Cape Fear
Public Utility Authority
Stewardship. Sustainability. Service.

Adopted Budget for Fiscal Year 2015-2016

James R. Flechtner, PE
Executive Director

Cheryl J. Spivey, CPA
Chief Financial Officer

235 Government Center Drive
Wilmington, NC 28403

On the Cover: Left: Meter Technician, photographed by Nubia Olubowale. Right: Water Meter, photographed by Jacqueline Valade. Bottom: Livingston Creek Raw Water Line, photographed by Sam Yarboro.

CAPE FEAR PUBLIC UTILITY AUTHORITY
ADOPTED BUDGET

FISCAL YEAR 2015 - 2016

James R. Flechtner, PE, Executive Director
Cheryl J. Spivey, CPA, Chief Financial Officer

235 Government Center Drive
Wilmington, NC 28403
www.cfpua.org

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JULY 2014

MISSION STATEMENT

The Cape Fear Public Utility Authority's mission is to provide high quality water and sewer service in an environmentally responsible manner that protects public health, while maintaining the lowest practicable cost.

STRATEGIC VISION

Cape Fear Public Utility Authority is committed to excellence. The Authority effectively and efficiently manages operations, infrastructure, and investments to protect, restore, and enhance the natural environment; responsibly uses water and other natural resources; promotes economic vitality; supports public safety and health; and engenders overall community improvement and involvement on significant issues. The Authority continuously improves and not only meets but also strives to exceed all regulatory requirements.

GUIDING PRINCIPLES

The Authority is committed to the principles of ***Stewardship***, ***Sustainability*** and ***Service***. These principles serve as a guide for ethical decisions, provide a gauge for measuring success, and define our responsibility to the community. They guide our organization in the following way:

Stewardship

- Of the region's natural resources
- Of the financial resources and assets our customers entrust to us

Sustainability

- Of the region through dependable water and wastewater utilities that support public health and economic prosperity
- Of the Authority's ability to meet the community's current and future water and wastewater needs and expectations

Service

- To our customers by providing reliable, cost-effective water and wastewater utilities
- To our community as a thoughtful and participatory corporate citizen

Adopted by the Cape Fear Public Utility Authority Board July 9, 2014

GOALS & STRATEGIES

GOAL 1: The Authority will hold paramount our responsibility to protect the environment, ensure public health and safety, and respond effectively to the needs of our customers.

Strategy 1.A – Optimize the protection and use of water and other natural resources, and recycle where cost effective. Utilize the Environmental Management System to ensure and monitor regulatory compliance. Maintain and enhance the natural environment.

Strategy 1.B – Provide a safe work environment for our staff, contractors, and customers.

Strategy 1.C – Understand, anticipate, and respond to our customers and our community's needs in a professional, prompt, and efficient manner.

Strategy 1.D – Identify partnerships, develop alliances, and encourage public participation with both public and private community stakeholders.

GOAL 2: The Authority will maintain a stable financial position that balances rates, the environment, and the organization's long-term capital and operating needs.

Strategy 2.A– Establish and maintain a responsible balance among the fee schedule, long-term debt, asset values, Capital Improvement Program needs, operating expenses, and revenues.

Strategy 2.B– Operate as a fiscally sound entity that identifies and implements cost-efficiencies, as well as exceeds benchmarks, targets, and measures comparable to similar utilities and consistent with industry standards.

Strategy 2.C – Build, operate, and maintain high quality and cost-effective collection, treatment, and distribution systems and maximize the life expectancy of physical assets.

GOAL 3: The Authority will build, maintain and operate the enterprise, and all of its human and physical assets, in a manner that provides both new and existing customers with consistently high quality services.

Strategy 3.A – Establish criteria to prioritize the systematic extension of wastewater collection systems to areas with failing septic systems and water distribution systems to areas with poor quality well water in an equitable manner to maximize public health and economic development.

Strategy 3.B – Establish a creative and forward thinking organizational culture that rewards integrity and innovation, and brings about efficiencies.

Strategy 3.C – Acquire and implement technologies and tools that allow for improved inter-departmental communication, enterprise-wide sharing of information, and operational efficiencies.

Strategy 3.D – Recruit and retain a well-qualified and motivated workforce. Provide opportunities for individual growth, and with that, organizational improvement.

Cape Fear
Public Utility Authority
Stewardship. Sustainability. Service.

June 10, 2015

Members of the Authority Board
Cape Fear Public Utility Authority
235 Government Center Drive
Wilmington, NC 28403

Subject: FY 15-16 Adopted Budget

Dear Members of the Authority Board:

I am pleased to present the fiscal year 2015–2016 budget for Cape Fear Public Utility Authority as adopted June 10, 2015. This budget document represents the Authority's comprehensive budget plans and policies for the upcoming fiscal year.

The FY 15-16 recommended budget was presented to the Authority Board on May 13, 2015; the budget message following this letter provides a summary of that presentation. The recommended budget was made available for public inspection on the Authority's website and at the Authority's Administrative office located at 235 Government Center Drive. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a notice of public hearing was published in the *Star News* to encourage public input into the budget process. This public hearing was also held on the recommended budget on May 13, 2015.

At the June 10 Authority Board meeting, no changes were made to the recommended budget. The total net budget for the Operating Sub-Fund was adopted at $76,071,200.

The staff of the Authority looks forward to serving our community over the next year as we continue to build on our record of success.

Regards,

James R. Flechtner, P.E.
Executive Director

Cape Fear
Public Utility Authority
Stewardship. Sustainability. Service.

May 13, 2015

Members of the Authority Board
Cape Fear Public Utility Authority
235 Government Center Drive
Wilmington, NC 28403

Subject: FY 15-16 Recommended Budget

Dear Members of the Authority Board:

I am pleased to present the Authority's recommended FY 15-16 budget for your consideration. This budget was prepared in accordance with The Local Government Budget and Fiscal Control Act, and is designed to provide services meeting or exceeding all applicable state regulations and rate covenants. This budget proposes the necessary projects and operational funding to ensure that we continue providing the highest quality water and wastewater services to our customers at the lowest practical cost.

As we enter our eighth year of serving nearly 200,000 people in the City of Wilmington and New Hanover County, we continue to successfully operate under our guiding principles of Stewardship, Sustainability, and Service. These tenets provide a strong base upon which we have built award-winning services. At the same time, they drive the Authority to continually increase the value of the services we offer.

Given the complex issues facing water and sewer providers, I am confident the proposed budget continues the Authority in the right direction. It addresses a broad spectrum of important topics such as public health, environmental stewardship, customer service, staff development, risk management and emergency preparedness to name a few. With the Authority's human and financial resources focused in the right areas, we will remain ready to meet the needs of our community now and in the future.

We are pleased to report that deliberate investment in infrastructure and operations is consistently paying dividends, improving our resiliency and enhancing our services while reducing risk. The primary components of this budget include projects identified in the ten-year Capital Improvements Program (CIP), forecasted water and wastewater demands, projected operating costs required to sustain service levels, and debt obligations. With continued input from you and key stakeholders, our budgets will accurately assess and meet community needs, both now and into the future.

OPERATING BUDGET

The total recommended FY 15-16 budget is approximately $76.07 million. As a foundation for the FY 15-16 budget process, key goals and assumptions are identified and highlighted below:

- FY 15-16 operating expenditures, excluding salaries and benefits, are based on FY 13-14 actual expenditures, with a goal of increasing by no more than 2% over the FY 14-15 adopted budget.
- Salaries budgeted with 1.5% market & 2.5% merit adjustments.
- Benefits budgeted with: 1) a 15% increase in health care costs, 2) a 7% increase in dental premiums, and 3) a 5.7% decrease in the State mandated retirement system employer contribution of 6.67% from 7.07%.
- Debt service (principal, interest, fees & issuance costs) is estimated at $24.3 million, a decrease of approximately $4.4 million, due primarily to: 1) City of Wilmington 2002 GO Refunding Bonds being fully paid in FY 14-15, resulting in $2.5M decrease and 2) a one-time reduced debt service payment on the 2008 Revenue Bonds in FY 15-16, and 3) $500,000 annual debt service savings by refunding 2005 Revenue Bonds.

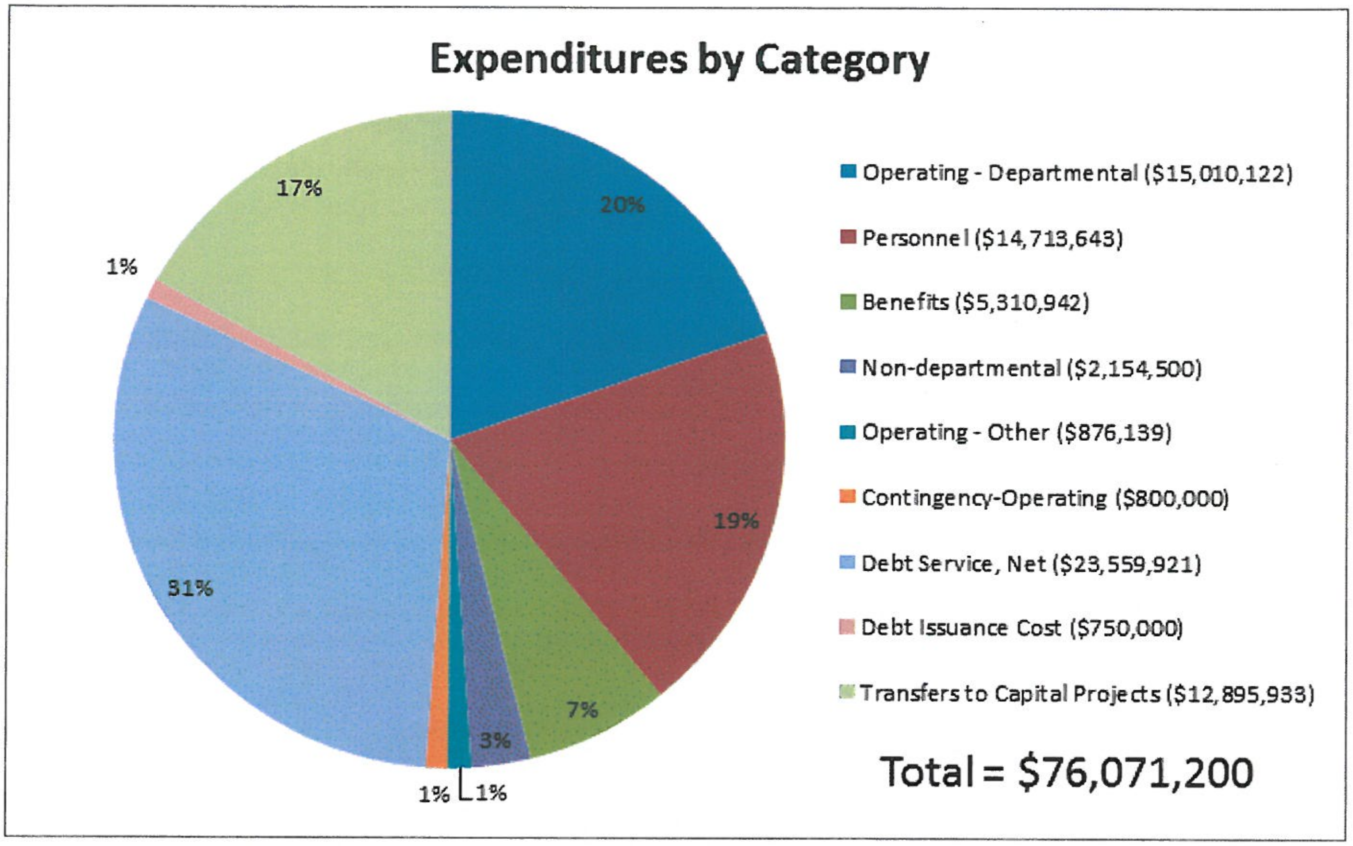
EXPENDITURES

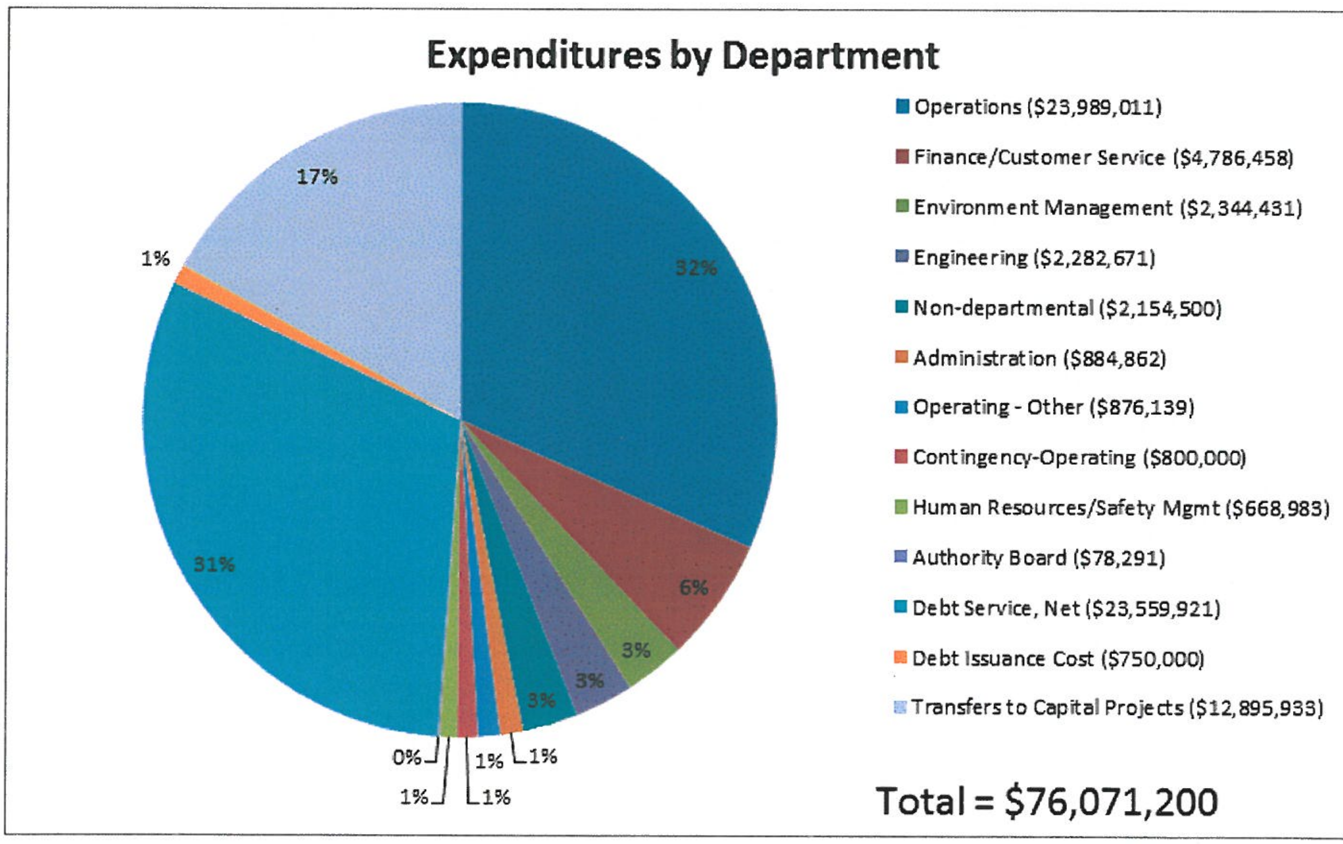
Operating

The operating expenditure budget, excluding debt service and transfers, is $38.87 million as compared to $37.47 million in FY 14-15 which is $1.4 million greater than the FY14-15 adopted budget and include significant changes highlighted below.

Operating Expenditures in FY 15-16 Recommended Budget
$1.4 Million Greater Than FY 14-15 Adopted Budget

• **Personnel (+$517,000)**
  • 2.5% Merit Adjustment (+$345,800)
  • 1.5% Market Adjustment (+$196,700)
  • One new position and reclassification of positions based on job function changes and/or market analysis (+$112,000)
  • Other miscellaneous changes (-$137,500)
• **Benefits (+$345,000)**
  • Health and dental insurance costs (+$357,900)
  • Benefits related to Merit, Market, New position & Reclassifications (+$131,900)
  • Decrease in Authority's required contribution to Local Government Retirement System (-$56,000)
  • Other miscellaneous changes (-$88,800)
• **Operating Expenditures - Departmental (+$263,000)**
  • Service Contracts (+$332,000)
  • Repairs & Maintenance (+$91,000)
  • Electricity (+$81,000)
  • Fees (-$67,000)
  • Training, Professional Development & Travel (-$48,000)
  • Sludge Disposal Services (-$48,000)
  • Small Tools (-$44,000)
  • Vehicle-Motor Fuel & Other (-$34,000)
	• **Other Operating Expenditures (+$113,000)**
	  • Computer Replacement Program (-$100,000)
	  • Damage Claims (+$35,500)
	  • Outside Partnerships (+$7,800)
	  • Non-Capital Construction (-$35,000)
	  • Fines & Penalties (+$6,900)
	  • Scada Program (+$137,800)
	  • Non-departmental (+$60,000)
	    • Insurance estimates (+$56,000)
	    • Appraisal of real property (+$45,000)
	    • Building lease payments (+$13,000)
	    • Reduction in unemployment taxes (-$54,000)
	• **Capital Outlay (+$158,000)**
	  • Annual software license & virtual desktop (+81,000)
	  • Other equipment (+$77,000)


Expenditures by Category
20%
19%
7%
3%
1%
1%
31%
1%
17%
Operating - Departmental ($15,010,122)
Personnel ($14,713,643)
Benefits ($5,310,942)
Non-departmental ($2,154,500)
Operating - Other ($876,139)
Contingency-Operating ($800,000)
Debt Service, Net ($23,559,921)
Debt Issuance Cost ($750,000)
Transfers to Capital Projects ($12,895,933)
Total = $76,071,200


Expenditures by Department
32%
6%
3%
3%
3%
1%
1%
1%
1%
0%
31%
1%
17%
Operations ($23,989,011)
Finance/Customer Service ($4,786,458)
Environment Management ($2,344,431)
Engineering ($2,282,671)
Non-departmental ($2,154,500)
Administration ($884,862)
Operating - Other ($876,139)
Contingency-Operating ($800,000)
Human Resources/Safety Mgmt ($668,983)
Authority Board ($78,291)
Debt Service, Net ($23,559,921)
Debt Issuance Cost ($750,000)
Transfers to Capital Projects ($12,895,933)
Total = $76,071,200

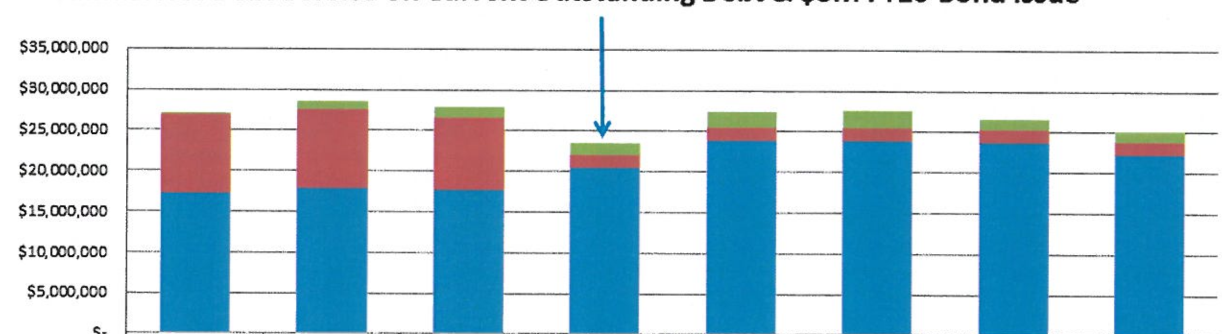
Debt Service

The Authority issued revenue bonds in 2008, 2011 and 2014. In addition, pursuant to the inter-local agreement transferring the City of Wilmington and New Hanover County water and wastewater systems to the Authority, the Authority is responsible for all of the debt related to those systems. Under the inter-local agreement, New Hanover County agreed to a reduction in the amount of the debt service payments made by the Authority for a period of 10 years beginning in FY 08-09.

Net debt service on bonded and installment debt, including debt service fees of $275,000, for the Authority will decrease in FY 15-16 by approximately $4.4 million. This decrease is primarily due to: 1) City of Wilmington 2002 GO Refunding Bonds being fully paid in FY 14-15, resulting in $2.5M decrease, 2) a one-time reduced debt service payment on the 2008 Revenue Bonds in FY 15-16, and 3) $500,000 annual debt service savings by refunding 2005 Revenue Bonds. FY 15-16 net debt service is $23.5 million compared to $27.9 million in FY 14-15. Debt Issuance Costs of $750,000 are also budgeted in FY 15-16 for a total debt service of $24,309,921.

The following chart presents actual annual net debt service for fiscal years 2013-2015, and estimated annual net debt service for future fiscal years 2016-2020. Debt service is broken out by the original debt issuer.

Annual Net Debt Service on Current Outstanding Debt & $5M FY16 Bond Issue



	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY19	FY20
NEW HANOVER COUNTY	$130,000	$1,061,000	$1,327,000	$1,572,000	$1,844,000	$2,109,000	$1,440,000	$1,383,000
WILMINGTON	$9,742,000	$9,631,000	$8,979,000	$1,612,000	$1,611,000	$1,614,000	$1,611,000	$1,611,000
CFPUA	$17,148,000	$17,905,000	$17,646,000	$20,376,000	$23,895,000	$23,902,000	$23,629,000	$22,174,000
TOTAL DEBT SERVICE	$27,020,000	$28,597,000	$27,952,000	$23,560,000	$27,350,000	$27,625,000	$26,680,000	$25,168,000

Contingency

The FY 15-16 budget includes an $800,000 contingency. The contingency budget is for unexpected needs and emergencies, as well as unplanned opportunities.

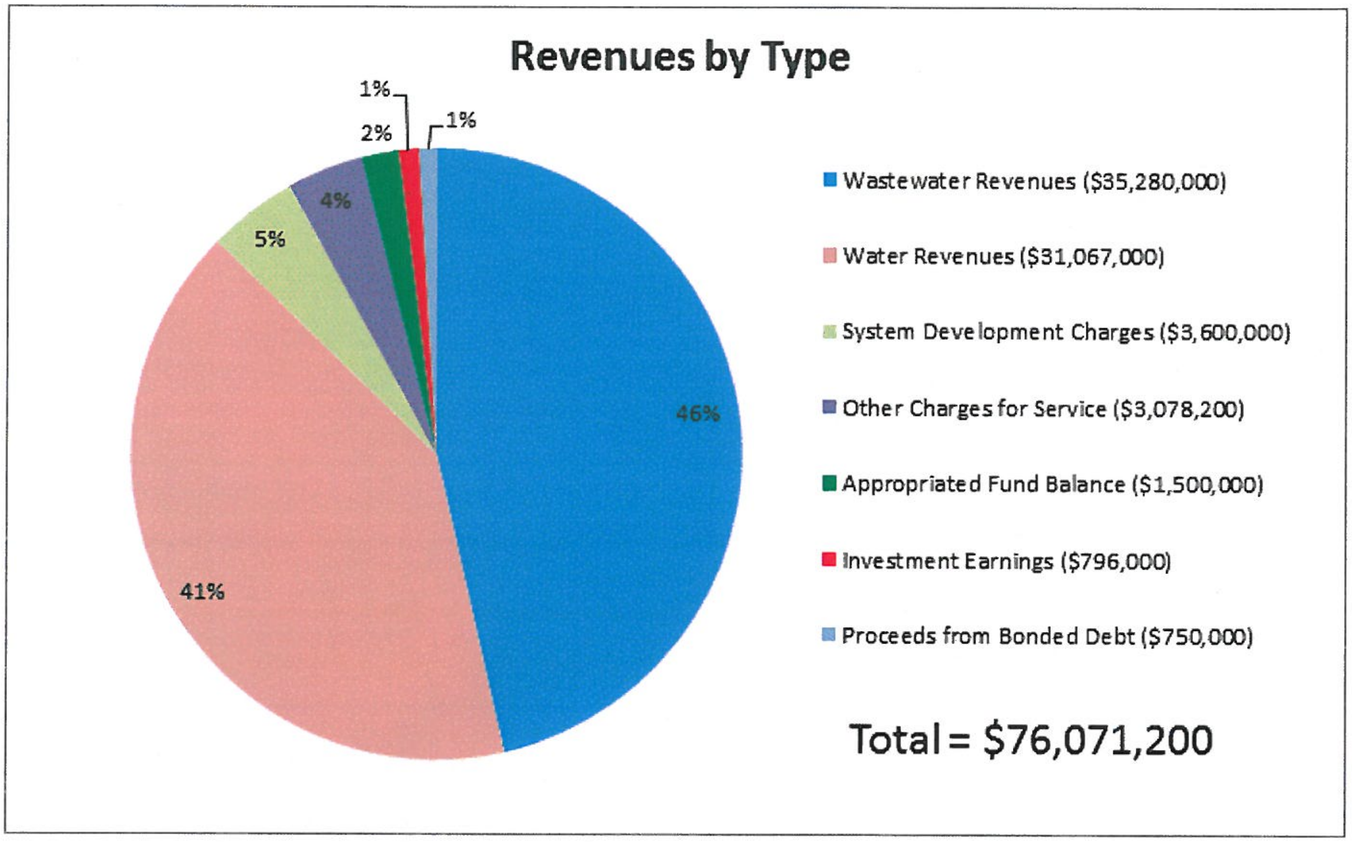
The FY 15-16 budget will continue to be monitored closely and aligned with any significant changes in the Authority's revenue projections. In addition staff will continue to look for opportunities to improve the efficiency of our operations.

Expenditure Trends

	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Adjusted Budget	FY 15-16 Recommended Budget
Personnel	$ 12,789,943	$ 13,167,610	$ 14,236,603	$ 14,713,643
Benefits	3,957,723	4,512,970	4,966,618	5,310,942
Operating	12,159,344	12,506,337	14,635,876	15,010,122
Computer Replacement Program	-	-	100,000	-
Damage Claims	-	-	16,500	50,000
Outside Partnerships	-	-	75,015	82,839
Non-Capital Construction	-	-	255,000	220,000
Fines and Penalties	-	-	19,100	26,000
Scada Program	-	-	-	137,800
Capital Outlay	513,508	302,368	504,820	359,500
Nondepartmental	1,867,223	2,072,341	2,094,300	2,154,500
Debt Service, Net	27,796,777	26,571,851	27,951,899	23,559,921
Debt Issuance Cost	220,902	-	750,000	750,000
Payment to Refunded Bond Escrow Agent	17,649,423	-	49,035,703	-
Contingency-Operating	-	-	600,000	800,000
Transfers to Capital Projects	6,236,352	7,586,214	11,836,000	12,895,933
	$ 83,191,195	**$ 66,719,691**	**$ 127,077,434**	**$ 76,071,200**

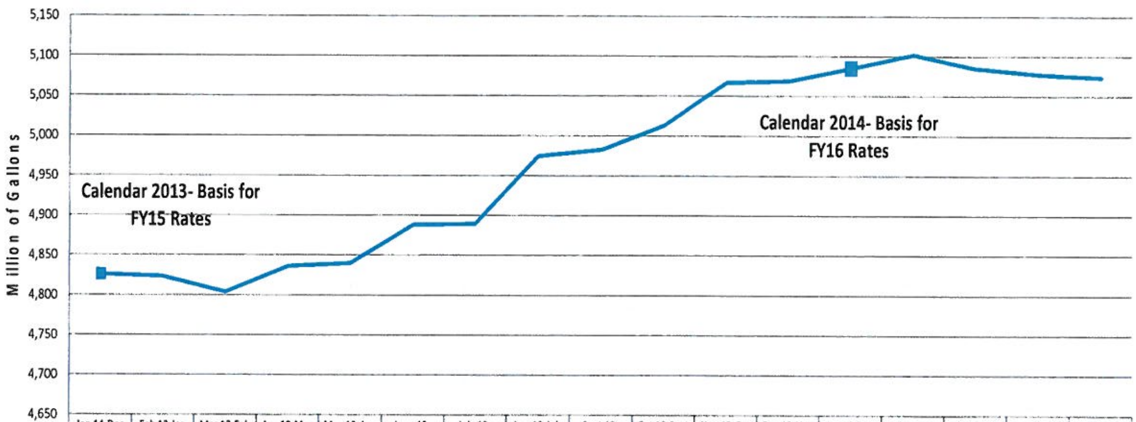
REVENUES

Total revenues (excluding bond proceeds and appropriated fund balance) for the Authority are projected at $73.8 million in FY 15-16 as compared to $70.9 million in FY 14-15, which is a 4% increase. Budgeted FY 15-16 water revenues of $31.1 million are projected to be $1.9 million higher than the FY 14-15 budget of $29.2 million. Budgeted FY 15-16 wastewater revenues are projected at $35.3 million or approximately $1.3 million higher than the FY 14-15 budget of $34 million.



The FY 15-16 water and wastewater rates were modeled using calendar 2014 customer billing data and budgeted expenditures. As shown on the 12-month rolling average water consumption chart below, water consumption increased 5.4% in calendar year 2014, recovering a significant portion of the previous years' losses. This has a positive effect on revenues since both water and wastewater rates are based on water meter readings. Based on this model, water and wastewater rates that were approved and effective May 1, 2014 are proposed to remain unchanged in FY 15-16.

Total Rolling 12 Month Water/Irrigation Consumption (Million Gallons)



	Jan 14-Dec 13	Feb 13-Jan 14	Mar 13-Feb 14	Apr 13-Mar 14	May 13-Apr 14	June 13-May 14	July 13-June 14	Aug 13-July 14	Sept 13-Aug 14	Oct 13-Sept 14	Nov 13-Oct 14	Dec 13-Nov 14	Jan 13-Dec 14	Feb 14-Jan 15	Mar 14-Feb 15	Apr 14-Mar 15	May 14-Apr 15
Rolling 12 Month Avg Consumption	4,825.49	4,822.67	4,803.26	4,835.41	4,839.51	4,887.89	4,888.72	4,974.38	4,981.99	5,013.00	5,066.67	5,069.03	5,084.77	5,101.79	5,084.65	5,077.10	5,073.47

Bi-monthly Rates

	Rates
Water Fixed Charge	$25.81
Water Volume per 1,000 gallons	$ 3.67
Wastewater Fixed Charge	$29.10
Wastewater Volume per 1,000 gallons	$ 4.56

Annual Residential Bill – 9,000 Gallons Bi-monthly

Water	
5/8 Fixed Meter Charge	$25.81
Volume - 9K gallons	$33.03
Wastewater	
5/8 Fixed Meter Charge	$29.10
Volume - 9K gallons	$41.04
Total Bi-Monthly Bill	$128.98
Annual	$773.88

System Development Charges (SDCs), which are paid at the time of building permit, are showing increases in FY14-15. However, we believe it is prudent to budget these one-time revenues at $3.6 million in FY 15-16, a decrease of $400,000 from FY 14-15 of $4 million.

Interest earnings remain stable. Staff continues to monitor interest rates and look for additional opportunities to increase yield on the Authority's investments, while maintaining safety and liquidity.

Further discussion of revenues is found in the Revenues Summary section, including Revenue Trend data.

CAPITAL IMPROVEMENTS PROGRAM (CIP)

The total of the approved 10 Year Capital Improvements Program is $343.4 million. The FY 15-16 Capital Improvements Budget totals $17,735,000 and the majority of the work planned for FY 15-16 is to rehabilitate or replace existing infrastructure as part of asset management and addressing aging infrastructure.

The proposed 10 Year plan is reevaluated each year and provides opportunities to revisit the priorities and progress of these criteria. The proposed FY 15-16 Capital Improvements Budget and the proposed 10 Year CIP were built around the following criteria.

All projects were required to meet the following criteria to qualify for consideration:

1. Compliance with regulatory requirements.
2. Efficiency leading to future operating or capital savings.
3. Capacity increases necessary for current of future flows.
4. Growth in the number of customers served.

The FY 15-16 CIP will be funded with a combination of proceeds from future revenue bonds and with cash (Pay-Go) funding as recommended in the FY 15-16 Budget.

AWARDS

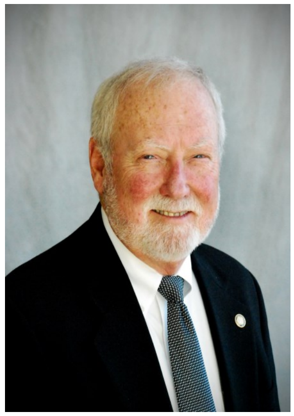
The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Authority for its annual budget for the fiscal year beginning July 1, 2014. The Authority has received this prestigious award for three years. In order to receive this award, a governmental unit must publish a budget document that meets criteria as a policy document, as an operations guide, as a financial plan and as a communications device. We believe our FY 15-16 budget continues to conform to program requirements and we are submitting it to GFOA to determine eligibility for another award.

This budget represents the combined efforts, experience, and expertise of the Authority Board, its Committees, and staff. This important work allows CFPUA to meet the short and long-term needs of the people we serve. A clear and transparent track record of responsibly employing our funding to the betterment of our customers and community has been established, and I am confident CFPUA will continue on this path in FY 15-16.

Respectfully submitted,

James R. Flechtner, P.E.
Executive Director


Patricia O. Kusek
Chair


James L. Quinn III
Vice Chair


James Brumit
Secretary


Michael C. Brown III
Treasurer

Cape Fear Public Utility Authority Board Members


William A. Norris
Member


Kevin O'Grady
Councilman


Charles Rivenbark
Councilman


C. Lawrence Sneeden, Jr.
Member


Woody White
Commissioner


Cindee Wolf
Member


Rob Zapple
Commissioner

Other Principal Officials

James R. Flechtner, PE
Executive Director

Cheryl J. Spivey, CPA
Chief Financial Officer

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

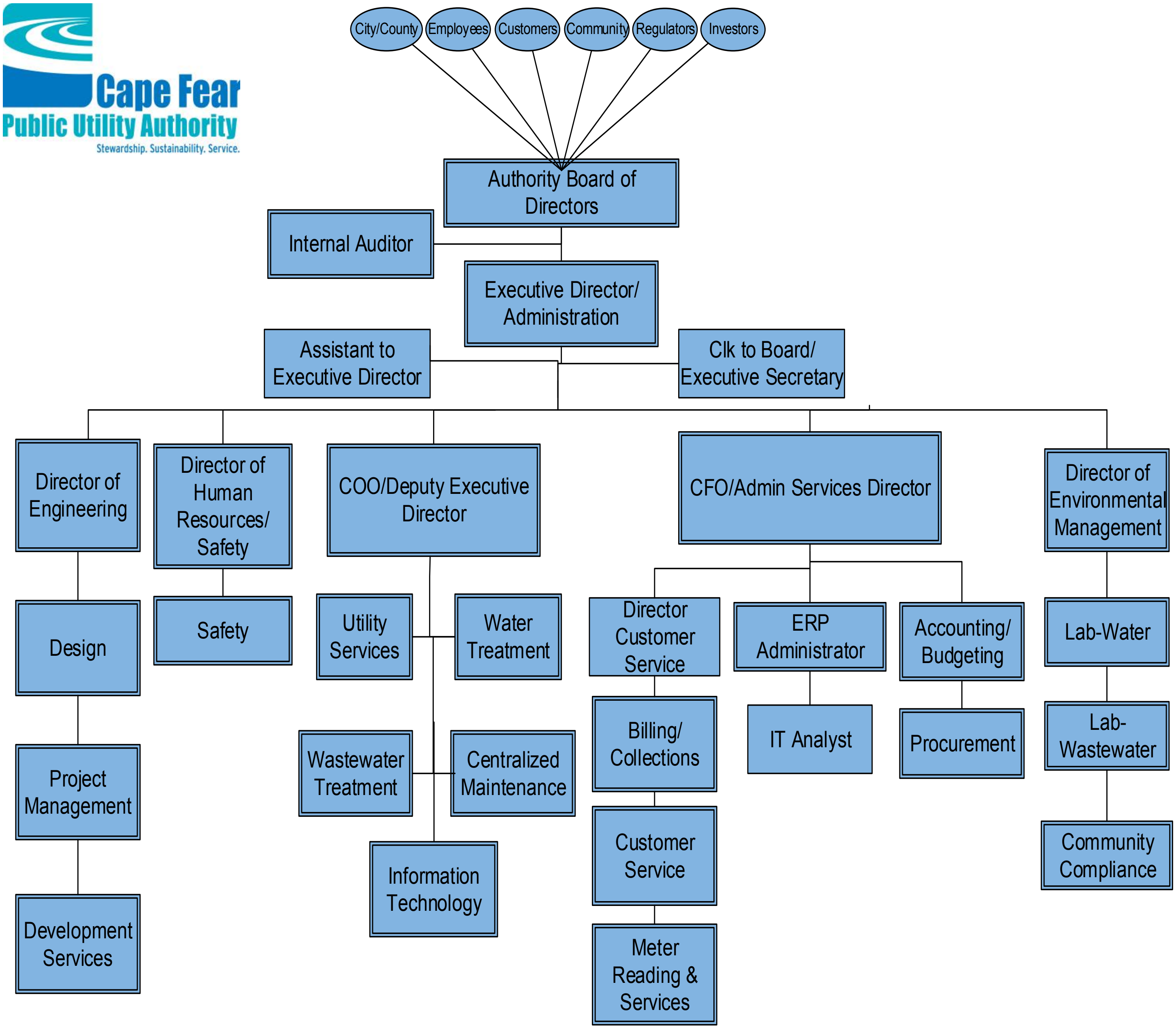
Cape Fear Public Utility Authority

North Carolina

For the Fiscal Year Beginning

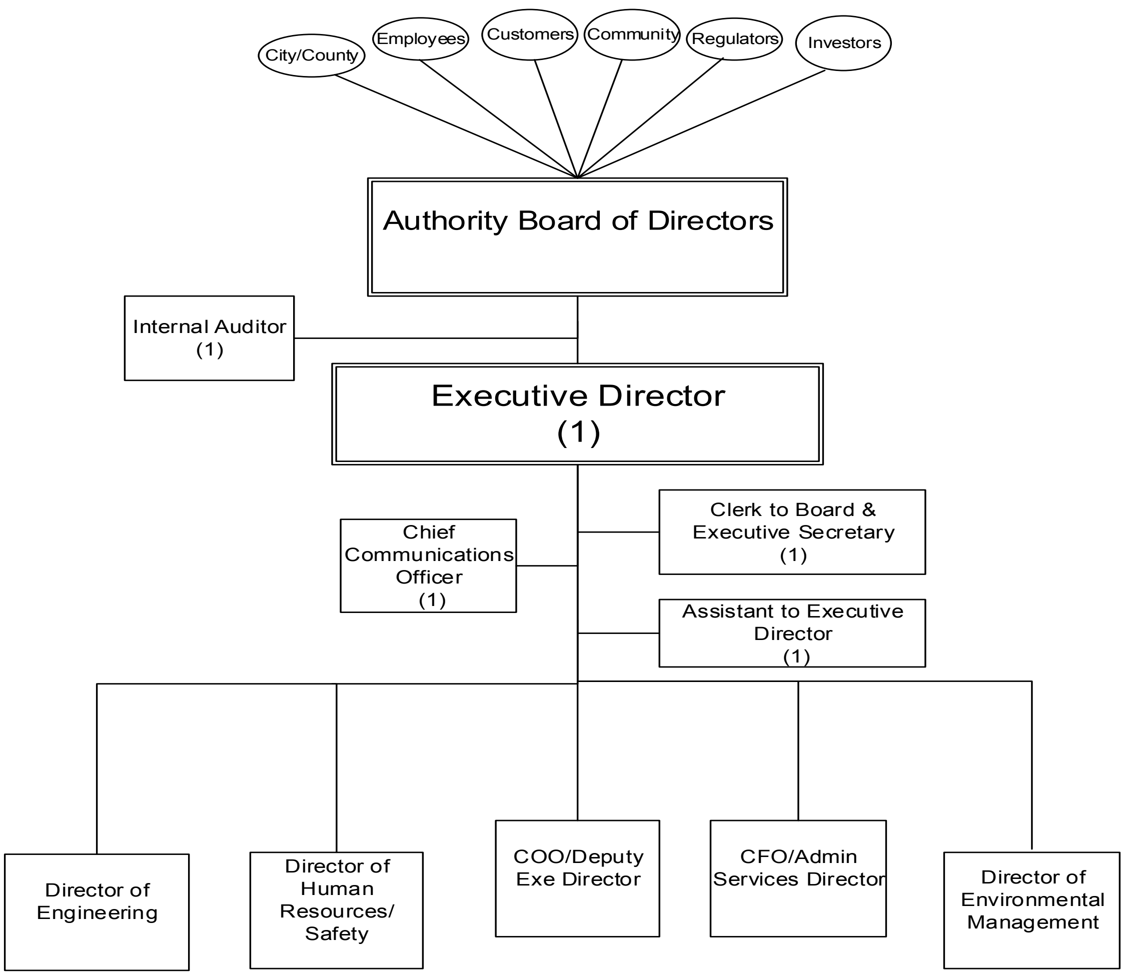
July 1, 2014

Executive Director

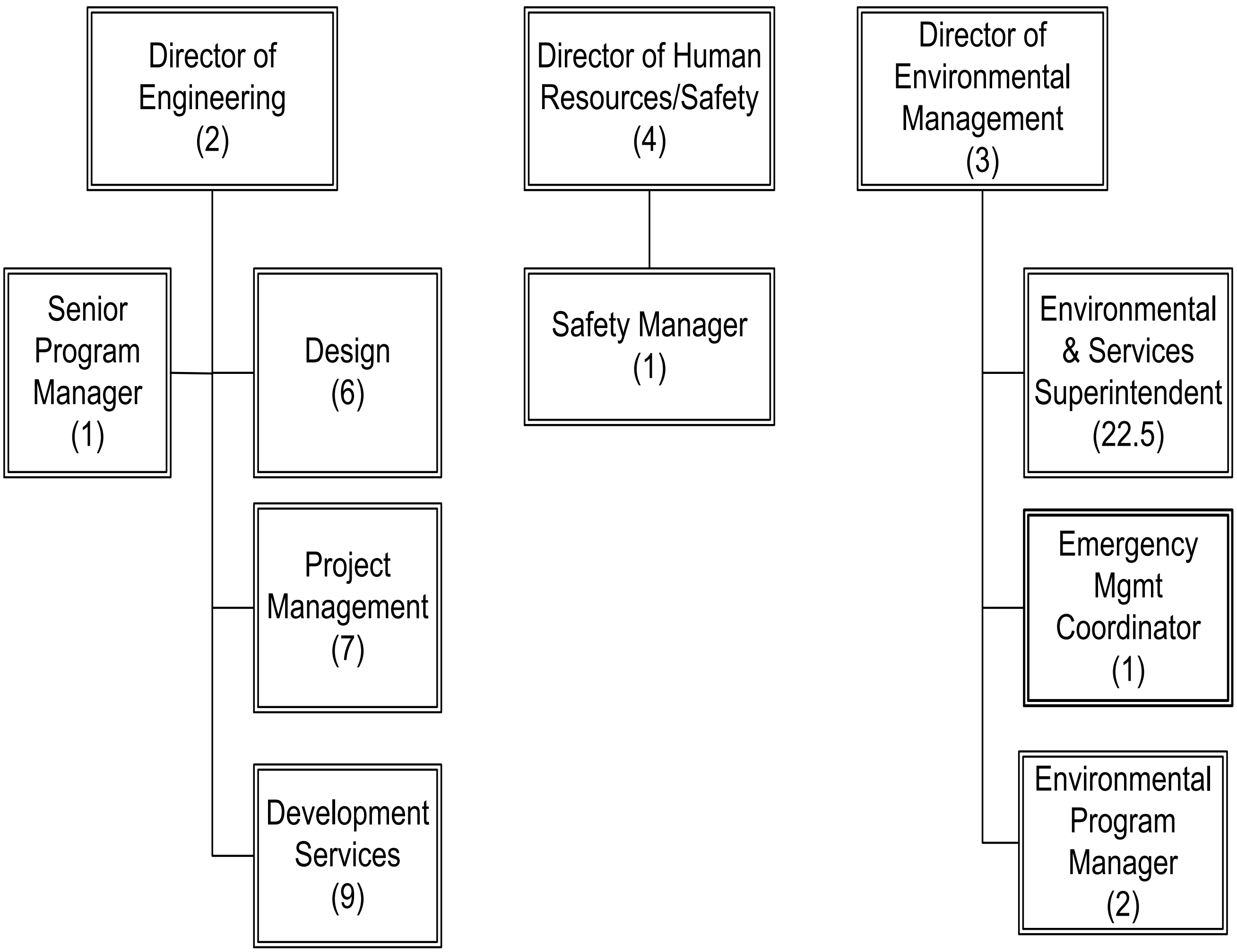

City/County
Employees
Customers
Community
Regulators
Investors
Authority Board of Directors
Internal Auditor
Executive Director/ Administration
Assistant to Executive Director
Clk to Board/ Executive Secretary
Director of Engineering
Director of Human Resources/ Safety
COO/Deputy Executive Director
CFO/Admin Services Director
Director of Environmental Management
Design
Safety
Utility Services
Water Treatment
Director Customer Service
ERP Administrator
Accounting/ Budgeting
Lab-Water
Project Management
Wastewater Treatment
Centralized Maintenance
Billing/ Collections
IT Analyst
Procurement
Lab-Wastewater
Development Services
Information Technology
Customer Service
Meter Reading & Services
Community Compliance

Cape Fear Public Utility Authority
Stewardship. Sustainability. Service.

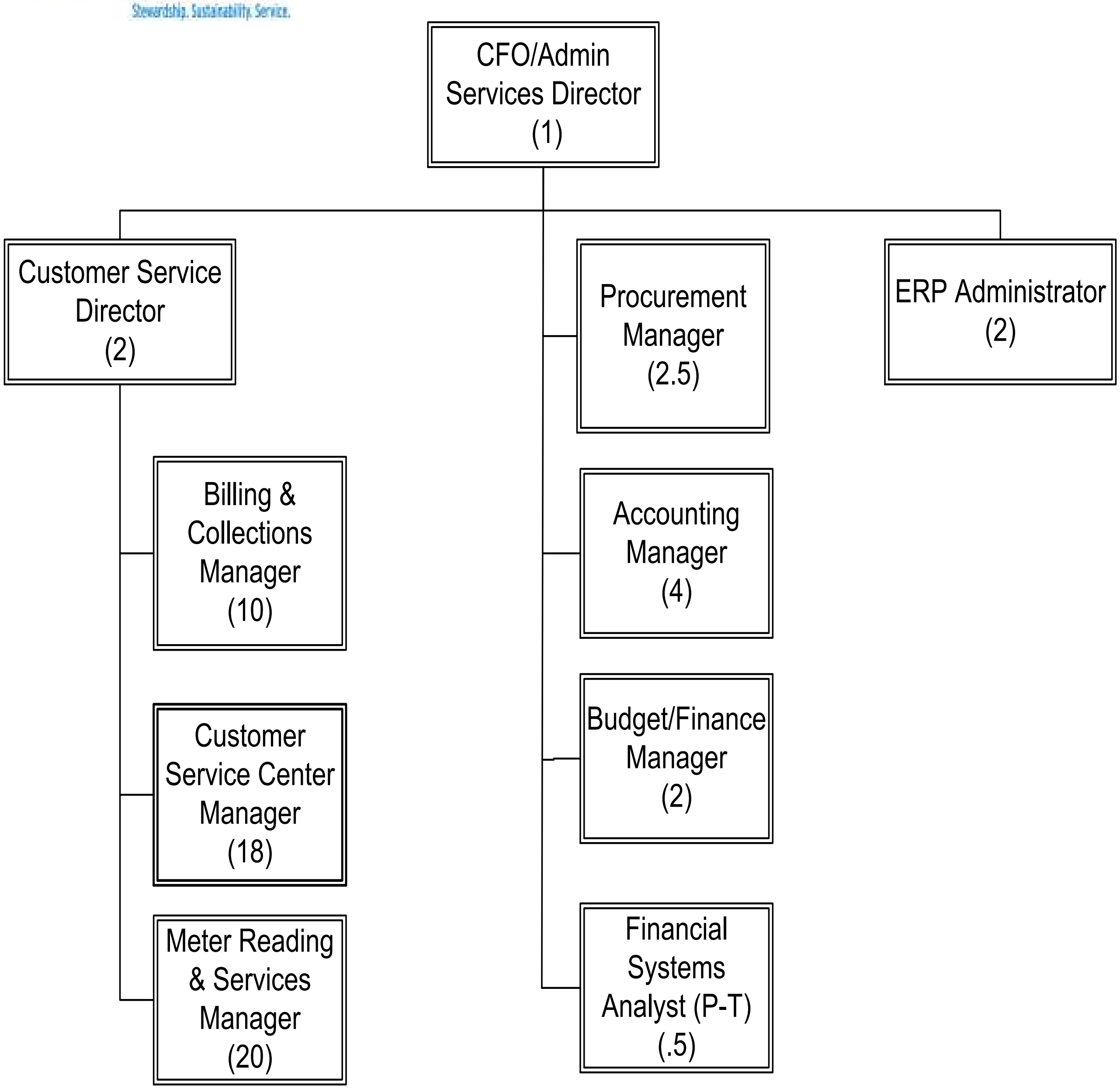
ADMINISTRATION DIRECT REPORTS



ENGINEERING, HUMAN RESOURCES/
SAFETY, ENVIRONMENTAL
MANAGEMENT
DIRECT REPORTS



FINANCE, ERP, CUSTOMER SERVICE DIRECT REPORTS



Cape Fear
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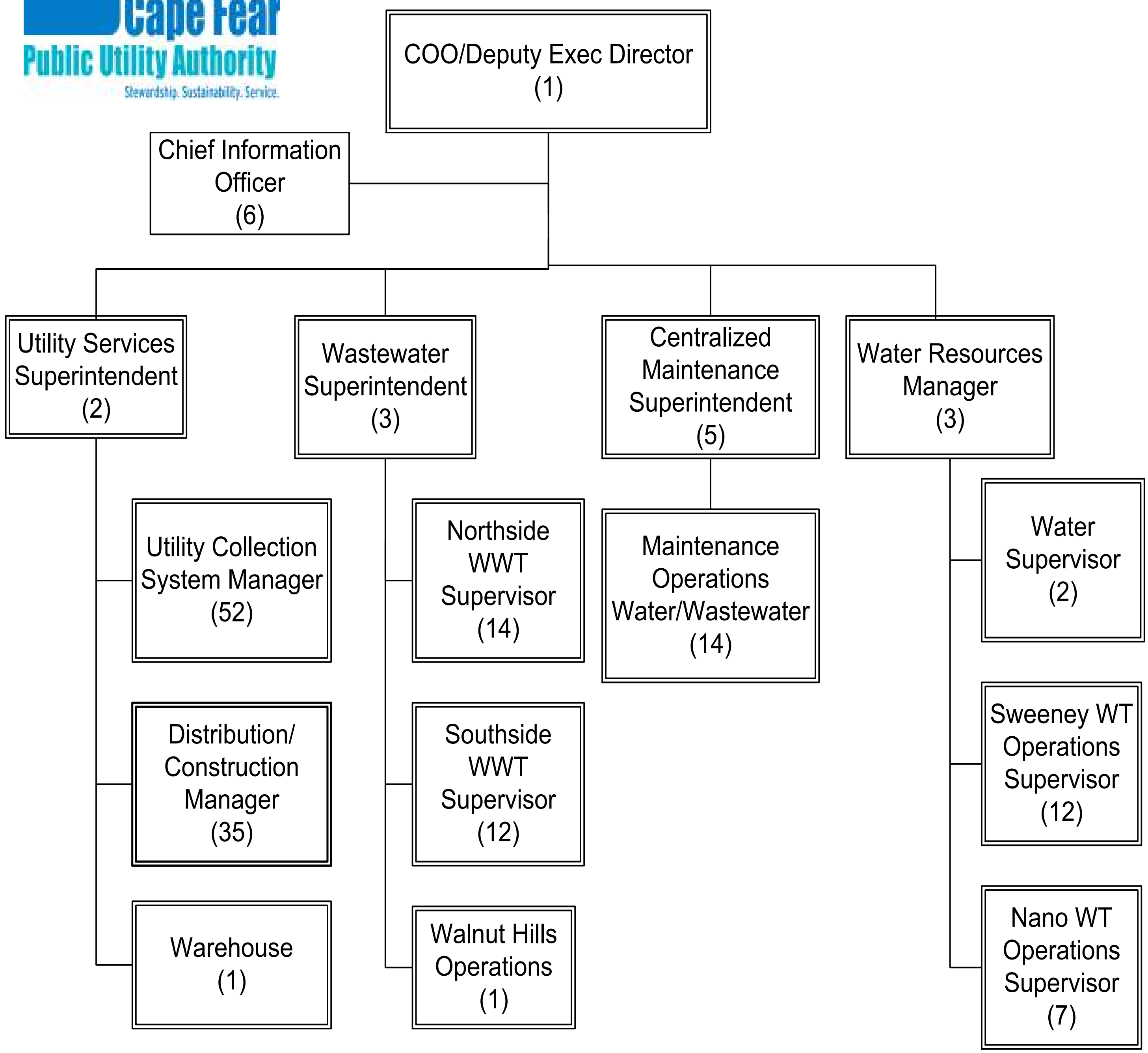
OPERATIONS
DIRECT REPORTS



CAPE FEAR PUBLIC UTILITY AUTHORITY
FINANCIAL STRUCTURE

Fund Description and Fund Structure

The Authority uses fund accounting to account for its financial resources and report the results of its operations. In fund accounting, accounts are organized on the basis of funds, each of which is considered an independent fiscal entity with a separate set of self-balancing accounts comprising of assets, liabilities, fund balance, revenues and expenditures. The establishment of discrete funds is beneficial in ensuring that public monies are only spent for approved and legitimate purposes.

The Authority accounts for its operations as a Proprietary Fund. The Proprietary Fund type is an Enterprise Fund which accounts for operations which are managed in a manner similar to private business, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fund/Department Relationship

ENTERPRISE FUND (Proprietary Fund Type)	
Operating Fund	**Department/Divisions**
	Authority Board
	Administration
	Finance
	Human Resources/Safety
	Engineering
	Operations - Administration/IT
	Operations - Centralized Maintenance
	Operations - Utility Services
	Operations - Wastewater Treatment
	Operations - Water Treatment
	Environment Management
	Customer Service/Meter Services
System Development Funds	**Funds**
	Wastewater
	Water
Capital Projects Funds	**Funds**
	System-Wide
	Wastewater
	Water

Basis of Budgeting

The Authority uses the modified accrual basis of accounting for budgetary purposes for the Operating and System Development Funds as required by NC General Statute 159-26(c). The modified accrual basis is a budgetary basis of accounting in which revenues are recorded when measurable and available and expenditures are recorded when the liability is incurred. The annual budget is adopted as required by NC General Statute

159-8 for the Enterprise Fund, except for the Capital Projects Funds. Capital Projects Funds are established by the adoption of a project ordinance, which establishes the budget for the life of the capital project.

The Budget Ordinance reflects inflows and outflows of economic resources that ultimately represent activities related to the Operating Fund for the respective Department/Divisions of the Authority. Other funds are presented because of the close relationship of these funds to the Operating Fund and are included in the Budget Ordinance and adopted as such. The System Development Funds account for the collection of the water and wastewater system development charges which is the upfront charge new customers will pay for investment in system capacity that will serve the customer. Annual appropriated budgets are adopted at the Function level within the Operating Fund and at the Fund level for the System Development Funds.

The Capital Projects Funds account for the system-wide, wastewater and water capital projects that are approved under the Capital Improvements Program. Project ordinances are adopted for Capital Projects Funds.

All funds are treated as a part of the Enterprise Fund in the Authority's audited financial statements and the Enterprise Fund uses the accrual basis of accounting for financial reporting purposes. On the accrual basis, revenue is recorded when earned and expenses are recorded when incurred. The primary differences between application of the accrual basis of accounting for financial reporting and the modified accrual budgetary basis of accounting are illustrated below.

Transaction Type	**Financial Reporting (Accrual)**	**Budgetary (Modified Accrual)**
Depreciation expense	*Included* as an expense	*Excluded* as an expense
Principal portion of debt service	*Excluded* as an expense	*Included* as an expense
Compensated absences	*Included* as an expense	*Excluded* as an expense
Capital Outlay	*Excluded* as an expense	*Included* as an expense

CAPE FEAR PUBLIC UTILITY AUTHORITY
FINANCIAL POLICIES

The Authority's mission is to provide high quality water and wastewater services to its customers. The Authority is empowered to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency; therefore the Authority's operations, capital improvement program and debt payments are funded almost entirely through rates, fees and other charges for these water and wastewater services. The financial policies and statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing accounting and financial reporting principles. The more significant of the Authority's financial policies are described below. The Authority is in compliance with all financial policies.

Adopted Budget

The Adopted Budget and Budget Ordinance for the Authority is the basis for the financial plan for the fiscal year. The budget is prepared and presented in conformity with the North Carolina Local Government Budget and Fiscal Control Act under NC General Statute 159-8. The Authority operates under an annual balanced budget ordinance in which the sum of estimated net revenues and appropriated fund balances are equal to the authorized expenditures. Refer to the Budget Process for detailed information on the adopted budget.

Revenues

- The Authority sets rates and charges in accordance with North Carolina General Statute 162A-9 and annually sets rates and charges at levels sufficient to; pay cost of maintaining, repairing and operating the system; pay principal and interest on all bond issues of the Authority; and, meet the rate covenant requirements with the Authority's Master Bond Indenture.

- The CFO develops a five-year revenue forecast for water and wastewater operations that is based on conservative estimates of growth in customers and usage.

Investments

- The Authority is empowered to invest in types of securities in accordance with North Carolina General Statute 159-30 (c).
- The CFO shall prepare a quarterly investment report for the Authority's Finance Committee to include the composition by investment type, amount invested and weighted average portfolio maturity and yield.

- The State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The Authority relies on the State Treasurer to monitor those financial institutions. The Authority analyzes the financial soundness of any other financial institution used by the Authority. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly collateralized.

- The Authority shall utilize a third party custodial agent for book entry transactions, all of which shall be held in the Authority's name. The custodial agent shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the CFO.

- The investment portfolio shall be properly diversified in order to minimize risks brought on by economic and market changes. To achieve this diversification:
  - ❖ No more than 25% of the Authority's total investment portfolio shall be invested in a single security type.
  - ❖ The Authority will not invest in securities maturing more than five years from date of purchase and the weighted average maturity of the portfolio shall never exceed one year.

Procurement

- The Authority can engage in contracts for construction, repair work, purchase of apparatus, materials, equipment or professional services in accordance with North Carolina General Statute 143-129 and the Authority's Purchasing Policy.

Capital Assets and Capitalized Interest

- Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 and estimated useful life in excess of one year.

- The Authority capitalizes interest on tax exempt debt issued to finance major construction activities under the Capital Improvements Program.

Capital Improvements Program

- The Authority prepares and adopts a ten-year Capital Improvements Program which is updated annually.

- The purpose of the Capital Improvements Program is to ensure that the Authority invests in its infrastructure in a logical and strategic manner and to serve as a central source of information on all planned construction for residents, agencies and other interest groups.

Debt Management

- The Authority issues debt under the guidance of the Local Government Commission, a division of the State of North Carolina. Debt is issued in accordance with North Carolina General Statutes 162A.

- The Authority integrates its debt issuance with its Capital Improvements Program spending.

- The Authority complies with all covenants and requirements of its Master Bond Indenture.
  - ❖ Maintain a reserve amount sufficient to pay the current expenses for two months of the fiscal year as shown in the annual budget.
  - ❖ Rate covenants: 1) Maintain debt service coverage ratio of 1.2 on the Authority's parity indebtedness, 2) Maintain debt service coverage ratio of 1.0 on the Authority's total indebtedness.

- ❖ In order to issue additional bonds, the Authority must maintain debt service coverage ratio of 1.2 on the Authority's total indebtedness for 12 consecutive months of 18 months preceding the issuance of new bonded debt.

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 has chosen to establish a risk financing fund for risks associated with the employee's health insurance program and workers' compensation coverage. The Authority carries commercial coverage for all other risks of loss including property and general liability coverage.

Corporate Governance

- The Authority expects management to adhere to the following guiding principles:
  - ❖ Transparency of financial conditions and operations;
  - ❖ Transparency of transactions with interested parties with no improper benefits at the expense of the organization; and
  - ❖ Access to sound counsel unaffected by conflict of interest.
- The external auditors report to the Finance Committee:
  - ❖ All critical accounting policies and practices used by the Authority that have been discussed with management;
  - ❖ All alternative treatments of financial information, ramifications of such use and the treatment preferred by the certified public accounting firm;
  - ❖ Other material written communication between the certified public accounting firm and management, such as the management letter or schedule of unadjusted differences.

CAPE FEAR PUBLIC UTILITY AUTHORITY
BUDGET PROCESS

This section outlines the process and procedures that guide the preparation and management of the Authority's annual budget. The Authority follows guidelines established in the Board approved Standard Operating Procedures on Finance and Accounting Policies, Section 5.0, Budget Policy (SOP-FIN1000.442).

Preparation of the annual budget begins approximately eight months prior to the start of each fiscal year with the development of the budget calendar. The budget calendar provides the projected dates and items that must be completed to meet the mandatory budget adoption as required by NC General Statute 159-8. The calendar is updated and revised as the budget process moves forward and is a primary communication tool of the budget process. The Finance Department holds a Budget Kick-off Meeting in order to communicate with departments the instructions for each annual budget process, to help ensure the budget is prepared in a manner consistent with Authority policies and review items that may be new to each budget year. The departments are provided with budget instructions, forms and training material vital to the current budget year.

A budget calendar is included in the NC General Statute 159-8 which prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed. The Authority's FY 15-16 budget calendar is presented on the following page. The budget process began in August 2014.

Before April 30	Each department head shall transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.
No Later Than June 1	The budget together with the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
No Later Than July 1	The governing board shall adopt a budget ordinance.

Other highlights of the Authority's Finance and Accounting Policies Budget Policy include:

- The Authority operates under an annual budget with a fiscal year period of July 1 through June 30.
- The Authority operates under an annual balanced budget ordinance in which the sum of estimated net revenues and appropriated fund balances are equal to the authorized expenditures.
- The budget shall include only estimated revenues reasonably expected to be realized in the budget year.
- Legally available fund balance (Appropriated Fund Balance) can be used in balancing the annual budget when sufficient funds are available. To ensure compliance with revenue bond rate covenants, appropriated fund balance is used for one-time expenditures.
- Except as restricted by law, the Authority Board may amend the budget ordinance, according to the Budget Amendment and Transfer Policy of the Authority, at any time after the ordinance's adoption, so long as the ordinance continues to satisfy the requirements of North Carolina General Statutes 159-8 and 159-13.

CAPE FEAR PUBLIC UTILITY AUTHORITY
BUDGET PROCESS

The following procedures are used to amend the budget as provided in the approved Budget Amendment and Transfer Policy (SOP-FIN1100.442):

- May transfer funds between expenditure line items within the same department. Requires Department Head, or designee, approval.

- May make transfers between departments that do not alter the budget at the level shown in the budget ordinance. Requires Executive Director, or Executive Director's designee, approval.

- The Authority Board must approve all budget amendments that alter the budget at the level shown in the budget ordinance.

CAPE FEAR PUBLIC UTILITY AUTHORITY
FY16 BUDGET CALENDAR

Day/Date/Time	Event	Group
Thursday, August 28, 2014	Distribute new project request forms to departments	Engineering
Friday, September 12, 2014	Position Requests/Reclassifications due to HR	Human Resources
Monday, September 22, 2014	Budget Kickoff Meeting	Finance
Monday, September 22, 2014	Budget Training Sessions as Needed - Budget Forms Available to Departments	Finance
Thursday, September 25, 2014	New project request forms submitted to Engineering	Engineering
Wednesday, October 01, 2014	Regular Finance Committee Meeting - Budget Calendar	Finance Committee
Wednesday, October 08, 2014	Regular Board Meeting - Budget Calendar	Authority Board
Friday, October 31, 2014	Departmental Budgets Submitted to Finance by 5:00 pm Fee Schedule Review Submitted to Finance by 5:00 pm	Finance Finance
Friday, November 14, 2014	Approved Position Request/Reclassifications Due to Finance	Human Resources
Monday, November 17, 2014 Tuesday, November 18, 2014	Departmental Budget Reviews Departmental Budget Reviews	ED/Finance ED/Finance
Thursday, November 20, 2014	FY16 CIP Draft Budget to LRPC	Engineering/LRPC
Wednesday, December 03, 2014	Regular Finance Committee Meeting - Preliminary Budget Review	Finance Committee
Wednesday, December 10, 2014	Regular Board Meeting - Preliminary Budget Review	Authority Board
Wednesday, January 07, 2015	Regular Finance Committee Meeting - Preliminary Budget Review Continued	Finance Committee
Wednesday, January 14, 2015	Regular Board Meeting - Preliminary Budget Review Continued - FY16 CIP Board Work Session (Engineering)	Authority Board
Thursday, January 22, 2015	FY16 CIP Approval by Long-Range Planning Committee	Engineering/LRPC
Wednesday, February 04, 2015	Regular Finance Committee Meeting - Preliminary Rate Review	Finance Committee
Wednesday, February 11, 2015	Regular Board Meeting - Preliminary Rate Review - FY16 CIP Recommended for Approval	Authority Board
Friday, February 27, 2015	Performance Evaluations Due to Human Resources	Human Resources
Wednesday, March 04, 2015	Regular Finance Committee Meeting - Preliminary Budget Review (Expenditure Focus)	Finance Committee
Wednesday, March 11, 2015	Regular Board Meeting - Preliminary Budget Review (Expenditure Focus)	Authority Board
Wednesday, April 01, 2015	Regular Finance Committee Meeting - Preliminary Budget Review (Expenditure & Fee Changes)	Finance Committee
Wednesday, April 08, 2015	Regular Board Meeting - Preliminary Budget Review (Expenditure & Fee Changes)	Authority Board
Wednesday, May 06, 2015	Regular Finance Committee Meeting - Recommended Budget Submitted	Finance Committee
Wednesday, May 13, 2015	Regular Board Meeting - Budget Workshop/Public Hearing	Authority Board
Wednesday, June 03, 2015	Regular Finance Committee Meeting - Budget Submitted for Adoption - Finance Committee Recommendation	Finance Committee
Wednesday, June 10, 2015	Regular Board Meeting - Budget Submitted for Adoption	Authority Board

CAPE FEAR PUBLIC UTILITY AUTHORITY
FY 15-16

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(Budgetary Basis)

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 14-15 Projected (Note 1)	CFPUA FY 15-16 Adopted Budget
REVENUES AND OTHER FINANCING SOURCES									
Operating Revenues									
Water Revenues	$ 30,552,000	$ 29,970,000	$ 29,794,000	$ 30,530,929	$ 29,165,000	$ -	$ 29,165,000	$ 31,687,672	$ 31,067,000
Wastewater Revenues	32,551,000	33,091,316	34,739,000	34,964,993	33,939,000	-	33,939,000	36,155,464	35,280,000
Other Charges for Service	2,311,700	3,111,105	2,608,200	3,564,189	3,018,300	34,620	3,052,920	3,442,419	3,078,200
Total Operating Revenues	**65,414,700**	**66,172,421**	**67,141,200**	**69,060,111**	**66,122,300**	**34,620**	**66,156,920**	**71,285,555**	**69,425,200**
Non-Operating Revenues									
System Development Charges	3,363,274	3,833,199	4,131,000	4,396,392	4,000,000	-	4,000,000	4,385,255	3,600,000
Investment Earnings	691,300	782,882	684,000	825,045	747,000	-	747,000	929,221	796,000
Total Non-Operating Revenues	**4,054,574**	**4,616,081**	**4,815,000**	**5,221,437**	**4,747,000**	**-**	**4,747,000**	**5,314,476**	**4,396,000**
Total Revenues	**69,469,274**	**70,788,502**	**71,956,200**	**74,281,548**	**70,869,300**	**34,620**	**70,903,920**	**76,600,031**	**73,821,200**
Other Financing Sources									
Proceeds from Bonded Debt and Premium	18,650,645	17,870,325	750,000	-	750,000	49,035,703	49,785,703	49,524,868	750,000
Transfers from Other Funds	297,011	1,136,485	-	-	-	-	-		-
Appropriated Fund Balance	568,098	-	490,224	51,468	6,387,811	-	6,387,811	-	1,500,000
Total Other Financing Sources	**19,515,754**	**19,006,810**	**1,314,004**	**125,248**	**7,137,811**	**49,035,703**	**56,173,514**	**49,524,868**	**2,250,000**
Total Revenues and Other Financing Sources	**$ 88,985,028**	**$ 89,795,312**	**$ 73,270,204**	**$ 74,406,796**	**$ 78,007,111**	**$ 49,070,323**	**$ 127,077,434**	**$ 126,124,899**	**$ 76,071,200**
EXPENDITURES AND OTHER FINANCING USES									
Operating Expenditures									
Authority Board	$ 48,022	$ 44,483	$ 122,382	$ 73,807	$ 80,420	$ -	$ 80,420	$ 66,226	$ 78,291
Administration	864,213	715,199	854,863	675,306	866,444	6,700	873,144	834,324	884,862
Finance/Customer Service	4,358,713	4,005,230	4,542,464	4,086,602	4,623,393	-	4,623,393	4,110,706	4,786,458
Human Resources/Safety Management	550,141	526,370	607,119	556,768	641,606	400	642,006	584,342	668,983
Engineering	1,832,855	1,747,813	1,951,608	1,808,638	2,074,323	23,561	2,097,884	1,921,427	2,282,671
Operations - Centralized Maintenance	-	-	2,054,964	1,877,446	2,170,309	(18,096)	2,152,213	1,859,906	2,276,799
Operations - Administration/IT	2,338,622	2,146,934	1,965,012	1,765,059	1,707,106	(33,008)	1,674,098	1,691,548	1,576,944
Operations - Water Treatment	6,536,586	6,162,788	6,140,316	5,902,636	6,035,440	(892)	6,034,548	5,864,572	6,314,749
Operations - Wastewater Treatment	4,731,301	4,442,362	3,971,008	3,819,361	4,062,980	(32,200)	4,030,780	3,852,776	4,043,589
Operations - Utility Services	8,847,091	7,613,717	8,863,024	7,815,203	9,310,244	2,719	9,312,963	7,924,016	9,776,930
Environment Management	2,149,933	2,015,622	2,223,449	2,108,459	2,337,332	(19,684)	2,317,648	1,940,644	2,344,431

CAPE FEAR PUBLIC UTILITY AUTHORITY
FY 15-16

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(Budgetary Basis)

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 14-15 Projected (Note 1)	CFPUA FY 15-16 Adopted Budget
Computer Replacement Program	-	-	-	-	100,000	-	100,000	68,497	-
Damage Claims	-	-	-	-	14,500	2,000	16,500	16,500	50,000
Outside Partnerships	-	-	-	-	75,015	-	75,015	74,037	82,839
Non-Capital Construction	-	-	-	-	255,000	-	255,000	9,536	220,000
Fines and Penalties	-	-	-	-	19,100	-	19,100	46	26,000
Scada Program	-	-	-	-	-	-	-		137,800
Capital Outlay	-	-	-	-	201,700	303,120	504,820	446,079	359,500
Nondepartmental	**2,030,710**	**1,867,223**	**2,134,080**	**2,072,341**	**2,094,300**	**-**	**2,094,300**	**1,857,759**	**2,154,500**
Contingency-Operating	**529,000**	**-**	**638,306**	**-**	**800,000**	**(200,000)**	**600,000**	**-**	**800,000**
Contingency-Budget Reserve	**1,804,009**	**-**	**268,643**	**-**	**-**	**-**	**-**	**-**	**-**
Total Operating Expenditures Before Debt Service	**36,621,196**	**31,287,741**	**36,337,238**	**32,561,626**	**37,469,212**	**34,620**	**37,503,832**	**33,122,941**	**38,865,346**
Debt Service, Net	**27,712,899**	**27,796,777**	**28,596,752**	**26,571,851**	**27,951,899**	**-**	**27,951,899**	**24,480,937**	**23,559,921**
Other Financing Uses									
Debt Issuance Cost	765,158	220,902	750,000	-	750,000	-	750,000	467,003	750,000
Payment to Refunded Bond Escrow Agent	-	17,649,423	-	-	-	49,035,703	49,035,703	49,035,703	-
Transfers to Capital Project Funds	6,236,353	6,236,352	7,586,214	7,586,214	11,836,000	-	11,836,000	15,836,000	12,895,933
Total Other Financing Uses	**7,001,511**	**24,106,677**	**8,336,214**	**7,586,214**	**12,586,000**	**49,035,703**	**61,621,703**	**65,338,706**	**13,645,933**
Total Expenditures and Other Financing Uses	**$ 71,335,606**	**$ 83,191,195**	**$ 73,270,204**	**$ 66,719,691**	**$ 78,007,111**	**$ 49,070,323**	**$ 127,077,434**	**$ 122,942,584**	**$ 76,071,200**
Revenues and Other Sources Over Expenditures and Other Financing Uses	**17,649,422**	**6,604,117**	**-**	**7,687,105**	**-**	**-**	**-**	**3,182,315**	**-**
Fund Balance Beginning Balance (Note 2)	**21,056,668**	**21,056,668**	**27,660,785**	**27,660,785**	**35,347,890**	**-**	**35,347,890**	**35,347,890**	**38,530,205**
Fund Balance Ending Balance (Note 2)	**$ 38,706,090**	**$ 27,660,785**	**$ 27,660,785**	**$ 35,347,890**	**$ 35,347,890**	**$ -**	**$ 35,347,890**	**$ 38,530,205**	**$ 38,530,205**
Percent Change in Fund Balance	**83.82%**	**31.36%**	**0.00%**	**27.79%**	**0.00%**	**0.00%**	**0.00%**	**9.00%**	**0.00%**

Note 1: FY 2015 Projected is based on estimates by the Finance Department using actual financial data as of May 30,2015.

Note 2: For bugetary purposes, the Enterprise Fund is shown in this schedule on the modified accrual basis. The values for fund balance will differ from the change of net assets reported in the financial statements using the full accrual basis for Generally Accepted Accounting Principles (GAAP) purposes due to accounting adjustments that are required to bring the modified accrual basis to the full accrual basis required by GAAP.

Note 3: Fund Balance increases resulted from Actual Operating Revenues and Expenditures greater then adjusted budgets for both FY13 and FY14.

CAPE FEAR PUBLIC UTILITY AUTHORITY
FY 15-16

EXPENDITURES SUMMARY BY DEPARTMENT AND CATEGORY

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
EXPENDITURES BY DEPARTMENT									
Authority Board	$ 48,022	$ 44,483	$ 122,382	$ 73,807	$ 80,420	$ -	$ 80,420	$ 78,291	-2.65%
Administration	864,213	715,199	854,863	675,306	866,444	6,700	873,144	884,862	2.13%
Finance/Customer Service	4,358,713	4,005,230	4,542,464	4,086,602	4,623,393	-	4,623,393	4,786,458	3.53%
Human Reseources/Safety Management	550,141	526,370	607,119	556,768	641,606	400	642,006	668,983	4.27%
Engineering	1,832,855	1,747,813	1,951,608	1,808,638	2,074,323	23,561	2,097,884	2,282,671	10.04%
Operations - Centralized Maintenance	-	-	2,054,964	1,877,446	2,170,309	(18,096)	2,152,213	2,276,799	4.91%
Operations - Administration/IT	2,338,622	2,146,934	1,965,012	1,765,059	1,707,106	(33,008)	1,674,098	1,576,944	-7.62%
Operations - Water Treatment	6,536,586	6,162,788	6,140,316	5,902,636	6,035,440	(892)	6,034,548	6,314,749	4.63%
Operations - Wastewater Treatment	4,731,301	4,442,362	3,971,008	3,819,361	4,062,980	(32,200)	4,030,780	4,043,589	-0.48%
Operations - Utility Services	8,847,091	7,613,717	8,863,024	7,815,203	9,310,244	2,719	9,312,963	9,776,930	5.01%
Environment Management	2,149,933	2,015,622	2,223,449	2,108,459	2,337,332	(19,684)	2,317,648	2,344,431	0.30%
Computer Replacement Program	-	-	-	-	100,000	-	100,000	-	-100.00%
Damage Claims	-	-	-	-	14,500	2,000	16,500	50,000	244.83%
Outside Partnerships	-	-	-	-	75,015	-	75,015	82,839	10.43%
Non-Capital Construction	-	-	-	-	255,000	-	255,000	220,000	-13.73%
Fines and Penalties	-	-	-	-	19,100	-	19,100	26,000	36.13%
Scada Program	-	-	-	-	-	-	-	137,800	0.00%
Capital Outlay	-	-	-	-	201,700	303,120	504,820	359,500	78.24%
Nondepartmental	2,030,710	1,867,223	2,134,080	2,072,341	2,094,300	-	2,094,300	2,154,500	2.87%
Debt Service, Net	27,712,899	27,796,777	28,596,752	26,571,851	27,951,899	-	27,951,899	23,559,921	-15.71%
Debt Issuance Cost	765,158	220,902	750,000	-	750,000	-	750,000	750,000	0.00%
Payment to Refunded Bond Escrow Agent	17,649,422	17,649,423	-	-	-	49,035,703	49,035,703	-	0.00%
Contingency-Operating	529,000	-	638,306	-	800,000	(200,000)	600,000	800,000	0.00%
Contingency-Budget Reserve	1,804,009	-	268,643	-	-	-	-	-	0.00%
Transfers to Capital Projects	6,236,353	6,236,352	7,586,214	7,586,214	11,836,000	-	11,836,000	12,895,933	8.96%
TOTAL	**$ 88,985,028**	**$ 83,191,195**	**$ 73,270,204**	**$ 66,719,691**	**$ 78,007,111**	**$ 49,070,323**	**$ 127,077,434**	**$ 76,071,200**	-2.48%
EXPENDITURES BY CATEGORY									
Personnel	$ 13,436,344	$ 12,789,943	$ 13,830,805	$ 13,167,610	$ 14,223,838	$ 12,765	$ 14,236,603	$ 14,713,643	3.44%
Benefits	4,570,450	3,957,723	4,825,999	4,512,970	4,965,712	906	4,966,618	5,310,942	6.95%
Operating	13,662,637	12,159,344	14,272,969	12,506,337	14,720,047	(84,171)	14,635,876	15,010,122	1.97%
Computer Replacement Program	-	-	-	-	100,000	-	100,000	-	-100.00%
Damage Claims	-	-	-	-	14,500	2,000	16,500	50,000	244.83%
Outside Partnerships	-	-	-	-	75,015	-	75,015	82,839	10.43%
Non-Capital Construction	-	-	-	-	255,000	-	255,000	220,000	-13.73%
Fines and Penalties	-	-	-	-	19,100	-	19,100	26,000	36.13%
Scada Program	-	-	-	-	-	-	-	137,800	0.00%
Capital Outlay	588,046	513,508	366,436	302,368	201,700	303,120	504,820	359,500	78.24%
Nondepartmental	2,030,710	1,867,223	2,134,080	2,072,341	2,094,300	-	2,094,300	2,154,500	2.87%
Debt Service, Net	27,712,899	27,796,777	28,596,752	26,571,851	27,951,899	-	27,951,899	23,559,921	-15.71%
Debt Issuance Cost	765,158	220,902	750,000	-	750,000	-	750,000	750,000	0.00%
Payment to Refunded Bond Escrow Agent	17,649,422	17,649,423	-	-	-	49,035,703	49,035,703	-	0.00%
Contingency-Operating	529,000	-	638,306	-	800,000	(200,000)	600,000	800,000	0.00%
Contingency-Budget Reserve	1,804,009	-	268,643	-	-	-	-	-	0.00%
Transfers to Capital Projects	6,236,353	6,236,352	7,586,214	7,586,214	11,836,000	-	11,836,000	12,895,933	8.96%
TOTAL	**$ 88,985,028**	**$ 83,191,195**	**$ 73,270,204**	**$ 66,719,691**	**$ 78,007,111**	**$ 49,070,323**	**$ 127,077,434**	**$ 76,071,200**	-2.48%

CAPE FEAR PUBLIC UTILITY AUTHORITY
FY 15-16

EXPENDITURES DETAIL BY DEPARTMENT

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
Authority Board									
Personnel	$ 26,403	$ 26,200	$ 28,100	$ 27,500	$ 39,603	$ -	$ 39,603	$ 39,603	0.00%
Benefits	2,019	2,004	2,019	2,104	3,029	-	3,029	3,162	4.39%
Operating	19,600	16,279	92,263	44,203	37,788	-	37,788	35,526	-5.99%
Total Authority Board	**48,022**	**44,483**	**122,382**	**73,807**	**80,420**	**-**	**80,420**	**78,291**	-2.65%
Administration									
Personnel	443,882	420,415	411,257	353,131	450,877	200	451,077	460,573	2.15%
Benefits	110,631	92,827	115,506	92,105	115,547	-	115,547	134,389	16.31%
Operating	309,700	201,957	328,100	230,070	300,020	6,500	306,520	289,900	-3.37%
Total Administration	**864,213**	**715,199**	**854,863**	**675,306**	**866,444**	**6,700**	**873,144**	**884,862**	2.13%
Finance/Customer Service									
Personnel	2,435,950	2,361,767	2,571,533	2,431,475	2,626,252	(6,500)	2,619,752	2,831,832	7.83%
Benefits	880,427	763,006	979,177	861,264	1,028,751	-	1,028,751	1,098,229	6.75%
Operating	878,336	724,587	945,754	762,408	968,390	6,500	974,890	856,397	-11.56%
Capital Outlay	164,000	155,870	46,000	31,455	-	-	-	-	0.00%
Total Finance/Customer Service	**4,358,713**	**4,005,230**	**4,542,464**	**4,086,602**	**4,623,393**	**-**	**4,623,393**	**4,786,458**	3.53%
Human Resources/Safety Management									
Personnel	320,806	319,861	337,293	336,302	352,696	400	353,096	366,208	3.83%
Benefits	92,784	86,760	103,303	102,639	107,110	-	107,110	116,703	8.96%
Operating	136,551	119,749	166,523	117,827	181,800	-	181,800	186,072	2.35%
Total Human Resources/Safety Management	**550,141**	**526,370**	**607,119**	**556,768**	**641,606**	**400**	**642,006**	**668,983**	4.27%
Engineering									
Personnel	1,286,012	1,274,285	1,368,334	1,311,329	1,490,637	15,499	1,506,136	1,622,560	8.85%
Benefits	399,139	364,668	455,089	401,454	462,206	8,062	470,268	529,203	14.50%
Operating	147,704	108,860	128,185	95,855	121,480	-	121,480	130,908	7.76%
Total Engineering	**1,832,855**	**1,747,813**	**1,951,608**	**1,808,638**	**2,074,323**	**23,561**	**2,097,884**	**2,282,671**	10.04%
Operations - Centralized Maintenance									
Personnel	-	-	827,785	804,052	846,705	11,885	858,590	878,808	3.79%
Benefits	-	-	289,234	282,649	298,413	836	299,249	315,642	5.77%
Operating	-	-	930,345	784,896	1,025,191	(30,817)	994,374	1,082,349	5.58%
Capital Outlay	-	-	7,600	5,849	-	-	-	-	0.00%
Total Operations - Centralized Maintenance	**-**	**-**	**2,054,964**	**1,877,446**	**2,170,309**	**(18,096)**	**2,152,213**	**2,276,799**	4.91%
Operations - Administration/IT									
Personnel	1,156,042	1,077,032	808,372	782,162	805,072	(15,499)	789,573	695,080	-13.66%
Benefits	338,485	290,991	229,944	222,335	229,752	(8,062)	221,690	200,369	-12.79%
Operating	750,137	685,449	862,408	696,274	672,282	(9,447)	662,835	681,495	1.37%
Capital Outlay	93,958	93,462	64,288	64,288	-	-	-	-	0.00%
Total Operations - Administration/IT	**2,338,622**	**2,146,934**	**1,965,012**	**1,765,059**	**1,707,106**	**(33,008)**	**1,674,098**	**1,576,944**	-7.62%
Operations - Water Treatment									
Personnel	1,356,859	1,334,595	1,150,982	1,139,145	1,168,610	6,800	1,175,410	1,189,316	1.77%
Benefits	472,510	407,781	389,977	381,828	390,149	-	390,149	410,614	5.25%
Operating	4,707,217	4,420,412	4,573,769	4,357,059	4,476,681	(7,692)	4,468,989	4,714,819	5.32%
Capital Outlay	-	-	25,588	24,604	-	-	-	-	0.00%
Total Operations - Water Treatment	**6,536,586**	**6,162,788**	**6,140,316**	**5,902,636**	**6,035,440**	**(892)**	**6,034,548**	**6,314,749**	4.63%

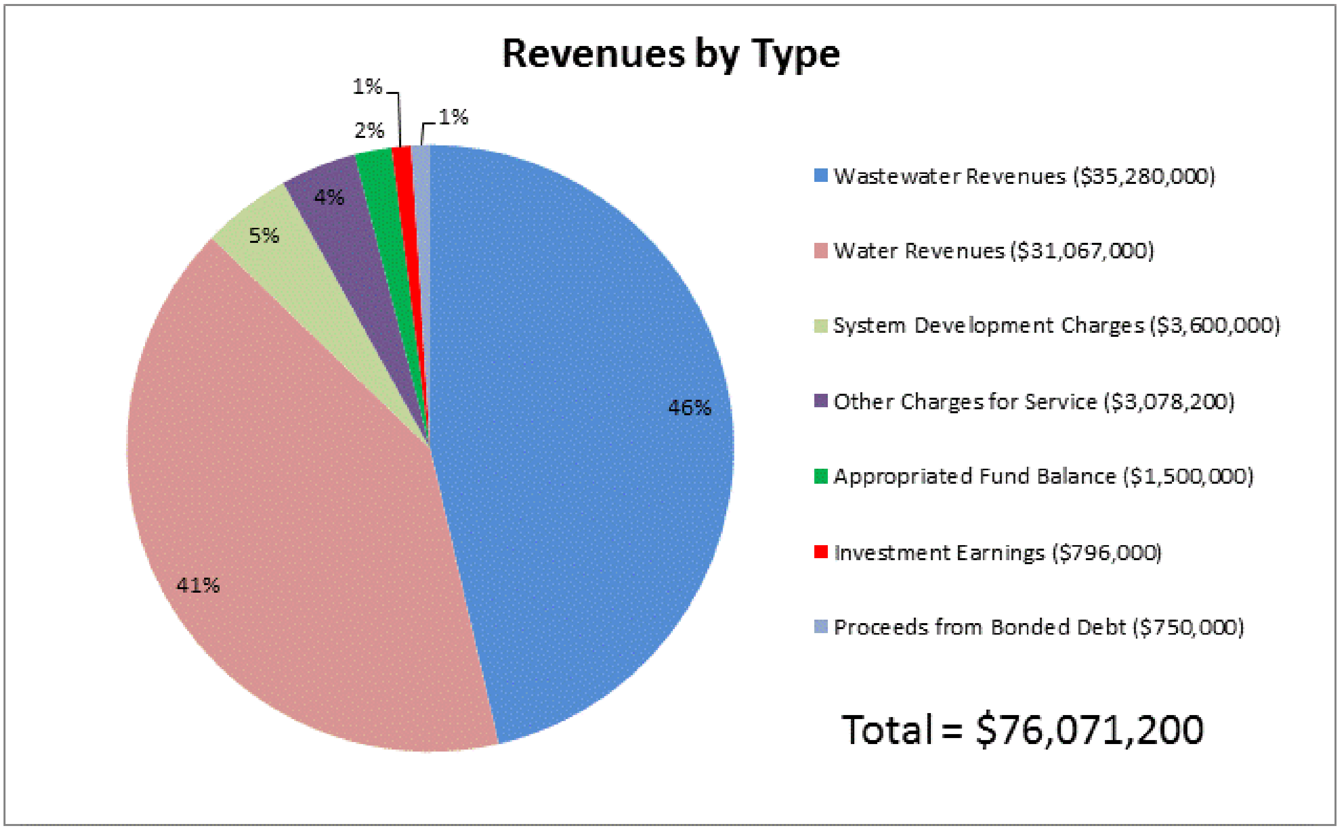
CAPE FEAR PUBLIC UTILITY AUTHORITY
FY 15-16

EXPENDITURES DETAIL BY DEPARTMENT

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
Operations - Wastewater Treatment									
Personnel	$ 1,720,483	$ 1,639,678	$ 1,337,838	$ 1,312,069	$ 1,362,240	$ -	$ 1,362,240	$ 1,400,872	2.84%
Benefits	602,175	531,759	474,198	476,724	490,525	-	490,525	520,301	6.07%
Operating	2,250,432	2,151,997	2,063,972	1,981,320	2,210,215	(32,200)	2,178,015	2,122,416	-3.97%
Capital Outlay	158,211	118,928	95,000	49,248	-	-	-	-	0.00%
Total Operations - Wastewater Treatment	**4,731,301**	**4,442,362**	**3,971,008**	**3,819,361**	**4,062,980**	**(32,200)**	**4,030,780**	**4,043,589**	-0.48%
Operations - Utility Services									
Personnel	3,453,196	3,130,788	3,693,502	3,409,439	3,721,409	(20)	3,721,389	3,865,423	3.87%
Benefits	1,228,207	1,030,458	1,328,307	1,252,564	1,363,465	70	1,363,535	1,468,207	7.68%
Operating	4,001,333	3,314,728	3,713,255	3,026,276	4,225,370	2,669	4,228,039	4,443,300	5.16%
Capital Outlay	164,355	137,743	127,960	126,924	-	-	-	-	0.00%
Total Operations - Utility Services	**8,847,091**	**7,613,717**	**8,863,024**	**7,815,203**	**9,310,244**	**2,719**	**9,312,963**	**9,776,930**	5.01%
Environment Management									
Personnel	1,236,711	1,205,322	1,295,809	1,261,006	1,359,737	-	1,359,737	1,363,368	0.27%
Benefits	444,073	387,469	459,245	437,304	476,765	-	476,765	514,123	7.84%
Operating	461,627	415,326	468,395	410,149	500,830	(19,684)	481,146	466,940	-6.77%
Capital Outlay	7,522	7,505	-	-	-	-	-	-	0.00%
Total Environment Management	**2,149,933**	**2,015,622**	**2,223,449**	**2,108,459**	**2,337,332**	**(19,684)**	**2,317,648**	**2,344,431**	0.30%
Computer Replacement Program	**-**	**-**	**-**	**-**	**100,000**	**-**	**100,000**	**-**	-100.00%
Damage Claims	**-**	**-**	**-**	**-**	**14,500**	**2,000**	**16,500**	**50,000**	244.83%
Outside Partnerships	**-**	**-**	**-**	**-**	**75,015**	**-**	**75,015**	**82,839**	10.43%
Non-Capital Construction	**-**	**-**	**-**	**-**	**255,000**	**-**	**255,000**	**220,000**	-13.73%
Fine and Penalties	**-**	**-**	**-**	**-**	**19,100**	**-**	**19,100**	**26,000**	36.13%
Scada System	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**137,800**	0.00%
Capital Outlay	**-**	**-**	**-**	**-**	**201,700**	**303,120**	**504,820**	**359,500**	78.24%
TOTAL OPERATING EXPENDITURES	**32,257,477**	**29,420,518**	**33,296,209**	**30,489,285**	**34,574,912**	**234,620**	**34,809,532**	**35,910,846**	3.86%
Nondepartmental	**2,030,710**	**1,867,223**	**2,134,080**	**2,072,341**	**2,094,300**	**-**	**2,094,300**	**2,154,500**	2.87%
Debt Service, Net	**27,712,899**	**27,796,777**	**28,596,752**	**26,571,851**	**27,951,899**	**-**	**27,951,899**	**23,559,921**	-15.71%
Debt Issuance Cost	**765,158**	**220,902**	**750,000**	**-**	**750,000**	**-**	**750,000**	**750,000**	0.00%
Payment to Refunded Bond Escrow Agent	**17,649,422**	**17,649,423**	**-**	**-**	**-**	**49,035,703**	**49,035,703**	**-**	0.00%
Contingency-Operating	**529,000**	**-**	**638,306**	**-**	**800,000**	**(200,000)**	**600,000**	**800,000**	0.00%
Contingency-Budget Reserve	**1,804,009**	**-**	**268,643**	**-**	**-**	**-**	**-**	**-**	0.00%
Transfers to Capital Projects	**6,236,353**	**6,236,352**	**7,586,214**	**7,586,214**	**11,836,000**	**-**	**11,836,000**	**12,895,933**	8.96%
TOTAL EXPENDITURES	**$ 88,985,028**	**$ 83,191,195**	**$ 73,270,204**	**$ 66,719,691**	**$ 78,007,111**	**$ 49,070,323**	**$ 127,077,434**	**$ 76,071,200**	-2.48%

CAPE FEAR PUBLIC UTILITY AUTHORITY
REVENUES SUMMARY

The Authority is empowered to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency. The Authority's operations, capital improvement program and debt payments are funded almost entirely through rates, fees and other charges for these water and wastewater services, with occasional grants or loans from the state or federal governments and contributions from the City, the County or other entities.



Water and Wastewater Revenues

The majority of the Authority's revenues (87%) are generated by the sale of drinking water and the collection and treatment of wastewater. As depicted in the graph above, in FY 15-16, 41% of total budgeted revenue is anticipated from water services and 46% of total budgeted revenue is anticipated from wastewater services. The existing water rates consist of 1) fixed meter charges that designate the minimum amount a customer will pay regardless of the actual amount of commodity utilized and 2) volumetric charges per 1,000 gallons based upon the amount of metered water flow. The fixed meter charges are incremented such that customers with larger water meter sizes pay a higher fixed charge. The volumetric charge utilizes a uniform rate structure such that the rate per 1,000 gallons remains constant for all levels of flow. Similar to the water rates, the wastewater rates consist of 1) a fixed meter charge based on the size of the water meter and 2) a volumetric charge per 1,000 gallons based upon the amount of metered water flow. The bi-monthly water and wastewater rates adopted for FY 15-16 are provided on the Rates and Fees Schedule. The fixed meter charges and volumetric charges remain unchanged.

CAPE FEAR PUBLIC UTILITY AUTHORITY
REVENUES SUMMARY

System Development Charges

System Development Charges are calculated to cover the cost of capacity in the Authority's existing water and wastewater treatment plants and transmission facilities and the estimated cost of capacity in future water and wastewater treatment plants and transmission facilities that are included in the Authority's Ten-Year Capital Improvements Program. The calculation assumes many of these treatment plants and transmission facilities will be funded with debt that will be repaid with revenues generated from customer water and wastewater charges for 25 years. The System Development Charge is the upfront charge a new customer will pay for investment in system capacity that will serve the customer. The system development charges are applied based on the size of the water meter for the new connection and are incremented for larger connection sizes. For purposes of the calculation, the full cost of capacity is reduced by the present value of the principal portion of the debt service payments. Only projects (or portions thereof) that provide capacity are included in the System Development Charge calculation. Costs of repair and rehabilitation projects (or portions thereof) are not included in the calculation. As depicted in the graph above, in FY 15-16, 5% of total budgeted revenue is anticipated from System Development Charges.

Other Charges for Service

Other charges for service account for 4% of total budgeted revenues. Other charges include penalties and late fees, application and premise visit fees, meter fees and tap fees.

Investment Earnings

Authority funds are invested to maximize the return between the time funds are collected and used. Investment earnings remain stable, budgeted at $796,000 in FY 15-16 which is an increase of approximately $49,000, or 7% from FY 14-15. Staff continues to monitor interest rates and look for additional opportunities to increase yield on the Authority's investments, while maintaining safety and liquidity.

Proceeds from Bonded Debt

The proceeds from bonded debt represent funds received in conjunction with the issuance of revenue bonds. The Authority may issue revenue bonds in FY 15-16 to cover the costs of various capital improvement projects and pay other costs incurred in connection with the issuance and sale of the bonds.

Appropriated Fund Balance

In accordance with the Local Government Fiscal Control Act, the Authority may use some unexpended funds from previous years to balance the budget. This is similar to an individual using their savings account. To ensure compliance with revenue bond rate covenants, appropriated fund balance is used for one-time expenditures.

CAPE FEAR PUBLIC UTILITY AUTHORITY
REVENUES SUMMARY

Revenue Trends

	FY 12-13	FY13-14	FY 14-15	FY 15-16
	Actual	Actual	Adjusted Budget	Recommended Budget
Water Revenues	$ 29,970,000	$ 30,530,929	$ 29,165,000	$ 31,067,000
Wastewater Revenues	33,091,316	34,964,993	33,939,000	35,280,000
Other Charges for Service	3,111,105	3,564,189	3,052,920	3,078,200
System Development Charges	3,833,199	4,396,392	4,000,000	3,600,000
Investment Earnings	782,882	825,045	747,000	796,000
Sale of Capital Assets	-	73,780	-	-
Proceeds from Bonded Debt and Premium	17,870,325	-	49,785,703	750,000
Transfers from Other Funds	1,136,485	-	-	-
Appropriated Fund Balance	-	51,468	6,387,811	1,500,000
	$ 89,795,312	**$ 74,406,796**	**$ 127,077,434**	**$ 76,071,200**

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 15-16
(Changes Denoted in RED)

			Rates and Fees Effective 10/8/14	Rates and Fees Effective 7/1/15	Ordinance Reference
1	**WATER RATES**				
	Water rates include both a fixed meter charge based on meter size and consumption charge based on metered consumption, billed bi-monthly (every two months).				
	Fixed Meter Charge by Size*		**Bi-Monthly**	**Bi-Monthly**	
		5/8"	$ 25.81	$ 25.81	4.2.a(vi)
		1" (Single-Family Residential with fire sprinkler system)	$ 25.81	$ 25.81	4.2.a(vi)
		1"	$ 64.53	$ 64.53	4.2.a(vi)
		1 1/2"	$ 129.05	$ 129.05	4.2.a(vi)
		2"	$ 206.48	$ 206.48	4.2.a(vi)
		3"	$ 387.15	$ 387.15	4.2.a(vi)
		4"	$ 645.25	$ 645.25	4.2.a(vi)
		6"	$ 1,290.50	$ 1,290.50	4.2.a(vi)
		8"	$ 2,064.80	$ 2,064.80	4.2.a(vi)
		10"	$ 3,226.25	$ 3,226.25	4.2.a(vi)
		12"	$ 3,871.50	$ 3,871.50	4.2.a(vi)
	* Fixed Meter Charge is not applied to Irrigation Meters if a separate Water Meter exists.				
	Consumption Charge (per 1,000 gallons) See Note 1		$ 3.67	$ 3.67	4.2.a(iii)
	Note 1	Single-Family Residential is serviced by one domestic meter			
	Unauthorized non-metered use of water (greater of 30,000 gallons consumption or the highest billed consumption in the past 24 months)		$110.10 minimum	$110.10 minimum	4.2c(xiii); 6.6c
	Mandatory Connection Water Penalty		$ 250.00	$ 250.00	1.13.g
	Availability Charge for unconnected 5/8" water service; Availability Charge for larger meters based on		$ 25.81	$ 25.81	4.2.a(i)
	~~Wholesale~~ or Bulk Water Resale Rates ~~will be individually determined in accordance with applicable interlocal agreement~~ (per 1,000 gallons)		Individually Determined	$ 2.95	4.2.a(ii)
2	**SEWER RATES**				
	Sewer rates include both a fixed meter charge based on meter size and consumption charge based on metered consumption, billed bi-monthly (every two months).				
	Fixed Meter Charge by Size		**Bi-Monthly**	**Bi-Monthly**	
		5/8"	$ 29.10	$ 29.10	3.5; 4.2.a(vi)
		1" (Single-Family Residential with fire sprinkler system)	$ 29.10	$ 29.10	3.5; 4.2.a(vi)
		1"	$ 72.75	$ 72.75	3.5; 4.2.a(vi)
		1 1/2"	$ 145.50	$ 145.50	3.5; 4.2.a(vi)
		2"	$ 232.80	$ 232.80	3.5; 4.2.a(vi)
		3"	$ 436.50	$ 436.50	3.5; 4.2.a(vi)
		4"	$ 727.50	$ 727.50	3.5; 4.2.a(vi)
		6"	$ 1,455.00	$ 1,455.00	3.5; 4.2.a(vi)
		8"	$ 2,328.00	$ 2,328.00	3.5; 4.2.a(vi)
		10"	$ 3,637.50	$ 3,637.50	3.5; 4.2.a(vi)
		12"	$ 4,365.00	$ 4,365.00	3.5; 4.2.a(vi)
	Consumption Charge (per 1,000 gallons) See Notes 1,2,3,4		$ 4.56	$ 4.56	3.5; 4.2.a(iii)
	Note 1	Single-Family Residential metered consumption capped at 30,000 gallons per bi-monthly billing			3.5; 4.2.a(iii)
	Note 2	Single-Family Residential non-metered consumption capped at 24,000 gallons per bi-monthly billing			3.5; 4.2.a(vii)
	Note 3	No cap for non-residential metered consumption			3.5; 4.2.a(iii)
	Note 4	Single-Family Residential is serviced by one domestic meter			
	Unauthorized non-metered use of sewer (capped at 30,000 gallons consumption)		$ 136.80	$ 136.80	4.2c(xiii); 6.6c
	Mandatory Connection Sewer Penalty		$ 250.00	$ 250.00	1.13.g
	Availability Charge for unconnected 5/8" sewer service, Availability Charge for larger meters based on		$ 29.10	$ 29.10	4.2.a(i)
	Collection Treatment Charge				
		Surcharge for BOD (per 100 lbs; when BOD>200mg/L and COD < 3x BOD)	$ 36.00	$ 36.00	Appendix D 6; 4.2.a(iv)
		Surcharge for COD (per 100 lbs; when COD>600mg/L and >/=3xBOD)	$ 36.00	$ 36.00	Appendix D 6; 4.2.a(iv)
		Surcharge for TSS (per 100 lbs; when TSS >200mg/l)	$ 21.00	$ 21.00	Appendix D 6; 4.2.a(iv)
		Note: Surcharge is assessed for either BOD or COD, but not both.			
	Bulk Charges for Septage Haulers				
		Per Gallon	$ 0.130	$ 0.1375	4.2.a(ii)
		Utility Deposit	$ 500.00	$ 500.00	1.6
	Bulk Processing Charges for Haulers of In-CFPUA Service Area Non-Hazardous Wastewater Treatment Plant (WWTP) Residuals as delivered to a designated CFPUA WWTP:				

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 15-16
(Changes Denoted in RED)

			Rates and Fees Effective 10/8/14	Rates and Fees Effective 7/1/15	Ordinance Reference
		Unstabilized/Less Than Class B Residuals *	$ 0.80	$ 0.80	4.2.a(ii)
		Stabilized/Equal to or Better Than Class B Residuals *	$ 0.60	$ 0.60	4.2.a(ii)
		* Per Pound Total Solids (TS) Dry Weight Basis (DWB) as delivered/received			
	Hauled and Miscellaneous Wastewater Fee (subject to applicable surcharges)				
	Short-Term Permit (Per Gallon) inside service area		$ 0.030	$ 0.030	4.2.a(iii); Appendix D 3.4
	Short-Term Permit (Per Gallon) outside service area		$ 0.060	$ 0.060	4.2.a(iii); Appendix D 3.4
	Long-Term Permit *				
		Fixed Meter Charge by Size:	**Bi-Monthly**	**Bi-Monthly**	
		5/8"	$ 29.10	$ 29.10	4.2.a.(vi); Appendix D 3.4
		1"	$ 72.75	$ 72.75	4.2.a.(vi); Appendix D 3.4
		1 1/2"	$ 145.50	$ 145.50	4.2.a.(vi); Appendix D 3.4
		2"	$ 232.80	$ 232.80	4.2.a.(vi); Appendix D 3.4
		3"	$ 436.50	$ 436.50	4.2.a.(vi); Appendix D 3.4
		4"	$ 727.50	$ 727.50	4.2.a.(vi); Appendix D 3.4
		6"	$ 1,455.00	$ 1,455.00	4.2.a.(vi); Appendix D 3.4
		8"	$ 2,328.00	$ 2,328.00	4.2.a.(vi); Appendix D 3.4
		10"	$ 3,637.50	$ 3,637.50	4.2.a.(vi); Appendix D 3.4
		12"	$ 4,365.00	$ 4,365.00	4.2.a.(vi); Appendix D 3.4
		Consumption Charge (per 1,000 gallons)	$ 4.56	$ 4.56	4.2.a.(iii); Appendix D 3.4
	* Long-Term Permit System Development Charge in accordance with Section 9 of this schedule and specified in permit.				4.2.b(iv); Appendix D 3.4
	Wholesale or Bulk rates will be individually determined in accordance with applicable interlocal agreement		Individually Determined	Individually Determined	4.2.a(ii)
3	**Fire Line Service**				
	Fixed Fire Line Charge by Size		**Bi-Monthly**	**Bi-Monthly**	
		2"	$ 20.00	$ 20.00	4.2.a(v)
		4"	$ 40.00	$ 40.00	4.2.a(v)
		6"	$ 80.00	$ 80.00	4.2.a(v)
		8"	$ 140.00	$ 140.00	4.2.a(v)
		10"	$ 220.00	$ 220.00	4.2.a(v)
		12"	$ 320.00	$ 320.00	4.2.a(v)
4	**Water Service Connection Fee**				
	Service Line Connection Fee by Service Size		**Total**	**Total**	
		Up to 1" Service (to 45' in length) *	$ 2,100.00	$ 2,100.00	1.5c; 4.2b(i)
		1 1/2" Service (to 45' in length) *	$ 3,900.00	$ 3,900.00	1.5c; 4.2b(i)
		2" Service (to 45' in length) *	$ 4,100.00	$ 4,100.00	1.5c; 4.2b(i)
		Services in excess of 45' based on actual cost	Individually Determined	Individually Determined	1.5c; 4.2b(i)
		Manifold	Individually Determined	Individually Determined	1.5c; 4.2b(i)
		* 2" Service and under connection fees include meter set.			
	Meter Set Fee by Size (includes materials and labor)				
		5/8"	$ 250.00	$ 250.00	1.5c; 4.2b(iii)
		5/8" Split Service	$ 375.00	$ 375.00	1.5c; 4.2b(iii)
		1"	$ 350.00	$ 350.00	1.5c; 4.2b(iii)
		1 1/2"	$ 1,400.00	$ 1,600.00	1.5c; 4.2b(iii)
		2"	$ 1,700.00	$ 1,800.00	1.5c; 4.2b(iii)
	Inspection Fee for Developer-Installed Connection		$ 55.00	$ 55.00	1.6a; 4.2b(ii)
	Inspection Fee for Developer-Installed Connection (After hours - Minimum of 2 hours)		$ -	$75/hour	1.6a; 4.2b(ii)
5	**Sewer Service Connection Fee**				
	Installation Fee by Size		**Total**	**Total**	
		4" Service, actual cost or minimum	$ 2,200.00	$ 2,200.00	1.5c; 4.2b(i)
		6" Service, actual cost or minimum	$ 2,800.00	$ 2,800.00	1.5c; 4.2b(i)
		~~Greater than 45 Feet or over 8 Feet in depth~~	~~Individually determined~~	~~Individually determined~~	~~1.5c; 4.2b(i)~~
	Inspection Fee for Developer-Installed Connection		$ 55.00	$ 55.00	1.5c; 4.2b(ii)
	Inspection Fee for Developer-Installed Connection (After hours - Minimum of 2 hours)		$ -	$75/hour	1.6a; 4.2b(ii)
6	**Special Use of Water**				
	Fee (In Addition to Water Rates - Fixed Meter Charge Based on Meter Size or Backflow Preventer Size, whichever is less, and Consumption Charge)		**Total**	**Total**	
		5/8"	$ 31.00	$ 31.00	4.2c(vii)
		3/4"	$ 35.00	$ 35.00	4.2c(vii)
		1"	$ 45.00	$ 45.00	4.2c(vii)

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 15-16
(Changes Denoted in RED)

			Rates and Fees Effective 10/8/14	Rates and Fees Effective 7/1/15	Ordinance Reference
		1 1/2"	$ 56.00	$ 56.00	4.2c(vii)
		2"	$ 96.00	$ 96.00	4.2c(vii)
		3"	$ 165.00	$ 165.00	4.2c(vii)
		4"	$ 254.00	$ 254.00	4.2c(vii)
		Lost or stolen special use sign	$ 50.00	$ 50.00	4.2c(vii)
	Consumption Charge (per 1,000 gallons)		$ 3.67	$ 3.67	4.2.a(iii)
7	**Water Quality Fees**				
	Inspection Fees Backflow Assembly		**Total**	**Total**	
		Initial inspection	No Charge	No Charge	4.2.b(ii)
		Subsequent inspections	$ 55.00	$ 55.00	4.2.b(ii)
8	**Discharge Permit Fees**				
	Industrial Connection and Discharge Permit application and annual fee includes				
		SIU, flows > 15,000 gpd, pretreatment	$ 750.00	$ 750.00	Appendix D 3.4
		Restoration of Revoked Industrial Permit (Each occurrence)	$ 1,500.00	$ 1,500.00	Appendix D 3.4
		Modification of Permit (Each occurrence)	$ 200.00	$ 200.00	Appendix D 3.4
	Other Wastewater Permits				
		Flow Less than 1,000 Gallons/day	$ 100.00	$ 100.00	Appendix D 3.4
		Flow Between 1,000 and 7,500 Gallons/day	$ 200.00	$ 200.00	Appendix D 3.4
		Flow Between 7,501 and 15,000 Gallons/day	$ 300.00	$ 300.00	Appendix D 3.4
		Food Service Establishment Application and Annual Inspection Fee	$ 100.00	$ 100.00	Appendix D 3.4
		Enforcement Cost Recovery	Individually determined	Individually determined	4.2.c(x);Appendix D 3.4
		Restoration Fee of Revoked Other Wastewater Permit (Each Occurrence)	2x permit fee	2x permit fee	
		Residuals permit application fee	$ -	$ 100.00	Appendix D 3.4
	Monitoring Fee		Individually determined	Individually determined	Appendix D 3.4
	Grease Interceptor Variance (Each occurrence)		$ 220.00	$ 220.00	Appendix D 3.4
9	**System Development Charges**				
	Water by Meter Size		Total	Total	Appendix C 2(a)
		5/8" *	$ 1,920.00	$ 1,920.00	4.2.b(iv)
		1" (Single-Family Residential with fire sprinkler system)	$ 1,920.00	$ 1,920.00	4.2.b(iv)
		1"	$ 4,800.00	$ 4,800.00	4.2.b(iv)
		1 1/2"	$ 9,600.00	$ 9,600.00	4.2.b(iv)
		2"	$ 15,360.00	$ 15,360.00	4.2.b(iv)
		3"	$ 28,800.00	$ 28,800.00	4.2.b(iv)
		4"	$ 48,000.00	$ 48,000.00	4.2.b(iv)
		6"	$ 96,000.00	$ 96,000.00	4.2.b(iv)
		8"	$ 153,600.00	$ 153,600.00	4.2.b(iv)
		10"	$ 240,000.00	$ 240,000.00	4.2.b(iv)
	* No water SDC due on a 5/8" irrigation meter				
	Shell Buildings Alternative Fee Calculation - former NHC Water & Sewer District. Fees base on class of use & 15A NCAC O2T.0114 - Design Flow Rates				4.2b(iv)(4)
		Water Development Charge (minimum $1,348.00 = 400 gallons)	$3.37 per gallon	$3.37 per gallon	4.2b(iv)(4)
	Sewer by Meter Size		Total	Total	Appendix C 3(a)
		5/8"	$ 2,460.00	$ 2,460.00	4.2b(iv)
		1" (Single-Family Residential with fire sprinkler system)	$ 2,460.00	$ 2,460.00	4.2b(iv)
		1"	$ 6,150.00	$ 6,150.00	4.2b(iv)
		1 1/2"	$ 12,300.00	$ 12,300.00	4.2b(iv)
		2"	$ 19,680.00	$ 19,680.00	4.2b(iv)
		3"	$ 36,900.00	$ 36,900.00	4.2b(iv)
		4"	$ 61,500.00	$ 61,500.00	4.2b(iv)
		6"	$ 123,000.00	$ 123,000.00	4.2b(iv)
		8"	$ 196,800.00	$ 196,800.00	4.2b(iv)
		10"	$ 307,500.00	$ 307,500.00	4.2b(iv)
		Unmetered service (sewer only)	$10/gallon projected flow	$10/gallon projected flow	4.2b(iv)
	Shell Buildings Alternative Fee Calculation - former NHC Water & Sewer District. Fees base on class of use & 15A NCAC O2T.0114 - Design Flow Rates				
		Sewer Impact Fee (minimum $2,103.90 = 300 gallons)	$7.013 per gallon	$7.013 per gallon	4.2b(iv)(4)
		Sewer Development Charge	$1.50 per gallon	$1.50 per gallon	4.2b(iv)(4)
10	**Miscellaneous and Other**				
	Service/repair costs				

CAPE FEAR PUBLIC UTILITY AUTHORITY
RATES AND FEES SCHEDULE FY 15-16
(Changes Denoted in RED)

		Rates and Fees Effective 10/8/14	Rates and Fees Effective 7/1/15	Ordinance Reference
	Contracted services at actual cost plus 10% administrative fee	Individually determined	Individually determined	1.9(e)
	CFPUA staff and equipment at FEMA reimbursable cost	Individually determined	Individually determined	1.9(e)
Other Fees				
	After Hours Fee	Indiviually determined	Indiviually determined	4.2C(i)
	Cut Lock Fee	$ 75.00	$ 75.00	6.6c; 4.2c(vi)
	Emergency Reconnect Fee	$ 110.00	$ 110.00	4.2c(iii)
	Late Day Reconnect Fee	$ 55.00	$ 55.00	4.2c(ii)
	Late Fee	10% of balance; $25 maximum on Single-Family Residential services	10% of balance; $25 maximum on Single-Family Residential services	4.2c(viii)
	Loan Processing Fee	Actual Cost to File	Actual Cost to File	4.2c(xi)
	Meter Obstruction Fee	$ 55.00	$ 55.00	4.2c(xvii)
	Meter Test	$ 55.00	$ 55.00	2.3; 6.1; 4.2c(ix)
	New Service Charge	$ 55.00	$ 55.00	1.6a; 4.2c(iv)
	Premise Visit Fee	$ 55.00	$ 55.00	1.15(a); 4.2c(xvi)
	Reconnect/Delinquency Fee	$ 55.00	$ 55.00	6.6(a); 4.2c(xiii)
	Reread Fee (requested by Customer)			
	Correct Read	$ 55.00	$ 55.00	4.2c(xv)
	Incorrect Read (CFPUA error)	No Cost	No Cost	4.2c(xv)
	System Tampering Civil Action Violation, in accordance with N.C.G.S. 14-151(e)	Triple the amount of losses and damages sustained by the Authority or $5000, whichever is greater	Triple the amount of losses and damages sustained by the Authority or $5000, whichever is greater	4.2c(xviii)
	Turn-On Fee (after disconnect)	$ 55.00	$ 55.00	4.2c(xiv)
	Utility Deposit-Single-Family Residential ***	Up to $200*	Up to $200*	1.6
	**** May be adjusted by Customer Service Director based on services provided and prior payment history*			
	Utility Deposit-Commercial	Determined by Policy	Determined by Policy	1.6
	Civil Penalties:			4.2c(v)
	Failure to submit required cross connection control report	$ 200.00	$ 200.00	Appendix A 10(d)
	Residential failure to submit required cross connection control report	$ 100.00	$ 100.00	Appendix A 10(d)
	Submission of falsified cross connection control report	$ 200.00	$ 200.00	Appendix A 10(d)
	First violation of backflow installation requirements	$ 250.00	$ 250.00	Appendix A 10(b)
	Subsequent violation of backflow installation requirements	$ 1,000.00	$ 1,000.00	Appendix A 10(b)
	Violation of Extension Policy	$100, $200, $500	$100, $200, $500	Appendix C 5
	Violation of Wastewater Discharge Permit	Up to $25,000	Up to $25,000	Appendix D 8.2
	Violation of Sewer Use Ordinance	Up to $25,000	Up to $25,000	Appendix D 35d(i)
	Violation of Cross Connection Control Ordinance	Up to $1,000/day	Up to $1,000/day	Appendix A 10(f)(vii)
	Violation of Water Emergency Management Regulations	up to $500/day	up to $500/day	VII; Appendix B 13
	Hydrant Meter Deposit for festivals (for up to 1 1/2" meter size)	$ 500.00	$ 500.00	4.2c(vii)
	Hydrant Meter Deposit for festivals (for 2" and higher meter size)	Actual Cost	Actual Cost	4.2c(vii)
	Hydrant Meter Installation & Removal for festivals (per meter)	$ 55.00	$ 55.00	4.2.c(vii)
	Plan Review Fees:			
	Minor Subdivisions - no required NCDENR water or sewer permits	$ 120.00	$ 120.00	Appendix C.1(a); 4.2c(xii)
	Commercial Plans (multi-family residential/commercial) - no required NCDENR water and sewer permits	$ 120.00	$ 120.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions less than 500 Linear Feet	$ 240.00	$ 240.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 500-999 Linear Feet	$ 300.00	$ 300.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 1,000-4,999 linear feet	$ 600.00	$ 600.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 5,000-9,999 linear feet	$ 850.00	$ 850.00	Appendix C.1(a); 4.2c(xii)
	Main Extensions 10,000 linear feet and greater	$ 1,400.00	$ 1,400.00	Appendix C.1(a); 4.2c(xii)
	Pump Station Review (plus the main extensions fee above)	$ 350.00	$ 350.00	Appendix C.1(a); 4.2c(xii)
	Re-review Fee	$ 50.00	$ 50.00	Appendix C.1(a); 4.2c(xii)
Miscellaneous Administrative Fees				
	Returned Check Fee (Per event; Closed Account, NSF, Stop Payment of Customer/Vendor iss	$ 25.00	$ 25.00	4.2c(x)
	Dishonored Bank Draft Fee (Per event; Closed Account, NSF, Stop Payment of Customer/Ver	$ 25.00	$ 25.00	4.2c(x)
	Check Stop Payment Fee (Stop Payment of CFPUA issued Check requested by Customer/Vendor)	$ 5.00	$ 5.00	4.2c(x)
Copy and Printing Fees, including Public Records Request		Actual cost	Actual cost	
Water Tower Lease		Individually determined; $2,500 minimum	Individually determined; $2,500 minimum	Set by contract

Financial Feasibility Report

Since July 1, 2008, with the merger of the City of Wilmington and New Hanover County's utility systems to create the Authority and with the economic changes in the region, the Authority has focused a significant amount of attention and effort on strategic planning measures in all areas of the Authority operations to ensure that it remains prepared for the future. As part of the strategic planning measures, in FY 2011, the Authority commissioned a water and wastewater rate study designed to analyze the revenue sources and expenditures of the Authority and provide recommendations for rates and rate structures to meet the financial and administrative objectives of the Authority. The rate study results were finalized in March of 2011 and the recommended rates and rate structure for fiscal year ended June 30, 2012 were adopted by the Authority Board. Each fiscal year the rate model is updated and recommendations made for changes in the water and wastewater rates and rate structure.

In conjunction with the issuance of the 2014 Revenue Bonds in October, 2014 a Financial Feasibility Report was prepared by Utility Advisors' Network, Inc. (UAN). Based on the financial projections developed, UAN stated that it anticipated the Authority will generate sufficient revenues to meet revenue bond requirements.

During the FY 15-16 budget process, Authority staff updated the rate model and recommended no changes in the water and wastewater rates or rate structure. The current rates were adopted on April 9, 2014, effective May 1, 2014, and are provided on the Rates and Fees Schedule.

Five-Year Projections 2017-2021

During the FY 2016 budget process, Authority staff projected 5-year operating results based on calendar 2014 customer billing data and estimated expenditures. The chart below shows the projections, including projected debt service coverage ratios and additional revenue needed from rates for the fiscal years ending June 30, 2017-21. These projections assume full funding of FY 2017-20 CIP projects with a combination of transfers from Operating Fund (Pay Go) and debt funding, 0.5% customer growth, 4% annual labor inflation, 15% annual employee health care increases and 2% annual other inflation.

Certain of these assumptions may not materialize and unforeseen events and circumstances may occur. Therefore, there will usually be differences between the forecasted operating results and the actual operating results and these differences may be material. Also, the Authority could chose to level any necessary rate increases to avoid significant variation between years.

CAPE FEAR PUBLIC UTILITY AUTHORITY
LONG RANGE FINANCIAL PLANS

10-Year CIP as approved February 2015						
0.5% Customer Growth	2016	2017	2018	2019	2020	2021
Minimum Debt Coverage Ratio	Recommended	Projected	Projected	Projected	Projected	Projected
	Budget	Budget	Budget	Budget	Budget	Budget
Revenues	$73,821,200	$74,159,673	$76,314,894	$78,056,900	$79,122,717	$81,734,355
Expenditures, before Debt Service & Capital Outlay	38,489,711	40,006,691	41,626,119	43,359,226	45,218,792	47,219,370
Revenues over Expenditures before Debt Service & Capital Outlay	35,331,489	34,152,982	34,688,775	34,697,674	33,903,925	34,514,985
Debt Service on Existing Debt and Pre-2016 CIP	23,284,921	27,066,578	27,333,651	26,379,251	24,857,988	24,789,352
Debt Service on New Debt	0	306,100	1,567,500	2,512,600	3,420,600	4,081,600
Total Estimated Debt Service	23,284,921	27,372,678	28,901,151	28,891,851	28,278,588	28,870,952
Revenue Available to Cash Fund CIP & Operating Capital Outlay	12,046,568	6,780,304	5,787,624	5,805,823	5,625,337	5,644,033
Debt Coverage Ratio	1.52	1.25	1.20	1.20	1.20	1.20
Average Combined Water & Sewer Bill	$125.69	$125.69	$129.27	$131.82	$133.11	$137.20
% Change in Average Combined Water and Sewer Bill	0%	0%	3%	2%	1%	3%
Summary CIP:						
Construction of new Raw Water Line with LCFWSA ILA	$0	$0	$0	$0	$1,000,000	$31,000,000
Southside WWTP Rehabilitation and Upgrade	0	0	0	0	750,000	0
All Other Projects	17,735,000	24,040,000	18,720,000	18,230,000	12,920,000	6,550,000
Total CIP	$17,735,000	$24,040,000	$18,720,000	$18,230,000	$14,670,000	$37,550,000
Debt Balance	$323,986,382	$331,995,120	$331,303,374	$329,318,927	$324,245,411	$343,401,332

The Capital Improvements Program is included in a separate section of this document and provides the Projected Ten Year Plans for Water, Wastewater and System-wide capital projects.

Engineering Executive Summary

Capital improvements are necessary for rehabilitation, replacement and addition of infrastructure and to provide safe, reliable, high quality water and wastewater services to current and future customers. Capital improvements expenditures are recorded as capital assets and are depreciated over the economic useful life of the assets. A 10 year planning period is used to develop the CIP and is reviewed and updated annually.

The total of the approved 10 Year Capital Improvements Program is $343.4 million. Two projects compose approximately 50% of this projected amount. The exact timing of these two large projects is dependent upon customer growth.

- Southside WWTP Rehabilitation and Upgrade ($139.4 million).
- Construction of new Raw Water Line with Lower Cape Fear Water & Sewer Authority ($32 million).

The FY 15-16 Capital Improvements Budget totals $17,735,000 and the majority of the work planned for FY15-16 is to rehabilitate or replace existing infrastructure as part of asset management, addressing aging infrastructure and implementing a comprehensive meter replacement program..

The proposed 10 Year plan is reevaluated each year and provides opportunities to revisit the priorities and progress of these criteria. The proposed FY 15-16 Capital Improvements Budget and the proposed 10 Year CIP were built around the following criteria.

All projects were required to meet the following criteria to qualify for consideration:

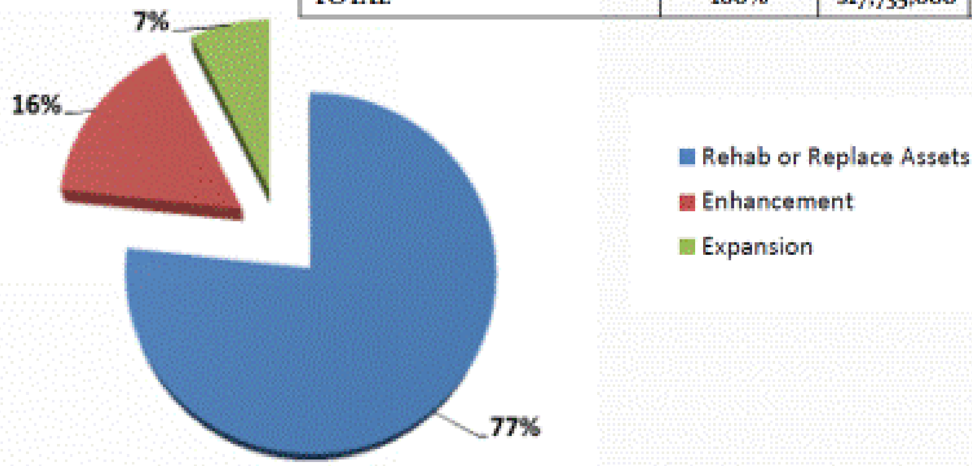
- Compliance with regulatory requirements.
- Efficiency leading to future operating or capital savings.
- Capacity increases necessary for current of future flows.
- Growth in the number of customers served.

The projects are further classified into the following categories:

- Projects that "Rehab or Replace Assets" are projects that generally increase the life of an existing asset or replace an existing asset which is at or beyond its expected life cycle.
- "Enhancement" projects tend to improve efficiency by reducing long term costs.
- "Expansion" projects either increase system capacity or add customers as growth.

FY-2016 Project Distribution by Project Type

FY-2016 CIP By Project Type	Percentage	$ Amount	# Projects
Rehab or Replace Assets	77%	$13,615,000	18
Enhancement	16%	$2,840,000	5
Expansion	7%	$1,280,000	6
TOTAL	100%	$17,735,000	29



A description of the FY 15-16 capital improvements projects and the impact of those projects showing the effects on the current and future operating costs or anticipated savings or revenues follow.

Capital Outlay Expenditures

The FY16 budget includes capital outlay expenditures budgeted in an individual department of the Operating Fund. The total budgeted for capital outlay expenditures of $359,500 is not significant to the total Operating Fund budget of $76.1 million.

CAPE FEAR PUBLIC UTILITY AUTHORITY
CAPITAL IMPROVEMENTS PROGRAM
CAPITAL PROJECTS FUNDED IN FY15-16

Capital Projects	FY 15-16 Budget
Replace Castle Hayne Aquifer Source Water in Well Field	$ 300,000
Generator Replacement (Water)	45,000
Find It, Fix It Methodology Raw Water Line Rehabilitation	50,000
EMD HVAC & Power Supply Modifications	50,000
Aeration/Mixer Program for DBP Reduction	1,400,000
Water Treatment Facilites Rehabiliation	200,000
Comprehensive Meter Replacement Program	6,350,000
North Water Street Water Replacement	345,000
Find It, Fix It Methodology Water Replace and Rehabilitation	100,000
Mandatory Water Connection Services Installation	200,000
Water Distribution Expansion to Avenel	480,000
Distribution System-Standard Developer Agreements	50,000
Northside WWTP - Alum Sludge Storage	820,000
Wastewater Facilities Rehabilitation	200,000
Sewer Emergency Repairs	1,150,000
North Water Street Sewer Replacement	1,955,000
13th Street North Lakeshore	520,000
Find It, Fix It Methodology Force Main Rehabilitation	100,000
Find It, Fix It Methodology Gravity Sewer Rehabilitation	1,000,000
Sewer Pump Station Asset Rehab and Upgrade	50,000
Pump Station SCADA Implementation	250,000
Pump Station #008 Replacement	500,000
Mandatory Sewer Connection Services Installation	200,000
Sewer Collection Expansioon to Old Myrtle Grove Rd	300,000
Collection System-Standard Developer Agreements	50,000
InformationTechnology Networking Infrastructure Replacement	150,000
Virtual Desktop IT Migration	120,000
Motor Fleet Capital	600,000
Construct Utility Services Operations Center	200,000
Total Capital Improvement Projects	**$ 17,735,000**
Total Water Capital Improvement Projects	**$ 9,570,000**
Total Wastewater Capital Improvement Projects	**$ 7,095,000**
Total System-Wide Capital Improvement Projects	**$ 1,070,000**
	17,735,000
Savings Achieved in Capital Improvement Projects Approved in Prior Years	**$ (70,658)**
Capital Projects Funds Budget Ordinance	**$ 17,664,342**

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CAPE FEAR PUBLIC UTILITY AUTHORITY
Ten Year Capital Improvements Program
Impact of FY16 Capital Investment on Operting Budget
FY 15-16

Reference Number	Capital Project	Current Project #	FY 10 to FY 15 Budgeted	FY-2016 Budget	FY-2017 to FY-2025Annual Planned	Total Cumulative Project Cost Planned	Estimated Completion Fiscal Year	Quantifiable Annual Operating Budget Impact Expected	Unquantifiable Annual Operating Budget Impact	Annual Operating Budget Impact Comments
All dollar amounts are shown in 2015 dollars. No adjustments are made for projected inflation or deflation.										
1	Sewer Emergency Repair	15S318	$6,590,000	$1,150,000	$9,000,000	$16,740,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
2	Aeration/ Mixer Program for DBP Reduction	14W165	$1,400,000	$1,400,000	$0	$2,800,000	2016		Future Operating Budget Decrease	This project enables system improvements for drinking water quality and the operating budget will increase due to power and maintenance costs.
3	Find It, Fix It Methodology Force Main Rehabilitation (AMP)		$0	$100,000	$900,000	$1,000,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
4	North Water Street Sewer Replacement	15S302	$250,000	$1,955,000	$0	$2,205,000	2016	-$20,000	Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Elimination of pump station saves $20,000 per year.
5	Find It, Fix It Methodology Gravity Sewer Rehabilitation (AMP)	15S309	$5,345,000	$1,000,000	$22,500,000	$28,845,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
6	13th Street North Lakeshore	13S214	$1,350,847	$520,000	$0	$1,870,847	2016		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
7	PS - 008 Pump Station Replacement (CANTEX)	14S283	$550,000	$500,000	$0	$1,050,000	2016		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
8	Pump Station SCADA Implementation		$0	$250,000	$750,000	$1,000,000	2019		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
9	Sewer Pump Station Asset Rehab and Upgrade (AMP)	15S304	$300,000	$50,000	$450,000	$800,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
10	Comprehensive Meter Replacement Program	13W143	$3,519,115	$6,350,000	$13,560,000	$23,429,115	Annual		Future Operating Budget Decrease	This project replaces meters that are past their lifecycle. Metered water revenues may increase but cannot be quanitified without implementation.
11	Northside WWTP - Alum Sludge Storage	13S240	$540,000	$820,000	$0	$1,360,000	2016		Future Operating Budget Decrease	The project enables process improvements and operational flexibility that lead to efficiencies that cannot be quantified without implementation.
12	Water Distribution Expansion to Avenel *		$0	$480,000	$4,500,000	$4,980,000	Annual		**Future Operating Budget Increase**	Minor increase in operating budget to support new customers will be offset by increase in revenues with no net loss.
13	North Water Street Water Replacement		$0	$345,000	$0	$345,000	2016		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
14	Replace Castle Hayne Aquifer Source Water in Well Field		$0	$300,000	$1,400,000	$1,700,000	2018		Future Operating Budget Decrease	This project lessens use of high operating cost infrastructure. The operating budget is expected to decrease.
15	Find It, Fix It Methodology Water Replace and Rehab (AMP)	15W191	$913,827	$100,000	$1,800,000	$2,813,827	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
16	Wastewater Treatment Facilities Rehabilitation (AMP)		$0	$200,000	$1,800,000	$2,000,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
17	Water Treatment Facilities Rehabilitation (AMP)	15W190	$120,000	$200,000	$450,000	$770,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
18	Mandatory Connection Services Install (Water) *		$0	$200,000	$0	$200,000	2016		**Future Operating Budget Increase**	Minor increase in operating budget to support new customers will be offset by increase in revenues with no net loss.
19	Mandatory Connection Services Install (Wastewater) *		$0	$200,000	$0	$200,000	2016		**Future Operating Budget Increase**	Minor increase in operating budget to support new customers will be offset by increase in revenues with no net loss.
20	Information Technology Networking Infrastructure Replacement	15A002	$100,000	$150,000	$900,000	$1,150,000	2018		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
21	Virtual Desktop IT Migration	15A003	$120,000	$120,000	$400,000	$640,000	2019		Future Operating Budget Decrease	The project enables process improvements that lead to efficiencies that cannot be quantified without implementation.
22	EMD HVAC and Power Supply Modifications		$0	$50,000	$0	$50,000	2016		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is not functioning properly. Long term efficiency gains are expected but cannot yet be quantified.
23	Generator Replacement (Water - AMP)	15W187	$50,000	$45,000	$900,000	$995,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
24	Find it, Fix it Methodology Raw Water Line Rehabilitation (AMP)		$0	$50,000	$450,000	$500,000	Annual		Future Operating Budget Decrease	This project rehabilitates existing infrastructure that is at the end of its lifecycle. Long term efficiency gains are expected but cannot yet be quantified.
25	Motor Fleet Capital	15A005	$600,000	$600,000	$5,400,000	$6,600,000	Annual		Future Operating Budget Decrease	The project replaces fleet vehicles past their lifecycle with savings that cannot be quantified without implementation.
26	Sewer Collection Expansion to Old Myrtle Grove Road*		$0	$300,000	$2,700,000	$3,000,000	Annual		**Future Operating Budget Increase**	Minor increase in operating budget to support new customers will be offset by increase in revenues with no net loss.
27	Construct Utility Services Operations Center		$0	$200,000	$1,000,000	$1,200,000	2017		Future Operating Budget Decrease	The project decreases operating budget by replacing annual lease cost with capital cost of new facility.
28	Distribution System - Standard Developer Agreements	15W195	$266,000	$50,000	$450,000	$766,000	Annual		Future Operating Budget Decrease	Revenues from any new customers expected to be offset by increased operating cost of new infrastructure.
29	Collection System - Standard Developer Agreements	15S320	$506,000	$50,000	$450,000	$1,006,000	Annual		Future Operating Budget Decrease	Revenues from any new customers expected to be offset by increased operating cost of new infrastructure.
	TOTAL CAPITAL IMPROVEMENT PROJECTS		**$22,520,789**	**$17,735,000**	**$69,760,000**	**$110,015,789**				

*These growth projects will have substantial capital cost recovery from new customers or other stakeholders. The entire project amount is programmed to allow construction prior to cost recovery.

CAPE FEAR PUBLIC UTILITY AUTHORITY
TEN YEAR CAPITAL IMPROVEMENT PROGRM
FY 15-16

Reference Number	FY 2016 to FY 2025 CIP	Current Project #	Project Cost	FY 10 to FY 15 Budgeted	FY 16 Planned	FY 17 Planned	FY 18 Planned	FY 19 Planned	FY 20 Planned	FY 21 Planned	FY 22 Planned	FY 23 Planned	FY 24 Planned	FY 25 Planned
	Water Capital Projects		*All dollar amounts are shown in FY 2015 dollars. No adjustments are made for projected inflation or deflation.*											
	Raw Water Improvements: Surface or Well Sources and Transmission													
14	Replace Castle Hayne Aquifer Source Water in Well Field		$1,700,000		**$300,000**		**$700,000**	**$700,000**						
	Access Road and Drainage Improvements (AMP)	14W166	$175,000	$55,000				**$40,000**			**$40,000**			**$40,000**
	Construction of New Raw Water Line with LCFWSA ILA		$32,000,000						**$1,000,000**	**$31,000,000**				
	Kings Bluff Pump Station Pump Replacement		$500,000				**$500,000**							
	Replacement of 24-inch Raw Water Lines		$6,500,000									**$6,500,000**		
23	Generator Replacement (Water - AMP)	15W187	$995,000	$50,000	**$45,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**
24	Find it, Fix it Methodology Raw Water Line Rehabilitation (AMP)		$500,000		**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
	Water Treatment Plant Improvements													
	Automated Weir Cleaning System at Sweeney Clarifier		$40,000									**$40,000**		
	Nano Membrane Replacement		$500,000				**$500,000**							
	Ozone Power Supply Unit Upgrades		$250,000			**$250,000**								
22	EMD HVAC and Power Supply Modifications		$50,000		**$50,000**									
	Groundwater Way Facilities - Install Fiber Optic Line		$200,000			**$200,000**								
	Expansion of Wireless SCADA Access		$80,000			**$80,000**								
2	Aeration/ Mixer Program for DBP Reduction	14W165	$2,800,000	$1,400,000	**$1,400,000**									
	Sweeney Clear Well Rehabilitations	13W155	$3,419,300	$3,269,300			**$50,000**			**$50,000**			**$50,000**	
17	Water Treatment Facilities Rehabilitation (AMP)	15W190	$770,000	$120,000	**$200,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
	Water Storage Improvements: Elevated, Ground and Aquifer Storage													
	Aquifer Storage and Recovery Southern Area		$3,000,000								**$500,000**		**$2,500,000**	
	Elevated Tank Coatings		$500,000			**$100,000**		**$100,000**		**$100,000**		**$100,000**		**$100,000**
	Bragg Drive Elevated Storage Tank		$6,000,000										**$6,000,000**	
	Distribution System Upgrades and Rehabilitation													
10	Comprehensive Meter Replacement Program	13W143	$23,429,115	$3,519,115	**$6,350,000**	**$6,430,000**	**$6,430,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**
13	North Water Street Water Replacement		$345,000		**$345,000**									
	Water Emergency Repair	15W194	$2,662,658	$412,658		**$250,000**	**$250,000**	**$250,000**	**$250,000**	**$250,000**	**$250,000**	**$250,000**	**$250,000**	**$250,000**
	Interconnect Monterey Heights Water System to Surface Water		$6,000,000				**$500,000**		**$5,500,000**					
15	Find It, Fix It Methodology Water Replace and Rehab (AMP)	15W191	$2,813,827	$913,827	**$100,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**
	Growth Projects													
18	Mandatory Connection Services Install*		$200,000		**$200,000**									
12	Water Distribution Expansion to Avenel*		$4,980,000		**$480,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**	**$500,000**
28	Distribution System - Standard Developer Agreements	15W195	$766,000	$266,000	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
	TOTAL WATER CAPITAL IMPROVEMENT PROJECTS		**$101,175,900**		**$9,570,000**	**$8,260,000**	**$9,880,000**	**$2,140,000**	**$7,800,000**	**$32,450,000**	**$1,840,000**	**$7,940,000**	**$9,850,000**	**$1,440,000**
	TOTAL WASTEWATER CAPITAL IMPROVEMENT PROJECTS		**$228,895,911**		**$7,095,000**	**$12,160,000**	**$7,900,000**	**$15,150,000**	**$6,070,000**	**$4,300,000**	**$134,300,000**	**$8,150,000**	**$4,300,000**	**$0**
	TOTAL SYSTEM WIDE CAPITAL IMPROVEMENT PROJECTS		**$13,374,755**		**$1,070,000**	**$3,620,000**	**$940,000**	**$940,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**
	TOTAL WATER AND WASTEWATER CAPITAL IMPROVEMENT PROJECTS		**$343,446,566**		**$17,735,000**	**$24,040,000**	**$18,720,000**	**$18,230,000**	**$14,670,000**	**$37,550,000**	**$136,940,000**	**$16,890,000**	**$14,950,000**	**$2,240,000**

Reference Number	FY 2016 to FY 2025 CIP	Current Project #	Project Cost	FY 10 to FY 15 Budgeted	FY 16 Planned	FY 17 Planned	FY 18 Planned	FY 19 Planned	FY 20 Planned	FY 21 Planned	FY 22 Planned	FY 23 Planned	FY 24 Planned	FY 25 Planned
	Wastewater Capital Projects		*All dollar amounts are shown in 2015 dollars. No adjustments are made for projected inflation or deflation.*											
	Waste Water Treatment Plant Improvements													
	Northside WWTP - Bulk Reclaim Water Supplemental Inline Sidestream UV Reactor		$100,000									**$100,000**		
11	Northside WWTP - Alum Sludge Storage	13S240	$1,360,000	$540,000	**$820,000**									
	Northside WWTP - Digester SCADA Controls		$310,000			**$310,000**								
	Northside WWTP - Aeration Basin Piping		$800,000					**$800,000**						
	Northside WWTP - Tertiary Filter Walkway		$170,000						**$170,000**					
	CFPUA Portable Emergency Generator Connection Systems		$700,000			**$700,000**								
16	Wastewater Treatment Facilities Rehabilitation (AMP)		$2,000,000		**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**	**$200,000**
	Southside WWTP Rehabilitation and Upgrade	09S016	$139,432,693	$8,682,693					**$750,000**		**$130,000,000**			
	Southside WWTP Land Purchase	09S016	$650,000					**$650,000**						
	Southside WWTP Sludge Loading Facility Roof	09S016	$650,000					**$650,000**						
	Southside WWTP Tributary Pump Station Hydraulic improvements	09S016	$850,000						**$850,000**					
	SCADA Server at Northside		$50,000			**$50,000**								
	Collection System Rehabilitation/Replacement													
1	Sewer Emergency Repair	15S318	$16,740,000	$6,590,000	**$1,150,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**
4	North Water Street Sewer Replacement	15S302	$2,205,000	$250,000	**$1,955,000**									
6	13th Street North Lakeshore	13S214	$1,870,847	$1,350,847	**$520,000**									
3	Find It, Fix It Methodology Force Main Rehabilitation (AMP)		$1,000,000		**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**
5	Find It, Fix It Methodology Gravity Sewer Rehabilitation (AMP)	15S309	$28,845,000	$5,345,000	**$1,000,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**
	Pump Station & Forcemain Improvements													
9	Sewer Pump Station Asset Rehab and Upgrade (AMP)	15S304	$800,000	$300,000	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
8	Pump Station SCADA Implementation		$1,000,000		**$250,000**	**$250,000**	**$250,000**	**$250,000**						
	Generator Replacement (Sewer - AMP)	15w187	$950,000	$50,000		**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**
	PS - 005 Lincoln Forest Replacement (CANTEX)		$750,000									**$750,000**		
	PS - 006 Newkirk Ave. Replacement (CANTEX)		$750,000									**$750,000**		
7	PS - 008 Pump Station Replacement (CANTEX)	14S283	$1,050,000	$550,000	**$500,000**									
	PS - 010 Force Main		$4,300,000			**$4,300,000**								
	PS - 010 Renovation and Capacity Upgrade	13S224	$9,156,371	$156,371		**$500,000**		**$8,500,000**						
	PS - 012 Force Main		$1,350,000	$350,000		**$1,000,000**								
	PS - 013 Dawson St. Replacement (CANTEX)		$750,000									**$750,000**		
	PS - 016 Central Blvd. Replacement (CANTEX)		$750,000									**$750,000**		
	PS - 021 River Rd. Replacement (CANTEX)		$750,000									**$750,000**		
	PS - 029 New Centre Dr. Replacement (CANTEX)		$1,500,000				**$1,500,000**							
	PS - 069 Motts Creek Pump Station Upgrade		$2,250,000	$400,000			**$1,850,000**							
	PS - 089 Smith Creek Pump Station		$850,000	$100,000		**$750,000**								
	Growth Projects													
19	Mandatory Connection Services Install*		$200,000		**$200,000**									
26	Sewer Collection Expansion to Old Myrtle Grove Road*		$3,000,000		**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**	**$300,000**
29	Collection System - Standard Developer Agreements	15S320	$1,006,000	$506,000	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**
	TOTAL WASTEWATER CAPITAL IMPROVEMENT PROJECTS		**$228,895,911**		**$7,095,000**	**$12,160,000**	**$7,900,000**	**$15,150,000**	**$6,070,000**	**$4,300,000**	**$134,300,000**	**$8,150,000**	**$4,300,000**	**$4,300,000**
	TOTAL WATER CAPITAL IMPROVEMENT PROJECTS		**$101,175,900**		**$9,570,000**	**$8,260,000**	**$9,880,000**	**$2,140,000**	**$7,800,000**	**$32,450,000**	**$1,840,000**	**$7,940,000**	**$9,850,000**	**$1,440,000**
	TOTAL SYSTEM WIDE CAPITAL IMPROVEMENT PROJECTS		**$13,374,755**		**$1,070,000**	**$3,620,000**	**$940,000**	**$940,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**
	TOTAL WATER AND WASTEWATER CAPITAL IMPROVEMENT PROJECTS		**$343,446,566**		**$17,735,000**	**$24,040,000**	**$18,720,000**	**$18,230,000**	**$14,670,000**	**$37,550,000**	**$136,940,000**	**$16,890,000**	**$14,950,000**	**$6,540,000**

CAPE FEAR PUBLIC UTILITY AUTHORITY
TEN YEAR CAPITAL IMPROVEMENT PROGRM
FY 15-16

Reference Number	FY 2016 to FY 2025 CIP	Current Project #	Project Cost	FY 10 to FY 15 Budgeted	FY 16 Planned	FY 17 Planned	FY 18 Planned	FY 19 Planned	FY 20 Planned	FY 21 Planned	FY 22 Planned	FY 23 Planned	FY 24 Planned	FY 25 Planned
	System Wide Capital Projects		*All dollar amounts are shown in FY 2015 dollars. No adjustments are made for projected inflation or deflation.*											
	Systemwide projects for both Water and Wastewater													
	Large Equipment Purchase Fund (AMP)	15S315	$1,284,755	$384,755		**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**
	Enterprise Software Replacement Project		$3,700,000	$2,000,000		**$1,700,000**								
20	Information Technology Networking Infrastructure Replacement (AMP)	15A002	$1,150,000	$100,000	**$150,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**	**$100,000**
21	Virtual Desktop IT Migration	15A003	$640,000	$120,000	**$120,000**	**$120,000**	**$140,000**	**$140,000**						
25	Motor Fleet Capital	15A005	$6,600,000	$600,000	**$600,000**	**$600,000**	**$600,000**	**$600,000**	**$600,000**	**$600,000**	**$600,000**	**$600,000**	**$600,000**	**$600,000**
27	Construct Utility Services Operations Center		$1,200,000		**$200,000**	**$1,000,000**								
	TOTAL SYSTEM WIDE CAPITAL IMPROVEMENT PROJECTS		**$13,374,755**		**$1,070,000**	**$3,620,000**	**$940,000**	**$940,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**	**$800,000**
	TOTAL WATER CAPITAL IMPROVEMENT PROJECTS		**$101,175,900**		**$9,570,000**	**$8,260,000**	**$9,880,000**	**$2,140,000**	**$7,800,000**	**$32,450,000**	**$1,840,000**	**$7,940,000**	**$9,850,000**	**$1,440,000**
	TOTAL WASTEWATER CAPITAL IMPROVEMENT PROJECTS		**$228,895,911**		**$7,095,000**	**$12,160,000**	**$7,900,000**	**$15,150,000**	**$6,070,000**	**$4,300,000**	**$134,300,000**	**$8,150,000**	**$4,300,000**	**$0**
	TOTAL WATER AND WASTEWATER CAPITAL IMPROVEMENT PROJECTS		**$343,446,566**		**$17,735,000**	**$24,040,000**	**$18,720,000**	**$18,230,000**	**$14,670,000**	**$37,550,000**	**$136,940,000**	**$16,890,000**	**$14,950,000**	**$2,240,000**

CAPE FEAR PUBLIC UTILITY AUTHORITY
DEBT

Debt in the form of revenue bonds has been issued to finance the Authority's capital improvements. Since the Authority issues revenue bonds, there is no statutory limit on the amount of debt; however, the Authority applies sound financial management principles in financing decisions. The Authority may issue debt in FY 2016.

Debt Policy

The Authority will comply with all covenants and requirements of its Master Bond Indenture.

- Maintain a reserve amount sufficient to pay the current expenses for two months of the fiscal year as shown in the annual budget.
- Rate covenants: 1) Maintain debt service coverage ratio of 1.2 on the Authority's parity indebtedness, 2) Maintain debt service coverage ratio of 1.0 on the Authority's total indebtedness.
- In order to issue additional bonds, the Authority must maintain debt service coverage ratio of 1.2 on the Authority's total indebtedness for 12 consecutive months of 18 months preceding the issuance of new bonded debt.

Authority Credit Rating

Standard & Poor's raised the Authority's long-term credit rating during the fiscal year 2015 to AA+. The Authority maintained a credit rating of AA2 from Moody's.

Debt Service Coverage Ratio

The Debt Service Coverage Ratio for All Indebtedness increased to 1.65 in FY 2014 from 1.54 in FY 2013, remaining above the 1.0 ratio required by bond rate covenants. The Debt Service Coverage Ratio for Parity Indebtedness increased to 2.15 in FY 2014 compared to 1.89 in FY 2013, remaining above the 1.2 ratio required by bond rate covenants. The Debt Service Coverage Ratio for All Indebtedness is budgeted at 1.52 in FY 2016 and 1.20 in FY 2015. We believe actual debt coverage will be higher due to actual expenditures being lower than budgeted.

Debt Service Coverage Ratios	
Fiscal Year Ended June 30	**Debt Coverage Ratio**
2014	
Parity Debt Coverage Ratio	2.15
Total Debt Coverage Ratio	1.65
2013	
Parity Debt Coverage Ratio	1.89
Total Debt Coverage Ratio	1.54
2012	
Parity Debt Coverage Ratio	2.08
Total Debt Coverage Ratio	1.55

CAPE FEAR PUBLIC UTILITY AUTHORITY
DEBT

Outstanding Debt

The outstanding balance of existing bonded debt and installment obligations as of June 30, 2015 will be $314,672,235 as shown in the table below:

OUTSTANDING BALANCE OF EXISTING DEBT June 30, 2015	
REVENUE BONDS	**June 30, 2015**
Series 2008 Water & Sewer Revenue Bonds	171,675,000
Series 2011 Water & Sewer Revenue Bonds	39,890,000
Series 2014A Water & Sewer Revenue & Refunding Revenue Bonds	60,025,000
Series 2014B Taxable Water & Sewer Refunding Revenue Bonds	4,690,000
Sub-total	**276,280,000**
INSTALLMENT OBLIGATIONS	
Series 2006A Refunding Certificates of Participation	11,630,000
Series 2005A Certificates of Participation	2,574,000
Series 2012 Limited Obligation Bonds	13,035,000
ARRA Federal Revolving Loan	1,212,249
Clean Water State Revolving Loans	9,940,986
Sub-total	**38,392,235**
Total Outstanding Balance of Existing Debt	**$ 314,672,235**

Schedule of Debt Service

The annual debt service for existing outstanding and future debt issues are included on the Schedule of Debt Service for Fiscal Years 2016-2021 which follows.

CAPE FEAR PUBLIC UTILITY AUTHORITY
FY 15-16

Operating and Capital Budget Summary
Debt Service Coverage Ratio

	CFPUA FY15-16 Recommended Budget
REVENUES	
Water Revenues	$ 31,067,000
Wastewater Revenues	35,280,000
Other Charges for Service	3,078,200
Total Operating Revenues	**69,425,200**
System Development Charges	3,600,000
Investment Earnings	796,000
Total Nonoperating Revenues	**4,396,000**
Total Revenues	**73,821,200**
EXPENSES	
Operating Expenses before Debt Service and Capital Outlay (Note 1)	**38,505,846**
Net Income before Debt Service and Capital Outlay	**35,315,354**
Debt Service (Principal & Interest Payments - Note 2)	**23,284,921**
Debt Service Coverage Ratio for All Indebtedness	**1.52**
Total Expenses	**61,790,767**
NET INCOME	
Net Income after Debt Service, Available for Capital Outlay (Note 3)	**13,255,433**
CAPITAL OUTLAY	
Capital Outlay Funded by Operations in Operating Fund	**$ 359,500**
Available for Transfers to Capital Projects Funds	**$ 12,895,933**

Note 1: Operating Expenditures before Debt Service and Capital Outlay excluding debt service fees of $275,000.
Note 2: Debt Service shown net of $275,000 in debt service fees.
Note 3: Revenues & Appropriated Fund Balance Less: Operating Expenses, Debt Service & Debt Fees

CAPE FEAR PUBLIC UTILITY AUTHORITY
SCHEDULE OF DEBT SERVICE
FISCAL YEARS 2016-2021

Cape Fear Public Utility Authority Revenue Bonds	Original Par Amount	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Series 2008 Water & Sewer Revenue Bonds	$ 187,765,000	$ 9,927,413	$ 13,453,725	$ 13,452,725	$ 13,453,350	$ 13,454,850	$ 13,456,475
Series 2011 Water & Sewer Revenue Bonds	44,100,000	3,312,113	3,312,013	3,313,563	3,045,463	2,812,063	2,809,663
Series 2014 Water & Sewer Revenue Bonds	65,085,000	5,650,048	5,647,040	5,655,970	5,652,900	4,426,750	4,424,750
Series 2015 Water & Sewer Revenue Bonds	5,000,000	401,214	401,213	401,213	401,213	401,213	401,213
Total Cape Fear Public Utility Authority Revenue Bonds	301,950,000	19,290,787	22,813,991	22,823,471	22,552,926	21,094,876	21,092,101
Principal portion of Cape Fear Public Utility Authority Revenue Bonds		6,096,213	9,903,774	10,301,712	10,465,048	9,483,800	9,957,990
Interest portion of Cape Fear Public Utility Authority Revenue Bonds		13,194,574	12,910,217	12,521,759	12,087,878	11,611,076	11,134,111
		19,290,787	22,813,991	22,823,471	22,552,926	21,094,876	21,092,101

Cape Fear Public Utility Authority Installment Debt	Original Par Amount	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
ARRA Federal Revolving Loan (Aquifer Storage & Retrieval)	1,335,605	66,781	66,781	66,781	66,781	66,781	66,781
Clean Water State Revolving Loan (Burnt Mill Creek Phase II)	3,025,992	218,159	214,444	210,730	207,016	203,301	199,587
Clean Water State Revolving Loan (Greenfield Lake Outfall)	2,201,480	151,902	149,701	147,499	145,298	143,096	140,895
Clean Water State Revolving Loan (McCumber's Ditch Sewer Rehab)	1,250,000	86,250	85,000	83,750	82,500	81,250	80,000
Clean Water State Revolving Loan (Between the Creeks PS#28)	429,000	29,601	29,172	28,743	28,314	27,885	27,456
Clean Water State Revolving Loan (30th Street Sewer Rehab)	1,151,607	79,461	78,309	77,158	76,006	74,854	73,703
Clean Water State Revolving Loan (Smith Creek Alandale PS Removal)	2,565,380	177,011	174,446	171,880	169,315	166,750	164,184
	11,959,064	809,165	797,853	786,541	775,230	763,918	752,606
Principal portion of Cape Fear Public Utility Authority Installment Debt		597,954	597,954	597,954	597,954	597,954	597,954
Interest portion of Cape Fear Public Utility Authority Installment Debt		211,211	199,899	188,587	177,276	165,964	154,652
		809,165	797,853	786,541	775,230	763,918	752,606

City of Wilmington Installment Debt	Original Par Amount	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Series 2006A Refunding Certificates of Participation	17,135,000	1,612,995	1,610,245	1,614,995	1,611,745	1,615,745	1,616,495
Principal portion of City of Wilmington Installment Debt		1,055,000	1,105,000	1,165,000	1,220,000	1,285,000	1,350,000
Interest portion of City of Wilmington Installment Debt		557,995	505,245	449,995	391,745	330,745	266,495
		1,612,995	1,610,245	1,614,995	1,611,745	1,615,745	1,616,495

New Hanover County Installment Debt	Original Par Amount	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Series 2005A Certificates of Participation	6,996,600	911,924	913,689	911,869	0	0	0
Series 2012 Limited Obligation Bonds Refunding	16,005,000	1,610,050	1,557,800	1,500,775	1,439,350	1,383,450	1,328,150
New Hanover County Debt Payment Reduction	0	(950,000)	(627,000)	(304,000)	0	0	0
Total New Hanover County Installment Debt	23,001,600	1,571,974	1,844,489	2,108,644	1,439,350	1,383,450	1,328,150
Principal portion of New Hanover County Installment Debt		1,929,200	1,938,000	1,946,800	1,030,000	1,015,000	1,000,000
Interest portion of New Hanover County Installment Debt		592,774	533,489	465,844	409,350	368,450	328,150
New Hanover County Debt Payment Reduction		(950,000)	(627,000)	(304,000)	0	0	0
		1,571,974	1,844,489	2,108,644	1,439,350	1,383,450	1,328,150
Total Debt Service	**$ 380,480,664**	**$ 23,284,921**	**$ 27,066,578**	**$ 27,333,651**	**$ 26,379,250**	**$ 24,857,988**	**$ 24,789,351**
Debt Service Fees		**275,000**	**283,250**	**291,748**	**300,500**	**309,515**	**318,800**
Total Debt Service and Fees		**$ 23,559,921**	**$ 27,349,828**	**$ 27,625,398**	**$ 26,679,750**	**$ 25,167,503**	**$ 25,108,152**
Bond Issuance Costs (Proceeds from Revenue Bonds)		**$ 750,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Debt Service, Fees and Bond Issuance Costs		**$ 24,309,921**	**$ 27,349,828**	**$ 27,625,398**	**$ 26,679,750**	**$ 25,167,503**	**$ 25,108,152**

CAPE FEAR PUBLIC UTILITY AUTHORITY
POSITIONS SUMMARY
FY 15-16

The budget authorizes a total of 295.5 positions.
Full-Time Equivalents (FTEs) by department is as follows:

	FY14	FY15	FY16	Note
Administration	5	**5**	**5**	
Finance	9	**9**	**12**	**(1)**
Human Resources/Safety	5	**5**	**5**	
Engineering	24	**24**	**25**	
Operations - Administration/IT	15	**16**	**14**	**(1)**
Operations - Centralized Maintenance	-	**14**	**14**	
Operations - Utility Services	96	**97**	**88**	**(1)(2)**
Operations - Wastewater Treatment	40	**30**	**30**	
Operations - Water Treatment	30	**24**	**24**	
Environmental Management	28.5	**28.5**	**28.5**	
Customer Service/Meter Services	42	**42**	**50**	**(1)**
Total	**294.5**	**294.5**	**295.5**	

Note

(1) In FY15 the Authority reorganized resulting in individual position moves and two department moves.

- Information Technology moved to Operations-Administration
- Meter Services moved to Customer Service
- ERP positions (2) moved to Finance
- Fiscal Contract Acounting Manager moved from Engineering to Finance
- Geographic Information Systems moved from IT to Engineering
- Asset Management position moved from Operations-Administration to Engineering

(2) New Locator position was added in Operations - Utility Services

CAPE FEAR PUBLIC UTILITY AUTHORITY
APPROVED SALARY SCALE
FY 15-16

GRADE	MINIMUM	1st QUARTILE	MIDPOINT	3rd QUARTILE	MAXIMUM
1	$19,394.19	$21,963.93	$24,533.66	$27,103.39	$29,673.12
2	$20,376.02	$23,075.85	$25,775.67	$28,475.50	$31,175.32
3	$21,407.56	$24,244.06	$27,080.57	$29,917.07	$32,753.57
4	$22,491.32	$25,471.42	$28,451.52	$31,431.62	$34,411.72
5	$23,629.94	$26,760.91	$29,891.88	$33,022.85	$36,153.82
6	$24,826.21	$28,115.69	$31,405.16	$34,694.64	$37,984.11
7	$26,083.03	$29,539.04	$32,995.04	$36,451.05	$39,907.05
8	$27,403.49	$31,034.45	$34,665.41	$38,296.37	$41,927.34
9	$28,790.79	$32,605.57	$36,420.35	$40,235.13	$44,049.91
10	$30,248.33	$34,256.23	$38,264.13	$42,272.04	$46,279.94
11	$31,779.65	$35,990.45	$40,201.26	$44,412.06	$48,622.86
12	$33,388.50	$37,812.47	$42,236.44	$46,660.42	$51,084.39
13	$35,078.79	$39,726.72	$44,374.66	$49,022.60	$53,670.54
14	$36,854.66	$41,737.90	$46,621.14	$51,504.38	$56,387.61
15	$38,720.41	$43,850.87	$48,981.32	$54,111.78	$59,242.23
16	$40,680.64	$46,070.82	$51,461.01	$56,851.19	$62,241.37
17	$42,740.10	$48,403.16	$54,066.22	$59,729.29	$65,392.35
18	$44,903.81	$50,853.57	$56,803.32	$62,753.08	$68,702.83
19	$47,177.07	$53,428.03	$59,678.99	$65,929.95	$72,180.91
20	$49,565.40	$56,132.82	$62,700.24	$69,267.66	$75,835.08
21	$54,710.94	$61,960.13	$69,209.33	$76,458.53	$83,707.73
22	$60,390.63	$68,392.39	$76,394.15	$84,395.91	$92,397.67
23	$66,659.96	$75,492.41	$84,324.85	$93,157.29	$101,989.74
24	$73,580.13	$83,329.50	$93,078.86	$102,828.23	$112,577.60
25	$81,218.69	$91,980.16	$102,741.64	$113,503.12	$124,264.59
26	$89,650.24	$101,528.90	$113,407.55	$125,286.21	$137,164.87
27	$98,957.09	$112,068.90	$125,180.72	$138,292.53	$151,404.34

Source: CFPUA Human Resources Feb 2015-1.5% Market Adjustment Approved for FY16

CAPE FEAR PUBLIC UTILITY AUTHORITY
POSITION/GRADE BY DEPARTMENT
FY 15-16

DEPT	Number Positions	POSITION	GRADE
ADM	1	Executive Director	C
ADM	1	Chief Communications Officer	23
ADM	1	Executive Secretary/ Clerk	18
ADM	1	Assistant to Executive Director	18
ADM	1	Internal Auditor	22
	5		
FIN	1	CFO and Administrative Services Director	27
FIN	1	Budget/Finance Manager	22
FIN	1	Procurement Manager	22
FIN	0.5	Contract Specialist (P-T)	12
FIN	1	Assistant Procurement Manager	17
FIN	1	Fiscal Support Specialist	12
FIN	1	Senior Accounting Technician	14
FIN	1	Payroll Specialist	14
FIN	1	ERP Systems Administrator	23
FIN	1	Senior ERP Systems Analyst	20
FIN	1	Fiscal Contract Account Manager	21
FIN	1	Accounting Manager	22
FIN	0.5	Financial Systems Analyst (PT)	22
	12		
CS	1	Customer Service Director/Deputy Finance Officer	25
CS	1	Administrative Support Specialist	12
CS	1	Billings and Collections Manager	21
CS	1	Customer Service Center Manager	21
CS	1	Billing Specialist Supervisor	16
CS	1	Collection Specialist Supervisor	16
CS	4	Billing Specialist	11
CS	3	Collections Specialist	12
CS	11	Customer Service Representative	10
CS	1	Meter Reading & Services Manager	21
CS	1	Meter Services Supervisor	17
CS	1	Meter Reader Supervisor	16
CS	1	Senior Meter Technician	12
CS	4	Meter Technician II	11
CS	3	Meter Technician I	10
CS	9	Meter Reader	9
CS	2	Customer Service Supervisor	16
CS	1	Cash Applications Technician	10
CS	1	Cash Applications Specialist	12
CS	2	Customer Support Leader	12
	50		
HR	1	Human Resources Director/Safety	25
HR	1	Employee Benefits Manager	21
HR	1	Compensation Manager	22
HR	1	Safety Program Manager	21
HR	1	Human Resources Technician	14
	5		

CAPE FEAR PUBLIC UTILITY AUTHORITY
POSITION/GRADE BY DEPARTMENT
FY 15-16

DEPT	Number Positions	POSITION	GRADE
ENG	1	Director of Engineering	26
ENG	4	Project Manager	22
ENG	1	Project Engineer	21
ENG	2	Engineering Technician	16
FIN	1	GIS Administrator	21
ENG	1	GIS Specialist	16
ENG	4	Construction Inspector	15
ENG	1	Office Administrator	13
ENG	1	Customer Liaison	11
ENG	3	Engineering Manager	24
ENG	2	Senior Project Engineer	23
ENG	1	Property Acquisition Specialist	21
ENG	2	Senior Project Manager	23
ENG	1	Senior Program Manager	22
	25		
EMD	1	Environment Management Director	25
EMD	1	Environmental Program Manager	21
EMD	1	Laboratory Manager	21
EMD	1	Comm. Compliance Assistance Supervisor	21
EMD	2	Supervising Chemist- 1 Wtr, 1 WW	19
EMD	1	EMD Information System Manager	19
EMD	1	Senior Environmental Compliance Assist. Officer	16
EMD	2	Chemist I- 1WW & 1 WTR	14
EMD	1	Chemist II- WTR	15
EMD	1	Microbiology Technician	14
EMD	1	ESMD Lead Auditor	15
EMD	3	Environmental Compliance Assistance Officer	15
EMD	6.5	Laboratory Technician-3ww, 4 wtr, .5qc(PT)	13
EMD	1	Administrative Assistant	12
EMD	2	Laboratory Assistant- 1 wtr, 1ww	11
EMD	1	Administrative Support Technician	10
EMD	1	Environmental & Services Superintendent	22
EMD	1	Emergency Management/Strategic Coordinator	21
	28.5		
US-ADM	1	Chief Operations Officer/Deputy Executive Director	27
US-ADM	1	Utility Services Superintendent	24
US-ADM	1	Administrative Assistant	12
US-IT	1	Chief Information Officer	24
US-IT	1	IT Specialist	15
US-IT	1	IT Network Administrator	21
US-IT	1	SCADA Administrator/Project Manager	18
US-IT	1	Server Administrator	18
US-IT	1	Program Manager	21
US-CM	1	Maintenance Superintendent (Wtr/WW)	21
US-CM	1	Administrative Support Technician	10
US-CM	1	Facilities/Inventory Technician	12

CAPE FEAR PUBLIC UTILITY AUTHORITY
POSITION/GRADE BY DEPARTMENT
FY 15-16

DEPT	Number Positions	POSITION	GRADE
US-CM	1	Asset Manager	19
US-CM	1	Water Treatment Plant Maintenance Supervisor	19
US-CM	2	Utility Maintenance Technician	12
US-CM	1	Utility Maintenance Foreman	15
US-CM	2	Facilities Specialist-wtr	14
US-CM	2	Facilities Specialist-ww	14
US-CM	1	Electric & Instrument Technician	14
US-CM	5	Utility Maintenance Technician-WW	12
US-CM	1	Wastewater Treatment Plant Maintenance Supv	19
US-COLL	1	Collection System O&M Supervisor	19
US-COLL	1	Pump Stations Supervisor	19
US-COLL	6	Collections Maintenance Technician	11
US-COLL	1	Pump Station Operations Foreman	16
US-COLL	1	Camera Crew Foreman	14
US-COLL	2	Trades Specialist	14
US-COLL	3	Camera Operator-3 crews	12
US-COLL	5	Pump Station Operator	12
US-COLL	2	Heavy Equipment Operator	12
US-COLL	6	Utility Maintenance Technician-pump stations	12
US-COLL	3	Camera Assistant	9
US-COLL	1	Warehouse Technician	9
US-COLL	1	Utilities Collection System Manager	22
US-COLL	1	ROW/Heavy Construction Supervisor	19
US-COLL	5	Pump Station Crew Foreman	14
US-COLL	1	Outfall Crew Foreman	14
US-COLL	2	Service Technician	12
US-DIS	1	Project Coordinator-Operations	21
US-DIS	1	Construction Supervisor- 1 dist	17
US-DIS	1	Distribution/Construction Supervisor	22
US-DIS	1	Administrative Support Specialist	12
US-DIS	1	Warehouse Supervisor	14
US-DIS	1	Water Quality Foreman	14
US-DIS	3	Water Quality Technician-Dist	11
US-DIS	1	Office Assistant	10
US-D & C	2	Planner/Scheduler	17
US-D & C	11	Construction Crew Foreman- 6 dist, 4 coll	14
US-D & C	4	Senior Construction Worker	11
US-D & C	14	Construction Worker	9
US-DIS	1	Utility Locate Foreman	14
US-DIS	4	Locator	11
	116		
WT	1	Water Resources Manager	24
WT	1	Water Treatment Supervisor	21
WT	2	Water Treatment Operations Supervisor	19
WT	10	Water Control Operator	13
WT	1	Water Res/Communications Administrative Specialist	14
WT	5	Water Process Operator	12
WT	1	Administrative Support Technician	10

CAPE FEAR PUBLIC UTILITY AUTHORITY
POSITION/GRADE BY DEPARTMENT
FY 15-16

DEPT	Number	POSITION	GRADE
	Positions		
WT	1	Facilities Assistant	9
WT	2	Senior Water Control Operator	15
	24		
WWT	1	Wastewater Superintendent	24
WWT	2	Wastewater Treatment Plant Supervisor	21
WWT	2	Chief WWT Operator	17
WWT	2	Utility Maintenance Technician	12
WWT	16	WWT Process Operator	12
WWT	4	WWT Control Operator	13
WWT	2	Administrative Support Specialist	12
WWT	1	Custodian	6
	30		
	295.5		

AUTHORITY BOARD

Board Chairman, Patricia O. Kusek

The Cape Fear Public Utility Authority Board consists of eleven members. The City of Wilmington and New Hanover County appoint five members each; two of those appointments come from their respective governing boards. The eleventh member is jointly appointed. The Board is responsible for the adoption of the annual budget, setting water and sewer rates, making policy decisions, and appointing the Executive Director, Internal Auditor, and the Authority's Legal Counsel.

Key Accomplishments

- Supported regional, cooperative solutions to water and sewer needs through partnerships in the public and private sectors.
- Reviewed and supported Executive Director and staff initiatives for system growth and community outreach.

CFPUA Board Notable Goals for FY 16

- Continue to set policies and objectives for the organization.
- Provide direction for the Authority to meet its Mission to p*rovide high-quality water and sewer service in an environmentally responsible manner, while maintaining the lowest practicable cost.*

Summary of Expenditures

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
Authority Board									
Personnel	$ 26,403	$ 26,200	$ 28,100	$ 27,500	$ 39,603	$ -	$ 39,603	$ 39,603	0.00%
Benefits	2,019	2,004	2,019	2,104	3,029	-	3,029	3,162	4.39%
Operating	19,600	16,279	92,263	44,203	37,788	-	37,788	35,526	-5.99%
Total Authority Board	**48,022**	**44,483**	**122,382**	**73,807**	**80,420**	**-**	**80,420**	**78,291**	-2.65%

ADMINISTRATION
OFFICE OF THE EXECUTIVE DIRECTOR

Executive Director, James R. Flechtner, P.E.

The Executive Director is responsible for the overall management of Cape Fear Public Utility Authority. The Executive Director employs and manages the management staff, designates assignments, and is responsible for carrying out the policies and directives of the Board. The Authority's Administration Department includes an Executive Assistant who provides direct support to the Executive Director and the Chief Communications Officer.

Key Accomplishments

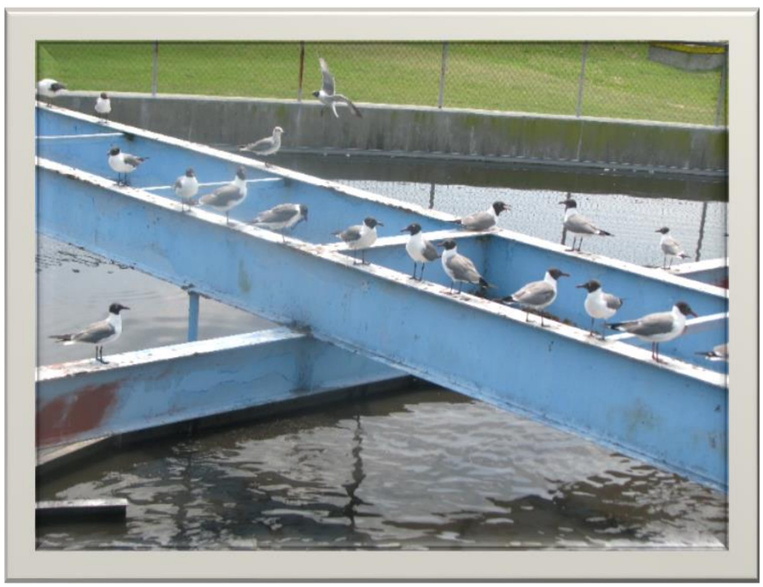
- Provided leadership to ensure that the organization's overall mission was accomplished.
- Promoted and maintained outstanding service and communications with customers.
- Provided the Authority Board with timely support and information.
- Ensured that water and wastewater facilities operated in compliance with applicable standards.
- Implemented sound fiscal policies, budgets and controls.
- Implemented and maintained effective long-term financial, operational and environmental sustainability plans.
- Provided high-level direction and support for the sustainability and resource management activities throughout the Authority.
- Encouraged teamwork within the Authority and with our partners in the community.
- Promoted training and development of all employees in order to improve services.
- Promoted an environment of open communications within the Authority.
- Endorsed and encouraged a safe working environment.

Office of the Executive Director Notable Goals for FY 16

- The Office of the Executive Director carries out the Authority's mission to provide high quality water and sewer service in an environmentally responsible manner, while maintaining the lowest practicable cost. This is accomplished through the Authority's Guiding Principles:
    - *Stewardship* – Maintain a stable financial position that balances rates, the environment and the Authority's long-term capital and operating needs.
    - *Sustainability* –Build partnerships that encourage growth while optimizing the protection and use of water and sewer resources.
    - *Service* –Strengthen relationships with customers, regulators, government officials, including the City of Wilmington and New Hanover County, and support staff by providing a competitive, safe, work environment that offers rewards for excellence.

Summary of Expenditures

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
Administration									
Personnel	443,882	420,415	411,257	353,131	450,877	200	451,077	460,573	2.15%
Benefits	110,631	92,827	115,506	92,105	115,547	-	115,547	134,389	16.31%
Operating	309,700	201,957	328,100	230,070	300,020	6,500	306,520	289,900	-3.37%
Total Administration	**864,213**	**715,199**	**854,863**	**675,306**	**866,444**	**6,700**	**873,144**	**884,862**	2.13%



Photograph by Jacqueline Valade, Southside Wastewater Treatment Plant

ADMINISTRATION
COMMUNICATIONS DIVISION

Chief Communications Officer, Mike McGill

The Communications Division within the Administration Department is responsible for keeping the organization and our key stakeholders, including our customers and the news media, informed about the Authority's role within the City of Wilmington and New Hanover County. The division also supports various departments within CFPUA our outreach to customers affected by scheduled construction projects or emergency response.

Key Accomplishments

Communications' number one charge was to continue to build positive working relationships with the media. The effort continues to place the Authority in a position where, even during negative incidents, we are able to get out messages through at least neutral, and in many cases, positive coverage. Over the course of the year, CFPUA received positive coverage on more than a dozen topics, including:

- CFPUA's Flemington agreements with Duke Energy, New Hanover County, and the City of Wilmington;
- Our "Cease the Grease" lid campaign and Thanksgiving cooking demonstration for the media;
- The flushing of diabetic needles into our sewer system;
- Pharmaceutical drugs traces found in drinking water;
- Algae bloom concerns. After an algae bloom contaminated Toldeo's water supply, a similar situation was found to be impacting the Cape Fear River. CFPUA conducted multiple local and national interviews to inform the public our system was robust enough to handle the situation.
- Keeping so-called "flushable" wipes out of our system;
- The water quality issues with the local VA health facility;
- CFPUA's valve replacement program work throughout the city and county;
- Our crews' excellent work during water main breaks;
- Our GPS system results; and
- Our new portable water station for community events.

Our updated emergency communications process continues to serve the Authority well. Today, we now use more communications methods to communicate information about emergencies or items of interest to our customers than any other water and sewer utility in the state.

An essential Communications, and Customer Service, effort was launched in FY 15, a long-needed update of CFPUA's website. Working closely with the IT Department, Communications has managed the update of the website with the goal of it becoming the envy of our industry. Our customers and key stakeholders will be provided the same wealth of information in an easier-to-understand and navigate format.

A great deal of time was spent in FY 15 focusing on communications surrounding several key construction projects. Working closely with the Engineering Department, we improved project communications for the public through a set system of communications and information flow. In addition to handling essential public meetings, Communications established a system of regular newsletters for both the Heritage Park and Marquis Hills Septic-to-Sewer projects, and served as a direct point-in-contact, enabling residents to address their concerns the moment the issues came to mind. A system was developed with the various project managers within Engineering and with our contractors to serve the customers, or at least give them fast feedback As a result, complaints have been fewer and escalation to the press has not occurred.

We used new, shorter and punchier bill inserts to extend the life of our information brochures that touch upon key topics for the organization and our customers. They were also designed to drive traffic to the CFPUA website.

Communications wrote and produced the 2014 Annual Report, which received positive reviews from key stakeholders. We again managed assistance from all departments and a clear, well-designed piece relayed key messages about CFPUA to our stakeholders.

Communications built upon the success of the FY 14 "Cease the Grease" FatTrapper and lid campaigns by helping purchase 15,000 more lids for the effort. Partnerships were developed with a local Lowes Food supermarket and local event planners to provide the lids to the people in ways beyond our Customer Service locations.

Communications also created a new employee newsletter called "The Pipeline." Every two months, we produce and write a publication that provides employees with a less formal outlet to receive important information about the Authority. It also showcases employees at work and play, celebrates work anniversaries, tests everyone with a brain teaser, and gives staff the opportunity to submit their own articles or showcase their personal goods and services for sale.

Communications Division Notable Goals for FY 16

- Build upon the progress made with the media over the last two and-a-half years. Media coverage in FY 15 continued on an upward positive and/or fair treatment track. While Wilmington reporters continue to shuffle in and out of the market, COMMS' approach is one that fosters a two-way process of understanding and accountability that falls into place with new reporters.
- Use the improved Communications capabilities of the new website to make it more of a go-to destination for information about the Authority.
- The established emergency communications process continues to benefit the organization because of its speed and adaptability. However, there are always ways to improve emergency communications.

- Continue to improve upon direct communication with customers on project or "big-picture" issues through efficient phone and email response.
- Improve our social media work to develop a constant, beneficial presence on Facebook and Twitter.
- Move towards developing a "new" position for FY 17 that will return CFPUA's Communications staffing to its FY 13 level and build upon the foundation that has been laid in recent years.

FINANCE DEPARTMENT

Chief Financial Officer, Cheryl J. Spivey, CPA

The Finance Department is responsible for managing the Authority's finances in the most cost efficient manner in accordance with generally accepted accounting principles and statutory requirements. The major responsibilities of the Finance Department include preparing the annual Budget and Comprehensive Annual Financial Report, making timely payments to vendors, processing payroll and managing the bidding and contract process.

Key Accomplishments

- Issued $23 million of new debt to fund the Authority's capital program with total interest cost of 3.42% and refunded $42 million of bonds originally issued in 2005 saving more than $500,000 per year over the next 19 years.
- Bond Rating with Standard & Poor's was upgraded to AA+ and rating with Moody's remained at AA2.
- Performed a detailed analysis of all revenue and expenditure accounts for each department/division to prepare the FY-16 budget.
- Worked with the Authority Board to update the rate model reflecting the Authority's mission.
- Prepared the Authority's sixth Comprehensive Annual Financial Reports (CAFR) for Fiscal Year ended June 30, 2014, obtaining an unqualified opinion on the annual independent audit. The Authority has continued to implement cost efficiencies with Operating Expenditures (total expenditures less debt service) coming in at 89% of budget.
- Awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2013, for the fifth consecutive year.
- Awarded the Government Finance Officers Association Distinguished Budget Presentation Award for the FY 15 Adopted Budget for the third consecutive year.
- Provided disclosure information to bondholders and bond rating agencies for timely disclosures to the Security and Exchange Commission (SEC) on the Authority's outstanding debt. Provided all required financial filings to the State of North Carolina State Treasurer's Office through the Local Government Commission for the Authority's deposits and investments.
- Developed a program to monitor cash flows and cash flow projections and began purchasing CDs to gain higher yields on idle funds.
- Participated in the Water Utility Revenue Risk Assessment Model for UNC –Chapel Hill School of Government.
- Continued the refinement and adoption of various finance, accounting and purchasing policies including the Fuel Card Policy and a revision to the Surplus Policy.
- Encouraged vendors to utilize Electronic Funds Transfer (EFT), increasing efficiencies and reducing costs related to the number of checks printed and mailed.

- Placed various services such as root control, snow and ice removal, vending services and construction inspections under contract to improve efficiencies.

Finance Department Notable Goals for FY-16

- Manage the Authority's finances in the most cost efficient manner. Continue to look for expenditure efficiencies and ensure that all users of the Authority's water and sewer services are being properly billed.
- Select and begin implementation of a new Enterprise Resource Planning (ERP) solution.
- Continued review, improvement and cross training of finance, accounting and procurement processes.
- Preparation of the Authority's FY-16 Adopted Budget to meet the Government Finance Officers Association's Distinguished Budget Presentation Awards Program criteria.
- Preparation of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015 in accordance with the Government Finance Officers Association's Certificate of Achievement for Excellence in Finance Reporting Program.
- Continue to review all services provided to the Authority to ensure selection by competitive process and that contracts are in place.

Finance Department Performance Measures

Annual

	Goal	FY13	FY14
Annual Debt Service Coverage	> 1.20	1.54	1.65
Operating Revenue/Operating Expenses	> 1.00	2.21	2.28
Quick Ratio	> 2.00	4.60	3.84
Days Cash on Hand	> 365	1,161	992
Cost Recovery – Operating Ratio	> 1.00	1.39	1.44
Leverage – Debt to Equity Ratio	< 1.00	0.84	0.78
Asset Depreciation	0% - 25%	11.07%	13.35%

Summary of Expenditures

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
Finance/Customer Service									
Personnel	2,435,950	2,361,767	2,571,533	2,431,475	2,626,252	(6,500)	2,619,752	2,831,832	7.83%
Benefits	880,427	763,006	979,177	861,264	1,028,751	-	1,028,751	1,098,229	6.75%
Operating	878,336	724,587	945,754	762,408	968,390	6,500	974,890	856,397	-11.56%
Capital Outlay	164,000	155,870	46,000	31,455	-	-	-	-	0.00%
Total Finance/Customer Service	**4,358,713**	**4,005,230**	**4,542,464**	**4,086,602**	**4,623,393**	**-**	**4,623,393**	**4,786,458**	3.53%

FINANCE DEPARTMENT
CUSTOMER SERVICE DIVISION

Customer Service Director, Kristi Irick

The Customer Service Division is responsible for servicing nearly 67,000 customers for water and sewer services. This division reads meters and bills customers for services with a billing accuracy over 99%. There are two customer service locations and a call center staffed to address customer inquiries in an efficient and timely manner. The Division's objective is to meet our customers' needs through timely response, effective service and managed financial costs.

Key Accomplishments

- Point of contact for all customer service related inquiries that include payments, service set ups, answering questions and concerns, etc. Staff assists over 14,000 customers per month.
- Payment Processing:
  - CSR Assisted Payments: Only 21% of all payments received were handled by a CSR in 2014 compared to 25.5% in 2013. This is due to the implementation of the IVR in 2013. Self-help payments continue to increase since implementation of automated processes.
  - A/R Payments: Continued customer notification process via letter/phone call to ensure customers update account numbers in their online bank so we receive ACH in lieu of paper check. A/R payments have increased 6.6% from an average monthly volume of 6,662 in 2013 to 7,098 in 2014. A/R payments constitute approximately 19.5% of all payments received.
  - Remote Deposit: Remote deposit is the electronic same day deposit of payments received via mail or night drop box via automated file for batch creation. In 2014, 139,825 payments were processed through remote deposit, representing approximately 33% of all payments received.
  - IVR Payments: Total average monthly payments were up 29.7% from 1,829 in 2013 to 2,372 in 2014. Since implementation in July 2013, IVR payments now represent almost 7% of all payments received.
  - Bank drafts: The number of bank drafts has increased 26.9% from a monthly average of 1,860 in 2013 to 2,294 in 2014. Bank drafts represent about 6.4% of all payments.
  - EzBilling: EzBilling increased 12.3% from an average monthly payment total of 4,265 in 2013 to 4,790 in 2014. EzBilling represents about 13.2% of all payments.

- Customer Service management staff played a critical role in the ERP Project. Staff provided input for the preparation of the RFP, reviewed RFP submittals, attended on-site demos, attended two site visits and a webinar with another out of state utility, reviewed charter, and provided input for risks and gap analysis.

- Continued implementation of the Meter Replacement Program, which provides a more extensive automated method of meter reading that will increase service levels in the meter reading section. To date, over 7,100 meters have been converted to include AMR technology which cut read time from 43 hours to five hours.
- Debt Setoff – To date, Debt Setoff has collected $53,744.85 in FY 15. In the 2014 calendar year $192,146.46 was collected. Accounts sent to debt set off are 120 days past due active customers, loans and final accounts.
- Outbound calls by CFPUA staff to customers with delinquent accounts resulted in the collection of $315,121.46 year to date and $431,111.34 for calendar year 2014.
- Instituted a reconciliation process on collection accounts to ensure proper and timely receipt of payments.
- Continued collaboration efforts with Engineering and Operations departments to develop policies and procedures that support Authority goals and customers' needs, including community outreach and continued improvement of the Mandatory Connection process.
- Customer Service continues to leverage the use of GPS technology by assigning work orders to the meter reading staff closest to the work that needs to be done.

Customer Service Division Notable Goals for FY 16

- Increase calls handled in less than 5 minutes service level to 95% – Calendar year 2014 service level of 91.3% of all calls handled in less than 5 minutes, measured monthly.
- Successful integration of Meter Services and Meter Reading divisions.
- Work with EMD to facilitate billing for food service establishments from an annual bill cycle to a monthly bill cycle.
- Begin implementation of phase 1 of new ERP system – Customer Information System.
- Continue development of a training program for Customer Service staff to include customer service skills, leadership, administrative, computer skills, safety, and cross training to provide the highest quality of customer service.
- Continue to actively contact delinquent customers to increase the collection of revenue and to provide an increased level of customer service.
- Review and implement meter reader route changes to improve efficiency and productivity in meter reading activity.
- To maintain stable financial position by effectively billing and collecting revenues:
    - Maintain 100% on-time billing
    - Maintain 99% bill preparation accuracy
    - Maintain 99% meter reading accuracy.

Customer Service Division Performance Measures

	2012	2013	2014	Target
Calls answered in less than 5 minutes:	94.9%	97.1%	91.3%	95%
Average Speed of Answer (in seconds):	80	70	120	180
Abandoned Calls	6.9%	5.9%	9.2%	< 7%
Billing Accuracy	99.4%	99.3%	99.1%	99%
Work Order Completion within Service Levels*		96%	96%	95%

**Began tracking in 2013*

HUMAN RESOURCES DEPARTMENT

Director of Human Resources and Safety, Tom Morgan

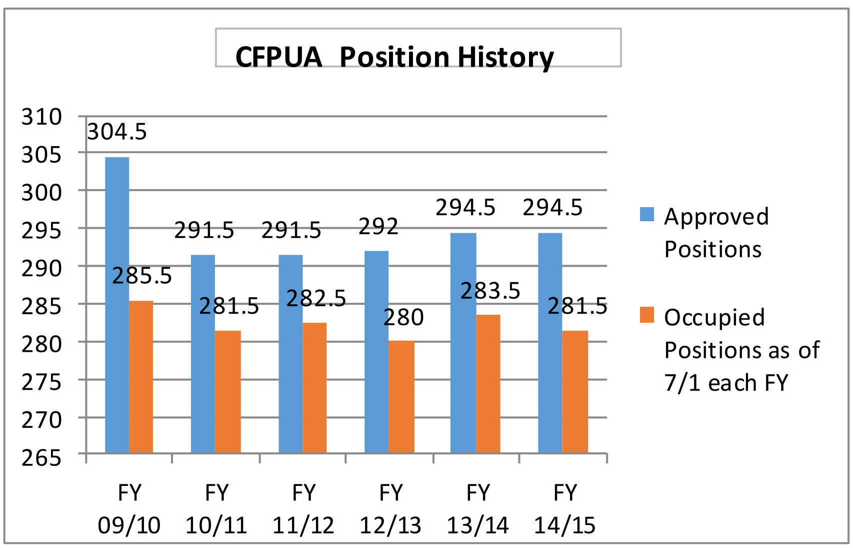
The Human Resources Department provides quality service and support in employment, employee relations, benefits, compensation, health and safety, and training to the employees so that they can best serve the needs of the customers of Cape Fear Public Utility Authority.

Key Accomplishments

- Secured employee benefit renewal contracts consistent with the Authority's HR Committee recommendations for the fiscal year.
- Maintained the employee health care clinic and scheduled seasonal flu vaccinations clinics.
- Scheduled and conducted Human Resources and Safety training classes totaling over 1,780 training hours.
- Maintained monthly tracking of Authority personnel training hours for Level of Service reporting; logged over 8,738.1 hours of training organization wide.
- Managed the annual CFPUA United Way Campaign.
- Organized the employee service awards ceremony honoring 38 employees who achieved service milestones. These employees represented a combined 465 years of service.
- Conducted annual drivers license record checks for all employees who are required to have a valid driver's license through NC DMV, and maintained the employee drug-testing program in accordance with the Authority's prescribed policies and procedures.
- Completed end of fiscal year annual compliance audit of personnel files and I-9 forms.
- Processed in excess of 1,500 employment applications.
- Maintained and updated the compensation and job classification plans.
- Held training programs through Cape Fear Community College - Supervisory & Leadership Training, Outlook, Communication & Social Media, Finance Training, Intro to Lean Methods, etc.
- Managed the employee performance evaluation process and implemented merit pay increases based on the process.
- Completed draft policy of a succession planning program which is in review.
- Participated in three (3) Virtual Job Fairs to obtain qualified applicants and promote CFPUA.
- Completed policies for an Employee Incentive Program and Employee of the Quarter Program.
- Participated in two (2) ISO audits with Environmental Management Department.
- Coordinated the 360° assessment process for management level personnel.
- Participated in enterprise resource planning software evaluation process.
- Completed set up of computer in HR lobby to allow online completion of applications for walk-in applicants.
- Secured agreements for insurance broker and risk management services resulting in a savings of $70k over a two year period.

Human Resources Department Notable Goals for FY 16

- Continue the core HR function of filling vacant positions, maintaining personnel files, administering the classification and compensation plan, complying with regulatory guidelines, administering the employee benefit plans, development and interpretation of policy and promoting positive employee relations.
- Continued to promote enhanced health and wellness initiatives for employees.
- Complete set-up of computer for Laserfiche for conversion of personnel files to electronic format.
- Promote cost-effective organizational training and workforce education to enhance employee's skills to meet the workforce needs of the Authority in the present and future.
- Continue with the development and implementation of formalized programs to promote effective workforce succession management.
- Enhance the safety and risk management function to achieve greater effectiveness and efficiencies.



Human Resources Department Performance Measures

	FY 13	FY 14	FY 15
• No. of Worker Comp. Claims-	13	11	10[2]
• Average Monthly Vacancy Rate-	5.1%	4.8%	5.1%[2]
• Average Monthly Turnover Rate-	1.3%	1.9%	1.4%[2]
• Average Training Hrs./Employee[1]	7.75	7.17	6.27[2]

[1]Organizational training sponsored by HR Dept.
[2] Estimated thru end of FY 15

Summary of Expenditures

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Human Resources/Safety Management									
Personnel	320,806	319,861	337,293	336,302	352,696	400	353,096	366,208	3.83%
Benefits	92,784	86,760	103,303	102,639	107,110	-	107,110	116,703	8.96%
Operating	136,551	119,749	166,523	117,827	181,800	-	181,800	186,072	2.35%
Total Human Resources/Safety Management	**550,141**	**526,370**	**607,119**	**556,768**	**641,606**	**400**	**642,006**	**668,983**	4.27%

HUMAN RESOURCES DEPAREMENT
SAFETY MANAGEMENT DIVISION

Cape Fear Public Utility Authority's safety program requires the input and participation of all Authority employees. It is a comprehensive program that encompasses all areas of employee safety and health. The function of the Safety Management Division is to promote safety in the workplace, ensure that standards, laws and regulations are incorporated into the Authority safety program to provide the most up to date information regarding safety compliance as well as offering assistance for resolving safety concerns, conducting facility and job site inspections, and handling claims.

Key Accomplishments

- Continued the role of Risk Manager for the handling and processing of 57 claims; worked with New Hanover County Risk Management for processing.
- Completed all required Occupational Safety and Health Administration (OSHA) reports and postings.
- Completed and submitted NC Department of Labor Safety Award applications, with Authority winning 14 NC Department of Labor Safety Awards.
- Completed four CFPUA sites for the NC Department of Labor Safety and Health Achievement Recognition Program (S.H.A.R.P.) designation with NC OSHA. Two sites were awarded the designation.
- Continued a review and update of the Safety & Health Policies and Procedures, converting them to ISO 14001 format.
- Continued to chair the monthly safety and accident review committee meetings and worked to minimize the potential for future accidents through the identification of root causes and implementing processes to prevent re-occurrence.
- Facilitated all Authority accident review appeals.
- Scheduled and facilitated the following training:
    - Heat Stress, Crane Operator/Rigger/Signaler, Safety Orientations, Powered Industrial Truck Operator, Global Harmonization System/Hazard Communication Standard and 1st Aid/CPR/AED.

OSHA Incident Rate – The OSHA Incident Rate is a metric used to compare a company's safety performance against a national or state average. This comparison is a safety benchmark to gauge performance with other organizations in the same business group. In working with OSHA on the S.H.A.R.P. program, it was discovered that CFPUA's Industry average incident rates for comparison purposes were incorrect. The recordable rate was changed from 5.2 to 7.04 and the D.A.R.T rate was changed from 3.1 to 4.21, which indicated that CFPUA's safety performance was much better than the industry average.

The OSHA Recordable Incident Rate includes all work-related employee injuries and illnesses that meet the reporting criteria for the OSHA 300 log. The OSHA Recordable Rate through January 2015 for the Authority is 2.69 compared to an industry average of 7.04.

The D.A.R.T. Incident Rate includes all work-related employee injuries and illnesses that not only qualify as a recordable but also result in **D**ays **A**way from work, placed on **R**estricted duty, or **T**ransferred to another position because of an injury or illness. The D.A.R.T. Rate through January 2015 for the Authority is 2.69 compared to an industry average of 4.21.

Safety Management Division Notable Goals for FY 16

- Continue to review and update safety policies and procedures.
- Continue facility and job site inspections throughout the next fiscal year.
- Work to reduce overall accident rate.
- Complete the S.H.A.R.P. designation application process for the remaining sites.
- Coordinate with departments on required training needs.
- Coordinate with Fleet Management to enhance visibility markings on CFPUA trucks and equipment.

Sweeney Water Treatment Plant, photographed by Sam Yarboro

Employee Safety Performance Measures

	FY 11	FY 12	FY 13	FY 14	FY15 TD
# of Injuries/Illnesses	25	41	27	25	12
# of OSHA Recordables	15	13	8	9	3
# of D.A.R.T Cases	13	8	7	8	3
OSHA Recordable Rate	6.02	5.05	3.14	3.51	2.69
D.A.R.T. Rate	5.21	3.1	2.75	3.52	2.69

ENGINEERING DEPARTMENT
ADMINISTRATION DIVISION

Director of Engineering, Carel Vandermeyden, P.E.

The Administration Division is responsible for the overall management of the Engineering Department and for ensuring that department functions are aligned to meet the Authority's strategic objectives. The department comprises five divisions: Administration, Asset Management, Planning and Design, Project Management and Development Services.

Key Accomplishments

- Refined the development of the Capital Improvement Program by evaluating all CIP requests based on consistent criteria of compliance, efficiency, capacity and customer growth.
- Completed several ordinance revisions to promote consistency in applying fees and provided clarifications to the mandatory connection program.
- Focused on mandatory connection throughout the service area where water and sewer mains were previously installed.
- Continued to refine and organize functions and procedures to promote efficiency and productivity. A good example of this is the development of a project scheduling and tracking tool to monitor capital projects from planning through design, construction and closeout.

Engineering Administration Division Overall Goal for FY 16

- The Administration Division of the Engineering Department ensures that engineering staff is provided adequate resources to successfully fulfill the department's goals, which includes maintaining an environment that promotes safety, flexibility and professional and personal development.

Summary of Expenditures

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Engineering									
Personnel	1,286,012	1,274,285	1,368,334	1,311,329	1,490,637	15,499	1,506,136	1,622,560	8.85%
Benefits	399,139	364,668	455,089	401,454	462,206	8,062	470,268	529,203	14.50%
Operating	147,704	108,860	128,185	95,855	121,480	-	121,480	130,908	7.76%
Total Engineering	**1,832,855**	**1,747,813**	**1,951,608**	**1,808,638**	**2,074,323**	**23,561**	**2,097,884**	**2,282,671**	10.04%

ENGINEERING DEPARTMENT
ASSET MANAGEMENT DIVISION

Asset Management was moved to the Engineering Department midway through this past fiscal year as a means of better aligning our strategic objectives. As the program has matured, we have been able to change our focus from what we currently do to how we can enhance what we do. Through asset management principles and practices, staff continues to strive to maximize asset life cycles, identify and mitigate areas of risk, explore means of efficient and effective decisions, and aid in more effective means of communication.

Key Accomplishments

- Community Compliance increased their identification and management in Maximo of backflow prevention assemblies from about 5500 to about 9750, aiding in the more effective management of these assets.
- As new water meters have been installed, these new assets have been added including install dates and geographic location, aiding in the front end of understanding life-cycle analysis.
- Enhanced data input procedures which enabled greater data quality and means to query information.
- Transition of Inventory Control from Naviline to Maximo, increasing the understanding and control of critical material.
- Risk Analysis of Force Mains was completed giving us a better understanding of the criticality and consequence of impact to our infrastructure. From the output of this assessment, what is being done to mitigate the risk to our infrastructure was aligned with those of greatest risk.
- Business Case Evaluations (BCE's) are being utilized across various departments as a valuable tool to help make major decisions, especially ones that have serious impacts to budgets, infrastructure and work practices.
- Maintenance Strategies gained a renewed focus addressing when and how groups perform Preventative Maintenance on infrastructure while also looking at criticality.

Asset Management Division Notable Goals for FY 16

- Increase knowledge and use of CMMS for all users to best manage asset life cycle.
- Continue risk assessments on areas of infrastructure including gravity collection system.
- Expand Maximo to the Engineering Department for greater understanding of life-cycle analysis and costs.
- Act as a resource to the Authority in determining cost effective solutions to infrastructure issues.
- Function as a means to increase communication across departments within the organization.
- Support BCE's with actual data from Maximo, where needed.

ENGINEERING DEPARTMENT
PLANNING AND DESIGN DIVISION

The Planning and Design Division contributes to the Authority's success by master planning, capital planning, modeling and managing system capacity, establishing and maintaining technical standards and specifications, engineering design and maintaining the Geographical Information System (GIS) database. In addition, the division develops maps and provides computer aided drafting that include CAD and hydraulic modeling to support engineering design, capacity management and system planning. The Division provides support as needed by directly managing several projects, programs and asset management teams.

Key Accomplishments

- Executed a solutions-driven Water and Sewer Capacity Management Program focused on how to provide needed capacity for new customers including new development.
- Performed master planning as needed to accomplish incremental system growth in light of Authority and developer funding constraints.
- Routinely coordinated with city, county and regional planning staff to ensure adequate capacity and facilities for near-term, mid-term and long-term planning horizons.
- Successfully facilitated and prepared a $17.7 million Capital Improvements Plan. All projects were evaluated and recommended based on compliance, efficiency, capacity and customer growth.
- Performed in-house design and construction management of Gravity Sewer Find-it-Fix-it projects and initiated water line Find-it-Fix-it Program. Performed in-house design for numerous small emergency and asset management projects.
- Developed Ordinance Appendix E for petition and assessments and worked with numerous neighborhood groups scoping projects.
- Updated and coordinated GIS with asset management.
- Prepared designs and bid documents for mandatory connection service installation throughout the service area and supported the organization at numerous public meetings for mandatory connection.
- Provided professional technical assistance on numerous groundwater related issues, including Flemington, the Nano Well Field, and the Aquifer Storage and Recovery Program.
- Developed a conceptual design for water and sewer utilities on the U.S. 421 corridor.

Planning and Design Division Notable Goals for FY 16

- Create in-house water and sewer modeling capabilities to support project development, Business Case Evaluations (BCE's), operations and emergency response.
- Develop and implement water main lining as an effective tool for water main rehabilitation.
- Lead development of more detailed BCE's and project nominations to support the FY 17 CIP.
- Lead conversion of the CIP production process from spreadsheets to a database.

- Make capacity management mapping and information more readily available to outside stakeholders.
- Lead implementation of the Authority's Petition and Assessment Ordinance in neighborhoods requesting service.
- Lead assimilation of the GIS Administration function into Engineering from IT and develop efficiency improvements from the reorganization.

ENGINEERING DEPARTMENT
PROJECT MANAGEMENT DIVISION

The Project Management Division is responsible for overseeing numerous capital improvement projects ranging in scope from multi-year year projects such as the Northeast Interceptor upgrades to multi-month turnaround projects for minor repairs. CFPUA's project managers facilitate moving capital projects into the engineering and construction market place as well as monitor the construction phase work for compliance with many internal and external agencies. The primary role of the Project Management Division is executing capital improvement projects.

Key Accomplishments

Project Management Division staff managed many on-going projects and initiated new projects. Approximately $36 million in construction bids were received over 13 projects ranging from $150,000 to $9 million. The Project Management Division was actively involved in about 80 projects valued at over $130 million. To help better manage and communicate the status of the active projects, electronic scheduling software was implemented to track the projects from design through construction and closeout. This benefits the day to day management of the projects and also allows for making better decisions for starting new projects while maintaining existing projects on schedule with the resources available.

A number of important projects were either under construction or completed in FY 15. Examples of these projects are the Masonboro Sound Sewer Extension Project, the NEI Northside Force Main, the NEI Rehabilitation Phase 2, and the Heritage Park and Marquis Hills Area Sewer Extension Projects.

Notable Projects in FY 15

WASTEWATER

- **River Road 24" FM** – Complete
- **Alandale and 30th St CWSRF** – Complete
- **Masonboro Sound Sewer Extension (South)** – In closeout
- **NEI Northside Force Main** – Near completion
- **NEI Rehabilitation Phase 2** – Near completion
- **Kirkland PS Capacity Expansion** – Near completion
- **Heritage Park Area Sewer Extension** – In construction, anticipated completion late 2015
- **Marquis Hills Area Sewer Extension** – In construction, anticipated completion late 2016
- **Country Haven PS** – In construction, anticipated completion summer 2015
- **Barnard's Creek PS** – In construction, anticipated completion early 2016
- **PS 9/11 (Water St Streetscape)** – Phase 1 bid in hand, joint project with City of Wilmington as lead, includes design and installation of water and sewer mains in phases, eliminates PS 11

- **Walnut Hills Wastewater Treatment Decommissioning** – Near bid ready, final easement acquisitions pending, construction anticipated to begin summer 2015
- **Force Main Air Release Valve Replacement** – Design complete, permitting & easement acquisition near completion, construction anticipated to begin summer 2015
- **RFQ and consultant selections** – Six pumping station and force main projects

WATER

- **Comprehensive Meter Replacement** – Pilot phase complete
- **Nano to Market St Water Main Improvement** – Complete
- **Kerr Avenue Greater Water Loop** – Phase 1 complete, Phase 2 scheduled to bid Summer 2015
- **Bald Eagle Ln Water Extension** – Near completion
- **Raw Water Meter Vault Upgrade** – In construction
- **DBP Compliance Aeration Mixers** – Elevated tank phase in construction, ground storage tank bid phase pending
- **Sweeney Clearwell Rehabilitation** – In construction
- **Flemington Water** with Duke Energy – Completed design
- **Comprehensive SCADA System Improvements** – Design and evaluation underway
- **RFQ and consultant selections** – Two water main projects

Project Management Division Notable Goals for FY 16

- Further enhance the use of project scheduling and reporting as a tool to better manage and deliver projects.
- Provide leadership and support for timely project and FY 16 implementation.
- Continue to recognize opportunities for efficiency in overall capital projects management and construction, such as implementing design-build solutions and developing consultant-staff quality control procedures.
- Continue to recognize opportunities to coordinate projects and identify partnerships with other area stakeholders, such as the City of Wilmington, New Hanover County, NC Ports, NC-DOT, Duke Energy Progress, etc.
- Continue working closely with Chief Communications Officer and assist with outreach to customers and public regarding impacts of major capital projects.

Project Management Division Performance Measures

	CY 2011	CY 2012	CY 2013	CY 2014
Active CIP Projects	67	85	78	86
Pump Stations placed in service [1]			0	1
Pump Stations upgraded or rehabilitated [1]			1	2
Pump Stations decommissioned [1]			0	1
Force Main placed in service, feet [1]			17,100	22,200
Sewer Main placed in service, feet[2]				13,900
Sewer Main replaced or rehabilitated [1], feet			25,340	28,150
Water Main placed in service, feet[2]				18,400
Misc. Upgrades at Treatment Plants [1]			3	2
[1] Began tracking in Calendar Year 2013 [2] Calendar Year 2014				

ENGINEERING DEPARTMENT
DEVELOPMENT SERVICES DIVISION

The Development Services Division (DSD) has a key role in new development, redevelopment, commercial construction and new home construction. DSD interacts with utility customers, contractors, and developers. The DSD collaborates with the Operations, Customer Service, and Environmental Management Departments within the Authority to provide customers with accurate and timely information.

The Division provides information regarding service availability, service connection requirements, and service connection fees. The DSD works closely with the New Hanover County Building Inspections, Planning, and Health Departments as well as the City of Wilmington Development Services Department. The DSD manages the plan review and construction inspection process for developer installed public water and sewer systems. To facilitate this process, staff participates in the City of Wilmington and New Hanover County Technical Review Committees, and regularly meets with individual developers to review projects and explain Authority standards.

The DSD manages the implementation of Authority's mandatory connection requirements. New development, home construction, existing structures, and structures connected to failing septic and/or well systems are required to connect Authority utility facilities, if they are available. The Division assists developers and the Customer Service Department through the Request for Information (RFI) process by documenting service availability, connection requirements, and fees. These requests are most commonly associated with applications for new service or new development. Developer agreements that benefit the public and the developers are written by staff of DSD. This Division serves and partners with developers to capitalize on opportunities to improve the utility system for the public benefit.

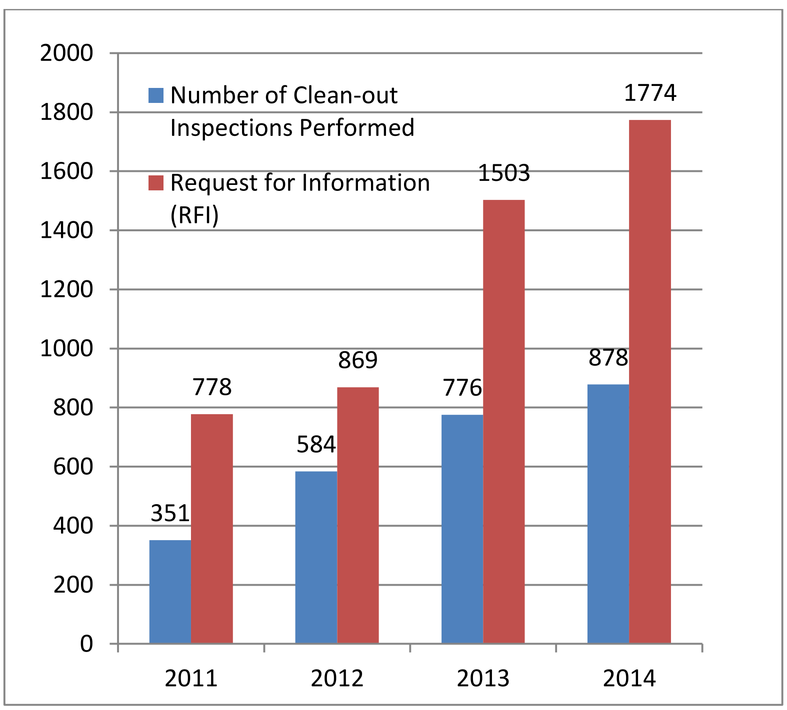
Key Accomplishments

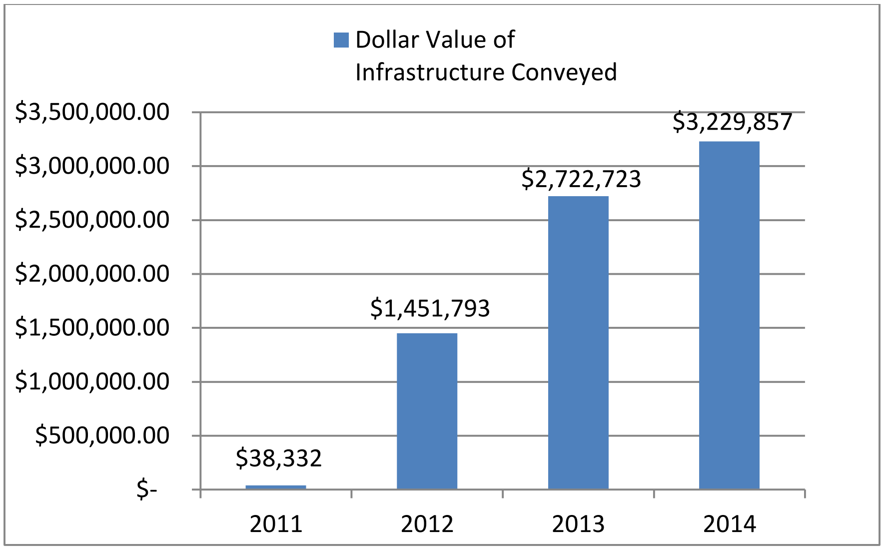
- Developers conveyed a record amount of completed infrastructure to the Authority for ownership this year. Value of infrastructure conveyed, new connection inspections, and requests for information (RFI's) increased for the fourth straight year as shown on the graphs at the end of this section. Examples that show the increase in the development area are as follows:
    - Number of cleanout inspections performed – 13% increase from CY 2013
    - Requests for Information (water and sewer) – 18 % increase from CY 2013
    - Value of infrastructure conveyed – 18.6% increase from CY 2013
- The mandatory connection process focused on screening the entire service area for mandatory connection opportunities; completion of the 95/98 Annexation Areas; and proceeding with mandatory connections in Northern New Hanover County.
- There were approximately 70 utility construction projects pursued by developers in 2014.
- Four capacity reservation agreements and two developer agreements were approved.
- New technology was employed to improve the inspection process.

- Policies and ordinances were drafted or revised by DSD this year to create efficiency for the Development Community and the Authority.

Development Services Division Notable Goals for FY 16

- Develop and implement key performance indicators.
- Maintain strong communications and trust with the Operations Department.
- Develop S.O.P. and policy where needed to improved work procedures in the DSD (e.g. RFI, plan review, building permit review, plat review, inspections, etc.)
- Participate in regular meetings with BASE to obtain policy and procedure input, address concerns and enhance customer service.
- Participate in the technical review committee of the City and the County.
- Implement the One-Solution permitting software for building permit review.
- Implement the mandatory connection program.
- Have the engineering technician to take the lead on the RFI function.




Dollar Value of Infrastructure Conveyed
$3,500,000.00
$3,000,000.00
$2,500,000.00
$2,000,000.00
$1,500,000.00
$1,000,000.00
$500,000.00
$-
$38,332
$1,451,793
$2,722,723
$3,229,857
2011
2012
2013
2014

OPERATIONS DEPARTMENT
ADMINISTRATION DIVISION

Chief Operations Officer, Frank C. Styers, P.E.

The Operations Department remains committed to delivering exceptional water and wastewater services to our customers while continuing the effort to keep costs as low as practicable. Divisions include water treatment, wastewater treatment, utility services, centralized maintenance and information technology. The department is responsible for regulatory compliance of the various utility systems in addition to providing outstanding water and sewer service to our customers.

The Operations Department continues to evaluate the systems short-term and long-term needs in order to renovate and construct the necessary assets to serve the needs of our customers. The department continues efforts to minimize sanitary sewer overflows (SSOs), to improve water quality in the distribution system, and to respond as rapidly as possible in order to minimize damages to infrastructure and the environment.

Summary of Expenditures

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
Operations - Administration/IT									
Personnel	1,156,042	1,077,032	808,372	782,162	805,072	(15,499)	789,573	695,080	-13.66%
Benefits	338,485	290,991	229,944	222,335	229,752	(8,062)	221,690	200,369	-12.79%
Operating	750,137	685,449	862,408	696,274	672,282	(9,447)	662,835	681,495	1.37%
Capital Outlay	93,958	93,462	64,288	64,288	-	-	-	-	0.00%
Total Operations - Administration/IT	**2,338,622**	**2,146,934**	**1,965,012**	**1,765,059**	**1,707,106**	**(33,008)**	**1,674,098**	**1,576,944**	-7.62%

OPERATIONS DEPARTMENT
INFORMATION TECHNOLOGY DIVISION

IT Manager, Cord Ellison, CGCIO

The Information Technology Division is responsible for the connectivity of eight facilities, as well as the SCADA network that consists of over 250 outlying sites. It also supports and maintains all Authority servers, personal computers (PC's), network equipment and telephony systems. In addition, the Information Technology Division is responsible for the Authority's physical security, the website, closed-circuit television (CCTV), and network security across the organization.

Key Accomplishments

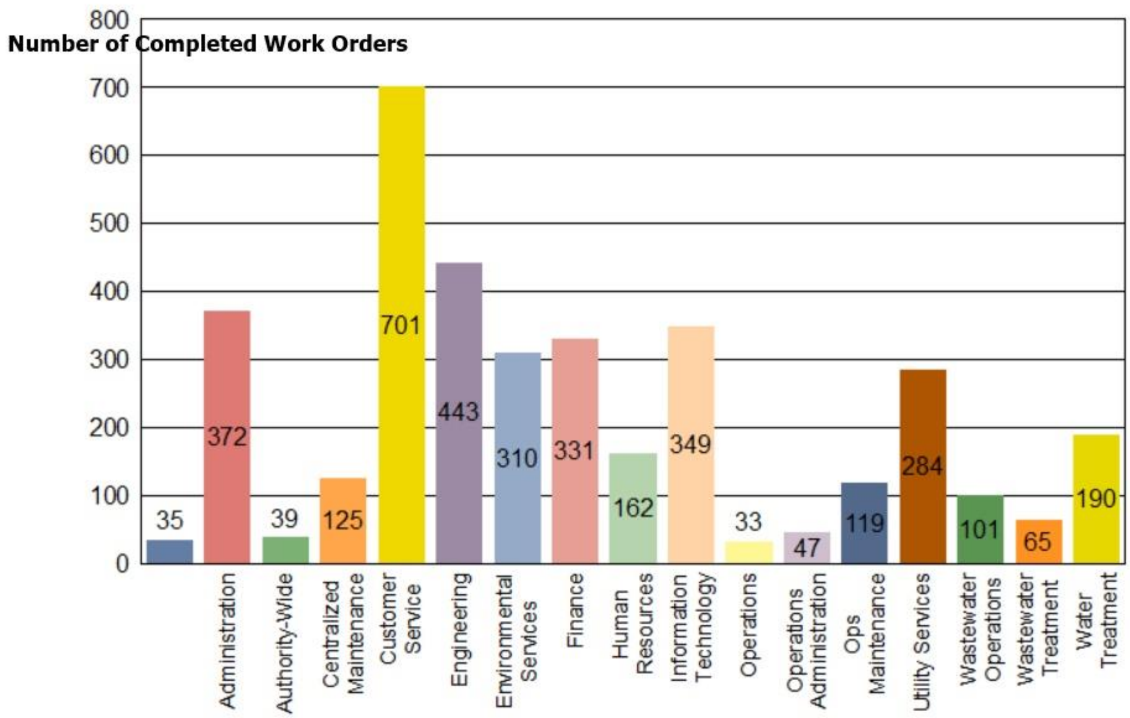
- Implemented the SCADA Master Plan phase 2.
- Successfully completed the Enterprise Resource Planning RFP and vendor demos.
- Automated Agenda Solution – Successfully implemented the MinuteTraq application and configured it throughout the Authority. This electronically automated the agenda process and tied the electronic agenda with pre-recorded video.
- Successful failover of the critical servers and voice servers for the Disaster Recovery Facility.
- Replacement of 62 devices (desktops, laptops, or tablets) throughout the organization.
- Moved the Authority's wireless air cards from a public to a private network. This increased efficiency for field staff and increased security of their devices at no cost to the Authority.
- Began the replacement and upgrade of the former City of Wilmington pump stations to eliminate the communications single point of failure.
- Upgrade of the CCTV camera truck equipment and software (Wincan) for Operations. This replaced the existing CCTV pipe camera software with a new application that integrates with Maximo and allows browser based project reporting against the linear asset so that from one link you can see all asset history including the actual video from within the pipe.

Information Technology Division Notable Goals for FY 16

- SCADA Master Plan phase 4 & 5. This will focus on training and internal maintenance of the Authority's SCADA Assets.
- Continue replacement of antiquated pump station remote terminal units (RTU's) located throughout the service area across the SCADA wireless Ethernet network.
- Tie in the remaining facilities (Sweeney, Northside and Administrative building) to the SCADA backhaul wireless network. This will create an Authority owned wireless network, increase the speed of the links for each facility, and allow us to terminate the reoccurring fees we pay internet service providers at the remote facilities for network redundancy.
- Continue to test the Disaster Recovery/business continuity plan for the critical IT resources.

- Upgrades (physical and software) of the SCADA servers at all facilities and their transition to virtual servers. This will allow for faster recovery of these critical servers if/when they fail and will tie in with the SCADA Master plan.
- Virtual Desktop implementation for 40 users within Operations. This project will reduce the need to annually replace the Authority desktops, increase the lifespan of our assists while reducing costs, and will create efficiency's and centralization of maintenance within IT.
- Replacement of network devices throughout the Authority. Many of our critical network devices have been running since the Authority formed. This will allow us to proactively replace this critical equipment while at the same time increasing speeds throughout the network as well as providing better redundancy and security.
- Replacement of the CCTV server at the Administrative building and the addition of cameras to provide more coverage/better security.
- Continue to upgrade server Operating Systems and Desktop Operating systems throughout the Authority.

Information Technology Division Help Desk Performance Measures



Total Helpdesk Tickets

Calendar Year 12	Calendar Year 13	Calendar Year 14
4,000	3,911	3,706

OPERATIONS DEPARTMENT
CENTRALIZED MAINTENANCE DIVISION

Maintenance Superintendent, Kevin Boyett

The Centralized Maintenance Division manages maintenance for the water and wastewater treatment plants as well as our facilities maintenance and fleet management needs. Efforts to consolidate maintenance resources have proven to be beneficial and maintenance staff, through our cross-training efforts, now has a better understanding of the demands of the plants and what it takes to maintain them. Centralized Maintenance uses the CMMS system (Maximo) for maintenance tracking for all requests. The Authority now has a better record of actual repairs along with their associated costs, in addition to a better understanding of the fleet maintenance and replacement needs.

Key Accomplishments

- Completed over 1,200+ corrective work orders at our wastewater and water plants and other facilities.
- Cross training and scheduling staff to work at all Authority facilities.
- Fleet reduced by 8%.
- Facilities maintenance proven to be more efficient than expected.
- Preventive Maintenance work orders have rapidly increased.
- Fleet Management has a better understanding of our fleet needs.
- Maximo records are proving to be beneficial.
- Reduced maintenance contracts.
- Inventory transition from HTE to Maximo.

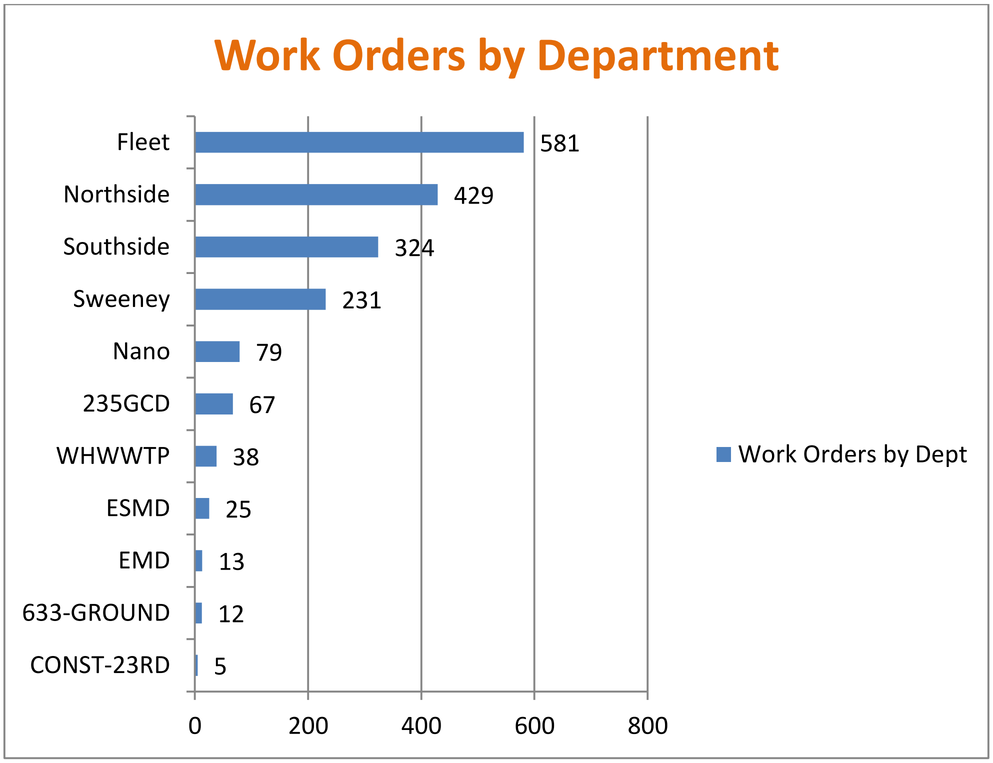
Centralized Maintenance Division Notable Goals for FY 16

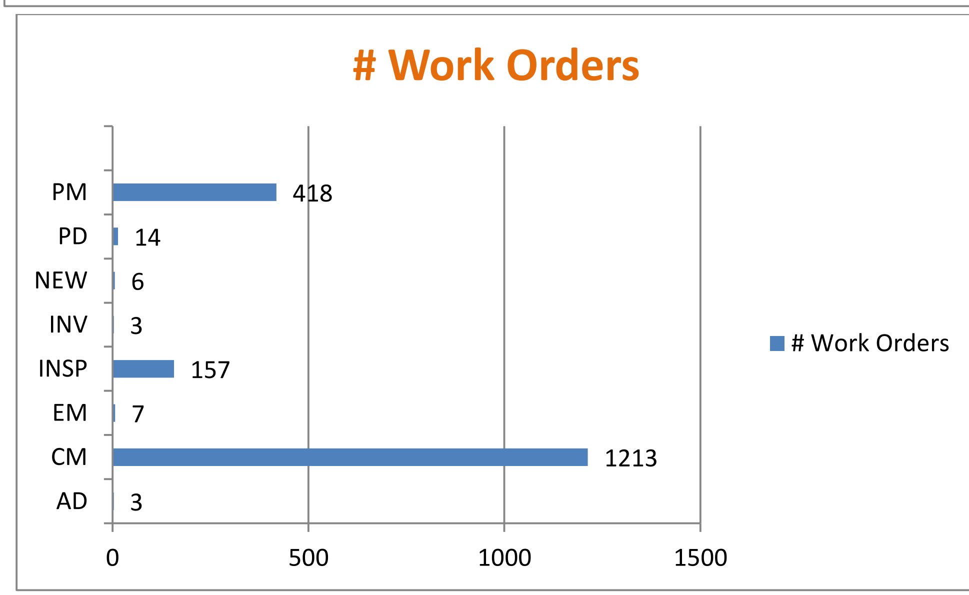
- Promote Asset Management across the organization.
- Finalize Leasing program for vacuum trucks.
- Promote communication, efficiency and standardization across the Authority.
- Transition the pump station section into Centralized Maintenance.
- Develop a stronger relationship with customers.

Centralized Maintenance Division Performance Measures

July 2014 to present

Total Work Orders 1821





PM -Preventive Maintenance **AD- Administrative** **PD -Predictive Maintenance**

INV- Investigation **INSP-Inspection** **EM- Emergency** **CM –Corrective**

Summary of Expenditures

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Operations - Centralized Maintenance									
Personnel	-	-	827,785	804,052	846,705	11,885	858,590	878,808	3.79%
Benefits	-	-	289,234	282,649	298,413	836	299,249	315,642	5.77%
Operating	-	-	930,345	784,896	1,025,191	(30,817)	994,374	1,082,349	5.58%
Capital Outlay	-	-	7,600	5,849	-	-	-	-	0.00%
Total Operations - Centralized Maintenance	**-**	**-**	**2,054,964**	**1,877,446**	**2,170,309**	**(18,096)**	**2,152,213**	**2,276,799**	4.91%

OPERATIONS DEPARTMENT
UTILITY SERVICES DIVISION

Superintendent, James Craig,P.E.

Utility Services has effectively responded to the challenge of repairing our infrastructure. Over 40% of Cape Fear Public Utility Authority's system exceeds the expected life of the assets, which is 50 years for water and sewer systems. Utility Services is the front line in maintaining flow through the pipelines and continues to be vigilant. Capital projects in the out years will provide relief as the remaining system ages. This division, among other things, repairs both the distribution and collection systems, performs locates, maintains and monitors system water quality, maintains outfalls, and operates and maintains pump stations. As of December 2013, the Authority is under the review of the EPA through the executed consent decree, placing additional stringent recording and response requirements on the division.

Each day, the Authority safely collects and treats the vast majority of its wastewater. From time to time and under various circumstances, sanitary sewer overflows (SSOs) occur and wastewater is discharged before being treated. Causes of SSOs include, among other things, grease, debris, pipe failure, power failure and pump failure. Although most SSOs are typically caused by Fats, Oils and Grease (FOG), the largest SSO volumes are typically the result of pipe failures. Various initiatives are underway to meet the Authority's goal of eliminating all SSO's.

Almost all initiatives involving the wastewater collection and treatment systems help reduce the frequency and volume of SSOs. Public outreach concerning the effects of grease and wipes raises awareness, and allows concerned citizens to understand how their actions affect the system. Likewise, regular cleaning of gravity lines removes grit and debris, in addition to restoring capacity. Ongoing condition assessments coupled with Asset Management's risk criteria ensure replacement and rehabilitation efforts address the most pressing pipe, pump station and plant issues. These activities are funded through various operating and capital improvement budgets, and are managed by staff throughout the Authority. Without question, reducing SSOs and their impacts is consistent with the Strategic Plan and is supported by the values and commitment of the Authority.

Key Accomplishments

- Completed more than 862 work orders, installed 36 water services, repaired or replaced 120 hydrants, repaired 217 water services, repaired 136 water mains, replaced 25 water valves, made 8 repairs on the raw water main or bents and made 966 SY asphalt/concrete repairs.
- Completed more than 505 work orders, repaired 49 sewer mains, installed or replaced 134 sewer services, 105 sewer service cleanouts, 70 sewer manholes and made 1,581 of asphalt/concrete repairs.

- Completed 321 work orders responding to complaints, in addition to flushing, activating and testing of over 67,093 LF of new water mains.
- Completed over 6,633 work orders, set 1,193 meters, tested 19 large meters and repaired/replaced 1,699 meters.
- Completed over 30,718 underground utility locates with in-house staff.
- Managed 10 contracted projects using CIP emergency funds to repair approximately 1,800 feet of pipe lines, 6 manholes and 27 sewer services at a cost of $668,000 to address imminent failures.
- Inspected/cleaned approximately 14.1% (116 miles) of mainline collection system to date exceeding the minimum required 10%.
- Inspected/videoed 34.43 miles of gravity sewer mains, approximately 3% of the system.
- Inspected and/or maintained/cleared 51.21 miles of outfall easements.
- Performed inspection on 3,422 sanitary sewer manholes.
- Completed over 12,817 work orders by pump station maintenance section.
- Responded to 8 reportable SSOs, discharging a total of 457,314 gallons of sewage with the commitment of stewardship as the foremost concern.
- Managed OCCP and root control programs.

Utility Services Division Notable Goals for FY 16

- Continue affirmative efforts to address an aging sewer system that is subject to frequent failures.
- Continue to implement Maximo and asset management.
- Manage inventory through Maximo.
- Perform in-house operation of OCCP program.

Utility Services Division Performance Measures

	FY 11	FY 12	FY 13	FY 14
Water line breaks/leaks per 100 miles of line[1]		7.09	7.09	6.58[2]
Collection system main/line breaks per 100 miles of line[1]		5.68	5.68	3.4[2]
Sanitary sewer overflows per 100 miles of line[1]		2.21	1.37	1.68
Water quality complaints per 1000 customers[1]		9.60	6.48	4.72
Miles of line CCTV	26.20	29.00	25.60	34.43
Miles of line cleaned	145.40	188.70	105.00	116.00

[1]*data available beginning FY 12*
[2]*data is a monthly average rate/100 miles*

Summary of Expenditures

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Operations - Utility Services									
Personnel	3,453,196	3,130,788	3,693,502	3,409,439	3,721,409	(20)	3,721,389	3,865,423	3.87%
Benefits	1,228,207	1,030,458	1,328,307	1,252,564	1,363,465	70	1,363,535	1,468,207	7.68%
Operating	4,001,333	3,314,728	3,713,255	3,026,276	4,225,370	2,669	4,228,039	4,443,300	5.16%
Capital Outlay	164,355	137,743	127,960	126,924	-	-	-	-	0.00%
Total Operations - Utility Services	**8,847,091**	**7,613,717**	**8,863,024**	**7,815,203**	**9,310,244**	**2,719**	**9,312,963**	**9,776,930**	5.01%

OPERATIONS DEPARTMENT
WASTEWATER TREATMENT DIVISION

Wastewater Treatment Superintendent, Kenneth L. Vogt, Jr., PE, BCEE

The Wastewater Treatment Division manages the operation and maintenance of the Authority's three wastewater treatment plants (WWTP): Northside (NSWWTP), Southside (SSWWTP), and Walnut Hills (WHWWTP). These facilities have received diligent operation and maintenance attention, exemplary regulatory permit compliance, and observed strict compliance with the approved budget. Staff has participated in many Cape Fear Public Utility Authority program initiatives including asset management, SCADA master planning, centralized maintenance and maintained high training and certification standards.

Key Accomplishments

- The period 01/2014 – 12/2014 was characterized by outstanding plant performance. WWT Statistics: Overall (3 WWTPs) – Average Wastewater Flow = 16.954 MGD; % NPDES Compliance = 99.94.
    - NSWWTP – Average Wastewater Flow = 7.977 MGD; % BOD Removed = 99.04; % TSS Removed = 99.94; % NPDES Compliance = 100.00; Wastewater Residuals Produced = 9,995 CY.
    - SSWWTP – Average Wastewater Flow = 8.923 MGD; % CBOD Removed = 96.59; % TSS Removed = 97.45; % NPDES Compliance = 99.86; Wastewater Residuals Production = 9,011 CY.
    - WHWWTP – Average Wastewater Flow = 0.054 MGD; % BOD Removed = 98.54; % TSS Removed = 99.72; % NPDES Compliance = 100.00; Wastewater Residuals Production = 78 CY.
- The NSWWTP Expansion/Upgrade project, which transformed the former 8 MGD secondary plant to the current 16 MGD advanced plant was completed in 2009. Re-rating the plant for its design flow of 16 MGD occurred in December 2014 with the installation and certification of the second effluent force main. Future expansion/connections to the plant will be facilitated by the addition of an influent header system. The NSWWTP continues planning for the addition of liquid residuals storage tanks, replacement of its digester gas storage cover and control panel, and the partial or complete recoating of all five digester covers. The NSWWTP received the NCDOL/OSHA Safety and Health Achievement Recognition Program certificate for its outstanding safety and health record.
- The SSWWTP Expansion/Upgrade project, transforming the current 12 MGD secondary plant to a proposed 16 MGD advanced plant, continues within the design phase and plans and specifications near completion. In accordance with a September 2013 Finding of No Significant Impact (FNSI) issued pursuant to the project's Environmental Assessment (EA), the SSWWTP has been authorized to expand from 12 MGD to as much as 24 MGD. A major NPDES modification

application to authorize this activity has been prepared and forwarded to NCDENR. Well-maintained, the SSWWTP awaits its 2019 – 2023 Expansion/Upgrade project construction to begin; plant condition assessments performed by both a consultant and CFPUA staff enable better anticipation and projection of necessary repairs, replacements and associated costs throughout this period. In conjunction with these condition assessments, the SSWWTP completed painting its two primary clarifiers, two secondary clarifiers, digester numbers 2 and 4 covers, and structurally rehabilitated and painted both grit systems. Plans continue to be developed for the replacement of digester 4 heat exchanger and recirculation pumps as well as concrete repairs to the screw pump and chlorine contact tank structures.

- While well operated and maintained, the WHWWTP exhibits high unit operating costs. The goal, consistent with the Authority's Integrated Water Resources Master Plan and Capital Improvement Program, has been to maintain plant performance and permit compliance at acceptable levels while plans are developed for its eventual decommissioning and conveyance of flow to the NSWWTP anticipated for 2014 – 2016.
- In partnership with Pender County, the U.S. 421 WWTP has completed plans and specifications for a 0.5 MGD SBR WWTP. Project planning is considered to be scalable insofar as smaller or larger alternatives can be considered if changing conditions so dictate. In response to a request from Pender County, CFPUA temporarily transferred its 421 WWTP NPDES permit to Pender County for its use in constructing a WWTP to service an industrial customer within its commerce park.
- WWTD staff have continued to participate in various CFPUA initiatives, including safety committees, centralized maintenance implementation, capacity management, wastewater force main and gravity collection system assessment (risk management), capital improvement program development, asset management (representation on most if not all committees), computerized maintenance management software (CMMS) and work order implementation, Management of Assets in Sewer Treatment (MAST) participation, emergency preparedness (including exercises), reclaim/reuse water, Endocrine Disrupting Compounds and Pharmaceuticals and Personal Care Products (EDCs/PPCPs), acceptance and processing of non-connected wastes (septage; grease; residuals; non-hazardous liquid wastes), recovery and use of excess anaerobic digester gas, and evaluation of participation in Duke Energy Progress' Demand Response Automation (DRA) Program.
- Staff remains involved on various levels with many environmentally active organizations, including the Cape Fear River Assembly (CFRA), the Lower Cape Fear River Program (LCFRP), the North Carolina American Water Works Association – Water Environment Association (NC AWWA – WEA), the American Water Works Association (AWWA), the Water Environment Federation (WEF), and the Water Environment Research Foundation (WERF).
- Work continues on several regulatory programs affecting our NPDES permits including Total Maximum Daily Loads (TMDLs) and water quality pollutant credit trading programs. CFPUA staff continues investigating cause(s) and corrective action(s) for whole effluent toxicity (WET) testing irregularities at the SSWWTP. Air permits governing CFPUA emergency generator operation are being affected by recent revisions to clean air standards for stationary engines. Annual

wastewater and residuals reports were prepared. Class A and Class B residuals permit renewal applications were prepared and forwarded to NCDENR; the Class B residuals permit had been previously modified to incorporate additional land application sites into its inventory.

Wastewater Treatment Division Notable Goals for FY 16

- Continue identification, assessment and possible implementation of creative revenue generation strategies, particularly the utilization/marketing of excess digester gas production at the NSWWTP and the SSWWTP.
- Continue the production of Type 1 reclaim water at the NSWWTP with a goal of securing a permit for its distribution.
- Complete the SSWWTP Expansion/Upgrade/Renovation plans and specifications while continuing diligent maintenance and capital investment in the existing plant as its condition-based improvements are deferred until 2019 – 2023.
- Maintain WHWWTP performance and permit compliance at acceptable levels as plans continue for its eventual decommissioning and conveyance of flow to the NSWWTP consistent with the Integrated Water Resources Master Plan and Capital Improvement Program.

Wastewater Treatment Division Performance Measures

	FY 12	FY 13	FY 14
Volume Treated (gallons)	5,525,894,000	5,900,239,000	6,004,110,000
Cost per million gallons - NSWWTP	709	708	689
Cost per million gallons - SSWWTP	561	529	495
Cost per million gallons - WHWWTP	8,410	7,654	7,644
NPDES Permit Compliance (%) – NSWWTP	100.00	100.00	100.00
NPDES Permit Compliance (%) – SSWWTP	100.00	99.45	100.00
NPDES Permit Compliance (%) – WHWWTP	99.54	100.00	100.00

Summary of Expenditures

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Operations - Wastewater Treatment									
Personnel	$ 1,720,483	$ 1,639,678	$ 1,337,838	$ 1,312,069	$ 1,362,240	$ -	$ 1,362,240	$ 1,400,872	2.84%
Benefits	602,175	531,759	474,198	476,724	490,525	-	490,525	520,301	6.07%
Operating	2,250,432	2,151,997	2,063,972	1,981,320	2,210,215	(32,200)	2,178,015	2,122,416	-3.97%
Capital Outlay	158,211	118,928	95,000	49,248	-	-	-	-	0.00%
Total Operations - Wastewater Treatment	**4,731,301**	**4,442,362**	**3,971,008**	**3,819,361**	**4,062,980**	**(32,200)**	**4,030,780**	**4,043,589**	-0.48%

Northside Wastewater Treatment Plant

OPERATIONS DEPARTMENT
WATER TREATMENT DIVISION

Water Resources Manager, Mike E. Richardson

The Water Treatment Division processes source water from the Cape Fear River and aquifers and distributes clean treated drinking water through four different systems within New Hanover County. A staff of state certified treatment operators and a team of skilled maintenance technicians keep all facilities operational 24 hours per day, 7 days per week to ensure the supply of safe drinking water is available for the citizens and customers of the Authority.

Key Accomplishments

- Met regulatory standards and goals for water quality set forth by state and federal standards through the implementation of recommendations and directions from consultants hired to investigate disinfection byproducts to improve and meet the standards.
- Continued the effort of interconnecting water systems to allow for blending of water and to improve operating control through the improved SCADA and management of all division water facilities into a single point of supervision and control.
- Maintained, trained and supported a full complement of certified water operators at all facilities and met the requirement for 6.0 hours of continued education credit per year per licensed operator.
- Integrated the full requirements of laboratory testing and record keeping as mandated by the Public Water Supply Section.
- Finalized the completion of the cycle testing program to develop and operate the Aquifer Storage and Recovery (ASR) system and fully incorporate it into the daily operation of the water system through flow management, and as a tool to reduce system Disinfectants and Disinfection Byproducts (D/DBP) formation.
- Continued implementation and maintenance of the Maximo Computer Maintenance Management System (CMMS) into all facilities of the division to allow for the efficient operation of the new Centralized Maintenance Division.
- Managed source water flows between Lower Cape Fear Water and Sewer Authority (LCFWSA) and our own Kings Bluff Pump Station to provide the supply of raw water to meet demand at the most efficient and lowest practicable cost. Managed the overall ground water source water as needed to meet demand while attaining a balance within the ground water aquifers and the communities.
- Maintained all facilities to the highest degree of operational efficiency in order to meet the demands for water supply, to ensure adequate storage for fire protection, adequate staffing 24/7 of well qualified and trained operators, and provided full coverage and operation during emergencies.

Water Treatment Division Goals for FY 16

- Maintain the effort to interconnect the surface water and ground water systems to form one large water system to supply potable drinking water to all customers of the Authority.
- Incorporate improvements as needed and recommended by consultants to achieve compliance with Stage Two Disinfection Byproduct at the water treatment plants and the distribution systems.
- Incorporate the operation of Westbrook ASR facilities into the water system.
- Continue the consolidation of the surface and ground water operations into a single control and operation point at Sweeney Water Treatment Plant to allow for more efficient and reliable decision making and operational strategy for the Division.
- Incorporate changes into the Water Treatment SCADA systems and CFPUA network infrastructure to facilitate increased operational efficiencies of Water Treatment Facilities.
- Implement an Apprenticeship Program for both surface and ground water operators through continued cooperation with the NC Department of Labor.
- Institute and maintain a reliable network of distribution monitoring instruments to allow for real-time data gathering from distribution systems.

Water Treatment Division Performance Measures

	As of March 2013	As of March 2014	As of March 2015
Volume Treated- Surface to Ground Water	6.0 Billion Gallons	6.5 Billion Gallons	6.0 Billion Gallons
Compliance with all Federal & State Drinking Water Regulations	100%	100%	100%
Maintain Operating Costs at Sweeney WTP per one million gallons	$666.00	$806.00	$900.00
Maintain Operating Costs at Nano per one million gallons	$1,247.00	$1,530.00	$1,530.00
Operating Costs per 1000 gallons (electrical, chemical & O&M costs)	$0.80	$0.93	$0.95
Continue to meet AWOP[1] and partnership turbidity goals	0.1 ntu[2] in 95% in filtered water readings	0.1 ntu[2] in 95% in filtered water readings	0.1 ntu[2] in 95% in filtered water readings
Finished Water Total Organic Carbon Levels:			
Nano Filtration Plant:	1.0 mg/L or less	1.0 mg/L or less	1.0 mg/L or less
Sweeney Water Treatment Plant:	2.0 mg/L or less	2.0 mg/L or less	2.0 mg/L or less
[1]Area Wide Optimization Program			
[2]nephlometric turbidity units			

Summary of Expenditures

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Operations - Water Treatment									
Personnel	1,356,859	1,334,595	1,150,982	1,139,145	1,168,610	6,800	1,175,410	1,189,316	1.77%
Benefits	472,510	407,781	389,977	381,828	390,149	-	390,149	410,614	5.25%
Operating	4,707,217	4,420,412	4,573,769	4,357,059	4,476,681	(7,692)	4,468,989	4,714,819	5.32%
Capital Outlay	-	-	25,588	24,604	-	-	-	-	0.00%
Total Operations - Water Treatment	**6,536,586**	**6,162,788**	**6,140,316**	**5,902,636**	**6,035,440**	**(892)**	**6,034,548**	**6,314,749**	4.63%

Sweeney Water Treatment Plan, photographed by Mike Richardson

ENVIRONMENTAL MANAGEMENT DEPARTMENT

Environmental Management Director, Beth Eckert

The Environmental Management Department comprises four divisions: Community Compliance, Laboratory Services, Environmental Management, and Emergency Planning and Response. This Department supports the Operations Department and other areas of the Authority by providing data that meets regulatory requirements for making operational decisions that can affect public health and/or the environment. Staff also works to ensure that the water and sewer systems are protected from harmful discharges that could be released into the sewer system or siphoned into the drinking water distribution system. In addition to routine operations, staff members play instrumental roles with development of the Authority’s asset management program, environmental management system, emergency response plan, aquifer storage and recovery, and the discussions with EPA. Each division has made significant progress towards established goals and continues to work to support the strategic plan and guiding principles of the Authority.

Environmental Management Department Performance Measures

	Jul-Dec, 2011	Jul-Dec, 2012	Jul-Dec, 2013	Jul-Dec, 2014
Average Number of Inspections per Compliance Officer per month	31.7	30.1	15	22
Customer Compliance with Grease Interceptor Requirements	93%	96%	90%	98%
Average # of samples analyzed per employee	119.6	138.8	123	140
Average # of Tests per employee	392.9	455.6	365	435

Summary of Expenditures

	CFPUA FY12-13 Adjusted Budget	CFPUA FY 12-13 Actual	CFPUA FY 13-14 Adjusted Budget	CFPUA FY 13-14 Actual	CFPUA FY 14-15 Adopted Budget	CFPUA FY 14-15 Amendments & Transfers	CFPUA FY 14-15 Adjusted Budget	CFPUA FY 15-16 Adopted Budget	% Change FY 15-16 Adopted/FY 14-15 Adopted
Environment Management									
Personnel	1,236,711	1,205,322	1,295,809	1,261,006	1,359,737	-	1,359,737	1,363,368	0.27%
Benefits	444,073	387,469	459,245	437,304	476,765	-	476,765	514,123	7.84%
Operating	461,627	415,326	468,395	410,149	500,830	(19,684)	481,146	466,940	-6.77%
Capital Outlay	7,522	7,505	-	-	-	-	-	-	0.00%
Total Environment Management	**2,149,933**	**2,015,622**	**2,223,449**	**2,108,459**	**2,337,332**	**(19,684)**	**2,317,648**	**2,344,431**	0.30%

ENVIRONMENTAL MANAGEMENT DEPARTMENT
COMMUNITY COMPLIANCE DIVISION

The Community Compliance Assistance Division is responsible for administering the Pretreatment, Fats, Oil and Grease (FOG) and Backflow Prevention (Cross Connection Control) programs.

The Pretreatment and FOG programs include the regulation of discharge of non-domestic wastewater. These federal and state regulated programs ensure the protection of the Authority's publicly owned treatment works (POTW), employees, bio-solids, receiving stream, and other surface waters as well as compliance with National Pollutant Discharge Elimination System (NPDES) and collection system permits. The Community Compliance staff works closely with collection system personnel in responding to sanitary sewer overflows and sewer blockages that are caused by debris, FOG, or fibrous materials. Inspections are conducted in the affected areas and literature is distributed for educational purposes.

The Backflow Prevention Program ensures the quality of the potable water in the distribution system. Backflow prevention assemblies safeguard the distribution system by preventing potential contaminants within a customer's plumbing from flowing back into the distribution system in the event of pressure loss on the water main. New or expanding water services are reviewed for compliance in cooperation with the Engineering Department's Development Services Division's plan review process. Facilities with existing services are inspected to ensure compliance with backflow prevention requirements.

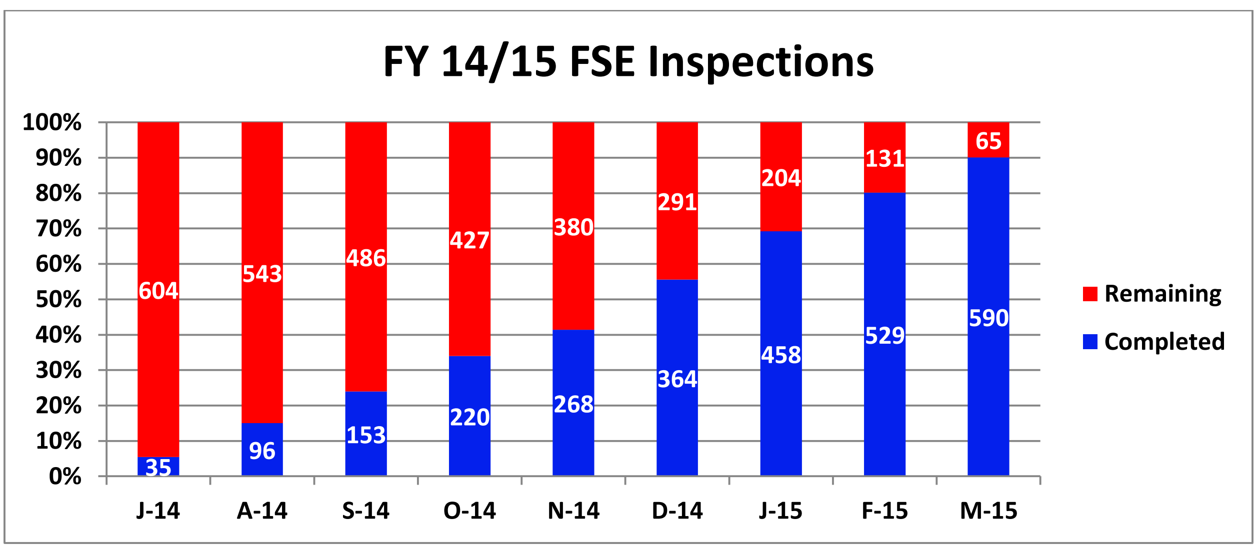
Key Accomplishments

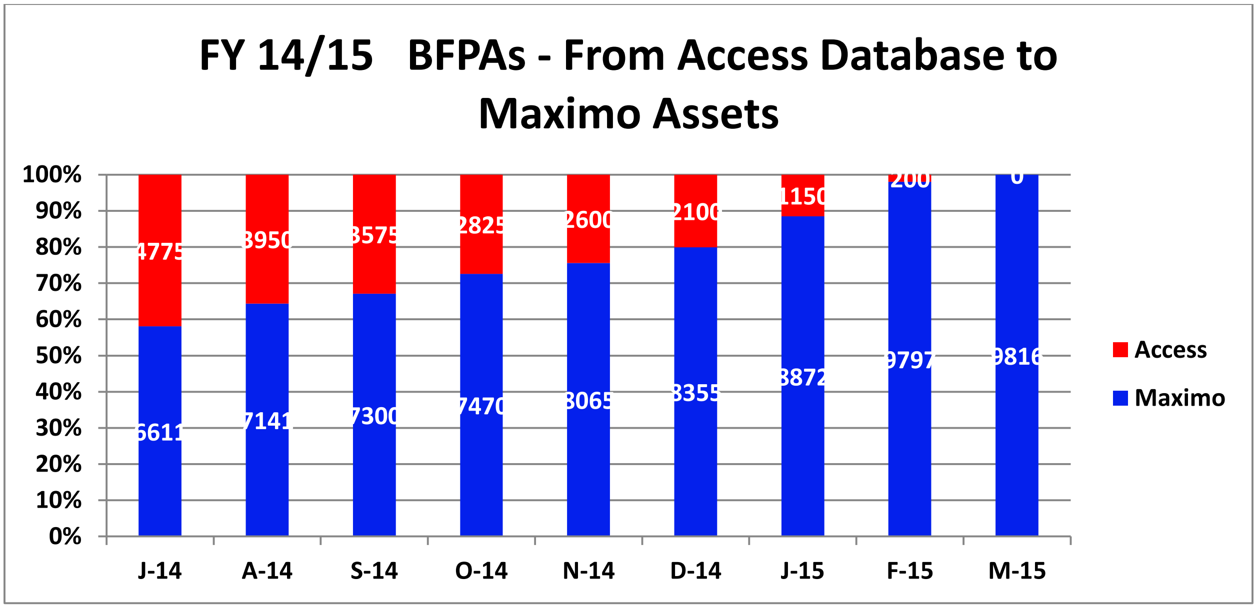
- Monitored and inspected over 600 dischargers of non-domestic wastewater including food service establishments (FSE), industrial dischargers, and other commercial facilities ensuring compliance with the Sewer Use Ordinance
- Provided assistance to FSEs helping reduce their waste disposal costs through the grease interceptor pumping frequency variance program.
- Issued 28 "Authorization To Construct" permits to new FSEs.
- Investigated FOG related SSOs and blockages in the collection system, providing educational resources and assistance to over 1,000 residential and commercial customers.
- Completed 19 meter tampering investigations and recovered over $2,700 in lost revenue.
- Continued improvement with the implementation of Maximo within the division to better track inspection data and work time.
- Continued improvement with the implemented use of mobile computer (Surface Pros) and printing technology to enhance efficiencies.
- Continued improvement with the automated process of transferring data from FSE inspections from field report to Maximo using Laserfiche.
- Partnered with the NC Rural Water Association in conducting training events that ensure competent backflow prevention assembly testers are available.

- Managed the successful transfer of all Microsoft Access database backflow preventers into Maximo assets.
- Mailed past due “backflow preventer testing” postcard reminders to customers to improve testing compliance and customer safety.
- Continued updating Standard Operating Procedures (SOPs) and training to conform to ISO 14001 requirements.
- Performed multiple outreach efforts that included: can lid campaign; two FOG educational billing inserts; one backflow preventer educational billing insert; participated in Earth Day and Lake Fest; gave FOG and water quality presentations at requested events.

Community Compliance Division Notable Goals for FY 16

- Provide education outreach and enforcement for SSOs.
- Inspect all FSEs within the fiscal year.
- Meet all pretreatment requirements of monitoring, inspecting, and enforcement per permit requirements and sewer use ordinance.
- Work to support the Authority’s mission by completing compliance tasks in a timely manner and by promptly responding and assisting other areas of the Authority.
- Ensure all applicable backflow test due notices are sent out within the schedule.
- Update the Enforcement Response Plan.
- Update the Cross Connection and Backflow Prevention Ordinance.
- Update the Sewer Use Ordinance.
- Update the Long Term Monitoring Plan.
- Update the Headworks Analysis for the Northside Wastewater Treatment Plant’s 16.0 MGD expansion.
- Work with the Significant Industrial Users in writing and renewing expiring permits.





FY 14/15 BFPAs - From Access Database to Maximo Assets
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
4775
3950
3575
2825
2600
2100
1150
200
0
6611
7141
7300
7470
8065
8355
8872
9797
9816
J-14
A-14
S-14
O-14
N-14
D-14
J-15
F-15
M-15
Access
Maximo

ENVIRONMENTAL MANAGEMENT DEPARTMENT
LABORATORY DIVISION

The EMD laboratory is an environmental laboratory which supports CFPUA's sampling and analytical testing needs. The lab performs the process control and regulatory sampling for two water treatment plants, three wastewater plants, aquifer storage, sanitary sewer overflow response and four water distribution systems, serving over 80,000 service connections and approximately 170,000 customers throughout New Hanover County. The lab is certified by the state of North Carolina to provide analytical services for drinking water, wastewater, industrial discharges, ground, surface and storm waters. More than 23,000 samples are collected by EMD lab staff and over 69,000 analyses for organic and inorganic chemical components and microbiological organisms are performed annually. The EMD laboratory works with CFPUA's Water Quality department to offer our customer's quick turnaround times for responding to boil water advisories, new line activations and customer complaints. The Laboratory follows a stringent Quality Assurance Program which ensures specified data quality objectives are achieved and results are accurate for reporting and decision making purposes.

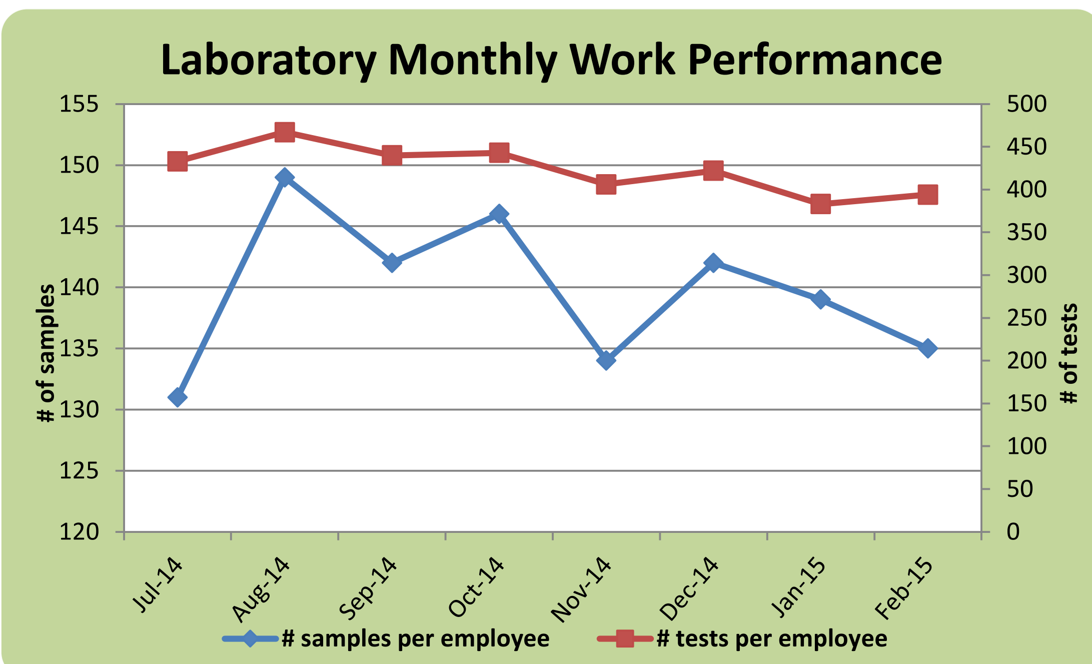
Key Accomplishments

- Annual proficiency testing was completed as required for water and wastewater by the laboratory's analytical certifications.
- Completed the development and implementation of all laboratory SOPs per the Environmental Management System (EMS) requirements, successfully completed an external certification audit and gained EMS certification in April 2014.
- Completed testing during ASR system recharge.
- Completed ASR Sandstone Dissolution Project.
- Several lab staff gained Bacteriological Methods and Wastewater Laboratory Certifications.
- Five lab staff members were promoted to new lab positions.
- Evaluated NCDWQ's Electronic Discharge Monitoring Report process and began implementation and training of operations staff of this process for all Discharge Monitoring Reports.
- Completed Reduction in Aluminum across the Ozone Filter project for Sweeney WTP.
- Completed raw water TOC project for Sweeney Water Treatment Plant.
- Gained certification for analysis of e-Coli enumeration for EPA LT2 source water monitoring.
- Minimized hazardous waste including mercury waste by gaining certification for alternate chloride analysis procedure, eliminating mercury thermometer usage and assessing alternate procedure for COD analysis.
- Formed a partnership with CFCC coordinating volunteer student analysis of bromide in source water.
- Continued maximizing use of the Utility Cloud software to gain efficiencies in sampling including special sampling projects, lead and copper and SSO sampling.
- Continue to enhance the lab safety program to achieve CFPUA's safety goals.

Laboratory Division Notable Goals for FY 16

- Complete all required sampling and testing accurately and efficiently.
- Continue to meet all requirements to maintain water and wastewater lab certifications.
- Support Authority programs to ensure compliance with all environmental laws and requirements.
- Continue to maximize use of the Utility Cloud software to gain efficiencies in sampling.
- Continue to support succession planning, rotate job tasks among chemists and microbiologists to cross train and gain efficiencies. Further, look for ways to continue professional development of lab staff and cross training opportunities.
- Evaluate Laboratory Information Management System software (LIMS).
- Continue to comply with EMS document control requirements; participate in audits; maintain certification.
- Evaluate laboratory testing costs; alternate suppliers and maintenance contracts for potential cost savings.
- Implement testing of sludge metals using ICP-MS.
- Support ASR activities as needed including permit requirements, data analysis and management and monitoring schedule requirements.
- Support Authority programs to ensure compliance with all environmental laws and requirements.

Laboratory Division Performance Measures



ENVIRONMENT MANAGEMENT DEPARTMENT
ENVIRONMENTAL MANAGEMENT DIVISION (EMD)

The major focus of this group is to further develop and implement the ISO 14001 environmental management system to formalize operating criteria and the system of plan-do-check-act to drive continual improvement. The division also works closely with the Authority's Operations and Engineering staff on construction and emergency projects to ensure compliance. Environmental Management staff continually collaborates with N.C. Sedimentation and Erosion Control and North Carolina Department of Environment and Natural Resources (NCDENR) as well as the U.S. Army Corps of Engineers (USACE) and N.C. Coastal Area Management (CAMA) on various projects.

Key Accomplishments

- Maintained Third Party Certification for our ISO 14001 Environmental Management System (EMS) within the Collection System, Pump Station, Right of Way and Environmental Management groups.
- Gained Third Party Certification for our ISO 14001 EMS within the Environmental Management Department (EMD).
- Began implementing the EMS with the Construction Services and Water Quality divisions, including finalizing Environmental Aspects and Impacts and completing gap analysis.
- Regrouped the Engineering EMS Team and finalized Environmental Aspects and Impacts.
- Developed the EMS Team for the Wastewater Division and began analyzing Environmental Aspect and Impact.
- Served as the liaison between CFPUA, N.C. Division of Water Quality (NCDWQ) and City of Wilmington during sanitary sewer overflow (SSO) events to ensure all reporting was done according to permit and SOP requirements.
- Recycled over 1 ton of material such as paper, plastic, cardboard, aluminum, and batteries and 127 fluorescent bulbs at the Groundwater Way facilities.
- Implemented Authority wide recycling program at all CFPUA facilities.
- Assisted with data collection for all EPA reports.
- Represented CFPUA as a member of the New Hanover County Water Quality Roundtable, Lower Cape Fear River Program, and Cape Fear River Partnership.

Environment Management Division Notable Goals for FY 16

- Provide immediate response to SSOs throughout the review period.
- Gain ISO 14001 third party certification for Construction Services and Water Quality Division and maintain existing certification.
- Begin refresher EMS training with ALL CFPUA staff.
- Expand the Corrective/Preventive Action Process to include areas outside of current scope to further drive the continual improvement culture.

ENVIRONMENTAL MANAGEMENT DEPARTMENT
EMERGENCY PLANNING AND RESPONSE DIVISION

The Emergency Planning and Response Division manager ensures that the Authority abides by relevant regulations for all-hazards mitigation, preparedness, response and recovery. The manager develops, maintains and trains employees on the Emergency Response Plan and associated Incident Action Plans, and works to meet EPA's seventeen National Incident Management System (NIMS) water sector compliance objectives. Authority departmental staff continues to refine emergency preparedness by planning and implementing standardized response as well as industry best practice measures as recommended by EPA, FEMA and North Carolina regulatory agencies.

Key Accomplishments

- Continued active participation as Secretary of the NCWaterWARN Mutual Aid and Assistance Program for North Carolina.
- Continued to represent Cape Fear Public Utility Authority on the New Hanover County Local Emergency Planning Committee, which plans for Hazardous Materials (HAZMAT) response incidents within the community. Staff was active in planning and participating in community-wide drills and exercises with our state, county and city emergency response partners.
- Planned and held 1 functional exercise and 4 departmental exercises to further refine and identify potential gaps in readiness, training, or planning.
- Received the NC AWWA–WEA Disaster Preparedness award for the third time in four years.
- Coordinated the Authority becoming a Weather Ready Nation Ambassado; the Authority website recognizes this partnership with the Weather Ready Nation Ambassador badge prominently displayed.
- Coordinated an update of the Water Shortage Implementation Plan, ordinance and critical customer list.
- Further expanded the use of Incident Action Plans when critical infrastructure construction projects are occurring such as: Cambridge Circle main shutdown, Sweeney 12 MG clear well inspection, and NEI Phase 2 Rehabilitation project.
- Investigated and mitigated encroachments in Quail Woods for the sewer project. Further worked with a diverse group of staff to improve and implement the formal encroachment process.

Emergency Planning and Response Division Notable Goals for FY 16

- Conduct Wastewater Facility Vulnerability Assessments.
- Coordinate DHS VSET evaluation as it applies to SCADA/ICS with the IT Division.
- Hold three Table Top or Functional exercises.
- Coordinate with EMD and Water Treatment to advance the development of the source water protection plan as the regulation is further refined.

- Expand the use of the new easement / encroachment process with staff through training and standardization among departments.
- Continue training and working with staff to further expand the use of NIMS with an initial focus on the ESF#3 and New Hanover County Recovery Function 9 training and section chief functions.
- Continue to represent CFPUA at state and regional events to provide utility industry sector emergency management training to improve utility readiness.

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CAPE FEAR PUBLIC UTILITY AUTHORITY
PROFILE

The Authority

Cape Fear Public Utility Authority was created in 2007 pursuant to Chapter 162A of the North Carolina General Statutes, by the governing bodies of New Hanover County (County) and the City of Wilmington (City), for the purpose of providing water and wastewater services to residents of the county. The Authority is authorized to, among other things, 1) set rates, fees and charges, 2) issue revenue bonds to pay the cost of maintaining the water and wastewater systems, and 3) maintain and operate the water and wastewater systems within its service area. The Authority Board consists of eleven members who hold office for staggered terms. Five members are appointed by the County and, five members are appointed by the City, and the eleventh member is jointly appointed by the County and the City. The five appointed members from each governing body include two current members from those respective governing bodies. All members must be residents of the County.

The Reporting Entity

Accounting principles generally accepted in the United States require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority has two blended component units, Cape Fear Utilities, Inc. and Quality Water Supplies, Inc., which are in substance part of the Authority's operations, and so data from these units is combined with data of the Authority. The Authority is a jointly governed organization, i.e. an entity governed primarily by representatives from other governments. The participants do not retain any ongoing financial interest in or financial responsibility for the Authority. The Authority is not included in any other reporting entity.

The Service Area

The service area of the Authority covers the incorporated are of the City and the majority of the unincorporated areas of the County. The service area does not include the Towns of Carolina, Beach, Kure Beach and Wrightsville Beach. However, wastewater flows from the Town of Wrightsville Beach and a portion of Pender County are treated by the Authority.

History

The county was formed in 1729 as New Hanover Precinct of Bath County, from Craven Precinct. It was named for the House of Hanover, which was then ruling Great Britain.

In 1734 parts of New Hanover Precinct became Bladen Precinct and Onslow Precinct. With the abolition of Bath County in 1739, all of its constituent precincts became counties. When New Hanover County was originally established, it encompassed the current counties of Bladen, Onslow, Duplin, Brunswick and Pender. From 1734 through 1764, New Hanover County's land was divided to create Bladen, Onslow, Duplin and Brunswick counties. The last division occurred in 1875 to form Pender County. The county has retained the same boundaries since 1875.

Geography

According to the U.S. Census Bureau, the county has a total area of 328 square miles (849 km²), of which, 199 square miles (515 km²) of it is land and 129 square miles (334 km²) of it (39.33%) is water. Of all 100 counties in North Carolina, only Chowan County is smaller.[1]

City of Wilmington

Located in New Hanover County, the city of Wilmington is a coastal town situation in southeastern North Carolina. Known as the Port City, Wilmington is bordered by the Cape Fear River to the west and the Atlantic Ocean to the east.

History

Wilmington was named in honor of Spencer Compton, the Earl of Wilmington, who was Prime Minister under George II. Incorporated in 1739, Wilmington became a city in 1866. In 1840 it was the largest town in the state and remained so through the early 1900s, thanks to the thriving ports along the Cape Fear River and the arrival of the Wilmington & Raleigh Railroad (renamed the Wilmington & Weldon Railroad in 1854). When the railroad was completed in 1840, it was the largest continuous railroad track in the world.

The Port City is home to the WWII Battleship USS North Carolina (BB-55) and was the site of the commissioning of the Virginia Class USS North Carolina (777) submarine in May 2008 and the missile-guided destroyer USS Gravely in November 2010.

[1] *From Wikipedia*

Cape Fear Public Utility Authority
Demographic Statistics
Last Six Fiscal Years

Fiscal Year Ended June 30	City of Wilmington Population (1)	New Hanover County Population (1)	Median Age (3)	Public School Enrollment (2)	Local Unemployment Rate % (3)	Personal Income (4)	Per Capita Income (4)
2014	**112,067**	**213,267**	**38**	**25,470**	**6.1%**	**N/A**	**N/A**
2013	109,922	209,234	38	25,364	9.1%	N/A	N/A
2012	108,297	206,189	37.5	25,253	9.3%	$50,890	$37,559
2011	106,476	202,667	36.7	23,934	10.1%	$45,890	$36,108
2010	102,207	194,054	38.5	23,643	9.4%	$46,129	$34,692
2009	101,526	192,235	38	23,614	9.0%	$44,719	$34,578

Note: Fiscal year 2009 was the first year of operations for the Authority.

(1) US Census Bureau.
(2) Provided by the NHC Schools Finance Department
(3) North Carolina Department of Commerce
(4) Provided by www.ncworks.gov; data provided for as many years as available.

Cape Fear Public Utility Authority
Principal Water Customers
Current Fiscal Year and Five Years Ago

	2014				
	Ten Largest Users of the Water System Annual Consumption	**Thousands of Gallons**	**% of System**	**Revenues ($)**	**% of Revenues**
1	UNC Wilmington	115,416	2.36%	$ 430,840	1.43%
2	New Hanover Regional Medical Center	54,201	1.11%	233,916	0.78%
3	New Hanover County Schools	40,244	0.82%	256,121	0.85%
4	Wilmington Housing Authority	39,723	0.81%	171,647	0.57%
5	New Hanover County	33,044	0.68%	195,769	0.65%
6	Tribute Properties	31,404	0.64%	270,820	0.90%
7	College Manor Apartments	28,858	0.59%	120,226	0.40%
8	Mayfaire	28,674	0.59%	190,109	0.63%
9	Lake Forest Apartments	25,255	0.52%	102,088	0.34%
10	NC State Ports Authority	20,287	0.41%	109,378	0.36%
	Total Net Consumption / Net Revenue	**417,107**	**8.53%**	**$ 2,080,915**	**6.93%**
	Total Annual System Net Consumption / Net Revenue	**4,888,957**		**$ 30,041,130**	

	2009 (1)				
	Ten Largest Users of the Water System Annual Consumption	**Thousands of Gallons**	**% of System**	**Revenues ($)**	**% of Revenues**
1	UNC Wilmington	136,483	2.34%	$ 430,613	1.89%
2	New Hanover County	63,232	1.08%	232,431	1.02%
3	New Hanover Regional Medical Center	61,473	1.05%	211,318	0.93%
4	New Hanover County Schools	47,862	0.82%	208,756	0.92%
5	Wilmington Housing Authority	40,956	0.70%	137,433	0.60%
6	Lake Forest Apartments	30,088	0.52%	97,305	0.43%
7	College Manor Apartments	23,411	0.40%	80,985	0.36%
8	Mayfaire Complex	22,955	0.39%	119,091	0.52%
9	Tribute Properties	21,463	0.37%	114,526	0.50%
10	Elementis Chromium	18,971	0.33%	58,243	0.26%
	Total Net Consumption / Net Revenue	**466,893**	**8.00%**	**$ 1,690,699**	**7.42%**
	Total Annual System Net Consumption / Net Revenue	**5,834,129**		**$ 22,781,177**	

Note: Fiscal year 2009 was the first year of operations for the Authority.

(1) Restated 2009 Top 10 Users to reflect "Net Consumption" and "Net Revenue"

Source: Cape Fear Public Utility Authority Customer Service Department.

Cape Fear Public Utility Authority
Principal Wastewater Customers
Current Fiscal Year and Five Years Ago

2014

Ten Largest Users of the Wastewater System Annual Consumption	Thousands of Gallons	% of System	Revenues ($)	% of Revenues
1 Town of Wrightsville Beach	210,681	4.52%	$ 575,746	1.67%
2 UNC Wilmington	76,958	1.65%	334,630	0.97%
3 New Hanover Regional Medical Center	53,613	1.15%	280,865	0.81%
4 Wilmington Housing Authority	39,564	0.85%	206,411	0.60%
5 New Hanover County Schools	39,552	0.85%	299,798	0.87%
6 New Hanover County Properties	31,201	0.67%	210,889	0.61%
7 Tribute Properties	30,293	0.65%	310,317	0.90%
8 College Manor Apartments	28,858	0.62%	146,045	0.42%
9 Mayfaire Complex	27,624	0.59%	219,025	0.63%
10 Lake Forest Apartments	25,255	0.54%	124,402	0.36%
Total Net Consumption / Net Revenue	**563,600**	**12.08%**	**$ 2,708,128**	**7.84%**
Total Annual System Net Consumption / Net Revenue	**4,664,457**		**$ 34,533,187**	

2009 (1)

Ten Largest Users of the Wastewater System Annual Consumption	Thousands of Gallons	% of System	Revenues ($)	% of Revenues
1 Town of Wrightsville Beach	214,743	4.42%	$ 442,639	2.00%
2 UNC Wilmington	87,800	1.81%	269,249	1.22%
3 New Hanover Regional Medical Center	54,042	1.11%	176,741	0.80%
4 New Hanover County Schools	45,665	0.94%	199,592	0.90%
5 Wilmington Housing Authority	40,652	0.84%	129,175	0.58%
6 New Hanover County Properties	34,744	0.72%	132,783	0.60%
7 Lake Forest Apartments	30,080	0.62%	92,040	0.42%
8 Mayfaire Complex	25,303	0.52%	125,124	0.57%
9 Tribute Properties	24,536	0.51%	154,676	0.70%
10 College Manor Apartments	23,411	0.48%	77,352	0.35%
Total Net Consumption / Net Revenue	**580,975**	**11.96%**	**$ 1,799,371**	**8.15%**
Total Annual System Net Consumption / Net Revenue	**4,856,146**		**$ 22,089,335**	

Note: Fiscal year 2009 was the first year of operations for the Authority.

(1) Restated 2009 Top 10 Users to reflect "Net Consumption" and "Net Revenue"

Source: Cape Fear Public Utility Authority Customer Service Department.

Cape Fear Public Utility Authority
Principal Employers
Current Fiscal Year and Five Years Ago

2014

Employers	Employees (1)	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	5,991	1	5.75%
New Hanover County Schools	4,226	2	4.06%
GE Wilmington	2,175	3	2.09%
University of North Carolina at Wilmington	1,844	4	1.77%
Wal-Mart Stores	1,834	5	1.76%
New Hanover County	1,563	6	1.50%
PPD, Inc.	1,500	7	1.44%
Verizon Wireless	1,216	8	1.17%
Cape Fear Community College	1,176	9	1.13%
City of Wilmington	1,100	10	1.06%
			21.72%
Total # Employed at June 30 of the respective FY (2)			**104,163**

2009

Employers	Employees (3)	Rank	Percentage of Total County Employment
New Hanover Regional Medical Center	4,890	1	5.10%
New Hanover County Schools	4,130	2	4.30%
GE Wilmington	3,000	3	3.13%
University of North Carolina at Wilmington	1,810	4	1.89%
New Hanover County	1,670	5	1.74%
PPD, Inc.	1,420	6	1.48%
Cape Fear Community College	1,260	7	1.31%
City of Wilmington	1,200	8	1.25%
Verizon Wireless	1,200	9	1.25%
Corning, Inc.	1,000	10	1.04%
			22.49%
Total # Employed at June 30 of the respective FY (2)			**95,964**

Note: Fiscal year 2009 was the first year of operations for the Authority.

(1) Source: 2013 Book on Business; www.wilmingtonbiz.com
(2) Source: North Carolina Employment Security Commission (2009) and www.ncworks.gov (2014)
(3) Source: New Hanover County CAFR for Fiscal Year Ended June 30, 2009 using the Wilmington Industrial Development, Inc. and NC State Demographics Website.

Cape Fear Public Utility Authority
Operating Statistics
Last Six Fiscal Years

	Fiscal Year					
	2014	**2013**	**2012**	**2011**	**2010**	**2009**
Water System						
Number of available service connections[(1)]	**68,794**	68,033	67,067	64,602	63,683	62,551
Number of treatment plants - surface water system	**1**	1	1	1	1	1
Treatment capacity (mgd) - surface water	**35**	35.00	35.00	27.50	27.50	27.50
Average production (mgd) - surface water	**13.44**	13.20	13.50	13.70	13.30	14.30
Number of groundwater systems	**3**	3	3	3	3	3
Number of treatment plants - groundwater system	**1**	1	1	1	1	-
Number of wells - groundwater system	**36**	36	36	36	36	36
Treatment capacity (mgd) - groundwater plant	**6**	6	6	6	6	-
Treatment capacity (mgd) - other groundwater systems	**0.70**	0.70	0.70	0.70	0.70	0.70
Average production (mgd) - groundwater	**2.48**	2.95	2.95	3.20	3.30	3.10
Miles of water mains	**1041 [(2)]**	1,078	1,072	1070 [(2)]	1,129	1,103
Wastewater System						
Number of available service connections[(1)]	**66,829**	66,059	64,529	64,330	63,793	62,296
Number of treatment plants	**3**	3	3	3	3	3
WPC plant permit (mgd)	**22.10**	22.10	22.10	22.10	22.10	22.10
Average annual daily flow (mgd)	**16.45**	16.17	15.10	15.80	16.80	15.60
Number of lift stations	**141**	141	141	141	142	142
Miles of wastwater gravity mains[(2)]	**827[(2)]**	850	840	840[(2)]	881	877
Miles of wastewater force mains	**112**	110	104	104	100	100
Number of manholes	**20,918**	20,300	20,300	20,300	N/A	N/A

Note: Fiscal year 2009 was the first year of operations for the Authority.

Source: Cape Fear Public Utility Authority Records

(1) Data restated to remove irrigation meters associated with domestic meters for the same location.
(2) Based on more accurate information as a result of implementating and improving the accuracy of an asset management system.

Cape Fear Public Utility Authority
Consumption by Customer Group
Last Six Fiscal Years

	2014		2013		2012		2011		2010 (1)		2009 (1)	
	Thousand Gallons	**% of Consumption**	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption	Thousand Gallons	% of Consumption
Water Customers												
Residential	**3,415,831**	**69.87%**	3,522,531	69.85%	3,806,074	70.45%	3,887,894	70.88%	3,652,988	70.13%	4,152,536	71.18%
Commercial	**1,006,253**	**20.58%**	1,026,039	20.35%	1,059,983	19.62%	1,075,703	19.61%	1,032,322	19.82%	1,094,936	18.77%
Industrial	**63,349**	**1.30%**	59,116	1.17%	62,267	1.15%	62,278	1.14%	57,719	1.11%	102,707	1.76%
Institutional and Government	**403,523**	**8.25%**	435,048	8.63%	474,130	8.78%	459,656	8.38%	465,940	8.94%	483,950	8.30%
Total	**4,888,957**	**100.00%**	5,042,733	100.00%	5,402,454	100.00%	5,485,531	100.00%	5,208,969	100.00%	5,834,129	100.00%
Wastewater Customers												
Residential	**3,184,447**	**68.27%**	3,246,521	68.52%	3,424,127	68.94%	3,497,483	68.98%	3,329,608	69.30%	3,543,624	72.97%
Commercial	**922,045**	**19.77%**	923,952	19.50%	941,927	18.96%	957,062	18.88%	842,782	17.54%	869,266	17.90%
Town of Wrightsville Beach	**210,681**	**4.52%**	203,370	4.29%	207,561	4.18%	214,479	4.23%	234,303	4.88%	214,743	4.42%
Pender County	**9,008**	**0.19%**	10,473	0.22%	11,550	0.23%	16,224	0.32%	13,550	0.28%	14,139	0.29%
Industrial	**19,468**	**0.42%**	16,296	0.34%	16,197	0.33%	18,219	0.36%	23,060	0.48%	24,964	0.51%
Institutional and Government	**318,809**	**6.83%**	337,107	7.12%	365,297	7.35%	366,618	7.23%	361,467	7.52%	189,410	3.90%
Total (2)	**4,664,457**	**100.00%**	4,737,719	100.00%	4,966,659	100.00%	5,070,085	100.00%	4,804,770	100.00%	4,856,146	100.00%

Note: Fiscal year 2009 was the first year of operations for the Authority.

Source: Cape Fear Public Utility Authority Customer Service Department.

(1) Prior year data has been updated to reflect adjustments made in the current year.
Water includes domestic and irrigation connections

(2) The Total value for Thousand Gallons listed for Wastewater Customers does not include an estimation for the volumetric value of the Flat Wastewater customer class.
For billing purposes, the calculation of Flat Wastewater charges is based on 24,000 gallons discharged bimonthly. There were an average of approximately 1,530 Flat Wastewater customers in 2014.

CAPE FEAR PUBLIC UTILITY AUTHORITY
ACRONYMS

TERM	STANDS FOR
AMR	Automatic Meter Reading
APWA	American Public Works Association
ARRA	American Recovery and Reinvestment Act
ASR	Aquifer Storage and Recovery
AWOP	Area Wide Optimization Program
AWWA	American Water Works Association
BOD	Biochemical Oxygen Demand
CAFR	Comprehensive Annual Financial Report
CAMA	Coastal Area Management Act
CBOD	Carbonaceous Biochemical Oxygen Demand
CFPUA	Cape Fear Public Utility Authority
CIP	Capital Improvement Program
CMMS	Computer Maintenance Management System
CMOM	Capacity Management, Operations & Maintenance
COD	Chemical Oxygen Demand
COPS	Certificates of Participation
COW	City of Wilmington
C-PAR	Corrective/Preventative Action Report
CWM	Clean Water Management
CWSRF	Clean Water State Revolving Funds
CY	Calendar Year
DART	Days Away Restricted Transferred
DBP	Disinfection Byproduct
DHS	Department of Homeland Security
DMR	Discharge Monitoring Report
DO	Dissolved Oxygen
DR	Disaster Recovery
DWQ	Division of Water Quality
EDC	Endocrine Disrupting Compound
EDMR	Electronic Discharge Monitoring Report
EEOC	Equal Employment Opportunity Commission
EMS	Environmental Management System
EOC	Emergency Operations Center
EFT	Electronic Funds Transfer
EPA	Environmental Protection Agency
ERT	Encoder Receiver Transmitter

TERM	STANDS FOR
ERP	Enterprise Resource Planning
FEMA	Federal Emergency Management Agency
FOG	Fats, Oils and Grease
FSE	Food Service Establishment
FTE	Full Time Equivalent Positions
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Government Accounting Standards Board
GC	Gas Chromatograph
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
GPD	Gallons per day
GPS	Global Positioning System
GS	General Statute
HAZMAT	Hazardous Material
HMI	Human Machine Interface
HVAC	Heating, Ventilation and Air Conditioning
I/I	Infiltration and Inflow
ICP-MS	Inductively Coupled Plasma-Mass Spectrometry
ICS	Incident Command System
ILA	Interlocal Agreement
IRR	Irrigation
ISO	International Organization for Standardization (Greek)
IT	Information Technology
IU	Industrial User
IVR	Interactive Voice Response
KPI	Key Performance Indicator
LCFWSA	Lower Cape Fear Water & Sewer Authority
LCS	Lab Control Samples
LIMS	Laboratory Information Management System
LWSP	Local Water Supply Plan
MDD	Maximum Daily Demand
MDF	Maximum Daily Flow
MGD	Million gallons per day
MOU	Memorandum of Understanding
MSDS	Material Safety Data Sheet

CAPE FEAR PUBLIC UTILITY AUTHORITY

ACRONYMS

TERM	STANDS FOR
NACWA	National Association of Clean Water Agencies
NCDENR	North Carolina Department of Environment & Natural Resources
NCDWQ	North Carolina Division of Water Quality
NCRWA	North Carolina Rural Water Association
NEI	Northeast Interceptor
NHC	New Hanover County
NIMS	National Incident Management System
NOAA	National Oceanic and Atmospheric Administration
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NTU	Nephlometric Turbidity Units
O & M	Operational & Maintenance
ORC	Operator in Responsible Charge
OSHA	Occupational Safety and Health Administration
PER	Preliminary Engineering Report
pH	Potential of Hydrogen
POSM	Pipeline Observation System Management
POTW	Public Owned Treatment Works
PPCP	Pharmaceuticals and Personal Care Products
PPM	Parts per million
PS	Pump Station
PSA	Protective Security Advisor
PWS	Public Water Supply
QA	Quality Assurance
QC	Quality Control
RFP	Request for Proposal
SBR	Sequencing Batch Reactor
SCADA	Supervisory Control and Data Acquisition
SDC	System Development Charge
SIU	Significant Industrial User
SKN	Soluble Kjeldahl Nitrogen
SNC	Significant Non-Compliant
SOI	Standard Operating Instructions
SOP	Standard Operating Procedures

TERM	STANDS FOR
SSO	Sanitary Sewer Overflow
SUO	Sewer Use Ordinance
TDS	Total Dissolved Solids
TKN	Total Kjeldahl Nitrogen
TMDL	Total Maximum Daily Loads
TOC	Total Organic Carbon
TRC	Technical Review Committee
TSS	Total Suspended Solids
TTHM	Total Trihalomethanes
UNCW	University of North Carolina at Wilmington
USACE	United States Army Corp. of Engineers
USEPA	United States Environmental Protection Agency
VPN	Virtual Private Network
WEA	Water Environment Association
WEF	Water Environment Federation
WERF	Water Environment Research Foundation
WTP	Water Treatment Plant
WWTP	Wastewater Treatment Plant

CAPE FEAR PUBLIC UTILITY AUTHORITY
GLOSSARY

WORD/CONCEPT	DEFINITION
Account	A basic component of the accounting ledger used to classify financial transactions that are similar in terms of a given frame of reference; such as purpose, object or source.
Accrual Basis	A basis of accounting in which transactions are recognized at the time they are incurred as opposed to when case is received or spent.
Adopted Budget	The budget document formally approved by the Authority Board. This document sets forth authorized expenditures and the means of financing those expenditures; used interchangeably with the term "Final Budget".
Annualized	Taking charges that occurred mid-year and calculating their cost for a full year for the purpose of preparing an annual budget.
Appropriation	A legal authorization to incur obligations and to make expenditures for specific purposes.
Aquifer	A wet underground layer of water-bearing permeable rock or unconsolidated materials (gravel, sand or silt) from which groundwater can be usefully extracted using a water well.
Asset	Resources owed that has monetary value.
Asset Management	A systematic process of operating, maintaining and upgrading assets cost-effectively.
Audit	An examination of some or all of the following items: documents, records, reports, systems of internal control, accounting procedures, and other evidence, or one or more of the following purposes: (a) determining the propriety, legality and mathematical accuracy of proposed or completed transactions; (b) ascertaining whether all transactions have been recorded; and (c) determining whether transactions are accurately recorded in the accounts and in the statements drawn from in accordance with accepted accounting practices.
Authorized Positions	Employee positions that are authorized in the adopted budget to be filled during the year.
Backflow	A term in plumbing for an unwanted flow of water in the reverse direction. It can be a serious health risk for the contamination of potable water supplies with foul water.
Backflow Prevention Device	A device used to protect water supplies from contamination or pollution.
Balance Sheet	A formal statement of assets, liabilities and fund balance as of a specific date.
Balanced Budget	Refers to a budget in which revenues are equal to expenditures. Thus, neither a budget deficit nor a budget surplus exists.
Benchmarking	The process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries; often treated as a continuous process in which organizations continually seek to improve their practices.
Collateral	Property acceptable as a security for a loan or other obligation; guaranteed by a security pledged against the performance of an obligation.
Collaterize	To secure (a loan) through the use of collateral.
Compensated Absences	Refers to employees' time off with pay for vacations, holidays and sick days.

CAPE FEAR PUBLIC UTILITY AUTHORITY
GLOSSARY

WORD/CONCEPT	DEFINITION
Comprehensive Annual Financial Report (CAFR)	The official annual financial report of the Authority; summarizes and discloses the financial activity of the Authority.
Computer Maintenance	A CMMS software package maintains a computer database of information.
Contingency	A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.
Corporate Governance	Processes, customers, policies, laws and institutions affecting the way a corporation is directed, administered or controlled.
Debt Coverage Ratio	The ratio of cash available for debt servicing to interest, principal and lease payments. It is a popular benchmark used in the measurement of an entity's ability to produce enough cash to cover its debt payments. The higher this ratio is, the easier it is to obtain a loan.
Debt Management	A formal agreement between the Authority and its' creditors.
Debt Service	The cost of paying principal and interest on borrowed money according to a pre-determined payment schedule.
Department	A basic organizational unit that is functionally unique in its delivery of services; each department can be subdivided into divisions.
Depreciation	Drop in value; a method of allocating the cost of a tangible asset over its useful life.
Disbursement	The expenditure of monies from an account.
Distinguished Budget	A voluntary awards program administered by the Government of Finance.
Effluent	An outflowing of water or gas from a natural body of water, or from a human-made structure.
Encoder Receiver Transmitter (ERT)	Communications modules that fit on electric, gas or water meters. ERT's encode consumption and tamper information from the meters and communicates the data to Itron data collection systems including handheld devices, mobile automatic reading devices and networks.
Encumbrance	A commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.
Enterprise Fund	A government owned fund that sells goods and services to the general public; are common in local government.
Environmental Management System (EMS)	Refers to the management of an organization's environmental programs in a comprehensive, systematic, planned and documented manner. It includes the organizational structure, planning and resources for developing, implementing and maintaining policy for environmental protection.
Environmental Protection Agency (EPA)	The agency of the federal government of the United States charged with protecting human health and the environment by writing and enforcing regulations based on laws passed by Congress.
Expenditure	The payment of funds against appropriations that reduce cash balance; are made for the purpose of acquiring an asset, service or settling a loss.
Feasibility Report	An evaluation and analysis of the potential of a proposed project which is based on extensive investigation and research to support the process of decision making.

CAPE FEAR PUBLIC UTILITY AUTHORITY
GLOSSARY

WORD/CONCEPT	DEFINITION
Fiscal Year	A 12-month period designated as the operating year for accounting and budgeting purposes in an organization.
Fixed Assets	Assets of long-term character that are intended to continue to be held or used; includes land, buildings, machinery, furniture and other equipment.
Full time Equivalent	A position converted to the decimal equivalent of a full-time position .
Fund Accounting	System used by non-profit organizations, particularly governments.
Fund Balance	Difference between assets and liabilities reported in a governmental fund on the modified accrual basis of accounting.
Generally Accepted Accounting Principles (GAAP)	Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules and procedures that define accepted accounting principles.
Goal	A statement of broad direction, purpose or intent; general and timeless.
Government Accounting Standards Board	The accepted standard setting body for establishing accounting and financial reporting principles.
Ground Water	Water located beneath the ground surface in soil pore spaces and in the fractures of rock formations.
Infrastructure	The basis physical and organizational structures needed for the operation of a society of enterprise (1), or the services the facilities necessary for an economy to function (2). It can be generally defined as the set of interconnected structural elements that provide the framework supporting an entire structure of development.
Interest	Cost of using money.
Interest Earnings	Interest earned on cash held in interest bearing deposits and accounts.
National Incident Management System (NIMS)	An emergency management doctrine used nationwide to coordinate emergency preparedness and incident management and response among the public and private sectors.
National Pollutant Discharge Elimination System (NPDES)	Controls water pollution by regulating point sources that discharge pollutants into waters of the United States.
Non-Departmental Accounts	Items of expenditure essential to the operation of the Authority that do not fall within the function of any department.
Operating Budget	The annual budget of an activity stated in terms of Budget Classification Code, functional/sub functional categories and cost accounts. It contains estimates of the total value of resources required for the performance of the operation; used to keep track of maintenance operations, salaries and interest payments.
Operating Expenses	The cost for personnel, materials and equipment required for a department to function.
Operating Revenue	Funds received to pay for on-going operations. It includes rates and fees; used to pay for day-to-day services.
Ordinance	A law made by a municipality or other local authority.
Outfall	The discharge point of a waste stream into a body of water; alternatively it may be the outlet of a river, drain or a sewer where it discharges into the sea, a lake, etc. A wastewater treatment system discharges treated effluent to a water body from an outfall.

CAPE FEAR PUBLIC UTILITY AUTHORITY
GLOSSARY

WORD/CONCEPT	DEFINITION
Pay-As-You-Go Basis	AKA "Pay-Go"; a term used to describe a financial policy by which capital outlays or capital projects are financed from current revenues rather than from borrowing.
Performance Measure	Defines data that documents how effectively or efficiently a program is achieving its objectives.
Potable Water	Drinking water.
Procurement	The acquisition of goods or services. It is favorable that the goods or services are appropriate and that they are procured at the best possible cost to meet the needs of the purchaser in terms of quality and quantity, time and location.
Proprietary Fund	An account in which certain (government) transactions are handled. Services that fit into a proprietary fund are grouped by similarities to evaluate their performance.
Revenues	Sources of income financing the operations of the Authority.
Risk Management	The process of identifying, assessing and controlling risks arising from operational factors and making decisions that balance risk costs with mission benefits.
SCADA (Supervisory Control & Data Acquisition)	A computer system that monitors and controls industrial, infrastructure or facility-based processes.
Septage	The material pumped out of a septage tank or onsite sewage facility.
Service	Helping others with a specific need or want.
Stewardship	An ethic that embodies responsible planning and management of resources.
Strategic Plan	A process for determining where an organization is going over the next year or, more typically, 3 to 5 years (long term); some extend their vision to 20 years.
Strategic Vision	Outlines what the organization wants to be, or how it wants the world in which it operates to be. This is a long-term view and concentrates on the future.
Surface Water	Water collecting on the ground or in a stream, river, lake, wetland or ocean; it is related to water collecting as groundwater or atmospheric water.
Sustainability	The long-term maintenance of responsibility, which has environmental, economic and social dimensions, and encompasses the concept of stewardship, the responsible management of resource use.
System Development Charges	Calculated charges to cover the cost of capacity in the Authority's existing water and wastewater plants and transmission facilities, and the estimated cost of capacity in future treatment plants and facilities that are covered in the 10-year Capital Improvement Plan.

Cape Fear Public Utility Authority
Stewardship. Sustainability. Service.

Budget Ordinance

Ordinance Making Revenues and Appropriations
For the Fiscal Year Beginning July 1, 2015

LEGISLATIVE INTENT/PURPOSE:
Revenues and Appropriations to the Operating Fund for the Fiscal Year Beginning July 1, 2015.

THEREFORE, BE IT ORDAINED by the Board of the Cape Fear Public Utility Authority:

SECTION I: The following appropriations are hereby made to the Operating Fund and the following revenues are estimated to be available during the fiscal year to meet these appropriations.

Operating Fund

Appropriations	
Operating Expenditures	$35,910,846
Non-Departmental	2,154,500
Contingency - Operating	800,000
Debt Service	23,559,921
Bond Issuance Costs	750,000
Transfer to Capital Projects Funds	12,895,933
Total Appropriations	**$ 76,071,200**
Revenues	
Wastewater Revenues	$35,280,000
Water Revenues	31,067,000
Investment Earnings	796,000
Other Charges for Service	3,078,200
Transfer from System Development Funds	3,600,000
Appropriated Fund Balance	1,500,000
Proceeds from Revenue Bonds (to pay Bond Issuance Costs)	750,000
Total Revenues	**$76,071,200**

SECTION II: That appropriations herein authorized shall have the amount of outstanding purchase orders as of June 30, 2015 added to each appropriation as it appears in order to account for the payment against the fiscal year in which it is paid.

SECTION III: The following appropriations are hereby made to the System Development Funds and the following revenues are estimated to be available during the fiscal year to meet these appropriations.

System Development Funds

Appropriations	
Transfer to Operating Fund	$ 3,600,000
Total Appropriations	**$ 3,600,000**
Revenues	
System Development Charges	$ 3,600,000
Total Revenues	**$ 3,600,000**

SECTION IV: Pursuant to NCGS 159-13.2, the following appropriations are hereby made to the Capital Projects Funds and the following revenues are estimated to be available during the fiscal year to meet these appropriations.

Capital Projects Funds

Appropriations	
System-Wide Capital Improvement Projects	$1,028,620
Water Capital Improvement Projects	9,540,722
Wastewater Capital Improvement Projects	7,095,000
Total Appropriations	**$17,664,342**
Revenues	
Transfer from Operating Fund	$12,895,933
Proceeds from Revenue Bonds	4,768,409
Total Revenues	**$17,664,342**

Patricia O. Kusek

Patricia O. Kusek, Chairman

CAPE FEAR PUBLIC UTILITY AUTHORITY SEAL

Adopted at a regular meeting
on June 10, 2015.

ATTEST:

James G. Brumit

James G. Brumit, Secretary