



CAPE FEAR PUBLIC UTILITY AUTHORITY WILMINGTON, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORTFor the Fiscal Year Ended June 30, 2020

Board Members

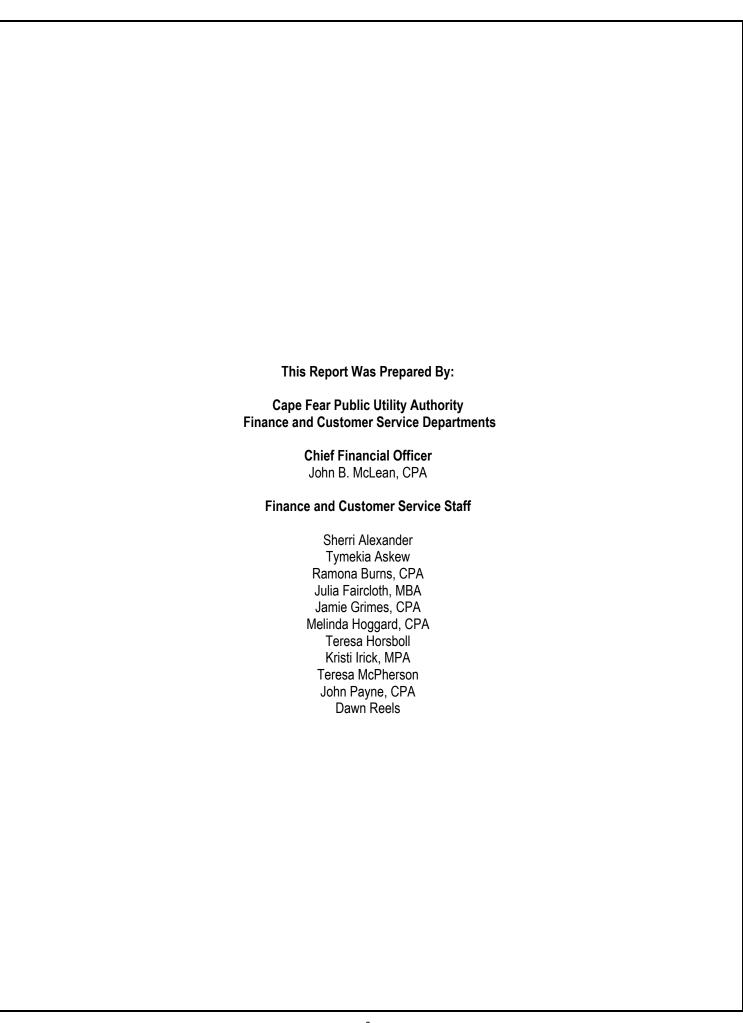
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Commissioner Jonathan Barfield, Jr.
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Jessica Cannon, M.D.
Councilman Kevin O'Grady
Councilman Charlie Rivenbark
Larry Sneeden
Commissioner Rob Zapple

Executive Director

James R. Flechtner, PE

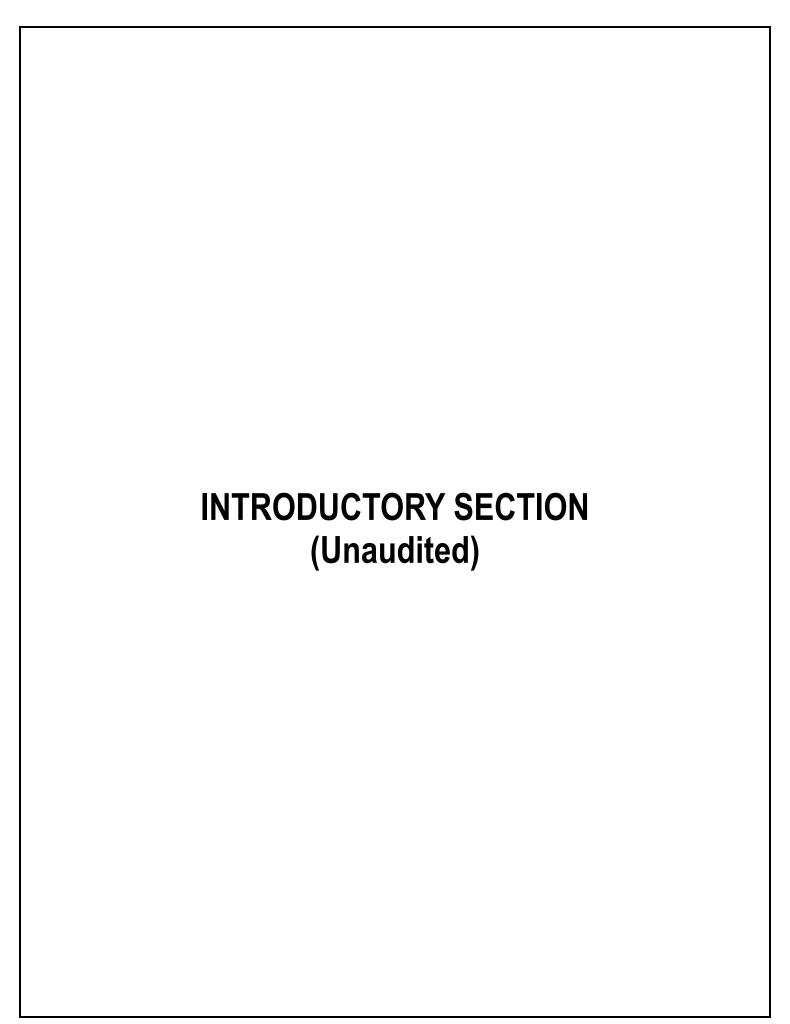
Chief Financial Officer

John B. McLean, CPA



Cape Fear Public Utility Authority			
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October 31, 2020

To the Cape Fear Public Utility Authority Board, Customers, and Bondholders:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Cape Fear Public Utility Authority (the Authority) for the fiscal year ended June 30, 2020. The Authority, like all other local governments and public authorities in the State, is required by state law to publish a complete set of financial statements within four months of the end of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020, and to provide further accountability to customers, bondholders, and other stakeholders by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

The Authority's management is responsible for the accounting system and for establishing and maintaining internal controls over financial reporting. The internal control system is designed to provide reasonable assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that the cost of a control should not exceed its likely benefits and the evaluation of costs and benefits requires estimates and judgments by management.

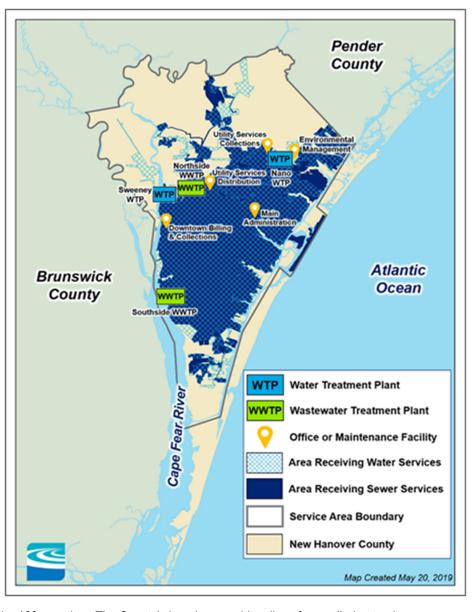
Management assumes full responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed financial data is accurate in all material aspects and fairly presents the financial position of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

As noted earlier, the Authority is required by state law to have an annual independent financial audit. Cherry Bekaert, LLP conducted the audit and issued an unmodified ("clean") opinion that the financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2020, and changes in financial position and its cash flows in conformity with GAAP. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report on pages 18-19.

Please refer to the Management's Discussion and Analysis (MD&A) and the basic financial statements for detailed information on the Authority's financial performance in FY 2020. This transmittal letter and the MD&A are intended to complement one another.

Authority Profile

The Authority was formed by the City of Wilmington and New Hanover County to combine the water and wastewater operations, and began operations on July 1, 2008. The Authority was established pursuant to the Chapter 162A, Article 1 of the North Carolina General Statutes. known as the North Carolina Water and Sewer Authorities Act. The Authority's service area consists of the City of Wilmington and areas of New Hanover County previously served by the New Hanover County Water and Sewer District (District). It does not include the municipalities of Carolina Beach, Kure Beach, and Wrightsville Beach; although by agreement, wastewater flows from Wrightsville Beach and a portion of Pender County are conveyed to and treated by the Authority. The Authority entered into a bulk purchase agreement with the Town of Wrightsville Beach to supplement their water capacity during tourist season up to 45 million gallons per year. New Hanover County's population is approximately 232,000 in an area encompassing approximately 220 square miles. Of this total, 21 square miles consist of water and wetlands. New Hanover County is the second smallest county in North Carolina by land area and



is also the third most densely populated of the 100 counties. The County's beaches provide miles of unspoiled natural beauty and are the area's most popular tourist attractions. The County is the eastern terminus of Interstate Highway 40, a transcontinental route ending in Barstow, California.

An eleven-member board governs the Authority. The City and County appoint five members each, with four of those appointments (two each) coming from their respective governing boards. The eleventh member is jointly appointed. The Authority board is responsible for the adoption of the annual budget, setting water and wastewater rates, making policy decisions, and appointing the Executive Director and Legal Counsel.

The annual budget serves as the foundation for the Authority's financial planning and control. The annual operating budget is adopted by the Authority board at a functional level with capital project ordinances adopted on a multi-year basis. The Authority has a 10-year Capital Improvement Plan (CIP). The first year of the CIP is adopted annually.

Other years are programmed and are subject to change as priorities are considered. The Authority's operations are accounted for and reported similar to a private enterprise, as provided services are funded by user fees and charges. Budget-to-actual comparisons are provided in this report for the annually appropriated operating fund. Multi-year capital projects are presented on a separate schedule with year to date and project-to-date information.

System Description

The Water System

The water system is composed of a surface water system and two groundwater systems. There are 71,463 water connections, an increase of 899 compared to the previous year. Also, an additional 3,420 locations have services available (vacant lots). The water system has 1,150 miles of distribution lines at June 30, 2020. The Authority also keeps eight wells on standby to supplement the water supply during emergencies or peak demand periods. Metered water consumption for the fiscal year June 30, 2020 increased 7.65% from the previous year.

The Authority has a needs-based contract to purchase up to 23.0 MGD of raw water from the Lower Cape Fear Water and Sewer Authority (LCFWSA) with a term ending in 2030. Raw surface water is either drawn from the Cape Fear River through the Authority's 10.0 million gallon per day (MGD) raw water intake at King's Bluff or purchased through a connection with the LCFWSA at U.S. Highway 421. The raw surface water is pumped to the Sweeney Water Treatment Plant (SWTP), which provides potable water to the majority of the Authority's service area. The SWTP has a rated capacity of 35.0 MGD. Average production during the fiscal year ended June 30, 2020 was 15.337 MGD and peak production of 23.17 MGD. The surface water distribution system has been providing water service for more than 100 years and includes 16.0 million gallons of covered finished water storage and 5.5 million gallons of storage in four elevated tanks.

In October 2009, the Authority placed a Membrane-Filtration Groundwater Plant (the Richardson Water Treatment Plant, RWTP) into operation to serve the northeast section of the distribution system. The RWTP has a rated capacity of 6.0 MGD. The source of raw water is from 25 wells drawing from two different aquifers. The Membrane plant softens the groundwater and removes organic and inorganic contaminants to produce a blended groundwater that is followed by disinfection, pH adjustment, fluoridation, and corrosion control treatment. The Richardson Plant had a daily average production during the fiscal year ended June 30, 2020 of 2.99 MGD and peak production of 4.791 MGD. The Richardson distribution system provides water service to customers and includes 2.8 million gallons of covered ground storage and 2.1 million gallons of elevated storage in four elevated tanks. In addition, the Authority operates one smaller groundwater system, known as the Monterey Heights system, providing groundwater directly to customers from five wells and a single 0.5 million gallon elevated storage tank. The groundwater receives disinfection at each well site before being pumped to the distribution system and the storage tanks. Average production of the Monterey Heights system during the fiscal year ended June 30, 2020 was 0.911 MGD with peak production of 1.765 MGD.

The Wastewater System

There are 71,675 wastewater accounts, an increase of 1,675 compared to the previous year. Also, an additional 3,734 locations have services available (vacant lots). The Authority also provides wholesale wastewater treatment services to the Town of Wrightsville Beach and provides wastewater services to a portion of Pender County. The Authority's collection system consists of 907 miles of gravity lines, 22,395 manholes, 150 pump stations and 154 miles of

pressurized sewage force main. Wastewater consumption, based on metered water (excluding irrigation) for the fiscal year June 30, 2020 increased 5.16% from the previous year.

The Authority currently owns and operates the James A. Loughlin, or Northside Wastewater Treatment Plant (NSWWTP) and the M'Kean Maffitt, or Southside Wastewater Treatment Plant (SSWWTP). The NSWWTP is permitted to treat up to 16.0 MGD. The SSWWTP is permitted to treat up to 12.0 MGD. For the fiscal year ended June 30, 2020, the combined average daily flows were 16.88 MGD of the combined 28.0 MGD permitted. The NSWWTP and SSWWTP both use physical, chemical and biological processes to clean the wastewater. After the wastewater flows are collected and treated, the treated effluent from the SSWWTP and the NSWWTP is discharged into the Cape Fear River. The Authority also has a hauled waste program delivering septage and other non-hazardous wastes to NSWWTP for processing.

The Authority has a sewer use ordinance that is administered under the pretreatment program. Ordinance revisions were approved by the Board on May 10, 2017, to ensure compliance with state and federal requirements. The pretreatment program monitors and regulates significant wastewater dischargers that are either connected to the Authority's wastewater collection system or hauled to the wastewater treatment plants. Currently, six significant industrial users (SIU) are permitted under the program. SIU permits contain discharge limits for pollutants such as biochemical oxygen demand (BOD), total suspended solids (TSS), chemical oxygen demand (COD), oil and grease, chlorides, ammonia, total kjeldahl nitrogen (TKN), fluoride, certain metals, and organics. All of these SIUs pre-treat wastewater prior to discharging to the Authority. All SIUs submit monthly monitoring reports. Authority staff conducts semi-annual monitoring. Surcharges are applied to waste that contains pollutants in excess of domestic strength waste. A NC Division of Water Quality approved enforcement response plan ensures permit violations are addressed timely and equitably. Additionally, the pretreatment program permits and monitors food service establishments and other dischargers of non-domestic wastewater that could be harmful to the treatment works, employees, bio-solids, public health, and receiving waters.

Economic Condition and Outlook

The service area of the Authority, comprising most of New Hanover County, continues to be a commercial center for southeastern North Carolina and its economic profile consists of a diverse mixture of education, healthcare, manufacturing and service industries. The area serves as the economic, cultural, and services hub for southeastern North Carolina. The historic attractions, mild climate, water-related activities and business opportunities have made the region one of the fastest growing areas of the nation. The area's commercial and industrial base is diversified with a mix of local, regional, national and international companies. Local industries are involved in a range of operations including research and development and manufacturing processes resulting in the production of synthetic fibers, fiber optics, nuclear fuel and jet engine components.

Taxable sales in New Hanover County were down 1% for the fiscal year ended June 30, 2020 largely due to the impacts of COVID-19. New Hanover County reported a 17% increase in the number of building permits issued with a 8% increase in the cost of these permitted projects compared to the prior year. The County's unemployment rate at June 30, 2020, of 7.6%, is lower than North Carolina's 7.9% and the United States unemployment rate of 11.2%.

Long-Term Financial Planning and Relevant Financial Policies

The long-term financial plan is an essential tool to ensure that the Authority will continue to be both operationally and financially sustainable. Operating and capital needs are developed to provide for the highest level of service that is both responsive to the changing needs of our community and responsible to our local environment. The long-term financial plan is the product of a continuous, iterative process that balances these operating and capital needs with financial constraints provided for in the Authority's financial policies. These financial policies are focused on maintaining the balance among debt, cash reserves, and rate affordability. Key financial policies include the following:

- Debt management The Authority's debt management policy explicitly limits debt in two ways. First, the policy provides specific attributes that projects should generally have to be candidates for debt funding (e.g. for high-dollar projects where funding capital improvement exclusively through rates is impractical or for growth-oriented projects in which it makes sense for future rate payers to pay for those improvements). Second, the policy establishes a debt limit expressed in terms of the debt-to-capitalization ratio (debt outstanding as a percentage of the value of capital assets). The Authority may not issue debt if such issuance would cause the Authority's debt-to-capitalization ratio to exceed 45%. Measuring the Authority's debt load using the debt-to-capitalization is an appropriate way to quantify the Authority's debt load because the ratio reflects the Authority's long-term mix of debt and rate revenue funding for capital improvements. The policy debt metric limit of 45% was derived considering the Authority's debt service coverage target and its expectation of long-term borrowing costs. Given the Authority's current capital needs, rate revenues must provide for at least \$18 million in pay-as-you-go capital funding each year to remain below the 45% debt limit.
- Cash reserves The Authority's cash reserve policy is focused on optimizing the level of reserves that provides for a balance between having sufficient amounts to ensure continued service in the event of infrastructure failure or periods of declining revenues and the efficient use of the financial resources provided by rate payers. The reserve policy provides for a periodic determination of appropriate reserve levels that is tailored to the Authority's unique geographic and business environment. The Authority's current reserve target is \$50 million in undesignated fund balance.

Major Initiatives

The Authority is committed to providing a level of service that is responsive to the needs of the community. The Authority's operating and capital budgets are developed to support these needs. Major initiatives incorporated into the Authority's operating and capital budgets include the following:

- Growth The service area continues to experience significant population growth. The Authority collaborates with the City of Wilmington and New Hanover County to plan for and accommodate economic development and partners with private developers to meet demands for capacity and new services. The fiscal 2021 10-year Capital Improvement Program includes \$30.6 million in growth projects. Current major growth-related capital projects include the extension of water and wastewater service to the Highway 421 Corridor, the expansion of water service to the northern portion of New Hanover County, and various pump station capacity upgrades.
- Affordability The health and well-being of our community depend on access to clean water and sanitary sewer service. The Authority recognizes that the cost of our services is one part of our customers' overall cost of living. CFPUA Assist, a program managed through Waterway NC, a non-profit organization governed by representatives of the Authority and other community institutions, partners with New Hanover County Department of Health and Human Services to distribute private donations to customers in need. In addition, the Board adopted a resolution in September 2020 to launch a flow restriction pilot program as an alternative to traditional shutoffs for residential customers. The goal of the program is to continue to incentivize customers

to settle past due balances in a similar manner to traditional shutoffs while providing continued access to clean water.

- Water quality Meeting regulatory requirements is just the starting point for the Authority. From there, steps are taken to maintain a comprehensive understanding of our source water and invest in technology to achieve the level of water quality that the community demands. The Authority tests source water for emerging, unregulated compounds, including per- and polyfluoroalkyl substances (PFAS), 1,4-dioxane, and pharmaceuticals and personal care products. This information is shared with our community and investments are made to remove these compounds. The Authority is currently undertaking a \$43.0 million upgrade to the Sweeney Water Treatment Plant to install granular activated carbon (GAC) filtration at the Sweeney Water Treatment Plant to remove PFAS and other emerging contaminants from treated surface water. The upgrades are expected to become operational in fiscal year 2022.
- Investments in aging infrastructure The Authority has made significant investments in replacing and rehabilitating its aging infrastructure. These investments resulted in the termination of the EPA Consent Decree in June 2018. Comparing the last five years with the five years prior to the formation of the Authority, the frequency of sanitary sewer overflows has decreased by 50% while the volume of sanitary sewer overflows has decreased 76%. The Authority's Fiscal Year 2021 10-year Capital Improvement Program includes approximately \$188.6 million for infrastructure rehabilitation and replacement.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Authority has received this prestigious award each of the twelve fiscal years since it began operations July 1, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.

The Authority Board members have provided their unfailing support of the highest standards of professionalism in the management of the Authority's finances. This report is the work of the efficient and dedicated staff of the Finance and Customer Service Departments. We wish to express our appreciation to all members of those departments who assisted and contributed to the preparation of this report and the entire Authority staff for their cooperation and assistance.

Respectfully submitted,

James R. Flechtner, P.E. Executive Director

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cape Fear Public Utility Authority North Carolina

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

Board Members



Wesley P. Corder Chairman

Jointly appointed by City of Wilmington and New Hanover County

Seated in 2017

Term ends 2023

Committee: Executive, Finance &

Communications



William A. Norris Vice-Chair

Appointed by the City of Wilmington

Seated in 2013

Term ends in 2021

Committees: Executive & Finance



Deans Hackney

Secretary

Appointed by City of Wilmington

Seated in 2018

Term ends 2022

Committee: Executive, Finance & Human

Resources



Jessica Cannon, M.D.

Member

Appointed by City of Wilmington

Seated in 2019

Term ends 2023

Committees: Long Range Planning & Sustainability



Kevin O'Grady

Councilman

Appointed by City of Wilmington

Seated in 2014

Term ends 2022

Committee: Human Resources &

Communications



Charles Rivenbark

Councilman

Appointed by City of Wilmington

Seated in 2010

Term ends in 2021

Committees: Long Range

Planning



Jennifer Adams
Treasurer
Appointed by New Hanover County
Seated in 2016
Term ends in 2022
Committees: Executive, Finance
& Sustainability



Jonathan Barfield, Jr.

Commissioner

Appointed by New Hanover County

Seated in 2019

Term ends 2020

Committees: Communications & Human Resources



Hollis Briggs, Jr.

Member
Appointed by New Hanover County
Seated in 2019
Term ends in 2022
Committees: Long Range Planning



Larry Sneeden

Member

Appointed by New Hanover County

Seated in 2012

Term ends in 2023

Committees: Long Range Planning



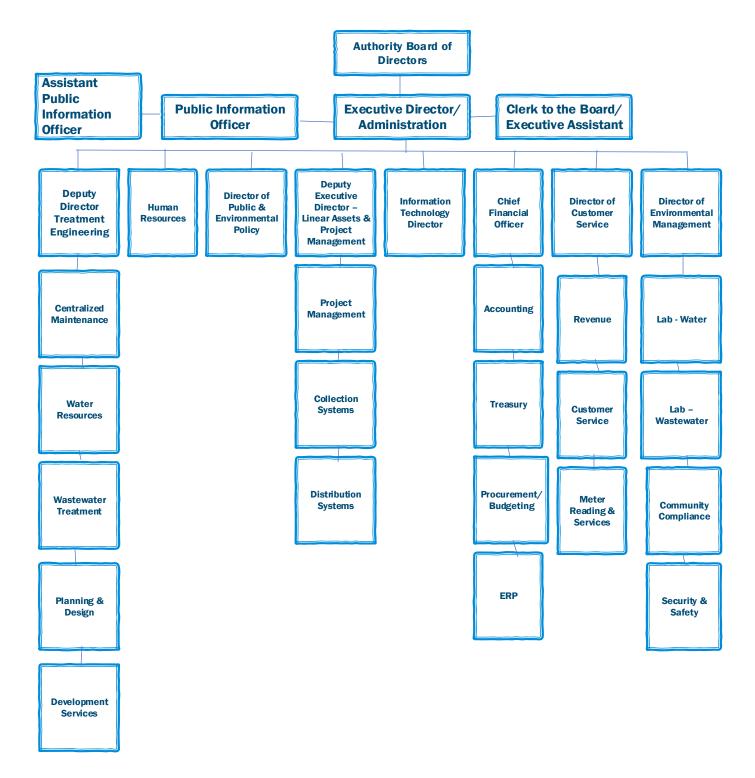
Rob Zapple
Commissioner

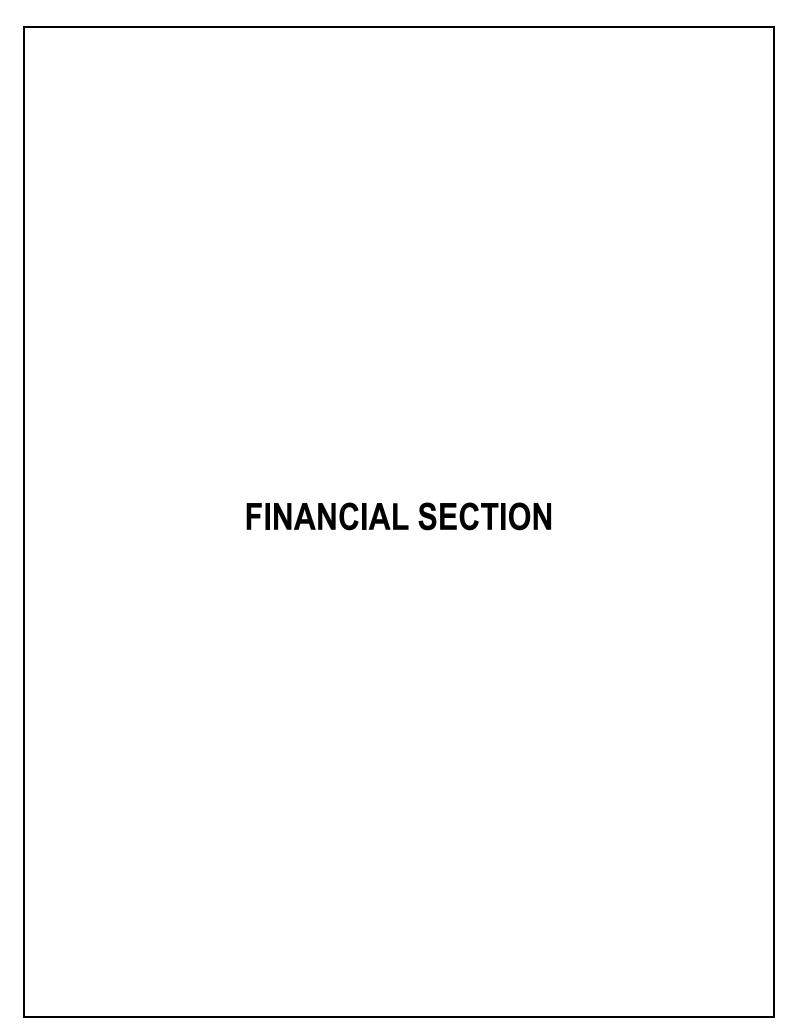
Appointed by New Hanover County
Seated in 2019
Term ends in 2020
Committees: Finance, Long Range
Planning & Sustainability



Donna S. Pope Clerk to the Board









Report of Independent Auditor

The Board of Directors Cape Fear Public Utility Authority Wilmington, North Carolina

Report on the Financial Statements

We have audited the accompanying statement of net position of Cape Fear Public Utility Authority (the "Authority") as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, and schedules listed in the table of contents under "Supplementary Schedules" and the statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the Authority's internal control over financial reporting and compliance.

Raleigh, North Carolina October 30, 2020

The management of Cape Fear Public Utility Authority (Authority) offers readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 6 through 10 of this report.

FINANCIAL HIGHLIGHTS

- The overall financial condition of the Authority improved during the year ended June 30, 2020. Assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$591.1 million which is an increase of \$24.6 million from the prior year.
- Total operating revenues were \$95.9 million, an increase of \$9.9 million or 11.5% over the prior year. The increase is
 mainly attributable to an increase in charges for services due to the following:
 - Reimbursements from Brunswick County for Brunswick County's proportionate share of the costs to construct
 a new raw water line from Lower Cape Fear Water and Sewer Authority's King's Bluff pump station to
 Brunswick County's water treatment plant. CFPUA is managing the project and billing Brunswick County it's
 share of the project costs.
 - An increase and water and sewer rate revenues due to customer growth and billed consumption per customer compared to the prior year.
- Total operating expenses (including depreciation and amortization) were approximately \$81.6 million, an increase of approximately \$7.8 million or 10.6% over the prior year. The change is due to the following:
 - A \$2.8 million increase in personnel and benefits expense related to merit and cost-of-living adjustments for Authority staff and an increase in pension expense due to increases in service costs, interest, and the amortization of the impact on the collective total pension liability of larger than expected salary increases; the amortization of underperformance of plan investments compared to expectations, and an increase in the CFPUA's proportionate share of the collective net pension liability.
 - A \$3.9 million increase in operations and maintenance expense related to Brunswick County's share of costs to construct the new raw water line from Lower Cape Fear Water and Sewer Authority's King's Bluff pump station to Brunswick County's water treatment plant.
 - A \$1.1 million increase in depreciation and amortization expense due to the Authority's increased capital investment in infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority was created in accordance with NCGS 162A to provide water and wastewater services to the City of Wilmington (City) and the unincorporated areas of New Hanover County (County). The Authority does not provide other general purpose government services or programs and does not have the power of taxation. The Authority's operations, capital expansion program, and debt payments are funded almost entirely through user rates, fees, and other charges for these water and sewer services similar to a private business. As such, the Authority is considered a special-purpose government engaged in only business-type activities for financial reporting purposes.

The Authority's basic financial statements consist of a *Statement of Net Position*, a *Statement of Revenues, Expenses and Changes in Net Position*, and a *Statement of Cash Flows*. These statements, together with the *Management's Discussion and Analysis*, provide information about the Authority's financial position and results of operations during the year. To provide a better understanding of the information contained in these statements, *Notes to Financial Statements* and a *Schedule of Revenues and Expenditures – Budget and Actual (NON-GAAP)* appear immediately following the basic financial statements. In addition to this discussion and analysis, other required supplementary information, general statistical and demographic in nature, is presented.

The Statement of Net Position presents information on the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Finally, the *Statement of Cash Flows* provides information on how the Authority's cash and cash equivalents changed during the year. The basic financial statements can be found on pages 26 through 29 of this report.

The notes provide additional information that is essential to obtain a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found on pages 30 through 47 of this report.

FINANCIAL ANALYSIS

Table A presents the Condensed Statement of Net Position for the fiscal years ended June 30, 2020 and June 30, 2019.

Condensed Statement of Net Position			
Table A			
	June 30,	June 30,	
	2020	2019	
Assets			
Current assets	\$ 165,547,534	\$ 126,789,174	
Non-current assets - noncapital	2,046,534	-	
Non-current assets - capital	776,654,240	736,730,114	
Total assets	944,248,308	863,519,288	
Deferred Outflows of Resources	18,460,029	19,458,107	
Liabilities			
Current liabilities	42,018,695	34,742,234	
Noncurrent liabilities	328,181,130	280,723,346	
Total liabilities	370,199,825	315,465,580	
Deferred Inflows of Resources	1,421,171	983,399	
Net Position			
Net investment in capital assets	512,151,108	468,755,415	
Restricted	19,742,979	18,128,956	
Unrestricted	59,193,254	79,644,045	
Total net position	\$ 591,087,341	\$ 566,528,416	

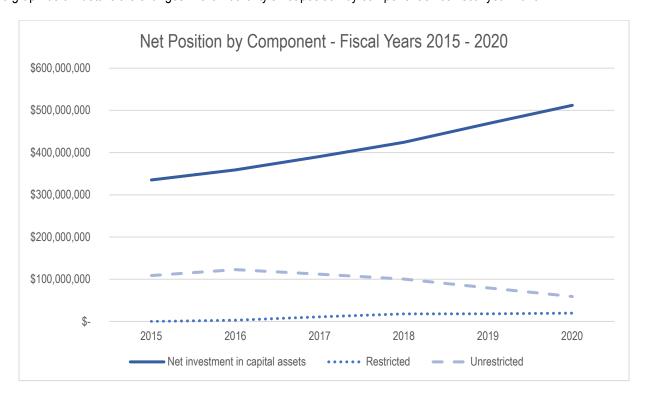
As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$591.1 million at June 30, 2020, which is an increase of \$24.6 million over the prior year. The largest component of the Authority's net position represents the investment in water and wastewater infrastructure and other capital assets net of the outstanding balance of debt issued to acquire and construct these assets. The Authority's net investment in capital assets increased by \$43.4 million due to capital contributions from developers of \$9.2 million; \$54.4 million in Authority-funded capital

investment; \$24.0 million in depreciation and amortization expense; and a net reduction of \$3.8 million related to the carrying value of the Authority's long-term debt and related deferred outflows of resources less unspent bond proceeds.

The restricted component of the Authority's net position consists of those resources that are restricted through law or by outside parties for a specific purpose. The Authority's restricted net position consists of assets set aside each month to pre-fund subsequent debt service payments as required by the Authority's bond indenture and prior years' operating budgetary surpluses restricted by the Board for capital reserves in accordance with the Authority's one-time revenue policy. During fiscal year 2020 restricted net position increased by \$1.6 million. The increase was due mainly to a net increase in capital reserves, including additional restrictions of fiscal year 2019 operating surplus and an increase in the amount held for in debt service reserve less accrued interest attributable to revenue bonds issued during the year.

The Authority's remaining net position is unrestricted and can be used to satisfy the Authority's ongoing obligations including debt service, normal operating expenses, and for investment in the Authority's water and wastewater infrastructure. During the year, unrestricted net position decreased by \$20.5 million. The decrease was almost exclusively attributable of the Authority's deliberate plans to spend undesignated net position down to target levels. The Authority's target is \$50.0 million in undesignated fund balance calculated on the modified accrual basis. Amounts in excess of this target have and will continue to be spent to fund capital investments.

The graph below details the changes in the Authority's net position by component since fiscal year 2015.



The changes in the components of net position during fiscal year 2020 mentioned above are consistent with the changes to the components of net position over the past several fiscal years. In fiscal year 2016, the Board implemented revisions to the Authority's reserve, debt, and one-time revenue policies. The Board implemented an explicit debt limit which implied that annual pay-as-you-go capital funding needed to be increased to \$18.0 million. Funding more of the Authority's capital assets on a pay-as-you-go basis relative to debt funding over time has resulted in an increase in the Authority's net investment in capital assets. Further, as rates were transitioned upwards to achieve this funding target, excess unrestricted net position was used as a funding source which has resulted in a decrease in unrestricted net position over the past several years. To prevent operating budget surpluses from increasing unrestricted net position as the Authority is deliberately spending unrestricted net position, operating budget surpluses have been restricted by the Board for capital reserves pursuant to the Authority's one-time revenue policy resulting in an increase in restricted net position since fiscal year 2016.

Table B presents the Condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2020 and June 30, 2019.

Condensed Statement of Revenues, Expenses and Changes in Net Position Table B			
		Year Ended	Year Ended
		June 30, 2020	June 30, 2019
Revenues			
Operating revenues			
Charges for services	\$	86,038,040	\$ 77,413,386
System development charges		6,570,775	5,222,171
Other operating revenues		3,269,113	3,334,896
		95,877,928	85,970,453
Nonoperating revenues			
Investment earnings		2,046,294	2,204,682
State & federal grants		8,157,813	5,433,834
Other nonoperating revenue		382,313	756,444
Total revenues		106,464,348	94,365,413
Expenses			
Operating expenses		57,612,326	50,926,381
Depreciation and amortization		23,985,127	22,863,858
i i		81,597,453	73,790,239
Nonoperating expenses		, ,	
Interest expense		8,990,462	8,660,674
Bond issuance costs and other debt service fees		617,332	-
Total expenses		91,205,247	82,450,913
Increase in net position before capital contributions		15,259,101	11,914,500
Capital contributions		9,299,824	11,762,442
Increase in net position		24,558,925	23,676,942
		,,-	, -,
Net position, July 1		566,528,416	537,346,597
Cumulative effect of change in accounting principle			5,504,877
Net position, June 30	\$	591,087,341	\$566,528,416

The approximately \$24.6 million increase in the Authority's net position is a result of the following:

- Capital investment funded with current year revenues and capital contributions outpaced depreciation and amortization expense by \$4.6 million Net position increases to the extent that additions to capital assets funded with current year revenues and contributions exceed depreciation and amortization on capital assets. During the year, additions to capital assets funded with user charges, grants, insurance proceeds, and capital contributions were \$28.6 million. These additions outpaced depreciation and amortization expense on the Authority's capital assets during the period of \$24.0 million.
- Principal on outstanding debt of \$13.0 million was repaid with current year revenues Retirement of debt with revenues earned during the period increases net position. The Authority's user charges are established to recover operating costs during the year including the repayment of principal on outstanding debt obligations. During the year, the Authority made principal payments of \$13.0 million related to outstanding bonds, installment obligations, loans, and lease liabilities.
- Remaining operating and nonoperating revenues outpaced personnel & benefits, operations & maintenance, and interest expense by \$7.0 million Revenues that weren't invested in the Authority's water and wastewater system or used to retire debt obligations are available to fund personnel & benefits, operations & maintenance, and interest expenses. User charges and fees are set at levels that are anticipated to cover expenses that are included in the Authority's operating budget. Net position increases to the extent that revenues exceed budgeted estimates and actual full accrual expenses don't exceed modified accrual expenditures included in the Authority's operating budget. During the year personnel & benefits, operations & maintenance, and interest expense roughly approximated amounts included in the Authority's operating budget. However, actual revenues outperformed relative to budgeted levels by \$7.0 million.

The \$7.0 million outperformance in revenues was driven largely by outperformance in fixed and volumetric charges for water and wastewater service. As shown in Table C, actual fixed and volumetric charges for water and wastewater service exceeded budgeted amounts by \$4.1 million or 5.55%. The outperformance in water and wastewater charges was due to customer growth and consumption per customer that was greater than the assumptions incorporated in budgeted estimates. Actual customers (expressed in equivalent residential units) outpaced forecasts by 2,416 (2.69%) for water service and 2,905 (3.36%) for wastewater service. Billed usage per ERU exceeded budgetary estimates by 4,400 gallons or 10.17% for water and 600 gallons or 1.08% for wastewater service. The increased consumption and relatively higher increase in consumption per ERU for water compared to wastewater is mainly attributable to relatively low precipitation levels compared to historical averages with a high percentage of this consumption for separately metered irrigation use. In addition, system development charges outperformed budgeted estimates by \$2.6 million due new customer growth that exceeded budgeted assumptions.

Comparison of Budgeted and Actual Water and Wastewater Rate Revenues					
	Table C				
	Budget	Actual	Variance	% Variance	
Fixed Charges - Water	\$14,832,792	\$ 15,232,227	\$ 399,435	2.69%	
Volumetric Charges - Water	21,610,097	23,807,523	2,197,426	10.17%	
Fixed Charges - Wastewater	15,102,900	15,610,083	507,183	3.36%	
Volumetric Charges - Wastewater	22,280,179	23,276,124	995,945	4.47%	
Equivalent residential units - Water	89,700	92,116	2,416	2.69%	
Thousands of gallons consumed - Water	5,375,646	5,922,269	546,623	10.17%	
Equivalent residential units - Wastewater	86,500	89,405	2,905	3.36%	
Thousands of gallons consumed - Wastewater	4,812,134	5,027,241	215,107	4.47%	
Water consumption per ERU	59.9	64.3	4.4	7.35%	
Wastewater consumption per ERU	55.6	56.2	0.6	1.08%	

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's capital assets include water treatment plants, wastewater treatment plants, pump stations, water distribution systems, and the wastewater collection system. The average remaining useful life of the Authority's depreciable assets is 27.3 years. Capital assets during the year increased by \$39.9 million (5.4%) to \$776.7 million (net of accumulated depreciation and amortization). The increase was due to capitalization of \$54.8 million in internally constructed or acquired assets and the addition of \$9.1 million in infrastructure constructed by other parties conveyed to the Authority during the year. These additions were offset with depreciation and amortization expense of \$24.0 million. Major capital asset additions included the following:

- \$9.1 million of conveyed sewer and water lines in developing areas of New Hanover County
- \$8.3 million related to the construction of enhancements to the Sweeney Water Treatment Plant to remove PFAS and other emerging contaminants
- \$6.3 million for the rehabilitation of gravity sewer lines throughout the service area
- \$5.8 million related to the replacement of the Pump Station 10
- \$4.0 million related to the construction of the Authority's proportionate share of a new raw water transmission line
- \$3.7 million for the expansion of water service capacity to the northern part of the service area
- \$3.6 million for the extension of water and sewer lines up the Highway 421 Corridor
- \$3.2 million in expenditures to replace the Authority's existing meters with new, automatic meter reading technology to reduce the risk of erroneous meter reads and provide for a more efficient meter reading process
- \$2.7 million for the replacement of six aging small pump stations.
- \$2.4 million for the replacement of Pump Station 36.

Table D presents capital asset balances at June 30, 2020 and June 30, 2019. Additional information on the Authority's capital assets can be found in Note 4 on page 36 of this report.

Net of Depreciation and Amortization Table D				
		2020		2019
Nondepreciable capital assets:				
Land	\$	3,930,140	\$	3,846,140
Intangible Asset - Easements		5,834,557		5,690,586
Construction in progress		112,802,125		78,140,518
Total capital assets not being depreciated or amortized		122,566,822		87,677,244
Depreciable capital assets, net:				
Plant, Structures and Improvements		243,852,534		243,445,915
Water and Sewer Lines		398,321,372		393,192,796
Furniture, Fixtures and Machinery		6,112,709		5,979,998
Intangible Asset - Leased Facilities		4,828,913		5,328,721
Intangible Asset - Computer Software		21,052		68,162
Intangible Asset - Water Availability Rights		950,838		1,037,278
Total capital assets being depreciated or				
amortized		654,087,418		649,052,870
Capital assets, net	\$	776,654,240	\$	736,730,114

Debt Administration

The Authority's long-term debt, presented in Table E below, totaled \$321.7 million at June 30, 2020. The Authority's total debt coverage for fiscal year 2020 was 2.36, remaining above the required 1.0 ratio. Coverage on revenue bond debt was 2.52, well above the required 1.2 ratio.

Outstanding Long-Term Obligation	ons	
	2020	2019
Revenue Bonds	\$ 296,364,361	\$ 250,034,259
Installment Obligations:		
Locality compensation payment	7,750,000	8,765,000
ARRA Revolving Loan	735,490	792,066
DWSRF Revolving Loan	123,142	131,938
Clean Water State Revolving Loans	16,767,280	13,582,207
Totals	\$ 321,740,273	\$ 273,305,470

The Authority's debt policy includes specific criteria that capital projects should generally meet to be candidates for debt funding. These criteria include whether the project is high-dollar where it would be impractical to fund through current year rate revenues; whether the project is growth-oriented where spreading costs through debt payments to future customers who will benefit from the capital improvements is equitable; or whether the project is emergency-related where an immediate source of funding is necessary to quickly restore system functionality. The Authority's debt policies also include an explicit debt limitation that is reflective of the Board's target debt service coverage and expectation of borrowing costs. Debt may not be issued if such issuance would cause the Authority's debt-to-capitalization ratio to exceed 45%. As of June 30, 2020 the Authority's debt-to-capitalization ratio was 36.9%, or \$62.9 million in additional debt capacity.

The Authority maintains credit ratings of AA+ and Aa2 from Standard and Poor's and Moody's, respectively. Both ratings are one level below the highest possible ratings.

Additional information on the Authority's long-term debt can be found in Note 8, Long-Term Obligations beginning on page 44 of this report.

REQUESTS FOR ADDITIONAL INFORMATION

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be addressed to the Cape Fear Public Utility Authority, Finance Department, 235 Government Center Drive Suite 201 (Second Floor), Wilmington, NC 28403. You can also call 910-332-6668, visit our website at www.cfpua.org or send an email to john.mclean@cfpua.org.

Cape Fear Public Utility Authority Statement of Net Position June 30, 2020

ASSETS	
Current assets	
Cash and cash equivalents	\$ 27,161,313
Investments	30,929,705
Receivables, net	23,043,127
Due from other governments	8,481,025
Restricted:	
Cash and cash equivalents	75,895,256
Prepaids	37,108
Total current assets	165,547,534
Noncurrent assets	
Investments	2,046,534
Capital assets:	
Land, easements and construction in progress	122,566,822
Other capital assets, net	654,087,418
Total capital assets	776,654,240
Total noncurrent assets	778,700,774
Total assets	944,248,308
	· · · · · · · · · · · · · · · · · · ·
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	11,382,353
Amounts related to pensions	3,987,654
Amounts related to OPEB	3,090,022
Total deferred outflows of resources	18,460,029
LIABILITIES	
Current liabilities	44 000 704
Accounts payable and accrued liabilities	14,803,781
Restricted:	4 707 055
Accrued interest payable	4,727,255
Due to other governments	4,268,755
Unearned revenue	730,495
Customer and escrow deposits	2,814,961
Compensated absences, current maturities	771,629
Lease liability, current maturities	487,660
Long-term obligations, current maturities	13,414,159
Total current liabilities	42,018,695
Noncurrent liabilities	
Compensated absences	926,396
Lease liability, net of current maturities	5,082,574
Net pension liability	6,358,133
Total OPEB liability	7,487,913
Long-term obligations, net of current maturities	308,326,114
Total noncurrent liabilities	328,181,130
Total liabilities	370,199,825
DEFENDED INC. ONC. OF DECOUDOES	
DEFERRED INFLOWS OF RESOURCES	44.000
Amounts related to pensions	11,396
Amounts related to OPEB	1,409,775
Total deferred inflows of resources	1,421,171
NET POSITION	.
Net investment in capital assets	512,151,108
Restricted for:	
Debt service	8,488,245
Debt service Capital projects	8,488,245 11,254,734

See Notes to Financial Statements.

Cape Fear Public Utility Authority Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2020

Operating revenues	
Charges for services	\$ 86,038,040
System development charges	6,570,775
Other operating revenues	3,269,113
Total operating revenues	95,877,928
Operating expenses	
Personnel and benefits	26,223,970
Operations and maintenance	31,388,356
Depreciation and amortization	 23,985,127
Total operating expenses	81,597,453
Operating income	14,280,475
Nonoperating revenues (expenses)	
Investment earnings	2,046,294
Interest expense	(8,990,462)
Bond issuance costs	(617,332)
State & federal grants	8,157,813
Gain on disposal of capital assets	131,623
Insurance proceeds	 250,690
Total nonoperating revenues (expenses)	 978,626
Income before capital contributions	15,259,101
Capital contributions	9,299,824
Total capital contributions	 9,299,824
Change in net position	 24,558,925
Net position	
Beginning of year	 566,528,416
End of year	\$ 591,087,341

See Notes to Financial Statements.

Cape Fear Public Utility Authority Statement of Cash Flows For the Fiscal Year Ended June 30, 2020

Cash Flows From Operating Activities	
Cash received from customers	\$ 93,276,926
Cash paid to suppliers	(33,482,673)
Cash paid to or on behalf of employees	(23,360,428)
Cash received on behalf of others	24,321,616
Cash payments held on behalf of others	(24,273,275)
Cash received for deposits	1,203,943
Cash returned for deposits	(1,122,427)
Net cash provided by operating activities	36,563,682
Cash Flows from Noncapital Financing Activities	
Insurance proceeds	228,190
Net cash provided by noncapital financing activities	228,190
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(55,754,015)
Proceeds from revenue bonds	58,400,000
Proceeds from refunding revenue bonds	48,157,032
Cash paid to refunding bond escrow agent	(48,105,675)
Grants and contributions received from other governments	13,649,729
Principal paid on long-term obligations	(12,489,159)
Interest paid on long-term obligations	(9,034,824)
Proceeds from sale of capital assets	131,623
Capital contributions	237,663
Net cash used for capital and related financing activities	(4,807,626)
Cash Flows From Investing Activities	
Purchases of investments	(20,139,325)
Proceeds from investment maturities	19,641,452
Proceeds from interest on investments	2,285,392
Net cash provided by investing activities	1,787,519
Net increase in cash and cash equivalents	33,771,765
Cash and cash equivalents, beginning of year	69,284,804
Cash and cash equivalents, end of year	\$ 103,056,569
Reconciliation to the Statement of Net Position:	
Cash and cash equivalents	\$ 27,161,313
Restricted cash and cash equivalents	75,895,256
	\$ 103,056,569

(Continued)

Cape Fear Public Utility Authority Statement of Cash Flows (Continued) For the Fiscal Year Ended June 30, 2020

Operating income	\$ 14,280,475
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	23,985,127
Changes in assets and liabilities:	

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

(Increase) in receivables, net	(3,074,671)
Decrease in prepaids	4,915

Increase in operating accounts payable.	accrued liabilities and due to other governments	(513,091)

Increase in operating accounts payable, accrued liabilities and due to other governments	(513,091)
Increase in unearned revenue	590,067
(Decrease) in customer and escrow deposits	(41,419)
Increase in compensated absences	304,149
Decrease in deferred outflows of resources related to pensions and OPEB	303,552
(Decrease) in deferred inflows of resources related to pensions and OPEB	(32,933)
Increase in net pension liability	1,097,227
(Decrease) in total OPEB liability	(339,716)
Total adjustments	22,283,207
Net cash provided by operating activities	\$ 36,563,682

Supplemental Schedule of Noncash Activities

Contributions of capital assets from developers 9,062,161

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

The accounting policies and financial statements of the Cape Fear Public Utility Authority (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 accounting policies are described below.

Basis of Presentation, Measurement Focus, and Basis of Accounting

The Authority is a special-purpose government engaged only in business-type activities. Therefore, all activities of the Authority are presented in a single column using the financial statements that are required for enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Authority's activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers including those for water and wastewater service, system development charges, connection fees, penalties, and others. Operating expenses for the Authority include the cost of materials and services, administrative expenses, and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. These include but are not limited to grant revenues, investment earnings, gains/losses on the sale of capital assets, and interest expense.

Budgets

Budgets are adopted utilizing the modified accrual basis of accounting as required by State statute. An annual budget ordinance is adopted for operating and capital appropriations. All operating appropriations lapse at the end of the fiscal year, while capital appropriations continue until project completion.

Expenditures may not legally exceed appropriations at the department/division and expense category levels for operating appropriations and at the project fund level for capital appropriations. The budget may be amended as necessary by the governing board. A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 Each department head will transmit to the budget officer the budget requests for their department for the budget year.

- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 The budget ordinance shall be adopted by the governing board.

Assets, Liabilities, Deferred Outflows and Inflows and Net Position

Cash, Cash Equivalents, Deposits and Investments

For financial statement presentation, the Authority defines "cash and cash equivalents" as demand deposits and investments (including restricted assets) purchased with an original maturity of 3 months or less. Investments in the North Carolina Capital Management Trust (NCCMT) Government and Term portfolios are considered cash and cash equivalents because the weighted-average maturity of the investments in each portfolio is less than 3 months. The Authority's certificates of deposits are considered investments, rather than cash and cash equivalents, because the original maturities were greater than 3 months at the time of purchase.

Restricted Assets and Liabilities

Restricted assets and liabilities are those that have constraints imposed by creditors, grantors, contributors, laws or regulations of other governments, or by law through state statute. The Authority is required by its bond indenture to irrevocably deposit 1/6 of the next interest payment and 1/12 of the next principal payment with its trustee each month. These amounts less accrued interest payable on the related debt are considered restricted. Unspent bond proceeds are considered restricted assets since these proceeds are restricted for use for certain capital projects. Amounts restricted by the Board including capital reserve funds are also considered restricted.

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing historical revenue collection rates to determine the percentage uncollectible.

Capital Assets

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. Purchased capital assets are valued at original cost at the time of acquisition. The cost of normal repairs and maintenance which do not increase utility or capacity or do not materially extend lives of existing capital assets are expensed in the period incurred. Conveyed capital assets are recorded at acquisition value at the time of the conveyance. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets, which include buildings, plant, furniture, fixtures, equipment and infrastructure assets, are depreciated using the straight-line method by groups or classes of property over the following expected service lives:

	Years
Plant, Structures and Improvements	20-40
Water and Sewer Lines	50
Furniture, Fixtures and Machinery	5

The Authority may consider capital assets impaired if both: (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. Impaired assets will be appropriately reduced in value or discarded if idle.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflow of resources and deferred inflows of resources which are defined as consumption or acquisition of net position that applies to a future reporting period. The Authority has several items that meet this definition – a deferred charges on debt refunding equal to the difference between the reacquisition price and the net carrying value of the old debt; deferrals related to changes in the net pension liability and total OPEB liability; and deferrals related to employer pension and OPEB plan contribution plans made subsequent to the measurement date and the end of the fiscal year.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates to the financial statements include unbilled receivables, allowance for doubtful accounts, and estimated useful lives of capital assets, compensated absences, workers' compensation self-insurance, and the net pension and total OPEB liabilities and related deferrals.

Long-Term Obligations

Long-term obligations are reported as liabilities in the Statement of Net Position, net of bond premiums and discounts. Bond premiums and discounts are amortized into interest expense over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the period incurred.

Compensated Absences

The vacation leave policy of the Authority provides for the maximum accumulation of 320 hours accrued vacation leave in any fiscal year with such leave being fully vested when accrued. Vacation leave is accrued by regular full-time and part-time employees working each pay period (limited to 26 pay periods per calendar year) and based on years of service to the Authority. Eligible employees begin accruing vacation leave on the employee's hire date; however, the employee must be employed six (6) months before the employee is eligible to take paid vacation leave, unless authorized and approved by the Executive Director. The accrued value is based on each employee's rate of pay as of June 30 of each fiscal year. Vacation leave accrued over the 320 hour limit is converted to sick leave annually.

The Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Authority does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Note 2. Cash, Cash Equivalents, Deposits and Investments

A reconciliation of the Authority's cash, deposits, and investments for disclosure purposes and cash, cash equivalents, and investments for financial statement presentation as of June 30, 2020 is included below:

Cash on hand	\$ 2,200
Deposits	14,966,915
Investments	121,063,693
Total	\$ 136,032,808
Presentation on the Statement of Net Position	
Current Assets	
Cash and cash equivalents	\$ 27,161,313
Investments	30,929,705
Restricted cash and cash equivalents	75,895,256
Noncurrent Assets	
Investments	2,046,534
Total	\$ 136,032,808

Deposits

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

Custodial Credit Risk for Deposits. All of the Authority's deposits are to be either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are separately collateralized with securities held by the Authority's agent in the Authority's name. Under the Pooling Method, uninsured deposits are collateralized with securities in a statewide collateral pool held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the participating Authority's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict financial stability standards

for each depository that collateralizes public deposits under the Pooling Method, including minimum capitalization standards. The Authority relies on the State Treasurer to monitor those financial institutions.

At June 30, 2020, the carrying amount of the Authority deposits was \$14,966,915 and the bank balance was \$14,784,446. Of the bank balance, \$250,000 was covered by FDIC insurance and \$14,534,446 was covered by collateral held under the Pooling Method.

Investments

At June 30, 2020, the Authority's investment balances were as follows:

Investments by Type	Fair Value	Valuation Method	Credit Rating	Weighted Average Days to Maturity
Commercial Paper	\$ 15,959,339	Fair value - Level 2	P1	72
U.S. Treasuries	7,048,908	Fair value - Level 1	AAA	132
Government-sponsored Entities:				
Federal Home Loan Bank	2,138,832	Fair value - Level 2	AAA	333
North Carolina Capital Management Trust:				
Governmental Portfolio	515,694	Fair Value - Level 1	AAAm	N/A
Term Portfolio	95,400,920	Fair Value - Level 1	Unrated	55
	\$ 121,063,693	-		

....

All investments are measured using the market approach which uses prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest rate risk. The Authority's investment policy prohibits investments in single securities maturing more than 5 years from the purchase date. In addition, the weighted average maturity of the Authority's portfolio including cash and certificates of deposit may not exceed 360 days. At June 30, 2020, the weighted average maturity of the Authority's portfolio was 40 days.

Credit risk. The Authority is limited by G.S. 159-30(c) to highly rated investments including obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT") Governmental Portfolio and Term Portfolio, an SEC registered 2a-7 external investment pool.

Concentration of Credit Risk. With the exception of U.S. treasury securities, money market funds and authorized pools, no more than 25% of the Authority's total investment portfolio including cash and certificates of deposit will be invested in a single security type. At June 30, 2020, the Authority's single largest investment other than investments in U.S. treasuries and investments in NCCMT was in high grade commercial paper which comprised 11.7% of the Authority's total portfolio.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the

counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority engages a third party custodial agent for book entry transactions, all of which are held in the Authority's name.

Note 3. Receivables/Payables

At June 30, 2020, the Authority estimates the revenue value of water consumed by its customers but not billed by the last day of the fiscal year. This is accomplished by multiplying the unbilled water usage by the approximate number of days unbilled at June 30.

The Receivable amounts presented in the Statement of Net Position are as follows:

Total	\$ 23,043,127
on behalf of the City of Wilmington	4,091,171
Receivables - Stormwater & Solid waste billed	4,091,171
Allowance for doubtful accounts - Authority	(1,022,898)
Receivables - Authority customers	\$ 19,974,854

Due from other governments that is owed to the Authority consists of the following:

State of North Carolina	\$ 7,419,6
Brunswick County	612,3
City of Wilmington	10,8
Town of Wrightsville Beach	438,2
Total	\$ 8,481,0

At June 30, 2020 the Authority's accounts payable, accrued liabilities and amounts due to other governments consisted of the following:

Vendor accounts payable	\$ 9,574,036
Retainage payable	3,528,214
Accrued salarries & benefits	1,030,053
Other payroll liabilities	497,919
Other accrued liabilities	173,559
Total accounts payable and accrued liabilities	\$ 14,803,781
Due to State of North Carolina	\$ 10,506
Due to City of Wilmington	4,258,249
Total amounts due from other governments	\$ 4,268,755

Note 4. Capital Assets

Capital assets activity consists of the following for the fiscal year ended June 30, 2020. Depreciation and amortization expense for the year was \$23,351,769 and \$633,358, respectively.

	Beginning Balances July 1, 2019	Increases	Decreases	Ending Balances June 30, 2020
Capital assets not being depreciated:				
Land	\$ 3,846,140	\$ 84,000	\$ -	\$ 3,930,140
Intangible Asset - Easements	5,690,586	143,971	-	5,834,557
Construction in progress*	78,140,518	51,733,020	(17,071,413)	112,802,125
Total capital assets not being				
depreciated or amortized	87,677,244	51,960,991	(17,071,413)	122,566,822
Capital assets being depreciated or amortized:				
Plant, Structures and Improvements	319,414,202	9,672,877	-	329,087,079
Water and Sewer Lines	485,956,202	16,751,916	-	502,708,118
Furniture, Fixtures and Machinery	19,301,473	2,594,882	(244,723)	21,651,632
Intangible Asset - Leased Facilities	8,957,238	-	-	8,957,238
Intangible Asset - Computer Software	3,837,880	-	-	3,837,880
Intangible Asset - Water Availability Rights	1,988,116	-	-	1,988,116
Total capital assets being				
depreciated or amortized	839,455,111	29,019,675	(244,723)	868,230,063
Less accumulated depreciation or amortization for:				
Plant, Structures and Improvements*	75,968,287	9,266,258	-	85,234,545
Water and Sewer Lines*	92,763,406	11,623,340	-	104,386,746
Furniture, Fixtures and Machinery*	13,321,475	2,462,171	(244,723)	15,538,923
Intangible Asset - Leased Facilities*	3,628,517	499,808	-	4,128,325
Intangible Asset - Computer Software*	3,769,718	47,110	-	3,816,828
Intangible Asset - Water Availability Rights	950,838	86,440	-	1,037,278
Total accumulated depreciation				
and amortization*	190,402,241	23,985,127	(244,723)	214,142,645
Total capital assets being				
depreciated or amortized, net*	649,052,870	_		654,087,418
Capital assets, net*	\$ 736,730,114	_		\$ 776,654,240
* Restated Beginning Balances				

Capital contributions as shown on the Statement of Revenues, Expenses and Changes in Fund Net Position consist of the following at June 30, 2020.

Capital Contributions			
Contributions from Developers-Cost Sharing	237,663		
Contribution from Developers (Non-Cash)	9,062,161		
Total Capital Contributions	\$ 9,299,824		

Note 5. Leases

The Authority leases office and warehouse facilities under two lease arrangements. The lease for the Administration Building commenced on June 1, 2008, with an amendment to that lease effective July 26, 2012, with a new lease term of 120 months, expiring July 25, 2022, with the option to extend the lease for two additional five-year periods. A lease for the Operations Center commenced August 1, 2011 with an amendment to that lease effective August 1, 2016, with a new lease term of 60 months, with the option to extend the lease for one additional two-year period.

At June 30, 2020 principal and interest requirements to maturity for the Authority's lease liability were as follows:

Year Ending		
June, 30	Principal	Interest
2021	\$ 487,660	\$ 223,027
2022	507,166	219,518
2023	527,453	210,091
2024	382,503	182,436
2025	397,803	178,435
2026-2030	2,240,818	817,927
2031-2032	1,026,831	284,025
Total	 \$5,570,234	\$2,115,459

Note 6. Post-employment Benefits

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five

years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2020, was 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority \$1,548,442 for the year ended June 30, 2020.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the Authority reported a net pension liability of \$6,358,133 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Authority's proportion was 0.23282%, which was an increase of 0.01106% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Authority recognized pension expense of \$2,916,288. Deferred outflows and deferred inflows of resources related to pensions were as follows:

	Deferred Outflows of Resources				
Differences between expected and actual experience	\$	1,088,673	\$	-	
Difference between projected and actual earnings on pension plan investments		155,083		-	
Changes in assumptions		1,036,270		-	
Changes in proportion and difference between Authority contributions and proportionate share of contributions		159,186		11,396	
Contributions subsequent to the measurement date		1,548,442		-	
Total pension-related deferred outflows/inflows of resources	\$	3,987,654	\$	11,396	

Deferred outflows of resources resulting from \$1,548,442 of contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year ended June 30:		
2021		1,184,343
2022		383,553
2023		654,319
2024		205,601
	Total	2,427,816

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50% to 8.10%, including a 3.50% inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table. Rates for male members are multiplied by 115% for ages 50-78 and by 135% for ages greater than 78. Rates for female members are multiplied by 79% for ages 50-78 and by 116% for ages greater than 78. The RP-2014 annuitant tables have no rates prior to age 50. The RP-2014 Total Data Set Employee Mortality Table (with no adjustments) is used for ages less than 50.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study prepared as of December 31, 2014.

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that for fiscal year ending 2020 to fiscal year ending 2023, System contributions will follow the Employer Contribution Rate Stabilization Policy as adopted by the Board of Trustees on January 21, 2016, and for fiscal years ending 2023 and beyond, System contributions will be based on the actuarially determined contribution rates. Based on those policies, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1	% Decrease	Dis	scount Rate	1	% Increase
	(6.00%)			(7.00%)		(8.00%)
Authority's proportionate share of the net pension liability (asset)	\$	14,542,213	\$	6,358,133	\$	(444,495)

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

Supplemental Retirement Income Plan and Deferred Compensation Plan

Plan Descriptions. The Authority offers its employees the opportunity to participate in the NC-401(k) Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The plan provides retirement benefits to employees of the Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Authority also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 administered by ICMA-RC. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

Funding Policy. The Authority makes contributions on behalf of all employees to the NC-401(k) Supplemental Retirement Income Plan. The Authority's contribution is 2% of covered payroll and contributions are made to the plan selected by the employee. The Authority also matches the contributions made by employees up to 2% of covered payroll.

The Authority's expense related to the NC-401(k) Supplemental Retirement Income Plan totaled \$629,268 for the fiscal year ended June 30, 2020.

Other Post-Employment Benefits (OPEB)

Plan Description. The Authority provides post-employment health care benefits to retirees of the Authority through a single-employer defined benefit plan. The Board is authorized to amend the terms of postemployment health care benefits. The plan is closed to new entrants as benefits are only provided to certain employees that were employed by the City of Wilmington (City) or New Hanover County (County) prior to July 1, 2008. To be eligible for post-retirement health care benefits, employees who transferred from the City must have at least five years of creditable service while employees who transferred from the County must have at least 15 years of creditable service. The plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the plan. As of the measurement date, membership consisted of 120 active plan members and 20 retirees or retiree dependents.

Benefits Provided. Post-employment health benefits under the plan consist of premium subsidies equal to the difference between the total cost of individual health insurance policies purchased for each retiree and the share paid by the retiree.

Contributions. Employees do not contribute to the plan during their active service. The Authority contributes amounts sufficient to cover OPEB benefit payments as they become due from an initial balance of \$4.2 million that was transferred from the City and County upon the formation of the Authority based on an actuarial valuation. This balance may be supplemented by operating surpluses with approval from the Board. Once the balance is exhausted, OPEB benefits will be paid from operating revenues in the year the benefits become due. At June 30, 2020 the remaining balance designated for OPEB benefits was \$1,738,548.

Actuarial Assumptions. The Authority's total OPEB liability as of June 30, 2020 was \$7,487,913. The total OPEB liability was measured as of December 31, 2019 based on an actuarial valuation as of that date. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using entry age normal cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00%
Salary increases	2.50%
Discount Rate	3.26%

Healthcare cost trend rates 5.50% for 2020, decreasing .07% per year to an ultimate

rate of 4.50% for 2035 and subsequent years

The discount rate was based on S&P Municipal Bond 20-Year High-Grade Rate Index. Mortality rates were based on PubG.H-2010-General Table for males and females.

The plan does not issue a stand-alone financial report.

Changes in the Total OPEB Liability.

	Total OPEB
	Liability
Balance at June 30, 2019	\$ 7,827,629
Changes for the year:	
Service cost	150,107
Interest	279,902
Differences between expected and actual experience	(621,802)
Changes in assumptions and other inputs	253,829
Benefit payments	(401,752)
Net changes	(339,716)
Balance at June 30, 2020	\$ 7,487,913

Differences between expected and actual experience reflect updated starting per capita health care costs and retiree contributions. Changes to the total OPEB liability attributable to changes in assumptions and other inputs reflect a decrease in the initial health care cost trend rate from 6% to 5.5%, a decrease in the discount rate from 3.67% to 3.26%, and changes in mortality assumptions.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1	% Decrease	Disco	unt Rate	19	% Increase	
		(2.26%)	(3	.26%)		(4.26%)	
Total OPEB liability	\$	7,980,876	\$	7,487,913	\$	7,030,890	

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	•	1% Decrease	ealth Care rend Rate	1% Increase
Total OPEB liability	\$	8,111,489	\$ 7,487,913	\$ 6,931,221

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2020, the Authority recognized OPEB expense of \$1,137,163. Deferred outflows and inflows of resources related to OPEB as of June 30, 2020 are as follows:

	D	eferred Outflows of Resources	eferred Inflows of Resources
Differences between expected and actual experience	\$	789,138	\$ 592,605
Changes in assumptions and other inputs		2,170,928	817,170
Contributions subsequent to the measurement date		129,956	-
Total OPEB-related deferred outflows/inflows of resources	\$	3,090,022	\$ 1,409,775

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

Year ended June 30:		
2021		707,153
2022		707,153
2023		262,113
2024		(111,064)
2025		(15,064)
	Total	1,550,291

Note 7. 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 self-insures risks associated with workers' compensation for the first \$500,000 per incident, transfers risk for the next \$1 million per incident through the purchase of insurance, and retains all risks thereafter. The Authority carries commercial coverage or bonds for all other risks of loss including property, general liability, auto, crime, public official liability and excess liability coverage. Claims did not exceed coverage for any category for the fiscal years ended June 30, 2020, 2019, or 2018.

For self-insured risks, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation and recent claim settlement trends including the frequency and amount of payouts. Claims liabilities are reported as accounts payable and accrued liabilities. The Authority carried a worker's compensation reserve of \$140,000 at June 30, 2019 and June 30, 2020. Incurred claims during the year equaled worker's compensation claim payments of \$24,924.

The Authority's Chief Financial Officer and Deputy Financial Officer are individually bonded for \$250,000. Remaining employees that have access to funds are bonded under a blanket bond of \$1,000,000.

Note 8. Long-term Debt

G.S. 162A-8 gives the Authority the power to periodically issue revenue bonds in accordance with the provisions of G.S. 159-80 through G.S. 159-98. Pursuant to the interlocal agreement transferring the City's and the County's water and wastewater system to the Authority, the Authority assumed responsibility for all of the related debt. The General Trust Indenture dated as of December 1, 1998 and four series indentures under which the City had issued revenue bonds were assigned to the Authority on July 1, 2008 as provided for in Section 6.11(a) of the General Trust Indenture. Some debt instruments could not be transferred to the Authority or refinanced due to the nature of the agreements. Accordingly, the City and the County retained and continued to service those obligations with the Authority making payments to the City and the County equal to the principal and interest payments required under those debt instruments. All City obligations have been retired. Periodically, the Authority applies for low-interest loan funding under the Capitalization Grants for Clean Water State Revolving Funds and the Capitalization Grants for Drinking Water State Funds programs through the North Carolina Department of Environmental Quality.

Changes in the Authority's long-term debt during the fiscal year were as follows:

	Balance			Balance	Current
	July 1, 2019	Additions	Retirements	June 30, 2020	Maturities
Revenue Bonds					
Direct borrowings	\$ 32,746,000	\$ -	\$ 32,746,000	\$ -	\$ -
Other	191,445,000	92,765,000	23,220,000	260,990,000	11,330,000
Installment Obligations:					
Locality compensation payment	8,765,000	-	1,015,000	7,750,000	1,000,000
Unamortized Premiums/(Discounts)	25,843,259	13,792,032	4,260,930	35,374,361	-
Total Bonds and Installment Obligations	258,799,259	106,557,032	61,241,930	304,114,361	12,330,000
Other Installment Obligations:					
ARRA Revolving Loan	792,066	-	56,576	735,490	56,576
DWSRF Revolving Loan	131,938	-	8,796	123,142	8,796
Clean Water State Revolving Loans	13,582,207	4,203,860	1,018,787	16,767,280	1,018,787
Total Other Installment Obligations	14,506,211	4,203,860	1,084,159	17,625,912	1,084,159
Total Long-Term Obligations	\$ 273,305,470	\$ 110,760,892	\$ 62,326,089	\$ 321,740,273	\$ 13,414,159
Compensated Absences	\$ 1,393,876	\$ 1,075,778	\$ 771,629	\$ 1,698,025	\$ 771,629

The Authority's outstanding revenue bonds and installment obligations are secured by a pledge of net revenues. The total principal and interest remaining to be paid on the bonds is \$365,155,224. Principal and interest paid and net revenues pledged for repayment during the year were \$21,523,983 and \$50,779,906, respectively.

In accordance with the General Trust Indenture, the Authority is subject to various covenants including the repayment of scheduled principal and interest and the required debt service coverage to be no less than 120% or 1.20 times on revenue bond indebtedness and to be no less than 100% or 1.00 times on total long-term indebtedness. Under the General Trust Indenture, the Authority's revenue bonds are subject to acceleration in the event of default. The Authority is compliant with the covenants of the General Trust Indenture. The debt service coverage ratio calculation for the fiscal year ended June 30, 2020 was 2.52 for parity indebtedness and 2.36 for all indebtedness.

On November 7, 2019 the Authority issued Series 2019A Tax-exempt and 2019B Taxable Revenue and Refunding Revenue Bonds to a) fund the cost of implementing an advanced treatment process at the Sweeney Water Treatment Plant to reduce the contaminant level of multiple per and polyfluoroalkyl (PFAS) compounds in finished drinking water and the Authority's share of a new 14-mile, 54-inch raw surface water transmission main; b) refund a portion of the Authority's outstanding debt; and c) pay the costs of issuance associated with the transaction. A portion of the proceeds from Series 2019A along with other resources were used to current refund \$32,486,000 in outstanding Series 2017 Refunding Revenue Bonds resulting in interest savings of \$2,939,873 over the next 18 years resulting in an economic gain (difference between the present values of debt service payments on the old and new debt) of \$2,431,622. Net proceeds from Series 2019B were used to purchase State and Local Government Securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded portion of the Series 2014A bonds through the call date. As a result, that portion of the Series 2014A bonds in the amount of \$13,090,000 is considered defeased and the Authority has removed the related liability. The advance refunding reduced total debt service payment over the next 21 years by \$829,008 resulting in an economic gain of \$685,318. At June 30, 2020 the Authority carried total deferred outflows of resources related to the difference between the reacquisition price of refunding debt and the net carrying value of refunded debt in the amount of \$11,382,353. This amount will be amortized as a component of interest expense in future years. At June 30,

2020 the outstanding amount of defeased debt consisted of \$29,795,000 of the Series 2011 Revenue and Revenue Refunding Bonds and \$13,090,000 of Series 2014A Revenue Refunding Bonds.

The debt service requirements to maturity for the Authority's outstanding revenue bonds and installment obligations are as follows:

Year Ending	Revenue	Bonds	Installment Obligations			Total				
June 30	Principal	Interest	Principal		Interest		Principal		Interest	
2021	\$ 11,330,000	\$ 11,720,500	\$ 1,000,000	\$	328,150	\$	12,330,000	\$	12,048,650	
2022	12,405,000	10,346,847	990,000		288,350		13,395,000		10,635,197	
2023	12,850,000	9,723,908	980,000		248,950		13,830,000		9,972,858	
2024	13,510,000	9,073,653	970,000		207,525		14,480,000		9,281,178	
2025	12,740,000	8,458,731	960,000		164,100		13,700,000		8,622,831	
2026-2030	73,135,000	32,861,688	2,850,000		213,250		75,985,000		33,074,938	
2031-2035	87,385,000	15,544,839	-		-		87,385,000		15,544,839	
2036-2040	22,875,000	4,911,458	-		-		22,875,000		4,911,458	
2041-2045	14,760,000	1,523,600	-		-		14,760,000		1,523,600	
Total	 260,990,000	\$104,165,224	\$7,750,000		\$1,450,325		\$268,740,000		\$105,615,549	

Year Ending	Cit	ean Water State∃ Loan	oving Fund	ARRA Loan	ı	DWSRF Loan
June 30		Principal	Interest	Principal		Principal
2021	\$	1,018,787	283,748	\$ 56,576	\$	8,796
2022		1,018,787	265,871	56,576		8,796
2023		1,018,787	247,993	56,576		8,796
2024		1,018,787	230,116	56,576		8,796
2025		1,018,787	212,238	56,576		8,796
2026-2030		5,093,936	793,029	282,882		43,978
2031-2035		4,454,961	349,806	169,728		35,184
2036-2040		2,124,447	74,356	-		-
Total	\$	16,767,280	\$ 2,457,157	\$ 735,490	\$	123,142

Note 9. Construction and Other Significant Commitments

Construction commitments. The Authority has active water and wastewater capital projects as of June 30, 2020. The projects include wastewater, water, and system-wide projects. At the end of the year, the Authority's commitments with contractors, developers and professional firms are as follows:

Project Type	Spent -to-Date	Remaining Commitment
Wastewater Projects	226,841,285	\$ 16,088,545
Water Projects	238,489,211	65,004,904
System-wide Projects	13,034,662	2,039,813
	\$ 478,365,158	\$ 83,133,262

Encumbrances. Encumbrance accounting is utilized to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. The Authority periodically enters into agreements with other parties in order to provide construction, professional, maintenance, and support services. Funds are encumbered at the time of the agreement. At year-end the amount of outstanding encumbrances were as follows:

		Remaining
Budgetary Fund	C	ommitment
Operating Fund	\$	46,690
Capital Projects Funds		83,133,262
	\$	83,179,952

These remaining commitments will be funded from the proceeds from revenue bonds, state grants and loans, and funds generated from operations.

Note 10. Disclosures Related to the Financial Impact of COVID-19

In response to the COVID-19 pandemic, Cape Fear Public Utility Authority has taken certain measures to ensure that high quality water and wastewater treatment continues to be provided and that the workplace remains safe for our employees and customers. These measures include PPE for staff, non-congregate sheltering for essential staff and related expenses, and cleaning services. Through June 30, 2020, these costs total approximately \$372,000. All of these costs have been paid for out of available budget; therefore, CFPUA has not had to raise rates or make draws on available reserves. CFPUA has applied for reimbursement of these expenditures under Federal Emergency Management Agency's Public Assistance grant program. The proceeds of any reimbursements received will be set aside in accordance with CFPUA's one-time revenue policy.

It was anticipated that the stay-at-home mandates and business closures due to COVID-19 might have an adverse effect on billed consumption resulting in a potential revenue shortfall. CFPUA closely monitors performance of revenues and trends in revenue drivers throughout the year compared to assumptions included in the adopted budget. Through the fiscal year ending June 30, 2020 billed consumption outpaced

budgeted assumptions by 9% and 5% for water and wastewater, respectively. In addition, demand for water appears to remain strong when compared to prior years.

In accordance with its reserve policy, Cape Fear Public Utility Authority maintains a target level of unrestricted fund balance that is responsive to various enterprise, geographical and other risks. This target level of reserves provides insulation from revenue and expenditure shocks that is tailored to CFPUA's specific business environment. Currently, target unrestricted fund balance is \$50 million. As mentioned previously, CFPUA has not had to draw on these reserves to fund additional expenditures related to COVID-19 nor have reserves been used to shore up revenue shortfalls since actual revenues exceed budgeted amounts for the fiscal year ending June 30, 2020.

CFPUA has been monitoring the effect that COVID-19 has had on collections and cash flow. Given the loss of employment and the mandated suspension of late fees and shutoffs due to COVID-19, it is reasonable to expect an increase in the amount of time customers take to pay their utility bills. The "days billed charges outstanding" metric is useful in evaluating trends in the amounts customers owe. This metric is best interpreted as the number of days' worth of billed charges that are waiting to be collected from customers. An increase in this metric over time indicates that receivable balances are growing relative to the underlying billed charges. Days billed charges outstanding is equal to the total unpaid billed charges at the end each month divided by the average daily amount of billed charges over the previous year. Since February 2020, CFPUA has seen a slight increase in the "days billed charges outstanding" ratio from 42.28 days to 43.36 days. Despite this increase, CFPUA's cash flow remains strong and has not resulted in draws on reserves or the liquidation of investments.

Cape Fear Public Utility Authority Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liabilty (Asset) Local Government Employees' Retirement System 2014-2020 *

	2014	2015		2016		2017		2018	2019	2020		
Authority's proportion of the net pension liability (asset)	0.2096%		0.2133%		0.2190%		0.2261%		0.2215%	0.2218%		0.2328%
Authority's proportionate share of the net pension liability (asset)	\$ 2,526,485	\$	(1,258,105)	\$	982,683	\$	4,797,538	\$	3,383,448	\$ 5,260,906	\$	6,358,133
Authority's covered payroll	\$ 12,624,256	\$	13,060,438	\$	13,374,328	\$	14,196,327	\$	14,232,400	\$ 15,095,827	\$	16,463,303
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.01%		-9.63%		7.35%		33.79%	9% 23.77%		34.85%		38.62%
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.35%		102.64%		98.09%		91.47%		94.18%	91.63%		90.86%

^{*} The amounts presented for each fiscal year were measured as of the prior fiscal year ending June 30 based on an actuarial valuation dated the previous December 31. Information is not available for years prior to 2014.

Cape Fear Public Utility Authority Required Supplementary Information

Schedule of Authority Contributions Local Government Employees' Retirement System 2014-2020 *

Contractually required contribution Contributions in relation to the contractually required contribution Contribution deficiency (excess)
Authority's covered payroll

Authority's covered payroll
Contributions as a percentage of covered payroll

^{*} Information is not available for years prior to 2014.

 2014	2015 2016		2017	2018	2019	2020
\$ 923,373	\$ 945,565	\$ 946,895	\$ 1,031,849	\$ 1,132,187	\$ 1,275,906	\$ 1,548,442
 923,373	945,565	946,895	1,031,849	1,132,187	1,275,906	1,548,442
 -	-	-	-	-	-	-
13,060,438 7.07%	13,374,328 7.07%	14,196,327 6.67%	14,232,400 7.25%	- , , -	-,,	7 7

Cape Fear Public Utility Authority Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios 2018-2020 *

	2018	2019	2020
Total OPEB liability			
Service cost	\$ 206,698	\$ 178,078	\$ 150,107
Interest	112,153	260,720	279,902
Changes in benefit terms	-	-	-
Difference between expected and actual experience	1,736,751	(143,522)	(621,802)
Changes in assumptions or other inputs	3,140,531	(443,556)	253,829
Benefit payments	(521,626)	(497,362)	(401,752)
Net change in total OPEB liability	4,674,507	(645,642)	(339,716)
Total OPEB liability - beginning	3,798,764	8,473,271	7,827,629
Total OPEB liability - ending	\$ 8,473,271	\$ 7,827,629	\$ 7,487,913
Covered payroll	\$ 6,128,784	\$ 6,250,591	\$ 6,222,451
Total OPEB liability as a percentage of covered payroll	138.25%	125.23%	120.34%

^{*} The amounts presented for each fiscal year were measured as of the previous December 31. Information is not available for years prior to 2018.

Cape Fear Public Utility Authority Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Operating Fund For the Fiscal Year Ended June 30, 2020

Revenues \$ 29,335,692 \$ 29,935,692 \$ 30,441,033 \$ 505,341 Water/wastewater volumetric charges 43,890,276 43,890,276 46,528,827 2,538,551 System development charges 4,000,000 4,000,000 6,570,775 2,570,775 Investment earnings 1,902,000 1,902,000 2,046,294 144,294 Grants from other governments - 4,814,754 5,523,733 580,979 Total revenues 4,942,754 4,942,754 5,523,733 580,979 Total revenues 3,867,722 8,4670,722 9,1158,851 5,6480,128 Expenditures Authority Board 3,875,9 3,9159 8,30,977 \$ 8,282 Salaries & Benefits 3,675,98 3,9159 \$,30,977 \$ 10,099 Total Authority Board \$,544,174 \$,544,174 \$,524,891 \$,10,99 Total Authority Board \$,544,174 \$,544,174 \$,524,891 \$,10,99 Total Authority Board \$,544,174 \$,544,174 \$,524,891 <th></th> <th></th> <th>Original Budget</th> <th></th> <th>Final Budget</th> <th></th> <th>Actual</th> <th></th> <th>Variance Positive (Negative)</th>			Original Budget		Final Budget		Actual		Variance Positive (Negative)
Water/wastewater voluments charges 43,890,276 43,890,276 645,28,827 2,636,551 System development charges 4,000,000 4,000,000 6,570,775 2,570,775 Investment earnings 1,900,000 1,902,000 2,046,24 144,294 Grants from other governments 4,942,754 4,942,754 5,523,733 580,979 Total revenues 84,670,722 84,670,722 5,91,158,651 5,809,799 Expenditures Authority Board Salaries & Benefits 3,875,99 3,915,99 39,077 8 Salaries & Benefits 5,541,714 5,544,914 3,900,77 10,009 Administration 5,544,717 5,544,174 5,544,811 19,233 Operating 645,807 454,832 378,834 75,998 Total Administration 1,189,981 9,990,002 9,903,725 9,5281 Finance 1,123,073 1,123,073 1,117,164 5,909 Operating 4,45,528 1,252,289 2,509 Oper	Revenues								(- 3)
System development charges	Water/wastewater fixed charges	\$	29,935,692	\$	29,935,692	\$	30,441,033	\$	505,341
Provision of the grownements	Water/wastewater volumetric charges		43,890,276		43,890,276		46,528,827		2,638,551
Grants from other governments 4,942,754 4,942,754 5,523,733 580,979 Total revenues 8,84,670,722 8,46,70,722 9,158,851 \$ 6,488,129 Expenditures Authority Board 338,759 \$39,159 \$39,077 \$ 2 Salaries & Benefits 338,759 24,299 24,299 14,200 10,099 Total Authority Board \$63,058 \$544,174 \$524,891 \$19,283 Administration \$44,892 \$45,802 \$378,834 75,998 Operating 645,807 \$45,832 378,834 75,998 Total Administration \$1,189,981 \$99,000 \$903,725 \$95,281 Finance \$1,123,073 \$1,213,073 \$1,117,164 \$5,909 Operating \$145,159 \$160,159 \$140,125 \$20,034 Total Finance \$1,288,232 \$1,283,233 \$1,257,289 \$20,034 Total Finance \$445,559 \$140,125 \$20,034 Total Finance \$1,288,232 \$1,283,232 \$1,257,289	System development charges		4,000,000		4,000,000		6,570,775		2,570,775
Other charges for service 4,942,754 4,942,754 5,523,73 580,790 Total revenues 8,8670,722 8,8670,722 9,158,851 6,488,129 Expenditures 8 38,759 3,39,159 3,90,07 8 8 Sularies & Benefits 3,38,759 2,42,99 14,20 10,099 10,099 Total Authority Board 8,53,878 5,41,714 5,524,791 10,099 10,099 Total Authority Board 8,53,878 5,41,714 5,24,891 19,089 10,099 Administration 8,544,174 5,544,174 5,24,891 19,208 19,208 Total Authority Board 8,183,877 454,832 378,834 75,998 75,998 Total Authority Board 8,1123,073 5,123,733 1,117,164 5,599 75,998 75,998 75,998 75,998 75,998 75,998 75,998 75,998 75,998 75,998 75,998 75,999 75,998 75,999 75,998 75,999 75,999 75,999 75,999 75,99	Investment earnings		1,902,000		1,902,000		2,046,294		144,294
Total revenues	Grants from other governments		-		-		48,189		48,189
Separating	Other charges for service		4,942,754		4,942,754		5,523,733		580,979
Authority Board Salaries & Benefits \$38,759 \$39,159 \$39,077 \$82 Operating 24,299 24,299 14,200 10,099 Total Authority Board \$63,058 \$63,458 \$53,277 \$10,181 Administration \$541,174 \$544,174 \$524,891 \$19,283 Operating 645,807 454,832 378,834 79,988 Total Administration \$1,189,981 \$99,006 \$903,725 \$95,281 Finance \$1,123,073 \$1,123,073 \$1,117,164 \$5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$1,283,232 \$1,287,289 \$2,20,34 Total Finance \$1,283,232 \$1,257,289 \$2,20,34 Total Finance \$1,283,232 \$1,257,289 \$2,20,34 Total Finance \$1,283,232 \$1,257,289 \$2,20,34 Total Pulman Resources \$449,597 \$478,097 \$477,052 \$1,045 Operating \$2,242,542 \$1,224 \$1,045	Total revenues	\$	84,670,722	\$	84,670,722	\$	91,158,851	\$	6,488,129
Salaries & Benefits \$ 38,759 \$ 39,159 \$ 39,077 \$ 82 Operating 24,299 24,299 14,200 10,099 Total Authority Board \$ 63,058 \$ 63,458 \$ 53,277 \$ 10,181 Administration Salaries & Benefits \$ 544,174 \$ 524,891 \$ 19,283 Operating 645,807 454,832 378,834 75,998 Total Administration \$ 1,189,981 \$ 999,006 \$ 903,725 \$ 95,281 Finance Salaries & Benefits \$ 1,123,073 \$ 1,117,1164 \$ 50,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating \$ 24,524 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 602,049 \$ 630,549 \$ 282,665 \$ 94 Operat	Expenditures								
Operating Total Authority Board 24,299 24,299 14,200 10,099 Total Authority Board \$63,058 \$63,458 \$53,277 \$10,101 Administration \$544,174 \$544,174 \$524,891 \$75,998 Operating 645,807 454,832 378,834 75,998 Total Administration \$1,189,981 999,006 903,725 \$52,801 Finance \$1,189,981 999,006 903,725 \$5,908 Operating 145,159 160,159 1117,164 \$5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$1,268,232 \$1,283,232 \$1,257,289 \$2,093 Human Resources \$449,597 \$478,097 \$477,052 \$1,045 Operating \$152,452 \$91,221 \$61,231 Total Human Resources \$271,849 \$283,649 \$28,665 \$984 Operating \$271,849 \$283,649 \$28,665 \$94 Operating \$271,849 \$283,649	Authority Board								
Total Authority Board \$ 63,058 \$ 63,458 \$ 53,277 \$ 10,181 Administration \$ 544,174 \$ 544,174 \$ 524,891 \$ 19,283 Operating 645,807 454,832 378,834 75,998 Total Administration \$ 1,189,981 \$ 999,006 \$ 903,725 \$ 95,281 Finance \$ 1,123,073 \$ 1,123,073 \$ 1,117,164 \$ 5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 602,049 \$ 630,549 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 282,665 984 Operating 32,196 24,536 18,472 6,064	Salaries & Benefits	\$	38,759	\$	39,159	\$	39,077	\$	82
Administration Salaries & Benefits \$ 544,174 \$ 544,174 \$ 524,891 \$ 19,283 Operating 645,807 454,832 378,834 75,998 Total Administration \$ 1,189,981 999,006 903,725 95,281 Finance \$ 1,123,073 \$ 1,123,073 \$ 1,117,164 \$ 5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 282,665 944 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Pu	Operating		24,299		24,299		14,200		10,099
Salaries & Benefitis \$ 544,174 \$ 544,174 \$ 524,891 \$ 19,283 Operating 645,807 454,832 378,834 75,998 Total Administration \$ 1,189,981 999,006 903,725 95,281 Finance \$ 1,123,073 \$ 1,123,073 \$ 1,121,7164 \$ 5,099 Operating 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 1,268,232 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Pinance \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 271,849 \$ 283,649 \$ 282,665 984 Operating 3 3,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 308,788 7,057 Information Technology \$ 907,339 <td>Total Authority Board</td> <td>\$</td> <td>63,058</td> <td>\$</td> <td>63,458</td> <td>\$</td> <td>53,277</td> <td>\$</td> <td>10,181</td>	Total Authority Board	\$	63,058	\$	63,458	\$	53,277	\$	10,181
Operating Total Administration 645,807 454,832 378,834 75,988 Total Administration \$1,189,981 \$999,006 \$903,725 \$95,281 Finance \$1,123,073 \$1,123,073 \$1,117,164 \$5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$1,268,232 \$1,283,232 \$1,257,289 \$25,943 Human Resources \$449,597 \$478,097 \$477,052 \$1,045 Operating \$152,452 \$152,452 \$91,221 \$61,231 Total Human Resources \$602,049 \$630,549 \$568,273 \$62,276 Public & Environmental Policy \$271,849 \$283,649 \$282,665 \$94,245 Public & Environmental Policy \$271,849 \$283,649 \$282,665 \$94,646 Operating \$2,71,849 \$283,649 \$282,665 \$94,646 Total Public & Environmental Policy \$31,645 \$315,845 \$308,788 \$7,661 \$9,664 Total Public & Environmental Policy \$304,045 \$315,845 <td>Administration</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Administration								
Operating Total Administration 645,807 454,832 378,834 75,988 Total Administration \$1,189,981 \$999,006 \$903,725 \$95,281 Finance \$1,123,073 \$1,123,073 \$1,117,164 \$5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$1,268,232 \$1,283,232 \$1,257,289 \$25,943 Human Resources \$449,597 \$478,097 \$477,052 \$1,045 Operating \$152,452 \$152,452 \$91,221 \$61,231 Total Human Resources \$602,049 \$630,549 \$568,273 \$62,276 Public & Environmental Policy \$271,849 \$283,649 \$282,665 \$94,245 Public & Environmental Policy \$271,849 \$283,649 \$282,665 \$94,646 Operating \$2,71,849 \$283,649 \$282,665 \$94,646 Total Public & Environmental Policy \$31,645 \$315,845 \$308,788 \$7,661 \$9,664 Total Public & Environmental Policy \$304,045 \$315,845 <td>Salaries & Benefits</td> <td>\$</td> <td>544,174</td> <td>\$</td> <td>544,174</td> <td>\$</td> <td>524,891</td> <td>\$</td> <td>19,283</td>	Salaries & Benefits	\$	544,174	\$	544,174	\$	524,891	\$	19,283
Total Administration \$ 1,189,981 \$ 999,006 \$ 903,725 \$ 95,281 Finance \$ 3,123,073 \$ 1,123,073 \$ 1,117,164 \$ 5,090 Operating 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 7,057 Information Technology \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capi	Operating								
Salaries & Benefits \$ 1,123,073 \$ 1,123,073 \$ 1,117,164 \$ 5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Salaries & Benefits \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 3 2,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 7,057 Information Technology \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016	. •	\$		\$		\$		\$	
Salaries & Benefits \$ 1,123,073 \$ 1,123,073 \$ 1,117,164 \$ 5,909 Operating 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Salaries & Benefits \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 3 2,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 7,057 Information Technology \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016	Finance								
Operating Total Finance 145,159 160,159 140,125 20,034 Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 25,943 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 3 2,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 308,788 7,057 Information Technology \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Treatment & Engineering Se		\$	1 123 073	\$	1 123 073	\$	1 117 164	\$	5 909
Total Finance \$ 1,268,232 \$ 1,283,232 \$ 1,257,289 \$ 25,943 Human Resources Salaries & Benefits \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 7,057 Information Technology \$ 304,045 \$ 315,845 \$ 308,788 7,057 Information Technology \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 2,822,931 2,585,036 237,895		Ψ		٣		Ψ		٣	
Human Resources	. •	\$		\$		\$		\$	
Salaries & Benefits \$ 449,597 \$ 478,097 \$ 477,052 \$ 1,045 Operating 152,452 152,452 91,221 61,231 Total Human Resources \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Salaries & Benefits \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 7,057 Information Technology \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance \$ 1,449,537 \$ 1,451,037	Human Resources						•		· · · · ·
Operating 152,452 152,452 91,221 61,231 Total Human Resources \$602,049 \$630,549 \$568,273 \$62,276 Public & Environmental Policy Salaries & Benefits \$271,849 \$283,649 \$282,665 \$984 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$304,045 \$315,845 \$308,788 7,057 Information Technology \$304,045 \$883,339 \$882,150 \$1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$2,972,746 \$2,822,931 \$2,585,036 \$237,895 Treatment & Engineering Services: Centralized Maintenance \$34,449,537 \$1,451,037 \$1,415,091 \$35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay		\$	<i>1</i> /10 507	\$	<i>4</i> 78 097	\$	<i>4</i> 77 052	¢	1 045
Total Human Resources \$ 602,049 \$ 630,549 \$ 568,273 \$ 62,276 Public & Environmental Policy Salaries & Benefits \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Information Technology \$ 304,045 \$ 315,845 \$ 308,788 \$ 7,057 Information Technology Salaries & Benefits \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,10		Ψ		Ψ	•	Ψ		Ψ	
Public & Environmental Policy Salaries & Benefits \$ 271,849 \$ 283,649 \$ 282,665 \$ 984 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 \$ 7,057 Information Technology Salaries & Benefits \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance \$ 2,822,931 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	, -	\$		\$		\$		\$	
Salaries & Benefits \$ 271,849 283,649 \$ 282,665 984 Operating 32,196 24,536 18,472 6,064 Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 \$ 7,057 Information Technology Salaries & Benefits \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585		Ψ_	002,010	Ψ	000,010	Ψ	000,210	Ψ	02,210
Operating Capital Outlay 32,196 24,536 18,472 6,064 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 \$ 7,057 Information Technology Salaries & Benefits \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	•	¢	271 040	¢	202 640	¢	202 665	Ф	004
Capital Outlay - 7,660 7,651 9 Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 \$ 7,057 Information Technology Salaries & Benefits \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585		Φ		Ф	,	Ф		Ф	
Total Public & Environmental Policy \$ 304,045 \$ 315,845 \$ 308,788 \$ 7,057 Information Technology Salaries & Benefits \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	•		32,190						•
Information Technology Salaries & Benefits \$907,339	· · · · · · · · · · · · · · · · · · ·	<u> </u>	304.045	Φ		Φ.		Φ.	
Salaries & Benefits \$ 907,339 \$ 883,339 \$ 882,150 \$ 1,189 Operating 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 2,822,931 \$ 2,585,036 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	•	φ_	304,045	φ	313,043	φ	300,700	φ	7,007
Operating Capital Outlay 2,065,407 1,913,772 1,690,756 223,016 Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585									
Capital Outlay - 25,820 12,130 13,690 Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585		\$	•	\$		\$		\$	
Information Technology \$ 2,972,746 \$ 2,822,931 \$ 2,585,036 \$ 237,895 Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	. •		2,065,407						
Treatment & Engineering Services: Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating \$ 1,465,898 \$ 1,898,742 \$ 1,695,174 \$ 203,568 Capital Outlay \$ 30,142 \$ 94,103 \$ 93,518 \$ 585	· · · · · · · · · · · · · · · · · · ·	_	-						
Centralized Maintenance Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	Information Technology	<u>\$</u>	2,972,746	\$	2,822,931	\$	2,585,036	\$	237,895
Salaries & Benefits \$ 1,449,537 \$ 1,451,037 \$ 1,415,091 \$ 35,946 Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	Treatment & Engineering Services:								
Operating 1,465,898 1,898,742 1,695,174 203,568 Capital Outlay 30,142 94,103 93,518 585	Centralized Maintenance								
Capital Outlay 30,142 94,103 93,518 585	Salaries & Benefits	\$	1,449,537	\$	1,451,037	\$	1,415,091	\$	35,946
	Operating		1,465,898						203,568
Total Centralized Maintenance \$ 2,945,577 \$ 3,443,882 \$ 3,203,783 \$ 240,099	•								
	Total Centralized Maintenance	\$	2,945,577	\$	3,443,882	\$	3,203,783	\$	240,099

Cape Fear Public Utility Authority Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Operating Fund For the Fiscal Year Ended June 30, 2020

		Original Budget		Final Budget		Actual		Variance Positive (Negative)
Water Treatment								
Salaries & Benefits	\$	2,153,352	\$	2,165,252	\$	2,121,982	\$	43,270
Operating		5,276,200		5,062,825		4,823,097		239,728
Capital Outlay		-		85,818		72,811		13,007
Total Water Treatment	\$	7,429,552	\$	7,313,895	\$	7,017,890	\$	296,005
Wastewater Treatment								
Salaries & Benefits	\$	2,009,484	\$	2,123,184	\$	2,000,193	\$	122,991
Operating		3,980,942		3,207,917		3,086,624		121,293
Capital Outlay		70,000		-		-		-
Total Wastewater Treatment	\$	6,060,426	\$	5,331,101	\$	5,086,817	\$	244,284
Engineering								
Salaries & Benefits	\$	1,897,269	\$	2,039,669	\$	1,981,115	\$	58,554
Operating		144,620		120,620		65,548		55,072
Total Engineering	\$	2,041,889	\$	2,160,289	\$	2,046,663	\$	113,626
Linear Assets & Project Management								
Administration	•	070 750	•	500 750	•	507.005	•	4.400
Salaries & Benefits	\$	376,753	\$	528,753	\$	527,625	\$	1,128
Operating	Φ.	19,762	Φ	19,762	Φ.	9,778	Φ.	9,984
Total Administration	\$	396,515	\$	548,515	\$	537,403	\$	11,112
Project Management	•						_	
Salaries & Benefits	\$	680,709	\$	•	\$	553,828	\$	1,481
Operating Table Paris at Management	Φ.	18,298	Φ	18,298	Φ.	12,398	Φ.	5,900
Total Project Management	\$	699,007	\$	573,607	\$	566,226	\$	7,381
Operations - Utility Services					_		_	
Salaries & Benefits	\$	6,230,174	\$	6,183,174	\$	5,989,732	\$	193,442
Operating		4,145,129		4,183,692		3,735,859		447,833
Capital Outlay	_	-	_	138,827	•	138,072	•	755
Total Operations - Utility Services	\$	10,375,303	\$	10,505,693	\$	9,863,663	\$	642,030
Environmental Management								
Salaries & Benefits	\$	2,270,623	\$	2,281,823	\$	2,238,546	\$	43,277
Operating		820,229		791,139		621,971		169,168
Capital Outlay	_	-		25,390		24,349	_	1,041
Total Environmental Management	\$	3,090,852	\$	3,098,352	\$	2,884,866	\$	213,486
Customer Service								
Salaries & Benefits	\$	3,543,896	\$	3,373,896	\$	3,196,651	\$	177,245
Operating		1,018,338		1,117,383		990,045		127,338
Capital Outlay Total Customer Service	<u>¢</u>	75,000	¢	27,993	¢	20,046	¢	7,947
		4,637,234	\$	4,519,272	Ф	4,206,742	φ	312,530
Nondepartmental	•	E00 000	c	E00 000	¢	266.054	¢	122 740
Salaries & Benefits	\$	500,000	ф	500,000	\$	366,254	Ф	133,746
Operating Total Nondepartmental	•	2,052,774	¢	1,991,452 2,491,452	¢	1,947,008 2,313,262	¢	44,444 178 190
Total Nondepartmental	\$	2,552,774	φ	2,491,402	φ	2,313,202	φ	178,190

Cape Fear Public Utility Authority Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Operating Fund For the Fiscal Year Ended June 30, 2020

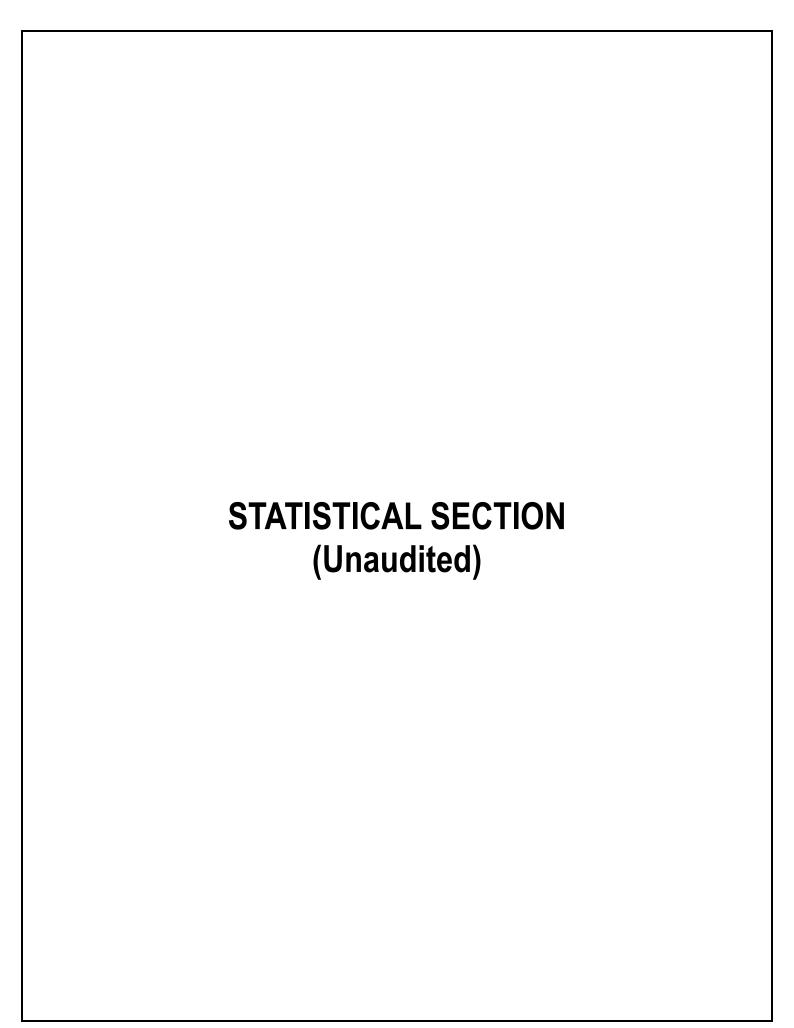
		Original Budget		Final Budget		Actual		Variance Positive (Negative)
Debt Service								
Principal	\$	12,473,408	\$	12,489,168	\$	12,489,159	\$	9
Interest		9,952,074		9,038,454		9,034,824		3,630
Bond Issue Costs		-		668,930		617,332		51,598
Total Debt Service	\$	22,425,482	\$	22,196,552	\$	22,141,315	\$	55,237
Contingency	\$	-	\$	15,340	\$	-	\$	15,340
Total expenditures	\$	69,054,722	\$	68,312,971	\$	65,545,018	\$	2,767,953
Other financing sources (uses)								
Insurance proceeds	\$	_	\$	-	\$	22,500	\$	22,500
Sale of capital assets	•	384,000	•	384,000	•	131,623	•	(252,377)
Bond proceeds		-		48,774,605		48,157,032		(617,573)
Appropriated fund balance		500,000		589,319		-		(589,319)
Payment to Refunding Bond Escrow Agent		-		(48,105,675)		(48,105,675)		(000,010)
Transfers out - Capital Projects Funds		(16,500,000)		(18,000,000)		(18,000,000)		_
Total financing (uses)	\$	(15,616,000)	\$	(16,357,751)	\$	(17,794,520)	\$	(1,436,769)
,	_	<u> </u>		<u> </u>		, , ,	•	, , ,
Revenues and other financing (uses)								
over expenditures	\$	-	\$	-	\$	7,819,313	\$	7,819,313
Reconciliation of modified accrual basis to full accrual ba	eie.							
Revenues and other financing sources over expenditures -								
Capital Projects Funds - Water, Wastewater & Sytem-Wid	le				\$	23,573,451		
Capital contributions - conveyed infrastructure					•	9,062,161		
Capitalized expenditures						54,847,092		
Depreciation and amortization on capital assets						(23,985,127)		
Pension expense						(2,916,288)		
Contributions to pension plans						1,548,442		
OPEB expense						(1,137,163)		
Contributions to OPEB plan						299,203		
Interest expense:						233,203		
Increase in accrued interest liability						(1,467,994)		
Amortization of deferred amount on refunding						(1,285,728)		
Amortization of premium						3,029,428		
Accrued revenue						1,014,392		
Bad debt expense						479,522		
Increase in compensated absences liability						(304,148)		
Proceeds from long-term obligations						(107,081,369)		
Payment to refunding bond escrow agent						48,105,675		
Principal on lease liability						468,904		
Principal on long-term obligations						=		
Change in net position					¢	12,489,159 24,558,925		
Change in het position					\$	24,000,920		

Cape Fear Public Utility Authority Schedule of Revenue and Expenditures - Budget and Actual (Non-GAAP) -

Capital Projects Funds - Water, Wastewater & System-Wide From Inception and For the Fiscal Year Ended June 30, 2020

	Actual										
		Project		Prior		Current		Total to			
	(Ordinance		Years		Year		Date			
Revenue											
Capital grants and contributions	\$	47,275,750	\$	31,939,485	\$	8,396,126	\$	40,335,611			
Charges for services		30,827,711		2,890,798		5,750,331		8,641,129			
Investment earnings		6,965,762		6,965,762				6,965,762			
Total revenue		85,069,223		41,796,045		14,146,457		55,942,502			
Expenditures											
Water projects		308,401,452		190,883,005		35,958,280		226,841,285			
Wastewater projects		273,065,467		210,263,781		28,225,430		238,489,211			
System-wide projects		17,221,218		9,492,840		3,541,822		13,034,662			
Total expenditures		598,688,137		410,639,626		67,725,532		478,365,158			
Other financing sources											
Long-term obligations issued		301,248,418		240,661,807		58,924,336		299,586,143			
Insurance proceeds		525,507		397,315		228,190		625,505			
Transfers in - Operating Fund		164,471,660		119,733,540		18,000,000		137,733,540			
Appropriated fund balance		47,373,329		-				-			
Total other financing sources		513,618,914		360,792,662		77,152,526		437,945,188			
Revenue and other financing											
sources over expenditures	\$	-	\$	(8,050,919)	\$	23,573,451	\$	15,522,532			

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Cape Fear Public Utility Authority Statistical Section (Unaudited)

Financial Trends

These schedules identify the trends in changes over time of the Authority's financial functional effectiveness and financial strength.

Net Position by Component Changes in Net Position

Revenue Capacity

These schedules contain information to help the reader assess the Authority's revenue sources.

Schedule of User Rates
Principal Water Customers
Principal Wastewater Customers
Consumption by Customer Group
Schedule of New Connections

Debt Capacity

These schedules represent the ratio of debt to revenue.

Pledged-Revenue Coverage Ratios of Outstanding Debt by Type

Demographic and Economic Information

These schedules show the demographic and economic picture of the environment in which the authority provides its services.

Demographic Statistics Principal Employers Full Time Equivalent Employees

Operating Information

These schedules contain operating and capital asset data to show how operations and assets have changed as the Authority grows.

Water Production and Wastewater Treatment Operating Statistics

Sources

Unless otherwise noted, the information included in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018 and is provided for additional analysis purposes only and has not been verified by audit as presented.

Cape Fear Public Utility Authority Net Position By Component Current Fiscal Year and Last Nine Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018(1)	Fiscal Year 2017(1)	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014 (1)	Fiscal Year 2013	Fiscal Year 2012 (1)	Fiscal Year 2011
Net investment in capital assets Restricted for:	\$ 512,151,108	\$ 468,755,415	\$ 424,502,362	\$ 390,620,064	\$ 359,084,362	\$ 335,218,505	\$ 304,634,404	\$ 295,343,987	\$ 288,506,512	\$ 287,538,728
Debt service	8,488,245	7,642,752	11,092,065	10,966,309	2,916,717	-	-	-	-	-
Capital projects	11,254,734	10,486,204	6,843,204	-	-	-	-	-	-	-
Unrestricted	59,193,254	79,644,045	100,413,843	111,961,957	122,820,678	108,678,499	104,968,819	95,959,547	84,201,125	72,046,877
Total net position	\$ 591,087,341	\$ 566,528,416	\$ 542,851,474	\$ 513,548,330	\$ 484,821,757	\$ 443,897,004	\$ 409,603,223	\$ 391,303,534	\$ 372,707,637	\$ 359,585,605

Source: Cape Fear Public Utility Authority's Comprehensive Annual Financial Report.

⁽¹⁾ Net Position was restated in fiscal years 2018, 2017, 2014, and 2012 to reflect a change in accounting principle.

Cape Fear Public Utility Authority Changes in Net Position Current Fiscal Year and Last Nine Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011
Operating revenues										
Charges for services	\$ 86,038,040	\$ 77,413,386	\$ 73,276,538	\$ 72,952,927	\$ 68,627,099	\$ 67,429,021	\$ 65,495,922	\$ 63,061,317	\$ 61,115,234	\$ 57,086,229
System development charges	6,570,775	5,222,171	6,014,920	6,277,464	6,068,284	4,740,567	4,396,198	3,832,586	3,734,210	2,035,607
Other operating revenues	3,269,113	3,334,896	3,448,795	4,223,916	3,873,167	3,835,966	3,344,807	3,152,075	3,173,602	2,671,784
Total operating revenues	95,877,928	85,970,453	82,740,253	83,454,307	78,568,550	76,005,554	73,236,927	70,045,978	68,023,046	61,793,620
Operating expenses										
Personnel and benefits	26,223,970	23,420,453	21,673,141	17,850,409	16,598,873	15,944,834	16,128,971	15,253,963	15,257,145	15,176,175
Operations and maintenance	31,388,356	27,505,928	22,789,586	23,650,622	16,393,895	14,633,728	14,051,693	14,643,018	14,474,821	14,188,596
Depreciation and amortization	23,985,127	22,863,858	22,024,805	20,880,300	20,076,373	18,776,391	17,729,409	17,591,990	16,107,252	14,283,401
Total operating expenses	81,597,453	73,790,239	66,487,532	62,381,331	53,069,141	49,354,953	47,910,073	47,488,971	45,839,218	43,648,172
Operating income (loss)	14,280,475	12,180,214	16,252,721	21,072,976	25,499,409	26,650,601	25,326,854	22,557,007	22,183,828	18,145,448
Nonoperating revenues (expenses)										
Investment earnings	2,046,294	2,204,682	1,567,523	880,543	3,312,744	1,012,470	993,737	959,408	962,260	738,453
Interest expense	(8,990,462)	(8,660,674)	(8,660,925)	(9,321,091)	(8,274,675)	(8,332,023)	(11,919,549)	(13,213,771)	(10,500,330)	(13,011,609)
Bond issuance costs and other debt service fees	(617,332)	-	(142,708)	-	(717,165)	(683,650)	(85,243)	(316,120)	(625,383)	(131,224)
State and federal grants	8,157,813	5,433,834	2,786,821	220,254			- '	- '	- '	- '
Insurance proceeds	250,690	623,491	-	-	-	-	-	-	-	-
Gain (Loss) on disposal of capital assets	131,623	132,953	152,213	88,899	53,691	77,599	73,780	(202,214)	-	-
Gain (Loss) on extinguishment of debt		-	-	-	93,020	-	-	- '	-	-
Contributions from the City of Wilmington and New Hanover County		-	304,000	627,000	950,000	1,254,000	1,577,000	1,900,000	1,900,000	1,900,000
Total nonoperating revenues (expenses)	978,626	(265,714)	(3,993,076)	(7,504,395)	(4,582,385)	(6,671,604)	(9,360,275)	(10,872,697)	(8,263,453)	(10,504,380)
Income before capital contributions, special items and										
extraordinary items	15,259,101	11,914,500	12,259,645	13,568,581	20,917,024	19,978,997	15,966,579	11,684,310	13,920,375	7,641,068
Capital contributions-other	9,299,824	11,762,442	11,538,622	17,654,167	20,007,729	14,314,784	3,936,222	6,911,587	2,661,149	777,743
Special impairment of capital assets		-	-	-	-	-	-	-	-	(8,191,391)
Total capital contributions, special and extraodinary items	9,299,824	11,762,442	11,538,622	17,654,167	20,007,729	14,314,784	3,936,222	6,911,587	2,661,149	(7,413,648)
Increase in net position	24,558,925	23,676,942	23,798,267	31,222,748	40,924,753	34,293,781	19,902,801	18,595,897	16,581,524	227,420
Net position										
Beginning of year	566,528,416	537,346,597	513,548,330	484,821,757	443,897,004	411,206,335	391,303,534	372,707,637	356,126,113	355,898,693
Cumulative effect of change in accounting principle		5,504,877	· · · · · ·	(2,496,175)	· · · · · -	(1,603,112)	· -	-	-	· · · · ·
End of year, restated	\$ 591,087,341	\$ 566,528,416	\$ 537,346,597	\$ 513,548,330	\$ 484,821,757	\$ 443,897,004	\$ 411,206,335	\$ 391,303,534	\$ 372,707,637	\$ 356,126,113

Source: Cape Fear Public Utility Authority's Comprehensive Annual Financial Report.

Cape Fear Public Utility Authority Schedule of User Rates Current Fiscal Year and Last Nine Fiscal Years

							Fiscal Year											
	2	020		2019		2018	2017		2016		2015 ⁽¹⁾		2014 ⁽¹⁾		2013 ⁽¹⁾	2012 ⁽¹⁾		2011 ⁽¹⁾
Water Rates	-																	
Water Fixed Rate (bi-monthly)	\$	27.56	\$	27.56	\$	26.67	\$ 25.81	\$	25.81		\$ 25.81		\$ 25.81		\$ 25.81 \$	25.81	\$	24.99
Water Rate per 1,000 gallons	\$	4.02	\$	4.02	\$	3.85	\$ 3.67	\$	3.67		\$ 3.67		\$ 3.67		\$ 3.42	N/A		N/A
Water Variable Rate:																		
0 - 12,000 gallons		N/A		N/A		N/A	N/A		N/A		N/A		N/A		N/A \$	2.64	\$	2.64
12,001 - 24,000 gallons		N/A		N/A		N/A	N/A		N/A		N/A		N/A		N/A \$	3.96	\$	3.96
Over 24,000 gallons		N/A		N/A		N/A	N/A		N/A		N/A		N/A		N/A \$	5.28	\$	5.28
Irrigation (2)	\$	4.02	\$	4.02	\$	3.85	\$ 3.67	\$	3.67	\$	3.67	\$	3.67	\$	3.42 \$	3.36	\$	2.64
Non-Residential	\$	4.02	\$	4.02	\$	3.85	\$ 3.67	\$	3.67	\$	3.67	\$	3.67	\$	3.42 \$	3.96	\$	3.96
Average bi-monthly residential consumption per customer (gallons) (3)		8,200		8,100		8,400	8,400		8,600		8,600		8,400		9,200	10,000		10,000
Average bi-monthly residential bill	\$	60.52	\$	60.12	\$	59.01	\$ 56.64	\$	57.37	\$	57.37	\$	56.64	\$	57.27 \$	52.21	\$	51.39
Wastewater Rates																		
Wastewater Fixed Rate (bi-monthly)	\$	29.10	\$	29.10	\$	29.10	\$ 29.10	\$	29.10	\$	29.10	\$	29.10	\$	29.10 \$	26.68	\$	26.68
Wastewater Variable Rate (4)	\$	4.63	\$	4.63	\$	4.58	\$ 4.56	\$	4.56	\$	4.56	\$	4.56	\$	4.21 \$	4.04	\$	3.59
Wastewater Flat Rate (5)	\$	67.07	\$	66.60	\$	67.58	\$ 138.54	\$	138.54	\$	138.54	\$	138.54	\$	130.14 \$	123.64	\$	112.84
Average bi-monthly residential consumption per customer (gallons) (6)		8,200		8,100		8,400	8,400		8,600		8,600		8,400		9,200	10,000		10,000
Average bi-monthly residential bill	\$	67.07	\$	66.60	\$	67.58	\$ 67.40	\$	68.32	\$	68.32	\$	67.40	\$	67.83 \$	67.08	\$	62.58

⁽¹⁾ Rates effective May 1 of respective fiscal year.

⁽²⁾ Board adopted lower irrigation rate to discourage irrigation wells.

For years 2009 and 2010, irrigation rates were set at the over 18,000 gallons rate.

⁽³⁾ Average customer consumption was not calculated prior to 2012. Values for time periods prior to 2012 are estimates.

⁽⁴⁾ Wastewater volume charges are capped at 30,000 gallons for residential customers.

⁽⁵⁾ Wastewater flat rate charge when Authority water is not available. Residential customers charge based on average

Cape Fear Public Utility Authority Principal Water Customers Current Fiscal Year and Nine Years Prior

2020 2011 Thousands of % of Thousands of % of % of Gallons % of System Revenues (\$) Revenues Gallons Revenues (\$) Revenues System Ten Largest Users of the Water System Annual Consumption Ten Largest Users of the Water System Annual Consumption 3.34% \$ 2.37% 1 UNC Wilmington 145.286 2.44% \$ 514.961 1.21% 1 UNC Wilmington 183,400 670.500 1.31% 0.88% 1.10% 0.90% 2 New Hanover Regional Medical Center 78.114 372.722 2 New Hanover Regional Medical Center 60.103 253,431 3 Town of Wrightsville Beach 58,590 0.98% 39,483 0.09% 3 New Hanover County Schools 51,773 0.94% 288,296 1.02% 0.56% 0.97% 0.73% 0.68% 4 New Hanover County Schools 57.907 310.197 4 Wilmington Housing Authority 37,520 158,505 0.82% 0.55% 0.66% 0.69% 5 Wilmington Housting Authority 48.845 233.116 5 New Hanover County 36,290 195,927 0.79% 0.65% 0.60% 0.45% 6 New Hanover County 46.755 275.009 6 Lake Forest Apartments 33.107 128,507 0.44% 7 Bedrock Holdings 46.049 0.77% 284.785 0.67% 7 College Manor Apartments 30,588 0.56% 123,732 0.58% 8 Tribute Properties 28,323 0.48% 231,799 0.55% 8 Mayfaire Complex 25,244 0.46% 163,222 0.47% 0.57% 0.45% 0.62% 9 City of Wilmington 27,912 243,032 9 Tribute Properties 24,645 174,715 10 NC State Port 26,113 0.44% 153,426 0.36% 10 Wilmington Hilton 18,448 0.34% 71,652 0.25% 563,894 9.48% \$ 2,658,531 6.27% 501,118 9.14% \$ 2,228,487 7.88% Total Net Consumption / Net Revenue Total Net Consumption / Net Revenue \$ 42,403,504 5,485,532 \$ 28,288,199 Total Annual System Net Consumption / Net Revenue 5,949,676 Total Annual System Net Consumption / Net Revenue

Cape Fear Public Utility Authority Principal Wastewater Customers Current Fiscal Year and Nine Years Prior

20	20	11
20	12U ZU	11

Ten Largest Users of the Wastewater System Annual Consumption	Thousands of Gallons	% of System	Revenues (\$)	% of Revenues	Ten Largest Users of the Wastewater System Annual Consumption	Thousands of Gallons	% of System	Revenues (\$)	% of Revenues
1 Town of Wrightsville Beach	234,896	4.46%	\$ 845,626	1.97%	1 Town of Wrightsville Beach	242,837	4.79%	\$ 358,180	1.28%
2 NHRMC	74,046	1.41%	402,636	0.94%	2 UNC Wilmington	111,952	2.21%	399,691	1.42%
3 UNC Wilmington	68,670	1.30%	391,051	0.91%	3 New Hanover County Schools	49,331	0.97%	272,876	0.97%
4 New Hanover County Schools	53,704	1.02%	327,111	0.76%	4 New Hanover Regional Medical Center	59,071	1.17%	236,881	0.84%
5 Wilmington Housing Authority	48,642	0.92%	262,865	0.61%	5 New Hanover County	34,159	0.67%	172,881	0.62%
6 Bedrock Holdings	44,629	0.85%	302,542	0.70%	6 Wilmington Housing Authority	37,420	0.74%	149,983	0.53%
7 New Hanover County	40,707	0.77%	265,842	0.62%	7 College Manor Apartments	30,588	0.60%	117,478	0.42%
8 Corning, Inc.	28,282	0.54%	132,095	0.31%	8 Lake Forest Apartments	33,107	0.65%	120,990	0.43%
9 Tribute	27,546	0.52%	250,430	0.58%	9 Mayfaire Complex	25,012	0.49%	159,386	0.57%
10 Lake Forest Apartments	25,472	0.48%	134,462	0.31%	10 Tribute Properties	24,382	0.48%	192,464	0.69%
Total Net Consumption / Net Revenue	646,593	10.94%	\$ 3,314,660	7.70%	Total Net Consumption / Net Revenue	647,859	12.78%	\$ 2,180,810	7.77%
Total Annual System Net Consumption / Net Revenue	5,269,523	<u>-</u>	\$ 43,022,105	_,	Total Annual System Net Consumption / Net Revenue	5,070,084	<u>.</u>	\$ 28,052,866	_

Cape Fear Public Utility Authority Consumption by Customer Group Current Fiscal Year and Last Nine Fiscal Years

	202	0	2019		2018		2017		2016		2015		2014		2013		2012		2011	
	Thousand Gallons	% of Consumption	Thousand Gallons %	of Consumption	Thousand Gallons % of	of Consumption Th	nousand Gallons %	of Consumption TI	nousand Gallons % o	of Consumption 1	housand Gallons %	of Consumption 1	housand Gallons %	of Consumption TI	nousand Gallons %	of Consumption Th	nousand Gallons %	of Consumption Th	nousand Gallons % c	of Consumption
Water Customers																				
Residential	4,107,969	69.05%	3,718,024	67.27%	3,614,451	68.57%	3,651,875	69.45%	3,630,541	69.20%	3,461,812	68.80%	3,415,831	69.87%	3,522,531	69.85%	3,806,074	70.45%	3,887,894	70.88%
Commercial	1,284,322	21.59%	1,238,734	22.41%	1,175,036	22.29%	1,151,382	21.90%	1,128,569	21.51%	1,053,502	20.94%	1,006,253	20.58%	1,026,039	20.35%	1,059,983	19.62%	1,075,703	19.61%
Town of Wrightsville Beach (1)	47,968	0.81%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Industrial	69,941	1.18%	109,343	1.98%	90,719	1.72%	68,109	1.30%	74,645	1.42%	65,334	1.30%	63,349	1.30%	59,116	1.17%	62,267	1.15%	62,278	1.14%
Institutional and Government	439,476	7.39%	460,658	8.34%	391,058	7.42%	386,583	7.35%	413,036	7.87%	451,090	8.96%	403,523	8.25%	435,048	8.63%	474,130	8.78%	459,656	8.38%
Total	5,949,676	100.00%	5,526,758	100.00%	5,271,263	100.00%	5,257,949	100.00%	5,246,790	100.00%	5,031,738	100.00%	4,888,957	100.00%	5,042,734	100.00%	5,402,454	100.00%	5,485,531	100.00%
Wastewater Customers																				
Residential	3,524,127	66.88%	3,312,519	66.11%	3,259,728	66.14%	3,277,428	67.57%	3,287,280	67.36%	3,171,068	67.33%	3,184,447	68.27%	3,246,521	68.52%	3,424,127	68.94%	3,497,483	68.98%
Commercial	1,173,859	22.28%	1,143,289	22.82%	1,078,506	21.88%	1,048,627	21.62%	1,019,892	20.90%	956.150	20.30%	922.045	19.77%	923.952	19.50%	941.927	18.96%	957.062	18.88%
Town of Wrightsville Beach	234,896	4.46%	223,691	4.46%	254,728	5.17%	184,695	3.81%	227,370	4.66%	207,905	4.41%	210,681	4.52%	203,370	4.29%	207,561	4.18%	214,479	4.23%
Pender County	8,296	0.16%	12,715	0.25%	14,374	0.29%	11,291	0.23%	10,562	0.22%	10,033	0.21%	9,008	0.19%	10,473	0.22%	11,550	0.23%	16,224	0.32%
Industrial	17,330	0.33%	16,613	0.33%	17,144	0.35%	15,470	0.32%	18,257	0.37%	21,027	0.45%	19,468	0.42%	16,296	0.34%	16,197	0.33%	18,219	0.36%
Institutional and Government	311,014	5.90%	302,154	6.03%	303,850	6.17%	312,907	6.45%	316,946	6.49%	343,878	7.30%	318,809	6.83%	337,107	7.12%	365,297	7.35%	366,618	7.23%
Total (4)	5,269,523	100.00%	5,010,981	100.00%	4,928,329	100.00%	4,850,418	100.00%	4,880,306	100.00%	4,710,062	100.00%	4,664,457	100.00%	4,737,719	100.00%	4,966,659	100.00%	5,070,085	100.00%

⁽¹⁾ Beginning in Fiscal Year 2020, CFPUA entered into a bulk wholesale water agreement with the Town of Wrightsville Beach limited to 45 million gallons per calendar year.

⁽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.

Cape Fear Public Utility Authority Schedule of New Connections Current Fiscal Year and Last Nine Fiscal Years

Fiscal Year Ended June 30	Increase In Available Services Water	Cumulative Available Services Water	% Water Growth - Available Services	Increase in Water Connections	Cumulative Water Connections (1)	% Water Growth - Connections
2020	(889)	74,883 *	-1.17%	899	71,463	1.27%
2019	1,072	75,772	1.44%	930	70,564	1.34%
2018	1,582	74,700	2.16%	1,022	69,634	1.49%
2017	1,679	73,118	2.35%	1,260	68,612	1.87%
2016	1,083	71,439	1.54%	1,216	67,352	1.84%
2015	1,562	70,356	2.27%	1,072	66,136	1.65%
2014	761	68,794	1.12%	391	65,064	0.60%
2013	966	68,033	1.44%	1,224	64,673	1.93%
2012	2,465	67,067	3.82%	457	63,449	0.73%
2011	919	64,602	1.44%	1,121	62,992	1.81%

Fiscal Year Ended June 30	Increase In Available Services Wastewater (2)	Cumulative Available Services Wastewater	% Wastewater Growth - Available Services	Increase In Wastewater Connections	Cumulative Wastewater Connections	% Wastewater Growth - Connections
2020	1,293	75,409	1.74%	1,675	71,675	2.39%
2019	1,073	74,116	1.47%	865	70,000	1.25%
2018	1,504	73,043	2.10%	1,512	69,135	2.24%
2017	2,317	71,539	3.35%	1,239	67,623	1.87%
2016	976	69,222	1.43%	654	66,384	0.99%
2015	1,417	68,246	2.12%	731	65,730	1.12%
2014	770	66,829	1.17%	1,195	64,999	1.87%
2013	1,530	66,059	2.37%	448	63,804	0.71%
2012	199	64,529	0.31%	571	63,356	0.91%
2011	537	64,330	0.84%	1,454	62,785	2.37%

⁽¹⁾ Water connections and available services include domestic and irrigation.

Non-Connected Services are defined as Locations that have Services available but have no Active Billed Customers.

Available services are an indicator of potential customer growth.

⁽²⁾ Available Services include domestic and irrigation both connected and non-connected services.

Connected Services are defined as Locations that have Active Billed Customers.

Cape Fear Public Utility Authority Pledged-Revenue Coverage Water and Sewer Revenue Bonds Current Fiscal Year and Last Nine Fiscal Years

Fiscal Year Ended June 30	Re	Gross evenues (1)	Less Operating expenses (2)	Net Available Revenue			Debt Service Interest			Total ebt Service	Debt Coverage Ratio
2020 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	106,464,348	\$ 55,684,442	\$ 50,779,906	\$	11,405,000 12,489,159	\$	8,749,039 9,034,824	\$	20,154,039 21,523,983	2.52 2.36
2019 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	93,741,922	\$ 49,528,402	\$ 44,213,520	\$	11,124,000 12,707,047	\$	9,899,165 10,471,871		21,023,165 23,178,918	2.10 1.91
2018 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	87,550,810	\$ 43,319,161	\$ 44,231,649	\$	10,795,000 13,294,847	\$	9,957,801 11,067,081	\$ \$	20,752,801 24,361,928	2.13 1.82
2017 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	85,271,003	\$ 40,961,133	\$ 44,309,870	\$ \$	12,825,000 15,300,761		8,617,881 9,328,777	\$ \$	21,442,881 24,629,538	2.07 1.80
2016 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	82,884,985	\$ 33,299,149	\$ 49,585,836	\$ \$	5,945,000 9,075,790	\$ \$	12,944,573 14,296,359	\$ \$	18,889,573 23,372,149	2.63 2.12
2015 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	78,349,623	\$ 31,053,037	\$ 47,296,586	\$	6,850,000 12,747,145	\$	13,056,801 14,633,342	\$ \$	19,906,801 27,380,487	2.38 1.73
2014 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	74,317,342	\$ 30,508,462	\$ 43,808,880	\$	7,210,000 11,652,876	\$	13,209,678 14,833,732	\$ \$	20,419,678 26,486,608	2.15 1.65
2013 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	71,023,046	\$ 30,068,015	\$ 40,955,031	\$	8,105,000 11,989,171	\$	13,525,578 14,590,085	\$	21,630,578 26,579,256	1.89 1.54
2012 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	69,045,118	\$ 29,956,912	\$ 39,088,206	\$ \$	6,919,113 12,006,657	\$ \$	11,894,186 13,283,201	\$	18,813,299 25,289,858	2.08 1.55
2011 Parity Debt Coverage Ratio Total Debt Coverage Ratio	\$	62,820,928	\$ 29,378,869	\$ 33,442,059	\$	3,329,579 9,147,645	\$	8,612,881 11,160,138		11,942,460 20,307,783	2.80 1.65

⁽¹⁾ Gross revenues includes all revenues other than extraordinary items

⁽²⁾ Operating expenses do not include depreciation and amortization expense, OPEB expense, and pension expense, bad debt expense, and the change in compensated absences. Operating expenses include pension and OPEB contributions.

Cape Fear Public Utility Authority
Ratios of Outstanding Debt by Type
Current Fiscal Year and Last Nine Fiscal Years

		General			ARRA		DWSRF		Clean Water		% of			
Fiscal	Revenue	Obligation	I	nstallment	Revolving		Revolving	;	State Revolving		Personal		Per	
Year	Bonds	Bonds	(Obligations	Loan		n Loan		Fund Loans	Total	Income (1)	(Capita	
2020	\$ 296,364,361	-	\$	7,750,000	\$ 735,490	\$	123,142	\$	16,767,280	\$ 321,740,273	3.06%	\$	1,385	
2019	250,034,259	-		8,765,000	792,065		131,937		13,582,207	273,305,468	2.60%		1,177	
2018	264,372,354	-		9,795,000	848,642		140,733		9,320,528	284,477,257	2.70%		1,225	
2017	278,443,921	-		11,741,800	905,219		149,529		8,139,178	299,379,647	2.85%		1,289	
2016	294,031,807	-		13,679,800	961,795		158,325		8,611,567	317,443,294	3.02%		1,367	
2015	291,532,167	-		29,044,491	1,018,371		167,121		8,696,154	330,458,304	3.14%		1,423	
2014	277,272,935	2,355,000		32,259,698	1,074,947		91,048		8,653,524	321,707,152	3.06%		1,385	
2013	285,309,582	5,255,000		35,410,732	1,131,523		-		2,442,453	329,549,290	3.13%		1,419	
2012	293,217,535	7,759,279		37,297,244	444,323		-		-	338,718,381	3.22%		1,458	
2011	255,556,814	11,712,630		39,918,647	330,545		-		-	307,518,636	2.92%		1,324	

⁽¹⁾ Federal Agency Data: Bureau of Economic Analysis. Data provided for as many years as available.

Cape Fear Public Utility Authority Demographic Statistics Current Fiscal Year and Last Nine Fiscal Years

Fiscal Year	City of	New Hanover		Public	Local	Personal	
Ended	Wilmington	County	Median	School	Unemployment	Income	Per Capita
June 30	Population (1)	Population (1)	Age (1)	Enrollment (2)	Rate % (3)	(000's) (4)	Income (4)
2020	122,610	232,248	39	25,952	7.6%	\$10,518,512	\$45,290
2019	122,607	232,274	39	25,512	4.0%	10,155,484	\$43,722
2018	119,045	227,198	38	26,263	3.9%	9,717,031	\$42,769
2017	117,525	223,483	38	26,096	3.9%	9,885,994	44,236
2016	115,933	220,358	38	25,901	4.8%	9,312,770	42,262
2015	113,657	216,298	38	26,241	5.6%	8,757,257	40,487
2014	112,067	213,267	38	25,470	6.1%	8,324,877	39,035
2013	109,922	209,234	38	25,364	9.1%	7,669,054	36,653
2012	108,297	206,189	37.5	25,253	9.3%	7,433,938	36,054
2011	106,476	202,667	36.7	23,934	10.1%	7,300,065	36,020

⁽¹⁾ US Census Bureau.

⁽²⁾ Provided by the NHC Schools Finance Department

⁽³⁾ North Carolina Department of Commerce

⁽⁴⁾ Federal Agency Data: Bureau of Economic Analysis. Data provided for as many years as available.

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

2020 2011

	Employees		Percentage of Total County		Employees		Percentage of Tota County
Employers	(1)	Rank	Employment	Employers	(3)	Rank	Employment
New Hanover Regional Medical Center	7,500	1	6.29%	New Hanover Regional Medical Center	4,738	1	5.04%
New Hanover County Schools	4,211	2	3.53%	New Hanover County Schools	3,666	2	3.90%
Wal-Mart Stores	2,857	3	2.40%	Wal-Mart Stores	2,592	3	2.76%
GE Hitachi Nuclear Energy and GE Aviation	2,800	4	2.35%	GE Hitachi Nuclear Energy and GE Aviation	2,100	4	2.23%
University of North Carolina Wilmington	2,409	5	2.02%	University of North Carolina at Wilmington	1,898	5	2.02%
New Hanover County Government	1,822	6	1.53%	PPD	1,500	6	1.60%
PPD	1,500	7	1.26%	New Hanover County	1,480	7	1.57%
Duke Energy	1,136	8	0.95%	Corning, Inc.	1,000	8	1.06%
City of Wilmington	1,000	9	0.84%	City of Wilmington	981	9	1.04%
Wilmington Health	917	10	0.77%	Cape Fear Community College	541	10	0.58%
		=	21.93%	- =			21.80%
Total # Employed at June 30 of the respective FY (2)			119,249	Total # Employed at June 30 of the respective FY (3)			94,030

(1) Source: 2020 Book on Business; www.wilmingtonbiz.com

(2) Source: www.nccommerce.com

(3) Source: CFPUA CAFR for the fiscal year ended June 20, 2011

Cape Fear Public Utility Authority Full Time Equivalent Employees Current Fiscal Year and Last Nine Fiscal Years

Departments	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General - Administrative										
Administration	4	3	4	5	5	5	5	6	5	4
Finance	12	12	12	12	12	12	12	12	12	12
Human Resources	4	4	4	4	4	4	4	4	4	4
Public & Environmental Policy	3	3	-	-	-	-	-	-	-	-
Information Technology	9	9	9	6	6	6	6	6	6	6
Treatment & Engineering										
Administration	3	3	3	3	3	3	3	3	3	3
Engineering	19	19	19	19	19	17	16	14	14	14
Centralized Maintenance	21	21	19	19	14	14	-	-	-	-
Water Treatment	28	27	26	25	25	24	30	30	30	31
Wastewater Treatment	32	29	31	30	30	30	40	40	40	40
Linear Assets and Project Management										
Administration	3	3	3	3	3	3	3	3	3	3
Utility Services	93	90	90	85	90	87	96	96	96	96
Project Management	5	5	5	5	5	5	5	5	5	5
Environmental Management/Safety	30	29	30	30	30	30	29	30	30	30
Customer Service	57	57	54	53	53	50	42	41	42	41
Total FTE's	323	314	309	299	299	290	291	290	290	289

Cape Fear Public Utility Authority Water Production and Wastewater Treatment (thousands of gallons) Last Ten Fiscal Years

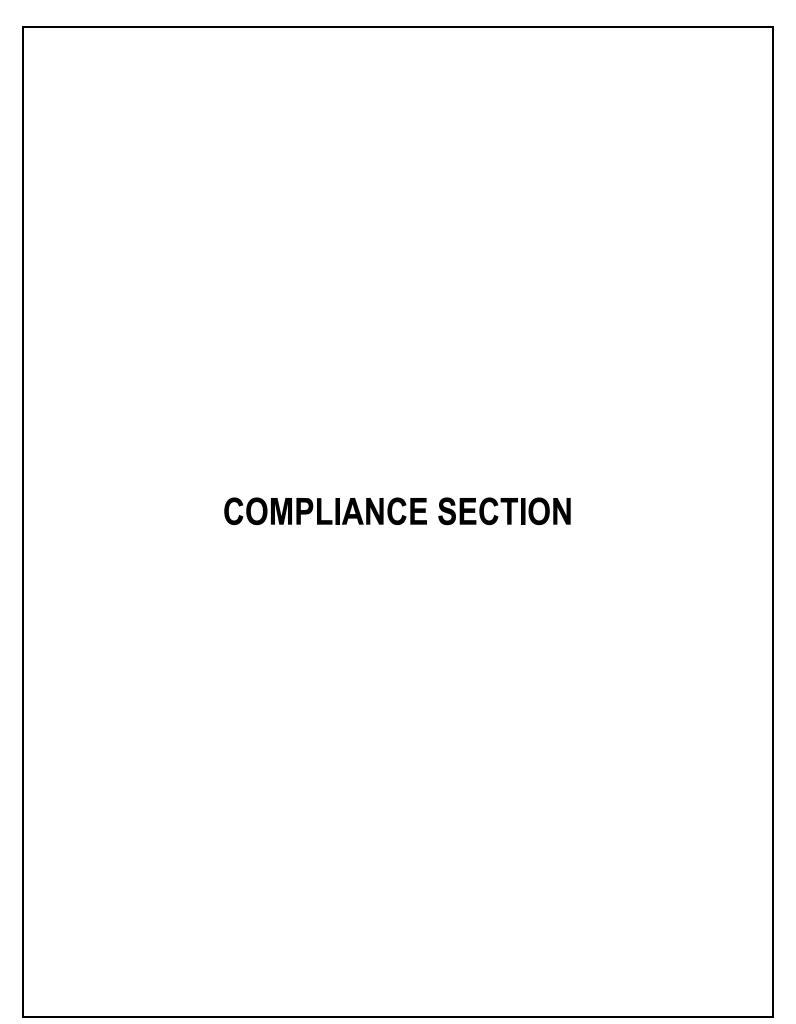
Fiscal Year	Water Processed	
Ended	and	Wastewater
June 30	Pumped to System	Treated
2020	7,041,169	6,089,721
2019	6,917,279	7,151,000
2018	6,628,000	6,382,135
2017	6,488,231	6,266,178
2016	6,353,470	6,865,851
2015	6,038,539	6,379,565
2014	6,016,143	6,004,110
2013	5,970,000	5,900,239
2012	6,020,000	5,525,894
2011	6,179,900	5,777,917

Cape Fear Public Utility Authority Operating Statistics Current Year and Last Nine Fiscal Years

Fiscal Year 2020 2019 2018 2017 2016 2015 2014 2013 2012 2011 Water System Number of available service connections⁽¹⁾ 74.883 75.772 74,700 73,118 71,439 70,356 68,794 68,033 67.067 64,602 Number of treatment plants - surface water system 1 1 1 1 35 35.00 35.00 35.00 35.00 35.00 35.00 35.00 35.00 27.50 Treatment capacity (mgd) - surface water Average production (mgd) - surface water 15.34 15.44 14.49 14.63 14.35 13.56 13.44 13.20 13.50 13.70 2 2 2 3 3 3 3 3 Number of groundwater systems 2 3 Number of treatment plants - groundwater system 1 1 1 1 1 1 1 1 1 39 37 38 36 36 36 36 36 Number of active wells - groundwater system 37 34 6 6 6 6 6 6 6 6 6 6 Treatment capacity (mgd) - groundwater plant Treatment capacity (mgd) - other groundwater systems 1.02 1.02 1.02 0.90 0.70 0.70 0.70 0.70 0.70 0.70 Average production (mgd) - groundwater 3.49 3.49 3.07 3.08 3.04 2.94 2.48 2.95 2.95 3.20 1.041 (2) 1,070 (2) Miles of water mains 1,150 1,142 1,078 1,072 1,131 1,113 1,114 1,089 Wastewater System 75,409 69,222 68,246 66,059 64,529 64,330 Number of available service connections⁽¹⁾ 74,116 73,043 71,539 66,829 Number of treatment plants 2 2 2 2 3 3 3 3 3 3 WPC plant permit (mgd) 28 28.00 28.10 28.10 28.10 28.10 22.10 22.10 22.10 22.10 Average annual daily flow (mgd) 16.85 19.59 17.49 17.16 18.76 17.48 16.45 16.17 15.10 15.80 Number of lift stations 150 147 148 146 142 143 141 141 141 141 Miles of wastewater gravity mains⁽²⁾ 907 912 892 877 848 844 827⁽²⁾ 850 840 840(2) Miles of wastewater force mains 154 144 143 142 131 131 112 110 104 104 22,395 Number of manholes 22,134 22,097 22,017 21,221 21,049 20,918 20,300 20,300 20,300

⁽¹⁾ In prior billing system, non-irrigation base services available at a premise were not removed from the total count which inflated the number of available services.

⁽²⁾ Based on more accurate information as a result of implementating and improving the accuracy of an asset management system.





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

The Board of Directors Cape Fear Public Utility Authority Wilmington, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Cape Fear Public Utility Authority (the "Authority"), as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 30, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Raleigh, North Carolina October 30, 2020

huny Belaut LLP



Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act

The Board of Directors
Cape Fear Public Utility Authority
Wilmington, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cape Fear Public Utility Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Raleigh, North Carolina October 30, 2020



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

The Board of Directors
Cape Fear Public Utility Authority
Wilmington, North Carolina

Report on Compliance for each Major State Program

We have audited Cape Fear Public Utility Authority's (the "Authority") compliance with the types of requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Authority's major state programs for the year ended June 30, 2020. The Authority's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Raleigh, North Carolina October 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

Section I—Summary of Auditor's	s Results	
Financial Statements		
Type of auditor's report issued on wh	nether the financial statements were prepared in accordance with	GAAP: Unmodified
Internal control over Financial Repor	ting:	
Material weakness(es) ident	ified?	yesX_no
Significant deficiency(ies) ide	entified that are not considered to be material weaknesses?	yesX_ none reported
Noncompliance material to financial	statements noted?	yesX_no
Federal Awards Internal control over major federal pr	ograms:	
Material weakness(es) ident	ified?	yesXno
Significant deficiency(ies) ide	entified that are not considered to be material weaknesses?	yes X none reported
Noncompliance material to federal a	wards?	yesX no
Type of auditor's report issued on co	mpliance for major federal programs:	Unmodified
Any audit findings disclosed that are With 2 CFR 200.516(a)?	required to be reported in accordance	yes <u>X</u> no
Identification of major federal progra	ms:	
CFDA Numbers	Names of Federal Program or Cluster	
97 036	LLS Department of Homeland Security	

U.S. Department of Homeland Security
Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Connect NC Bond "Tax Exempt" Program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2020

Section I—Summary of Auditor's Results (continued)					
Dollar threshold used to distinguish between Type A and Type B Programs:	<u>\$ 750,000</u>				
Auditee qualified as low-risk auditee?	Xy	es	no		
State Awards					
Internal control over major state program:					
Material weakness(es) identified?	у	es	X no		
Significant deficiency(ies) identified that are not considered to be material weaknesses?	у	es	X none reported		
Noncompliance material to State awards?	у	es	X no		
Type of auditor's report issued on compliance for major State program:	Unmodifie	ed			
Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act?	у	es	X no		
Identification of major State programs:					
Names of State Program or Cluster					

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2020

Section II—Findings Related to the Audit of the Basic Financial Statements

None.

Section III—Federal Award Findings and Questioned Costs

None.

Section IV—State Award Findings and Questioned Costs

None.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2020

None.

Cape Fear Public Utility Authority Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2020

	Federal CFDA or	State/ Pass-through	Federal (Direct &				
Grantor/Pass-through	Other Identifying	Grantor's		ss-through)	State		
Grantor/Program Title	<u>Number</u>	Number		penditures	<u>Ex</u>	<u>Expenditures</u>	
Federal Awards:							
Cash Assistance							
Federal Emergency Management Agency							
Passed-through the N.C. Dept. of Public Safety							
Disaster Grants - Public Assistance	97.036		\$	1,667,510	\$	-	
Total Federal Emergency Management Agency				1,667,510		-	
Non-cash Assistance							
U.S. Environmental Protection Agency							
Passed-through the N.C. Dept. of Environmental Quality:							
Capitalization Grants for Clean Water State Revolving Funds	66.458	C6-00477106-3	\$	524,336	\$	-	
Total U.S. Environmental Protection Agency				524,336		-	
Total Federal Awards			\$	2,191,846	\$	-	
State Awards:							
North Carolina Department of Environmental Quality							
Connect NC Bond "Tax Exempt" Program - Pump Station Replacement & Rehabilitation	E-SRP-W-17-0027		\$	-	\$	1,349,116	
Connect NC Bond "Tax Exempt" Program - Find-It, Fix-It Gravity Sewer Rehabilitation	E-SRP-W-17-0028			-		3,166,872	
Connect NC Bond "Tax Exempt" Program - Pump Station 10 Replacement	E-SRP-W-17-0029			-		2,955,936	
Wastewater Asset Inventory and Assessment	E-AIA-W-17-0043			-		4,036	
Pilot Testing for Treatment of PFAS Including GenX	H-SAP-D19-0032			-		(18,157)	
Total State Awards				-		7,457,803	
Total Assistance			\$	2,191,846	\$	7,457,803	

See Notes to Schedule of Expenditures of Federal and State Awards.

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Cape Fear Public Utility Authority under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only the expenditures of federal and state awards, it is not intended to and does not present the Authority's financial position, changes in net position, or cash flows.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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