



CAPE FEAR PUBLIC UTILITY AUTHORITY NEW HANOVER COUNTY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT For the Fiscal Year Ended June 30, 2021

Board Members

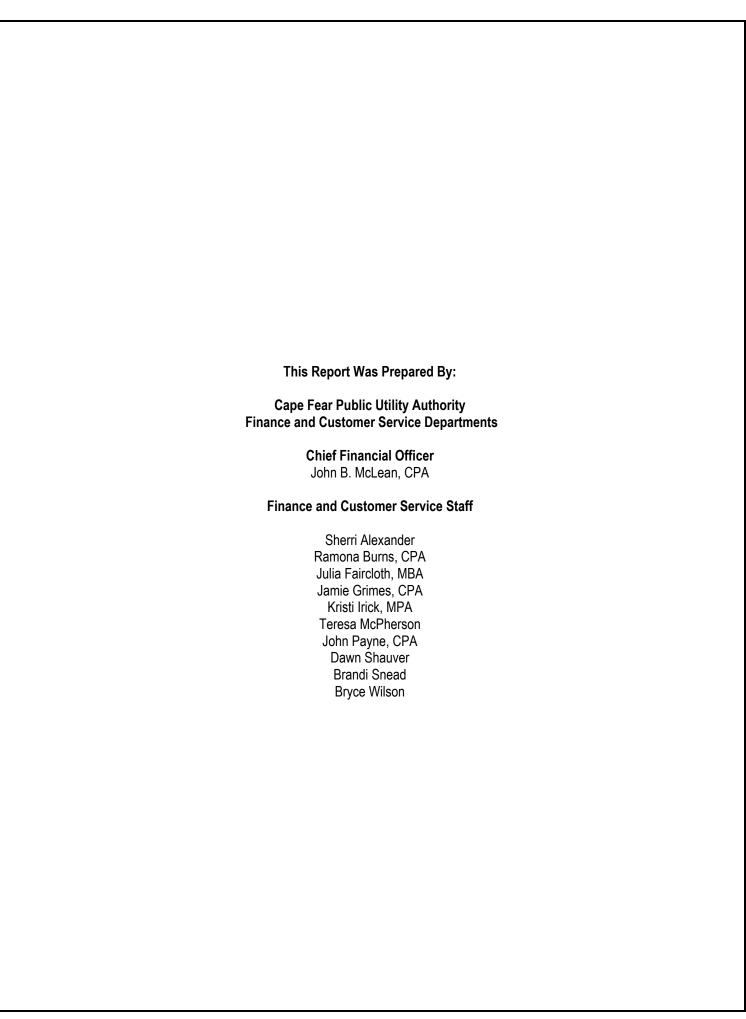
Wesley P. Corder, Chairman
William Norris, Vice Chairman
Jennifer Adams, Treasurer
Deans Hackney, Secretary
Commissioner Jonathan Barfield, Jr.
Hollis B. Briggs, Jr.
Jessica Cannon, M.D.
Councilman Kevin O'Grady
Councilman Charlie Rivenbark
Larry Sneeden
Commissioner Rob Zapple

Executive Director

Kenneth Waldroup, PE

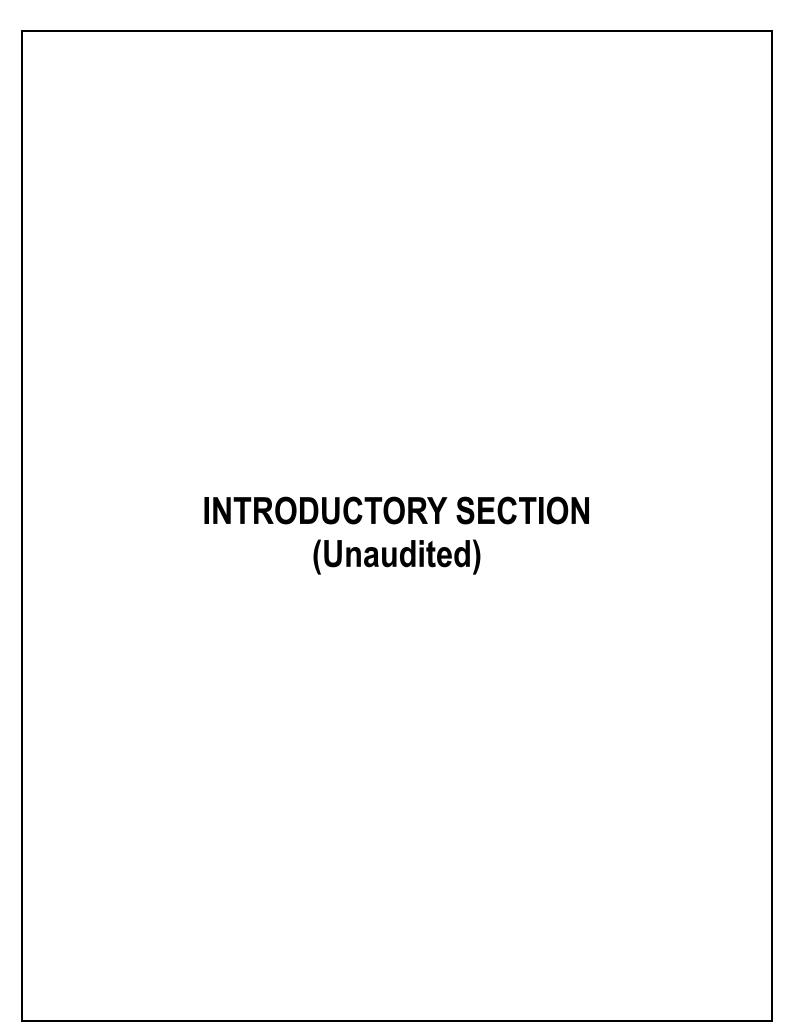
Chief Financial Officer

John B. McLean, CPA



| Cape Fear Public Utility Authority | |
|--|----------------|
| Table of Contents | |
| Table of Contents | Page |
| Title Pages | 1-2 |
| Table of Contents | 3 |
| Introductory Section (Unaudited) | |
| Letter of Transmittal | 6-11 |
| Certificate of Achievement for Excellence in Financial Reporting | 13 |
| Cape Fear Public Utility Authority Board Members and Other Principal Officials | 14-15 |
| Organizational Chart | 16 |
| Financial Section | 10 |
| Report of Independent Auditor | 18-19 |
| Management's Discussion and Analysis (MD&A)(Unaudited) | 20-26 |
| Basic Financial Statements: | 20 20 |
| Statement of Net Position | 28 |
| Statement of Revenues, Expenses and Changes in Net Position | 29 |
| Statement of Cash Flows | 30-31 |
| Notes to Financial Statements | 32-49 |
| Required Supplementary Information - Local Government Employees' Retirement System | 51-52 |
| Required Supplementary Information - Other Post-Employment Benefits | 53 |
| Supplementary Information: | 00 |
| Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Operating Fund | 54-56 |
| Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Capital Projects Funds - | 0.00 |
| Water, Wastewater & System-Wide | 57 |
| Statistical Section (Unaudited) | |
| Net Position by Component | 61 |
| Changes in Net Position | 62 |
| Schedule of User Rates | 63 |
| Principal Water Customers | 64 |
| Principal Wastewater Customers | 65 |
| Consumption by Customer Group | 66 |
| Schedule of New Connections | 67 |
| Pledged-Revenue Coverage | 68 |
| Ratios of Outstanding Debt by Type | 69 |
| Demographic Statistics | 70 |
| Principal Employers | 71 |
| Full Time Equivalent Employees | 72 |
| Water Production and Wastewater Treatment | 73 |
| Operating Statistics | 74 |
| Compliance Section | |
| 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 | 76-77 |
| Auditing Standards | |
| 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 | 78-79 |
| Implementation Act | - - |
| Schedule of Findings and Questioned Costs | 80 |
| Summary Schedule of Prior Audit Findings | 81 |
| Schedule of Expenditures of Federal and State Awards | 82-83 |

PAGELEFINIENIONALLYBLANK





October 29, 2021

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Cape Fear Public Utility Authority (the Authority) for the fiscal year ended June 30, 2021. 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, 2021, 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.

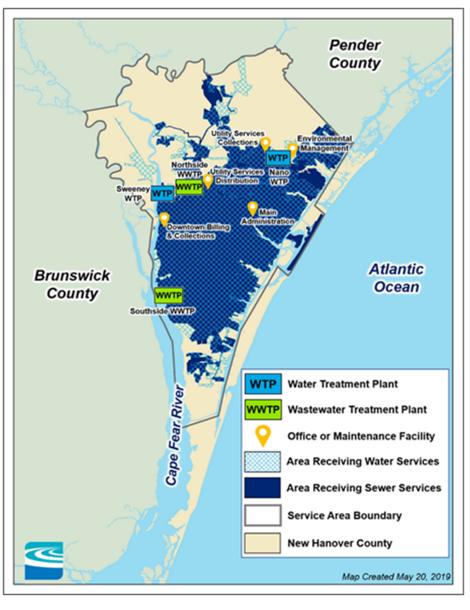
Management assumes full responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed financial data is accurate in all material aspects and fairly presents the financial 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, 2021, and changes in financial position and its cash flows in conformity with GAAP. The independent auditor's 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 2021. 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 234,000 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 78,873 water and irrigation connections, an increase of 7,410 compared to the previous year. Also, an additional 1,823 locations have services available. The water system has 1,160 miles of distribution lines at June 30, 2021. The Authority also keeps seven wells on standby to supplement the water supply during emergencies or peak demand periods. Water production for the fiscal year totaled 7.06 billion gallons.

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, 2021 was 15.47 MGD and peak production of 21.93 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 7.0 MGD. The source of raw water is from 24 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, 2021 of 3.02 MGD and peak production of 5.10 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, 2021 was 0.87 MGD with peak production of 1.63 MGD.

The Wastewater System

There are 73,654 wastewater accounts, an increase of 1,979 compared to the previous year. Also, an additional 3,287 locations have services available. 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 917 miles of gravity lines, 22,729 manholes, 151 pump stations and 155 miles of pressurized sewage force main. Wastewater treated during the fiscal year totaled 6.6 billion gallons.

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, 2021, the combined average daily flows were 18.19 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 COVID-19 pandemic has had an acute effect on the local economy. The unemployment rate was as high as 14% in New Hanover County during the first two quarters of 2020. Since then, the local unemployment rate has continued to decrease but remains higher than its pre-pandemic level. Mindful of the impact to our customers, the Authority continued the suspension of residential disconnections past the expiration of mandated disconnection moratoriums. Residential disconnections resumed in September 2021. To minimize the impact to customers, a number of assistance programs are available including the CFPUA COVID-19 Relief Program funded with American Rescue Plan Act allocations from the City of Wilmington and New Hanover County.

Despite the impact to individual households, development has continued to increase. The number of building permit reviews and requests for information for service for the period January 2021 through August 2021 grew 23% and 33%, respectively, compared to same period last year. During FY21, the number of equivalent residential units assessed system development charges grew 18% and 16% for water and wastewater, respectively.

The pace of growth and projections of continued growth in the service area necessitates capital investments to provide capacity. Of the \$370.1 million included in the adopted FY22 10-Year Capital Improvement Plan, \$183.6 million (49.6%) relates to growth and expansion projects. Finally, the Authority is currently experiencing inflationary pressures in terms of capital costs. Since April 2020 the Producer Price Index for Building Material and Supplies has grown 44%. The Authority will continue to monitor these trends and adjust capital plans and funding strategies as needed.

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 2022 10-year Capital Improvement Program includes \$183.6 million in growth and expansion projects. Current major growth-related capital projects include the expansion of water service to the northern portion of New Hanover County, expansion of permitted treatment capacity at the Richardson Water Treatment Plant, 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 Authority began billing customers monthly. While this initiative does not reflect a change in the customers'

- annual cost of water and wastewater services, billing monthly (rather than bimonthly) allows customers to budget better and more frequent updates on their consumption habits.
- 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 2022 10-year Capital Improvement Program includes approximately \$183 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, 2020. 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,

John B McLean

John B. McLean, CPA Chief Financial Officer PAGELERINIEMIONALLYBLANK



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, 2020

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 in 2023

Committees: Executive. Finance &

Communications



William A. Norris
Vice-Chair

Appointed by the City of Wilmington
Seated in 2013
Term ends 2021
Committee: 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 2021

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



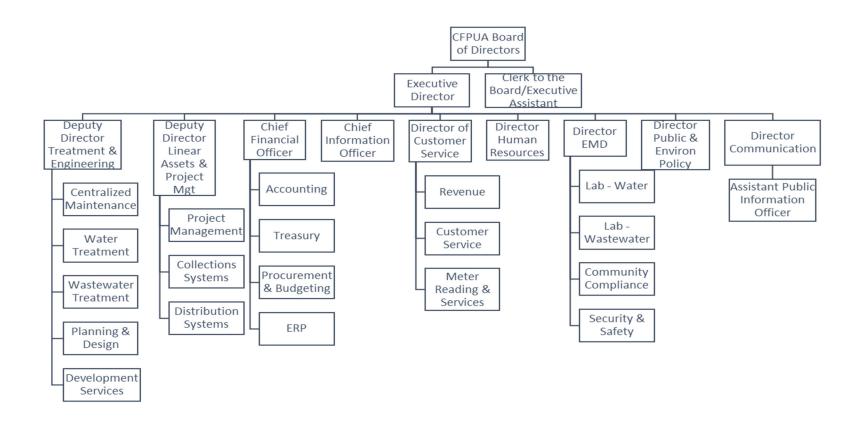
Rob Zapple
Commissioner

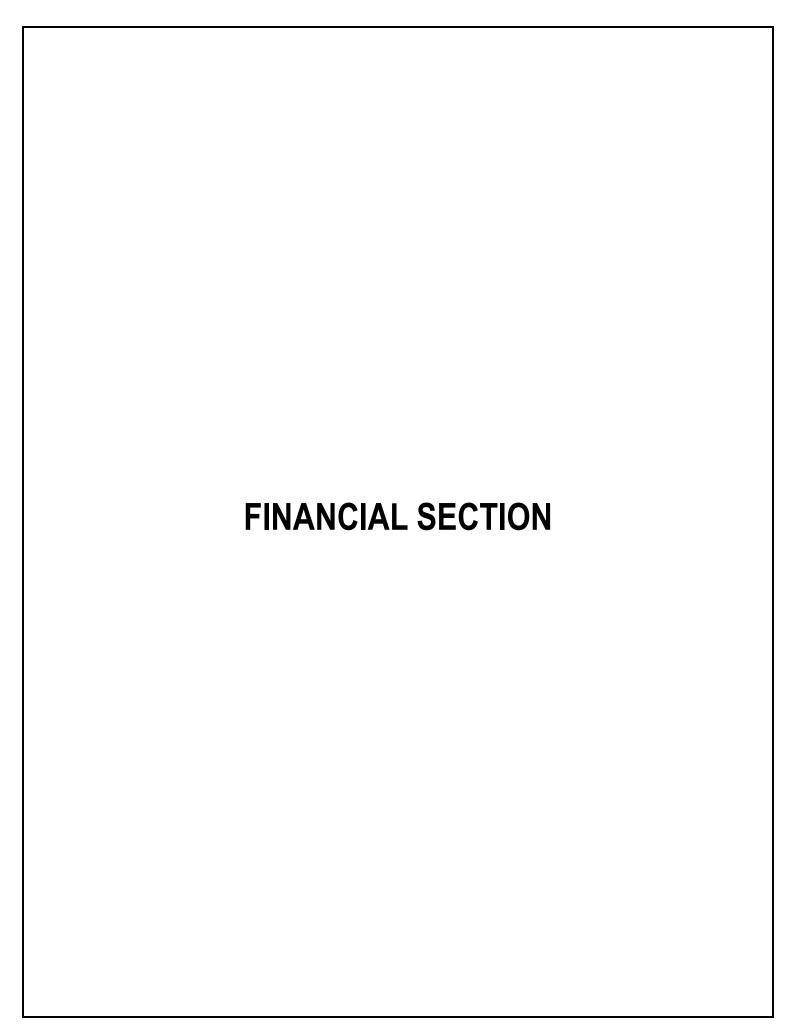
Appointed by New Hanover County
Seated in 2019
Term ends in 2021
Committees: Finance, Long Range
Planning & Sustainability



Donna S. Pope Clerk to the Board









Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of Cape Fear Public Utility Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2021, and the changes in its 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplemental financial data, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this 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 an opinion on the Authority's 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 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Raleigh, North Carolina October 29, 2021

huny Belaurt LLP

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, 2021. 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 11 of this report.

FINANCIAL HIGHLIGHTS

- The overall financial condition of the Authority improved during the year ended June 30, 2021. 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 \$616.5 million which is an increase of \$25.4 million from the prior year.
- The \$25.4 million increase in net position was primarily due to investments in the Authority's water and wastewater infrastructure and retirement of debt funded with revenues earned during the year.
- Total operating revenues were \$106.4 million, an increase of \$10.5 million or 13.2% over the prior year. The increase is mainly attributable to an increase in charges for services due to a \$9.3 million increase from the prior year in 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.
- Nonoperating revenues reflect the receipt of \$2.2 million in settlement proceeds from a class action lawsuit regarding
 the alleged violation by the Defendants of antitrust, consumer protection and other laws by allocating markets and
 customers and fixing the price of liquid aluminum sulfate, a chemical that is used in the treatment of water and
 wastewater.
- Total operating expenses (including depreciation and amortization) were approximately \$89.1 million, an increase of
 approximately \$7.5 million or 9.2% over the prior year. The change is mainly due to increases from the prior year
 related to expenses paid on behalf of Brunswick County to construct their portion of 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.

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 wastewater services similar to a private business. As such, the Authority is considered a special-purpose government engaged only in business-type activities for the purpose of external financial reporting.

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 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 where the related cash flows occur in a different fiscal year. 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 28 through 31 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 32 through 49 of this report.

FINANCIAL ANALYSIS

Table A presents the Condensed Statement of Net Position for the fiscal years ended June 30, 2021 and June 30, 2020.

| Condensed Statement of Net Position | | | | |
|-------------------------------------|----------------|----------------|--|--|
| Table A | | | | |
| | June 30, | June 30, | | |
| | 2021 | 2020 | | |
| Assets | • | | | |
| Current assets | \$ 134,458,225 | \$ 165,547,534 | | |
| Non-current assets - noncapital | 4,603,076 | 2,046,534 | | |
| Non-current assets - capital | 812,970,279 | 776,654,240 | | |
| Total assets | \$ 952,031,580 | \$ 944,248,308 | | |
| Deferred Outflows of Resources | \$ 17,129,828 | \$ 18,460,029 | | |
| Liabilities | | | | |
| Current liabilities | \$ 41,309,395 | \$ 42,018,695 | | |
| Noncurrent liabilities | 309,786,614 | 328,181,130 | | |
| Total liabilities | \$ 351,096,009 | \$ 370,199,825 | | |
| Deferred Inflows of Resources | \$ 1,587,457 | \$ 1,421,171 | | |
| Net Position | | | | |
| Net investment in capital assets | \$ 543,758,699 | \$ 512,151,108 | | |
| Restricted | 13,477,800 | 19,742,979 | | |
| Unrestricted | 59,241,443 | 59,193,254 | | |
| Total net position | \$ 616,477,942 | \$ 591,087,341 | | |

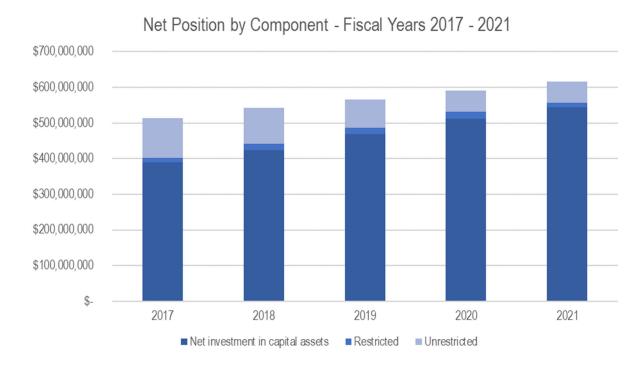
As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$616.5 million at June 30, 2021, which is an increase of \$25.4 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 \$31.6 million due to the following:

- \$36.3 million of net additions to capital assets consisting of 1) \$11.7 million of capital contributions from developers; 2) \$49.3 million in Authority-funded capital investment; and 3) \$24.7 million in depreciation and amortization expense;
- \$17.7 million reduction in the carrying value of capital related debt from the repayment of debt principal and amortization of premiums and deferred amounts related to past refundings; and
- \$22.4 million decrease in current assets related to spending of 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 2021 restricted net position decreased by \$6.2 million. The change was due to the use of capital reserves to fund investments in capital assets during the year offset with 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 remained at \$59.2 million as pay-as-you-go funded capital investments during the year approximated the \$18 million in pay-as-you-go funding built into rates.

The graph below details the changes in the Authority's net position by component since fiscal year 2017.



Overall, net position has increased in each of the last five fiscal years. The changes in the components of net position during fiscal year 2021 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 designated by the Board for capital reserves pursuant to the Authority's one-time revenue policy.

Table B presents the Condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2021 and June 30, 2020.

| Condensed Statement of Revenues, Expenses and Changes in Net Position Table B | | | | |
|--|----|---------------|----|--------------|
| | | Year Ended | , | Year Ended |
| | | June 30, 2021 | | une 30, 2020 |
| Revenues | | | | |
| Operating revenues | | | | |
| Charges for services | \$ | 95,651,260 | \$ | 86,038,040 |
| System development charges | | 8,047,468 | | 6,570,775 |
| Other operating revenues | | 2,671,923 | | 3,269,113 |
| | \$ | 106,370,651 | \$ | 95,877,928 |
| Nonoperating revenues | | | | |
| Investment earnings | \$ | 260,774 | \$ | 2,046,294 |
| Settlement proceeds | | 2,201,617 | \$ | - |
| State & federal grants | | 2,644,234 | | 8,157,813 |
| Other nonoperating revenue | | 459,265 | | 382,313 |
| Total revenues | \$ | 111,936,541 | \$ | 106,464,348 |
| Expenses | | | | |
| Operating expenses | \$ | 64,365,379 | \$ | 57,612,326 |
| Depreciation and amortization | | 24,711,921 | | 23,985,127 |
| | \$ | 89,077,300 | \$ | 81,597,453 |
| Nonoperating expenses | | | | |
| Interest expense | \$ | 9,016,759 | \$ | 8,990,462 |
| Bond issuance costs and other debt service fees | | - | | 617,332 |
| Loss on disposal of capital assets | | 116,450 | | - |
| Total expenses | \$ | 98,210,509 | \$ | 91,205,247 |
| Increase in net position before capital contributions | \$ | 13,726,032 | \$ | 15,259,101 |
| Capital contributions | \$ | 11,664,569 | \$ | 9,299,824 |
| Increase in net position | \$ | 25,390,601 | \$ | 24,558,925 |
| Net position, July 1 | \$ | 591,087,341 | \$ | 566,528,416 |
| Net position, June 30 | \$ | 616,477,942 | \$ | 591,087,341 |

The approximately \$25.4 million increase in the Authority's net position is a result of the following:

- Capital investments funded with current year revenues and capital contributions outpaced depreciation and amortization expense by \$5.9 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 for the year. During the year, additions to capital assets funded with user charges, grants, insurance proceeds, and capital contributions were \$30.6 million. These additions outpaced depreciation and amortization expense on the Authority's capital assets during the period of \$24.7 million.
- Principal on outstanding debt of \$15.6 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 \$15.6 million related to outstanding bonds, installment obligations, loans, and lease liabilities. This
 amount includes regularly scheduled principal payments and the early retirement of nearly \$2.0 million of revolving loans
 funded with proceeds received from settlements of a class action lawsuit.
- Remaining operating and nonoperating revenues outpaced personnel & benefits, operations & maintenance, and interest expense by \$3.9 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 expenses were \$2.8 million below budgeted expenditures and revenues were \$1.1 million above budget. Expenses were below budgeted amounts due to differences between how the Authority budgets for interest and how interest expense is reported for external financial reporting. The Authority budgets interest to cover the amounts of coupon interest payments due during the fiscal year. However, interest expense is recognized based on the effective interest rate on outstanding debt during the fiscal year. Since the Authority's effective interest rate is less than coupon rate, interest expense was less than the interest payments made during the fiscal year. Despite shortfalls in investment earnings compared to budgeted estimates due to the low interest rate environment, revenues in total outperformed the budget overall. The outperformance was mainly driven by system development charges that outpaced budgetary estimates

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 38.3 years. The carrying value of the Authority's capital assets during the year increased by \$36.3 million (4.7%) to \$813.0 million. The increase was due to capitalization of \$49.7 million in internally constructed or acquired assets and the addition of \$11.3 million in infrastructure constructed by other parties conveyed to the Authority during the year. These additions were offset with depreciation and amortization expense of \$24.7 million. Major capital asset additions included the following:

- \$11.3 million of conveyed sewer and water lines in developing areas of New Hanover County
- \$13.0 million related to the construction of enhancements to the Sweeney Water Treatment Plant to remove PFAS and other emerging contaminants
- \$7.6 million related to the construction of the Authority's proportionate share of a new raw water transmission line
- \$3.2 million for the rehabilitation of gravity sewer lines throughout the service area

• \$3.0 million for the expansion of water service capacity to the northern part of the service area

Table C presents capital asset balances at June 30, 2021 and June 30, 2020. Additional information on the Authority's capital assets can be found in Note 4 on page 38 of this report.

| Net of Depreciation and Amortization Table C | | | | |
|--|----|-------------|----|-------------|
| | | 2021 | | 2020 |
| Nondepreciable capital assets: | | | | |
| Land | \$ | 4,061,750 | \$ | 3,930,140 |
| Intangible Asset - Easements | | 5,893,830 | | 5,834,557 |
| Construction in progress | | 95,856,235 | | 112,802,125 |
| Total capital assets not being depreciated or amortized | \$ | 105,811,815 | \$ | 122,566,822 |
| Depreciable capital assets, net: | | | | |
| Plant, Structures and Improvements | \$ | 256,066,085 | \$ | 243,852,534 |
| Water and Sewer Lines | | 420,801,685 | | 398,321,372 |
| Furniture, Fixtures and Machinery | | 24,410,911 | | 6,112,709 |
| Intangible Asset - Leased Facilities | | 5,015,384 | | 4,828,913 |
| Intangible Asset - Computer Software | | - | | 21,052 |
| Intangible Asset - Water Availability Rights | | 864,399 | | 950,838 |
| Total capital assets being depreciated or amortized | \$ | 707,158,464 | \$ | 654,087,418 |
| Capital assets, net | \$ | 812,970,279 | \$ | 776,654,240 |
| | | | _ | |

Debt Administration

The Authority's long-term debt, presented in Table D below, totaled \$302.4 million at June 30, 2021. The Authority's total debt coverage for fiscal year 2021 was 1.92, remaining above the required 1.0 ratio. Coverage on revenue bond debt was 2.13, well above the required 1.2 ratio.

| Outstanding Long-Term Ob Table D | oligations | |
|-------------------------------------|----------------|----------------|
| | 2021 | 2020 |
| Revenue Bonds | \$ 280,969,614 | \$ 296,364,361 |
| Installment Obligations: | | |
| Locality compensation payment | 6,750,000 | 7,750,000 |
| ARRA Revolving Loan | 678,914 | 735,490 |
| DWSRF Revolving Loan | 114,347 | 123,142 |
| Clean Water State Revolving Loans | 13,932,898 | 16,767,280 |
| Totals | \$ 302,445,773 | \$ 321,740,273 |
| | | |

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, 2021 the Authority's debt-to-capitalization ratio was 37.2%, or \$63.4 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 47 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.

PAGELLERINIEMIONALLYBLANK

Cape Fear Public Utility Authority Statement of Net Position June 30, 2021

| ASSETS | | |
|--|-------------|-------------|
| Current assets | | |
| Cash and cash equivalents | \$ | 27,119,234 |
| Investments | | 29,505,373 |
| Receivables, net | | 24,808,293 |
| Due from other governments | | 6,595,266 |
| Restricted: | | |
| Cash and cash equivalents | | 46,401,158 |
| Prepaids | | 28,901 |
| Total current assets | \$ | 134,458,225 |
| Noncurrent assets | | |
| Investments | \$ | 4,603,076 |
| Capital assets: | | |
| Land, easements and construction in progress | | 105,811,815 |
| Other capital assets, net | | 707,158,464 |
| Total capital assets | \$ | 812,970,279 |
| Total noncurrent assets | \$ | 817,573,355 |
| Total assets | \$ | 952,031,580 |
| DESERVED OUTS ON OF DESCRIPTION | | |
| DEFERRED OUTFLOWS OF RESOURCES | | 40.004.004 |
| Deferred charge on refunding | \$ | 10,004,331 |
| Amounts related to pensions | | 4,776,216 |
| Amounts related to OPEB | _ | 2,349,281 |
| Total deferred outflows of resources | \$ | 17,129,828 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ | 13,208,426 |
| Restricted: | | |
| Accrued interest payable | | 3,861,143 |
| Due to other governments | | 4,507,227 |
| Unearned revenue | | 1,189,459 |
| Customer and escrow deposits | | 2,917,259 |
| Compensated absences, current maturities | | 956,033 |
| Lease liability, current maturities | | 341,989 |
| Long-term obligations, current maturities | | 14,327,859 |
| Total current liabilities | \$ | 41,309,395 |
| Noncurrent liabilities | | |
| Compensated absences | \$ | 792,436 |
| Lease liability, net of current maturities | | 5,490,364 |
| Net pension liability | | 8,164,921 |
| Total OPEB liability | | 7,220,979 |
| Long-term obligations, net of current maturities | | 288,117,914 |
| Total noncurrent liabilities | \$ | 309,786,614 |
| Total liabilities | \$ | 351,096,009 |
| DEFENDED INTLOWE OF DECOUDORS | | |
| DEFERRED INFLOWS OF RESOURCES | • | E 607 |
| Amounts related to ODER | \$ | 5,697 |
| Amounts related to OPEB | _ | 1,581,760 |
| Total deferred inflows of resources | <u>\$</u> | 1,587,457 |
| NET POSITION | | = 40 === |
| Net investment in capital assets | \$ | 543,758,699 |
| Restricted for: | | |
| Debt service | | 9,192,472 |
| Capital projects | | 4,285,328 |
| Unrestricted | | 59,241,443 |
| Total net position | \$ | 616,477,942 |

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, 2021

| Operating revenues | |
|--|-------------------|
| Charges for services | \$ 95,651,260 |
| System development charges | 8,047,468 |
| Other operating revenues | 2,671,923 |
| Total operating revenues | \$ 106,370,651 |
| Operating expenses | |
| Personnel and benefits | \$ 26,766,088 |
| Operations and maintenance | 37,599,291 |
| Depreciation and amortization | 24,711,921 |
| Total operating expenses | \$ 89,077,300 |
| Operating income | \$ 17,293,351 |
| Nonoperating revenues (expenses) | |
| Investment earnings | \$ 260,774 |
| Interest expense | (9,016,759) |
| State & federal grants | 2,644,234 |
| Loss on disposal of capital assets | (116,450) |
| Settlement proceeds | 2,201,617 |
| Insurance proceeds | 459,265 |
| Total nonoperating revenues (expenses) | \$ (3,567,319) |
| Income before capital contributions | \$ 13,726,032 |
| Capital contributions | \$ 11,664,569 |
| Change in net position | \$ 25,390,601 |
| Net position | |
| Beginning of year | \$ 591,087,341 |
| End of year | \$ 616,477,942 |

See Notes to Financial Statements.

Cape Fear Public Utility Authority Statement of Cash Flows For the Fiscal Year Ended June 30, 2021

| Cash Flows From Operating Activities | | |
|--|----|--------------|
| Cash received from customers | \$ | 89,599,153 |
| Cash paid to suppliers | | (23,518,289) |
| Cash paid to or on behalf of employees | | (25,117,502) |
| Cash received on behalf of others | | 18,677,312 |
| Cash payments held on behalf of others | | (18,751,415) |
| Cash received for deposits | | 831,072 |
| Cash returned for deposits | | (612,531) |
| Net cash provided by operating activities | \$ | 41,107,800 |
| Cash Flows from Noncapital Financing Activities | | |
| Federal grants | \$ | 620,763 |
| Settlement proceeds | | 2,201,617 |
| Net cash provided by noncapital financing activities | \$ | 2,822,380 |
| Cash Flows From Capital and Related Financing Activities | | |
| Cash paid to acquire, construct and improve capital assets | \$ | (51,677,641) |
| Grants and contributions received from others | | 6,090,423 |
| Principal paid on long-term obligations | | (15,229,755) |
| Interest paid on long-term obligations | | (12,322,339) |
| Proceeds from sale of capital assets | | 85,125 |
| Proceeds from insurance | | 459,266 |
| Net cash used for capital and related financing activities | \$ | (72,594,921) |
| Cash Flows From Investing Activities | | |
| Purchases of investments | \$ | (35,588,993) |
| Proceeds from investment maturities | | 34,400,000 |
| Proceeds from investment earnings | | 317,557 |
| Net cash used for investing activities | \$ | (871,436) |
| Net decrease in cash and cash equivalents | \$ | (29,536,177) |
| Cash and cash equivalents, beginning of year | \$ | 103,056,569 |
| Cash and cash equivalents, end of year | \$ | 73,520,392 |
| Reconciliation to the Statement of Net Position: | | |
| Cash and cash equivalents | \$ | 27,119,234 |
| Restricted cash and cash equivalents | • | 46,401,158 |
| · | \$ | 73,520,392 |
| | | |

(Continued)

Cape Fear Public Utility Authority Statement of Cash Flows (Continued) For the Fiscal Year Ended June 30, 2021

| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
|--|------------------|
| Operating income | \$ 17,293,351 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization | 24,711,921 |
| (Increase) in deferred outflows of resources related to pensions and OPEB | (47,821) |
| Increase in deferred inflows of resources related to pensions and OPEB | 166,286 |
| Changes in assets and liabilities: | |
| (Increase) in receivables, net and due from other governments | (1,579,540) |
| Decrease in prepaids | 8,207 |
| (Decrease) in operating accounts payable, accrued liabilities and due to other governments | (1,595,355) |
| Increase in unearned revenue | 458,155 |
| Increase in customer and escrow deposits | 102,298 |
| Increase in compensated absences | 50,444 |
| Increase in net pension liability | 1,806,788 |
| (Decrease) in total OPEB liability | (266,934) |
| Total adjustments | \$ 23,814,449 |
| Net cash provided by operating activities | \$ 41,107,800 |
| Supplemental Schedule of Noncash Activities | |
| Contributions of capital assets from developers | \$ 11,316,766 |

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, the Authority's enterprise fund and government-wide data are presented in a single set of financial statements. 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 financial statements are reported 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, includes grants and donations. 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 fund level for both the operating and capital budgets. 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 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. Certificates of deposit are valued at cost plus the amount of accreted interest as of the reporting date. All other Investments are valued at fair market value.

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, which is the value on the acquisition date. 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 and acquisition of net position that applies to a future reporting period, respectively. 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, 2021 is included below:

| Cash on hand | \$ 4,200 |
|---|-------------------|
| Deposits | 33,886,287 |
| Investments | 73,738,354 |
| Total | \$ 107,628,841 |
| Presentation on the Statement of Net Position | |
| Current Assets | |
| Cash and cash equivalents | \$ 27,119,234 |
| Investments | 29,505,373 |
| Restricted cash and cash equivalents | 46,401,158 |
| Noncurrent Assets | |
| Investments | \$ 4,603,076 |
| Total | \$ 107,628,841 |

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, 2021, the carrying amount of the Authority deposits was \$33,886,287 and the bank balance was \$34,629,040. Of the bank balance, \$250,000 was covered by FDIC insurance and \$34,379,040 was covered by collateral held under the Pooling Method.

Investments

At June 30, 2021, the Authority's investment balances were as follows:

| | | | | Weighted Average |
|--|------------------|----------------------|---------------|------------------|
| Investments by Type | Fair Value | Valuation Method | Credit Rating | Days to Maturity |
| Commercial Paper | \$ 3,595,725 | Fair value - Level 2 | P1 | 226 |
| U.S. Treasuries | 4,601,280 | Fair value - Level 1 | AAA | 94 |
| Government-sponsored Entities: | | | | |
| Federal Home Loan Bank | 1,007,428 | Fair value - Level 2 | AAA | 152 |
| North Carolina Capital Management Trust: | | | | |
| Government Portfolio | 64,533,921 | Fair value - Level 1 | AAAm | N/A |
| | \$ 73,738,354 | | | |

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, 2021, the weighted average maturity of the Authority's portfolio was 53 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.

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, 2021, the Authority's single largest investment other than investments in U.S. treasuries and investments in NCCMT was in collateralized certificates of deposit which comprised 23.1% 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, 2021, 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 | \$ 24,808,293 |
|---|------------------|
| on behalf of the City of Wilmington | 4,230,213 |
| Receivables - Stormwater & Solid waste billed | 4,296,219 |
| Allowance for doubtful accounts - Authority | (1,261,105) |
| Receivables - Authority customers | \$ 21,773,179 |

Amounts due from other governments consist of the following:

| State of North Carolina-Sales & Use Tax | 2,008,794 |
|---|--------------|
| State of North Carolina-Grants | 3,096,299 |
| Brunswick County | 1,058,822 |
| Wrightsville Beach | 431,351 |
| Total | \$ 6,595,266 |

At June 30, 2021 the Authority's accounts payable, accrued liabilities and amounts due to other governments consisted of the following:

| Vendor accounts payable | \$ 8,807,205 |
|--|------------------|
| Retainage payable | 2,774,538 |
| Accrued salaries & benefits | 1,089,172 |
| Other payroll liabilities | 375,847 |
| Other accrued liabilities | 161,664 |
| Total accounts payable and accrued liabilities | \$ 13,208,426 |
| | |
| Due to State of North Carolina-Use Tax | \$ 1,798 |
| Due to City of Wilmington-Stormwater & Solid Waste | 4,505,429 |
| Total amounts due from other governments | \$ 4,507,227 |

Note 4. Capital Assets

Capital assets activity consists of the following for the fiscal year ended June 30, 2021. Depreciation and amortization expense for the year was \$24,154,127 and \$557,794, respectively.

| | Beginning Balances | | | Ending Balances |
|--|-----------------------|------------|--------------|--------------------|
| | July 1, 2020 | Increases | Decreases | June 30, 2021 |
| Capital assets not being depreciated: | | | 200.0000 | |
| Land | \$ 3,930,140 | \$ 147,600 | \$ (15,990) | \$ 4,061,750 |
| Intangible Asset - Easements | 5,834,557 | 64,852 | (5,579) | 5,893,830 |
| Construction in progress | 112,802,125 | 47,220,159 | (64,166,049) | 95,856,235 |
| Total capital assets not being | | | | |
| depreciated or amortized | 122,566,822 | 47,432,611 | (64,187,618) | 105,811,815 |
| Capital assets being depreciated or amortized: | | | | |
| Plant, Structures and Improvements | 329,087,079 | 21,650,337 | _ | 350,737,416 |
| Water and Sewer Lines | 502,708,118 | 34,638,364 | (204,165) | 537,142,317 |
| Furniture, Fixtures and Machinery | 21,651,632 | 21,037,497 | (75,522) | 42,613,607 |
| Intangible Asset - Leased Facilities | 8,957,238 | 636,775 | - | 9,594,013 |
| 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 | 868,230,063 | 77,962,973 | (279,687) | 945,913,349 |
| Less accumulated depreciation or amortization for: | | | | |
| Plant, Structures and Improvements | 85,234,545 | 9,436,786 | - | 94,671,331 |
| Water and Sewer Lines | 104,386,746 | 11,978,045 | (24,159) | 116,340,632 |
| Furniture, Fixtures and Machinery | 15,538,922 | 2,739,296 | (75,522) | 18,202,696 |
| Intangible Asset - Leased Facilities | 4,128,325 | 450,304 | - | 4,578,629 |
| Intangible Asset - Computer Software | 3,816,829 | 21,051 | - | 3,837,880 |
| Intangible Asset - Water Availability Rights | 1,037,278 | 86,439 | - | 1,123,717 |
| Total accumulated depreciation | | | | |
| and amortization* | 214,142,645 | 24,711,921 | (99,681) | 238,754,885 |
| Total capital assets being | | | | |
| depreciated or amortized, net* | 654,087,418 | _ | | 707,158,464 |
| Capital assets, net* | \$ 776,654,240 | _ _ | | \$ 812,970,279 |
| | | _ | | |

Capital contributions as shown on the Statement of Revenues, Expenses and Changes in Fund Net Position consist of the following at June 30, 2021.

| Capital Contributions | | | | |
|--|---------------|--|--|--|
| Contributions from Developers-Cost Sharing | 347,803 | | | |
| Contribution from Developers (Non-Cash) | 11,316,766 | | | |
| Total Capital Contributions | \$ 11,664,569 | | | |

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. A second amendment was entered into on October 15, 2020, with a new lease term of 120 months, expiring July 25, 2032, with an option to extend the lease for an additional five-year period. 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, 2021 principal and interest requirements to maturity for the Authority's lease liability were as follows:

| Year Ending | | | |
|-------------|----|-------------|---------------|
| June 30, | l | Principal | Interest |
| 2022 | \$ | 341,989 | \$ 247,533 |
| 2023 | | 364,074 | 233,564 |
| 2024 | | 221,173 | 201,063 |
| 2025 | | 238,784 | 191,896 |
| 2026 | | 257,285 | 182,009 |
| 2027-2031 | | 1,597,948 | 733,880 |
| 2032-2036 | | 2,230,047 | 354,741 |
| 2037-2038 | | 581,053 | 13,666 |
| Total | | \$5,832,353 | \$2,158,352 |

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, 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, 2021, was 10.15% 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 \$1,863,777 for the year ended June 30, 2021.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the Authority reported a net pension liability of \$8,164,921 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Authority's proportion was 0.2285%, which was a decrease of 0.0043% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Authority recognized pension expense of \$2,876,305. Deferred outflows and deferred inflows of resources related to pensions were as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ 1,031,086 | \$ - |
| Difference between projected and actual earnings on pension plan investments | 1,148,994 | - |
| Changes in assumptions | 607,630 | - |
| Changes in proportion and difference between Authority contributions and proportionate share of contributions | 124,729 | 5,697 |
| Contributions subsequent to the measurement date | 1,863,777 | - |
| Total pension-related deferred outflows/inflows of resources | \$ 4,776,216 | \$ 5,697 |

Deferred outflows of resources resulting from \$1,863,777 of contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ending June 30, 2022. 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: | |
|---------------------|-----------|
| 2022 | 825,186 |
| 2023 | 1,091,024 |
| 2024 | 650,488 |
| 2025 | 340,044 |
| Total | 2,906,742 |

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

| Inflation | 3.00% |
|---------------------------|---|
| 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, 2019 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, 2020 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 2019 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 2021 to fiscal year ending 2024, System contributions will follow the Employer Contribution Rate Stabilization Policy as adopted by the Board of Trustees on January 31, 2019, and for fiscal years ending 2024 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) | \$ | 16,565,735 | \$ | 8,164,921 | \$ | 1,183,254 |

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

Supplemental Retirement Income Plan 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 two deferred compensation plans created in accordance with Internal Revenue Code Section 457 administered by ICMA-RC and by Prudential. The plans, available to all Authority employees, permit 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 plans 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 \$659,207 for the fiscal year ended June 30, 2021.

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 94 active plan members and 22 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 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, 2021 the remaining balance designated for OPEB benefits was \$1,451,878.

Actuarial Assumptions. The Authority's total OPEB liability as of June 30, 2021 was \$7,220,979. The total OPEB liability was measured as of December 31, 2020 based on an actuarial valuation as of that date. The total OPEB liability in the December 31, 2020 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 | 1.93% |
| Healthcare cost trend rates | 5.50% for 2021, decreasing .07% per year to an ultimate |
| | rate of 4.50% for 2036 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, 2020 | \$ 7,487,913 |
| Changes for the year: | |
| Service cost | 153,641 |
| Interest | 237,811 |
| Differences between expected and actual experience | (673,623) |
| Changes in assumptions and other inputs | 401,442 |
| Benefit payments | (386,205) |
| Net changes | (266,934) |
| Balance at June 30, 2021 | \$ 7,220,979 |

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 discount rate from 3.26% to 1.93%, a decrease in the termination assumption, 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 | D | iscount Rate | 1 | 1% Increase |
|----------------------|-----------------|----|--------------|----|-------------|
| | (.93%) | | (1.93%) | | (2.93%) |
| Total OPEB liability | \$ 7,618,578 | \$ | 7,220,979 | \$ | 6,839,404 |

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% | 1% Decrease | | ealth Care rend Rate | 1 | % Increase |
|----------------------|----|-------------|----|-------------------------|----|------------|
| Total OPEB liability | \$ | 6,696,500 | \$ | 7,220,979 | \$ | 7,809,522 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2021, the Authority recognized OPEB expense of \$1,042,651. Deferred outflows and inflows of resources related to OPEB as of June 30, 2021 are as follows:

| | - | ferred Outflows of Resources | Deferred Inflows of Resources | | | |
|---|----|---------------------------------|-------------------------------|-----------|--|--|
| Differences between expected and actual experience | \$ | 473,268 | \$ | 981,753 | | |
| Changes in assumptions and other inputs | | 1,735,404 | | 600,007 | | |
| Contributions subsequent to the measurement date | | 140,609 | | - | | |
| Total OPEB-related deferred outflows/inflows of resources | \$ | 2,349,281 | \$ | 1,581,760 | | |

Deferred outflows of resources resulting from \$140,609 of contributions subsequent to the measurement date will be recognized as a decrease to the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | | |
|---------------------|-------|-----------|
| 2022 | | 651,199 |
| 2023 | | 206,160 |
| 2024 | | (167,016) |
| 2025 | | (63,431) |
| | Total | 626,912 |

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; natural disasters and cyber-attacks. The largest risk that the Authority faces are natural disasters and cybersecurity threats. Because the Authority is located on the coast of NC, hurricanes pose a substantial risk to the Authority infrastructure. The Authority carries wind and hail insurance in the amount of \$40 million for each occurrence. The Authority also carries flood insurance in the amount of \$1 million for each occurrence and \$1 million aggregate for the policy period. The Authority recognizes the risk of floods due to hurricanes and mitigates this risk through not just insurance but also infrastructure design. Cybersecurity threats also pose a substantial risk. The Authority maintains cyber liability insurance in the amount of \$5 million aggregate for all claims with various coverages and limits underneath the aggregate limit. Fraudulent emails carry some of the greatest risk because of the number of employees they could target. While the Authority carries cyber liability insurance, other measures, such as employing a cyber security administrator, implementing strict IT security policies and educating employees, are used to reduce the risk of cyber-attacks.

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. 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. Claims did not exceed coverage for any category for the fiscal years ended June 30, 2021, 2020, or 2019.

For the retained portion of the risk related to workers' compensation, 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, 2020 and June 30, 2021. Incurred claims during the year equaled worker's compensation claim payments of \$15,662.

Liabilities for claims related to workers' compensation are reported as other accrued liabilities in the Statement of Net Position. Changes to the balance of claims liabilities during the past two years are as follows:

| | Workers' Compensation | | | | | | |
|--------------------------|-----------------------|----------|--|--|--|--|--|
| Liability -June 30, 2019 | \$ | 140,000 | | | | | |
| Claims incurred | | 24,924 | | | | | |
| Claims payments | | (24,924) | | | | | |
| Liability -June 30, 2020 | \$ | 140,000 | | | | | |
| Claims incurred | | 15,662 | | | | | |
| Claims payments | | (15,662) | | | | | |
| Liability -June 30, 2021 | \$ | 140,000 | | | | | |

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, 2020 | P | Additions | F | Retirements | J | une 30, 2021 | Maturities |
| Revenue Bonds | \$ 260,990,000 | \$ | - | \$ | 11,330,000 | \$ | 249,660,000 | \$ 12,405,000 |
| Installment Obligations: | | | | | | | | |
| Locality compensation payment | 7,750,000 | | - | | 1,000,000 | | 6,750,000 | 990,000 |
| Unamortized Premiums/(Discounts) | 35,374,361 | | - | | 4,064,747 | | 31,309,614 | - |
| Total Bonds and Installment Obligations | \$ 304,114,361 | \$ | - | \$ | 16,394,747 | \$ | 287,719,614 | \$ 13,395,000 |
| Other Installment Obligations: | | | | | | | | |
| ARRA Revolving Loan | \$ 735,490 | \$ | - | \$ | 56,576 | \$ | 678,914 | \$ 56,576 |
| DWSRF Revolving Loan | 123,142 | | - | | 8,795 | | 114,347 | 8,795 |
| Clean Water State Revolving Loans | 16,767,280 | | - | | 2,834,382 | | 13,932,898 | 867,488 |
| Total Other Installment Obligations | \$ 17,625,912 | \$ | - | \$ | 2,899,753 | \$ | 14,726,159 | \$ 932,859 |
| Total Long-Term Obligations | \$ 321,740,273 | \$ | - | \$ | 19,294,500 | \$ | 302,445,773 | \$ 14,327,859 |
| Compensated Absences | \$ 1,698,025 | \$ | 1,006,477 | \$ | 956,033 | \$ | 1,748,469 | \$ 956,033 |

During the year the Authority received settlement proceeds from a class action lawsuit regarding the alleged violation by the Defendants of antitrust, consumer protection and other laws by allocating markets and customers and fixing the price of liquid aluminum sulfate, a chemical that is used in the treatment of water and wastewater. The Authority received settlement proceeds of \$2,201,617 which were used to repay \$1,966,985 in remaining principal on the Authority's oldest and highest interest CWSRF loan.

The Authority's revenue bonds issued under the General Trust Indenture are secured by a pledge of "net revenues" as defined in the General Trust Indenture Section 1.1. The total principal and interest remaining to be paid on the bonds is \$342,104,724. Principal and interest paid and net revenues pledged for repayment during the year were \$23,050,500 and \$49,174,131, respectively. In accordance with the General Trust Indenture, the Authority is subject to various covenants including the required debt service coverage to be no less than 120% or 1.20 times including 50% of surplus funds and to be no less than 100% or 1.00 times excluding surplus funds. Under the General Trust Indenture, the Authority's revenue bonds are subject to acceleration in the event of default. Management believes the Authority is compliant with the all covenants of the General Trust Indenture. The debt service coverage ratio calculation for the fiscal year ended June 30, 2021 was 2.13 for parity indebtedness and 1.92 for all indebtedness.

At June 30, 2021 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 \$10,004,331. This amount will be amortized as a component of interest expense in future years. At June 30, 2021 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 | Revenu | e B | onds | lı | Installment Obligations | | | Total | | | |
|-------------|------------------|-----|--------------|----|-------------------------|----|-----------|---------------|---------------|--|--|
| June 30 | Principal | | Interest | | Principal | | Interest | Principal | Interest | | |
| 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 | 13,355,000 | | 7,847,679 | | 955,000 | | 118,625 | 14,310,000 | 7,966,304 | | |
| 2027-2031 | 76,465,000 | | 29,529,157 | | 1,895,000 | | 94,625 | 78,360,000 | 29,623,782 | | |
| 2032-2036 | 76,425,000 | | 12,333,124 | | - | | - | 76,425,000 | 12,333,124 | | |
| 2037-2041 | 19,870,000 | | 4,144,025 | | - | | - | 19,870,000 | 4,144,025 | | |
| 2042-2045 | 12,040,000 | | 987,600 | | - | | - | 12,040,000 | 987,600 | | |
| Total | \$249,660,000 | | \$92,444,724 | \$ | 6,750,000 | \$ | 1,122,175 | \$256,410,000 | \$93,566,899 | | |

| | Clean Water State | | | | | RA Loan | DW | /SRF Loan |
|---------------------|-------------------|------------|-------------|-----------|----|----------|----|-----------|
| Year Ending June 30 | | Principal | I | nterest | P | rincipal | F | rincipal |
| 2022 | \$ | 867,488 | \$ | 221,298 | \$ | 56,576 | \$ | 8,796 |
| 2023 | | 867,488 | | 207,135 | | 56,576 | | 8,796 |
| 2024 | | 867,488 | 867,488 192 | | | 56,576 | | 8,796 |
| 2025 | | 867,487 | | 178,809 | | 56,576 | | 8,796 |
| 2026 | | 867,487 | | 164,646 | | 56,576 | | 8,796 |
| 2027-2031 | | 4,337,437 | | 610,781 | | 282,882 | | 43,978 |
| 2032-2036 | | 3,664,687 | | 263,432 | | 113,152 | | 26,389 |
| 2037-2039 | | 1,593,336 | | 44,613 | | - | | - |
| Total | \$ | 13,932,898 | \$ ′ | 1,883,686 | \$ | 678,914 | \$ | 114,347 |
| | | | | | | | | |

Note 9. Construction and Other Significant Commitments

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 | Commitment |
| Operating Fund | \$ 108,926 |
| Capital Project Fund | 36,219,536 |
| | \$ 36,328,462 |

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

PAGELERINIENIONALLYBLANK

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 2014-2021 *

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------|---------------|------------------|---------------|------------------|------------|---------------|---------------|
| Authority's proportion of the net pension liability (asset) | 0.2096% | 0.2133% | % 0.2190% | 0.2261% | 0.2215% | 0.2218% | 0.2328% | 0.2285% |
| Authority's proportionate share of the net pension liability (asset) | \$ 2,526,485 | \$ (1,258,105 | s) \$ 982,683 | \$ 4,797,538 | \$ 3,383,448 \$ | 5,260,906 | \$ 6,358,133 | \$ 8,164,921 |
| 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 | \$ 17,301,028 |
| 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% | 23.77% | 34.85% | 38.62% | 47.19% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 94.35% | 5 102.64% | % 98.09% | 91.47% | 94.18% | 91.63% | 90.86% | 88.61% |

^{*} 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 2014-2021 *

Statutorily required contribution Contributions in relation to the statutorily required contribution Contribution deficiency (excess)

Authority's covered payroll

Contributions as a percentage of covered payroll

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 923,373 | \$ 945,565 | \$ 946,895 | \$ 1,031,849 | \$ 1,132,187 | \$ 1,275,906 | \$ 1,548,442 | \$ 1,863,777 |
| 923,373 | 945,565 | 946,895 | 1,031,849 | 1,132,187 | 1,275,906 | 1,548,442 | 1,863,777 |
| \$ - |
| | | | | | | | |
| \$ 13,060,438 | \$ 13,374,328 | \$ 14,196,327 | \$ 14,232,400 | \$ 15,095,827 | \$ 16,463,303 | \$ 17,301,028 | \$ 18,362,335 |
| 7.07% | 7.07% | 6.67% | 7.25% | 7.50% | 7.75% | 8.95% | 10.15% |

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

Cape Fear Public Utility Authority Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios 2018-2021 *

| | 2018 | 2019 | 2020 | 2021 |
|---|--------------|--------------|--------------|--------------|
| Total OPEB liability | | | | |
| Service cost | \$ 206,698 | \$ 178,078 | \$ 150,107 | \$ 153,641 |
| Interest | 112,153 | 260,720 | 279,902 | 237,811 |
| Changes in benefit terms | - | - | - | - |
| Difference between expected and actual experience | 1,736,751 | (143,522) | (621,802) | (673,623) |
| Changes in assumptions or other inputs | 3,140,531 | (443,556) | 253,829 | 401,442 |
| Benefit payments | (521,626) | (497,362) | (401,752) | (386,205) |
| Net change in total OPEB liability | 4,674,507 | (645,642) | (339,716) | (266,934) |
| Total OPEB liability - beginning | 3,798,764 | 8,473,271 | 7,827,629 | 7,487,913 |
| Total OPEB liability - ending | \$ 8,473,271 | \$ 7,827,629 | \$ 7,487,913 | \$ 7,220,979 |
| Covered payroll | \$ 6,128,784 | \$ 6,250,591 | \$ 6,222,451 | \$ 6,142,534 |
| Total OPEB liability as a percentage of covered payroll | 138.25% | 125.23% | 120.34% | 117.56% |

^{*} 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, 2021

| Revenues 8 31,100,184 \$ 31,100,184 \$ 30,682,589 \$ 674,797 Water/wastewater volumetric charges 45,340,244 46,340,244 46,015,223 674,979 System development charges 5,785,500 5,785,500 80,474,68 2,261,968 Grants from other governments - - 261,954 (1,396,876) Other charges for service 5,596,103 5,596,103 5,148,911 (447,192) Total revenues 5,596,103 5,596,103 5,148,911 (447,192) Total revenue 5,596,103 5,596,103 5,148,911 (447,192) Total revenue 5,596,103 5,596,103 5,148,911 (447,192) Total revenue 5,596,103 5,596,103 5,148,911 (447,192) Total Charley 5,596,103 5,596,103 5,148,911 (447,192) Total Charley 5,596,103 5,596,103 5,148,911 (447,192) Total Charley 5,596,103 5,596,103 5,514,913 5,609,114,913 1,037 Total Charley <td< th=""><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></td<> | | | Original Budget | | Final Budget | | Actual | | Variance Positive (Negative) |
|--|-------------------------------------|-----------|--------------------|----|-----------------|-----------|------------|----|------------------------------------|
| Water/wastewater volumetric charges 45,340,244 45,340,244 46,015,223 674,979 System development charges 5,785,500 7,785,500 8,047,681 2,261,968 Investment earnings 1,657,650 1,657,650 261,954 (1,396,876) Grants from other governments 5,596,103 5,596,103 5,148,911 (447,192) Other charges for service 5,599,103 5,596,103 5,148,911 (447,192) Total revenues 8 38,759 \$ 38,758 \$ 9,0416,919 \$ 937,238 Expenditures Authority Board \$ 38,759 \$ 38,763 \$ 38,763 \$ 1,037 Total Authority Board \$ 60,103 \$ 69,937 \$ 68,950 \$ 1,037 Total Authority Board \$ 588,228 \$ 514,973 \$ 514,973 \$ 1,037 Administration \$ 588,228 \$ 514,973 \$ 514,973 \$ 1,037 Salaries & Benefits \$ 588,228 \$ 1,557,439 \$ 1,555,933 \$ 1,746 Communications \$ 7,500 \$ 74,590 \$ 410 < | Revenues | | | | | | | | |
| System development charges 5,785,500 5,785,500 8,047,468 2,261,968 Investment earnings 1,657,650 260,774 (1,396,876) Grants from other governments - - 261,954 261,954 Other charges for service 5,596,103 5,596,103 5,148,911 (447,192) Total revenues 89,479,681 89,479,681 90,416,919 937,238 Expenditures Authority Board 38,8759 38,763 38,763 38,763 1,037 Authority Board 21,344 31,224 30,187 1,037 Total Authority Board 56,0103 569,987 68,950 1,037 Administration 20,921 588,228 514,973 514,973 1,037 Administration 51,120,726 51,557,439 1,555,639 1,746 Communications 51,120,726 1,557,439 1,555,639 1,746 Total Communications 51,175,160 51,557,439 1,555,639 1,410 Salaries & Benefits 5,75,570 542 | Water/wastewater fixed charges | \$ | 31,100,184 | \$ | 31,100,184 | \$ | 30,682,589 | \$ | (417,595) |
| Investment earnings | Water/wastewater volumetric charges | | 45,340,244 | | 45,340,244 | | 46,015,223 | | 674,979 |
| Grants from other governments 5,596,103 5,148,911 447,192) Total revenues 5,596,103 5,596,103 5,148,911 447,192) Expenditures 89,479,681 8 98,479,681 9 9,416,919 9 937,238 Authority Board 33,759 33,759 33,763 3 3,763 5 5,60,003 5 5,90 5 5,90 5 5,90 5 5,90 5 5,90 5 5,90 5 5,90 5 5,90 5 | System development charges | | 5,785,500 | | 5,785,500 | | 8,047,468 | | 2,261,968 |
| Other charges for service 5,596,103 5,596,103 5,148,911 (447,192) Total revenues 8 9,479,681 9 8,479,681 9 9,416,919 9 937,288 Expenditures Authority Board Salaries & Benefits 3 38,759 3 38,763 \$ 38,763 \$ 5 6,052 \$ 1,037 Coperating 21,344 31,224 30,187 \$ 1,037 Total Authority Board \$ 60,103 \$ 69,987 \$ 68,950 \$ 1,037 Administration \$ 588,228 \$ 514,973 \$ 514,973 \$ 5 Salaries & Benefits \$ 588,228 \$ 514,973 \$ 1,555,693 \$ 1,746 Coperating \$ 32,498 \$ 1,042,466 \$ 1,040,720 \$ 1,746 Total Administration \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,746 Communications \$ 75,000 \$ 74,590 \$ 410 Operating \$ 75,500 \$ 74,590 \$ 420 Total Communications \$ 1,175,160 \$ 1,159,460 \$ 1,157,435 \$ 1,725 Operating \$ 1,202 \$ 1,402 | Investment earnings | | 1,657,650 | | 1,657,650 | | 260,774 | | (1,396,876) |
| Total revenues | Grants from other governments | | - | | - | | 261,954 | | 261,954 |
| Authority Board Salaries & Benefits Salaries & Sa | Other charges for service | | 5,596,103 | | 5,596,103 | | 5,148,911 | | (447,192) |
| Authority Board \$ 38,759 \$ 38,763 \$ 38,763 \$ 38,763 \$ - 00000000000000000000000000000000000 | Total revenues | \$ | 89,479,681 | \$ | 89,479,681 | \$ | 90,416,919 | \$ | 937,238 |
| Salaries & Benefits \$ 38,759 \$ 38,763 \$ 38,763 \$ 3,0187 1,037 Total Authorty Board \$ 60,103 \$ 69,987 \$ 68,950 \$ 1,037 Administration Salaries & Benefits \$ 588,228 \$ 514,973 \$ 514,973 \$ - 0,000 Operating \$ 532,498 1,042,466 1,040,720 1,746 Total Administration \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,746 Communications \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,746 Communications \$ 75,000 \$ 74,590 \$ 410 Operating \$ 75,000 \$ 74,590 \$ 410 Operating \$ 7,5570 \$ 75,132 \$ 438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Salaries & Benefits \$ 69,244 \$ 592,244 \$ 582,121 \$ 1,0123 | Expenditures | | | | | | | | |
| Operating Total Authority Board 21,344 31,224 30,187 1,037 Total Authority Board \$ 60,103 \$ 69,987 \$ 68,950 \$ 1,037 Administration \$ 588,228 \$ 514,973 \$ 514,973 \$ 7.0 Operating \$ 532,498 \$ 1,042,666 \$ 1,040,720 \$ 1,766 Total Administration \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,766 Communications \$ 75,000 \$ 74,590 \$ 410 Operating \$ 75,7500 \$ 74,590 \$ 430 Total Communications \$ 7,5750 \$ 75,132 \$ 438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating \$ 1,227,609 \$ 1,35,949 \$ 140,409 \$ 5,60 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating \$ 132,488 \$ 150,148 \$ 146,546 3,602 Total Human Resources \$ 699,244 | Authority Board | | | | | | | | |
| Total Authority Board \$ 60,103 \$ 69,987 \$ 68,950 \$ 1,037 Administration Salaries & Benefits \$ 588,228 \$ 514,973 \$ 514,973 \$ - 0 Operating 532,498 1,042,466 1,040,720 1,746 Total Administration \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,746 Communications \$ 75,000 \$ 74,590 \$ 410 Operating - \$ 570 542 28 Total Communications \$ - \$ 75,570 75,132 \$ 438 Finance \$ - \$ 75,570 \$ 75,132 \$ 438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 699,244 \$ 50,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 31 | Salaries & Benefits | \$ | 38,759 | \$ | 38,763 | \$ | 38,763 | \$ | - |
| Administration Salaries & Benefits \$ 588,228 \$ 514,973 \$ 514,973 \$ - 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 | Operating | | 21,344 | | 31,224 | | 30,187 | | 1,037 |
| Salaries & Benefits \$ 588,228 \$ 514,973 \$ 514,973 \$ 1,040,720 1,746 Operating \$ 32,498 1,042,466 1,040,720 1,746 Total Administration \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,746 Communications Salaries & Benefits \$ 2 8 75,000 \$ 74,590 \$ 410 Operating 2 8 75,500 \$ 74,590 \$ 410 Operating 5 75,570 \$ 75,132 \$ 438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,22 Salaries & Benefits \$ 1,327,600 \$ 1,25,400 \$ 1,25 \$ 5,50 Operating 152,449 145,949 140,409 5,540 \$ 5,540 Total Finance \$ 1,327,600 \$ 1,305,100 \$ 1,297,844 \$ 7,265 \$ 6,521 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 \$ 6,521 Operating 132,148 150,148 146,546 3,602 \$ 6,221 \$ 10,123 Public & | Total Authority Board | \$ | 60,103 | \$ | 69,987 | \$ | 68,950 | \$ | 1,037 |
| Salaries & Benefits \$ 588,228 \$ 514,973 \$ 514,973 \$ 1,040,720 1,746 Operating \$ 32,498 1,042,466 1,040,720 1,746 Total Administration \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,746 Communications Salaries & Benefits \$ 2 8 75,000 \$ 74,590 \$ 410 Operating 2 8 75,500 \$ 74,590 \$ 410 Operating 5 75,570 \$ 75,132 \$ 438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,22 Salaries & Benefits \$ 1,327,600 \$ 1,25,400 \$ 1,25 \$ 5,50 Operating 152,449 145,949 140,409 5,540 \$ 5,540 Total Finance \$ 1,327,600 \$ 1,305,100 \$ 1,297,844 \$ 7,265 \$ 6,521 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 \$ 6,521 Operating 132,148 150,148 146,546 3,602 \$ 6,221 \$ 10,123 Public & | Administration | | | | | | | | |
| Operating Total Administration 532,498 1,042,466 1,040,720 1,746 Total Administration \$1,120,726 \$1,557,439 \$1,555,693 \$1,746 Communications Salaries & Benefits \$ - \$ 75,000 \$ 74,590 \$ 410 Operating - \$ 570 542 28 Total Communications \$ - \$ 75,570 \$ 75,132 \$ 438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 2,5764 18,764 17,096 1,668 Total Public & Envir | | \$ | 588.228 | \$ | 514.973 | \$ | 514.973 | \$ | - |
| Total Administration \$ 1,120,726 \$ 1,557,439 \$ 1,555,693 \$ 1,746 Communications Salaries & Benefits \$ - \$ 75,000 \$ 74,590 \$ 410 Operating - \$ 570 542 28 Total Communications \$ - \$ 75,570 \$ 75,132 \$ 438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Salaries & Benefits \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 3 | | • | • | • | • | • | • | • | 1.746 |
| Salaries & Benefits \$ - \$75,000 \$74,590 \$410 Operating - 570 542 28 Total Communications \$ - \$75,570 \$75,132 \$438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Salaries & Benefits \$ 1,175,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,660 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 <t< td=""><td></td><td>\$</td><td></td><td>\$</td><td></td><td>\$</td><td></td><td>\$</td><td></td></t<> | | \$ | | \$ | | \$ | | \$ | |
| Salaries & Benefits \$ - \$75,000 \$74,590 \$410 Operating - 570 542 28 Total Communications \$ - \$75,570 \$75,132 \$438 Finance \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Salaries & Benefits \$ 1,175,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,660 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 <t< td=""><td>Communications</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<> | Communications | | | | | | | | |
| Operating - 570 542 28 Total Communications \$ - \$ 75,570 \$ 75,132 \$ 438 Finance Salaries & Benefits \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources Salaries & Benefits \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 10,123 Public & Environmental Policy \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 340,060 \$ 943,883 \$ 943,883 \$ - Salaries & Benefits \$ 936,996 \$ 943,883 \$ | | \$ | _ | \$ | 75 000 | \$ | 74 590 | \$ | 410 |
| Total Communications \$ - \$ 75,570 \$ 75,132 \$ 438 Finance Salaries & Benefits \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating \$ 152,449 \$ 145,949 \$ 140,409 \$ 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 132,148 \$ 150,148 \$ 146,546 \$ 3,602 Salaries & Benefits \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating \$ 25,764 \$ 18,764 \$ 17,096 \$ 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating \$ 2,209,224 \$ 2,186,540 \$ 2,137,553 \$ 48,987 Capital Outlay - 86,213 \$ 86,212 \$ 1 | | • | _ | ٣ | • | Ψ | • | ٣ | |
| Finance Salaries & Benefits \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 340,060 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | | 2 | | \$ | | \$ | | Φ. | |
| Salaries & Benefits \$ 1,175,160 \$ 1,159,160 \$ 1,157,435 \$ 1,725 Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 \$ 943,883 \$ 943,883 \$ - Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay -< 86,213 | | | | Ψ | 73,370 | Ψ | 70,102 | Ψ | +50 |
| Operating 152,449 145,949 140,409 5,540 Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources Salaries & Benefits \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy Salaries & Benefits \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 \$ 943,883 \$ 943,883 \$ - Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | | • | 4 475 400 | Φ. | 4.450.400 | Φ. | 4 457 405 | Φ | 4 705 |
| Total Finance \$ 1,327,609 \$ 1,305,109 \$ 1,297,844 \$ 7,265 Human Resources \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,212 1 | | \$ | | Ъ | | Ъ | | Ъ | • |
| Human Resources Salaries & Benefits \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | . • | • | | φ | • | Φ. | • | φ | |
| Salaries & Benefits \$ 567,096 \$ 442,096 \$ 435,575 \$ 6,521 Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | | <u> </u> | 1,327,009 | Ф | 1,305,109 | Ф | 1,297,044 | Ф | 1,200 |
| Operating 132,148 150,148 146,546 3,602 Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | | • | 507.000 | • | 440.000 | • | 405 575 | • | 0.504 |
| Total Human Resources \$ 699,244 \$ 592,244 \$ 582,121 \$ 10,123 Public & Environmental Policy \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | | \$ | | \$ | • | \$ | | \$ | |
| Public & Environmental Policy Salaries & Benefits \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | . • | | • | Φ. | | Φ. | • | Φ. | |
| Salaries & Benefits \$ 314,296 \$ 314,296 \$ 311,358 \$ 2,938 Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | lotal Human Resources | <u>\$</u> | 699,244 | Ъ | 592,244 | \$ | 582,121 | Ъ | 10,123 |
| Operating 25,764 18,764 17,096 1,668 Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | • | | | | | | | | |
| Total Public & Environmental Policy \$ 340,060 \$ 333,060 \$ 328,454 \$ 4,606 Information Technology \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | Salaries & Benefits | \$ | 314,296 | \$ | 314,296 | \$ | | \$ | 2,938 |
| Information Technology Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | . • | | | | | | | | |
| Salaries & Benefits \$ 936,996 \$ 943,883 \$ 943,883 \$ - Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | Total Public & Environmental Policy | \$ | 340,060 | \$ | 333,060 | \$ | 328,454 | \$ | 4,606 |
| Operating 2,209,224 2,186,540 2,137,553 48,987 Capital Outlay - 86,213 86,212 1 | Information Technology | | | | | | | | |
| Capital Outlay - 86,213 86,212 1 | Salaries & Benefits | \$ | 936,996 | \$ | 943,883 | \$ | 943,883 | \$ | - |
| · · · · · · · · · · · · · · · · · · · | Operating | | 2,209,224 | | 2,186,540 | | 2,137,553 | | 48,987 |
| Total Information Technology \$ 3,146,220 \$ 3,216,636 \$ 3,167,648 \$ 48,988 | Capital Outlay | | | | 86,213 | | 86,212 | | 1 |
| | Total Information Technology | \$ | 3,146,220 | \$ | 3,216,636 | \$ | 3,167,648 | \$ | 48,988 |

(Continued)

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

For the Fiscal Year Ended June 30, 2021

| | | Original Budget | | Final Budget | | Actual | | Variance Positive (Negative) |
|--|----------|------------------------------|----------|-----------------------------|----|-----------------------------|----|------------------------------------|
| Treatment & Engineering Services: | | | | | | | | (- J) |
| Centralized Maintenance | | | | | | | | |
| Salaries & Benefits | \$ | 1,562,413 | \$ | 1,505,790 | \$ | 1,505,789 | \$ | 1 |
| Operating | | 1,801,747 | | 2,174,396 | | 2,150,188 | | 24,208 |
| Capital Outlay | | 183,472 | | 269,364 | | 269,363 | | 1 |
| Total Centralized Maintenance | \$ | 3,547,632 | \$ | 3,949,550 | \$ | 3,925,340 | \$ | 24,210 |
| Water Treatment | | | | | | | | |
| Salaries & Benefits | \$ | 2,183,163 | \$ | 2,200,081 | \$ | 2,188,974 | \$ | 11,107 |
| Operating | | 4,974,819 | | 4,700,065 | | 4,636,949 | | 63,116 |
| Capital Outlay | | - | | 33,622 | | 28,536 | | 5,086 |
| Total Water Treatment | \$ | 7,157,982 | \$ | 6,933,768 | \$ | 6,854,459 | \$ | 79,309 |
| Wastewater Treatment | | | | | | | | |
| Salaries & Benefits | \$ | 2,203,699 | \$ | 2,202,286 | \$ | 2,189,952 | \$ | 12,334 |
| Operating | Ψ | 2,521,943 | Ψ | 2,380,943 | Ψ | 2,268,212 | Ψ | 112,731 |
| Total Wastewater Treatment | \$ | 4,725,642 | \$ | 4,583,229 | \$ | 4,458,164 | \$ | 125,065 |
| Engineering | | <u> </u> | | <u> </u> | | | | · |
| Salaries & Benefits | \$ | 2,140,624 | \$ | 2,138,328 | \$ | 2,131,703 | \$ | 6,625 |
| Operating | • | 143,604 | * | 115,804 | Ψ | 110,350 | Ψ. | 5,454 |
| Total Engineering | \$ | 2,284,228 | \$ | 2,254,132 | \$ | 2,242,053 | \$ | 12,079 |
| Linear Assets & Project Management Administration Salaries & Benefits Operating Total Administration | \$ | 548,844 16,230 565,074 | \$ | 548,844 8,530 557,374 | | 542,606 7,919 550,525 | \$ | 6,238 611 6,849 |
| | | 000,01 | <u> </u> | | | 000,020 | | 0,0.0 |
| Project Management Salaries & Benefits | \$ | 615,852 | ¢ | 616,171 | \$ | 616,170 | \$ | 1 |
| Operating | Φ | 16,260 | φ | 15,560 | φ | 12,898 | φ | 2,662 |
| Total Project Management | \$ | 632,112 | \$ | 631,731 | \$ | 629,068 | \$ | 2,663 |
| , - | <u> </u> | 002,112 | Ψ | 001,701 | Ψ | 020,000 | Ψ | 2,000 |
| Operations - Utility Services Salaries & Benefits | \$ | 6,428,910 | ¢ | 6,433,387 | ¢ | 6,419,291 | ¢ | 14,096 |
| Operating | Ψ | 3,990,348 | Ψ | 3,824,731 | Ψ | 3,665,248 | Ψ | 159,483 |
| Capital Outlay | | 65,000 | | 65,539 | | 65,539 | | 100,400 |
| Total Operations - Utility Services | \$ | 10,484,258 | \$ | 10,323,657 | \$ | 10,150,078 | \$ | 173,579 |
| | | -, - , | • | -,, | | -, -, -, - | | |
| Environmental Management Salaries & Benefits | \$ | 2,437,001 | ¢ | 2,485,829 | \$ | 2,480,673 | ¢ | 5,156 |
| Operating | ψ | 719,862 | Ψ | 633,639 | Ψ | 572,912 | Ψ | 60,727 |
| Capital Outlay | | 1 13,002 | | 9,816 | | 9,566 | | 250 |
| Total Environmental Management | \$ | 3,156,863 | \$ | 3,129,284 | \$ | 3,063,151 | \$ | 66,133 |
| Customer Service | | ,, | * | , -, | • | -,, | • | , |
| Salaries & Benefits | \$ | 3,514,732 | ¢ | 3,233,446 | \$ | 3,219,502 | Ф | 13,944 |
| Operating | φ | 956,849 | ψ | 1,143,849 | Ψ | 1,008,397 | ψ | 135,452 |
| Capital Outlay | | 900,049 | | 27,440 | | 27,436 | | |
| Total Customer Service | \$ | 4,471,581 | \$ | 4,404,735 | ¢ | 4,255,335 | \$ | 149,400 |
| TOTAL CUSTOMEL SELVICE | <u> </u> | 4,471,301 | Φ | 4,404,735 | φ | 4,200,000 | φ | 149,400 |

(Continued)

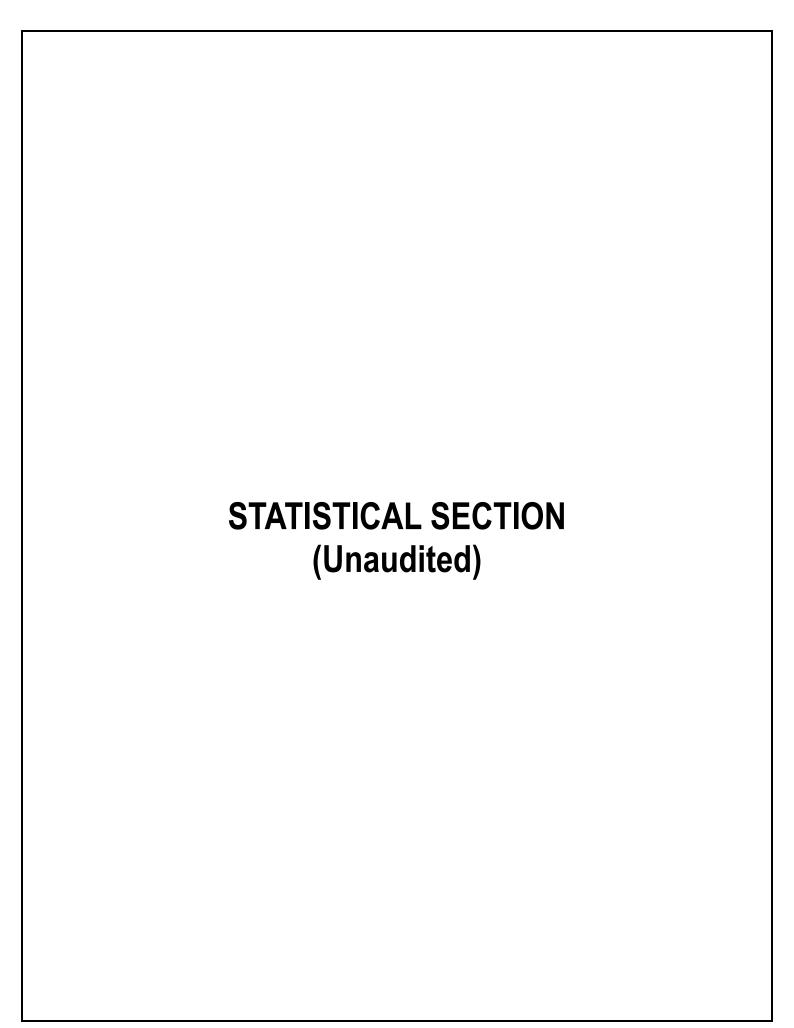
Cape Fear Public Utility Authority Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) -Operating Fund For the Fiscal Year Ended June 30, 2021

| | | Original Budget | | Final Budget | | Actual | Variance Positive (Negative) |
|---|---------------|--------------------|----|-----------------|----|--|------------------------------------|
| Nondepartmental | | | | | | | |
| Salaries & Benefits | \$ | 500,000 | \$ | 500,000 | \$ | 286,085 | \$ 213,915 |
| Operating | | 2,013,788 | | 2,036,788 | | 2,028,147 | 8,641 |
| Total Nondepartmental | \$ | 2,513,788 | \$ | 2,536,788 | \$ | 2,314,232 | \$ 222,556 |
| Debt Service | | | | | | | |
| Principal | \$ | 13,414,160 | \$ | 13,249,739 | \$ | 13,262,860 | \$ (13,121) |
| Interest | | 12,332,399 | | 12,322,339 | | 12,322,339 | - |
| Other | | - | | 1,980,015 | | 1,966,895 | 13,120 |
| Total Debt Service | \$ | 25,746,559 | \$ | 27,552,093 | \$ | 27,552,094 | \$ (1) |
| Total expenditures | \$ | 71,979,681 | \$ | 74,006,386 | \$ | 73,070,341 | \$ 936,045 |
| Other financing sources (uses) | | | | | | | |
| Sale of capital assets | \$ | _ | \$ | _ | \$ | 85,125 | \$ 85,125 |
| Settlement proceeds | · | - | · | 1,980,015 | | 2,201,617 | 221,602 |
| Appropriated fund balance | | 500,000 | | 546,690 | | - | (546,690) |
| Transfers out - Capital Projects Funds | | (18,000,000) | | (18,000,000) | | (18,000,000) | - |
| Total financing (uses) | \$ | (17,500,000) | \$ | (15,473,295) | \$ | (15,713,258) | \$ (239,963) |
| Revenues and other financing (uses) | | | | | | | |
| over expenditures | \$ | - | \$ | - | \$ | 1,633,320 | \$ 1,633,320 |
| Reconciliation of modified accrual basis to full acc | rual hacie | | | | | | |
| Revenues and other financing sources over expendi | | | | | | | |
| Capital Projects Funds - Water, Wastewater & Syte | | | | | \$ | (30,026,596) | |
| Capital contributions - conveyed infrastructure | J. 111.40 | | | | • | 11,316,766 | |
| Capitalized expenditures | | | | | | 49,275,993 | |
| Excess carrying value of disposed capital assets over | | | | | | | |
| | er sale broce | eds | | | | | |
| Depreciation and amortization on capital assets | er sale proce | eds | | | | (201,575) | |
| Depreciation and amortization on capital assets Pension expense | er sale proce | eeds | | | | (201,575) (24,711,921) | |
| Pension expense | er sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) | |
| Pension expense Contributions to pension plans | er sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 | |
| Pension expense Contributions to pension plans OPEB expense | er sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan | er sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: Decrease in accrued interest liability | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: Decrease in accrued interest liability Amortization of deferred amount on refunding | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 866,115 (1,378,022) | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: Decrease in accrued interest liability Amortization of deferred amount on refunding Amortization of premium | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 866,115 (1,378,022) 4,064,747 | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: Decrease in accrued interest liability Amortization of deferred amount on refunding | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 866,115 (1,378,022) | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: Decrease in accrued interest liability Amortization of deferred amount on refunding Amortization of premium Accrued revenue and uncollectible amounts | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 866,115 (1,378,022) 4,064,747 811,212 | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: Decrease in accrued interest liability Amortization of deferred amount on refunding Amortization of premium Accrued revenue and uncollectible amounts Increase in compensated absences liability | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 866,115 (1,378,022) 4,064,747 811,212 (50,444) | |
| Pension expense Contributions to pension plans OPEB expense Contributions to OPEB plan Interest expense: Decrease in accrued interest liability Amortization of deferred amount on refunding Amortization of premium Accrued revenue and uncollectible amounts Increase in compensated absences liability Proceeds from long-term obligations | a sale proce | eeds | | | | (201,575) (24,711,921) (2,876,304) 1,863,777 (1,042,651) 396,858 866,115 (1,378,022) 4,064,747 811,212 (50,444) (155,083) | |

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, 2021

| | | | Actual | |
|----------------------------------|------------------|------------------|-----------------------|--------------|
| | Project | Prior | Current | Total to |
| | Ordinance | Years | Year | Date |
| Revenue | | | | |
| Capital grants and contributions | \$ 45,558,661 | \$ 40,335,611 | \$ 2,681,244 \$ | 43,016,855 |
| Charges for services | 30,469,875 | 8,641,130 | 15,150,826 | 23,791,956 |
| Investment earnings | 6,965,723 | 6,965,762 | - | 6,965,762 |
| Total revenue | 82,994,259 | 55,942,503 | 17,832,070 | 73,774,573 |
| Expenditures | | | | |
| Water projects | 323,215,240 | 226,841,285 | 45,171,502 | 272,012,787 |
| Wastewater projects | 283,833,941 | 238,489,211 | 18,706,412 | 257,195,623 |
| System-wide projects | 18,135,473 | 13,034,662 | 2,595,101 | 15,629,763 |
| Total expenditures | 625,184,654 | 478,365,158 | 66,473,015 | 544,838,173 |
| Other financing sources | | | | |
| Long-term obligations issued | 313,579,655 | 299,586,143 | 155,083 | 299,741,226 |
| Insurance proceeds | 1,084,771 | 625,505 | 459,266 | 1,084,771 |
| Transfers in - Operating Fund | 178,339,037 | 137,733,539 | 18,000,000 | 155,733,539 |
| Appropriated fund balance | 49,186,932 | - | - | - |
| Total other financing sources | 542,190,395 | 437,945,187 | 18,614,349 | 456,559,536 |
| Revenue and other financing | | | | |
| sources over expenditures | \$ - | \$ 15,522,532 | \$ (30,026,596) \$ | (14,504,064) |

PAGELERINIENIONALLYBLANK



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) 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 2021 | 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) |
|--|---------------------|---------------------|---------------------|------------------------|------------------------|---------------------|---------------------|-------------------------|---------------------|-------------------------|
| Net investment in capital assets Restricted for: | \$ 543,758,699 | \$ 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 |
| Debt service | 9,192,472 | 8,488,245 | 7,642,752 | 11,092,065 | 10,966,309 | 2,916,717 | - | - | - | - |
| Capital projects | 4,285,328 | 11,254,734 | 10,486,204 | 6,843,204 | - | - | - | - | - | - |
| Unrestricted | 59,241,443 | 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 |
| Total net position | \$ 616,477,942 | \$ 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 |

Source: Cape Fear Public Utility Authority's Annual Comprehensive 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 2021 | 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 |
|--|----|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating revenues | | | | | | | | | | | , |
| Charges for services | \$ | 95,651,260 | \$ 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 |
| System development charges | | 8,047,468 | 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 |
| Other operating revenues | | 2,671,923 | 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 |
| Total operating revenues | | 106,370,651 | 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 |
| Operating expenses | | | | | | | | | | | |
| Personnel and benefits | | 26,766,088 | 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 |
| Operations and maintenance | | 37,599,291 | 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 |
| Depreciation and amortization | | 24,711,921 | 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 |
| Total operating expenses | | 89,077,300 | 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 |
| Operating income (loss) | | 17,293,351 | 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 |
| Nonoperating revenues (expenses) | | | | | | | | | | | |
| Investment earnings | | 260,774 | 2,046,294 | 2,204,682 | 1,567,523 | 880,543 | 3,312,744 | 1,012,470 | 993,737 | 959,408 | 962,260 |
| Interest expense | | (9,016,759) | (8,990,462) | (8,660,674) | (8,660,925) | (9,321,091) | | (8,332,023) | (11,919,549) | (13,213,771) | (10,500,330) |
| Bond issuance costs and other debt service fees | | | (617,332) | - ' | (142,708) | - ' | (717,165) | (683,650) | (85,243) | (316,120) | (625,383) |
| State and federal grants | | 2,644,234 | 8,157,813 | 5,433,834 | 2,786,821 | 220,254 | - | - | ` - ' | - | - |
| Settlement proceeds | | 2,201,617 | - | - | - | - | _ | _ | - | - | - |
| Insurance proceeds | | 459,265 | 250,690 | 623,491 | - | - | - | _ | _ | _ | - |
| Gain (Loss) on disposal of capital assets | | (116,450) | 131,623 | 132,953 | 152,213 | 88,899 | 53,691 | 77,599 | 73,780 | (202,214) | - |
| Gain (Loss) on extinguishment of debt | | ` / | · - | · - | · - | · - | 93,020 | , <u> </u> | · - | - | - |
| 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 |
| Total nonoperating revenues (expenses) | | (3,567,319) | 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) |
| Income before capital contributions, special items and | | , , | | , | , | , , , , , | , , , , , , | , , , , , , | , | , | |
| extraordinary items | | 13,726,032 | 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 |
| Capital contributions-other | | 11,664,569 | 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 |
| Total capital contributions, special and extraodinary items | | 11,664,569 | 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 |
| Increase in net position | - | 25,390,601 | 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 |
| Net position | | | | | | | | | | | |
| Beginning of year | | 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 |
| Cumulative effect of change in accounting principle | | • | - | 5,504,877 | - | (2,496,175) | | (1,603,112) | - | | - |
| End of year, restated | \$ | 616,477,942 | \$ 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 |

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | | 2016 | 2015 ⁽¹⁾ | 2014 (1) | 2013 (1) | 2012 (1) |
|---|-------------|-------------|-------------|-------------|--------------|----|----------|---------------------|--------------|--------------|--------------|
| Water Rates | | | | | | | | | | | - |
| Water Fixed Rate (bi-monthly) | \$ 27.56 | \$ 27.56 | \$ 27.56 | \$ 26.67 | \$ 25.81 | 9 | \$ 25.81 | \$ 25.81 | \$ 25.81 | \$ 25.81 | \$ 25.81 |
| Water Rate per 1,000 gallons | \$ 4.02 | \$ 4.02 | \$ 4.02 | \$ 3.85 | \$ 3.67 | \$ | \$ 3.67 | \$ 3.67 | \$ 3.67 | \$ 3.42 | 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 | N/A | \$ 2.64 |
| 12,001 - 24,000 gallons | N/A | N/A | N/A | N/A | N/A | | N/A | N/A | N/A | N/A | \$ 3.96 |
| Over 24,000 gallons | N/A | N/A | N/A | N/A | N/A | | N/A | N/A | N/A | N/A | \$ 5.28 |
| Irrigation | \$ 4.02 | \$ 4.02 | \$ 4.02 | \$ 3.85 | \$ 3.67 | \$ | 3.67 | \$ 3.67 | \$ 3.67 | \$ 3.42 | \$ 3.36 |
| Non-Residential | \$ 4.02 | \$ 4.02 | \$ 4.02 | \$ 3.85 | \$ 3.67 | \$ | 3.67 | \$ 3.67 | \$ 3.67 | \$ 3.42 | \$ 3.96 |
| Average bi-monthly residential consumption per customer (gallons) | 8,200 | 8,200 | 8,100 | 8,400 | 8,400 | | 8,600 | 8,600 | 8,400 | 9,200 | 10,000 |
| Average bi-monthly residential bill | \$ 60.52 | \$ 60.52 | \$ 60.12 | \$ 59.01 | \$ 56.64 | \$ | 57.37 | \$ 57.37 | \$ 56.64 | \$ 57.27 | \$ 52.21 |
| Wastewater Rates | | | | | | | | | | | |
| Wastewater Fixed Rate (bi-monthly) | \$ 29.10 | \$ 29.10 | \$ 29.10 | \$ 29.10 | \$ 29.10 | \$ | 29.10 | \$ 29.10 | \$ 29.10 | \$ 29.10 | \$ 26.68 |
| Wastewater Variable Rate (4) | \$ 4.63 | \$ 4.63 | \$ 4.63 | \$ 4.58 | \$ 4.56 | \$ | 4.56 | \$ 4.56 | \$ 4.56 | \$ 4.21 | \$ 4.04 |
| Wastewater Flat Rate (5) | \$ 67.07 | \$ 67.07 | \$ 66.60 | \$ 67.58 | \$ 138.54 | \$ | 138.54 | \$ 138.54 | \$ 138.54 | \$ 130.14 | \$ 123.64 |
| Average bi-monthly residential consumption per customer (gallons) | 8,200 | 8,200 | 8,100 | 8,400 | 8,400 | | 8,600 | 8,600 | 8,400 | 9,200 | 10,000 |
| Average bi-monthly residential bill | \$ 67.07 | \$ 67.07 | \$ 66.60 | \$ 67.58 | \$ 67.40 | \$ | 68.32 | \$ 68.32 | \$ 67.40 | \$ 67.83 | \$ 67.08 |

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

⁽²⁾ Wastewater volume charges are capped at 30,000 gallons for residential customers.

⁽³⁾ Wastewater flat rate charged when Authority water is not available. Beginning in Fiscal Year 2018, residential customers were charged based on average

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

| | | 2021 | | | | | 20 | 12 | |
|--|----------------------|----------------|-------------|------------------|--|----------------------|----------------|---------------|------------------|
| Ten Largest Users of the Water System Annual Consumption | Thousands of Gallons | % of System Re | venues (\$) | % of Revenues | Ten Largest Users of the Water System Annual Consumption | Thousands of Gallons | % of System | Revenues (\$) | % of Revenues |
| 1 UNC Wilmington | 107,526 | 1.83% \$ | 500,786 | 1.30% | 1 UNC Wilmington | 170,172 | 3.15% | \$ 716,357 | 2.35% |
| 2 New Hanover Regional Medical Center | 52,797 | 0.90% | 269,530 | 0.70% | 2 New Hanover Regional Medical Center | 59,221 | 1.10% | 280,798 | 0.92% |
| 3 Wilmington Housing Authority | 50,324 | 0.86% | 237,630 | 0.62% | 3 New Hanover County Schools | 51,685 | 0.96% | 322,386 | 1.06% |
| 4 Town of Wrightsville Beach | 45,689 | 0.78% | 30,898 | 0.08% | 4 New Hanover County | 38,079 | 0.70% | 229,145 | 0.75% |
| 5 New Hanover County | 39,716 | 0.68% | 241,398 | 0.63% | 5 Wilmington Housing Authority | 37,422 | 0.69% | 181,080 | 0.60% |
| 6 Tribute Properties | 37,068 | 0.63% | 266,595 | 0.69% | 6 Tribute Properties | 32,791 | 0.61% | 257,418 | 0.85% |
| 7 Bedrock Holdings | 35,677 | 0.61% | 219,561 | 0.57% | 7 College Manor Apartments | 31,032 | 0.57% | 142,864 | 0.47% |
| 8 New Hanover County Schools | 32,048 | 0.55% | 241,331 | 0.63% | 8 Lake Forest Apartments | 29,306 | 0.54% | 128,283 | 0.42% |
| 9 NC State Port Authority | 23,923 | 0.41% | 140,027 | 0.36% | 9 Mayfaire Complex | 27,112 | 0.50% | 194,082 | 0.64% |
| 10 Lake Forest Apartments | 23,738 | 0.40% | 108,881 | 0.28% | 10 City of Wilmington | 25,392 | 0.47% | 186,388 | 0.61% |
| Total Net Consumption / Net Revenue | 448,506 | 7.65% \$ | 2,256,637 | 5.85% | Total Net Consumption / Net Revenue | 502,212 | 9.30% | \$ 2,638,801 | 8.67% |
| Total Annual System Net Consumption / Net Revenue | 5,863,130 | \$ 3 | 88,550,365 | | Total Annual System Net Consumption / Net Revenue | 5,402,454 | | \$ 30,431,045 | |

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

2021 2012

| 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 | 228,198 | 4.25% | \$ 410,756 | 1.03% | 1 Town of Wrightsville Beach | 207,561 | 4.18% | \$ 346,627 | 1.11% |
| 2 UNC Wilmington | 148,922 | 2.77% | 367,368 | 0.92% | 2 UNC Wilmington | 102,554 | 2.06% | 421,251 | 1.35% |
| 3 New Hanover Regional Medical Center | 51,182 | 0.95% | 293,230 | 0.73% | 3 New Hanover Regional Medical Center | 57,991 | 1.17% | 263,030 | 0.84% |
| 4 Wilmington Housing Authority | 49,136 | 0.92% | 263,677 | 0.66% | 4 New Hanover County Schools | 50,996 | 1.03% | 311,645 | 1.00% |
| 5 Tribute Properties | 35,180 | 0.66% | 286,279 | 0.71% | 5 Wilmington Housing Authority | 37,335 | 0.75% | 171,391 | 0.55% |
| 6 Bedrock Holdings | 35,148 | 0.65% | 234,889 | 0.59% | 6 New Hanover County | 35,249 | 0.71% | 197,141 | 0.63% |
| 7 New Hanover County | 34,297 | 0.64% | 229,882 | 0.57% | 7 Tribute Properties | 32,203 | 0.65% | 286,588 | 0.92% |
| 8 New Hanover County Schools | 30,701 | 0.57% | 252,554 | 0.63% | 8 College Manor Apartments | 31,032 | 0.62% | 134,654 | 0.43% |
| 9 Lake Forest Apartments | 23,738 | 0.44% | 124,113 | 0.31% | 9 Lake Forest Apartments | 29,306 | 0.59% | 119,139 | 0.38% |
| 10 Corning, Inc. | 22,167 | 0.41% | 103,681 | 0.26% | 10 Mayfaire Complex | 26,702 | 0.54% | 188,417 | 0.60% |
| Total Net Consumption / Net Revenue | 658,669 | 12.27% | \$ 2,566,429 | 6.40% | Total Net Consumption / Net Revenue | 610,929 | 12.30% | \$ 2,439,883 | 7.80% |
| Total Annual System Net Consumption / Net Revenue | 5,368,064 | | \$ 40,071,680 | | Total Annual System Net Consumption / Net Revenue | 4,966,659 | | \$ 31,278,202 | |

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

| | 2021 | | 202 | 20 | 201 | 19 | 201 | 8 | 201 | 7 | 201 | 16 | 201 | 5 | 201 | 14 | 201 | 13 | 201 | 2 |
|--------------------------------|--------------------|----------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | | | | % of |
| | Thousand Gallons % | of Consumption | Thousand Gallons | Consumption |
| Water Customers | | | | | | | | | | | | | | | | | | | | |
| Residential | 4,155,305 | 70.87% | 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% |
| Commercial | 1,222,972 | 20.86% | 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% |
| Town of Wrightsville Beach (1) | 45,689 | 0.78% | 47,968 | 0.81% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% |
| Industrial | 70,801 | 1.21% | 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% |
| Institutional and Government | 368,363 | 6.28% | 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% |
| | | | | | | | | | | | | | | | | | | | | |
| Total | 5,863,130 | 100.00% | 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% |
| | | | | | | | | | | | | | | | | | | | | |
| Wastewater Customers | | | | | | | | | | | | | | | | | | | | |
| Residential | 3,628,685 | 67.60% | 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% |
| Commercial | 1,099,639 | 20.48% | 1,173,859 | 22.28% | | 22.82% | | 21.88% | 1,048,627 | 21.62% | 1,019,892 | 20.90% | | 20.30% | 922.045 | 19.77% | 923.952 | 19.50% | | 18.96% |
| Town of Wrightsville Beach | 228,198 | 4.25% | 234.896 | 4.46% | | 4.46% | | 5.17% | 184.695 | 3.81% | | 4.66% | 207,905 | 4.41% | 210,681 | 4.52% | 203,370 | 4.29% | | 4.18% |
| Pender County | 15,172 | 0.28% | 8,296 | 0.16% | 12,715 | 0.25% | 14,374 | 0.29% | 11,291 | 0.23% | 10,562 | 0.22% | | 0.21% | 9,008 | 0.19% | | 0.22% | | 0.23% |
| Industrial | 24,304 | 0.45% | 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% | | 0.34% | | 0.33% |
| Institutional and Government | 372,066 | 6.93% | 311,014 | 5.90% | | 6.03% | | 6.17% | 312,907 | 6.45% | 316,946 | 6.49% | | 7.30% | 318.809 | 6.83% | 337.107 | 7.12% | -, - | 7.35% |
| | | | | | | | , | | | | | | 2.2,0.2 | | , | | , | | , | |
| Total (2) | 5,368,064 | 100.00% | 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% |

⁽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

| | | Cumulative | 0/ W 4 0 4 | | | |
|------------------------------|--|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------------------|
| Fiscal Year Ended June 30 | Increase In Available Services Water | Available Services Water (1)(2) | % Water Growth - Available Services | Increase in Water Connections | Cumulative Water Connections (1) | % Water Growth - Connections |
| 2021 | 5,813 | 80,696 | 7.76% | 7,410 | 78,873 | 10.37% |
| 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% |

| 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 |
|------------------------------|--|---|---|--|---|---|
| 2021 | 1,532 | 76,941 | 2.03% | 1,979 | 73,654 | 2.76% |
| 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% |

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

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

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

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

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 | R | Gross evenues (1) | Less Operating xpenses (2) | Net Available Revenue | D | ebt Service Principal | D | ebt Service Interest | D | Total ebt Service | Debt Coverage Ratio |
|---|----|----------------------|----------------------------------|-----------------------------|----------|--------------------------|----------|--------------------------|----------|--------------------------|---------------------------|
| 2021 Parity Debt Coverage Ratio Total Debt Coverage Ratio | \$ | 111,820,092 | \$ 62,645,961 | \$ 49,174,131 | \$ | 11,330,000 13,262,860 | \$ \$ | 11,720,500 12,322,339 | \$ | 23,050,500 25,585,198 | 2.13 1.92 |
| 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 |

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

⁽²⁾ Operating expenses do not include depreciation and amortization expense, OPEB expense, pension 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

| Fiscal Year | Re | venue Bonds | (| General Obligation Bonds | Installment Obligations | AR | RA Revolving Loan | Re | DWSRF volving Loan | C | WSRF Revolving Loans | Total | Personal Income, in ousands (1) | % of Personal Income | Population (2) | Pe | r Capita |
|----------------|----|-------------|----|--------------------------------|----------------------------|----|----------------------|----|-----------------------|----|-------------------------|-------------------|---------------------------------------|----------------------------|----------------|----|----------|
| 2021 | \$ | 280,969,614 | \$ | - | \$ 6,750,000 | \$ | 678,914 | \$ | 114,347 | \$ | 13,932,898 | \$ 302,445,773 | \$ 11,261,502 | 2.69% | 234,473 | \$ | 1,290 |
| 2020 | | 296,364,361 | | - | 7,750,000 | | 735,490 | | 123,142 | | 16,767,280 | 321,740,273 | 10,829,425 | 2.97% | 232,256 | | 1,385 |
| 2019 | | 250,034,259 | | - | 8,765,000 | | 792,065 | | 131,937 | | 13,582,207 | 273,305,468 | 10,036,982 | 2.72% | 228,728 | | 1,195 |
| 2018 | | 264,372,354 | | - | 9,795,000 | | 848,642 | | 140,733 | | 9,320,528 | 284,477,257 | 9,649,613 | 2.95% | 224,809 | | 1,265 |
| 2017 | | 278,443,921 | | - | 11,741,800 | | 905,219 | | 149,529 | | 8,139,178 | 299,379,647 | 9,262,330 | 3.23% | 219,422 | | 1,364 |
| 2016 | | 294,031,807 | | - | 13,679,800 | | 961,795 | | 158,325 | | 8,611,567 | 317,443,294 | 8,742,269 | 3.63% | 215,963 | | 1,470 |
| 2015 | | 291,532,167 | | - | 29,044,491 | | 1,018,371 | | 167,121 | | 8,696,154 | 330,458,304 | 8,007,235 | 4.13% | 212,921 | | 1,552 |
| 2014 | | 277,272,935 | | 2,355,000 | 32,259,698 | | 1,074,947 | | - | | 8,653,524 | 321,616,104 | 7,718,255 | 4.17% | 209,045 | | 1,539 |
| 2013 | | 285,309,582 | | 5,255,000 | 35,410,732 | | 1,131,523 | | - | | 2,442,453 | 329,549,290 | 7,543,019 | 4.37% | 205,966 | | 1,600 |
| 2012 | | 293,217,535 | | 7,759,279 | 37,297,244 | | - | | - | | - | 338,274,058 | 7,165,876 | 4.72% | 203,284 | | 1,664 |

⁽¹⁾ Personal income is for New Hanover County using information from the Bureau of Economic Analysis. Personal income information for each fiscal year is the most recent data available as of the reporting date. For Fiscal Year 2021, the most recent year available was 2019.

⁽²⁾ Data is from the US Census Bureau. Information for each fiscal year is the most recent data available as of the reporting date. For Fiscal Year 2021, the most recent year available was 2019.

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

| Fiscal Year Ended June 30 | City of Wilmington Population (1) | New Hanover County Population (1) | Median Age (1) | Public School Enrollment (2) | Local Unemployment Rate % (3) | Personal Income, in thousands (4) | Per Capita Income (5) |
|---------------------------------|---|---|----------------|---------------------------------|-------------------------------------|-----------------------------------|--------------------------|
| 2021 | 123,744 | 234,473 | 39.8 | 25,938 | 4.6% | \$11,261,502 | |
| 2020 | 122,616 | 232,256 | 39.3 | 25,952 | 8.8% | 10,829,425 | 46,627 |
| 2019 | 120,836 | 228,728 | 38.8 | 25,512 | 3.8% | 10,036,982 | 43,882 |
| 2018 | 118,770 | 224,809 | 38.5 | 26,263 | 4.0% | 9,649,613 | 42,924 |
| 2017 | 115,050 | 219,422 | 38.4 | 26,096 | 4.5% | 9,262,330 | 42,212 |
| 2016 | 113,320 | 215,963 | 38.2 | 25,901 | 5.0% | 8,742,269 | 40,480 |
| 2015 | 111,686 | 212,921 | 37.9 | 26,241 | 5.8% | 8,007,235 | 37,607 |
| 2014 | 109,658 | 209,045 | 37.7 | 25,470 | 6.2% | 7,718,255 | 36,922 |
| 2013 | 108,141 | 205,966 | 37.5 | 25,364 | 7.8% | 7,543,019 | 36,623 |
| 2012 | 106,754 | 203,284 | 37.4 | 25,253 | 9.5% | 7,165,876 | 35,251 |

⁽¹⁾ Data is from the US Census Bureau. Information for each fiscal year is the most recent data available as of the reporting date. For Fiscal Year 2021, the most recent year available was 2019.

⁽²⁾ Data from the U.S. Department of Education, National Center for Education Statistics

⁽³⁾ June seasonally adjusted rate for New Hanover County from the North Carolina Department of Commerce

⁽⁴⁾ Personal income and population are for New Hanover County using information from the Bureau of Economic Analysis. Personal income and population information for each fiscal year is the most recent data available as of the reporting date. For Fiscal Year 2021, the most recent year available was 2019.

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

2021 2012

| | Employees | | Percentage of Tota | ı | Employees | | Percentage of Tota | |
|--|-----------|------|--------------------|--|-----------|------|--------------------|--|
| Employers | (1) | Rank | Employment | Employers | (3) | Rank | Employment | |
| New Hanover Regional Medical Center | 7,477 | 1 | 6.38% | New Hanover Regional Medical Center | 4,738 | 1 | 4.45% | |
| New Hanover County Schools | 4,187 | 2 | 3.57% | New Hanover County Schools | 3,666 | 2 | 3.44% | |
| GE Hitachi Nuclear Energy and GE Aviation | 2,650 | 3 | 2.26% | Wal-Mart Stores | 2,592 | 3 | 2.43% | |
| Wal-Mart Stores | 2,519 | 4 | 2.15% | GE Wilmington | 2,100 | 4 | 1.97% | |
| University of North Carolina Wilmington | 2,479 | 5 | 2.11% | University of North Carolina at Wilmington | 1,898 | 5 | 1.78% | |
| New Hanover County Government | 1,850 | 6 | 1.58% | PPD | 1,500 | 6 | 1.41% | |
| PPD | 1,800 | 7 | 1.53% | New Hanover County | 1,480 | 7 | 1.39% | |
| Duke Energy | 1,100 | 8 | 0.94% | Verizon Wireless | 1,346 | 8 | 1.26% | |
| City of Wilmington | 1,050 | 9 | 0.90% | Corning, Inc. | 1,000 | 9 | 0.94% | |
| Corning, Inc. | 1,000 | 10 | 0.85% | City of Wilmington | 981 | 10 | 0.92% | |
| | | = | 22.27% | | | = | 19.99% | |
| Total # Employed at June 30 of the respective FY (2) | | _ | 117,275 | Total # Employed at June 30 of the respective FY (3) | | _ | 106,569 | |

(1) Source: 2021 Book on Business; www.wilmingtonbiz.com

(2) Source: www.nccommerce.com

(3) Source: CFPUA ACFR for the fiscal year ended June 20, 2012

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

| Departments | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--------------------------------------|------|------|------|------|------|------|------|------|------|------|
| General - Administrative | | | | | | | | | | |
| Administration | 4 | 4 | 3 | 4 | 5 | 5 | 5 | 5 | 6 | 5 |
| 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 | 3 | - | - | - | - | - | - | - |
| Information Technology | 9 | 9 | 9 | 9 | 6 | 6 | 6 | 6 | 6 | 6 |
| Treatment & Engineering | | | | | | | | | | |
| Administration | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Engineering | 17 | 19 | 19 | 19 | 19 | 19 | 17 | 16 | 14 | 14 |
| Centralized Maintenance | 22 | 21 | 21 | 19 | 19 | 14 | 14 | - | - | - |
| Water Treatment | 28 | 28 | 27 | 26 | 25 | 25 | 24 | 30 | 30 | 30 |
| Wastewater Treatment | 32 | 32 | 29 | 31 | 30 | 30 | 30 | 40 | 40 | 40 |
| Linear Assets and Project Management | | | | | | | | | | |
| Administration | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Utility Services | 94 | 93 | 90 | 90 | 85 | 90 | 87 | 96 | 96 | 96 |
| Project Management | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Environmental Management/Safety | 30 | 30 | 29 | 30 | 30 | 30 | 30 | 29 | 30 | 30 |
| Customer Service | 54 | 57 | 57 | 54 | 53 | 53 | 50 | 42 | 41 | 42 |
| Total FTE's | 324 | 323 | 314 | 309 | 299 | 299 | 290 | 291 | 290 | 290 |

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

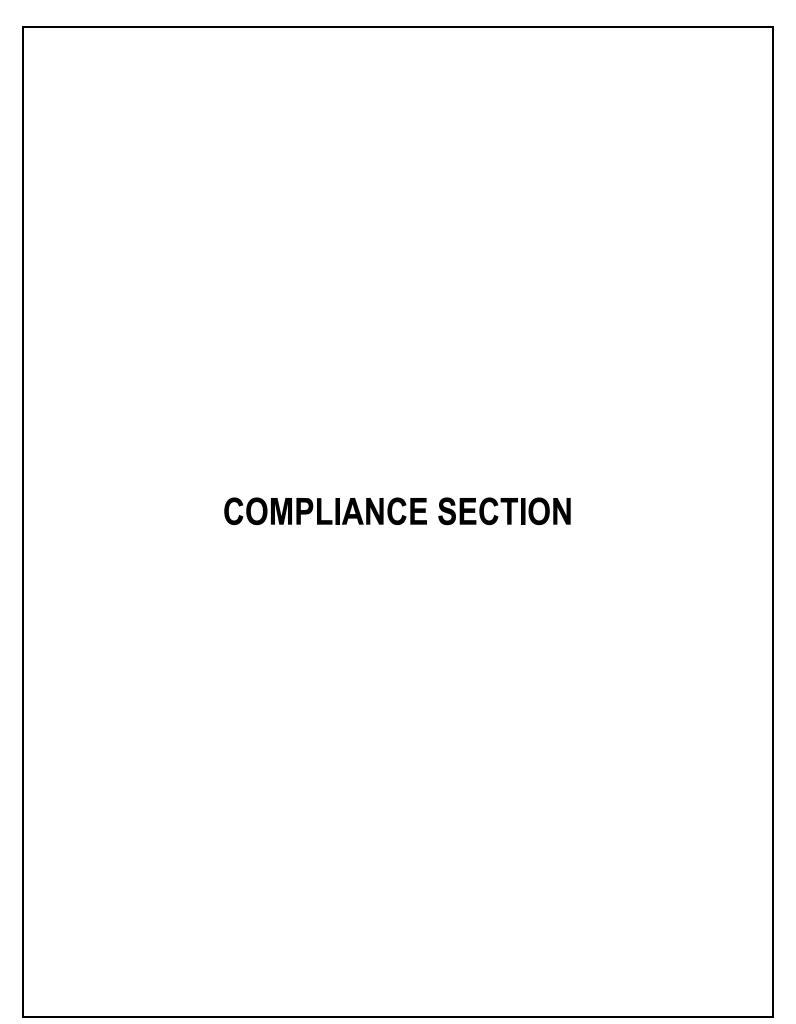
| Fiscal Year | Water Processed | |
|-------------|------------------|------------|
| Ended | and | Wastewater |
| June 30 | Pumped to System | Treated |
| 2021 | 7,066,400 | 6,639,350 |
| 2020 | 7,041,169 | 6,089,721 |
| 2019 | 6,917,279 | 7,151,000 |
| 2018 | 6,628,000 | 6,382,135 |
| 2017 | 6,488,231 | 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 |
| | | |

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|----------------------|--------|--------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Water System | | | | | | | | | | |
| Number of available service connections ⁽¹⁾ | 80,696 | 74,883 | 75,772 | 74,700 | 73,118 | 71,439 | 70,356 | 68,794 | 68,033 | 67,067 |
| Number of treatment plants - surface water system | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Treatment capacity (mgd) - surface water | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 | 35.00 |
| Average production (mgd) - surface water | 15.47 | 15.34 | 15.44 | 14.49 | 14.63 | 14.35 | 13.56 | 13.44 | 13.20 | 13.50 |
| Number of groundwater systems | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Number of treatment plants - groundwater system | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of active wells - groundwater system | 41 | 39 | 37 | 38 | 37 | 34 | 36 | 36 | 36 | 36 |
| Treatment capacity (mgd) - groundwater plant | 7.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Treatment capacity (mgd) - other groundwater systems | 1.02 | 1.02 | 1.02 | 1.02 | 0.90 | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 |
| Average production (mgd) - groundwater | 3.89 | 3.49 | 3.49 | 3.07 | 3.08 | 3.04 | 2.94 | 2.48 | 2.95 | 2.95 |
| Miles of water mains | 1,160 | 1,150 | 1,142 | 1,131 | 1,113 | 1,114 | 1,089 | 1,041 ⁽²⁾ | 1,078 | 1,072 |
| Wastewater System | | | | | | | | | | |
| Number of available service connections ⁽¹⁾ | 76,941 | 75,409 | 74,116 | 73,043 | 71,539 | 69,222 | 68,246 | 66,829 | 66,059 | 64,529 |
| Number of treatment plants | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| WPC plant permit (mgd) | 28.00 | 28.00 | 28.00 | 28.10 | 28.10 | 28.10 | 28.10 | 22.10 | 22.10 | 22.10 |
| Average annual daily flow (mgd) | 18.19 | 16.85 | 19.59 | 17.49 | 17.16 | 18.76 | 17.48 | 16.45 | 16.17 | 15.10 |
| Number of lift stations | 151 | 150 | 147 | 148 | 146 | 142 | 143 | 141 | 141 | 141 |
| Miles of wastewater gravity mains ⁽²⁾ | 917 | 907 | 912 | 892 | 877 | 848 | 844 | 827 ⁽²⁾ | 850 | 840 |
| Miles of wastewater force mains | 155 | 154 | 144 | 143 | 142 | 131 | 131 | 112 | 110 | 104 |
| Number of manholes | 22,729 | 22,395 | 22,134 | 22,097 | 22,017 | 21,221 | 21,049 | 20,918 | 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

To 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 financial statements of Cape Fear Public Utility Authority (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 29, 2021.

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 a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 29, 2021

Churry Belaut LLP



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

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

Report on Compliance for the Major State Program

We have audited Cape Fear Public Utility Authority's (the "Authority") compliance with the types of compliance 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 the Authority's state programs for the year ended June 30, 2021. The Authority's major state program is 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major state program 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 U.S. Code of Federal Regulations 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 the major state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major State 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 its major state program for the year ended June 30, 2021.

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 the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Raleigh, North Carolina October 29, 2021

umy Belaurt LLP

CAPE FEAR PUBLIC UTILITY AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

| Section I—Summary of auditor's results | | |
|---|------------------|-----------------|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance to U.S. GA | AP: Unm o | odified |
| Internal control over financial reporting: | | |
| Material weakness(es) identified? | yes | X no |
| Significant deficiency(ies) identified that are not considered to be material weaknesses | yes | X none reported |
| Noncompliance material to financial statements noted | yes | X no |
| State Awards Internal control over major State program: | | |
| Material weakness(es) identified? | yes | X no |
| Significant deficiency(ies) identified that are not considered to be material weaknesses | yes | X none reported |
| Noncompliance material to State award | yes | Xno |
| Type of report auditor's issued on compliance for major State program: | Unmo | dified |
| Any audit findings disclosed that are required to be reported in accordance with the Audit Manual for Governmental Auditors in North Carolina | yes | X no |
| Identification of major State program: | | |
| Program Name Connect NC Bond Tax Exempt Program | | |
| Section II—Financial statement findings | | |
| None reported | | |
| Section IV—State award findings and questioned costs | | |
| None reported | | |

CAPE FEAR PUBLIC UTILITY AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2021

None reported.

Cape Fear Public Utility Authority Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2021

| Grantor/Pass-through Grantor/Program Title | Federal Assistance Listing or Other Identifying Number | State/ Pass-through Grantor's <u>Number</u> | (Pas | Federal Direct & s-through) penditures | State <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 | | \$ | 323,162 | \$ | _ |
| Total Federal Emergency Management Agency | 0000 | | <u> </u> | 323,162 | <u> </u> | - |
| 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 | CS370923-12 | \$ | 155,083 | \$ | - |
| Total U.S. Environmental Protection Agency | | | | 155,083 | • | - |
| Total Federal Awards | | | \$ | 478,245 | \$ | |
| State Awards: | | | | | | |
| North Carolina Department of Environmental Quality | | | | | | |
| Connect NC Bond "Tax Exempt" Program - Pump Station Replacement & Rehabilitation | | E-SRP-W-17-0027 | \$ | - | \$ | 863,051 |
| Connect NC Bond "Tax Exempt" Program - Find-It, Fix-It Gravity Sewer Rehabilitation | | E-SRP-W-17-0028 | | - | | 1,578,025 |
| Connect NC Bond "Tax Exempt" Program - Pump Station 10 Replacement | | E-SRP-W-17-0029 | | - | | 195,061 |
| Total State Awards | | | | - | | 2,636,137 |
| Total Assistance | | | \$ | 478,245 | \$ | 2,636,137 |

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, 2021. 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.