

AGENDA
Lower Cape Fear Water & Sewer Authority
1107 New Pointe Boulevard, Suite # 17, Leland, North Carolina
8:30 a.m. – Personnel Committee Meeting
January 13, 2025

MEETING CALL TO ORDER: Chairman DeVane

PRESENTATION: 1. Salary Survey 2024-2025
2. Consider Amending Holiday Schedule Section 5.7

DISCUSSION: Directors' Comments and Questions

ACTION/DIRECTION: Discussion

ADJOURNMENT



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 13, 2025

MEETING CALL TO ORDER: Chairman DeVane

INVOCATION

PLEDGE OF ALLEGIANCE

APPROVAL OF CONSENT AGENDA

- C1** – Minutes of December 9, 2024, Regular Board Meeting
- C2** – Kings Bluff Monthly Operations and Maintenance Report
- C3** – Bladen Bluffs Monthly Operations and Maintenance Reports

PRESENTATION TO: Harry Knight, New Hanover County, by Chairman Patrick DeVane

NEW BUSINESS

- NB1** – Presentation of Annual Audit Report for Fiscal Year Ending June 30, 2024
- NB2** – Appointment of Calendar Year 2025 Finance Committee by Chairman DeVane
- NB3** – Appointment of Calendar Year 2025 Personnel Committee by Chairman DeVane
- NB4** – Appointment of Calendar Year 2025 Long Range Planning Committee by Chairman DeVane
- NB5** – Consider adoption of resolution regarding delivery method of Kings Bluff walkway
- NB6** – Consider approval of Engineering firm for walkway replacement
- NB7** – Budget Amendment #2

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, 2024
- EDR2** – Operating Budget Status, Ending November 30, 2024
- EDR3** – Summary of Activities
- EDR4** – Proposed Budget Calendar

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 10th at 9:00 a.m. in the Authority's office located at 1107 New Pointe Boulevard, Suite 17, Leland, North Carolina.

Consent Agenda (CA)

**Lower Cape Fear Water & Sewer
Authority**

AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Consent Agenda

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

Please find enclosed the items of a routine nature for consideration and approval by the Board of Directors with one motion. However, that does not preclude a board member from selecting an item to be voted on individually, if so desired.

- C1** – Minutes of December 9 2024, Regular Board Meeting
- C2** – Kings Bluff Monthly Operations and Maintenance Report
- C3** – Bladen Bluffs Monthly Operations and Maintenance Report

Action Requested: Motion to approve/disapprove Consent Agenda.

Lower Cape Fear Water & Sewer Authority
Regular Board Meeting Minutes
December 9th, 2024

Chairman Knight called to order the Authority meeting scheduled on December 9th, 2024, 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 Sue gave the invocation.

Roll Call by Chairman Knight:

Present: Norwood Blanchard, Jerry Groves, Harry Knight, Charlie Rivenbark, Bill Saffo, Chris Smith, Bill Sue, Phil Tripp, and Rob Zapple

Present by Virtual Attendance: Patrick DeVane, Wayne Edge, Al Leonard, Scott Phillips, and Frank Williams

Absent: None

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

Guests Present: Devon Moore, Computer Warriors; Anthony Colon, Pender County Utilities Director; James Proctor, Pender County Deputy Director of Utilities; Glenn Walker, Brunswick County Water Resources Manager; David Carson, Brunswick County Kings Bluff Water Resource Supervisor; Jason Cook P.E. HDR Inc.

Guests Virtual Attendance: Craig Wilson, Cape Fear Public Utility Engineering Manager; James Kerns, Smithfield Wastewater Supervisor; and Erin Jones, Water Treatment Plant Superintendent Pender County Utilities

PLEDGE OF ALLEGIANCE: Chairman Knight led the Pledge of Allegiance.

APPROVAL OF CONSENT AGENDA

C1 – Minutes of November 18, 2024, Regular Board Meeting

C2 – Kings Bluff Monthly Operations and Maintenance Report

C3 – Bladen Bluffs Monthly Operations and Maintenance Reports

C4 – Resolution Pursuant to N.C Gen Stat. § 143-805 Adopting Policy Prohibiting viewing of pornography on Lower Cape Fear Water & Sewer Authority Networks and Devices

Motion: Director Rivenbark **MOVED**; seconded by Director Blanchard, approval of the Consent Agenda Items C1-C4. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

NEW BUSINESS

NB1- Election of Authority's Board of Directors Officers for the term of January 1, 2025, until December 31, 2025

Chairman Knight presented the following slate of officers for board consideration from January 1, 2025, to December 31, 2025. Per the Authority's Bylaws (Article III. - Officers 1.), the chairmanship shall rotate among the political subdivisions, with New Hanover County being next in the rotation schedule.

Chairman: Patrick DeVane (Bladen County)
Vice-Chairman: Scott Phillips (Brunswick County)
Secretary: Al Leonard (Columbus County)
Treasurer: Charlie Rivenbark (City of Wilmington)
Assistant Treasurer: Norwood Blanchard (Pender County)

Motion: Director Blanchard **MOVED**; seconded by Director Zapple, approval of the Board of Directors Officers for the term of January 1, 2025, until December 31, 2025. Upon voting, the **MOTION CARRIED UNANIMOUSLY** (with Director DeVane abstaining from voting).

NB2- Approval of the Authority's 2025 Regular Scheduled Meetings Calendar

Executive Director Holloman advised the June 2025 meeting will be on the third Monday instead of the second Monday due to the ACE Conference.

Motion: Director Zapple **MOVED**; seconded by Director Rivenbark, approval to move the 2025 Regular Scheduled Meeting. Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

NB3- Resolution to Allow for Purchase of New VFD for Pump No. 1 at Kings Bluff Pump Station Using Sole-Source Exception Pursuant to N.C.G.S. § 143-129(e)(6)

Executive Director Holloman advised that after investigating the procurement of the fourth pump and VFD, it has been determined that standardization and compatibility with the existing three pumps are the overriding considerations. This will be the sole source of exception for purchasing an identical pump and VFD. The interchangeability of parts and spare parts is critical. Executive Director Holloman advised N.C.G.S. § 143-129(e)(6) allows for purchases of apparatus, supplies, materials, or equipment using a sole-source exception when: (i) performance or price competition for a product is not available; (ii) a needed product is available from only one source of supply, or (iii) standardization or compatibility is the overriding consideration.

Motion: Director Sue **MOVED**; seconded by Director Saffo, approval of the Resolution to allow the purchase of New VFD for Pump No. 1 at Kings Bluff Pump Station Using Sole-Source Exception Pursuant to N.C.G.S. § 143-129(e)(6). Upon voting, the **MOTION CARRIED UNANIMOUSLY**.

PRESENTATION: Jason Cook with HDR – Design Build Process with Owners Advisor

A copy of the presentation will be attached with the minutes.

ENGINEER’S COMMENTS

No comments.

ATTORNEY COMMENTS

No comments.

EXECUTIVE DIRECTOR REPORT

EDR1 – Comments on Customers’ Water Usage and Raw Water Revenue for Fiscal Year to Date Ending November 30, 2024

Executive Director Holloman reported that during November, all customers were under projections.

DIRECTOR’S COMMENTS AND/OR FUTURE AGENDA ITEMS

No comments.

PUBLIC COMMENT

No comments.

ADJOURNMENT

There being no further business, Chairman Knight adjourned the meeting at 10:04 a.m.

Respectfully Submitted:

Scott Phillips, Secretary



Owner Advisory Services

A Collaborative Partner for LCFWASA
Lower Kings Bluff Project

Jason Cook, PE, PMP



An Owner Advisor's Role

Collaborative partner who helps meet the various objectives and goals of a project or program

- Extension of Owner's Staff
- Provide advice on various project elements
- Planning → Procurement → Design → Construction
- Quality Assurance

WIN-WIN SITUATION



Background on OA in Water Market

- High demand for water infrastructure
- Impacts on materials and people
- Funding
- Schedule impacts
- Increased use of collaborative delivery

A response to the market conditions!!

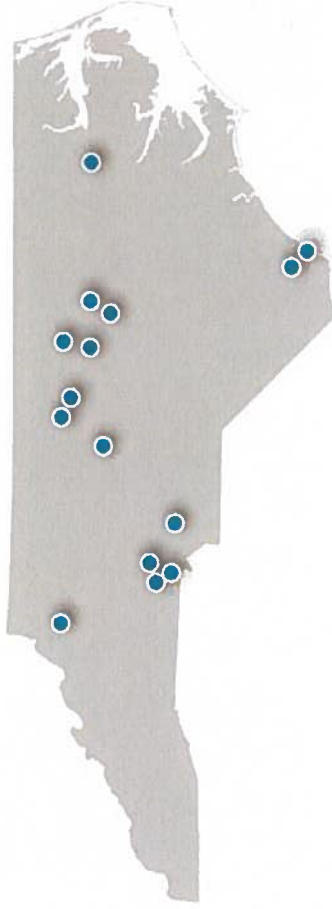


HDR's OA Experience

Various levels of support to fit
Project and Owner's needs:

- Project Administration
- Procurement
- Funding Requirements
- Technical Input
- Independent Cost Estimating
- Construction Administration
- Construction Inspection

HDR'S PROGRAM MANAGEMENT & OWNER'S ADVISORY SERVICES ACROSS NORTH CAROLINA



- Asheboro
- Cary
- CFPJA
- Charlotte Water
- Clayton
- Durham
- Greensboro
- Johnston County

- LCFWASA
- OWASA
- Raleigh Water
- Union County
- Winston-Salem
- Wilkesboro
- Martin County

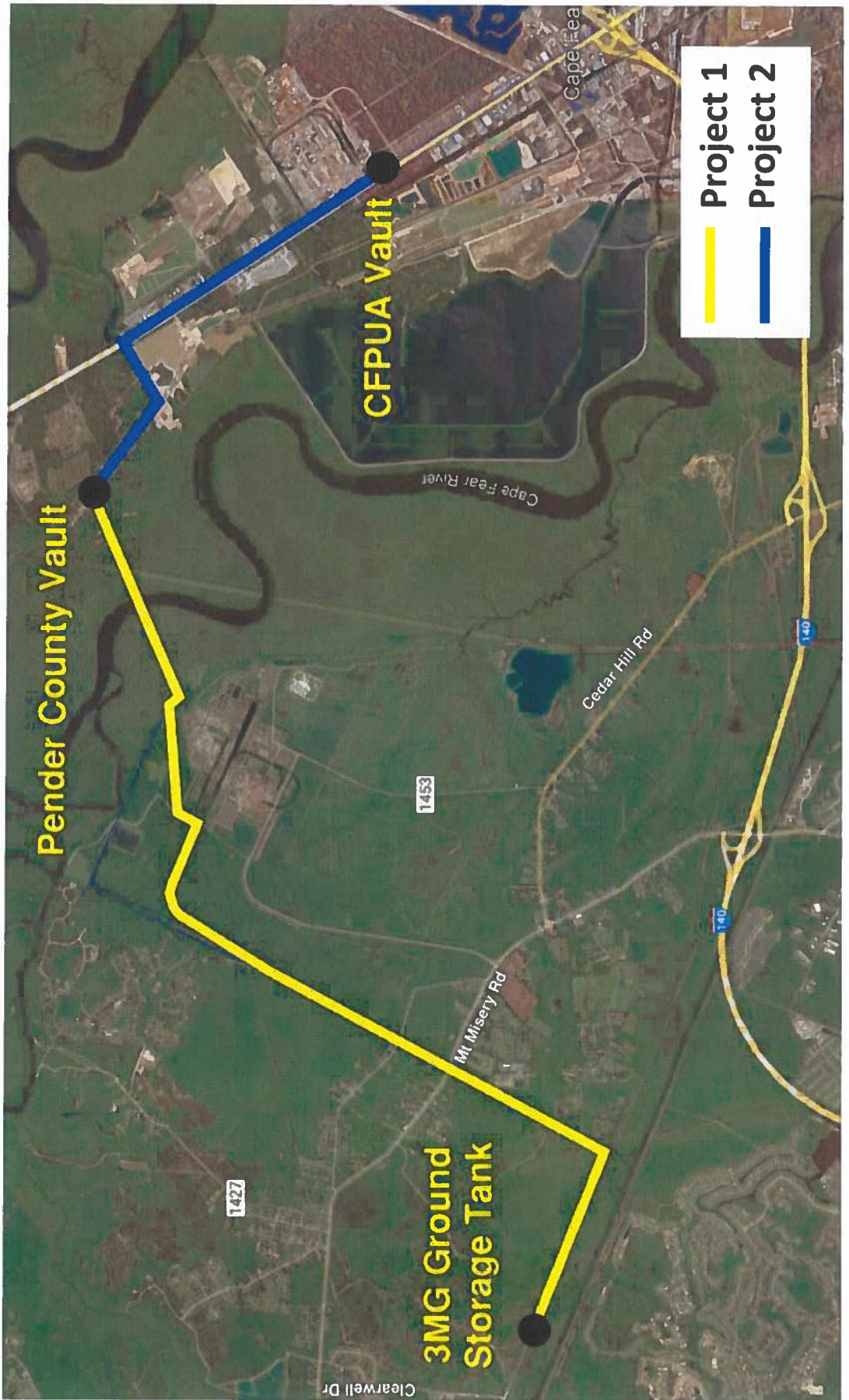
Project Background

Lower Kings Bluff

- Progressive Design-Build
- Contracting
- Different design progression vs design-bid-build delivery
- Atypical delivery for Department of Water Infrastructure
- Multiple funding sources and Partners

Project Background

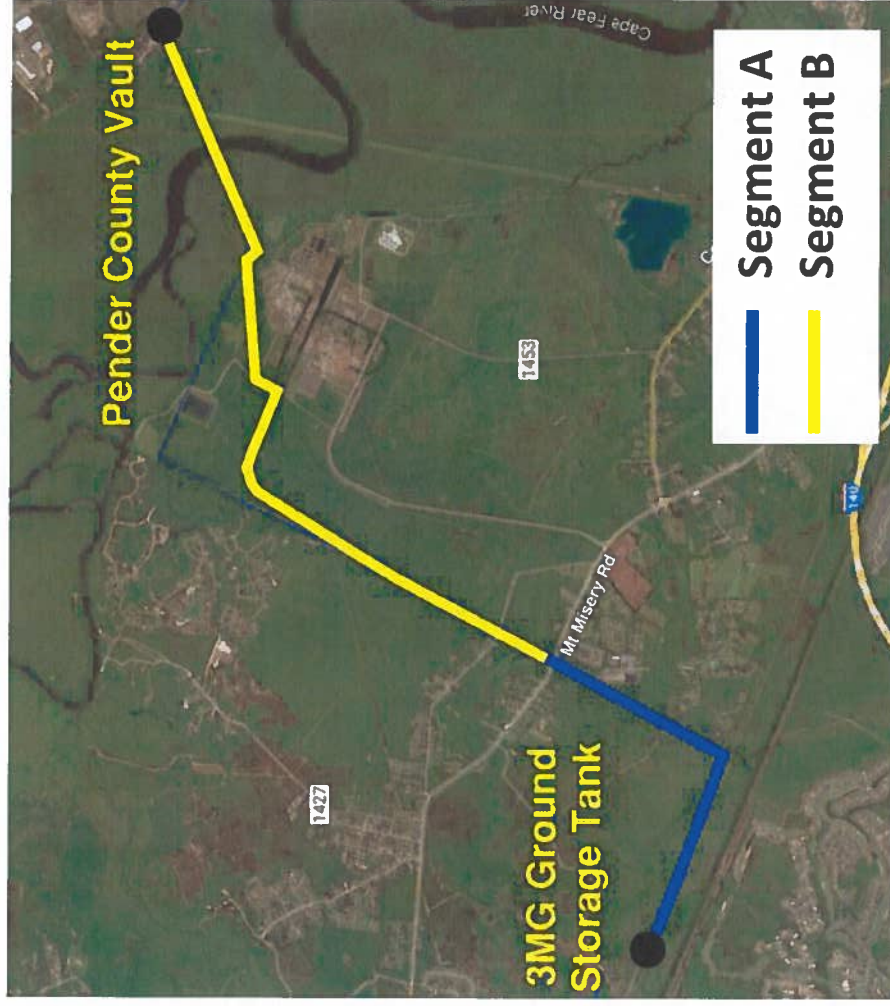
Lower Kings Bluff



Project Background

Project 1

- Schedule benefits of segmental approach:
 - Permitting difference
 - Design progression
 - Steel coil release
 - ARPA funding milestones
- Status of Contracts:
 - Segment A
 - Segment B



Project Background

Project 1

Project 1	
Design (Current Contract)	\$1,499,230
GMP 1 Phase 2A (2.5 miles + steel coil)	\$16,900,000
GMP 2 Phase 2B (4.5 miles)	\$20,500,000
Mitigation for Phase 2B	\$98,353
Construction Contingency	\$3,250,000
Owner Advisor	\$918,640
TOTAL	\$43,166,223

Funding Source	
ARPA	\$23,500,000
HB 529	\$18,377,922
Pender County	\$1,288,301
CFPUA	\$18,377,922
421 Industries	\$0
TOTAL	\$43,166,223

Project Background

Project 2

- DB under contract for Preconstruction services
- Kickoff meeting complete
- Alignment and Easements
- 421 Industry Coordination
- No OA contract at this point



Project Background

Project 2

Project 2	
Design	\$835,037
Construction	\$14,700,000
Easements	\$300,000
Construction Contingency	\$1,750,000
Owner Advisor	\$695,000*

* Estimated fee for construction

TOTAL \$18,280,037

Project 2	
ARPA	\$0
HB 529	\$6,172,078
Pender County	\$0
CFPUA	\$11,676,831
421 Industries	\$431,128

TOTAL \$18,280,037

OA Team



**PM &
Technical Lead**

Jason Cook, PMP, PE



Contracting

Kip Kalisiak, PE



Funding

Kim Colson, PE



**Project
Controls**

Saurabh Nomula, PE



OA Support

Planning → **Procurement** → Design → Construction

- Worked with LCFWASA Attorney to setup DBIA contract
- Developed Owner Project Criteria
- Assist with negotiating DB contract terms, general conditions, scope, fee, etc.
- Phase 2 Amendment



OWNER'S PROJECT CRITERIA

PROJECT DESCRIPTION
The Lower Kings Bay Water and Sewer Authority...



Standard Form of Preliminary Agreement Between Owner and Design-Builder

This document has important legal consequences. Consultation with an attorney is recommended with respect to its completion or modification.

This AGREEMENT is made as of the _____ day of _____ in the year of 20____ by and between the following parties, for services in connection with the Project described below:

OWNER:
Lower Kings Bay Water and Sewer Authority
1101 New Kings Highway, South
Lafayette, LA 70503

DESIGN-BUILDER:
[Name and address]
Cape Fear Water and Sewer Authority
1000 North Salisbury Road
Fayetteville, NC 28404

PROJECT:
[Project name and location as it will appear in the Owner documents]
The Lower Kings Bay Water and Sewer Authority, North Carolina

In consideration of the mutual covenants and obligations contained herein, Owner and Design-Builder agree as set forth herein.

Cape Fear Water
new single 48-inch
main within
existing 3 MG
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Project will
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North
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County
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OA Support

Planning → Procurement → **Design** → Construction

Funding Assistance

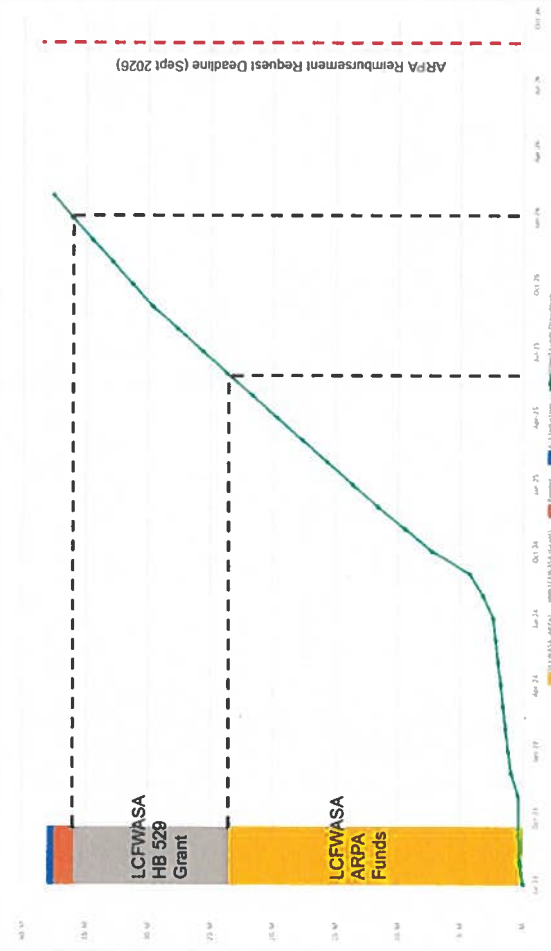
- Review of pay applications
- Submittal of pay applications to DWI to meet ARPA requirements
- Submit milestone review documents for ARPA compliance
- Funding drawdown analysis



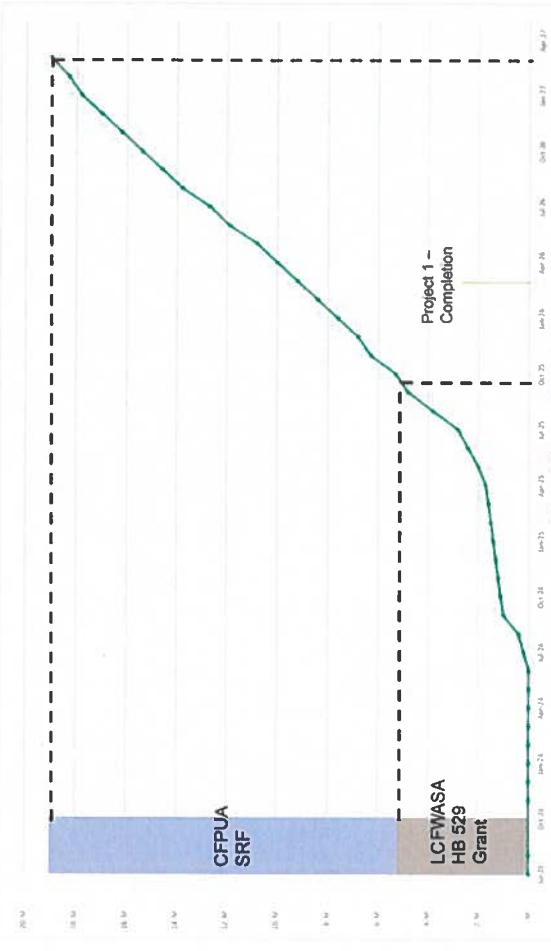
OA Support

Planning → Procurement → **Design** → Construction

Funding Drawdown
Project 1 - 7 miles without SRF



Funding Drawdown
Project 2 - 3 miles with SRF



OA Support

Planning → Procurement → **Design** → Construction

- Design Reviews and Quality Assurance
 - Preliminary Engineering Report
 - 30% Design
 - 75% Design
 - 100% Design – Segment A
 - Comment log and drawing markups
- Early work package support – Segment A and Steel Coil
- Independent cost estimating and review of DB estimates
- DB construction cost review for Segment A

Future OA Support

Planning → Procurement → Design → Construction

- Project Administration
- Funding Support
- 75% - 100% Design Review
- Submittals
- Inspection Services
- Pay App Review
- Support with Change Orders and RFIs
- Daily Construction Reports
- Hourly NTE

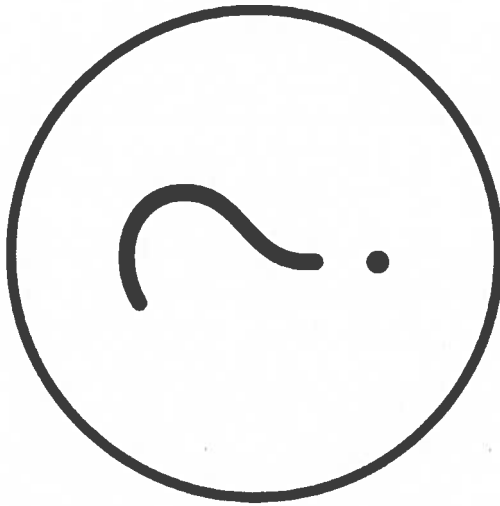
Quality Control

Phase	Responsible Party	Example Procedures
Design	Design-Builder's Engineer	<ul style="list-style-type: none"> • Independent review of deliverables • Calculation checks • Inter-discipline review • Constructability review • Resolution of QC comments
Construction	Design-Builder	<ul style="list-style-type: none"> • Construction Inspection • Special Inspections • Progress meetings • Material receipt inspection and proper handling • Materials Testing • Documentation and resolution on conformance items

Quality Assurance

Phase	Responsible Party	Example Procedures
Design	LCFWASA / OA	<ul style="list-style-type: none"> • Review of engineer's quality control plan • Design coordination meetings • QC Audits • Review of deliverables to confirm consistency with standards • Periodic calculation checks • Contractibility Review
Construction	LCFWASA / OA	<ul style="list-style-type: none"> • Construction Inspection • Progress meetings • QC Audits (shop drawings, etc) • Periodic testing using independent testing agency • Verification of non-conformance resolution • Issue and respond to RFI and/or Change Orders • Review change orders

QUESTIONS?



Jason Cook, PE, PMP
Jason.Cook@hdrinc.com

Owner Survey Results

- Survey of nine different Owner's and their OA experience
- Various delivery models (DBB/PDB/CMAR/DB Bridging)
- Identify where the most value for OA was



Survey Results...

What are the most important traits of an OA?

- ✓ Compatible with Owner staff
- ✓ Has relevant successful experience
- ✓ Consistent focus on owner input and project goals
- ✓ Helpful in reducing total workload for the owner

OA Value

Added Value of OA Services



■ Disagree ■ Neutral ■ Agree ■ Strongly Agree

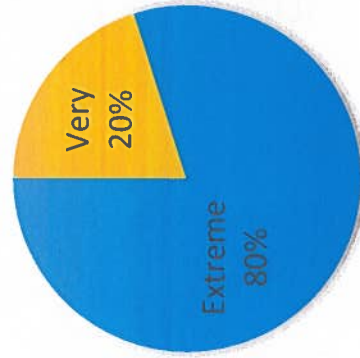
Partnering



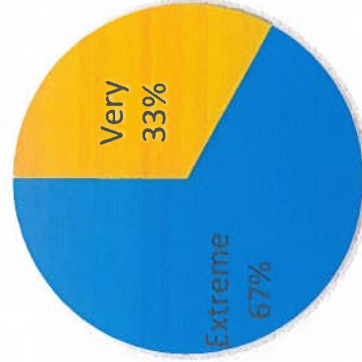
Design Review



Cost Validation



Construction Support



■ None ■ Slight ■ Moderate ■ Very ■ Extreme

BRUNSWICK COUNTY PUBLIC UTILITIES

Kings Bluff Pump Station/LCFWASA

246 Private Rd. 703
Riegelwood, NORTH CAROLINA 28456MAILING ADDRESS
P. O. Box 249
BOLIVIA, NORTH CAROLINA 28422TELEPHONE (910) 655-4799
FAX (910) 655-4798**TO: Tim Holloman****FROM:** David Carson**DATE:** 1/1/2025**SUBJECT: Monthly maintenance report for December 2024**

The Maintenance and Operations of the King's Bluff facility (KB) 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 System Computer and Data Acquisition (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 Boss 811 system.

KB personnel assisted I&E with reprogramming set points on Generator #1 and determined that the Woodward controller was no longer good, a replacement has been ordered along with a spare controller to keep on site.

KB personnel changed all lights in pump rooms and air compressor area with new LED fixtures in the old pump room and new LED lamps in the new pump room.

KB personnel replaced lamps in lights in Generator room along with greasing journal bearings on exhaust fans.

KB personnel successfully installed base board and caulked in office.

KB personnel cont. inspecting R.O.W. cutting.

KB personnel swapped out outlet and sump pump at Brunswick County vault #2.

KB personnel rebuilt and replaced HVAC breaker (100 Amps) in V.F.D. room.

KB personnel rerouted and installed new Cat. 6 wire for upgrade to S.C.A.D.A. system.

KB personnel began labeling of piping network as per Annual Inspection.

Contractors:

Pursuit Cleaning came to Kings Bluff offices for weekly cleaning.

LJ's landscaping cut the remaining grass on R.O.W.

O'Brien HVAC finished final run through of new unit.

McDuffe Pest Control sprayed in and around Kings Bluff, generator building and at the river.

David Carson

Smithfield®

To: Tim Holloman - LCFWASA

From: James Kern – Bladen Bluffs SWTP ORC

Date: 1/6/25

Subject: December 2025 Operations

During the month of December, Bladen Bluffs SWTP operated a total of 20 days, treating 51.61 million gallons of water.

We used:

30,551 lbs. of aluminum sulfate (Alum)

7,280 lbs. of sodium hydroxide (Caustic)

1,123 lbs. of sodium hypochlorite (2,255 gallons of 6% Chlorine Bleach)

James Kern
Water Treatment Plant
Supervisor

(910) 862-3114
(910) 862-3146
(910) 733-0016 mobile
jkern@smithfield.com

Smithfield.
Good food. Responsibly.®

Bladen Bluffs Surface Water Treatment
Plant
17014 Highway 87 West
Tar Heel, NC 28392
www.smithfieldfoods.com

Bladen Bluffs SWTP Maintenance Report

Date: 1/6/2025

ISSUE:

PLAN OF ACTION:

All PLC need updated	Getting new quote – Using new company
Vault intrusion electrical needs replaced	Using in house electricians
Need to do full chemical pump PM	Working with Tencarva on current repairs
One section of insulation on GAC off during storm	FIXED
Issue with polymer pump #1	Working with Tencarva
Auto mechanism on louvers not working – blower room	Part ordered
Replace few handrails on walkway at river	FIXED
Piping for diesel fuel needs painting	Power washing COMPLETE – scheduling painting
Leaks in water hose supply lines	IN PROGRESS – Partially complete
Multiple flooded vaults	Pumping out and getting plan in place
Corrosion on exposed GAC	Power washing COMPLETE – scheduling painting
Leak on chlorine day tank	Have parts – scheduling repair – holidays delayed
Corrosion on column in chemical building	Will repair after leaking hose is replaced
Blower room needs to be cleaned	Will do thorough cleaning after louver is repair
Leak on carry water line to Polymer	FIXED
Window on truck cracked	FIXED

Highlighted items are items noted on annual engineer inspection.

Monthly Operating Reports (MORs) Summary

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

Year: <u>2024</u>	PWS Name: <u>Bladen Bluffs Water System</u>	PWSID#: <u>NC5009012</u>
Month: <u>December</u>	Facility Name: <u>Bladen Bluff</u>	

Combined Filter Effluent (CFE) Turbidity

Samples exceeding 1 NTU (count): <u>0</u>	Number of samples required: <u>104</u>
Samples exceeding .3 NTU (count): <u>0</u>	Number of samples taken: <u>104</u>
Samples exceeding .3 NTU (pct): <u>0.0%</u>	Highest single turbidity reading NTU: <u>0.161</u>
	Monthly average turbidity NTU: <u>0.085</u>

Individual Filter Effluent (IFE) Turbidity

1) Was each filter <u>continuously</u> monitored for turbidity?	Yes	<u>X</u>	No	
2) Was each filter's monitoring results <u>recorded every 15 minutes</u> ?	Yes	<u>X</u>	No	
3) Was there a failure of the continuous turbidity monitoring equipment?	Yes		No	<u>X</u>
4) Was any individual filter turbidity level > 1.0 NTU in two consecutive measurements ?	Yes		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		No	<u>X</u>
6) Was any individual filter turbidity level > 1.0 NTU in two consecutive measurements in each 3 consecutive months ?	Yes		No	<u>X</u>
7) Was any individual filter turbidity level > 2.0 NTU in two consecutive measurements in 2 consecutive months ?	Yes		No	<u>X</u>

Entry Point Residual Disinfectant Concentration (EPRD)

Disinfectant Used <u>Chlorine</u>	Number of samples required <u>104</u>
Minimum EPRD concentration <u>0.9600</u>	Number of samples taken <u>104</u>

Distribution Residual Disinfectant Concentration

Number of samples under 0.010 mg/L (without any detectable) excluding where HPC is ≤ 500/mL	<u>0</u>
---	----------

Contact Time (CT) Ratio

Lowest CT ratio reading <u>14.10</u>	Number of CT ratios required <u>20</u>
Number of CT ratios below 1.0 <u>0</u>	Number of CT ratios calculated <u>20</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, 2024 and that records documenting compliance with this rule are maintained on the premises and available for inspection upon request.

AGENDA ITEM

To: CHAIRMAN KNIGHT AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Presentation of Annual Audit Report for Fiscal Year Ending June 30, 2024 (Thompson, Price, Scott, Adams & Co., P.A.)

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, 2024*.

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, 2024

ANNUAL BUDGET

Fiscal Year 2023 - 2024



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

AUTHORITY BOARD OF DIRECTORS

HARRY KNIGHT, CHAIRMAN

PATRICK DEVANE, VICE CHAIRMAN

SCOTT PHILLIPS, SECRETARY

AL LEONARD, TREASURER

CHARILE RIVENBARK, ASSISTANT TREASURER

NORWOOD BLANCHARD

WAYNE EDGE

JACKIE NEWTON

BILL SAFFO

CHRIS SMITH

WILLIAM SUE

PHIL TRIPP

FRANK WILLIAMS

ROB ZAPPLE

NEW HANOVER COUNTY

BLADEN COUNTY

BRUNSWICK COUNTY

COLUMBUS COUNTY

CITY OF WILMINGTON

PENDER COUNTY

BLADEN COUNTY

PENDER COUNTY

CITY OF WILMINGTON

COLUMBUS COUNTY

BRUNSWICK COUNTY

BRUNSWICK COUNTY

BRUNSWICK COUNTY

NEW HANOVER COUNTY

TIM HOLLOMAN, EXECUTIVE DIRECTOR
DANIELLE HERTZOG, ADMINISTRATIVE ASSISTANT

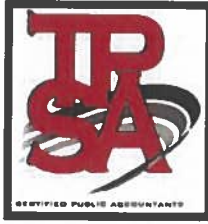
LOWER CAPE FEAR WATER AND SEWER AUTHORITY
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LOWER CAPE FEAR WATER AND SEWER AUTHORITY
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FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co., P.A.
 4024 Oleander Drive Suite 103
 Wilmington, North Carolina 28403
 Telephone (910) 791-4872
 Fax (910) 239-8294

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 Audit of Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise Lower Cape Fear Water and Sewer Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying 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 Lower Cape Fear Water and Sewer Authority as of June 30, 2024, and the respective changes in financial position, and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Audit of the Financial Statements

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

Members

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Lower Cape Fear Water and Sewer Authority's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for

consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Lower Cape Fear Water and Sewer Authority. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of the Lower Cape Fear Water and Sewer Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lower Cape Fear Water and Sewer Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lower Cape Fear Water and Sewer Authority's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 14, 2024

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, 2024. 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

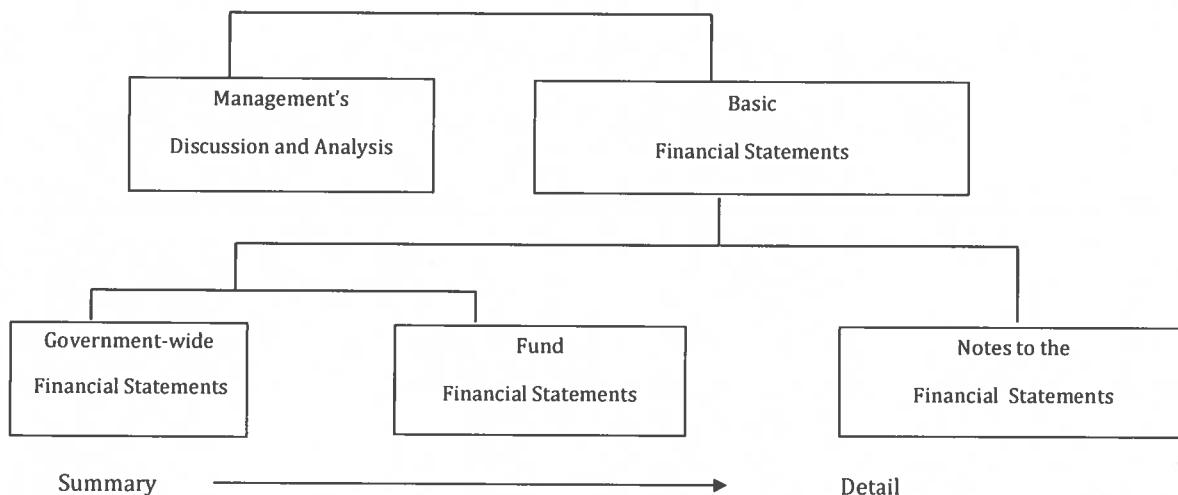
- The assets and deferred outflows of resources of the Lower Cape Fear Water and Sewer Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,521,415 (net position).
- The Authority’s total net position increased by \$4,425,482.
- As of the close of the current fiscal year, the Lower Cape Fear Water and Sewer Authority reported ending fund balances as follows:

Renewal and Replacement Fund	\$	1,248,213
Right of Way Fund	\$	281,483
System Development Charge Fund	\$	14
Enterprise Capital Project Fund	\$	498,442
Mile Line Project Fund	\$	1,392,581
- The Lower Cape Fear Water and Sewer Authority’s total debt decreased by \$970,000 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 other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the 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**

	<u>Business-Type Activities</u>	
	<u>2024</u>	<u>2023</u>
Assets:		
Current and other assets	\$ 9,371,018	\$ 7,160,533
Capital assets	40,642,321	39,972,602
Total assets	<u>50,013,339</u>	<u>47,133,135</u>
Deferred outflows of resources	<u>85,038</u>	<u>83,324</u>
Liabilities:		
Current liabilities	1,100,543	1,622,433
Long-term liabilities	15,476,200	16,497,788
Total liabilities	<u>16,576,743</u>	<u>18,120,221</u>
Deferred inflows of resources	<u>219</u>	<u>305</u>
Net position:		
Net investment in capital assets	24,222,321	22,582,602
Unrestricted	9,299,094	6,513,331
Total net position	<u>\$ 33,521,415</u>	<u>\$ 29,095,933</u>

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 \$33,521,415 as of June 30, 2024. The Authority's net position increased by \$4,425,482 for the fiscal year ended June 30, 2024. However, the largest portion of net position \$24,222,321 (72.26%) 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 \$9,299,094 (27.74%) is unrestricted.

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

- Increase in investment earnings.
- Increase in capital contributions.

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

	Business-Type Activities	
	2024	2023
Revenues:		
Charges for Services	\$ 10,098,155	\$ 11,170,678
Other operating	89,005	114,314
Investment earnings	42,221	2,312
Capital contributions	1,664,740	-
Other non-operating	97,496	1,614,768
Total revenues	<u>11,991,617</u>	<u>12,902,072</u>
Expenses:		
Operations	5,146,860	7,503,574
Depreciation and amortization	1,812,138	1,785,716
Interest and fees paid	607,137	506,120
Total expenses	<u>7,566,135</u>	<u>9,795,410</u>
Increase (decrease) in net position before transfers and capital contributions	4,425,482	3,106,662
Increase (decrease) in net position	4,425,482	3,106,662
Net position, July 1	29,095,933	25,989,271
Net position, June 30	<u>\$ 33,521,415</u>	<u>\$ 29,095,933</u>

Business-type activities: Business-type activities increased the Authority's net position by \$4,425,482. Key element of this increase is as follows:

- Increase in capital contributions.

Capital Asset and Debt Administration

Capital assets. The Lower Cape Fear Water and Sewer Authority's investment in capital assets as of June 30, 2024, totals \$40,642,321 (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**

	2024	2023
Land	\$ 882,053	\$ 882,053
Construction in progress	1,947,834	-
Buildings	470,461	487,134
Vehicles	773,531	804,097
Equipment	1,192,194	810,133
Plant & distribution system	35,376,248	36,989,185
Total	<u>\$ 40,642,321</u>	<u>\$ 39,972,602</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, 2024, the Authority had total bonded debt outstanding of \$16,420,000. The changes in long-term debt for the year ended June 30, 2024 was as follows:

Revenue Bonds		
Figure 5		
	2024	2023
Revenue bonds	\$ 16,420,000	\$ 17,390,000
Total	\$ 16,420,000	\$ 17,390,000

Economic Factors and Next Year's Budgets and Rates

- The adopted budget for fiscal year 2024-2025 illustrates an increase in customer revenues due to an increase in the raw water rate from \$0.4000 per 1,000 gallons to \$.4400 per 1,000 gallons to provide for the required debt services through 2025.
- The Bladen Bluffs water treatment plant operated by Smithfield Farmland, Inc. will continue to experience increased costs as it enters into its 12th 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 for more information.

BASIC FINANCIAL STATEMENTS

Lower Cape Fear Water and Sewer Authority
Statement of Fund Net Position
June 30, 2024

	Major Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	8,763,262
Accounts receivable, customers (net)	444,354
Accounts receivable, other	114,314
Grants receivable	49,088
Total current assets	9,371,018
Non-current assets:	
Capital assets:	
Land and construction in progress	2,829,887
Other capital assets, net of depreciation	37,812,434
Total capital assets	40,642,321
Total assets	50,013,339
DEFERRED OUTFLOWS OF RESOURCES	
Pension Deferrals	85,038
Total deferred outflows of resources	85,038
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	52,232
Compensated absences - current	13,311
Current portion of long-term debt	1,035,000
Total current liabilities	1,100,543
Non-current liabilities:	
Net pension liability	91,200
Non-current portion of long-term debt	15,385,000
Total non-current liabilities	15,476,200
Total liabilities	16,576,743
DEFERRED INFLOWS OF RESOURCES	
Pension Deferrals	219
Total deferred inflow of resources	219
NET POSITION	
Net investment in capital assets	24,222,321
Unrestricted	9,299,094
Total net position	\$ 33,521,415

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

Lower Cape Fear Water and Sewer Authority
Statements of Revenues, Expenses, and
Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2024

	<u>Major Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	\$ 10,098,155
Other operating revenue	89,005
Total operating revenues	<u>10,187,160</u>
OPERATING EXPENSES	
Operations and administration	5,146,860
Depreciation and amortization	1,812,138
Total operating expenses	<u>6,958,998</u>
Operating income (loss)	<u>3,228,162</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	42,221
Capital contributions	1,664,740
Interest and fees paid	(607,137)
Other non-operating revenues (expenses)	97,496
Total nonoperating revenues (expenses)	<u>1,197,320</u>
Income (loss) before transfers and capital contributions	4,425,482
Change in net position	4,425,482
Net position, beginning	29,095,933
Net position, ending	<u>\$ 33,521,415</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, 2024

	Major Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	\$ 11,636,316
Cash paid for goods and services	(5,374,587)
Cash paid to employees for services	(347,551)
Net cash provided (used) by operating activities	5,914,178
Cash flows from capital and related financing activities	
Acquisition of capital assets and construction	(2,481,856)
Principal paid on bonds and notes payable	(970,000)
Capital contributions	1,664,740
Other non-operating revenues	97,496
Interest and fees paid on bonds and notes	(607,137)
Net cash provided (used) by capital and related financing activities	(2,296,757)
Cash flows from investing activities:	
Interest on investments	42,221
Net cash provided	42,221
Net increase (decrease) in cash and cash equivalents	3,659,642
Cash and cash equivalents:	
Beginning of year, July 1	5,103,620
End of year, June 30	\$ 8,763,262
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 3,228,162
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,812,138
(Increase) decrease in accounts receivable	1,449,156
Increase (decrease) in accounts payable & accrued liabilities	(590,201)
Increase (decrease) in net pension liability	18,990
Increase (decrease) in compensated absences	(2,267)
(Increase) decrease in deferred outflows of resources for pensions	(1,714)
Increase (decrease) in deferred inflows of resources for pensions	(86)
	2,686,016
Net cash provided (used) by operating activities	\$ 5,914,178

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, 2024**

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, 2024:

- 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 Mile Line Project Fund.

The Enterprise Fund is considered a major fund for the year ending June 30, 2024.

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 Mile Line 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, 2024, 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, 2024 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:

	Years
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 one item that meets this criterion - pension deferrals for the 2024 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.

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

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.

10. 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, 2024, the Authority's deposits had a carrying value of \$8,763,262 and a bank balance of \$9,375,727. Of the bank balance \$500,000 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, 2024, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 882,053	\$ -	\$ -	882,053
Construction in progress	-	1,947,834	-	1,947,834
Total capital assets not being depreciated	882,053	1,947,834	-	2,829,887
Capital assets being depreciated:				
Buildings	666,981	-	-	666,981
Vehicles	1,037,044	15,500	-	1,052,544
Equipment	1,148,050	518,522	-	1,666,572
Plant and distribution system	69,999,316	-	-	69,999,316
Total capital assets being depreciated	72,851,391	534,022	-	73,385,413
Less accumulated depreciation for:				
Buildings	179,846	16,674	-	196,520
Vehicles	232,947	46,066	-	279,013
Equipment	337,917	136,461	-	474,378
Plant and distribution system	33,010,132	1,612,936	-	34,623,068
Total accumulated depreciation	33,760,842	\$ 1,812,137	\$ -	35,572,979
Total capital assets being depreciated, net	39,090,549			37,812,434
Business-type activity capital assets, net	\$ 39,972,602			\$ 40,642,321

B. Liabilities**1. Payables**

Accounts payable and accrued liabilities reported on the Statement of Net Position at June 30, 2024 were as follows:

	Business-Type Activities
Accounts and vouchers	\$ 52,232
Accrued interest payable	-
Total accounts payable and accrued liabilities	\$ 52,232

2. Pension Plan Obligations**a. 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.

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, 2024, was 12.92% 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 \$24,605 for the year ended June 30, 2024.

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, 2024, the Authority reported an liability of \$91,200 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the Authority's proportion was 0.00138%, which was a increase of 0.00010% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the Authority recognized pension expense of \$41,794. At June 30, 2024, 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	\$ 10,162	\$ 219
Change in assumptions	3,875	-
Net difference between projected and actual earnings on pension plan investments	24,409	-
Changes in proportion and differences between Authority's contributions and proportionate share of contributions	21,987	-
Authority's contributions subsequent to the measurement date	24,605	-
Total	<u>\$ 85,038</u>	<u>\$ 219</u>

Notes to the Financial Statements

\$24,605 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2025	\$ 26,689
2026	13,721
2027	18,773
2028	1,032
2029	-
Thereafter	-
	<u>\$ 60,215</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.5 percent
Investment rate of return	7.0 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, 2022 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
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 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized.

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

Sensitivity of the 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1 % Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Authority's proportionate share of the net pension liability	\$158,000	\$91,200	\$36,204

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.

b. 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, 2024 were \$18,912.

c. 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:

	<u>Amount</u>
Pension deferrals	\$ 85,038
Total	<u>\$ 85,038</u>

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

Pension deferrals	\$ 219
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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, 2024, 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, 2024.

a. 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.

	\$ 16,420,000
Current portion	<u>1,035,000</u>
	<u>\$ 15,385,000</u>

b. Changes in General Long-Term Liabilities

The changes in the long-term debt for the year ending June 30, 2024 are as follows:

	Balance 7/1/2023	Additions	Retirements	Balance 6/30/2024	Current Portion
Revenue bonds	\$ 17,390,000	\$ -	\$ 970,000	\$ 16,420,000	\$ 1,035,000
Net pension liability	72,210	18,990	-	91,200	-
Compensated absences	15,578	12,504	14,771	13,311	13,311
Total	<u>\$ 17,477,788</u>	<u>\$ 31,494</u>	<u>\$ 984,771</u>	<u>\$ 16,524,511</u>	<u>\$ 1,048,311</u>

Notes to the Financial Statements

The future payments of the revenue bonds for the years ending after June 30, 2024 are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2025	\$ 1,035,000	\$ 11,494
2026	1,115,000	10,770
2027	1,190,000	9,989
2028	1,275,000	9,156
2029	1,360,000	8,264
2030-2033	6,480,000	22,827
2034-2036	3,965,000	4,729
Total	\$ 16,420,000	\$ 77,228

c. 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 recognized 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.

d. 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, 2024, is as follows:

Operating revenues	\$ 10,187,160
Operating expenses *	5,173,996
Operating income	<u>5,013,164</u>
Non-operating revenues (expenses)**	1,831,593
Income available for debt service	<u>\$ 6,844,757</u>
Debt service, principal and interest paid (Revenue bonds only)	<u>\$ 1,577,137</u>
Debt service coverage ratio	434%

*Per rate covenants, this does not include the depreciation and amortization expenses of \$1,812,138.

**Per rate covenants, this does not include revenue bond interest of \$607,137.

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 2024. The total principal and interest remaining to be paid on these bonds is \$16,420,000. Principal and interest paid for the current year and total customer net revenues were \$970,000 and \$607,137 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 \$16,420,000. Principal and interest paid for the current year were \$1,577,137. Payments made directly by Smithfield Farmland Corporation, on behalf of The Authority, for principal and interest for the current year were \$607,137.

Notes to the Financial Statements

IV. 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 \$2,090,732 for the year ended June 30, 2024 (21% of total water charges) and a customer receivable of \$247,206 at June 30, 2024 are attributable to Brunswick County.

The Authority currently sells water to the Cape Fear Public Utility Authority. Water charges of \$1,706,436 for the year ended June 30, 2024 (17%) and a customer receivable of \$133,307 are attributable to the Cape Fear Public Utility Authority.

V. 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.

VI. 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

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

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 Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability (asset) (%)	0.00138%	0.00128%	0.00083%	0.00024%	0.00059%	0.00074%	0.00086%	0.00098%	0.00100%	0.0011%
Authority's proportion of the net pension liability (asset) (\$)	\$ 91,200	\$ 72,210	\$ 12,729	\$ 8,576	\$ 16,112	\$ 17,555	\$ 13,138	\$ 20,799	\$ 4,623	\$ (6,546)
Authority's covered-employee payroll	\$ 177,024	\$ 159,964	\$ 165,309	\$ 133,855	\$ 160,576	\$ 156,534	\$ 153,122	\$ 149,387	\$ 145,429	\$ 145,650
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.52%	45.14%	7.70%	6.41%	10.03%	11.21%	8.58%	13.92%	3.18%	(4.49%)
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

* 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 Ten Fiscal Years

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2014
Contractually required contribution	\$ 24,604	\$ 21,597	\$ 18,668	\$ 17,820	\$ 12,770	\$ 13,344	\$ 12,554	\$ 11,744	\$ 10,547	\$ 10,820
Contributions in relation to the contractually required contribution	24,604	21,597	18,668	17,820	12,770	13,344	12,554	11,744	10,547	10,820
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 190,439	\$ 177,024	\$ 159,964	\$ 165,309	\$ 133,855	\$ 160,576	\$ 156,534	\$ 153,122	\$ 149,387	\$ 145,429
Contributions as a percentage of covered-employee payroll	12.92%	12.20%	11.67%	10.78%	9.54%	8.31%	8.02%	7.67%	7.06%	7.44%

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, 2024

	2024		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenue:			
Brunswick County		2,092,732	
Invista		121,448	
Cape Fear Public Utility Authority		1,706,436	
Praxair, Inc.		15,500	
Pender County		245,752	
Bladen Bluffs income		4,328,585	
Treated water supply agreement (Smithfield)		1,587,702	
Other operating revenues		89,005	
Total operating revenues	<u>\$ 9,810,056</u>	<u>10,187,160</u>	<u>\$ 377,104</u>
Nonoperating revenues:			
Interest earnings		17,173	
Other non-operating revenues		97,496	
Total non-operating revenues	<u>9,716</u>	<u>114,669</u>	<u>104,953</u>
Total Revenues:	<u>9,819,772</u>	<u>10,301,829</u>	<u>482,057</u>
Expenditures:			
Administration:			
Salaries and benefits		362,474	
Insurance		111,030	
Office expense		127,118	
Professional services		103,460	
Other		248,256	
Total administration	<u>1,010,408</u>	<u>952,338</u>	<u>58,070</u>
Other operating expenditures:			
Kings Bluff O&M expenses		381,658	
Bladen Bluffs expenses		3,043,565	
Utilities-Energy Pump Station		754,376	
Capital Outlay		534,022	
Debt service - principal		970,000	
Debt service - interest		607,137	
Total other operating expenditures	<u>7,309,364</u>	<u>6,290,758</u>	<u>1,018,606</u>
Total expenditures	<u>8,319,772</u>	<u>7,243,096</u>	<u>1,076,676</u>

	2024		Variance Positive (Negative)
	Budget	Actual	
Revenue over expenditures	<u>1,500,000</u>	<u>3,058,733</u>	<u>1,558,733</u>
Other financing sources (uses):			
Insurance Claim Proceeds	-	-	-
Transfer to other funds	<u>(1,500,000)</u>	<u>(2,412,165)</u>	<u>(912,165)</u>
Fund balance appropriated	-	-	-
Total other financing sources (uses):	<u>(1,500,000)</u>	<u>(2,412,165)</u>	<u>(912,165)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 646,568</u>	<u>\$ 646,568</u>

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Revenues over expenditures	<u>\$ 646,568</u>
Reconciling items:	
Depreciation	(1,812,138)
Capital outlay	534,022
Principal payments on long-term debt	970,000
Capital contributions	1,664,740
(Increase) decrease in net pension liability	(18,990)
(Increase) decrease in compensated absences	2,267
Increase (decrease) in deferred outflows of resources for pensions	1,714
(Increase) decrease in deferred inflows of resources for pensions	86
Items from Schedules 2 through 5	
Interest revenue	25,048
Transfers	2,412,165
Other income from capital projects	-
Total reconciling items	<u>3,778,914</u>
Change in net position	<u>\$ 4,425,482</u>

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, 2024

	2024		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Interest earnings		\$ 24,889	
Miscellaneous		-	
Total non-operating revenues	\$ -	24,889	\$ 24,889
Expenditures:			
Repairs and maintenance		-	-
Miscellaneous		-	-
Total expenditures	-	-	-
Other financing sources (uses):			
Transfers from other funds	880,000	880,000	-
Appropriated fund balance	(880,000)	-	880,000
Total other financing sources (uses):	-	880,000	880,000
Revenues and other sources over (under) expenditures and other financing uses	\$ -	904,889	\$ 904,889
Fund balance			
Fund balance - beginning		343,324	
Fund balance - ending		\$ 1,248,213	

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, 2024

	2024		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Interest earnings		\$ 28	
Total Revenues	\$ -	28	\$ 28
Expenditures:			
Administration expenses		-	
Total expenditures	-	-	-
Revenues over (under) expenditures	-	28	28
Other financing sources (uses):			
Fund balance appropriated	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over expenditures and other uses	\$ -	28	\$ 28
Fund balance			
Fund balance - beginning		281,455	
Fund balance - ending		\$ 281,483	

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, 2024

	2024		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Interest earnings		\$ -	
Total Revenues	\$ -	-	\$ -
Expenditures:			
Administration expenses		-	
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Fund balance appropriated	-	-	
Total other financing sources (uses)	-	-	-
Revenues and other sources over expenditures and other uses	\$ -	-	\$ -
Fund balance			
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, 2024

	2024		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Grant revenue		\$ 17,036	
Total Revenues	\$ -	17,036	\$ 17,036
Expenditures:			
Repairs and Maintenance		-	
Administration expenses		-	
Total expenditures	-	-	-
Revenues over (under) expenditures	-	17,036	17,036
Other financing sources (uses):			
Transfers from other funds	100,000	100,000	-
Appropriated fund balance	(100,000)	-	100,000
Total other financing sources (uses)	-	100,000	100,000
Revenues and other sources over expenditures and other uses	\$ -	117,036	\$ 117,036
Fund balance			
Fund balance - beginning		381,406	
Fund balance - ending		\$ 498,442	

Lower Cape Fear Water and Sewer Authority, North Carolina
Mile Line Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2024

	2024		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Grant revenue		\$ 1,647,704	
Partner revenue		-	
Interest earnings		131	
Total Revenues	<u>\$ 2,500,000</u>	<u>1,647,835</u>	<u>\$ (852,165)</u>
Expenditures:			
Repairs and Maintenance		1,947,834	
Administration expenses		-	
Total expenditures	<u>2,500,000</u>	<u>1,947,834</u>	<u>552,166</u>
Revenues over (under) expenditures	-	(299,999)	(1,404,331)
Other financing sources (uses):			
Transfers from other funds	-	1,432,165	1,432,165
Appropriated fund balance	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,432,165</u>	<u>1,432,165</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>1,132,166</u>	<u>\$ 1,132,166</u>
Fund balance			
Fund balance - beginning		<u>260,415</u>	
Fund balance - ending		<u>\$ 1,392,581</u>	

COMPLIANCE SECTION



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**Report On Internal Control Over Financial Reporting And On Compliance and Other
 Matters Based On An Audit Of Financial Statements Performed In Accordance With
 Government Auditing Standards**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Lower Cape Fear Water and Sewer Authority, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Lower Cape Fear Water and Sewer Authority's basic financial statements, and have issued our report thereon dated November 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lower Cape Fear Water and Sewer Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lower Cape Fear Water and Sewer Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 14, 2024



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**Report on Compliance for Each Major State Program; Report on Internal Control Over
 Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act
 Independent Auditor's Report**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Lower Cape Fear Water and Sewer Authority, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Lower Cape Fear Water and Sewer Authority's major State programs for the year ended June 30, 2024. The Lower Cape Fear Water and Sewer Authority's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lower Cape Fear Water and Sewer Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

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

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

Members

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lower Cape Fear Water and Sewer Authority State programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 14, 2024

Lower Cape Fear Water and Sewer Authority
Leland, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II – Financial Statement Findings

Significant Deficiency/Noncompliance

2024-001 Finance Officer Bond

Criteria: According to G.S. 159-29, the Finance Officer bond may not be less than the greater of \$50,000 or an amount equal to ten percent of the unit's annually budgeted funds up to one million dollars.

Condition: The Finance Officer was not adequately bonded based on the criteria.

Effect: The Town was in violation of the statute G.S. 159-29.

Cause: Personnel responsible for purchasing of the bond did not ensure that the bond would cover ten percent of the annual budgeted funds.

Identification of a repeat finding: This is not a repeat finding.

Recommendation: The Town should implement internal controls that will ensure the Finance Officer is adequately covered based on the criteria going forward.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will adhere to the corrective action plan to follow.

Lower Cape Fear Water and Sewer Authority
Leland, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section IV – State Award Findings and Questioned Costs

None.



Lower Cape Fear Water & Sewer Authority
Corrective Action Plan
For the Fiscal Year Ended June 30, 2024

Section II – Financial Statement Findings

2024-001

Name of Contact Person: Danielle Hartzog

Corrective Action: The Town will implement internal control procedures to ensure that the Finance Officer is appropriately bonded based on the to ten percent of the unit's annually budgeted funds.

Proposed Completion Date: The Board will implement the above procedure immediately.

Section IV – State Award Findings and Questioned Costs

None.

Lower Cape Fear Water and Sewer Authority
 Schedule of Federal and State Awards
 For the Fiscal Year Ended June 30, 2024

Grantor/Pass-Through Grant/Program Title	Federal Assistance Listing No.	State/Federal Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Provided to Subrecipients
State Grants					
Cash Programs					
<u>NC Department of Environmental Quality</u>					
NC Revolving Loan and Grant Program		SRP-D-ARP-0170	-	1,647,704	-
Total State Cash Assistance			-	1,647,704	-
Total State Assistance			-	1,647,704	-
Total Assistance			\$ -	\$ 1,647,704	\$ -

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the Federal and State grant activity of the Lower Cape Fear Water and Sewer Authority under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Lower Cape Fear Water and Sewer Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Lower Cape Fear Water and Sewer Authority.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Appointment of Calendar Year 2025 Finance Committee by
Chairman

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 DeVane' s appointments to the Finance Committee.

Action Requested: Discussion and direct staff.

FINANCE COMMITTEE
January 1, 2025 - December 31, 2025

CHAIRMAN:**PATRICK DEVANE**

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AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Appointment of Calendar Year 2025 Personnel Committee by
Chairman

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

Please find attached Chairman DeVane' s appointments to the Personnel Committee.

Action Requested: Discussion and direct staff.

PERSONNEL COMMITTEE
January 1, 2025- December 31, 2025

CHAIRMAN:**PATRICK DEVANE**

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AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Appointment of Calendar Year 2025 Long-Range Planning
Committee by Chairman

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

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

Action Requested: Discussion and direct staff.

LONG RANGE PLANNING COMMITTEE
January 1, 2025 - December 31, 2025

CHAIRMAN:**PATRICK DEVANE**

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Brunswick County Utilities

JOHN NICHOLS

Brunswick County Utilities Director

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Cape Fear Public Utility Authority

KEN WALDROUP

Executive Director

Cell 919-369-3240
 Work 910-332-6669
 Email kenneth.Waldroup@cfpu.org

Pender County Utilities

ANTHONY COLON

Pender County Utilities Director

Work 910-389-3329
 Email acolon@pendercountync.gov

AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Resolution of the Lower Cape Fear Water & Sewer Authority Board to Directors to pursue Traditional Design, Bid, and Build Project Delivery Method for the Kings Bluff Raw Water Pump Station Air Backwash Building and Access Walkway Replacement Project

Background: Evaluation of options and materials to replace the backwash building and walkway.

Action Requested: Motion to approve/disapprove

**RESOLUTION OF THE LOWER CAPE FEAR WATER AND SEWER AUTHORITY BOARD
OF DIRECTORS TO PURSUE TRADITIONAL DESIGN, BID AND BUILD PROJECT
DELIVERY METHOD FOR THE KINGS BLUFF RAW WATER PUMP STATION AIR
BACKWASH BUILDING AND ACCESS WALKWAY REPLACEMENT PROJECT**

WHEREAS, the Lower Cape Fear Water and Sewer Authority (“LCFWASA” or the “Authority”) serves Brunswick, Bladen, Pender, New Hanover, Columbus Counties, and the City of Wilmington with a Board of Directors (“Board”) representing those local governments. As the largest regional water system in Eastern North Carolina, the LCFWASA’s primary role is to provide raw water from the Cape Fear to supply treatment facilities that serve 550,000 customers;

WHEREAS, LCFWASA has undertaken a thorough assessment of LCFWASA’s Kings Bluff Raw Water Pump Station facilities and continues to update and maintain its physical buildings and operational equipment;

WHEREAS, the air backwash building and access walkway at the Kings Bluff Raw Water Pump Station are in need of replacement, and the replacement of the walkway is KB-6 of the Master Planning Document approved by the Board;

WHEREAS, the current access walkway is approximately 40 years old, and the importance and condition of the walkway warrants an expedited replacement schedule;

WHEREAS, at its June 5, 2023 Meeting, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) Board of Directors awarded the contract for engineering services associated with the Kings Bluff raw water pump station air backwash building and access walkway replacement (the “Project”) to McKim & Creed, Inc. (the “Engineer”);

WHEREAS, LCFWASA divided the scope of engineering work for the Project into Phase I and Phase II;

WHEREAS, Phase I of the engineering work for the Project consists of a Preliminary Engineering Report, including an evaluation of options and materials to replace the backwash building and walkway; an evaluation of options for relocation or consolidation of the air backwash systems; the development of opinions of probable project cost for each option; the development of an anticipated schedule for each option; an evaluation and identification of permitting requirements; and providing recommended alternatives;

WHEREAS, Phase II of the engineering work for the Project consists of design, bid, permitting, construction administration and construction observation;

WHEREAS, at the August 21, 2023 LCFWASA Board Meeting, the Board approved the engineering services proposal for the Phase I engineering services (Preliminary Engineering Report) setting forth the Engineer’s scope of work, exclusions, deliverables, project schedule and fee, which included geotechnical services and a preliminary engineering report;

WHEREAS, at the September 9, 2024 LCFWASA Board Meeting, the Engineer provided a presentation to the Board regarding the preliminary engineering and geotechnical findings to date, including an

evaluation of construction material options for new piling installations, required piling depths and potential design options related to walkway materials and piling span requirements;

WHEREAS, at the October 14, 2024 LCFWASA Board Meeting, the Board chose to pursue a design-build delivery method for the Project and passed a Resolution establishing criteria for a design-build delivery method, authorizing the use of the design-build delivery method for the Project;

WHEREAS, on November 1, 2024, LCFWASA issued a Request for Qualifications (the “Owners-Advisor RFQ”) for an Owners-Advisor to assist LCFWASA with the design-build process and Project;

WHEREAS, LCFWASA received only one response to the Owners-Advisor RFQ; and,

WHEREAS, after reevaluating and reconsidering the budget constraints, anticipated timeline, the Board’s Master Planning Document and the scope of Project, the Board now wishes to pursue the traditional design, bid and build delivery method for the Project rather than the design-build delivery method previously authorized by the Board.

NOW, THEREFORE, BE IT RESOLVED, by the Chairman and the Directors of the Lower Cape Fear Water and Sewer Authority, that the Board hereby instructs the Executive Director to move forward with the Kings Bluff Raw Water Pump Station Air Backwash Building and Access Walkway Replacement Project utilizing the traditional design, bid and build delivery method for the Project rather than the design-build delivery method previously authorized by the Board.

This Resolution shall be effective upon passage.

A copy of this Resolution shall be recorded in the permanent minutes of this Board.

Adopted this ____ day of January 2025.

Patrick DeVane, Chairman

ATTEST:

Al Leonard, Secretary

AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Resolution of the Lower Cape Fear Water & Sewer Authority Board to Directors approving the Phase II Engineering Services Proposal Associated with the Kings Bluff Raw Water Pump Station Air Backwash Building and Access Walkway Replacement

Background: Evaluation of options and materials to replace the backwash building and walkway in line with Phase II Engineering Services.

Action Requested: Motion to approve/disapprove

**RESOLUTION OF THE LOWER CAPE FEAR WATER AND SEWER AUTHORITY BOARD
OF DIRECTORS APPROVING THE PHASE II ENGINEERING SERVICES PROPOSAL
ASSOCIATED WITH THE KINGS BLUFF RAW WATER PUMP STATION AIR
BACKWASH BUILDING AND ACCESS WALKWAY REPLACEMENT**

WHEREAS, LCFWASA has undertaken a thorough assessment of LCFWASA’s Kings Bluff Raw Water Pump Station facilities and continues to update and maintain its physical buildings and operational equipment;

WHEREAS, the air backwash building and access walkway at the Kings Bluff Raw Water Pump Station are in need of replacement, and the replacement of the walkway is KB-6 of the Master Planning Document approved by the Board;

WHEREAS, the current access walkway is approximately 40 years old, and the importance and condition of the walkway warrants an expedited replacement schedule;

WHEREAS, at its June 5, 2023 Meeting, the Lower Cape Fear Water and Sewer Authority (“LCFWASA”) Board of Directors awarded the contract for engineering services associated with the Kings Bluff Raw Water Pump Station air backwash building and access walkway replacement (the “Project”) to McKim & Creed, Inc. (the “Engineer”);

WHEREAS, as more particularly set forth in LCFWASA’s Request for Statement of Qualifications (“RFQ”) for professional engineering services associated with the Project, the scope of engineering work for the Project has been divided into Phase I and Phase II;

WHEREAS, Phase I of the engineering work for the Project consists of a Preliminary Engineering Report, including an evaluation of options and materials to replace the backwash building and walkway; an evaluation of options for relocation or consolidation of the air backwash systems; the development of opinions of probable project cost for each option; the development of an anticipated schedule for each option; an evaluation and identification of permitting requirements; and providing recommended alternatives;

WHEREAS, Phase II of the engineering work for the Project consists of design, bid, permitting, construction administration and construction observation;

WHEREAS, at the August 21, 2023 LCFWASA Board Meeting, the Board approved the Engineer’s services proposal for the Phase I engineering services (Preliminary Engineering Report) setting forth the Engineer’s scope of work, exclusions, deliverables, project schedule and fee, which included geotechnical services and a preliminary engineering report;

WHEREAS, at the September 9, 2024 LCFWASA Board Meeting, the Engineer provided a presentation to the Board regarding the preliminary engineering and geotechnical findings to date, including an evaluation of construction material options for new piling installations, required piling depths and potential design options related to walkway materials and piling span requirements;

WHEREAS, at the October 14, 2024 LCFWASA Board Meeting, the Board chose to pursue a design-build delivery method for the Project and passed a Resolution establishing criteria for a design-build delivery method, authorizing the use of the design-build delivery method for the Project;

WHEREAS, after reevaluating and reconsidering the budget constraints, anticipated timeline, the Board’s Master Planning Document and the scope of Project, the Board has decided to pursue the traditional design, bid and build delivery method for the Project rather than the design-build delivery method previously authorized by the Board; and,

WHEREAS, accordingly, the Board now wishes to proceed with the Phase II engineering services for the Project, including design, bid, permitting, construction administration and construction observation, subject to the Board’s approval of the scope of work, exclusions, deliverables, project schedule and proposed fee for Phase II.

NOW, THEREFORE, BE IT RESOLVED by the Chairman and the Directors of the Lower Cape Fear Water and Sewer Authority, that the Executive Director shall negotiate a contract with McKim & Creed, Inc. at a fair and reasonable fee for the engineering services proposal for Phase II of engineering services for the Kings Bluff Raw Water Pump Station air backwash building and access walkway replacement Project. The proposed contract shall be subject to Board review and approval.

This Resolution shall be effective upon passage.

A copy of this Resolution shall be recorded in the permanent minutes of this Board.

Adopted this _____ day of January 2025.

Patrick DeVane, Chairman

ATTEST:

Al Leonard, Secretary

New Business (NB7)

Lower Cape Fear Water & Sewer
Authority

AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Budget Amendment #2

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

Background: Budget Amendment #2 is due to LCFWASA conducting a comprehensive review of its financial resources and identified a need for a budget amendment to transfer funds from Operating account to R&R Account due to FY 2023-2024 audit.

Action Requested: Motion to approve/disapprove.



Lower Cape Fear Water & Sewer Authority
Leland, North Carolina

BUDGET AMENDMENT #2
Fiscal Year 2024-2025

BE IT ORDAINED by the Board of Directors of the Lower Cape Fear Water & Sewer Authority that the following amendments are made to the FY 2024-2025 Annual Budget Ordinances as follows:

Section 1: To amend the **Operating Revenue** the appropriations are to be changed as follows:

Fund Balance Appropriated:	Increase
3900-01 R&R Fund Appropriated	750,000.00

Section 2: To amend the **Operating Expenses** the appropriations are to be changed as follows:

Operating Fund:	Increase
4998-05- Transfer to R & R	750,000.00

Section 3: Copies of this Budget Amendment shall be furnished to the Budget Officer for direction in the carrying out of his duties.

Approved as to the availability of funds:

Tim H. Holloman, Finance Officer

This Budget Amendment adopted this 13th day of January 2025.

Patrick DeVane, Chairman

ATTEST:

Al Leonard, Secretary

AGENDA ITEM

To: CHAIRMAN DEVANE AND BOARD MEMBERS

From: TIM H. HOLLOMAN, EXECUTIVE DIRECTOR

Date: January 13, 2025

Re: Executive Director's Report

EDR1 - Comments on Customers' Water Usage and Raw Water Revenue for Fiscal Year to Date Ending December 31, 2024

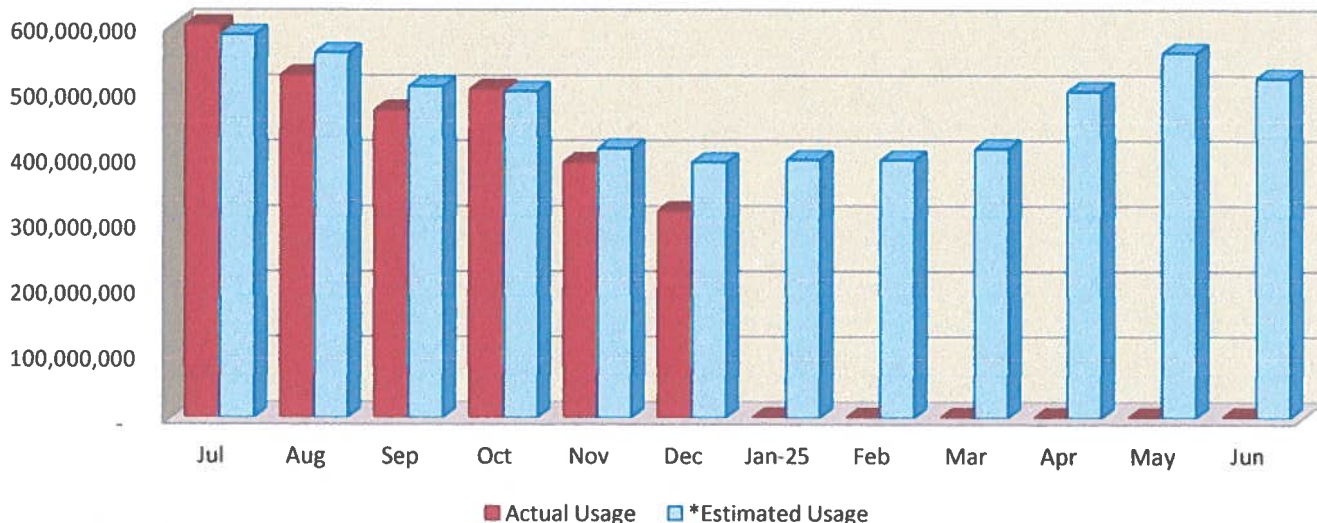
EDR2 - Operating Budget Status, Ending November 30, 2024

EDR3 - Summary of Activities.

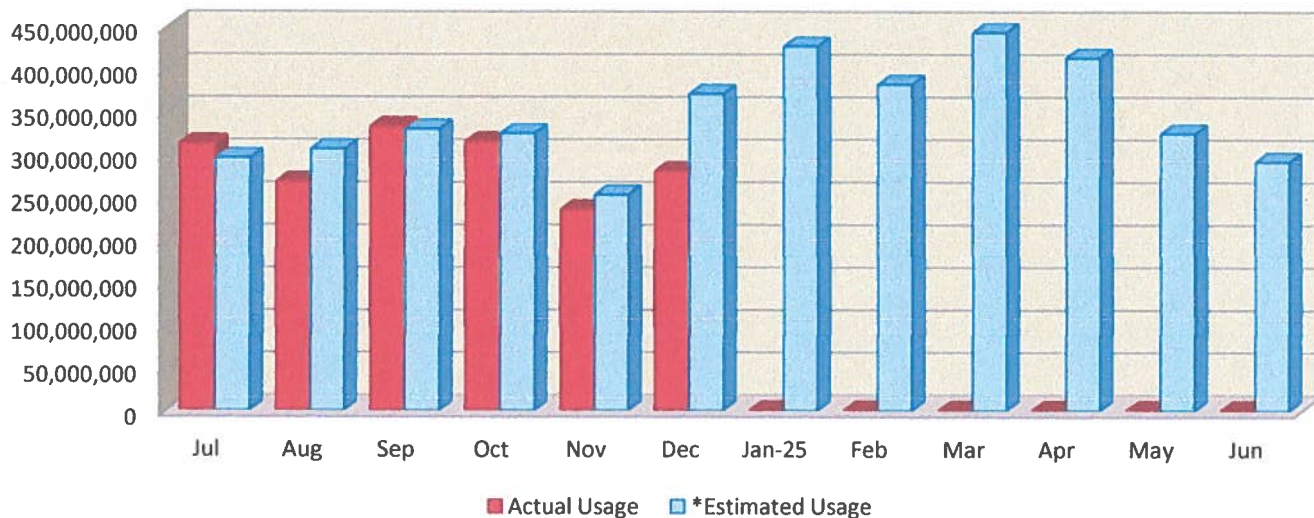
EDR4 – Proposed Budget Calendar for 2025

Action Requested: For information purposes.

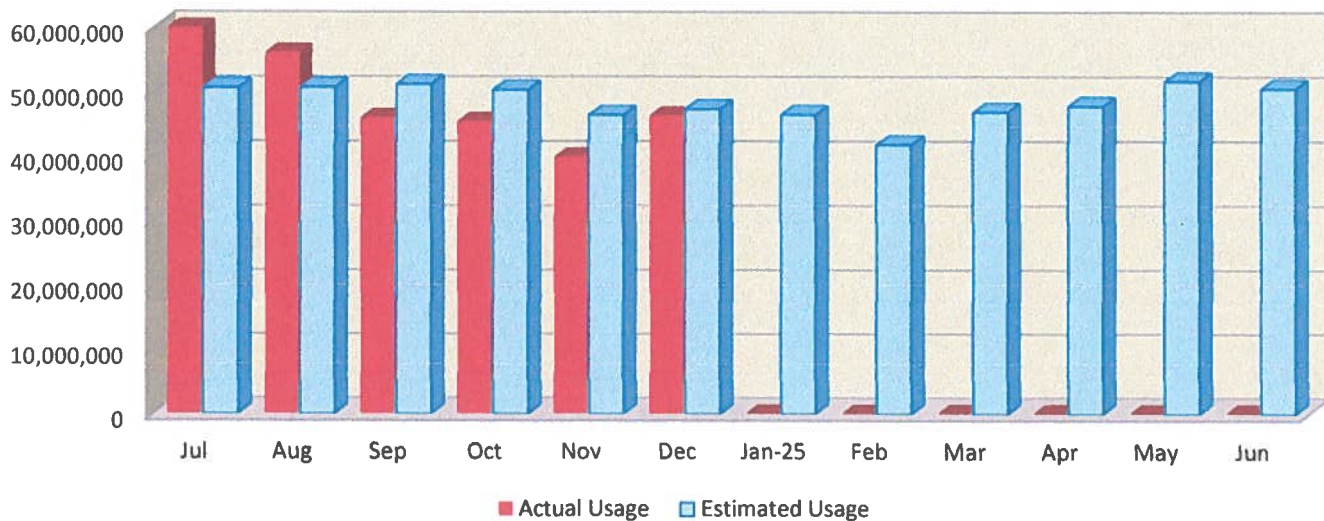
Brunswick County Water Usage FY 24-25



CFPUA Water Usage FY 24-25



Pender County Water Usage FY 24-25



LOWER CAPE FEAR WATER AND SEWER AUTHORITY
FISCAL YEAR 2024-2025 BUDGET

ACCOUNT NO.	REVENUES	FY 2024-2025 APPROVED BUDGET	FY 2024-2025 AMENDED BUDGET	July 1 - November 30, 2024 ACTUAL		FY 24-25 TOTAL COMBINED BUDGET	% of Amended Budget As of 11/30/2024
				KINGS BLUFF	BLADEN BLUFFS		
	OPERATING						
3001-01	Brunswick County	\$ 2,522,662	\$ 2,522,662	\$ 1,094,248	\$ -	\$ 1,094,248	43%
3002-01	Cape Fear Public Utility Authority	\$ 1,835,996	\$ 1,835,996	\$ 644,931	\$ -	\$ 644,931	35%
3003-03	Pender County	\$ 256,344	\$ 256,344	\$ 109,005	\$ -	\$ 109,005	43%
3004-01	Stepan/Invista	\$ 176,000	\$ 176,000	\$ 74,606	\$ -	\$ 74,606	42%
3005-01	Praxair, Inc	\$ 35,200	\$ 35,200	\$ 10,806	\$ -	\$ 10,806	31%
3006-01	Bladen Bluffs Reimbursement for Plant Operation Costs	\$ 5,570,183	\$ 5,570,183	\$ -	\$ 1,359,119	\$ 1,359,119	24%
3006-02	Bladen Bluffs Administrative Reimbursement	\$ 119,988	\$ 119,988	\$ -	\$ 69,662	\$ 69,662	58%
3007-01	Sales Tax Refund	\$ 115,234	\$ 115,234	\$ -	\$ -	\$ -	0%
	Subtotal	\$ 10,631,607	\$ 10,631,607	\$ 1,933,596	\$ 1,428,780	\$ 3,362,376	32%
	Non-Operating						
3105-01	Interest	\$ 78,878	\$ 154,188	\$ 58,192	\$ -	\$ 73,773	48%
3120-01	Other Revenue (Insurance Proceeds/Refunds/FEMA)	\$ -	\$ -	\$ -	\$ -	\$ -	0%
3125-01	Federal Tax Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	0%
3156-00	Rental House Income	\$ -	\$ -	\$ -	\$ -	\$ -	0%
3170-01	Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	0%
3900-01	Renewal and Replacement Fund Appropriated	\$ 104,534	\$ 104,534	\$ -	\$ -	\$ -	0%
3900-02	SRF/ARPA	\$ 20,000,000	\$ 20,000,000	\$ 4,539,759	\$ -	\$ 4,539,759	23%
2900-00	Fund Balance Appropriated	\$ -	\$ -	\$ -	\$ -	\$ -	0%
	Subtotal	\$ 20,183,412	\$ 20,258,722	\$ 4,597,951	\$ -	\$ 4,613,533	23%
	TOTAL REVENUES	\$ 30,815,019	\$ 30,890,329	\$ 6,531,547	\$ 1,428,780	\$ 7,975,909	26%

LOWER CAPE FEAR WATER AND SEWER AUTHORITY
FISCAL YEAR 2024-2025 BUDGET

ACCOUNT NO.	EXPENDITURES	FY 2024-2025 APPROVED BUDGET		FY 2024-2025 AMENDED BUDGET		July 1 - November 30, 2024 ACTUAL		FY 24-25 TOTAL COMBINED BUDGET	% of Amended Budget As of 11/30/2024
						KINGS BLUFF	BLADEN BLUFFS		
	Administration								
4001-01	Salaries	\$ 222,026	\$ 222,026	\$ 67,452	\$ 27,753	\$ 14,847	\$ 8,059	\$ 95,205	43%
4010-01	Per Diem and Mileage Board Members	\$ 64,476	\$ 64,476	\$ 5,200	\$ 5,200	\$ 6,270	\$ 2,817	\$ 22,906	36%
4012-01	Vehicle Allowance	\$ 5,200	\$ 5,200	\$ 30,196	\$ 30,196	\$ 3,623	\$ 1,553	\$ 2,200	42%
4019-01 & 4024-01	FICA Taxes	\$ 22,534	\$ 22,534	\$ 12,422	\$ 12,422	\$ 1,084	\$ -	\$ 9,086	40%
4029-01	Retirement	\$ 30,196	\$ 30,196	\$ 2,900	\$ 2,900	\$ 11,501	\$ 5,323	\$ 11,856	39%
4035-01	401K Plan	\$ 12,422	\$ 12,422	\$ 42,586	\$ 42,586	\$ 44,938	\$ 19,500	\$ 5,176	42%
4036-01	Miscellaneous Payroll Processing Expenses	\$ 2,900	\$ 2,900	\$ 156,000	\$ 156,000	\$ 1,644	\$ -	\$ 1,084	37%
4038-01	Group Insurance	\$ 42,586	\$ 42,586	\$ 15,000	\$ 15,000	\$ 18,182	\$ -	\$ 16,824	40%
4039-01	Property and Liability Insurance	\$ 156,000	\$ 156,000	\$ 50,000	\$ 50,000	\$ 3,200	\$ 2,800	\$ 64,438	41%
4046-00	Professional Services General	\$ 15,000	\$ 15,000	\$ 175,000	\$ 175,000	\$ 12,178	\$ -	\$ 1,644	11%
4046-01	Attorney	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	\$ 3,806	\$ -	\$ 18,182	36%
4047-01	Auditor	\$ 8,000	\$ 8,000	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	0%
4048-01	Engineer	\$ 175,000	\$ 175,000	\$ 40,000	\$ 40,000	\$ 16,422	\$ -	\$ 12,178	8%
4049-01	Information Technology	\$ 25,000	\$ 25,000	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ 3,806	15%
4050-01	Financial Advisor	\$ 10,000	\$ 10,000	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ -	0%
4055-01	Office Maintenance/Repair/Common Charge	\$ 40,000	\$ 40,000	\$ 3,500	\$ 3,500	\$ 1,220	\$ -	\$ 16,422	41%
4058-01	Office Utilities	\$ 3,500	\$ 3,500	\$ 15,000	\$ 15,000	\$ 1,220	\$ -	\$ 1,220	35%
4059-01	Office Expenses (telephone, Printing, Adv)	\$ 15,000	\$ 15,000	\$ 35,000	\$ 35,000	\$ 16,717	\$ -	\$ 3,620	24%
4062-01	Office Equipment	\$ 35,000	\$ 35,000	\$ 12,000	\$ 12,000	\$ 6,465	\$ -	\$ 16,717	48%
4064-01	Printing and Advertising	\$ 8,000	\$ 8,000	\$ 5,000	\$ 5,000	\$ 2,222	\$ -	\$ 6,465	54%
4065-01	Telephone and Internet	\$ 3,500	\$ 3,500	\$ 29,000	\$ 29,000	\$ 11,842	\$ -	\$ 2,222	44%
4070-01	Travel and Training	\$ 29,000	\$ 29,000	\$ 520	\$ 520	\$ 155	\$ 65	\$ 11,842	41%
4070-20	Phone Allowance	\$ 520	\$ 520	\$ -	\$ -	\$ -	\$ -	\$ 220	42%
4075-01	Vehicle Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4080-01	Miscellaneous Expense	\$ 20,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 5,515	\$ -	\$ 5,515	37%
4081-01	Dues & Subscription	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 4,887	\$ -	\$ 4,887	49%
	Subtotal	\$ 995,860	\$ 995,860	\$ 267,421	\$ 72,295	\$ -	\$ -	\$ 339,716	34%

LOWER CAPE FEAR WATER AND SEWER AUTHORITY
FISCAL YEAR 2024-2025 BUDGET

ACCOUNT NO.	EXPENDITURES	FY 2024-2025 APPROVED BUDGET	FY 2024-2025 AMENDED BUDGET	July 1 - November 30, 2024 ACTUAL		FY 24-25 TOTAL COMBINED BUDGET	% of Amended Budget As of 11/30/2024
				KINGS BLUFF	BLADEN BLUFFS		
	Operating						
4501-01	Sales Tax Expense	\$ 105,000	\$ 105,000	\$ -	\$ 42,318	\$ 42,318	40%
4510-01	Bladen Bluffs O & M	\$ 3,821,385	\$ 3,821,385	\$ -	\$ 941,582	\$ 941,582	25%
4515-01	Bladen Bluffs Hurricane Florence	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4520-01	Utilities/Energy, Kings Bluff	\$ 775,363	\$ 775,363	\$ 313,657	\$ -	\$ 313,657	40%
4530-01	Contract O & M Kings Bluff	\$ 736,811	\$ 736,811	\$ 247,102	\$ -	\$ 247,102	34%
4537-01	O&M Kings Booster Pump Bluff Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4541-01	Combined Enterprise Funded Series 2010 Principal	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4542-01	Combined Enterprise Funded Series 2010 Interest	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4543-01	Combined Enterprise System Ref Series 2012 Principal	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4544-01	Combined Enterprise System Ref Series 2012 Interest	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4545-01	Bladen Bluffs Debt Service Principal	\$ 1,035,000	\$ 1,035,000	\$ 1,035,000	\$ -	\$ 1,035,000	100%
4546-01	Bladen Bluffs Debt Service Interest	\$ 500,000	\$ 500,000	\$ -	\$ 229,408	\$ 229,408	46%
	Operating Capital Expense	\$ 2,685,000	\$ 2,760,310	\$ -	\$ 491,593	\$ 491,593	18%
4998-05	Transfer to R&R - Kings Bluff R&R Expense	\$ 160,600	\$ 160,600	\$ -	\$ -	\$ -	0%
	Transfer to R&R - Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	0%
4998-06	Transfer to Enterprise Fund	\$ -	\$ -	\$ -	\$ -	\$ -	0%
2041-01	421 Relocation New Hanover County Loan Principal	\$ -	\$ -	\$ -	\$ -	\$ -	0%
5180-00	SRF/7 mile parallel line expenditures	\$ 20,000,000	\$ 20,000,000	\$ 3,987,968	\$ -	\$ 3,987,968	20%
	Subtotal	\$ 29,819,159	\$ 29,894,469	\$ 5,583,727	\$ 1,704,901	\$ 7,288,628	24%
	TOTAL EXPENDITURES	\$ 30,815,019	\$ 30,890,329	\$ 5,851,148	\$ 1,777,196	\$ 7,628,344	25%

Executive Director Highlighted Activities:

- Regular Monthly meetings with the Design Build Team and Owner's Advisor for the parallel line project.
- Participated in weekly update meetings on the 10-mile parallel line.
- Followed up with EMSL on additional sampling tests at former rental house.
- Danielle worked with AT&T upgrade at Kings Bluff
- Took Asbestos Inspection Recertification Training
- Met with Owner's Advisors, McKim and Creed, to discuss the ROW needs for the parallel line in front of Stepan.
- Preconstruction meeting with State representatives on the parallel line project
- Director took additional leave over the holidays.

PROPOSED BUDGET CALENDER 2025

January 2025	Meet with Brunswick County Staff and Bladen Bluff Staff to review the next five years' Capital Improvement Needs.
February 1, 2025	Send correspondence to customers requesting estimate of FY 25 Usage
March 10, 2025	Meet with Finance Committee to review current revenues and expenditures. Present Capital Improvement needs for the next five years to the Finance Committee Review Capital Improvement Plan for the coming five years.
April 14, 2025	Meet with Finance Committee to review proposed FY 2025-26 Budget for recommendation to the Board
May 12, 2025	Present draft budget to the Board. Hold Public Hearing on Proposed Budget
June 16, 2024	Adopt proposed FY 2025-26 Annual Budget