Consulting Engineering Services  
 Lower Cape Fear Water & Sewer Authority  
 NC Division of Water Infrastructure State Revolving Fund  
 Funding Application Preparation**

Dear Mr. Holloman:

McKim & Creed appreciates the opportunity to provide this proposal for professional consulting services for preparation of funding applications via the NC Division of Water Infrastructure State Revolving Fund. Our detailed scope of services is provided as follows:

## I. Scope of Services

McKim & Creed will assist the Authority with the funding application process through the NCDEQ Division of Water Infrastructure (DWI) Clean Water State Revolving Fund (CWSRF) for the following projects:

- Kings Bluff Pump Station Air Backwash Buildings & Walkway Replacement
- Kings Bluff Pump Station 4<sup>th</sup> Pump Addition
- Kings Bluff Pump Station Standby Generator Replacement

Primary tasks will include the following for each application:

- Prepare the Division of Water Infrastructure application
- Compile resolutions and certifications
- Prepare Priority Rating System Form with narrative
- Compile rate sheets
- Prepare Opinion of Probable Project Cost
- Prepare supporting exhibits & documentation

243 North Front Street

Wilmington, NC 28401

910.343.1048

Fax 910.251.0282

www.mckimcreed.com

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Mr. Tim Holloman, Executive Director  
Lower Cape Fear Water and Sewer Authority  
January 3, 2022  
Page 2

Upon completion of the application packages and approval of the Authority, McKim & Creed will submit the applications to the Division of Water Infrastructure. Comments received by the Division of Waster Infrastructure will be addressed for each application.

## **II. Fee Compensation**

McKim & Creed will complete the work detailed in this proposal for the fixed fee of \$8,250.

### **Miscellaneous Conditions**

- 1.5% per month on overdue invoices.
- Either party may terminate with a 30-day notice.

## **III. Schedule**

The Division of Water Infrastructure funding deadline for the Spring of 2022 requires applications to be submitted on or before May 2, 2022. McKim & Creed will work directly with the Authority to prepare the applications for submittal by this date.

## **IV. Additional Services**

The Professional Services stated herein above do not include the costs for services identified below. However, these services can be provided if requested for a negotiated fee commensurate with the identified scope of services.

- Preliminary Engineering Reports
- Environmental Assessments
- Design Services
- Permitting Services
- Bid & Award Phase Services
- Survey or Subsurface Utility Engineering Services
- Construction Administration and Construction Observation Services
- Condition assessment of facilities
- Permit or application fees
- Court appearances for expert witness.

Mr. Tim Holloman, Executive Director  
 Lower Cape Fear Water and Sewer Authority  
 January 3, 2022  
 Page 3

- Design of demolition or abandonment of existing facilities
- Environmental Impact Statements, or surveys for endangered species.
- Court appearances for litigation, or preparation for the same

#### **ACCEPTANCE AND AUTHORIZATION**

If this proposal is acceptable, please sign below as indicated and return one executed copy to our office. Upon receipt, McKim & Creed will consider this as the authorization to proceed.

We appreciate the opportunity to provide these services and look forward to our continuing work with the Authority. If you have any questions, please do not hesitate to contact me.

Sincerely,

McKIM & CREED, Inc.



Tony Boahn, PE  
 Vice-President

Enclosure: McKim & Creed, Inc. Engineering Division General Conditions  
 (01/2011-01)

Accepted by:

#### **LOWER CAPE FEAR WATER & SEWER AUTHORITY**

NAME: Charlie Rivenbark

SIGNATURE: \_\_\_\_\_

TITLE: Chairman, Board of Directors

DATE: \_\_\_\_\_

Mr. Tim Holloman, Executive Director  
Lower Cape Fear Water and Sewer Authority  
January 3, 2022  
Page 4

**E-Verify Requirement.** As a condition of payment for services rendered under this agreement, Engineer shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (requirement that employers use E-Verify). Further, if Engineer provides the services to the Client utilizing a subcontractor, Engineer shall require the subcontractor to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes as well. Engineer shall verify by affidavit compliance with the terms of this section upon request of Client.

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act, this the \_\_\_\_ day of \_\_\_\_\_, 2022

\_\_\_\_\_  
Finance Officer, Lower Cape Fear Water and Sewer Authority

**McKim & Creed, Inc.**  
**Engineering Division**  
**General Conditions**  
**(01/2011-1)**

**Billing and Payment.** Invoices will be submitted by McKim & Creed, Inc. (the "Engineer") to the Client monthly for services performed and expenses incurred pursuant to this Agreement. Payment of each such invoice will be due upon receipt and considered past due if not paid within thirty (30) days of the date of the invoice. Any retainers shall be credited on the final invoice.

**a) Interest.** A service charge will be added to delinquent accounts at 18 percent per annum (1.5 percent per month).

**b) Suspension of Services.** If the Client fails to make any payment due the Engineer for services and expenses within thirty (30) days of the invoice date on the project(s) covered by this agreement or any other project(s) being performed by Engineer for Client, the Engineer may suspend services under this Agreement until it has been paid in full for all past due amounts owed by Client for services and expenses. The Engineer shall have no liability whatsoever to the Client for any costs or damages occurring as a result of such suspension caused by any such breach of this Agreement by Client.

**c) Collection Costs.** In the event legal action is necessary to enforce the payment provisions of this Agreement, the Engineer shall be entitled to collect from the Client any judgment or settlement sums due, reasonable attorneys' fees, court costs.

**d) Termination Of Services.** The failure of the Client to make payment to the Engineer in accordance with the payment terms set forth herein shall constitute a material breach of this Agreement and shall entitle the Engineer, at its option, to terminate the Agreement. Any material breach of this Agreement by the Client shall, at the Engineer's option and in its sole discretion, constitute a breach of and default under any and/or all other agreements between the Client and Engineer.

**Confidentiality.** The Engineer agrees to keep confidential and not to disclose to any person or entity, other than the Engineer's employees, sub-consultants and the general contractor and subcontractors, if appropriate, any data and information not previously known to and generated by the Engineer or furnished to the Engineer and marked CONFIDENTIAL by the Client. These provisions shall not apply to information in whatever form that comes into the public domain, nor shall it restrict the Engineer from giving notices required by law or complying with an order to provide information or data when such order is issued by a court, administrative agency or other authority with proper jurisdiction, or if it is reasonably necessary for the Engineer to defend itself from any suit or claim.

~~The Client agrees that the technical methods, techniques and pricing information contained in any proposal submitted by the Engineer pertaining to this project or in this Agreement or any addendum thereto, are to be considered confidential and proprietary, and shall not be released or otherwise made available to any third party without the express written consent of the Engineer.~~

**Consequential Damages.** Notwithstanding any other provision of the Agreement, neither party shall be liable to the other for any consequential damages incurred due to the fault of the other party, regardless of the nature of the fault or whether it was committed by the Client or the Engineer, their employees, agents, sub-consultants or subcontractors. Consequential damages include, but are not limited to, loss of use and lost profit.

**Non-Contingency.** The Client acknowledges and agrees that the payment for services rendered and expenses incurred by the Engineer pursuant to this Agreement is not subject to any contingency unless the same is expressly set forth in this Agreement. Payments to the Engineer shall not be withheld, postponed or made contingent on the financing, construction, completion or success of the project or upon receipt by the Client of offsetting reimbursement or credit from other parties causing Additional Services or expenses. No withholdings, deductions or offsets shall be made from the Engineer's compensation for any reason.

**Opinions of Cost.**

(a) Since the Engineer has no control over the cost of labor, materials, equipment or services furnished by others, or over methods of determining prices, or over competitive bidding or market conditions, any and all opinions as to costs rendered hereunder, including but not limited to opinions as to the costs of construction and materials, are estimates only and shall be made on the basis of its experience and qualifications and represent its best judgment as an experienced and qualified professional engineer, familiar with the construction industry; but the Engineer cannot and does not guarantee that proposals, bids or actual costs will not vary from opinions of probable cost prepared by it and the Engineer shall have no liability whatsoever if the actual cost differs from the Engineers estimate. If at any time the Client wishes greater assurance as to the amount of any cost, Client shall employ an independent cost estimator to make such determination. Engineering services required to bring costs within any limitation established by the Client will be paid for as additional services hereunder by the Client.

**Termination.** The obligation to provide further services under this Agreement may be terminated by either party upon seven (7) days' written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. In the event of any termination, the Engineer shall provide a final statement of charges due and will be paid for all services rendered to the date of termination, all expenses subject to reimbursement hereunder, and other reasonable expenses incurred by the Engineer as a result of such termination. In the event the Engineer's compensation under this Agreement is a fixed fee, upon such termination the amount payable to the Engineer for services rendered will be determined using a proportional amount of the total fee based on a ratio of the amount of the work done, as reasonably determined by the Engineer, to the total amount of work which was to have been performed, less prior partial payments, if any, which have been made.

**Reuse of Documents.** All documents, including but not limited to drawings and specifications, prepared by the Engineer pursuant to this Agreement are related exclusively to the services described herein. They are not intended or represented to be suitable for reuse by the Client or others on extensions of this project or on any other project. Any reuse without written verification or adaptation by the Engineer for specific purposes intended will be at the Client's sole risk and without liability or legal exposure to the Engineer. The Client releases the Engineer harmless from all claims that the Client may have against the Engineer and arising out of any unauthorized reuse.

**McKim & Creed, Inc.  
Engineering Division  
General Conditions  
(01/2011-1)**

**Limitation of Liability.** In performing its professional services hereunder, the Engineer will use that degree of care and skill ordinarily exercised, under similar circumstances, by reputable members of its profession practicing in the same or similar locality. No other warranty, express or implied, is made or intended by the Engineer's undertaking herein or its performance of services hereunder. THE CLIENT UNDERSTANDS AND AGREES THAT THE ENGINEER HAS NOT MADE AND IS NOT MAKING ANY PROMISE, WARRANTY OR REPRESENTATION EXCEPT THE WARRANTIES EXPRESSLY MADE HEREIN, AND THE ENGINEER EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER IMPLIED WARRANTIES. Under no circumstances shall the Engineer be liable for extra costs or other consequences due to changed conditions or for costs related to the failure of the contractor or material men to install work in accordance with the plans and specifications. The Engineer shall not be liable for errors in judgment or for any loss or damage, which occurs for any reason beyond the control of the Engineer. ~~No action may be instituted hereunder more than one year after the cause of action accrued or should have been discovered by reasonable diligence.~~ The provisions of this paragraph shall survive the termination of this Agreement.

**Controlling Law.** This Agreement is to be governed by the law of the State of North Carolina. ~~The parties agree that any suit or action related to this Agreement shall be instituted and prosecuted in the courts of the County of Wake, State of North Carolina, and each party waives any right or defense relating to such jurisdiction or venue.~~

**Binding Effect.** This Agreement shall bind, and the benefits thereof shall inure to the respective parties hereto, their legal representatives, executors, administrators, successors and permitted assigns.

**Merger; Amendment.** This Agreement constitutes the entire agreement between the Engineer and the Client with respect to its subject matter, and all negotiations and oral understandings between the parties are merged herein. This Agreement can be supplemented and/or amended only by a written document executed by both the Engineer and the Client.

**Ownership Of Instruments Of Service.** All reports, plans, specifications, field data, notes and other documents, including all documents on electronic media, prepared by the Engineer as instruments of service shall become the property of the Owner. The Owner shall retain all common law, statutory and other reserved rights, including the copyright thereto. If the Owner uses any reports, plans, specification, field data, notes or other documents ("documents") for any project other than the specific project for which the documents were intended, then Owner waives any claims for damages related to these other projects.

**Photographs.** Photographs of any completed project embodying the services of the Engineer provided hereunder may be made by the Engineer and shall be considered as its property, and may be used by it for publication.

**Assignment.** Neither party to this Agreement shall transfer, sublet or assign any rights under or interest in this Agreement, including but not limited to fees that are due or fees that may be due, without the prior written consent of the other party.

**Archiving of Project Documentation.** Engineer shall maintain copies of printed project documentation for a period of three years from substantial completion of Engineer's services. Engineer shall maintain copies of all electronic media related to the project for a period of one year from substantial completion of Engineer's services. Requests for reproduction of project documentation after these periods have expired will be considered additional services and will be invoiced at the Engineer's prevailing hourly rates at the time of the request, plus expenses.

**Betterment.** If, due to the Engineer's error, any required item or component of the project is omitted from the Engineer's construction documents, the Engineer shall not be responsible for paying the cost to add such item or component to the extent that such item or component would have been otherwise necessary to the project or otherwise adds value or betterment to the project. In no event will the Engineer be responsible for any cost or expense that provides betterment, upgrade or enhancement of the project.

**Electronic Files.** Because data stored on electronic media can deteriorate undetected or be modified without the Engineer's knowledge, the Client agrees that it will accept responsibility for the completeness, correctness, or readability of any electronic media delivered to the Client after an acceptance period of 30 days after delivery of the electronic files, and that upon the expiration of this acceptance period, Client will release, indemnify and save harmless the Engineer from any and all claims, losses, costs, damages, awards or judgments arising from use of the electronic media files or output generated from them. The Engineer agrees that it is responsible only for the printed and sealed drawings and documents, and if there is a conflict between these printed documents and the electronic media, the sealed documents will govern. Engineer makes no warranties, express or implied, under this agreement or otherwise, in connection with the Engineer's delivery of electronic files.

**Certifications, Guarantees and Warranties.** The Engineer shall not be required to sign any documents, no matter by whom they may be requested, that would result in the Engineer's having to certify, guarantee or warrant the existence of conditions which the Engineer cannot ascertain. The Client also agrees that it has no right to make the resolution of any dispute with the Engineer or the payment of any amounts due to the Engineer in any way contingent upon the Engineer's signing any such certification.

**Corporate Protection.** It is intended by the parties to this Agreement that the Engineer's services in connection with the project shall not subject the Engineer's individual employees, officers or directors to any personal legal exposure for the risks associated with this project. Therefore, and notwithstanding anything to the contrary contained herein, the Client agrees that as the Client's sole and exclusive remedy, any claim, demand or suit shall be directed and/or asserted only against the Engineer, a North Carolina corporation, and not against any of the Engineer's employees, shareholders, officers or directors.

**Job-Site Safety.** Neither the professional activities of the Engineer, nor the presence of the Engineer or its employees and sub-consultants at a construction site, shall relieve the General Contractor and any other entity of their obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending or coordinating all portions of the Work of construction in accordance with the contract documents and any health or safety precautions required by any regulatory

**McKim & Creed, Inc.**  
**Engineering Division**  
**General Conditions**  
**(01/2011-1)**

agencies. The Engineer and its personnel have no authority to exercise any control over any construction contractor or other entity or their employees in connection with their work or any health or safety precautions. The Client agrees that the General Contractor is solely responsible for job-site safety, and warrants that this intent shall be made evident in the Client's agreement with the General Contractor. ~~The Client also agrees that the Client, the Engineer and the Engineer's consultants shall be indemnified and shall be made additional insured under the General Contractor's general liability insurance policy.~~ The Client, upon written request of the Engineer, agrees to use its best efforts to add the Engineer as an additional insured on the contractor's general liability and auto liability policies.

**Scope of Services.** Services not set forth as Basic Services or Additional Services and listed in this Agreement are excluded from the scope of the Engineer's services and the Engineer assumes no responsibility to perform such services.

**Severability And Survival.** Any provision of this Agreement later held to be unenforceable for any reason shall be deemed void, and all remaining provisions shall continue in full force and effect. All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating responsibility or liability between the Client and the Engineer shall survive the completion of the services hereunder and the termination of this Agreement.

**Shop Drawing Review.** If included in the scope of services to be provided, the Engineer shall review and approve Contractor submittals, such as shop drawings, product data, samples and other data, as required by the Engineer, but only for the limited purpose of checking for conformance with the design concept and the information expressed in the contract documents. This review shall not include review of the accuracy or completeness of details, such as quantities, dimensions, weights or gauges, fabrication processes, construction means or methods, coordination of the work with other trades or construction safety precautions, all of which are the sole responsibility of the Contractor. The Engineer's review shall be conducted with reasonable promptness while allowing sufficient time in the Engineer's judgment to permit adequate review. Review of a specific item shall not indicate that the Engineer has reviewed the entire assembly of which the item is a component. The Engineer shall not be responsible for any deviations from the contract documents not brought to the attention of the Engineer in writing by the Contractor and approved by the Engineer. The Engineer shall not be required to review partial submissions or those for which submissions of correlated items have not been received.

**Specification Of Materials.** The Client understands and agrees that products or building materials, which are permissible under current building codes or ordinances may, at some future date, be banned or limited in use in the construction industry because of presently unknown hazardous characteristics. The Client agrees that if the Client directs the Engineer to specify any product or material, after the Engineer has informed the Client that such product or material may not be suitable or may embody characteristics that are suspected of causing or may cause the product or material to be considered a hazardous substance in the future, the Client waives all claims as a result thereof against the Engineer. ~~The Client further agrees that if any product or material specified for this project by the Engineer shall, at any future date be suspected or discovered to be a health or safety hazard, the Client hereby releases the Engineer from any and all~~

~~liabilities and waives all claims against the Engineer relating thereto.~~

**Standard Of Care.** Services provided by the Engineer under this Agreement will be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances in the same geographic area.

**Suspension Of Services.** If the project is suspended for more than thirty (30) calendar days in the aggregate, the Engineer shall be compensated for services performed and charges incurred prior to such suspension and, upon resumption of services, the Engineer shall be entitled to an equitable adjustment in fees to accommodate the resulting demobilization and re-mobilization costs. In addition, there shall be an equitable adjustment in the project schedule based on the delay caused by the suspension. If the project is suspended for more than ninety (90) calendar days in the aggregate, the Engineer may, at its option, terminate this Agreement upon giving notice in writing to the Client.

**Unauthorized Changes To Documents.** In the event the Client consents to, allows, authorizes or approves of changes to any plans, specifications, construction documents or electronic media, and these changes are not approved in writing by the Engineer, the Client recognizes that such changes and the results thereof are not the responsibility of the Engineer. Therefore, the Client releases the Engineer from any liability arising from the construction, use or result of such changes. ~~In addition, the Client agrees, to the fullest extent permitted by law, to indemnify and hold the Engineer harmless from any damage, liability or cost (including reasonable attorneys' fees and costs of defense) arising from such changes.~~

**Compensation for Additional Services.** The undertaking of the Engineer to perform professional services under this Agreement extends only to those services specifically described herein. If upon the request of the Client, the Engineer agrees to perform additional services hereunder, the Client and the Engineer shall negotiate and agree upon an additional fee to be paid to the Engineer for completion of the agreed upon Additional Services. The Engineer will be under no obligation to begin or complete requested Additional Services until the additional fee has been negotiated and agreed upon in writing by the Client and the Engineer.

**Hourly Billing Rates.** All services to be billed on an hourly basis under this agreement will be billed using the Engineer's prevailing billing rate schedule at the time services are provided. If a specific rate schedule is to be used for this Agreement, it shall expire no later than one year from the date of this Agreement and will be replaced with the prevailing rate schedule in effect at that time.

**Priority Over Form Agreements.** The parties agree that the provisions of this Agreement shall control and govern over any Work Orders, Purchase Orders or other documents, which the Client may issue to Engineer in regard to the project(s) which is (are) the subject of this Agreement. The Client may issue such documents to Engineer for its convenience for accounting or other purposes, but any such Orders will not alter the terms of this Agreement, regardless of any contrary language appearing therein.



**McKim & Creed, Inc.**  
**Engineering Division**  
**General Conditions**  
**(01/2011-1)**

**Paragraph Headings.** The paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

**Third Parties.** Nothing in this Agreement shall be construed as giving any person, firm, corporation or other entity other than the parties to this Agreement and their respective successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any of its provisions.

**Default.** The Client shall be in default under this Agreement if (i) it fails to pay in full any invoice from the Engineer on the due date or fails to make any other payment due to the Engineer under this Agreement, (ii) it fails to observe or perform any other term, condition or covenant under this Agreement, (iii) it breaches any warranty or representation made under this Agreement, (iv) it dissolves, terminates or liquidates its business, or its business fails or its legal existence is terminated or suspended, (v) any voluntary or involuntary bankruptcy, reorganization, insolvency, receivership, or other similar proceeding is commenced by or against the Client, or (vi) it becomes insolvent, makes an assignment for the benefit of creditors, or conveys substantially all of its assets.

**Design Without Construction Phase Services.** If the services to be provided by Engineer hereunder do not include construction observation and/or construction administration services, or if such services are included in Engineers contracted services and Client later decides to perform these services itself or decides to retain other consultants or individuals to perform these services, Engineer assumes no responsibility for interpretations of the Engineer's services or for any construction observation, construction administration and/or supervision performed by Client or other parties and Client waives any and all claims against Engineer for any losses, claims, costs or damages of any kind whatsoever that may be in any way connected thereto.

~~In addition Client agrees, to the fullest extent permitted by law, to indemnify and hold Engineer harmless from any loss, claim, damage or cost, including reasonable attorneys' fees and costs of defense, arising or resulting from the performance of construction observation, construction administration and/or supervision by Client, its employees, agents or consultants, and including any and all claims arising from the modification or adjustment of, or any clarifications or interpretations of, the Engineer's Work by others.~~

~~Unless, in the Engineer's sole opinion, appropriate levels of construction observation and construction administration services are contracted for and performed by Engineer, Engineer will not be responsible to provide any engineering or other certifications related to the construction or installation of any improvements.~~

**Reliance on Data Provided by Others.** Engineer shall be entitled to reasonably rely on the accuracy of information provided to it by Client or any of Client's other consultants or sub-consultants. Engineer shall not be responsible to extensively review the information provided to insure the accuracy thereof. Client agrees to not hold Engineer responsible for errors or omissions in Engineer's work that are directly attributable to errors or incorrect data provided to Engineer by Client or Client's other consultants. Client further acknowledges that any redesign or corrective efforts required by Engineer resulting from incorrect information provided by Client or Client's other consultants will be paid for by the Client as additional services.

**Credit and Financial Obligations.** Prior to commencement of the work, Engineer may require that Client provide reasonable credit information and other documentation to confirm that the Client has made financial arrangements to fulfill the Client's payment obligations under this Agreement. Engineer may also require such information at any time during the performance of Engineer's services should the Client fail to make payments per this Agreement, a change in the scope materially changes the contract sum, or Engineer identifies in writing a reasonable concern regarding the Client's ability to make payment when payment is due. The Client may be required to furnish this information prior to further commencement or continuation of services by Engineer and Engineer shall not be responsible for the cost of any delay occurring as a result of such a request.

**Markup on Expenses.** Unless specified otherwise in our proposal, all sub consultant costs and other project related costs incurred by Engineer will be billed with a 15% markup. Company vehicle mileage and internal reproduction costs will be billed at the Engineer's prevailing rate for those items. Personal vehicle mileage costs incurred on the project by employees of Engineer will be billed at the prevailing IRS mileage rate in effect at the time of travel.

**SUE Technical Standards.** Quality Level A information obtained by direct exposure of the existing utilities can greatly increase the level of confidence with respect to the location of underground utilities at a particular jobsite. Utility exposure (Quality Level A) permits three-dimensional measurements to be taken on utilities for accurate location at each test hole. The overall level of confidence with respect to the location of site utilities can be raised by increasing the number of test holes examined; however, Engineer provides no guarantee of the location of utilities on the site other than at the locations where test holes have been established.

Quality Level B services include the horizontal, above ground detection, marking and mapping of underground utilities. Geophysical prospecting methods are used to indicate the presence and surface position of buried utilities. Utilities are identified and marked in the field in order to be surveyed and mapped. Quality Level B information should not be used for construction purposes, or where exact horizontal and vertical measurements are required.

The accuracy of Quality Level B designating information and depth of cover readings obtained by utilizing Geophysical and Ground Penetrating Radar equipment and techniques are subject to field and soil conditions beyond our control. Engineer will make reasonable efforts to provide comprehensive and correct positional utility marks to the limits obtainable by the instrumentation used and the existing ground conditions; however, Engineer provides no guarantee that all existing utilities on a particular site will be properly located using these methods.

Utilizing Engineer's SUE services does not relieve any party from their obligation to contact the utility damage prevention system before digging begins. Utility marks placed on the ground by Engineer are not to be used for construction purposes.

**McKim & Creed, Inc.  
Engineering Division  
General Conditions  
(01/2011-1)**

**INSURANCE.** Engineer shall take out and maintain during the life of this Contract the following insurance:

- a. Statutory Workers Compensation insurance;
- b. Comprehensive General Liability Insurance in an amount of \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate;
- c. Automobile Insurance in an amount of \$1,000,000.00

Client shall be named as an additional insured on the Comprehensive General Liability and Automobile insurance policies. Prior to commencing work, Engineer shall provide evidence that the required insurance is in place. Each policy shall provide that Client shall receive not less than thirty days prior written notice of any cancellation, non-renewal or reduction of coverage of any of the policies.

**A RESOLUTION OF  
LOWER CAPE FEAR WATER & SEWER AUTHORITY  
EXEMPTING LOWER CAPE FEAR WATER & SEWER AUTHORITY  
FROM THE PROVISIONS OF N.C.G.S. §143-64.31**

**Whereas**, N.C.G.S. §143-64.31 requires Lower Cape Fear Water & Sewer Authority (the "Authority") to conduct an initial selection of firms to provide engineering services without regard to fee; and

**Whereas**, N.C.G.S. §143-64.32 permits the Authority to exempt projects from the provisions of N.C.G.S. §143-64.31 in the case of proposed projects where the estimated professional fee is less than \$50,000.00; and

**Whereas**, the Authority proposes to enter into a contract with McKim & Creed, Inc. for engineering services as described hereinafter; and

**Whereas**, the estimated professional fee for the work to be done by McKim & Creed, Inc. in connection with such project is less than \$50,000.00; and

**Whereas**, the Authority by its execution of this resolution intends to waive the requirements of N.C.G.S. §143-64.31.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Lower Cape Fear Water & Sewer Authority as follows:

1. The project consisting of consulting engineering services by McKim & Creed McKim to assist the Authority with the funding application process through the NCDEQ Division of Water Infrastructure (DWI) Clean Water State Revolving Fund (CWSRF) in the fixed fee amount of \$8,250, is declared exempt from the provisions of N.C.G.S. §143-64.31.
2. This Resolution shall be effective upon passage.

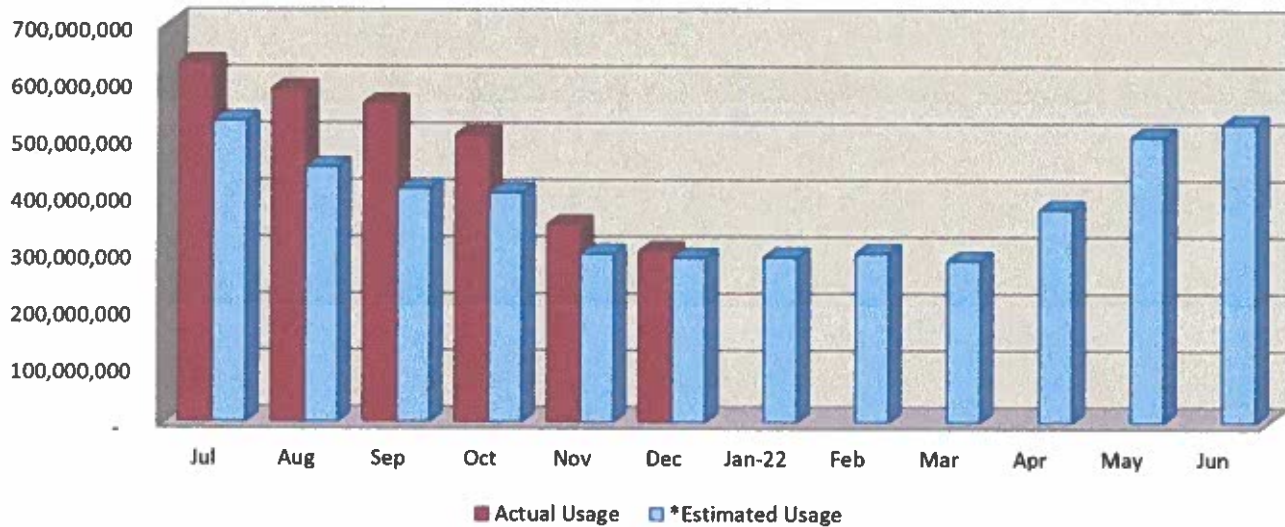
This Resolution adopted this 10<sup>th</sup> day of January 2022.

\_\_\_\_\_  
Charlie Rivenbark, Chairman

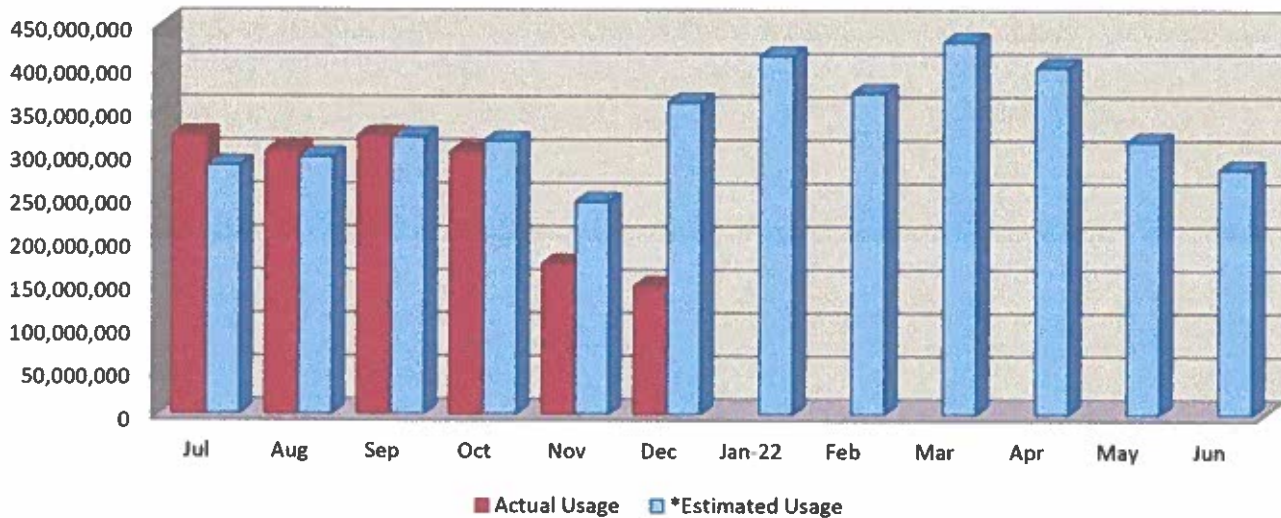
**ATTEST:**

\_\_\_\_\_  
Harry Knight, Secretary

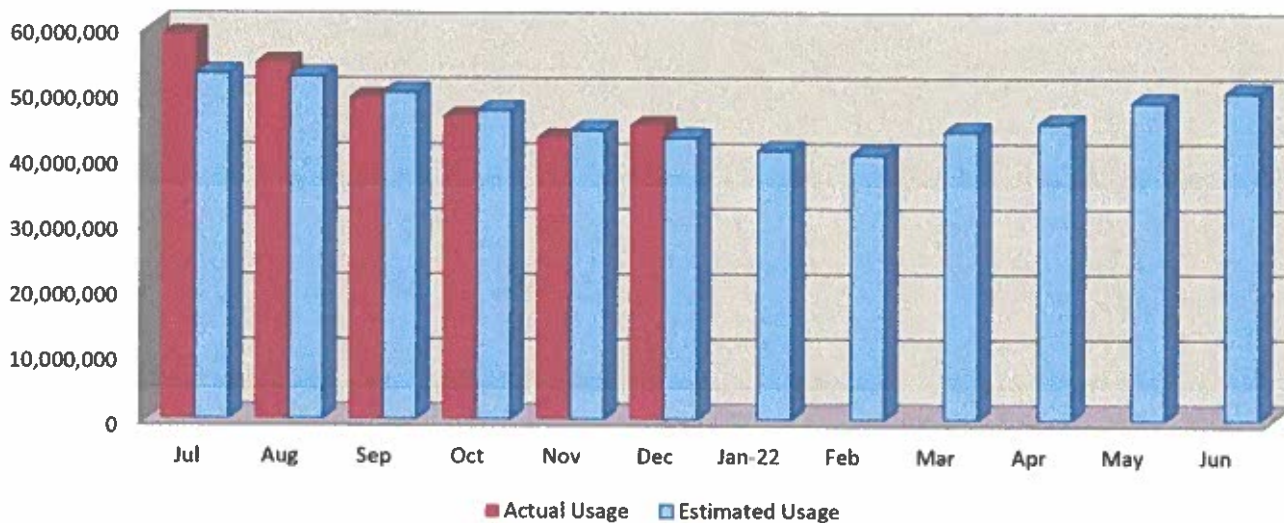
### Brunswick County Water Usage FY 21-22



### CFPUA Water Usage FY 21-22



### Pender County Water Usage FY 21-22



## OPERATING FUND BUDGET PERFORMANCE

Jul-1 through Nov - 30

Income	Approved Annual Budget	Jul 1- Nov 30	Jul 1- Nov 30	Jul 1- Nov 30	Budget As of 11/30/2021
		Kings Bluff	Bladen Bluffs	OF BUDGET	
<b>3000-01 - OPERATING REVENUE</b>					
3001-01 - 01 Bruns County Public Utility	1,491,553	868,681		868,681	58%
3002-01 - 01 CFPUA	1,296,405	470,703		470,703	36%
3003-01 - 01 Pender County	179,822	83,346		83,346	46%
3004-01 - 01 HWY 421 - Invista	40,000	32,426		32,426	81%
3005-01 - 01 Praxair, Inc	4,314	972		972	23%
3006-01 - 01 Bladen Bluffs Revenue	3,194,127		1,058,260	1,058,260	33%
Bladen Admin Reimb	94,302		52,918	52,918	56%
3007-01 - Sales Tax Refund Revenue	70,000		55,833	55,833	80%
<b>Total 3000-01 - OPERATING REVENUE</b>	<b>6,370,523</b>	<b>1,456,128</b>	<b>1,167,011</b>	<b>2,623,139</b>	<b>41%</b>
<b>3100-00 - OF NONOPERATING REVENUE</b>					
3120-00 - Revenue-Other					
Interest & Investment Revenue	2,000	214		214	11%
FEMA Reimbursement	0	0		0	0%
Refunds / Insurance Proceeds/ Other	0	600		600	0%
3158-00 - Rental Income	0	6,800		6,800	
3900-01 R&R Fund Appropriated	0	0		0	0%
2900-00 Fund Balance	0	0		0	0%
<b>Total 3100-00 - OF NONOPERATING REVENUE</b>	<b>2,000</b>	<b>7,615</b>	<b>0</b>	<b>7,615</b>	<b>381%</b>
<b>Total Income</b>	<b>6,372,523</b>	<b>1,463,743</b>	<b>1,167,011</b>	<b>2,630,754</b>	<b>41%</b>
<b>Expense</b>					
<b>4000-01 - ADMINISTRATION EXPENDITURES</b>					
4001-01 - Salary - gross	168,610	49,457	21,076	70,533	42%
4010-01 - Per Diem= mileage+per diem pay	62,500	13,928	7,827	21,755	35%
4012-01 - Vehicle Allowance	5,200	1,550	650	2,200	42%
4070-02 - Phone Allowance	520	155	65	220	42%
4015-01 - Payroll Taxes	17,967	4,861	2,250	7,110	40%
4029-01 - Retirement Employer's Part	18,379	5,402	2,297	7,700	42%
4035-01 - 401K Employer PD Contribution	4,758	1,388	595	1,983	42%
4036-01 - Payroll Processing Exp	2,800	886		886	31%
4038-01 - Insurance Group	40,910	9,702	4,533	14,234	35%
4039-01 - Insurance, Property	87,000	78,404	10,875	87,279	100%
4046-00 Professional Services General	15,000	0	0	0	0%
4046-01 - Attorney	27,900	9,503		9,503	34%
4046-02 - Auditor	9,000	3,400	2,800	6,200	68%
4046-03 - Engineer	50,000	10,516	0	10,516	21%
4049-01 Information Technology	13,800	5,830	0	5,830	42%
4055-01 - Office Maint/Repair	17,000	5,219		5,219	31%
4056-01 - Office Utilities	7,000	851		851	12%
4059-01 - Office Expense	26,300	6,294		6,294	24%
4062-01 - Office Equipment	8,000	4,256		4,256	53%
4064-01 - Printing & Advertising	2,000	688		688	34%
4065-01 - Telephone and Internet	3,200	933		933	29%
4070-01 - Travel & Training	19,300	7,837		7,837	41%
4080-01 - Miscellaneous Expenses	20,000	11,672		11,672	58%
<b>Total 4000-01 - ADMINISTRATION EXPENDITURES</b>	<b>627,244</b>	<b>230,729</b>	<b>52,968</b>	<b>283,697</b>	<b>45%</b>
<b>4500-01 - OPERATING EXPENDITURES</b>					
4501-00 - Sales Tax Expense - Other	70,000		42,446	42,446	61%
4510-01 - Bladen Bluffs Expenses	1,889,330		799,616	799,616	42%
4520-01 - Utilities-Energy Pump Station	781,667	254,243		254,243	33%
4530-01 - Kings Bluff O&M Expenses	453,609	126,217		126,217	28%
4535-01 - Kings Bluff Hurricane Other FEMA		0		0	
4543-01 - Series 2012 Bond Principal (ST)	601,443	0		0	0%
4544-01 - Series 2012 Bond Interest (ST)	11,730	5,864		5,864	50%
4545-01 - Series 2010 Bond Principal (BB)	850,000		0	0	0%
4546-01 - Series 2010 Bond Interest (BB)	297,500		4,482	4,482	2%
Operating Capital Expense	325,000	250,000		250,000	77%
4998-05- Transfer to R&R- KB R&R Expense	75,000		0	0	0%
2041-01- 421 Relocation NHC Loan Principal	390,000		390,000	390,000	100%
<b>Total 4500-01 - OPERATING EXPENDITURES</b>	<b>5,745,279</b>	<b>388,325</b>	<b>1,238,544</b>	<b>1,874,869</b>	<b>33%</b>
<b>Total Expense</b>	<b>6,372,523</b>	<b>619,054</b>	<b>1,289,511</b>	<b>2,158,566</b>	<b>34%</b>

## Executive Director Highlighted Activities:

- Continue working with McKim and Creed to assess the best time and method of seeking Infrastructure and SRF funding for upcoming projects.
- Staff continued planning efforts for the Dedication Ceremony of the 54" line for April 29th, 2022.
- Ongoing work with CFPUA and Partners to solicit funding for the next 10-mile section to parallel the existing 48" line leaving the Northwest plant.
- Coordinated efforts with McKim and Creed, Brunswick County, and the 421 Sand Mining Company regarding work in and around the LCFWASA 48" waterline.
- Commented on Division of Water Infrastructure regarding funding distribution from the American Rescue Plan and Infrastructure Bill.