

**Onslow Water & Sewer Authority**  
**Board of Directors' Regular Meeting Jacksonville City Hall**  
**Thursday, January 16, 2025**  
**APPROVED MINUTES**

**CALL TO ORDER:** Having a quorum, Chairman Royce Bennett called the meeting to order at 6:00 pm. Board members present included Chairman Royce Bennett, Vice Chairman Paul Conner, Secretary/Treasurer Richard Grant, Directors Jerry Bittner, Joe Brown, Timothy Foster, Greg Hines, and Robert Warden.

**PLEDGE OF ALLEGIANCE:** Chairman Bennett led the Board and audience in the Pledge of Allegiance.

**INVOCATION:** Director Gregory Hines provided the invocation.

**ELECTION OF OFFICERS:** Chairman Bennett called on Authority Attorney, Chuck Kitchen, to conduct the election of officers. Mr. Kitchen stated the election would be by voice vote. He added any member of the Board could nominate anyone and it does not require a second. Mr. Kitchen informed the Board that if more than one person is nominated for the same office the first one to receive five votes is elected.

Mr. Kitchen opened up the nominations for Chairman of the ONWASA Board of Directors. Director Gregory Hines nominated Director Royce Bennett for the office of Chairman. Director Bittner moved that the nominations for Chairman be closed. Director Conner made a second to close the nominations. All were in favor, the nominations were closed. Mr. Kitchen called on all those in favor of Royce Bennett for Chairman to indicate so by saying aye and those who oppose indicate by like sign. All were in favor; Director Royce Bennett was elected Chairman.

Mr. Kitchen opened the nominations for Vice Chairman of the ONWASA Board of Directors. Chairman Royce Bennett nominated Director Paul Conner for Vice Chairman. Director Richard Grant made a motion to close the nominations and elect Director Paul Conner by acclamation. All were in favor, the nominations for Vice Chairman were closed. Mr. Kitchen called on those in favor of Paul Conner for Vice Chairman to indicate so by saying aye and those who oppose indicate by like sign. All were in favor, Director Paul Conner was named Vice Chairman.

Mr. Kitchen opened up the nominations for the office of Secretary/Treasurer. Director Robert Warden nominated Director Richard Grant for the office of Secretary/Treasurer. Director Paul Conner made a motion to close the nominations with Director Richard Grant elected as Secretary/Treasurer by acclamation. Mr. Kitchen called on those in favor of Richard Grant for Secretary/Treasurer indicate so by saying aye and those who oppose indicate by like sign. All were in favor; Mr. Richard Grant was elected to the office of Secretary/Treasurer.

Mr. Kitchen congratulated the newly elected officers and turned the meeting over to Chairman Royce Bennett.

**CHAIRMAN'S REMARKS** – Chairman Bennett went on to provide general guidance to the audience regarding the meeting.

**1. APPROVAL OF AGENDA** – Vice Chairman Paul Conner made a motion to approve the agenda as presented. A second was made by Director Greg Hines. All were in favor. The agenda was approved as presented.

**2. APPROVAL OF CONSENT AGENDA** – A motion was made by Secretary/Treasurer Richard Grant to approve the consent agenda. A second was made by Director Timothy Foster. The motion passed unanimously. Therefore, the November & December 2024 Finance Reports, and October 2024 Operations Reports were accepted.

### **3. BUSINESS**

#### **A. Financial Update**

**[A COPY OF THE DECEMBER FINANCIAL REPORTS FOR THE PERIOD ENDING DECEMBER 31, 2024 MAY BE FOUND AT EXHIBIT A AND ARE FULLY INCORPORATED HEREIN BY REFERENCE]**

Chairman Bennett called on ONWASA CFO, Mr. Eric Adams to present the item. Mr. Adams provided the Board with a midyear update review by providing an overview of the Financial Reports for the Period Ending December 31, 2024.

**Action:** No action was taken.

#### **B. Annual Comprehensive Financial Report Fiscal Year 2023-2024**

**[A COPY OF THE POWERPOINT SLIDES & THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR 2023-2024 MAY BE FOUND AT EXHIBIT B AND ARE FULLY INCORPORATED HEREIN BY REFERENCE]**

Chairman Bennett called on Mr. Jake Connor, CPA and Senior Associate with Mauldin and Jenkins to present the item. Mr. Connor began by providing background information on Mauldin & Jenkins. Mr. Connor then informed the Board that Mauldin and Jenkins issued an Unmodified (clean) opinion with no significant issues or discrepancies found. Mr. Connor explained a Yellow Book Report was also completed to test the Authority's internal controls and compliance with laws, regulations, etc. He reported full cooperation from the Authority's management and staff stating there were no issues. He also stated there were no significant issues discussed with management. Mr. Connor provided an overview of new GASB pronouncements for the future [EXHIBIT B SLIDES 12 & 13]

**Action:** Director Jerry Bittner made a motion to accept the Annual Comprehensive Financial Report. A second was made by Director Robert Warden. All were in favor, the motion passed.

### **4. PUBLIC COMMENT**

Mr. Richard Schrum voiced his concerns over water pressure issues in the Catherine Lake area of Richlands and emphasized the importance of water for fire protection and future infrastructure planning in response to growing residential developments.

### **5. CHIEF EXECUTIVE OFFICERS COMMENTS**

Chairman Royce Bennett called on CEO, Franky Howard, to provide comments. Mr. Howard began by providing updates on various projects. He shared that the Force Main Project to bring flows from Swansboro to Piney Green is now underway with TA Loving on site at the Swansboro Plant and the right of way clearing has begun. He shared that there is a lot of work underway at the Summerhouse Plant and hopes to get the plant up and going processing waste because right now the flow is on bypass and all of it is going to the Holly Ridge Plant for treatment. He added there have been some odor control complaints and an extra odor control measure onsite. Mr. Howard said there are plans for the Summerhouse HOA President to do a tour of the plant and possibly a Town Hall style meeting with the residents. He shared that the AMI project is underway with the communication tower installed and the new test meters will be installed this month. Mr.

Howard said he and the Chairman attended a Legislative Breakfast earlier and it was a good meeting. Mr. Howard said there is the possibility of the need for a special meeting in February if bids are received for the Southeast project. He shared that the budget process is underway for next fiscal year. Secretary/Treasurer Richard Grant inquired about the Booster Pump Project in North Topsail Beach. Mr. Howard said a completion is expected in the Spring.

## **6. BOARD OF DIRECTOR'S COMMENTS**

Director Joe Brown addressed the public comments by Mr. Schrum. He said anyone who isn't concerned in light of the current situation in California isn't paying attention. He shared that he is curious about our ability to provide water to the fire fighters.

Director Gregory Hines expressed his appreciation for those who are watching the meeting on television. He went on to give praise to the ONWASA employees who work in the field often in extreme weather conditions.

Secretary/Treasurer Richard Grant said he seconds the comments and wishes everyone a Happy New Year.

Vice Chairman Paul Conner thanked Mr. Richard Schrum for coming in and sharing his concerns. He inquired about the process of reviewing plans and evaluating water pressure asking if those are things that are looked at with the Technical Review Committee. Mr. Howard replied yes and shared that we are currently working on an up to date water model to provide up to date accurate information. Vice Chairman Conner asked for a completion date of the model. Mr. Howard said we are close. Secretary/Treasurer Richard Grant added that it should be part of the Budget process. Mr. Howard added that if we implement the new AMI meters county wide we will have the sensors in those that will let us know immediately if we have a pressure concern.

Chairman Royce Bennett expressed appreciation to Mr. Richard Schrum for being in attendance and sharing his concerns. He shared that we are involved with the County's Economic Development Strategic Plan and the County just completed a Comprehensive Land Use Plan and those two things together help us to know where we might need more water in the future. He added we are constantly worried about water pressure as fast as this County is growing, we need to be concerned how we are going to provide water and sewer service in the 10-20 year future. Chairman Bennett thanked Mr. Howard, Mr. Adams, and staff for a clean audit report. He shared that he and three others from ONWASA recently toured a Kubota Membrane Plant. He added that ONWASA uses the membranes at two of their facilities and the tour was very informative. Chairman Bennett said the membranes have a ten year warranty and are lasting 15-20 years so we have a long term relationship with Kubota expressing the importance of the relationship.

Secretary/Treasurer Richard Grant made a motion to adjourn the meeting. A second was made by Vice Chairman Paul Conner.

The meeting was adjourned at 6:43 PM.

The minutes were approved on March 20, 2025.

Onslow Water & Sewer Authority Board of Directors



  
\_\_\_\_\_  
Michael Royce Bennett, Chairman

ATTEST:

  
\_\_\_\_\_  
Heather Norris, Clerk



O: 910.937.7532

F: 910.347.0793

onwasa.com

228 Georgetown Rd  
Jacksonville, NC 28540

To: ONWASA Board of Directors  
Franky J. Howard, CEO

From: J. Eric Adams, CFO

Re: December 2024 Finance Reports

Date: January 16, 2025

The following financial reports are attached for review:

- Fund and Cash Report
- Operating Revenue
- Operating Consolidated Expenditures and Encumbrances
- Operating Expenditures and Encumbrances by Department
- Capital Projects Revenue
- Capital Projects Expenditures and Encumbrances
- NC Retirement Contribution-Based Benefit Cap Report

**Onslow Water and Sewer Authority**  
**Fund & Cash Report**  
**For the Month Ended December 31, 2024**

Funds	Current Month
<b>Operating</b>	
Budget	69,225,462
Revenue – Actual	4,582,139
Expenditures – Actual	3,907,831
<b>Replacement Fund</b>	<b>2,504,151</b>
<b>Restricted Fund</b>	<b>2,572,773</b>
<b>Capital Projects Fund 40</b>	<b>39,358,062</b>
<b>Capital Projects Fund 42</b>	<b>132,380,000</b>
<b>Total Funds</b>	<b>246,040,447</b>
<b>Estimated Unreserved Fund Balance</b>	
<b>Cash &amp; Investments</b>	
First Citizens & Providence Bank	2,871,801
NCCMT Investment	51,372,743
First Citizens Certificate of Deposit	1,000,000
<b>Total Cash &amp; Investments</b>	<b>55,244,544</b>
<b>Liabilities</b>	
Operating Fund Encumbrance	7,014,171
Other Liabilities	17,942,144
<b>Total Liabilities</b>	<b>24,956,315</b>
<b>Replacement Fund</b>	<b>2,504,151</b>
<b>Restricted Fund</b>	<b>2,572,773</b>
<b>Estimated Unreserved Fund Balance</b>	<b>25,211,305</b>

**Onslow Water and Sewer Authority**  
**Revenue**  
**For the Month Ended December 31, 2024**

Operating	FY24-25 Budget	Total Revenue YTD	% of Budget	Dec-24
<b>Water</b>				
User Fees	30,225,000	15,229,550	50.39%	2,444,031
Sprinkler	102,000	51,400	50.39%	8,560
System Development Fee	2,000,000	1,273,748	63.69%	185,670
Tap Fee	600,000	274,070	45.68%	42,120
<b>Total Water Revenue</b>	<b>32,927,000</b>	<b>16,828,768</b>	<b>51.11%</b>	<b>2,680,381</b>
<b>Sewer</b>				
User Fees	12,750,000	6,919,816	54.27%	1,104,130
System Development Fee	1,500,000	942,985	62.87%	98,300
Tap Fee	5,500	30,166	548.47%	(7,000)
Sewer Reservation	227,491	113,746	50.00%	0
<b>Total Sewer Revenue</b>	<b>14,482,991</b>	<b>8,006,712</b>	<b>55.28%</b>	<b>1,195,430</b>
<b>Services/Fees/Sales</b>				
Connect/Suspension	1,177,842	548,450	46.56%	88,850
Meter Sales	175,000	98,959	56.55%	14,478
After Hours	17,400	12,515	71.93%	2,375
Service Calls	1,700	200	11.76%	0
Inspections	14,900	6,450	43.29%	120
<b>Total S/F/S Revenue</b>	<b>1,386,842</b>	<b>666,574</b>	<b>48.06%</b>	<b>105,823</b>
<b>Administrative Services</b>				
Service Charge (Admin)	2,600	2,640	101.54%	160
Late Fees	350,000	275,484	78.71%	53,476
Sewer Billing Fees	77,000	33,156	43.06%	5,202
Property Leases	27,660	42,024	151.93%	0
Bad Check Fees	12,000	12,925	107.71%	2,175
Tampering Fees	1,000	0	0.00%	0
<b>Total Admin Services Revenue</b>	<b>470,260</b>	<b>366,229</b>	<b>77.88%</b>	<b>61,013</b>
<b>Other</b>				
Interest Earned on Investments	2,200,000	1,376,940	62.59%	192,565
Sales of Surplus Property	20,000	2,800	14.00%	0
Fire Flow	2,500	900	36.00%	225
Line Flushing	1,800	1,275	70.83%	338
Plan Review	2,500	2,000	80.00%	150
Plat Review	300	150	50.00%	100
Landlord Transfer Fee	500	540	108.00%	140
Miscellaneous	40,000	286,645	716.61%	643
Timber Sales	360,000	602,880	167.47%	345,111
Collections-Written off Accounts	750	1,015	135.40%	170
Manul Meter - Read Fee	600	300	50.00%	50
Letter of Credit	0	0	No Budget	0
Contributions/Donations	0	0	No Budget	0
Fund Balance Appropriated	17,329,419	0	0.00%	0
<b>Total Other Revenue</b>	<b>19,958,369</b>	<b>2,275,445</b>	<b>11.40%</b>	<b>539,491</b>
<b>Total Operating Budget</b>	<b>69,225,462</b>	<b>28,143,727</b>	<b>40.66%</b>	<b>4,582,139</b>

**Onslow Water and Sewer Authority**  
**Consolidated Statement of Expenditures and Encumbrances**  
**For the Month Ended December 31, 2024**

Operating Budget	FY24-25 Budget	Total Exp & Enc YTD	% of Budget	Encumbrances	Dec-24
<b>Personnel</b>					
Salaries	12,067,569	5,147,117	42.65%	0	827,785
Hospitalization	1,846,862	677,162	36.67%	0	118,080
Retirement	1,835,123	810,546	44.17%	0	125,589
FICA	957,251	409,279	42.76%	0	62,297
Retirement 401K	374,265	117,639	31.43%	0	18,711
Overtime	320,163	209,106	65.31%	0	26,381
Workers Compensation Insurance	175,000	163,673	93.53%	0	0
Longevity	158,366	154,960	97.85%	0	0
Uniforms	113,155	63,981	56.54%	36,300	3,309
Dental	79,020	31,451	39.80%	0	5,294
Unemployment	20,000	0	0.00%	0	0
Vision	13,638	5,545	40.66%	0	955
Medicine & Drugs	14,000	5,566	39.76%	1,953	0
Life Insurance	11,033	4,590	41.61%	0	828
Reserve Insurance Deductible	7,000	4,935	70.51%	0	3,496
<b>Total Personnel</b>	<b>17,992,445</b>	<b>7,805,551</b>	<b>43.38%</b>	<b>38,254</b>	<b>1,192,725</b>
<b>Operating</b>					
Advertising	2,500	2,500	100.00%	2,500	0
Auto Insurance	50,000	54,335	108.67%	0	2,443
Board Stipend/Meetings	18,000	9,000	50.00%	0	1,500
Cash Over/(Short)	0	0	0.00%	0	0
Communications	193,100	170,747	88.42%	92,756	16,228
Contracted Services	1,031,545	470,189	45.58%	188,066	26,464
Contracted Services – Sludge	1,748,870	910,000	52.03%	459,605	85,895
Departmental Supplies	291,322	152,539	52.36%	48,668	12,736
Dues	35,330	14,546	41.17%	7,178	3,456
Equipment Maint contracts	1,417,610	946,344	66.76%	315,043	52,474
Fuel	660,485	470,182	71.19%	345,936	19,191
Fuel for Equipment	204,500	104,300	51.00%	87,473	3,083
General Insurance	850,000	783,745	92.21%	0	233
Lab Supplies	207,938	160,243	77.06%	102,777	10,979
Maint & Repair	5,187,838	2,484,707	47.89%	820,121	606,166
Maint & Repair – Auto	486,770	359,847	73.93%	201,940	53,137
Maint & Repair – Equipment	324,627	182,444	56.20%	92,738	11,407
Maint & Repair – Lagoons	35,000	11,242	32.12%	150	0
Maint & Repair – SCADA	40,000	11,530	28.82%	5,539	2,667
Maint & Repair – Tanks	545,825	478,311	87.63%	108,349	153,605
Miscellaneous	5,400	2,369	43.86%	2,230	25
Office Supplies	20,697	11,530	55.71%	7,343	267
Operating Permits	35,595	24,310	68.30%	1,472	1,760
Penalties & Assessments	28,500	0	0.00%	0	0
Postage	302,320	151,330	50.06%	121	24,931
Professional Services	2,144,273	1,274,837	59.45%	607,097	96,215
Professional Services – Legal	52,500	3,637	6.93%	0	0
Promotions/Public Relations	71,980	41,534	57.70%	20,455	7,053
Rent – Equipment	159,944	87,526	54.72%	40,383	8,116
Rent – Real Estate	1,000	0	0.00%	0	0
Safety Program	22,050	14,697	66.66%	5,277	187
Satellite Office Expense	105,000	52,500	50.00%	0	8,750
Telephone	8,940	1,540	17.23%	0	455
Training	204,715	72,289	35.31%	44,970	0
Travel	289,451	62,831	21.71%	51,518	493
Treatment Supplies	3,249,679	1,727,292	53.15%	856,815	126,556
Utilities	1,966,254	772,588	39.29%	3,170	142,597
<b>Total Operating</b>	<b>21,999,558</b>	<b>12,077,559</b>	<b>54.90%</b>	<b>4,519,688</b>	<b>1,479,072</b>

Operating Budget		FY24-25 Budget	Total Exp & Enc YTD	% of Budget	Encumbrances	Dec-24
<b>Non-Capital</b>						
	Non-Capital Computer Equip	489,375	256,697	52.45%	30,039	39,784
	Non-Capital Equipment	248,375	133,240	53.64%	15,879	87,158
<b>Total Non-Capital Capital</b>		<b>737,750</b>	<b>389,937</b>	<b>52.85%</b>	<b>45,918</b>	<b>126,942</b>
	Other Improvements	477,524	365,624	76.57%	85,440	79
	Vehicles	2,881,744	2,322,783	80.60%	1,497,947	8,357
	Computer Technology Equip	450,344	243,702	54.11%	126,896	19,268
	Equipment	2,296,807	1,078,877	46.97%	700,029	113,203
<b>Total Capital Purchases &amp; Treatment</b>		<b>6,106,419</b>	<b>4,010,986</b>	<b>65.68%</b>	<b>2,410,311</b>	<b>140,907</b>
	Wastewater Treatment	970,200	247,551	25.52%	0	150,801
	Water Purchases	400,000	127,520	31.88%	0	19,688
<b>Total Purchases &amp; Treatment Debt Service</b>		<b>1,370,200</b>	<b>375,070</b>	<b>27.37%</b>	<b>0</b>	<b>170,489</b>
	2014A Bond Principal	179,000	89,502	50.00%	0	14,917
	2014A Bond Interest	183,089	91,542	50.00%	0	15,257
	2014B Bond Principal	159,000	79,500	50.00%	0	13,250
	2014B Bond Interest	162,735	81,366	50.00%	0	13,561
	2014C Bond Principal	150,000	75,000	50.00%	0	12,500
	2014C Bond Interest	153,425	76,710	50.00%	0	12,785
	2016 Bond Principal	2,840,000	1,420,002	50.00%	0	236,667
	2016 Bond Interest	957,925	478,962	50.00%	0	79,827
	2023 Bond Principal	720,000	360,000	50.00%	0	60,000
	2023 Bond Interest	2,392,100	1,196,052	50.00%	0	199,342
	2024 Bond Interest	1,242,933	621,468	50.00%	0	103,578
	Drinking Water – Dixon Ro	273,523	136,764	50.00%	0	22,794
	CG&L Richlands I&I Principal	95,273	47,634	50.00%	0	7,939
	CG&L Summerhouse WRF	104,259	52,128	50.00%	0	8,688
	CG&L Richlands I&I Interest	15,217	7,608	50.00%	0	1,268
	Clean Water – WOTS Phase 2 Principal	56,434	28,218	50.00%	0	4,703
	Clean Water – WOTS Phase 2 Interest	14,673	7,338	50.01%	0	1,223
	Federal ARRA – 1416	12,402	6,204	50.02%	0	1,034
	Federal ARRA – 1413	12,102	6,048	49.98%	0	1,008
<b>Total Debt Service</b>		<b>9,724,090</b>	<b>4,862,046</b>	<b>50.00%</b>	<b>0</b>	<b>810,341</b>
<b>Transfers</b>						
	Salaries and Supplies	45,000	1,968	4.37%	0	(12,645)
	Transfers to Capital Projects	2,700,000	0	0.00%	0	0
<b>Total Transfers</b>		<b>2,745,000</b>	<b>1,968</b>	<b>0.07%</b>	<b>0</b>	<b>(12,645)</b>
<b>Total Operating Budget</b>		<b>60,675,462</b>	<b>29,523,117</b>	<b>48.66%</b>	<b>7,014,172</b>	<b>3,907,831</b>

**Onslow Water and Sewer Authority**  
**Expenditures & Encumbrances by Department**  
**For the Month Ended December 31, 2024**

Department Operating Budget	FY24-25 Budget	Total Exp & Encum YTD	% of Budget	Encumbrance	Dec-24
Administration	780,173	415,141	53.21%	47,169	43,517
Administration - Operations	475,238	238,808	50.25%	5,130	33,663
IT	3,476,812	2,107,642	60.62%	570,993	198,638
Finance	1,084,877	494,682	45.60%	4,858	69,787
Engineering	2,049,889	894,205	43.62%	351,855	74,902
Meters	2,367,579	1,244,877	52.58%	159,621	145,610
Customer Service	2,311,587	1,258,792	54.46%	178,108	181,505
Facilities Maintenance	3,308,486	1,568,648	47.41%	405,483	102,711
Collections	8,403,358	4,738,664	56.39%	2,404,957	553,448
Dixon WTP	3,560,067	1,707,899	47.97%	578,249	299,314
Hubert WTP	3,661,428	1,677,788	45.82%	470,953	208,064
Laboratory	671,986	347,107	51.65%	82,891	49,098
Northwest Regional WRF	1,586,821	833,337	52.52%	181,908	226,962
Southeast Regional WWTP	1,398,826	693,652	49.59%	156,559	223,425
Swansboro WWTP	851,316	400,872	47.09%	220,080	27,883
SCC	838,575	336,933	40.18%	12,388	54,624
Human Resources	560,585	286,334	51.08%	44,345	37,184
Non-Departmental	1,385,500	1,200,217	86.63%	17,604	27,821
Distribution	4,422,284	2,340,072	52.92%	586,671	211,473
Water Quality	262,531	135,269	51.52%	57,721	11,993
North Topsail WWTP	2,592,413	834,585	32.19%	205,682	84,521
Webb Creek WWTP	830,841	530,477	63.85%	270,948	60,860
Debt Service	9,724,090	4,862,046	50.00%	0	810,341
Water Purchases	400,000	127,520	31.88%	0	19,688
Wastewater Treatment	970,200	247,551	25.52%	0	150,801
Transfer to Capital Projects	11,250,000	0	0.00%	0	0
<b>Total Operating Budget</b>	<b>69,225,462</b>	<b>29,523,117</b>	<b>42.65%</b>	<b>7,014,171</b>	<b>3,907,831</b>

**Onslow Water and Sewer Authority  
Capital Projects Fund 40 - Revenue  
For the Month Ended December 31, 2024**

Description	Estimated Revenue	Monthly Activity	Revenue Year to Date	Uncollected Year to Date	% Collected
Transfer from Operating – Regional Aquifer Study	175,000	0	175,000	0	100.0%
Transfer from Operating – Water Supply P & D	1,988,247	0	0	1,988,247	0.0%
Transfer from Operating – Building Roof Replacement	1,250,000	0	850,000	400,000	68.0%
Transfer from Operating – Water Main Interconnect	2,885,000	0	193,881	2,691,119	6.7%
Transfer from Operating – Summerhouse Infiltration Ponds	10,132,000	0	650,000	9,482,000	6.4%
FEMA/Insurance Reimbursement	7,066,218	636,306	6,176,616	889,602	87.4%
Transfer from Operating – Hurricane Florence	4,658,621	0	0	4,658,621	0.0%
Transfer from Operating – Hargett St. & Shore Dr Pump Stations	390,000	0	390,000	0	100.0%
Transfer from Operating – Disaster Recovery	1,000,000	0	1,000,000	0	100.0%
Transfer from Operating – Emergency Power Upgrades	2,100,000	0	850,000	1,250,000	40.5%
Transfer from Operating – Topsail Booster Station	2,752,513	0	1,500,000	1,252,513	54.5%
Transfer from Operating – W&S Operational Improvement	3,500,000	0	0	3,500,000	0.0%
Transfer from Operating - AMI Pilot	960,463	0	0	960,463	0.0%
NCDEQ Grant -- Dixon WTP Expansion	350,000	0	0	350,000	0.0%
NCDEQ Grant -- Water Supply	150,000	0	0	150,000	0.0%
<b>Total Fund 40</b>	<b>39,358,062</b>	<b>636,306</b>	<b>11,785,497</b>	<b>27,572,565</b>	<b>29.9%</b>

**Onslow Water and Sewer Authority  
Capital Projects Fund 42 - Revenue  
For the Month Ended December 31, 2024**

Description	Estimated Revenue	Monthly Activity	Revenue Year to Date	Uncollected Year to Date	% Collected
Kenwood/Bishop Ridge Sewer – Future Financing	2,325,000	0	0	2,325,000	0.0%
Southwest Upgrades Phase II – Future Financing	3,500,000	0	0	3,500,000	0.0%
Swansboro WWTP Renovation – Future Financing	19,450,000	0	0	19,450,000	0.0%
Pump Station Rehabilitation - Future Financing	850,000	0	0	850,000	0.0%
Southeast Regional WWTP Capacity Improvements - Future Financing	18,375,000	0	0	18,375,000	0.0%
Holly Ridge/Summerhouse WWTP Capacity Study - Future Financing	31,750,000	0	0	31,750,000	0.0%
DWSRF - Lead Service Line	600,000	0	0	600,000	0.0%
DWSRF - Lead Service Line Loan	400,000	0	0	400,000	0.0%
HWY 24 Wastewater Force Main	30,130,000	0	0	30,130,000	0.0%
HWY 24 Regional Trunk Watermain	15,000,000	0	0	15,000,000	0.0%
ARPA Funding Southeast	10,000,000	0	0	10,000,000	0.0%
<b>Total Fund 42</b>	<b>132,380,000</b>	<b>0</b>	<b>0</b>	<b>132,380,000</b>	<b>0</b>

**Onslow Water and Sewer Authority**  
**Capital Projects Fund 40- Expenditures & Encumbrances**  
**For the Month Ended December 31, 2024**

Project/Description	Approp Amount	Current Month	Expend YTD	Enc YTD	Unenc Balance	Exp %
<b>Water Supply P &amp; D</b>						
Professional Services	1,018,350	0	625,050	393,300	0	100.0%
Construction	969,897	111,534	729,223	232,366	8,308	99.1%
<b>Total Project – Water Supply P &amp; D</b>	<b>1,988,247</b>	<b>111,534</b>	<b>1,354,273</b>	<b>625,666</b>	<b>8,308</b>	<b>99.6%</b>
<b>Regional Aquifer Study</b>						
Professional Services - ORWRG	50,000	0	0	0	50,000	0.0%
Construction	125,000	0	0	0	125,000	0.0%
<b>Total Project – Regional Aquifer Study</b>	<b>175,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175,000</b>	<b>0.0%</b>
<b>Building Roof Replacement</b>						
Professional Services	250,000	0	59,876	0	190,124	24.0%
Construction	1,000,000	0	375,723	12,143	612,134	38.8%
<b>Total Project – Building Roof Replacement</b>	<b>1,250,000</b>	<b>0</b>	<b>435,599</b>	<b>12,143</b>	<b>802,258</b>	<b>35.8%</b>
<b>Water Main Interconnects</b>						
Professional Services	70,000	772	33,575	35,325	1,100	98.4%
Construction	230,000	0	0	158,710	71,290	69.0%
<b>Total Project – Water Main Interconnects</b>	<b>300,000</b>	<b>772</b>	<b>33,575</b>	<b>194,035</b>	<b>72,390</b>	<b>75.9%</b>
<b>Summerhouse Interim Capacity</b>						
Professional Services	515,000	21,695	397,142	117,758	100	100.0%
Construction	9,617,000	0	987,487	2,320,081	6,309,433	34.4%
<b>Total Project – Summerhouse Interim Capacity</b>	<b>10,132,000</b>	<b>21,695</b>	<b>1,384,629</b>	<b>2,437,839</b>	<b>6,309,533</b>	<b>37.7%</b>
<b>Hargett St. &amp; Shore Dr. Pump Stations</b>						
Professional Services	90,000	0	10,773	53,527	25,700	71.4%
Construction	300,000	0	0	0	300,000	0.0%
<b>Total Project – Hargett St. &amp; Shore Dr. Pump St.</b>	<b>390,000</b>	<b>0</b>	<b>10,773</b>	<b>53,527</b>	<b>325,700</b>	<b>16.5%</b>
<b>Hurricane Florence</b>						
Construction	11,724,839	0	11,520,112	4,195	200,532	98.3%
<b>Total Project – Hurricane Florence</b>	<b>11,724,839</b>	<b>0</b>	<b>11,520,112</b>	<b>4,195</b>	<b>200,532</b>	<b>98.3%</b>
<b>Disaster Recovery Response</b>						
Construction	1,000,000	0	0	1,000,000	0	100.0%
<b>Total Project – Disaster Recovery Response</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>100.0%</b>
<b>Emergency Power Upgrades</b>						
Professional Services	150,000	0	0	0	150,000	0.0%
Construction	1,950,000	0	800,178	5,210	1,144,612	41.3%
<b>Total Project – Emergency Power Upgrades</b>	<b>2,100,000</b>	<b>0</b>	<b>800,178</b>	<b>5,210</b>	<b>1,294,612</b>	<b>38.4%</b>
<b>Topsail Island Booster Station</b>						
Professional Services	325,000	0	292,112	30,933	1,955	99.4%
Construction	2,427,513	464,867	1,314,310	1,103,479	9,723	99.6%
<b>Total Project – Topsail Island Booster Station</b>	<b>2,752,513</b>	<b>464,867</b>	<b>1,606,422</b>	<b>1,134,412</b>	<b>11,678</b>	<b>99.6%</b>
<b>W&amp;S Operational Improvements</b>						
Professional Services	770,000	34,857	415,762	323,938	30,300	96.1%
Construction	5,315,000	100,700	2,596,444	896,202	1,822,354	65.7%
<b>Total Project – W&amp;S Operational Improvements</b>	<b>6,085,000</b>	<b>135,557</b>	<b>3,012,207</b>	<b>1,220,140</b>	<b>1,852,654</b>	<b>69.6%</b>
<b>AMI Pilot</b>						
Construction	960,463	0	0	0	960,463	0.0%
<b>Total Project – AMI Pilot</b>	<b>960,463</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>960,463</b>	<b>0.0%</b>
<b>Dixon WTP Expansion</b>						
Professional Services	350,000	1,531	210,503	98,997	40,500	88.4%
<b>Total Project – Dixon WTP Expansion</b>	<b>350,000</b>	<b>1,531</b>	<b>210,503</b>	<b>98,997</b>	<b>40,500</b>	<b>88.4%</b>
<b>Water Supply Master Plan</b>						
Professional Services	150,000	16,498	87,183	24,637	38,180	74.5%
<b>Total Project – Water Supply Master Plan</b>	<b>150,000</b>	<b>16,498</b>	<b>87,183</b>	<b>24,637</b>	<b>38,180</b>	<b>74.5%</b>
<b>Total Fund 40</b>	<b>39,358,062</b>	<b>752,453</b>	<b>20,455,455</b>	<b>6,810,800</b>	<b>12,091,807</b>	<b>69.3%</b>

**Onslow Water and Sewer Authority**  
**Capital Projects Fund 42- Expenditures & Encumbrances**  
**For the Month Ended December 31, 2024**

Project/Description	Approp Amount	Current Month	Expend YTD	Enc YTD	Unenc Balance	Exp %
<b>Kenwood/Bishop Ridge Sewer</b>						
Professional Services	325,000	0	115,843	196,357	12,800	96.1%
Construction	2,000,000	0	0	0	2,000,000	0.0%
<b>Total Project – Kenwood/Bishop Ridge Sewer</b>	<b>2,325,000</b>	<b>0</b>	<b>115,843</b>	<b>196,357</b>	<b>2,012,800</b>	<b>13.4%</b>
<b>Heather Loop Road Sewer</b>						
<b>Southwest Upgrades Phase II</b>						
Professional Services	700,000	0	50,340	0	649,661	7.2%
Construction	2,800,000	0	0	0	2,800,000	0.0%
<b>Total Project – Southwest Upgrades Phase II</b>	<b>3,500,000</b>	<b>0</b>	<b>50,340</b>	<b>0</b>	<b>3,449,661</b>	<b>1.4%</b>
<b>Swansboro WWTP Renovation</b>						
Professional Services	3,000,000	8,673	1,545,322	1,110,313	344,366	88.5%
Construction	16,450,000	0	0	0	16,450,000	0.0%
<b>Total Project – Swansboro WWTP Renovation</b>	<b>19,450,000</b>	<b>8,673</b>	<b>1,545,322</b>	<b>1,110,313</b>	<b>16,794,366</b>	<b>13.7%</b>
<b>Pumping Station Rehabilitation</b>						
Professional Services	389,000	14,872	267,528	116,272	5,200	98.7%
Construction	461,000	0	0	0	461,000	0.0%
<b>Total Project – Pumping Station Rehabilitation</b>	<b>850,000</b>	<b>14,872</b>	<b>267,528</b>	<b>116,272</b>	<b>466,200</b>	<b>45.2%</b>
<b>Holly Ridge/Summerhouse WWTP Capacity</b>						
Professional Services	5,437,000	59,980	2,444,065	2,958,051	34,884	99.4%
Construction	26,313,000	0	784,795	952,759	24,575,446	6.6%
<b>Total Project – Holly Ridge/Summerhouse Capacity</b>	<b>31,750,000</b>	<b>59,980</b>	<b>3,228,860</b>	<b>3,910,810</b>	<b>24,610,330</b>	<b>22.5%</b>
<b>DWSRF - Lead Service Line</b>						
Professional Services	561,000	0	0	0	561,000	0.0%
Construction	439,000	0	0	0	439,000	0.0%
<b>Total Project – DWSRF Lead Service Line</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>0.0%</b>
<b>HWY 24 Regional Trunk Watermain</b>						
Professional Services	2,000,000	0	365,944	432,452	1,201,604	39.9%
Construction	13,000,000	0	0	0	13,000,000	0.0%
<b>Total Project – HWY 24 Regional Trunk Watermain</b>	<b>15,000,000</b>	<b>0</b>	<b>365,944</b>	<b>432,452</b>	<b>14,201,604</b>	<b>5.3%</b>
<b>Southeast ARPA</b>						
Professional Services	2,000,000	0	0	0	2,000,000	0.0%
Construction	26,375,000	0	0	0	26,375,000	0.0%
<b>Total Project – Southeast ARPA</b>	<b>28,375,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,375,000</b>	<b>0.0%</b>
<b>HWY 24 Utility Improvements</b>						
Professional Services	1,000,000	0	0	0	1,000,000	0.0%
Construction	29,130,000	0	0	0	29,130,000	0.0%
<b>Total Project – HWY 24 Utility Improvements</b>	<b>30,130,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,130,000</b>	<b>0.0%</b>
<b>Total Fund 42</b>	<b>132,380,000</b>	<b>83,525</b>	<b>5,573,836</b>	<b>5,766,204</b>	<b>121,039,961</b>	<b>8.6%</b>

96708 - ONSLOW WATER AND SEWER AUTHORITY  
228 GEORGETOWN RD  
JACKSONVILLE NC 28540-4146

Download personalized forms and keep track of your personal retirement account information through ORBIT ([www.myncretirement.com](http://www.myncretirement.com)).



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1. 623 Pension Spike Letter
2. Pension Spiking Agency Report



**North Carolina**  
Total Retirement Plans



*Dale R. Folwell, CPA*  
STATE TREASURER OF NORTH CAROLINA  
DALE R. FOLWELL, CPA

EXHIBIT A

12/13/2024

96708 - ONSLOW WATER & SEWER AUTHORITY  
ATTN: CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR  
228 GEORGETOWN ROAD  
JACKSONVILLE, NC 28540

Dear 96708 - ONSLOW WATER & SEWER AUTHORITY:

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015. This legislation was created to control the practice of "pension spiking," in which a member's compensation substantially increases, resulting in a monthly retirement benefit that is significantly greater than the member and employer contributions would fund. The Contribution-Based Benefit Cap (CBBC) approach was created to protect each system for current and future retirees and to prevent all employers in the Retirement Systems from absorbing the additional liabilities caused by compensation decisions made by other employers. This legislation applies to members who retire on and after January 1, 2015, with an average final compensation of \$100,000 or higher (adjusted annually for inflation), and will directly impact only a small number of those individuals. It requires the member's last employer to pay the additional contribution required to fund the member's benefit in excess of the cap. [G.S. 135-5(a3); 135-4(jj); 128-27(a3); and 128-26(y)]

In order to assist employing agencies with planning and budgeting to comply with the CBBC provisions, we are required to report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months. This letter and the attached report serve as our required monthly notification to your agency under this provision. [G.S. 135-8(f)(2)(f) and G.S.128-30(g)(2)(b)]

The chief financial officer of your agency is required to provide a copy of the attached report to the chief executive of your agency, as well as to the governing body, including any board which exercises financial oversight. Additionally, the chief financial officer of a public school system is required to provide a copy of the report to the local board of education and notify the board of county commissioners of the county in which the local administrative unit is located that the report was received and how many employees were listed in the report. [G.S. 115C-436(c); 135-8(j); and 128-30(j)]

For the purpose of determining the employees of your agency that are likely to require an additional employer contribution should they elect to retire in the following 12 months, the Retirement System modified the criteria used in the CBBC calculation. This allows for a broad list of potential employees, including those whose compensation average may approach the threshold and attempts to provide your agency with prior notification of a potential cost. The attached report



**North Carolina**  
Total Retirement Plans

North Carolina Department of State Treasurer  
Retirement Systems Division

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1-877-NCSECURE (1-877-627-3287) toll-free • Fax (919) 855-5800  
www.myncretirement.com



*Dale R. Folwell, CPA*  
STATE TREASURER OF NORTH CAROLINA  
DALE R. FOLWELL, CPA

**CONTRIBUTION-BASED BENEFIT CAP REPORT**

Members Hired Before Jan 1, 2015		Agency	Member ID	Name
		96708-ONSLOW WATER & SEWER AUTHORITY	1092551	BERGMAN, DAVID
			1906311	GUIST, JOETTA ELIZABETH

\* PLEASE FORWARD TO YOUR CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR

**Onslow Water & Sewer Authority**




**Presentation of Audit Results**  
June 30, 2024

0



*Onslow Water & Sewer Authority*

Agenda

- Engagement Team
- Overview of:
  - Audit Opinion
  - Government Auditing Standards Report
- Required Communications
- Financial Statement Information and Trends
- Accounting Recommendations, and Related Matters
- Answer Questions

Auditor's Discussion & Analysis (AD&A)  
June 30, 2024      Going Further

1



*Onslow Water & Sewer Authority*

**MAULDIN & JENKINS BY THE NUMBERS**

<p><b>INSIDE</b> 1100 FIRMS</p> <p>CONSIDERED RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.</p> <p><b>100+ year</b> HISTORY OF QUALITY SERVICE</p> <p><b>Serve 700+</b> GOVERNMENTAL CLIENTS</p> <p><b>18</b> GOVERNMENTAL PARTNERS</p>	<p><b>140+</b> TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY</p> 	<p><b>300+</b> SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$5.3 BILLION OF FEDERAL GRANTS</p> <p><b>156,000+</b> HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS</p> <p><b>175+</b> CURRENT CLIENTS AWARDED THE AEA CERTIFICATE OF EXCELLENCE</p> <p><b>6</b> STATES    <b>14</b> OFFICES</p> 
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Engagement Team Leaders  
Tin Lyons, CPA, CGMA (Engagement Partner) | Grant Davis, CPA (QC Reviewer) | Jake Connor, CPA (Sr. Associate)

Auditor's Discussion & Analysis (AD&A)  
June 30, 2024      Going Further

2



*Onslow Water & Sewer Authority*

Audit Opinion

- **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS)**
  - We considered the internal control structure for the purpose of expressing our opinion on the **Onslow Water and Sewer Authority's** (the "Authority") basic financial statements and not for the purpose of providing an opinion on the effectiveness of internal controls.
  - Our audit was performed in accordance with GAAS and *Government Auditing Standards*.
  - Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free of material misstatement.
  - The basic financial statements are the responsibility of the Authority's management.
- **Report on Basic Financial Statements**
  - Unmodified ("clean") opinion on basic financial statements.
  - Presented fairly in accordance with accounting principles generally accepted in the United States of America.
  - Our responsibility does not extend beyond financial information contained in our report.

Auditor's Discussion & Analysis (AD&A)  
June 30, 2024      Going Further

3



*Onslow Water & Sewer Authority*

**Compliance Report**

- **Government Auditing Standards ("Yellow Book") Report**
  - The financial report package contains a report on our tests of the Authority's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion on internal controls nor is it intended to provide a legal determination on the Authority's compliance with applicable laws and regulations.
  - This report and the procedures performed are required by *Government Auditing Standards*.
  - We reported no items in the Authority's *Government Auditing Standards* report.

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Auditor's Discussion & Analysis (AD&A)  
June 30, 2024Going Further

4



*Onslow Water & Sewer Authority*

**Required Communications**

- **Significant Accounting Policies**
  - Management is responsible for the selection and use of appropriate accounting policies.
  - The significant accounting policies used by the Authority are described in Note 1 to the respective basic financial statements.
  - The policies used by the Authority are in accordance with generally accepted accounting principles.
  - In considering the qualitative aspects of its policies, the authority is not involved in any controversial or emerging issues for which guidance is not available.
- **Management Judgment/Accounting Estimates**
  - Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.
  - The Authority uses various estimates as part of its financial reporting process – including actuarial assumptions.

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Auditor's Discussion & Analysis (AD&A)  
June 30, 2024Going Further

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*Onslow Water & Sewer Authority*

**Required Communications (Continued)**

- **Relationship with Management**
  - We received full cooperation from the Authority's management and staff.
  - There were no disagreements with management on accounting issues or financial reporting matters.
- **Management Representation**
  - We requested, and received, written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us.
- **Consultation with Other Accountants**
  - To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the year, nor did we face any issues requiring outside consultation.
- **Significant Issues Discussed with Management**
  - There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements.

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Auditor's Discussion & Analysis (AD&A)  
June 30, 2024Going Further

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*Onslow Water & Sewer Authority*

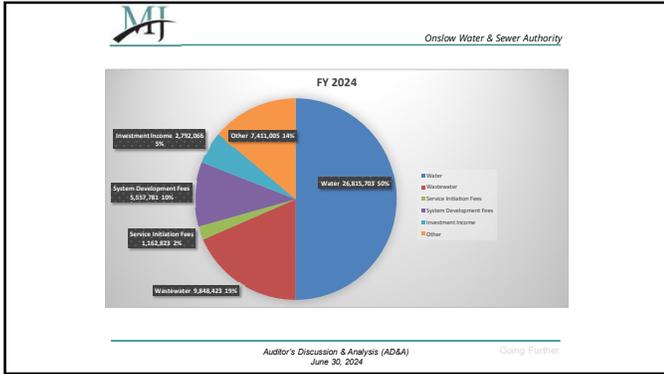
**Required Communications (Continued)**

- **Audit Adjustments**
  - All audit adjustments have been discussed and agreed upon with management.
- **Financial Statement Disclosures**
  - The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit.
- **Information in Documents Containing Audited Financial Statements**
  - Our responsibility for other information in documents containing the Authority's basic financial statements and our report thereon does not extend beyond the information identified in our report. If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with printers' proof for our review and approval before printing. You must also provide us with a copy of the final reproduced material for our approval before it is distributed.
- **Auditor Independence**
  - In accordance with AICPA professional standards, M&J is independent with regard to the Authority and their financial reporting process.

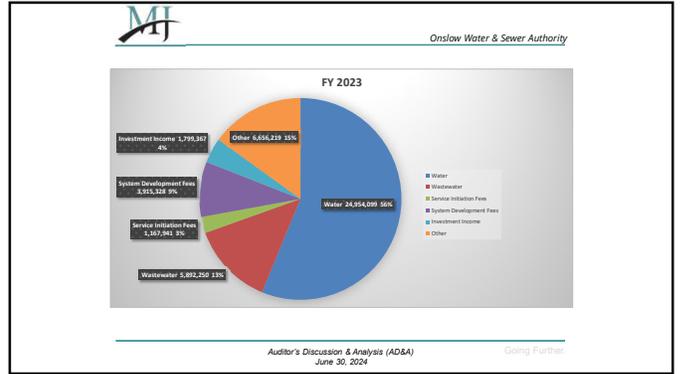
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Auditor's Discussion & Analysis (AD&A)  
June 30, 2024Going Further

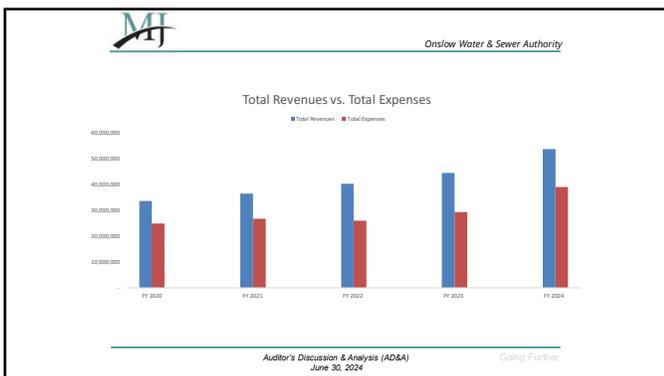
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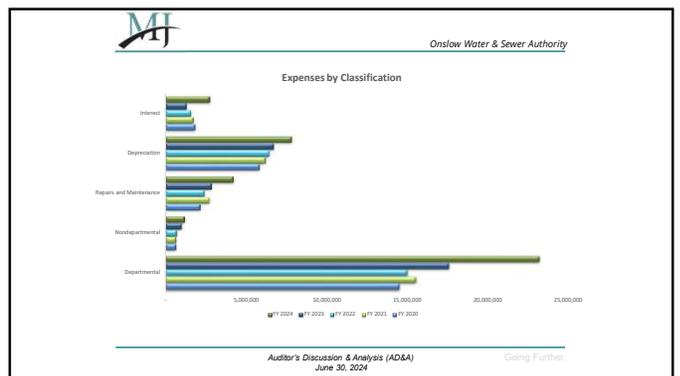
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*Onslow Water & Sewer Authority*

### Accounting Recommendations and Updates

- **New GASB Pronouncements for Future Years**
- **Statement No. 101, Compensated Absences** was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023, which means the Authority's fiscal year ending June 30, 2025. This new standard will change the way governments recognize and report a liability in their financial statements related to compensated absences.
- **Statement No. 102, Certain Risk Disclosures**, is effective for fiscal years beginning after June 15, 2024, which means the Authority's fiscal year ending June 30, 2025. This new standard requires governments to disclose certain items in their financial statements related to concentrations or constraints they face if certain triggering events occur. This statement is not expected to have a significant impact on the Authority.
- **Statement No. 103, Financial Reporting Model Improvements**, is effective for fiscal years beginning after June 15, 2025, which means the Authority's fiscal year ending June 30, 2026. Specific to the Authority, this new standard will have an impact on the format / presentation of the Authority's statement of revenues, expenses, and changes in net position. The new standard also includes changes to the information required in the Authority's MD&A. We'll have continuing education events that are free for our clients related to this new standard but if the Authority would like to meet to discuss, please let us know.
- **Statement No. 104, Disclosure of Certain Capital Assets**, is effective for fiscal years beginning after June 15, 2025, which means the Authority's fiscal year ending June 30, 2026. This standard does not introduce any new items to measure or disclose in the Authority's financial statements; it merely specifies the way in which certain classes of capital assets needs to be disclosed. It also requires governments to disclose capital assets held for sale.

Auditor's Discussion & Analysis (ADA&)  
June 30, 2024

Going Further

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*Onslow Water & Sewer Authority*

### Accounting Recommendations and Updates

- **Current / Pending Major GASB Projects**
- **Infrastructure Assets.** GASB has recently issued a Preliminary View (PV) document on its infrastructure assets project. Included in the PV are tentative board decisions about new disclosures to be added regarding infrastructure assets, costs to repair and maintain such assets, and policies in place at the government to ensure proper replacements are being made. Parties interested in responding to the GASB about this project have until January 13, 2025 to provide comments.
- **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions.
- **Going Concern Uncertainties and Severe Financial Stress** is major project where the goal is to address issues related to disclosures regarding going concern uncertainties and severe financial stress.

Auditor's Discussion & Analysis (ADA&)  
June 30, 2024

Going Further

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*Onslow Water & Sewer Authority*

### Govt. Clients – Free Quarterly Continuing Education

- **Since March of 2009 – For Over 15 Years !!**
- Mauldin & Jenkins provides free quarterly continuing education for all of our governmental clients. Topics are tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking and knowledge sharing among our governmental clients. We normally see approximately 180 people per quarter. Examples of subjects addressed in the past few quarters include:
  - Accounting for Debt Issuances
  - Achieving Excellence in Financial Reporting
  - Best Budgeting Practices, Policies and Processes
  - Budget Preparation
  - ACRF Preparation (two (2) day hands-on course)
  - Capital Asset Accounting Processes and Controls
  - Collateralization of Deposits and Investments
  - Component Units
  - Cybersecurity Risk Management
  - Evaluating Financial and Non-Financial Health of a Govt.
  - Financial Report Card – Where Does Your Govt. Stand?
  - Financial Reporting Model Improvements
  - GASB Nos. 74 & 75, OPEB Standards
  - GASB No. 77, Tax Abatement Disclosures
  - GASB No. 84, Fiduciary Activities
  - GASB Projects & Updates (ongoing & several sessions)
  - Human Capital Management
  - Grant Accounting Processes and Controls
  - Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
  - Internal Controls Over Receivables & the Revenue Cycle
  - IRS Issues, Primarily Payroll Matters
  - Legal Considerations for Debt Issuances & Disclosures
  - Policies and Procedures Manuals
  - Segregation of Duties
  - Single Audits for Auditees
  - Special Purpose Local Option Sales Tax (SPLOST)
  - Accounting, Reporting & Compliance
  - Uniform Grant Reporting Requirements and the New Single Audit

Auditor's Discussion & Analysis (ADA&)  
June 30, 2024

Going Further

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*Onslow Water & Sewer Authority*

### Governmental Advisory Services

Core Offerings

Strategy	Operational Efficiency and Effectiveness	Transformation	Performance Measurement
<p>Develops and defines the future vision, goals, and objectives</p> <ul style="list-style-type: none"> <li>• Visioning</li> <li>• Long-Term Planning</li> <li>• Organizational Management</li> <li>• Workflow of the Future Planning</li> <li>• Assessment of Strategic Objectives/Outcomes</li> <li>• Assessment</li> <li>• Annual/Strategic Objectives/Outcomes</li> <li>• Strategic Planning</li> <li>• Technology Considerations</li> <li>• Technology Solutions/Vendor Selection</li> <li>• Operational Review</li> <li>• Business Case</li> </ul>	<p>Ensures business processes and services align with the mission and vision to maximize effectiveness and efficiency</p> <ul style="list-style-type: none"> <li>• Cost Containment</li> <li>• Operations Improvement</li> <li>• Process Delivery</li> <li>• Business Re-engineering</li> <li>• Supply Chain Management</li> <li>• Contract Management</li> <li>• Risk Mitigation/Assessments</li> <li>• Operations Management Review</li> </ul>	<p>Allows for the successful change from the current state to the desired state by utilizing structured and agile change management</p> <ul style="list-style-type: none"> <li>• Change Management and Organizational Transformation Strategies</li> <li>• Current Service Organization</li> <li>• Service Delivery Modeling</li> <li>• Technology Modernization</li> <li>• Human Capital Management</li> </ul>	<p>Ensures strategic and performance measurement initiatives are successful</p> <ul style="list-style-type: none"> <li>• Budget Performance Change</li> <li>• Cost Containment</li> <li>• Grant Funding</li> <li>• Risk Assessment</li> <li>• Internal Controls &amp; Compliance</li> <li>• Audit Support</li> <li>• Financial Management</li> <li>• Independent Verification &amp; Validation</li> <li>• Management Dashboard Reporting</li> </ul>

Auditor's Discussion & Analysis (ADA&)  
June 30, 2024

Going Further

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**ONWASA**

*Questions & Comments*



**Thank You for the Opportunity to Serve**

**ONslow WATER AND SEWER AUTHORITY  
JACKSONVILLE, NORTH CAROLINA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Prepared by:**

**Finance Department of Onslow Water and Sewer Authority**

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# ONslow WATER AND SEWER AUTHORITY

EXHIBIT B

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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# **INTRODUCTORY SECTION**

October 25, 2024

**To the ONWASA Board of Directors, Bondholders, and Customers:**

We are pleased to present our Annual Comprehensive Financial Report for the Fiscal Year from July 1, 2023, through June 30, 2024 (FY 2024). This report conforms with the reporting and accounting standards of the Governmental Accounting Standards Board (“GASB”) and the Government Finance Officers Association’s (“GFOA’s”) *Governmental Accounting, Auditing and Financial Reporting* document.

ONWASA is responsible for the accuracy, completeness and fairness of the information presented, including all disclosures.

The financial reporting entity of ONWASA consists of a single enterprise fund.

For financial reporting purposes GASB Statement No. 14 and 61 have been considered and there are no agencies or entities which should be presented with the Authority. Also, the Authority is not included in any other reporting entity. The Authority is a jointly governed organization, i.e. an entity governed primarily by representatives from other governments. The participants do not retain any ongoing financial interest in or financial responsibility for the Authority.

**BACKGROUND**

***Creation and Governance of ONWASA***

Onslow Water and Sewer Authority (the “Authority” or “ONWASA”) was created pursuant to Chapter 162A of the North Carolina General Statutes by the governing bodies of Onslow County, the Towns of Richlands, Holly Ridge, Swansboro and North Topsail Beach and the City of Jacksonville for the purpose of providing water and sewer services to all residents of Onslow County. The Authority is empowered to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency. The Governing Board consists of eight directors who hold office for staggered terms. The directors are appointed by the governing bodies of the County of Onslow, Town of Richlands, Town of Holly Ridge, Town of Swansboro, City of Jacksonville, and the Town of North Topsail Beach.

While we do not serve all residents of Onslow County, ONWASA serves approximately 158,273 people. Our 58,589 meters makes us the 2<sup>nd</sup> largest water and sewer authority in North Carolina. We serve a unique community, one that consists of a large military base and a high number of seasonal visitors to the coastal areas. This is a highly transient population, and we are expecting a substantial increase in residents in the coming years, partly due to military base realignment that will bring additional military members and their families to Onslow County. In addition to preparing for the increase in demand for utility services, we are dealing with areas that do not presently have sewer systems in place or have outdated/undersized systems that need updating and expansion. Last year, our operating and capital budgets were just over \$147 million, and the upcoming budget year will be approximately \$164 million.

Starting July 1, 2005, ONWASA assumed full control including billing and collections, capital maintenance and general operations of the water operations from Onslow County, Town of Richlands, and the Town of Holly Ridge in Onslow County, North Carolina. ONWASA also assumed the wastewater operations of Onslow County and Town of Richlands as of July 1, 2005. The Town of Holly Ridge's wastewater operations were assumed by ONWASA on January 1, 2006. The Town of Swansboro's water and wastewater operations were assumed by ONWASA on January 1, 2007.

As a Water and Sewer Authority, ONWASA has no taxing power, nor land use or zoning regulatory functions. These powers continue to reside with Onslow County and the local governments in their corporate limits and zoning jurisdictions.

ONWASA is a regional water and sewer utility based upon the self-proposed cooperative merger of the systems of local governments who desire to achieve the economies of scale and obtain the ability to negotiate and operate as one unified entity. This innovative achievement has been supported by federal, state and military officials throughout ONWASA's formation and is a testament to the inter-local government cooperation and a spirit of unity for progressive public service to all these citizens of Onslow County.

### ***Water System***

Our raw water supply comes from three underground aquifer sources: Castle Hayne Aquifer which can supply up to 14.4 million gallons per day (MGD); and, the combined Black Creek, PeeDee and Beaufort aquifers which can supply up to an additional 4.8 MGD. In addition, ONWASA has capacity of 0.5 MGD from New River Air Station and 0.3 MGD for the Town of Surf City. ONWASA utilizes four ground storage tanks that have a total capacity of 12.0 million gallons and 10 elevated tanks with a total capacity of 4.05 million gallons.

The raw water from the Castle Hayne aquifer is processed into drinking water at the Hubert Water Treatment Plant and the Dixon Water Treatment Plant; they are able to treat 6 MGD and 4 MGD, respectively. Both plants utilize a pressure filtration and softening system with iron removal, disinfection and corrosion control, and the Dixon plant also has the capability to treat up to 3.0 MGD via reverse osmosis. The raw water from the Black Creek and PeeDee aquifers only requires minimal treatment processing, consisting of disinfection and orthophosphate feed at the well heads, to be suitable for use. The finished drinking water is then pumped to the water storage and distribution system, which has a storage capacity of approximately 14.4 million gallons and 1,247 miles of water lines serving approximately 158,273 people in the ONWASA service area.

### ***Wastewater System***

ONWASA maintains approximately 312 miles of sewer lines and 191 pump stations to collect and transport wastewater to one of three ONWASA-operated wastewater treatment facilities. The wastewater treatment process and permitted daily capacity vary for each of the six treatment plants. The Holly Ridge Wastewater Treatment Plant can process up to 0.224 MGD utilizing a treatment lagoon and spray field irrigation disposal process. The Summerhouse Wastewater Reclamation Facility can treat an average of .070 MGD and is permitted at 0.180 MGD utilizing a membrane bioreactor (MBR) biological nutrient removal process with infiltration basins for disposal. Both of these plants make up the Southeast Regional Wastewater Treatment system and offer a combined treatment capacity of 0.294 MGD and permitted capacity of 0.404 MGD. The Northwest Regional Water Reclamation Facility can process up to 1.273 MGD using a Sequential Batch Reactor (SBR) process with infiltration basins for disposal. The Swansboro's Wastewater Treatment Plant can process up to 0.600 MGD using an activated sludge extended air treatment process with tertiary treated effluent and infiltration basins for disposal. In November 2023, ONWASA purchased North Topsail and Webb Creek Wastewater Treatment Plants from Pluris. The North Topsail Plant can process 0.873 MGD and is a membrane, lagoon and spray field system. The lagoon system is permitted at

0.564MGD and the membrane system is permitted at 1.0 MGD for a combined capacity of 1.564MGD. The Webb Creek can process up to .26MGD and has permitted capacity of .35MGD. Webb Creek utilizes a Sequential Batch Reactor (SBR) with discharge.

In addition to our own treatment facilities, wastewater is also conveyed through the collection system to the French Creek Wastewater Treatment Facility aboard Marine Corps Base Camp Lejeune and the City of Jacksonville's Land Treatment Site (LTS). The French Creek Wastewater Treatment Facility is an activated sludge tertiary plant, which accepts up to 3.5 MGD from ONWASA for treatment through a long-term agreement. The City of Jacksonville LTS, which consists of an aerated lagoon and wooded spray irrigation site, accepts an average flow of .06 MGD to be sent from ONWASA for treatment.

### ***Economic Condition and Outlook***

The economy of Onslow County continues to grow, mainly due to the steady growth and support of Marine Corps Base Camp Lejeune. The current local unemployment rate is 4.7%, which is slightly higher than the current state-wide rate of 4.1%. The approximate population of Onslow County in 2024 was 210,304.

### **Major Initiatives and Accomplishments**

Below is a summary of priority issues and items for the coming fiscal year. Some are continuations of previous projects and others are new.

#### ***Water Supply Planning and Development***

This project is the result of a combination of various independent efforts to develop and implement near-term, intermediate and long-term approaches to increase ONWASA's raw and potable water supplies. This includes the evaluation of existing raw water sources, development of new raw water sources, and the construction of upgrades to existing or new water treatment facilities. Specific tasks now underway include well and treatment plant site assessments, review of prior studies and system information, test well siting, and preliminary process/facility designs.

#### ***Piney Green Phase 2 Elimination of Hickory Grove WWTP and Webb Apartments WWTP***

The major components of this project, construction of two new pump stations and associated gravity/force main sewer lines in order to decommission the existing Webb Apartments and Hickory Grove wastewater treatment facilities, was completed in 2015 and both pump stations are fully operational. A plan for the remaining item of work, formal closure of the active permit for an approximately three-acre treatment lagoon at the Hickory Grove site, has also been prepared and approved by NCDEQ. This project was completed before June 2024.

#### ***Onslow Regional Water Resources Group Regional Aquifer Study***

The purpose of the Regional Aquifer Study is to provide an improved understanding of the nature and dynamics of the groundwater aquifers beneath Onslow County, which is essential for the sustainable use and management of the limited resources available. This effort is supported by the three primary water users in the county: The City of Jacksonville (COJ), Marine Corps Base Camp Lejeune (MCBCL), and ONWASA. This group forms a foundation for cooperative groundwater resource management among all 3 entities. Work is now underway on establishing a county-wide system of groundwater monitoring wells, to help determine the extent of saltwater intrusion into various aquifers and the need for future mandatory reductions. Funding will be used in a cooperative effort with the COJ to complete design and construction of additional monitoring well sites through cost-sharing agreements. While two locations have been identified, a schedule for design, bidding and construction has not been established at this time.

***Roof Replacements***

An independent field evaluation of existing conditions and materials at more than 30 different structures owned/maintained by ONWASA was completed in 2017; several sites were identified where the existing roofing material was well past its expected service life and replacement warranted. , The original evaluations are being reviewed and revised to determine priorities, and design work will begin for the highest priority sites.

***Water Main Interconnections, Phase III***

ONWASA Water Distribution System staff have identified multiple locations where existing water mains were intentionally severed some time ago to facilitate roadway culvert or bridge replacement projects, and where aerial crossings (i.e., exposed mains on wooden piers) were installed to span streams and drainage ditches. Through this project (and two previous phases), new water mains are installed using horizontal directional drilling methods that reconnect the existing dead-end mains or replace the exposed aerial crossings entirely. Prioritization of the crossings are in process and design of highest priority locations are in the works.

***Summerhouse WWTP Interim Capacity Improvements***

This project consists of existing facility assessments, design, permitting and construction necessary to temporarily increase the treatment and effluent disposal capacities at the Summerhouse WWTP. The purpose of this work is to ensure sufficient capacity is available to support anticipated residential/commercial development in the service area until a permanent solution can be implemented. Design has been completed and in process to bid/award for construction.

***Shore Drive Pump Station Rehabilitation***

This project will address ongoing problems with this wastewater pumping station, which serves a significant portion of the center of the Town of Swansboro. Based on preliminary investigations already completed, work to be performed includes rehabilitation and protective coating of the interior of the existing masonry wet well and an adjacent brick manhole, along with replacement of deteriorated discharge piping and repairs or replacement of other pump station controls and equipment as necessary. Final design was completed in June 2024 and the project is expected to be bid within the next few months.

***Hargett Street Pump Station Rehabilitation***

This project will address ongoing problems with a wastewater pumping station that serves a significant portion of the Town of Richlands. The existing station is in very poor condition, has excessive groundwater infiltration and does not meet current ONWASA requirements. Based on previous investigations, work to be performed includes removal of existing pump station and replacement with gravity sewer lines/manholes that will direct influent flow to another nearby ONWASA pump station. Design work and easements have been completed and construction is nearing completion.

### ***Emergency Power System Upgrades***

To provide enhanced capability to maintain water distribution system operations during power interruptions, funding is being used to initiate a multi-year program to purchase and install on-site generators and automatic transfer switches (ATS's) at key facilities, primarily raw water wells and booster pumping stations. This will include the replacement of portable (trailer-mounted) diesel generators with fixed units and greater fuel storage capacity, and the use of liquefied propane (LP)-fueled equipment where appropriate. Work at multiple sites has already been completed and additional projects have been identified and should be within FY2025.

### ***Southwest Service Area Upgrades, Phase III***

Completion of additional water modelling and preliminary design services necessary to refine the scope of work and extent of distribution system upgrades needed to improve water system pressure/flow characteristics in the Southwest Service Area. This includes the potential replacement of the trunk water main from the Dixon WTP to the Verona booster station. A schedule for final design and construction of the necessary improvements has not been determined at this time but will be developed as part of this process. This project has been delayed until the water model is updated to evaluate the needs of the area.

### ***Kenwood/Bishop's Ridge Sewer Service Extension***

As part of an initiative to extend sewer service within Onslow County, funding will be used to complete design and construction of a project to provide sewer service connections at approximately 80 homes in the Kenwood and Bishop's Ridge developments, within the Southwest Service Area. Roughly half of the homes in the Kenwood subdivision are already served by ONWASA for both water and sewer, and there has been considerable interest from the remaining residents to tie-in to an expanded collection system. Work will include new gravity sewer mains and manholes, a wastewater pumping station and force main to convey wastewater to the Northwest Regional Water Reclamation Facility via an existing pump station and force main within the Kenwood area. Design work is approximately 50% completed and bidding/construction has been delayed and will resume in FY2025.

### ***Highway 24 Wastewater Improvements***

Based on current influent flow and anticipated new connections, the Swansboro WWTP will soon exceed 80% of its permitted capacity. Previous work on this project has included assessing the condition of the existing plant, estimating future sewer flow from the service area over the next 20 years, and developing alternatives to increase capacity to accept future flow rates. Design work for the selected alternative, new pumping stations and a sewer force main system to transmit wastewater influent from the Swansboro area to Marine Corps Base Camp Lejeune (MCBCL) for treatment has been bid out and awarded. When the project was bid out, the bids came in higher than expected. As a result, ONWASA will be issuing \$30,000,000 in revenue bonds during September 2024.

### ***Pumping Station Assessment/Rehabilitation***

Funding will be used to compete a multi-year program to conduct field inspections, perform condition assessments and prioritize rehabilitation projects for the 76 sewage pumping stations currently operated by ONWASA. The data gathered will be used to estimate future capital improvement project needs and will serve as the first phase for a potential future asset management program. This also includes beginning design work for the Mount Pleasant Pump Station, which is a high priority due to its location next to a major water body in the Northeast Service area. The program is being expanded to include the 127 critical pump stations acquired at North Topsail and the Webb Creek areas. Priority list development is in process.

### ***Southeast Regional Wastewater Treatment Plants – Capacity Improvements***

Based on current influent flow and anticipated new connections, both wastewater treatment facilities serving this area (the Summerhouse WRF and the Holly Ridge WWTP) have already or will soon exceed 80% of their permitted capacity. Completion of design, competitive bidding and construction of Phase 1 to include decommissioning of the Holly Ridge WWTP and addition of pump stations at the Holly Ridge and Summerhouse sites. Completion of design, competitive bidding and beginning Phase 2 construction to include the force main from Summerhouse WWTP pump station to connect to North Topsail WWTP. The construction force mains and pumping stations will send flow to another existing facility in the area for treatment. Phase 1 will be bid out and awarded by December 2024 and phase 2 field work and design have been initiated.

### ***Highway 24 Regional Trunk Main Replacement***

Funding will be used to complete design, permitting, easement acquisition and construction of a new water transmission main connecting the Hubert Water Treatment Plant with a booster pumping station in the Piney Green area. The existing transmission main has experienced failures in recent years and this condition (along with its size) effectively limits the amount of water that can be moved from the plant to other portions of the distribution system. The replacement main will be a larger diameter to facilitate this water transfer. In addition to this work, an adjacent section of existing water distribution main along Hubert Boulevard will be abandoned due to its poor physical condition and frequent failures. Design is mostly complete, and the easement plat for Camp Lejeune (MCBCL) development is in the approval process. The project should be bid out in FY2025.

### ***Topsail Island Booster Pumping Station***

Due to the seasonal/transient nature of the population on this popular vacation destination, the ONWASA water distribution system on Topsail Island experiences significant fluctuations in system pressure that frequently result in customer concerns, especially at the furthest extents of the system. Funds will be used to determine the optimal location, design and construct a booster pumping station on the primary water main feeding the island. This installation would monitor system conditions and run the booster pump to maintain a higher system pressure during periods of heavy demand. Design work was completed, and construction is underway.

### ***Disaster Recovery Response Contracts***

Funding under this “project” will be utilized to support emergency response after natural disasters under two (2) separate competitive bid construction contracts. These two-year contracts establish unit and/or lump sum pricing for various activities associated with recovery from a major storm event and will be activated on an as-needed basis in the event recovery efforts exceed the ability of ONWASA repair crews to address in a timely manner.

### ***Water and Sewer Operational Improvements***

Complete design and permitting for multiple smaller projects to address the existing system deficiencies at various locations and facilities. A number of projects are underway with design and construction.

### ***Dixon Water Treatment Plant Expansion***

The project consists of the review of prior studies and system information; evaluating the water quality of existing and proposed raw water sources; assessing existing plant treatment systems and determining suitable methods for expansion of treatment capacity from 4.0 to 6.0 MGD. Investigating future plant modifications necessary to comply with pending PFAS regulations and reviewing existing operational facilities to accommodate additional staff. The resulting information will be used to determine future capital improvement plan needs. Process design is near completion, final design will begin in FY2025.

### ***Water Supply Master Plan***

The project consists of the review of prior studies and system information; updates to the existing ONWASA Hydraulic Model and GIS systems; use of the updated model to identify water distribution system deficiencies and determine the impact of proposed additional water supply and storage facilities and prioritize needed improvements for use in future capital improvement planning. An engineer has been chosen to perform the water system work and the scope, fee and schedule are being developed for the first task of assessing and updating the water model which was last updated in 2019.

### ***Customer Service***

ONWASA offers several methods of payment options to better serve their customers. Customers can pay in person at any of our 4 locations, 3 kiosks (discontinued in FY2025), pay by mail, pay by check or with credit card online, pay by bank draft or recurring credit card draft or pay over the phone with a credit card. The ONWASA website allows customers to view their account balance and make payments. The Integrated Voice Response (IVR) service allows customers to make payments through an automated system 24 hours a day and seven days a week. Customers can receive their bill either through the mail or electronically. ONWASA utilizes a notification system to send customers important information by phone, email or text. ONWASA's bills have a water usage chart which shows 13 months of consumption to assist our customers with tracking their consumption and assisting with conservation. The website gives customers the ability to email customer service representatives to obtain information regarding their existing account or to open a new account. Kiosks allow customers to make payments 24 hours a day and seven days a week by cash, check or credit card. Unfortunately, due to infrequent activity, ONWASA will no longer be using kiosks in FY 2025. Newsletters are inserted in the bills monthly to inform customers of changes, to answer frequently asked questions and to update the status of ongoing projects.

### ***Credit Ratings***

In January 2008, ONWASA sold Revenue Bonds in the amount of \$37,025,000. The Combined Enterprise System Revenue Bonds, Series 2008A, were issued to pay the cost of the Piney Green Sewer connection, Marine Corps Air Station Waterline connection, various waterline extensions, land and the Swansboro reimbursement loan, plus bond issuance expenses.

In November 2023, ONWASA sold Revenue Bonds in the amount of \$48,415,000. The Combined Enterprise System Revenue Bonds, Series 2023, were issued to acquire from Pluris, LLC and Pluris Webb Creek, LLC the existing wastewater treatment plan, sewer lift station equipment, booster pump station equipment, and all trunk, collection and other pipes, drains and lines, equipment, machinery, etc. and to pay certain issuance costs of the bonds.

ONWASA's most recent revenue bond sale, Series 2023 was issued a credit rating of:

Standard & Poor's	AA-
Moody's Investors Service	Aa3

### ***Financial Information***

The annual budget is an integral part of ONWASA's accounting system and financial operations. Appropriations are set at the division level. The annual budget and capital project ordinances are adopted by the ONWASA Board of Directors, creating a legal limit on annual spending. Multi-year project ordinances may be adopted for capital projects. ONWASA's operations are accounted for, and reported as, an enterprise fund because our operations are currently funded with user fees.

ONWASA's management is responsible for the accounting system and for establishing and maintaining internal financial controls. The internal control system is designed to provide reasonable, but not absolute, 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 the accounting principles generally accepted in the United States of America and maintaining accountability for assets. 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 believes that ONWASA's system of internal controls adequately protects assets and provides reasonable assurance of the proper recording of financial transactions.

Because ONWASA is a self-supporting and self-sustaining entity, the measurement focus of its financial accounting systems is on the flow of total economic resources. With this measurement focus, all assets and liabilities associated with our operations are included in the Statement of Net Position. Closely related to the measurement focus is the basis of accounting, which determines when transactions are recognized. ONWASA uses the accrual basis of accounting, in which revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred, regardless of the actual date of receipt or disbursement of cash.

During the budget process for FY 2025, water and sewer rate increases of 10.75% were included.

Please refer to Management's Discussion and Analysis and the basic financial statements for detailed information on ONWASA's financial performance in FY 2024.

### ***Independent Audit***

ONWASA is required by State Law (G.S. 159-34) to have an annual independent financial audit. ONWASA's auditor, Mauldin & Jenkins, LLC, was retained following an open, competitive qualifications-based selection process. The auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

### ***Certificate of Achievement for Excellence in Financial Reporting***

ONWASA prepared this Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, using the GFOA's guidelines. To receive a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive report. This report must satisfy both generally accepted accounting principles and legal requirements. Onslow Water and Sewer Authority applied for its seventeenth Certificate of Achievement for FY 2023 and was awarded the certificate.

We believe that our current annual comprehensive financial report meets the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for our seventeenth certificate.

### ***Memberships***

ONWASA maintains an active membership in the following organizations: American Water Works Association, North Carolina Rural Water Association, North Carolina Waterworks Operators Association, North Carolina One Water, North Carolina Utility Coordinating Commission, North Carolina Water Warn, National 811, North Carolina Local Government Information Systems Association, Government Finance Officers Association, North Carolina Government Finance Officers Association and Carolina Association of Government Purchasing.

**Acknowledgements**

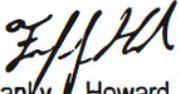
Preparation of this report could not have been accomplished without the efficient and dedicated work of the ONWASA staff.

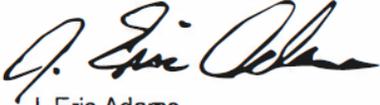
We thank the ONWASA Board of Directors for their guidance in financial management and of ONWASA's overall services to our existing and future customers.

**Conclusion**

We believe the accompanying financial statements fairly present ONWASA's financial position as of June 30, 2024, and the financial results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

  
Franky J. Howard  
Chief Executive Officer

  
J. Eric Adams  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Onslow Water and Sewer Authority  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

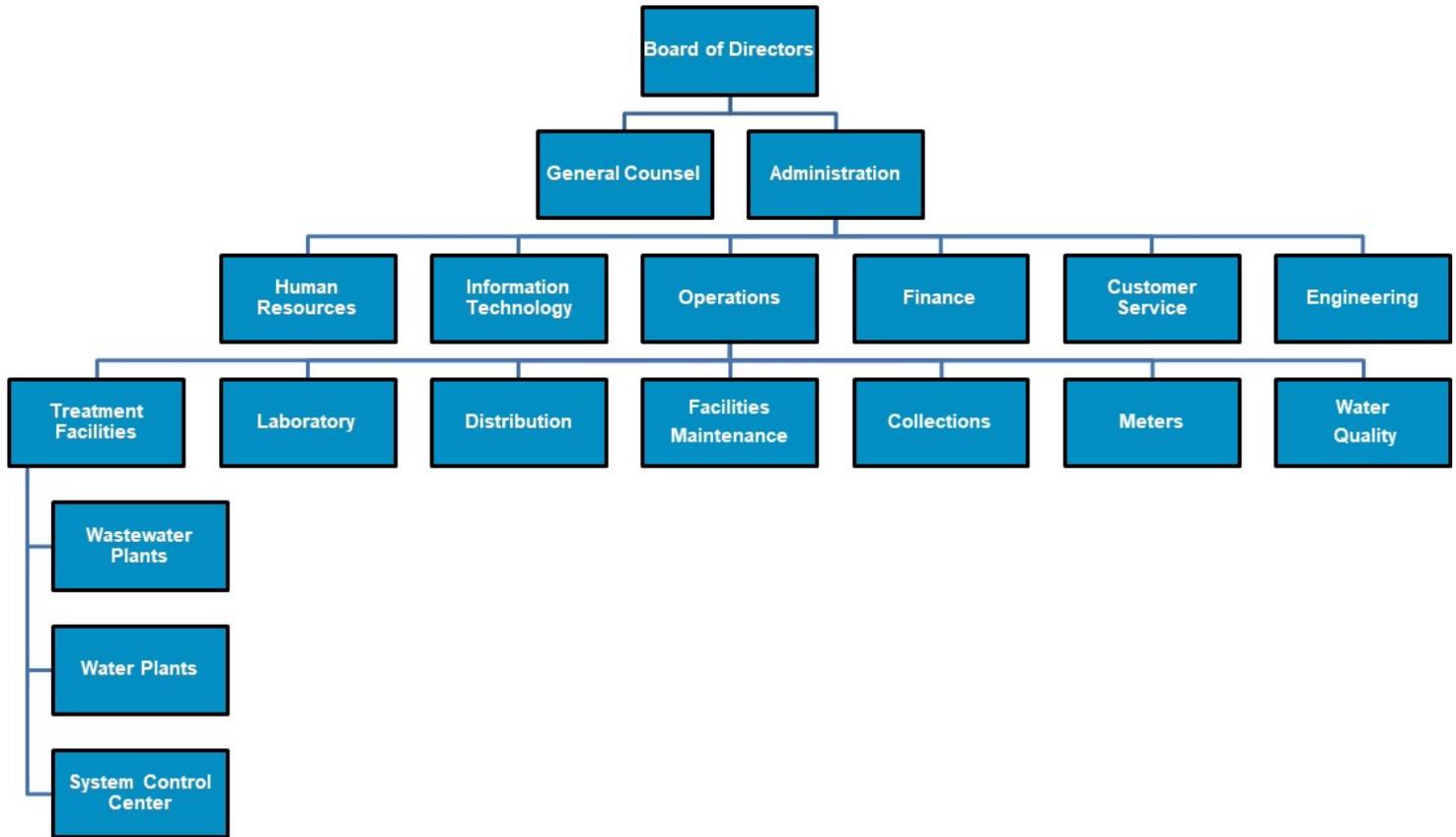
June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

ORGANIZATIONAL CHART  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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**Onslow Water and Sewer Authority**

**Board of Directors**

Royce Bennett  
Chairman

Paul Conner  
Vice Chairman

Richard Grant  
Secretary/Treasurer

Gregory Hines  
Director

Jerry Bittner  
Director

John Davis  
Director

Timothy Foster  
Director

Robert Warden  
Director

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Franky J. Howard  
Executive Director/CEO

J. Eric Adams  
Chief Financial Officer

# **INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
Onslow Water and Sewer Authority  
Jacksonville, North Carolina

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of the **Onslow Water and Sewer Authority** (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

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***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the Authority's pension and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The Schedule of Revenues and Expenditures – Budget and Actual (Modified Accrual Basis) – Operating Fund, the Schedule of Revenues and Expenditures – Budget and Actual (Modified Accrual Basis) – Capital Projects Fund – Various Projects, and the Schedule of Revenue and Expenditures – Budget and Actual (Modified Accrual Basis) – Capital Projects Fund – Water and Sewer Expansion Projects (collectively, “the supplementary information”) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the title pages, introductory section, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, 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 Authority's internal control over financial reporting and compliance.



Raleigh, North Carolina  
October 25, 2024

# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis – Unaudited (Onslow Water and Sewer Authority)**

The management of Onslow Water and Sewer Authority (the "Authority") offers the readers of Onslow Water and Sewer Authority's financial statements this narrative overview and analysis of the financial activities of Onslow Water and Sewer Authority for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's Financial Statements, which follow this narrative.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$213,081,940.
- The Authority's total net position increased by \$14,637,201 primarily due to increases in usage and rates during the year ended June 30, 2024.
- The Authority's total long-term debt increased by approximately \$45 million (81%) during the current fiscal year. This increase can be attributed to the issuance of the Series 2023 revenue bonds.

### **Overview of the Financial Statements**

Onslow Water and Sewer Authority's primary mission is to provide our customers with high-quality water and wastewater services through responsible, sustainable, and creative stewardship of the resources and assets we manage. We will do this with a productive, empowered, talented, and diverse work force that strives for excellence. The Authority's administration, operations, capital expansion programs and debt payments are funded entirely through rates, fees and other charges for these water and wastewater services. With this, the Authority is considered to be, and therefore, presents its financial report as a stand-alone enterprise fund.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Basic Financial Statements are prepared on the accrual basis. 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 (see Figure 1). In addition to the Basic Financial Statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition and activities of the Authority.

The Statement of Net Position presents the Authority's assets and liabilities classified between current and long-term and deferred outflows of resources and deferred inflows of resources. Net position represents the difference between total assets plus deferred outflows of resources and total liabilities plus deferred inflows of resources. This statement provides a summary of the Authority's investments in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement.

The Statement of Revenues, Expenses and Changes in Net Position provides information regarding the Authority's total economic resource inflow and outflow (accrual method of accounting). The difference between these inflows and outflows represents the change in net position, which links this statement to the Statement of Net Position. This statement is used in evaluating whether the Authority has recovered all of its costs through revenue during a fiscal period. Its information is used in determining credit worthiness.

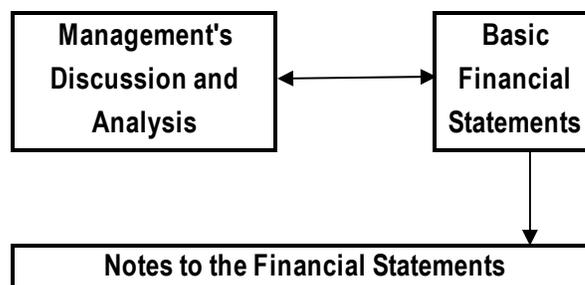
The Statement of Cash Flows deals specifically with the flow of cash and cash equivalents arising from operating, capital, noncapital financing and investing activities. Because the Authority's Statement of Revenues, Expenses and Changes in Net Position is a measurement of the flow of total economic resources, operating income usually differs from net cash flow from operations. To enhance the reader's understanding of this difference, the Statement of Cash Flows also includes reconciliation between these two amounts. In accordance with the accounting principles generally accepted in the United States of America, a reconciliation of cash and cash equivalents is also presented in this statement.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

**Management's Discussion and Analysis – Unaudited  
(Onslow Water and Sewer Authority)**

**Required Components of Annual Financial Report**

**Figure 1**



**Financial Analysis**

Onslow Water and Sewer Authority's net position increased by \$14,637,201 or 7.3%, between June 30, 2023, and June 30, 2024, with significant changes in the various categories of assets and liabilities.

**The Onslow Water and Sewer Authority's Condensed Statement of Net Position**

**Figure 2**

	June 30,	
	<b>2024</b>	2023
Current and other assets	<b>\$ 66,357,877</b>	\$ 59,650,073
Capital assets	<b>260,348,639</b>	206,085,435
<b>Total assets</b>	<b>326,706,516</b>	265,735,508
Deferred outflows of resources	<b>5,580,108</b>	5,004,652
Current liabilities	<b>11,542,285</b>	9,996,672
Noncurrent liabilities	<b>106,040,827</b>	60,425,979
<b>Total liabilities</b>	<b>117,583,112</b>	70,422,651
Deferred Inflows of Resources	<b>1,621,572</b>	1,872,770
Net Position		
Net investment in capital assets	<b>159,791,457</b>	150,901,763
Restricted by bond order for Replacement Fund	<b>2,572,773</b>	903,961
Restricted by bond order for Reserve Funds	<b>2,504,151</b>	2,504,151
Unrestricted	<b>48,213,559</b>	44,134,864
<b>Total net position</b>	<b>\$ 213,081,940</b>	\$ 198,444,739

**Management's Discussion and Analysis – Unaudited  
(Onslow Water and Sewer Authority)**

A comparison of the statement of net position to the prior year reveals some strengthening of the Authority's financial position primarily due to a positive change in net position during the year ended June 30, 2024. Assets increased 26% due to increase in other improvements and capital contributions. Total liabilities increased 67.4% mainly due to debt issuance. Deferred inflows of resources decreased by \$251,198 due to decreases in deferrals related to other post-employment benefits and pensions.

The statement of revenues, expenses, and changes in net position shows revenues more than covered expenses. When the statement of revenues, expenses and changes in net position is compared to the previous year the change in net position increased significantly more due to an increase in revenue and capital contributions.

**Condensed Statement of Revenues, Expenses and Change in Net Position**

**Figure 3**

	Years Ended June 30,	
	<b>2024</b>	2023
Revenue		
Operating revenue		
Water	<b>\$ 26,815,703</b>	\$ 24,954,099
Waste water	<b>9,848,423</b>	5,892,250
Service initiation fees	<b>1,162,823</b>	1,167,941
Miscellaneous income	<b>887,371</b>	1,212,074
Nonoperating revenue		
System Development Fees	<b>5,557,781</b>	3,915,328
Interest income	<b>2,792,066</b>	1,799,367
Grant proceeds	-	22,738
<b>Total revenue</b>	<b>47,064,167</b>	38,963,797
Expenses		
Operating expenses: operations	<b>25,595,431</b>	19,060,951
Operating expenses: general and administrative expenses	<b>2,855,808</b>	2,279,674
Operating expenses: depreciation	<b>7,786,300</b>	6,678,871
Interest expense	<b>2,713,061</b>	1,285,619
<b>Total expenses</b>	<b>38,950,600</b>	29,305,115
Increase in net position before capital contributions:	<b>8,113,567</b>	9,658,682
Capital contributions from non-related parties	<b>6,523,634</b>	5,421,407
<b>Increase in net position</b>	<b>14,637,201</b>	15,080,089
Net position, July 1, restated	<b>198,444,739</b>	181,522,660
Restatement for error correction	-	1,841,990
Net position, as restated, July 1	<b>198,444,739</b>	183,364,650
Net position, June 30	<b>\$213,081,940</b>	\$198,444,739

**Management's Discussion and Analysis – Unaudited  
(Onslow Water and Sewer Authority)**

Total operating revenue is up 17% from the prior year because of the increase in water processed and wastewater treated and rate increases. Total operating expenses increased in this fiscal year (29%) due to increases in costs from water processing and wastewater treatment as well as increased depreciation and amortization expense on the Authority's capital assets. Net position increased \$14 million.

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal and budgetary requirements.

**Capital Asset and Debt Administration**

**Capital assets.** The Authority's investment in capital assets as of June 30, 2024, totals \$260,348,640 (net of accumulated depreciation/amortization). These assets include buildings, water lines, wells, booster stations, lift stations, wastewater treatment plants, land, machinery, equipment, vehicles, construction in process, and right to use leased assets.

**Onslow Water and Sewer Authority's Capital Assets**

**Figure 4**

	June 30,	
	2024	2023
Land	\$ 19,486,679	\$ 18,990,811
Other improvements	214,613,547	164,916,225
Buildings	1,133,648	1,497,979
Equipment	1,995,804	1,057,990
Vehicles	1,773,248	928,649
Construction in progress	21,337,517	18,669,200
Lease asset	8,195	24,581
<b>Total</b>	<b>\$ 260,348,638</b>	<b>\$ 206,085,435</b>

Assets acquired from member governments are operated by the Authority under 30-year lease agreements with member governments. The agreements include successive 15-year options to renew. Assets purchased and constructed by the Authority are depreciated according to the Authority's capital asset policy. Additional information on the Authority's capital assets can be found in Note 4 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2024, the Authority had total debt outstanding of \$101,072,264. Revenue bonds, which are secured by specified revenue sources, total \$92,521,000.

The Authority's total debt has increased by approximately \$45.2 million during the current fiscal year. This net increase was mainly due to the issuance of the Series 2023 bonds at a par amount of \$48,415,000 and premium of \$1,143,539 net of principal payments made on the Authority's outstanding bonds, loans, and leases in the amount of \$3,768,915.

**Management's Discussion and Analysis – Unaudited  
(Onslow Water and Sewer Authority)**

**Onslow Water and Sewer Authority's Long-Term Debt**

**Figure 5**

	June 30,	
	2024	2023
Revenue bonds held by bondholders	<b>\$ 92,521,000</b>	\$ 47,304,000
Unamortized revenue bond premium	<b>2,855,689</b>	2,230,089
Lease payable	<b>8,783</b>	25,705
Loans payable	<b>5,686,792</b>	6,240,784
<b>Total</b>	<b>\$ 101,072,264</b>	<b>\$ 55,800,578</b>

Additional information regarding the Authority's long-term debt can be found in Note 8 of the Basic Financial Statements.

**Economic Factors**

ONWASA serves customers in Onslow County, North Carolina. The Onslow County School Board is the largest employer with the second largest being Marine Corps Base Camp Lejeune both have a substantial impact on the economy.

- Property taxes levied in 2024 totaled \$125.5 million, up 52.7% from the year 2015.
- Estimated real estate values have increased at an annual rate of 5.6% since 2015.
- The population of Onslow County was 210,304 in 2024 up 1.0% from 2015.
- The per capita income has increased at an annual rate of 5.2% since 2015.
- The unemployment rate at June 30, 2024, was 4.7%.

Onslow County's growth should continue over the coming years but at a slower pace. Due to federal interest rates being higher, the housing market has slowed down. However, there are still new developments being built throughout Onslow County. For most of 2024, Onslow County's housing market has seen a huge increase in sell prices, but the turnover time is longer and there are more rentals available. Commercial growth in the County remains strong as new hotels, restaurants, manufacturing, and retail stores come into the area.

**Budget Highlights for Fiscal Year Ending June 30, 2025**

Fiscal year 2023-2024 was the nineteenth year of full operations for the Authority. General operating expenses will have an increase to cover personnel costs and general operating expenses. Highlights of fiscal year 2025's budget are as follows:

- Increase in personnel salaries due to a 3.5% COLA effective July 1.
- System development fees decreased effective July 1.
- Eleven new positions were approved.
- Water and sewer rate increases of 10.75% were approved.
- Increase in annual debt service payment.

**Requests for Information**

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Eric Adams, Chief Finance Officer, 228 Georgetown Road, Jacksonville, North Carolina 28540, (910) 455-0722, [eadams@onwasa.com](mailto:eadams@onwasa.com), or [www.onwasa.com](http://www.onwasa.com).

# **BASIC FINANCIAL STATEMENTS**

# ONslow WATER AND SEWER AUTHORITY

## STATEMENT OF NET POSITION JUNE 30, 2024

ASSETS	
<b>Current assets</b>	
Cash and cash equivalents	\$ 53,208,513
Receivables, net	6,629,289
Lease receivable	120,231
Inventories	1,842,770
Total current assets	61,800,803
 <b>Noncurrent assets</b>	
Restricted cash and cash equivalents	3,557,074
Certificate of deposit	1,000,000
Capital assets :	
Land and nondepreciable assets	40,824,197
Other capital assets, net of accumulated depreciation	219,516,248
Lease asset, net of accumulated amortization	8,194
Total capital assets	260,348,639
Total noncurrent assets	264,905,713
Total assets	326,706,516
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>Deferred outflows of resources</b>	
Pension and OPEB deferrals	4,892,667
Deferred charge from refunding	687,441
Total deferred outflows of resources	\$ 5,580,108

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**LIABILITIES**
**Current liabilities**

Revenue bonds, lease liability, and construction loans payable	\$ 4,610,776
Accrued interest payable	312,673
Customer deposits	3,588,099
Accounts payable and accrued liabilities	2,655,325
Retainage payable	180,762
Total OPEB liability due in one year	194,650
Total current liabilities	<u>11,542,285</u>

**Long-term Liabilities**

Revenue bonds, lease liability, and construction loans payable	96,461,487
Net pension liability	5,537,828
Total OPEB liability	4,041,512
Total long-term liabilities	<u>106,040,827</u>

Total liabilities	<u>117,583,112</u>
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**DEFERRED INFLOWS OF RESOURCES****Deferred inflows of resources**

Pension and OPEB deferrals	1,501,341
Leases	120,231
Total deferred inflows of resources	<u>1,621,572</u>

**NET POSITION**

Net investment in capital assets	159,791,457
Restricted by bond order for Reserve Funds	2,504,151
Restricted by bond order for Replacement Funds	2,572,773
Unrestricted	48,213,559
Total net position	<u>\$ 213,081,940</u>

# ONSTLOW WATER AND SEWER AUTHORITY

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2024

<b>Operating revenue</b>	
Water	\$ 26,815,703
Wastewater	9,848,423
Service initiation fees	1,162,823
Miscellaneous income	887,371
Total operating revenue	38,714,320
<b>Operating expenses</b>	
Hubert Water Treatment Plant	2,089,371
Dixon Water Treatment Plant	1,727,364
Meters	1,361,955
Distribution	1,928,194
Collections	2,171,372
Northwest Regional Water Reclamation Facility	774,327
Southeast Regional Wastewater Plant	550,661
Swansboro Wastewater Treatment Plant	388,866
North Topsail Wastewater Treatment Plant	523,204
Webb Creek Wastewater Treatment Plant	266,454
SCC	576,269
General and administrative	2,855,808
Information technology	2,117,325
Engineering	691,498
Customer service	2,013,880
Laboratory	565,403
Facilities maintenance	1,006,967
Water purchases	398,057
Wastewater purchases	1,102,592
Nondepartmental	1,164,909
Repairs and maintenance	4,176,763
Depreciation and amortization	7,786,300
Total operating expenses	36,237,539
Operating income	2,476,781
<b>Nonoperating revenue (expense)</b>	
System development fees	5,557,781
Interest income	2,792,066
Interest expense	(2,713,061)
Total nonoperating revenue, net	5,636,786
Income before capital contributions	8,113,567
Capital contributions from non-related parties	6,523,634
<b>Increase in net position</b>	14,637,201
<b>Net position</b>	
Beginning	198,444,739
Ending	\$ 213,081,940

See Notes to Financial Statements.

# ONSLOW WATER AND SEWER AUTHORITY

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 38,620,115
Payments to suppliers	(19,562,248)
Payments to employees	(8,552,670)
Net cash provided by operating activities	<u>10,505,197</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
System Development Fees	5,557,781
Net cash provided by non-capital financing activities	<u>5,557,781</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(55,628,153)
Proceeds from bond issuance	49,558,539
Proceeds from sale of capital assets	(37,919)
Principal payments on long-term debt	(3,768,915)
Interest paid	(2,960,509)
Net cash used in capital and related financing activities	<u>(12,836,957)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments received on leases receivable	(99,327)
Interest received	2,792,066
Net cash provided by investing activities	<u>2,692,739</u>
Net increase in cash and cash equivalents	5,918,760
Cash and cash equivalents, beginning of year	<u>50,846,827</u>
Cash and cash equivalents, end of year	<u>\$ 56,765,587</u>
Classified as:	
Unrestricted cash and cash equivalents	\$ 53,208,513
Restricted cash and cash equivalents	3,557,074
	<u>\$ 56,765,587</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 2,476,781
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	7,786,300
Loss of disposals of assets	149,230
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Increase in accounts receivable	(281,673)
Increase in inventory	(408,044)
Decrease in accounts payable	265,933
Decrease in customer deposits	38,238
Increase in compensated absences payable	190,622
Increase in pension and related items	287,810
Net cash provided by operating activities	<u>\$ 10,505,197</u>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Contributions of capital assets from developers	<u>\$ 6,523,634</u>

See Notes to Financial Statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Onslow Water and Sewer Authority (“Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

**Reporting Entity**

The Authority was created pursuant to Chapter 162A of the North Carolina General Statutes by the governing bodies of Onslow County, the Towns of Richlands, Holly Ridge, Swansboro and North Topsail Beach and the City of Jacksonville for the purpose of providing water and wastewater services to residents of Onslow County. The Authority is empowered to set rates, fees and charges without oversight, supervision, or direction from any other state or local entity or agency. The Governing Board consists of eight directors who hold office for staggered terms. The directors are appointed by the governing bodies of the County of Onslow, Town of Richlands, Town of Holly Ridge, Town of North Topsail Beach, Town of Swansboro, and the City of Jacksonville.

The Authority completed its nineteenth year of operations of providing water and wastewater services. The Authority assumed the operations of the Holly Ridge Water System on July 1, 2005, and their Wastewater System on January 1, 2006. The Authority assumed the operations of the Swansboro Water System on January 1, 2007, and the Swansboro Wastewater System on July 1, 2007.

GAAP requires that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in GASB Statement Nos. 14 and 61 have been considered and there are no agencies or entities which should be presented with the Authority. Also, the Authority is not included in any other reporting entity. The Authority is a jointly governed organization, i.e., an entity governed primarily by representatives from other governments. The participants do not retain any ongoing financial interest in or financial responsibility for the Authority.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Presentation**

All activities of the Authority are accounted for within a single business-type activity and within a single proprietary (enterprise) fund. Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. (a) The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity), (b) Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (c) The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

#### **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Concurrent with the commencement of providing water/wastewater services on July 1, 2004, the Authority elected to be treated as a “special-purpose government engaged only in business-type activities” as described in GAAP. The Authority’s business-type activities are considered to be undertaken in a single enterprise fund. Enterprise activities are accounted for on the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives or (receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Budgets

Budgets are adopted utilizing the modified accrual basis of accounting as required by State statute. An annual budget ordinance is adopted for the operating fund. All annual appropriations lapse at fiscal year-end.

Expenditures may not legally exceed appropriations at the expenditure object level for the operating fund. The budget may be amended as necessary by the governing board. During the year, several amendments to the original budget became necessary. 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 as estimates 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.

#### Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are collateralized as required by State statute. Official depositories may be established with 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 deposits.

State statute [G.S. 159-30 c] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC registered (2a-7) external investment pool, is measured at fair value which is the NCCMT's share price. The NCCMT - Term Portfolio was a bond fund, that did not have a rating and was measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Cash and Cash Equivalents**

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

#### **Allowance for Doubtful Accounts**

All trade receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined by management based on their knowledge of collection history for similar customers.

#### **Restricted Assets**

The Authority's Series 2014A, 2014B, and 2014C Revenue Bonds require a fund (the "Reserve Fund") to be established to help ensure that sufficient monies are available for payment of bond principal and interest. The Reserve Fund at June 30, 2024, totaled \$1,044,521.

The Authority's Series 2016 Revenue Bonds require a fund (the "Replacement Fund") to be established to hold monies for paying the cost of extensions, additions and capital improvements to, or the renewal and replacement of capital assets of, or purchasing and installing new equipment for, the Combined Enterprise System, or for paying any extraordinary maintenance and repair or any expenses which are not current expenses. Additionally, monies in this reserve can be used for certain transfers or payment of certain indebtedness. Amounts deposited in the Replacement Fund are determined pursuant to certain provisions of the bond indenture, but amounts can also be deposited at the discretion of the Board. The Replacement Fund at June 30, 2024, totaled \$2,504,151. The Authority also has \$8,402 in unspent bond proceeds from the Series 2016 Revenue Bonds.

The Authority's Series 2023 Revenue Bonds require a fund (the "Reserve Fund") to be established to help ensure that sufficient monies are available for payment of bond principal and interest. The Reserve Fund (combined with 2014 Revenue Bonds Reserve Fund) at June 30, 2024, totaled \$2,572,773.

#### **Lease Receivable**

The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Authority will receive annual fixed lease payments. The payments are recorded as an inflow of resources in the period the payment is received.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Lease Receivable (Continued)

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

#### Inventories

Materials and supplies are valued at the lower of cost (first-in, first-out basis) which approximates market value, or net realizable value. Expendable supplies are recorded as expenses when used rather than when purchased.

#### 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. All purchased capital assets are valued at original cost at the time of acquisition. The cost of normal maintenance and repairs which do not add to the value of the asset or materially extend assets' lives are not capitalized.

Onslow County, the Town of Richlands, the Town of Holly Ridge, and the Town of Swansboro have entered into lease agreements with the Authority whereby their water and wastewater system assets were constructively leased in perpetuity to the Authority. At the time of the execution of these agreements, the Authority funded the lease payments by issuing revenue bonds. Currently, no further payments are due under these agreements. The agreements specified the value of assets and liabilities to be assumed. The difference between the specified value of the lease assets and the specified lease payments (i.e., the debt assumed or issued) is recognized as a capital contribution. Since the assets are leased from the member governments and not titled in the name of the Authority, the carrying values of the lessor/member government are used to record the assets under these leases. As the agreements do not have an end date and will continue as long as the Authority continues to operate and/or replace the assets, GASB Statement No. 87 does not apply.

Capital assets contributed by developers totaled \$6,523,634 for the year ended June 30, 2024. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at the acquisition value, which is generally the cost to construct these assets. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Capital Assets (Continued)

Capital assets, which include property, plant, equipment and infrastructure assets, are depreciated using the straight-line method by groups or classes of property over the following expected service lives (including the lives at the member government who leases the assets to the Authority):

	Years
Buildings and other improvements	2 - 50
Equipment, heavy equipment and vehicles	3 - 20

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.

#### Right to Use Assets

The Authority has recorded lease assets as a result of implementing GASB 87. The lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The lease assets are amortized on a straight-line basis over the shorter of the life of the related lease or the underlying asset.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has three items that meet this criterion, pension deferrals, OPEB deferrals, and deferred charge related to debt refinancing. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Authority has three items that meet the criterion for this category - leases, pension and OPEB deferrals.

#### Long-term Debt

Long-term debt is reported as a liability in the statement of net position, net of applicable bond premium or discount which are deferred and amortized over the life of the bonds using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Net Position

Net Position is classified as net investment in capital assets, restricted and unrestricted. Net investment in capital assets represents the amounts invested in capital assets less any outstanding debt used in the acquisition of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. Unrestricted net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”.

#### Compensated Absences

The vacation policy of the Authority provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. The Authority had 131 full-time employees as of June 30, 2024. Accrued vacation at year end totaled \$724,365 and is included in accounts payable and accrued liabilities.

The Authority has adopted a last-in, first-out method of using accumulated compensated time. The portion of the accumulated vacation pay which is expected to be liquidated after the next fiscal year is not considered to be material and, therefore, no provision for noncurrent compensated absences has been made in the financial statements.

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.

#### Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations, which is the sale of water and treatment of wastewater for its customers. Operating expenses for the Authority include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2024, cash, cash equivalents and certificates of deposit were comprised of the following:

Statement of Net Position:

Cash and cash equivalents	\$ 53,208,513
Restricted cash and cash equivalents	<u>3,557,074</u>
	<u>\$ 56,765,587</u>
Cash deposited with financial institutions	\$ 3,502,168
Petty cash	400
Invested in the NCCMT	<u>53,263,019</u>
<b>Total</b>	<u><u>\$ 56,765,587</u></u>

### Deposits

All the deposits of North Carolina local governments 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 governments' agents in the governments' names. Under the Pooling Method, which is a statewide collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the governments, these deposits are considered to be held by the governments' agents in their 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 governments or the escrow agents. Because of the inability to measure the exact amounts of collateral pledged for governments under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling method.

The Authority has no policy regarding custodial credit risk for deposits. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifies that deposits are properly secured.

The Authority has a \$1,000,000 certificate of deposit that is noninterest bearing and is a requirement from the bank in return for providing business checking accounts with no service charge. The \$1,000,000 certificate of deposit is valued at amortized cost which approximates fair value and has a three-year term which next renews in July 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

#### Investments

At June 30, 2024, the Authority had \$53,263,019 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Authority's investment in the North Carolina Capital Management Trust's Government Portfolio is classified in Level 1 of the fair value hierarchy.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

**Interest Rate Risk:** The Authority has no formal investment policy that limits its risk related to rising interest rates.

**Credit Risk:** The Authority has no formal policy regarding credit risk but has internal management procedures that limit the Authority's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated.

### NOTE 3. RECEIVABLES

The Authority estimates the revenue value of water consumed by its customers near year end but not billed by the last day of the fiscal year. This is done by multiplying the estimated unbilled water and sewer usage by the appropriate rates. This amount is reported below as Unbilled receivable - customers.

The amounts presented in the Statement of Net Position at June 30, 2024, are as follows:

Sales tax receivables	\$ 578,008
Accounts receivable - customers	3,138,519
Unbilled receivable - customers	3,587,633
Accounts receivable - other	100,688
Total receivables	<u>7,404,848</u>
Allowance for doubtful accounts	(775,559)
Total receivables, net of allowance	<u>\$ 6,629,289</u>

#### Lease Receivable

On November 23, 2023, the Authority entered into a lease for 206 acres of land. The lessee pays the Authority \$42,024 per year through December 31, 2027. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.41%. The receivable as of June 30, 2024, is \$120,231 and the deferred inflow is \$12,231.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Capital assets, non-depreciable:					
Land	\$ 18,990,811	\$ 495,868	\$ -	\$ -	\$ 19,486,679
Construction in progress	18,669,200	2,668,318	-	-	21,337,518
Total capital assets, non-depreciable	<u>37,660,011</u>	<u>3,164,186</u>	<u>-</u>	<u>-</u>	<u>40,824,197</u>
Capital assets, depreciable:					
Other improvements	258,037,336	56,139,270	(217,026)	-	313,959,580
Buildings	11,883,201	-	-	-	11,883,201
Equipment	6,882,364	1,571,452	(148,238)	-	8,305,578
Vehicles	3,463,076	1,302,818	(126,547)	-	4,639,347
Heavy equipment	1,162,367	-	(158,830)	-	1,003,537
Total capital assets, depreciable	<u>281,428,344</u>	<u>59,013,540</u>	<u>(650,641)</u>	<u>-</u>	<u>339,791,243</u>
Less accumulated depreciation for:					
Other improvements	(93,121,111)	(6,314,445)	89,525	-	(99,346,031)
Buildings	(10,385,222)	(364,331)	-	-	(10,749,553)
Equipment	(5,824,374)	(633,637)	148,237	-	(6,309,774)
Vehicles	(2,534,427)	(457,500)	125,827	-	(2,866,100)
Heavy equipment	(1,162,367)	-	158,830	-	(1,003,537)
Total accumulated depreciation	<u>(113,027,501)</u>	<u>(7,769,913)</u>	<u>522,419</u>	<u>-</u>	<u>(120,274,995)</u>
Total capital assets, depreciable, net	168,400,843	<u>51,243,627</u>	<u>(128,222)</u>	-	219,516,248
Lease assets, net	<u>24,581</u>				<u>8,194</u>
Total governmental activities capital assets, net	<u>\$ 206,085,435</u>	<u>\$ 54,407,813</u>	<u>\$ (128,222)</u>	<u>\$ -</u>	<u>\$ 260,348,639</u>

The Authority has recorded an intangible right to use asset for items under lease agreements that qualify for reporting in accordance with GASB Statement No. 87. The related lease liabilities are discussed in Note 8. These lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Lease asset activity for the Authority for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
<b>Lease assets</b>					
Equipment	\$ 57,356	\$ -	\$ -	\$ -	\$ 57,356
Total lease assets	<u>57,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,356</u>
Less accumulated amortization for:					
Equipment	(32,775)	(16,387)	-	-	(49,162)
Total accumulated amortization	<u>(32,775)</u>	<u>(16,387)</u>	<u>-</u>	<u>-</u>	<u>(49,162)</u>
Lease assets, net	<u>\$ 24,581</u>	<u>\$ (16,387)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,194</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS (CONTINUED)

#### Construction/Engineering Commitments

The Authority has active construction/engineering projects as of June 30, 2024:

Remaining Project	Spent-to-date	Commitment
Water Supply P & D	\$ 881,436	\$ 685,535
Hargett St and Shore Dr Pump Stations	10,773	53,527
Emergency Power System Upgrades	677,178	128,210
Hurricane Florence	11,358,708	477,676
Building Roof Replacements	435,599	12,143
SH WWTP Interim Capacity	349,308	478,160
Water Main Interconnect Ph 3	15,675	53,225
Disaster Response	-	1,000,000
North Topsail Beach Booster Station	662,796	2,078,039
W & S Operational Improvements	1,956,935	835,555
Dixon WTP Expansion	151,533	157,967
Water Supply Master Plan	7,840	103,980
Swansboro WWTP Renovation	1,531,559	494,075
Kenwood/Bishop Ridge Sewer Ext	115,843	196,357
Pumping Station Rehabilitation	248,600	-
HRWWTP/SMRHSE Capacity Assess	2,517,452	4,214,016
HWY24 Regional Trunk Main	365,944	432,452
Southwest Svc Upgrades Ph II	50,340	-
	<u>\$ 21,337,519</u>	<u>\$ 11,400,917</u>

At year-end, the Authority's commitments with contractors and professional firms related to these projects are as follows: Piney Green Phase 2 is partially funded by a grant from the NC Department of Environmental Quality and the others will be self-funded.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 5. PENSION PLANS

#### 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 LGERS is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Center Service, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

##### *Benefits Provided*

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) 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.

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 5. PENSION PLANS (CONTINUED)****Local Governmental Employees' Retirement System (Continued)***Benefits Provided (Continued)*

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions*

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Authority's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2024, was 14.17% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$1,285,747 for the year ended June 30, 2024.

*Refunds of Contributions*

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

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

At June 30, 2024, the Authority reported a liability of \$5,537,828 for its proportionate share of the LGERS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Local Governmental Employees' Retirement System (Continued)

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

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, 2023, the Authority's proportion was .08361%, which was a decrease of .00625% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Authority recognized pension expense of \$1,631,499. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 617,078	\$ 13,285
Changes in assumptions	235,326	-
Net difference between projected and actual earnings on pension plan investments	1,482,165	-
Changes in proportion and differences between employer contributions	229,464	81,042
Contributions made subsequent to the measurement date	1,285,747	-
Total	\$ 3,849,780	\$ 94,327

\$1,285,747 reported as deferred outflow of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending June 30:**

2025	\$ 889,117
2026	462,917
2027	1,054,999
2028	62,673
Total	\$ 2,469,706

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 5. PENSION PLANS (CONTINUED)

#### Local Governmental Employees' Retirement System (Continued)

##### *Actuarial Assumptions*

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

Inflation	2.50%
Salary increases	3.25% to 8.25%, including a 3.25% inflation and productivity factor
Investment rate of return	6.5%, 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 Pub 2010 Mortality tables with adjustments for mortality improvements based on the generational improvement Scale MP-2019. The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience investigation prepared as of December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Local Governmental Employees' Retirement System (Continued)

##### *Actuarial Assumptions (Continued)*

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	29.0%	1.1%
Global Equity	42.0%	6.5%
Real Estate	8.0%	4.9%
Alternatives	8.0%	7.5%
Opportunistic Fixed Income	7.0%	5.0%
Inflation Sensitive	6.0%	2.7%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.5%. All rates of return and inflation are annualized.

##### *Discount Rate*

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. PENSION PLANS (CONTINUED)

#### Local Governmental Employees' Retirement System (Continued)

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.5 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 (5.5 percent) or one percentage point higher (7.5 percent) than the current rate:

	Sensitivity of the Total Net Pension Liability to Changes in the		
	Discount Rate		
	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Authority's proportionate share of the net pension liability (asset)	\$ 9,594,069	\$ 5,537,828	\$ 2,198,350

*Pension Plan Fiduciary Net Position:*

Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the State of North Carolina.

#### Supplemental Retirement Income Plan

*Plan Description:*

The Authority contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan with services provided by Prudential, administered by the Department of State Treasurer. The Plan provides retirement benefits to all full-time and qualified part-time employees of the Authority. Authority to establish and amend benefit provisions is assigned to the Board of Directors.

*Funding Policy:*

The adopted plan requires the Authority to match an employees' contribution each pay period by an amount not to exceed three percent (3%) of each employee's salary. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. All covered employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024, were \$388,047 which consisted of \$198,449 from the Authority and \$189,598 from the employees.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. OTHER POSTEMPLOYMENT BENEFITS

#### *Plan Description*

According to the Authority's personnel policy, the Authority provides post-employment health care benefits to retirees of the Authority in a single-employer plan, provided they participate in the North Carolina Local Governmental Employees' Retirement System and have at least ten consecutive years of creditable service with the Authority.

#### *Benefits Provided*

Postemployment benefits are provided to employees hired prior to April 17, 2014, or if they are already in the system. Years of service are transferable from participating member governments during the initial transition phase of the Authority. The Authority pays the full cost of coverage for these benefits through private insurers. Also, spouses of Authority retirees can purchase coverage at the Authority's group rates until the spouse is eligible for other health coverage or Medicare. For the fiscal year ended June 30, 2024, the Authority paid \$240,363 in post-employment health benefit premiums. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan. The Authority pays the full cost of coverage for the healthcare benefits paid to qualified retirees under the Authority's personnel policy. The Authority obtains healthcare coverage through private insurers. There were no contributions made by retirees or employees. The Authority has chosen to fund the healthcare benefits on a pay as you go basis. Under the terms of the plan, the Authority administers a single employer defined benefit Healthcare Benefits Plan. The Authority Board has the right to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	12
Active plan members	42
Total	54

#### *Total OPEB Liability*

The Authority's total OPEB liability of \$4,236,162 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### *Total OPEB Liability*

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	3.25% to 8.41%
Healthcare cost trend rates	7.00% for 2021 decreasing to an ultimate rate of 4.5% by 2031

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date of June 30, 2023.

#### *Changes in the Total OPEB Liability*

	<b>Total OPEB Liability</b>
<b>Balances at 6/30/22</b>	<u>\$ 4,218,937</u>
<b>Changes for the year:</b>	
Service cost	117,027
Interest	149,669
Differences between expected and actual experience	(126,967)
Assumption changes	95,472
Benefit payments	(217,976)
<b>Net changes</b>	<u>17,225</u>
<b>Balances at 6/30/23</b>	<u>\$ 4,236,162</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

Mortality rates were based on the Pub-2010 mortality tables with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### *Sensitivity of the Total OPEB Liability to Changes in 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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate.

<b>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</b>		
<b>1% Decrease (2.65%)</b>	<b>Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
\$ 4,688,853	\$ 4,236,162	\$ 3,836,155

#### *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:

<b>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates</b>		
<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
\$ 3,772,306	\$ 4,236,162	\$ 4,782,738

#### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2024, The Authority recognized OPEB expense of \$86,771. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 123,697	\$ 962,322
Changes of assumptions	678,827	444,692
Benefit payments and administrative costs made subsequent to measurement date	240,363	-
Total	\$ 1,042,887	\$ 1,407,014

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)*

\$240,363 reported as deferred outflows of resource related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as net deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ending June 30:**

2025	\$	(156,952)
2026		(139,025)
2027		(199,292)
2028		(105,306)
2029		(3,915)
Total	<u>\$</u>	<u>(604,490)</u>

### NOTE 7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities (the "NCLM"). Through these pools, the Authority obtains property and equipment coverage, general liability coverage of \$3 million per occurrence with \$3 million aggregate, and auto liability coverage with a \$2 million limit per occurrence. Public officials' liability coverage of \$2 million per each claim with a \$3 million aggregate and worker's compensation with statutory limits are also obtained from the NCLM. The Authority also has flood insurance of \$5 million per occurrence with \$5 million aggregate.

In accordance with G.S. 159-29, the Authority's employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$1,000,000. The remaining employees that have access to funds are bonded for \$75,000 per occurrence. Employees' health insurance is provided by a commercial provider.

The Authority's settlements have not exceeded insurance coverage in any of the past four years.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2024, is summarized as follows:

	Balance July 1, 2023	Principal Increases	Principal Decreases	Premium Amortized	Balance June 30, 2024	Current Portion of Balance
Revenue bonds	\$ 47,304,000	\$ 48,415,000	\$ (3,198,000)	\$ -	\$ 92,521,000	\$ 4,048,000
Construction loans	6,240,784	-	(553,993)	-	5,686,791	553,993
Unamortized premiums	2,230,089	1,143,539	-	517,939	2,855,689	-
Lease liability	25,705	-	(16,922)	-	8,783	8,783
Net pension liability (LGERS)	4,364,209	2,282,842	(1,109,223)	-	5,537,828	-
Other postemployment benefits	4,218,937	362,168	(344,943)	-	4,236,162	194,650
Totals	<u>\$ 64,383,724</u>	<u>\$ 52,203,549</u>	<u>\$ (5,223,081)</u>	<u>\$ 517,939</u>	<u>\$ 110,846,253</u>	<u>\$ 4,805,426</u>

#### Revenue Bonds

\$9,000,000 Combined Enterprise System Revenue Bonds, Series 2014A, were issued December 2014 to fund the Northwest Water Reclamation Facility. Principal and interest installments are due annually on June 1, at annual interest rate of 2.375%. The bonds are secured by a pledge of the net revenues of the Authority. The remaining balance as of June 30, 2024, is \$7,709,000.

\$8,000,000 Combined Enterprise System Revenue Bonds, Series 2014B, were issued December 2014 to fund the Northwest Water Reclamation Facility. Principal and interest installments are due annually on June 1, at annual interest rate of 2.375%. The bonds are secured by a pledge of the net revenues of the Authority. The remaining balance as of June 30, 2024, is \$6,852,000.

\$7,541,000 Combined Enterprise System Revenue Bonds, Series 2014C, were issued December 2014 to fund the Northwest Water Reclamation Facility. Principal and interest installments are due annually on June 1, at annual interest rate of 2.375%. The bonds are secured by a pledge of the net revenues of the Authority. The remaining balance as of June 30, 2024, is \$6,460,000.

\$41,605,000 Combined Enterprise System Revenue Bonds, Series 2016, were issued April 2016 to refund the Series 2004B, 2006, 2008B Revenue Bonds and a portion of the 2008A Revenue Bonds. Principal installments are due annually on December 1, with semiannual interest payments due on December 1 and June 1, at annual varying interest rates from 2% to 5%. The bonds are secured by a pledge of the net revenues of the Authority. The remaining balance as of June 30, 2024, is \$23,085,000.

\$48,415,000 Combined Enterprise System Revenue Bonds, Series 2023, were issued November 2023 to fund the acquisition of Pluris wastewater systems. Principal installments are due annually on December 1, with semiannual interest payments due on December 1 and June 1, at annual interest rate of 5%. The bonds are secured by a pledge of the net revenues of the Authority. The remaining balance as of June 30, 2024, is \$48,415,000.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

#### Defeased Debt

In 2016, the Authority defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the Authority's liabilities. As of June 30, 2024, the amount of prior year defeased debt and removed from the Authority's liabilities amount to \$25,884,339.

The payments of the revenue bonds for the future years are as follows:

Year Ending June 30,	2014A, B and C		2016		2023	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 488,000	\$ 499,249	\$ 2,840,000	\$ 957,925	\$ 720,000	\$ 2,392,100
2026	500,000	487,659	2,990,000	812,175	755,000	2,355,225
2027	512,000	475,784	3,140,000	658,925	795,000	2,316,475
2028	524,000	463,624	3,290,000	511,300	835,000	2,275,725
2029	537,000	451,179	3,080,000	365,175	880,000	2,232,850
2030 - 2034	2,879,000	2,058,579	7,745,000	586,188	5,095,000	10,457,100
2035 - 2039	3,237,000	1,700,120	-	-	6,505,000	9,053,125
2040 - 2044	3,641,000	1,296,988	-	-	8,345,000	7,206,125
2045 - 2049	4,095,000	843,553	-	-	10,725,000	4,834,375
2050 - 2054	4,608,000	333,569	-	-	13,760,000	1,788,750
Total	<u>\$ 21,021,000</u>	<u>\$ 8,610,304</u>	<u>\$ 23,085,000</u>	<u>\$ 3,891,688</u>	<u>\$ 48,415,000</u>	<u>\$ 44,911,850</u>

#### Construction Loans Payable

The Authority has a \$613,604 direct placement construction loan payable to the State of North Carolina to finance Richland's Sewer Rehabilitation and gravity sewer in Holly Ridge and Hunter's Creek, repayable over a fixed term once construction is completed. The note is payable from water and sewer revenue and bears an annual interest rate of 2.480%.

The Authority has a \$3,008,750 direct placement construction loan payable to the State of North Carolina to finance the Dixon Reverse Osmosis treatment process, repayable over a fixed term once construction is completed. The note is payable from water and sewer revenue and bears an annual interest rate of 0%.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

#### Construction Loans Payable (Continued)

The Authority has a \$1,146,849 direct placement construction loan payable to the State of North Carolina to finance the Summerhouse WWTP Rehabilitation Project, repayable over a fixed term once construction is completed. The note is payable from water and sewer revenue and bears an annual interest rate of 0%.

The Authority has a \$733,651 direct placement construction loan payable to the State of North Carolina to finance the Western Onslow Trunk Sewer Phase II, repayable over a fixed term once construction is completed. The note is payable from water and sewer revenue and bears an annual interest rate of 0%.

The payments of the loans payable for the future years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2025	\$ 553,993	\$ 29,890	\$ 583,883
2026	553,993	26,399	580,392
2027	553,993	22,908	576,901
2028	553,993	19,416	573,409
2029	553,993	15,925	569,918
2030 - 2033	1,935,525	34,311	1,969,836
2034 - 2037	981,301	11,287	992,588
Total	<u>\$ 5,686,791</u>	<u>\$ 160,136</u>	<u>\$ 5,846,927</u>

#### Rate Covenants

The Series 2016 revenue bonds are secured by a pledge of the net revenues of the Authority. The rate covenant for the Enterprise Revenue Bonds, Series 2016, states, in summary, that the Authority establish rates and charges for the provision of services of the Combined Enterprise Systems as such Revenue plus 20% of the balance in the Operating Fund at the end of the preceding Fiscal Year at least equal to the total of current expenses budgeted plus 120% of the Principal and Interest requirements on outstanding debt and Revenue at least equal to Current Expenses budgeted plus 100% of the Principal and Interest requirements on outstanding debt. The Authority met its covenants for the fiscal year ended June 30, 2024.

The Authority's revenue bonds contain rate covenants as to rates and requires the debt service coverage ratio to be no less than 100% for all debt. The Authority has met its covenants for the year ended June 30, 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

#### Leases

The Authority entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. The lease was executed on February 1, 2020, to lease printer/copiers and requires monthly payments of \$1,485. There are no variable payment components of the lease. The lease liability is measured at the discount rate of 5% which is the incremental borrowing rate. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$8,194 and a lease liability of \$8,783.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 8,783	\$ 129	\$ 8,912
Total	\$ 8,783	\$ 129	\$ 8,912

### NOTE 9. COMMITMENTS AND CONTINGENCIES

**Federal and State Assisted Programs:** The Authority has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Federal and state financial assistance audits could result in the refund of grant money to the grantor agencies. Management believes that any required refunds from audit of other federal and state financial assistance will be immaterial. No provision has been made in the accompanying financial statements for the possible refund of grant money.

**Fines and fees:** The Authority is subject to various federal and State agencies oversight for operations of its water and sewer systems. These agencies could impose fines and fees as a result of non-compliance with regulations and permit requirements. Management believes that any required fines and fees to be immaterial as of June 30, 2024.

**Litigation:** The Authority is involved in certain legal proceedings. Management and the Authority's legal counsel believe these matters are not material and can be successfully defended or prosecuted based on the Authority's status as defendant or claimant in these matters. The Authority has insurance coverage in the event of a negative outcome.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# ON SLOW WATER AND SEWER AUTHORITY

## OTHER POSTEMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 117,027	\$ 154,460	\$ 265,552
Interest	149,669	104,728	130,104
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(126,967)	(791)	(1,718,989)
Changes of assumptions	95,472	(618,754)	601,987
Benefit payments	<u>(217,976)</u>	<u>(228,319)</u>	<u>(184,110)</u>
<b>Net change in total OPEB liability</b>	17,225	(588,676)	(905,456)
<b>Total OPEB liability - beginning</b>	<u>4,218,937</u>	<u>4,807,613</u>	<u>5,713,069</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 4,236,162</u></u>	<u><u>\$ 4,218,937</u></u>	<u><u>\$ 4,807,613</u></u>
<b>Covered-employee payroll</b>	\$ 3,171,572	\$ 2,935,139	\$ 2,935,139
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	133.57%	143.74%	163.80%

### Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.18%

This schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

There are no assets accumulated in a trust that meets the GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
\$	196,402	\$ 185,688	\$ 191,399	\$ 205,919
	174,542	160,103	144,539	123,643
	-	18,915	-	-
	(6,990)	419,586	28,662	(8,860)
	654,367	78,778	(135,326)	(230,655)
	<u>(189,917)</u>	<u>(186,525)</u>	<u>(161,055)</u>	<u>(114,889)</u>
	828,404	676,545	68,219	(24,842)
	4,884,665	4,208,120	4,139,901	4,164,743
\$	<u>5,713,069</u>	<u>\$ 4,884,665</u>	<u>\$ 4,208,120</u>	<u>\$ 4,139,901</u>
\$	3,532,874	\$ 3,532,874	\$ 3,992,330	\$ 3,992,330
	161.71%	138.26%	105.41%	103.70%

# ONslow WATER AND SEWER AUTHORITY

## SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) REQUIRED SUPPLEMENTARY INFORMATION LAST TEN FISCAL YEARS\*

### LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Authority's proportion of the net pension liability (asset) %	0.08361%	0.07736%	0.0845%	0.0806%
Authority's proportionate share of the net pension liability (asset)	\$ 5,537,828	\$ 4,364,209	\$ 1,295,735	\$ 3,064,570
Authority's covered-employee payroll	\$ 7,841,058	\$ 6,595,815	\$ 6,736,138	\$ 6,659,888
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.63%	66.17%	19.24%	46.02%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%

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

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

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<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
0.0874%	0.0886%	0.0903%	0.0846%	0.0981%	0.0963%
\$ 2,387,099	\$ 2,101,421	\$ 1,379,687	\$ 1,795,283	\$ 440,312	\$ (567,748)
\$ 6,627,781	\$ 6,517,907	\$ 6,215,214	\$ 6,649,985	\$ 6,646,803	\$ 5,383,806
36.02%	32.24%	22.20%	27.00%	6.62%	( 10.55%)
90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

# ONslow WATER AND SEWER AUTHORITY

## SCHEDULE OF AUTHORITY'S CONTRIBUTIONS REQUIRED SUPPLEMENTARY INFORMATION LAST TEN FISCAL YEARS\*

### LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 1,285,747	\$ 948,768	\$ 748,625	\$ 683,718
Contributions in relation to the contractually required Contribution deficiency (excess)	<u>1,285,747</u> <u>\$ -</u>	<u>948,768</u> <u>\$ -</u>	<u>748,625</u> <u>\$ -</u>	<u>683,718</u> <u>\$ -</u>
Authority's covered-employee payroll	\$ 9,073,726	\$ 7,841,058	\$ 6,595,815	\$ 6,736,138
Contributions as a percentage of covered-employee payroll	14.17%	12.10%	11.35%	10.15%

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

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 596,060	\$ 513,653	\$ 488,843	\$ 450,603	\$ 443,554	\$ 469,929
596,060	513,653	488,843	450,603	443,554	469,929
<u>\$ -</u>					
\$ 6,659,888	\$ 6,627,781	\$ 6,517,907	\$ 6,215,214	\$ 6,649,985	\$ 6,646,803
8.95%	7.75%	7.50%	7.25%	6.67%	7.07%

## **SUPPLEMENTARY INFORMATION**

# ON SLOW WATER AND SEWER AUTHORITY

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS) - OPERATING FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
<b>Operating revenues</b>			
Water	\$ 26,771,273	\$ 26,815,703	\$ 44,430
Waste water	9,452,061	9,848,423	396,362
Service initiation fees	1,311,950	1,162,823	(149,127)
Miscellaneous revenue	748,950	887,371	138,421
<b>Total operating revenues</b>	<b>38,284,234</b>	<b>38,714,320</b>	<b>430,086</b>
<b>Nonoperating revenues</b>			
System development fees	3,500,000	5,557,781	2,057,781
Interest income	750,000	2,792,066	2,042,066
<b>Total nonoperating revenues</b>	<b>4,250,000</b>	<b>8,349,847</b>	<b>4,099,847</b>
<b>Total revenues</b>	<b>42,534,234</b>	<b>47,064,167</b>	<b>4,529,933</b>
<b>Expenditures</b>			
<b>Water Divisions</b>			
Hubert Water Treatment Plant		2,846,518	
Dixon Water Treatment Plant		2,077,746	
Meters		1,827,804	
Capital outlay		1,275,062	
Water purchases		398,057	
Distribution		2,591,614	
<b>Total water divisions</b>	<b>13,962,909</b>	<b>11,016,801</b>	<b>2,946,108</b>
<b>Sewer Divisions</b>			
Northwest Regional Water Reclamation Facility		923,695	
Southeast Regional Wastewater Treatment Plant		673,887	
Swansboro Wastewater Treatment Plant		424,858	
North Topsail Wastewater Treatment Plant		567,049	
Webb Creek Wastewater Treatment Plant		281,567	
Collections		3,014,108	
Capital outlay		972,073	
Water purchases		1,102,592	
<b>Total sewer divisions</b>	<b>10,354,557</b>	<b>7,959,829</b>	<b>2,394,728</b>
<b>Administrative Divisions</b>			
General and administration		2,631,593	
Information technology		2,118,556	
Engineering		690,150	
Facilities maintenance		1,593,410	
Customer service		2,000,297	
Laboratory		565,630	
Capital outlay		388,147	
SCC		572,382	
Nondepartmental		1,170,618	
<b>Total administrative divisions</b>	<b>14,339,311</b>	<b>11,730,784</b>	<b>2,608,527</b>
<b>Total operating expenditures</b>	<b>38,656,777</b>	<b>30,707,414</b>	<b>7,949,363</b>

(Continued)

# ONslow WATER AND SEWER AUTHORITY

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS) - OPERATING FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Final Budget	Actual	Variance with Final Budget
<b>Debt Service</b>			
Principal on long-term debt	\$ 3,751,993	\$ 3,768,915	\$ 16,922
Interest	2,977,183	3,331,816	354,633
<b>Total debt service</b>	<u>6,729,176</u>	<u>7,100,731</u>	<u>371,555</u>
<b>Other Financing Sources (Uses)</b>			
Appropriated fund balance	11,029,855	-	(11,029,855)
Transfers out	(8,178,136)	-	8,178,136
<b>Total financing sources (uses)</b>	<u>2,851,719</u>	<u>-</u>	<u>(2,851,719)</u>
<b>Revenue and other financing sources over other financing uses</b>	<u>\$ -</u>	9,256,022	<u>\$ 9,256,022</u>
<b>Reconciliation of modified accrual to full accrual basis</b>			
Depreciation and amortization		(7,786,300)	
Capital outlay		2,635,282	
Contributed capital assets		6,523,634	
Accrued interest expense		177,198	
Accrued vacation		(190,622)	
Principal payment on long-term debt		3,768,915	
Bond premium and bond refunding amortization		517,939	
Deferred charge for debt		(76,382)	
Pension and OPEB adjustments		(188,485)	
<b>Increase in net position</b>		<u>\$ 14,637,201</u>	

## ON SLOW WATER AND SEWER AUTHORITY

**CAPITAL PROJECTS FUND - VARIOUS PROJECTS**  
**SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL**  
**(MODIFIED ACCRUAL BASIS)**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Project Ordinance	Actual			Total to Date
		Prior Years	Current Year	Closed Out	
<b>Revenue</b>					
Clean Water Trust Grant	\$ 600,000	\$ 444,131	\$ -	\$ -	\$ 444,131
NCDEQ Grant - Dixon WTP Expansion	300,000	-	-	-	-
NCDEQ Grant - Water Supply	150,000	-	-	-	-
<b>Total revenue</b>	<b>1,050,000</b>	<b>444,131</b>	<b>-</b>	<b>-</b>	<b>444,131</b>
<b>Expenditures</b>					
Piney Green Sewer Phase 2 (Closed in FY24)	1,234,790	1,007,564	44,085	(1,051,649)	-
Regional Aquifer Study	175,000	-	-	-	-
Building Roof Replacement	1,250,000	435,599	-	-	435,599
Water Supply P & D	1,988,247	390,133	491,303	-	881,436
Hargett St and Shore Dr	390,000	10,773	-	-	10,773
Summerhouse Infiltration Ponds	1,132,000	90,643	258,665	-	349,308
W & S Operational Improvements	4,585,000	746,505	1,210,430	-	1,956,935
Water Main Interconnect Phase I, II and III	300,000	-	15,675	-	15,675
Emergency Power System Upgrades	2,100,000	434,178	243,000	-	677,178
Hurricane Florence	11,724,839	10,976,970	381,738	-	11,358,708
Topsail Island Booster Station	2,752,513	185,520	477,276	-	662,796
Hurricane Florence Disaster Recover Response	1,000,000	-	-	-	-
Dixon WTP Expansion	350,000	-	151,533	-	151,533
Water Supply Master Plan	150,000	-	7,840	-	7,840
<b>Total expenditures</b>	<b>29,132,389</b>	<b>14,277,885</b>	<b>3,281,545</b>	<b>(1,051,649)</b>	<b>16,507,781</b>
<b>Deficiency of revenues under expenditures</b>	<b>(28,082,389)</b>	<b>(13,833,754)</b>	<b>(3,281,545)</b>	<b>1,051,649</b>	<b>(16,063,650)</b>
<b>Other financing sources</b>					
Transfer from operating fund	19,027,924	17,623,066	558,790	-	18,181,856
Insurance proceeds	7,066,218	5,540,310	-	-	5,540,310
Debt Issued	1,988,247	-	-	-	-
<b>Total other financing sources</b>	<b>28,082,389</b>	<b>23,163,376</b>	<b>558,790</b>	<b>-</b>	<b>23,722,166</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 9,329,622</b>	<b>\$ (2,722,755)</b>	<b>\$ 1,051,649</b>	<b>\$ 7,658,516</b>

## ONSLow WATER AND SEWER AUTHORITY

**CAPITAL PROJECTS FUND - WATER AND SEWER EXPANSION PROJECTS**  
**SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL**  
**(MODIFIED ACCRUAL BASIS)**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Project Ordinance	Actual			Total to Date
		Prior Years	Current Year	Closed Out	
<b>Revenue</b>					
Interest Earned	\$ -	\$ 940,913	\$ -	\$ -	\$ 940,913
ARPA Funding Southeast	10,000,000	-	-	-	-
<b>Total revenue</b>	<u>10,000,000</u>	<u>940,913</u>	<u>-</u>	<u>-</u>	<u>940,913</u>
<b>Expenditures</b>					
Kenwood/Bishop Ridge Sewer	2,325,000	115,843	-	-	115,843
Heather Loop Rd Sewer (Closed in FY24)	288,715	285,206	3,509	(288,715)	-
Laboratory (Closed in FY24)	2,711,750	2,558,534	153,216	(2,711,750)	-
laboratory (Closed in FY24)	1,178,250	1,053,949	124,301	(1,178,250)	-
Pumping Station Assess/Rehab	850,000	190,263	58,337	-	248,600
HRWWTP/SMRHSE Capacity Assess	31,750,000	2,215,265	302,187	-	2,517,452
Hwy 24 Regional Trunk Main	15,000,000	342,684	23,260	-	365,944
Hwy 24 Utility Improvement	30,130,000	-	-	-	-
Southwest Upgrades Phase II	3,500,000	50,339	-	-	50,339
Swansboro WWTP Renovation	19,450,000	1,476,920	54,639	-	1,531,559
Pluris Acquisition	50,000,000	-	-	-	-
Southeast ARPA	28,375,000	-	-	-	-
<b>Total expenditures</b>	<u>185,558,715</u>	<u>8,289,003</u>	<u>719,449</u>	<u>(4,178,715)</u>	<u>4,829,737</u>
<b>Deficiency of revenues under expenditures</b>	<u>(175,558,715)</u>	<u>(7,348,090)</u>	<u>(719,449)</u>	<u>4,178,715</u>	<u>(3,888,824)</u>
<b>Other financing sources</b>					
Debt issued	175,270,000	48,963,383	49,558,539	(4,178,715)	94,343,207
Transfer from operating fund	288,715	-	-	-	-
<b>Total other financing sources</b>	<u>175,558,715</u>	<u>48,963,383</u>	<u>49,558,539</u>	<u>(4,178,715)</u>	<u>94,343,207</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ 41,615,293</u>	<u>\$ 48,839,090</u>	<u>\$ -</u>	<u>\$ 90,454,383</u>

# STATISTICAL SECTION

## STATISTICAL SECTION

### Financial Course:

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

- Net Position By Component
- Change In Net Position
- Expenses By Functions

### Revenue Capacity:

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

- Revenue By Source
- Principal Water Customers
- Principal Sewer Customers

### Debt Capacity:

This schedule represents the ratio of debt to revenues.

- Ratio of Bonded Debt to Operating Revenues and Net Bonded Debt per Customer

### Demographic and Economic Information:

These schedules show the demographic and economic picture of the environment in which Onslow Water and Sewer Authority provides its services.

- Onslow County, NC Demographic Statistics Miscellaneous Statistical Data
- Onslow County, NC Property Tax Levies and Collections
- Onslow County, NC Taxable Property Assessed Value
- Onslow County, NC Taxable Property Tax Rates
- ONWASA Full-time Equivalent Employees
- Onslow County, NC Principal Employers

### Operating Information:

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

- Water Processed and Wastewater Treated
- Operating Indicators by Function
- Capital Asset Statistics by Function

### Sources:

Unless otherwise noted, the information included in these schedules and charts is derived for the annual comprehensive financial reports (ACFR) for GASB 34 in the fiscal year ending June 30, 2024, and is provided for additional analysis purposes only and has not been verified by audit as presented.

## Onslow Water and Sewer Authority

**Net Position By Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2024	2023	2022	2021
Net investment in Capital Assets	\$ 159,791,457	\$ 150,901,763	\$ 144,812,025	\$ 126,458,485
Restricted by bond order for Replacement Fund	2,572,773	903,961	773,230	673,750
Restricted by bond order for Reserve Funds	2,504,151	2,504,151	2,504,151	2,504,150
Unrestricted	48,213,559	44,134,864	40,341,961	37,673,520
<b>Total net position</b>	<b>\$ 213,081,940</b>	<b>\$ 198,444,739</b>	<b>\$ 188,431,367</b>	<b>\$ 167,309,905</b>

Source: Onslow Water and Sewer Authority's Accounting Records.

		Fiscal Year									
		2020	2019	2018	2017	2016	2015				
\$	119,561,144	\$	108,805,794	\$	102,890,915	\$	98,574,910	\$	95,949,138	\$	95,773,968
	574,826		465,119		358,134		256,463		2,504,151		2,504,151
	2,504,151		2,504,151		2,504,151		2,504,151		2,729,515		2,572,773
	35,000,539		37,126,077		35,378,241		36,410,683		32,509,928		27,750,357
\$	157,640,660	\$	148,901,141	\$	141,131,441	\$	137,746,207	\$	133,692,732	\$	128,601,249

## Onslow Water and Sewer Authority

**Change in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year				
	2024	2023	2022	2021	2020
<b>Operating revenue</b>					
Water	\$ 26,815,703	\$ 24,950,424	\$ 22,588,521	\$ 20,313,493	\$ 19,162,994
Wastewater	9,848,423	5,892,250	5,259,179	4,803,047	4,374,099
Service initiation fees	1,162,823	1,167,941	1,141,292	1,018,930	875,160
Miscellaneous income	887,371	1,215,750	554,084	508,141	438,579
<b>Total operating revenue</b>	<b>38,714,320</b>	<b>33,226,365</b>	<b>29,543,076</b>	<b>26,643,611</b>	<b>24,850,832</b>
<b>Operating expenses</b>					
Hubert Water Treatment Plant	2,089,371	1,910,671	1,478,966	1,413,682	1,348,468
Dixon Water Treatment Plant	1,727,364	1,332,813	1,128,757	1,137,694	1,034,959
Meters	1,361,955	1,300,330	1,798,316	1,064,406	902,793
Distribution	1,928,194	2,344,848	1,303,041	1,302,500	1,127,213
Facilities Maintenance & Collections	-	-	-	-	-
SCC	576,269	476,016	383,000	341,778	330,139
Kenwood Wastewater Plant	-	-	-	-	-
Northwest Regional Water Reclamation Facility	774,327	669,931	520,383	445,800	442,251
Southeast Wastewater Plants	550,661	551,496	361,300	357,717	356,390
Swansboro Wastewater Plant	388,866	263,096	266,285	315,232	379,497
Hickory Grove Wastewater Plant	-	-	-	-	-
Webb Wastewater Plant	-	-	-	-	-
North Topsail Wastewater Plant	523,204	-	-	-	-
Webb Creek Wastewater Plant	266,454	-	-	-	-
General Administrative and Finance	2,855,808	2,267,436	1,213,612	2,823,376	2,348,742
Buildings & Grounds	1,006,967	1,009,481	798,574	721,633	530,571
Information Technology Services	2,117,325	2,006,743	1,726,875	1,654,950	1,579,676
Engineering	691,498	705,591	440,031	405,799	860,728
Customer Service	2,013,880	1,672,402	1,316,631	1,313,387	1,301,800
Wastewater Collections	2,171,372	1,372,474	1,010,869	975,835	964,653
Laboratory	565,403	407,421	366,938	346,158	365,253
Nondepartmental	1,164,909	838,589	677,666	621,734	618,767
Water & Wastewater Purchases	1,500,649	934,145	858,994	878,139	605,522
Repairs and maintenance	4,176,763	2,817,274	2,381,734	2,689,204	2,133,065
Depreciation	7,786,300	6,678,869	6,401,746	6,174,082	5,794,541
<b>Total operating expenses</b>	<b>36,237,539</b>	<b>29,559,626</b>	<b>24,433,718</b>	<b>24,983,106</b>	<b>23,025,028</b>
<b>Operating income</b>	<b>2,476,781</b>	<b>3,666,739</b>	<b>5,109,358</b>	<b>1,660,505</b>	<b>1,825,804</b>

Fiscal Year				
2019	2018	2017	2016	2015
\$ 18,021,212	\$ 16,520,153	\$ 16,151,157	\$ 15,854,573	\$ 15,519,240
4,057,799	3,685,440	3,543,282	3,404,606	3,278,001
854,621	869,002	755,891	703,561	738,335
446,101	692,633	844,746	926,649	939,654
23,379,733	21,767,228	21,295,076	20,889,389	20,475,230
1,340,573	1,292,507	1,272,354	1,307,075	1,366,700
962,218	989,998	858,582	957,567	917,126
836,475	839,080	894,305	885,824	897,641
1,065,539	1,157,768	1,300,876	1,258,987	1,359,140
1,237,430	1,208,866	1,243,773	1,311,351	1,280,361
301,954	246,791	262,552	239,617	249,006
-	-	38,312	36,263	26,128
451,193	369,887	406,474	295,744	377,653
360,832	316,593	378,027	292,590	265,688
335,525	307,160	301,600	290,866	333,367
-	-	-	-	1,702
-	-	-	-	15,023
-	-	-	-	-
-	-	-	-	-
2,024,440	1,737,742	1,422,184	1,404,154	1,244,587
-	-	-	-	-
803,817	766,961	1,071,932	903,987	811,267
846,560	804,896	754,467	771,132	885,832
1,203,449	1,446,946	1,424,442	1,373,686	1,339,446
-	-	-	-	-
310,596	317,946	321,116	401,630	383,092
600,766	539,758	593,807	577,869	567,576
600,650	615,982	527,840	578,415	514,076
3,021,874	2,595,966	1,752,210	1,520,826	1,431,467
5,749,775	5,756,258	5,524,931	4,894,381	4,953,323
22,053,666	21,311,105	20,349,784	19,301,964	19,220,201
1,326,067	456,123	945,292	1,587,425	1,255,029

(Continued)

## Onslow Water and Sewer Authority

Change in Net Position (Continued)  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
<b>Nonoperating revenue (expense)</b>					
System development fees	\$ 5,557,781	\$ 3,915,328	\$ 4,401,195	\$ 3,803,328	\$ 3,638,778
Interest income	2,792,066	1,799,367	75,697	8,384	549,236
Interest expense	(2,713,061)	(1,285,619)	(1,554,774)	(1,691,380)	(1,811,268)
Insurance proceeds	-	-	-	2,500,000	688,309
Loss on land adjustment	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Piney Green project - Jacksonville's portion	-	-	-	-	-
Contributions from non-related parties	-	-	-	-	-
<b>Total nonoperating revenue (expense)</b>	<b>5,636,786</b>	<b>4,429,076</b>	<b>2,922,118</b>	<b>4,620,332</b>	<b>3,065,055</b>
<b>Income before capital contributions</b>	<b>8,113,567</b>	<b>9,635,944</b>	<b>8,031,476</b>	<b>6,280,837</b>	<b>4,890,859</b>
Clean Water Management Trust Fund Grant	-	-	-	-	-
USDA Rural Development Grant	-	-	-	-	-
FEMA Grant proceeds	-	-	-	137,011	381,875
Goldenleaf Grant Proceeds	-	22,738	329,262	-	-
Capital contributions from non-related parties	6,523,634	5,421,407	5,852,017	3,251,397	3,466,785
<b>Increase in net position</b>	<b>14,637,201</b>	<b>15,080,089</b>	<b>14,212,755</b>	<b>9,669,245</b>	<b>8,739,519</b>
<b>Net position</b>					
Beginning	198,444,739	181,522,660	167,309,905	157,640,660	148,901,141
Restatement for accounting change	-	1,841,990	-	-	-
Beginning, as restated	198,444,739	183,364,650	167,309,905	157,640,660	148,901,141
Ending	\$ 213,081,940	\$ 198,444,739	\$ 181,522,660	\$ 167,309,905	\$ 157,640,660

Source: Onslow Water and Sewer Authority's Accounting Records.

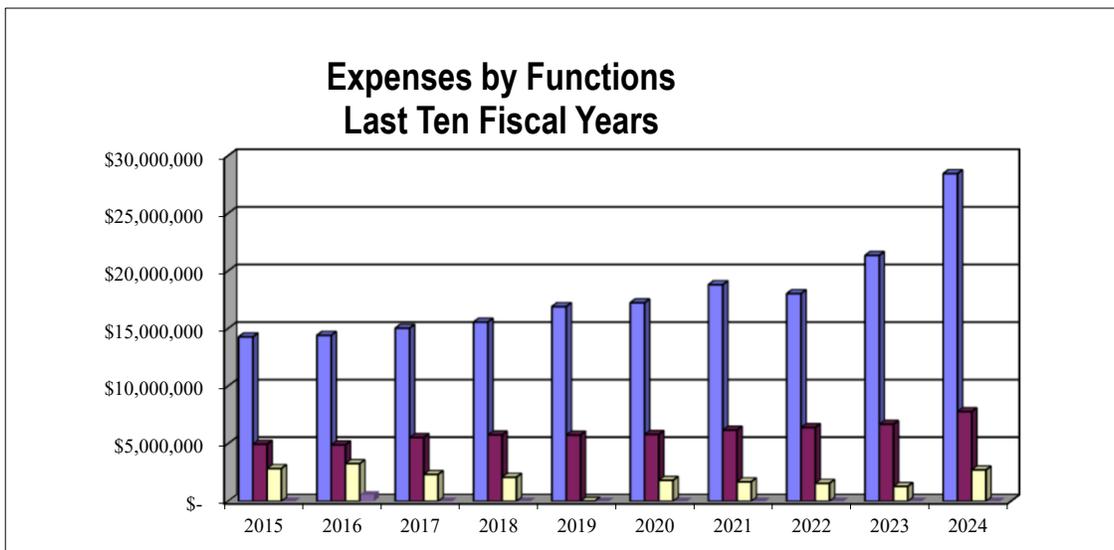
		Fiscal Year				
		2019	2018	2017	2016	2015
\$	2,900,491	\$ 3,300,836	\$ 2,602,933	\$ 2,266,101	\$ 2,601,426	
	891,549	522,147	177,088	88,508	7,823	
	-	(2,082,919)	(2,319,432)	(3,263,647)	(2,839,651)	
	2,055,003	-	-	-	-	
	-	-	-	(7,000)	-	
	-	-	-	(547,731)	-	
	-	-	-	-	(3,130,196)	
	-	-	-	-	946,938	
	5,847,043	1,740,064	460,589	(1,463,769)	(2,413,660)	
	7,173,110	2,196,187	1,405,881	123,656	(1,158,631)	
	-	-	-	-	444,131	
	-	-	-	2,628,031	7,187,969	
	402,269	-	-	-	-	
	500,000	-	-	-	-	
	1,624,676	3,614,988	2,647,594	2,339,796	1,978,051	
	9,700,055	5,811,175	4,053,475	5,091,483	8,451,520	
	141,131,441	137,746,207	133,692,732	128,601,249	120,903,360	
	-	(2,425,941)	-	-	(753,631)	
	141,131,441	135,320,266	133,692,732	128,601,249	120,149,729	
\$	150,831,496	\$ 141,131,441	\$ 137,746,207	\$ 133,692,732	\$ 128,601,249	

**Onslow Water and Sewer Authority**

**Expenses by Functions  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Operating Expenses	Depreciation, Impairment, Amortization	Interest Expense	Nonoperating Expenses/ Losses	Total
2015	\$ 14,266,878	\$ 4,953,323	\$ 2,839,651	\$ -	\$ 22,059,852
2016	14,407,583	4,894,381	3,263,647	554,731	22,565,611
2017	15,022,622	5,524,931	2,319,432	-	22,866,985
2018	15,554,847	5,756,258	2,082,919	-	23,394,024
2019	16,904,657	5,749,775	-	-	22,654,432
2020	17,230,486	5,794,541	1,811,268	-	24,836,295
2021	18,809,024	6,174,082	1,691,380	-	26,674,486
2022	18,031,972	6,401,746	1,554,774	-	25,988,492
2023	21,340,625	6,678,871	1,285,619	-	29,305,115
<b>2024</b>	<b>28,451,239</b>	<b>7,786,300</b>	<b>2,713,061</b>	-	<b>38,950,600</b>

Source: Onslow Water and Sewer Authority's Accounting Records

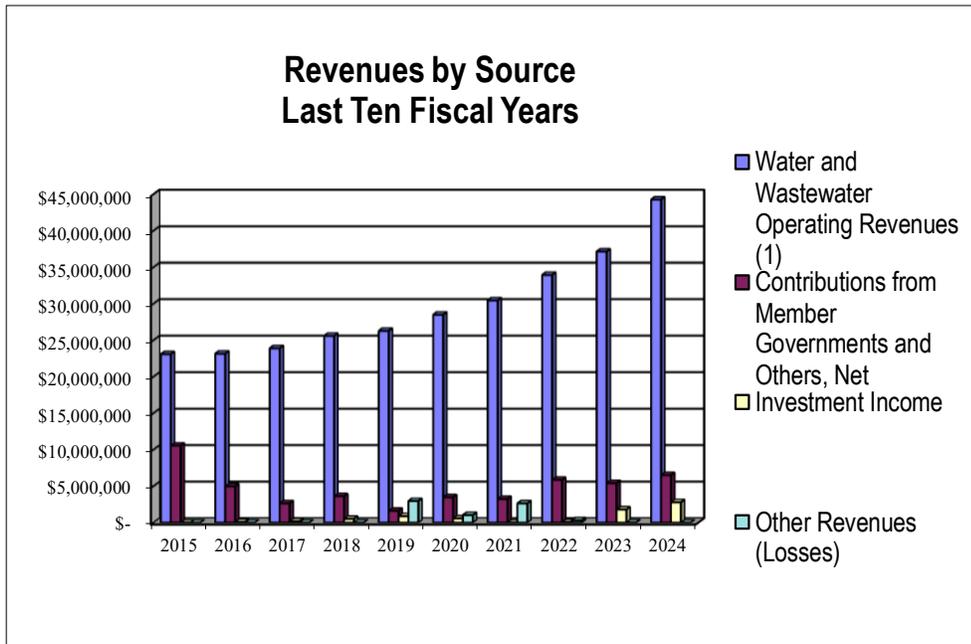


**Onslow Water and Sewer Authority**

**Revenues by Sources  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Water and Wastewater Operating Revenues (1)	Contributions from Member Governments and Others, Net	Investment Income	Other Revenues (Losses)	Total
2015	\$ 23,076,656	\$ 10,557,089	\$ 7,823	\$ -	\$ 33,641,568
2016	23,155,490	4,967,827	88,508	-	28,211,825
2017	23,898,009	2,647,594	177,088	-	26,722,691
2018	25,590,211	3,614,988	522,147	-	29,727,346
2019	26,280,224	1,624,676	891,549	2,957,272	31,753,721
2020	28,489,610	3,466,785	579,235	1,040,184	33,575,814
2021	30,446,938	3,251,397	8,384	2,637,011	36,343,730
2022	33,944,271	5,852,017	75,697	329,262	40,201,247
2023	37,141,692	5,421,407	1,799,367	22,738	44,385,204
<b>2024</b>	<b>44,272,101</b>	<b>6,523,634</b>	<b>2,792,066</b>	-	<b>53,587,801</b>

Source: Onslow Water and Sewer Authority's Accounting Records



## Onslow Water and Sewer Authority

Principal Sewer Customers  
Last Ten Fiscal Years

	Percent of Sewer Sales*									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Onslow County Schools	1.5%	1.9%	1.9%	1.2%	2.8%	2.8%	3.6%	3.7%	4.3%	3.9%
Liberty Pointe LLC	<1%	1.1%	1.5%	1.6%	-	-	-	-	-	-
J & J Snack Foods	1.1%	1.0%	<1%	1.6%	1.4%	1.5%	1.7%	1.3%	1.4%	1.7%
Evolve RV Holly Ridge	<1%	-	-	-	-	-	-	-	-	-
Southwood Realty	<1%	-	-	-	-	-	-	-	-	-
Wynnefield Properties	<1%	-	-	-	-	-	-	-	-	-
Villa Capriana HOA	<1%	-	-	-	-	-	-	-	-	-
Speedway (Wilco/Hess)	-	<1%	<1%	<1%	<1%	<1%	<1%	<1%	1.2%	1.1%
BBQ Boro Inc	-	<1%	<1%	<1%	-	-	-	-	-	-
Summerhouse HOA	-	-	<1%	<1%	-	-	-	-	-	-
Cameron Moyer/Carwash	<1%	<1%	<1%	<1%	-	-	-	-	-	-
Piggly Wiggly	-	-	-	-	<1%	<1%	<1%	<1%	<1%	<1%
Market Rate LLC	-	-	-	-	<1%	<1%	<1%	<1%	1.6%	1.6%
Onslow OPCO Holdings, LLC	<1%	<1%	-	-	-	-	-	-	-	-
T & J Cleaners	-	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Blue Water Association	-	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Blue Creek Mobile Home Park	-	-	-	-	<1%	<1%	<1%	<1%	<1%	<1%
Military/Student Housing	-	-	-	-	<1%	1.2%	1.4%	1.2%	1.2%	1.1%
Swansboro Ventures	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%

\* Approximate

Source: Onslow Water and Sewer Authority's Records.

## Onslow Water and Sewer Authority

Principal Water Customers  
Last Ten Fiscal Years

	Percent of Water Sales*									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Scientific Water	<1%	<1%	<1%	<1%	<1%	<1%	1.2%	1.0%	<1%	<1%
Commanding General (All MCBL Accounts)	2.9%	2.0%	2.0%	2.4%	2.4%	2.3%	2.5%	2.5%	2.5%	2.1%
Onslow County Schools	<1%	<1%	<1%	<1%	<1%	<1%	1.0%	1.0%	1.1%	1.2%
J & J Snack Foods	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Southwood Realty	<1%	-	-	-	-	-	-	-	-	-
Wynnefield Properties	<1%	-	-	-	-	-	-	-	-	-
TRG Royal Valley Holdings, LLC	-	<1%	-	-	-	-	-	-	-	<1%
St. Regis HOA	-	-	-	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Evolve Sneads Ferry, LLC	-	-	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Liberty Pointe, LLC	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%	<1%
Stanadyne	-	-	-	-	<1%	<1%	<1%	<1%	<1%	<1%
Patriot Place	<1%	<1%	<1%	<1%	-	-	-	-	-	-
Villa Capriani HOA	-	-	<1%	-	<1%	<1%	<1%	<1%	<1%	<1%
Collins Estates	<1%	<1%	<1%	<1%	-	-	-	-	-	-
Military/Student Housing	-	-	-	-	<1%	<1%	<1%	<1%	<1%	<1%
Market Rate, LLC	-	-	-	-	<1%	<1%	<1%	<1%	<1%	<1%
Sherwood MHP	-	<1%	-	<1%	-	-	-	-	-	-
Swansboro Ventures	-	-	-	-	<1%	<1%	<1%	<1%	-	<1%
Ramseys Trl Park	-	-	-	-	-	-	-	-	<1%	-
Cameron Moyer/Carwash	<1%	<1%	<1%	-	-	-	-	-	-	-

\* Approximate

Source: Onslow Water and Sewer Authority's Records.

## Onslow Water and Sewer Authority

Ratio of Bonded Debt to Net Operating Revenues and Net Bonded Debt Per Customer  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Customer Estimate	Net Operating Revenues	Debt Service Requirements	Net Bonded Debt	Ratio of Net Operating Revenues to Debt Service Requirements	Net Bonded Debt Per Customer
2015	\$ 44,267	\$ 8,817,601	\$ 6,205,702	\$ 51,687,211	1.42	\$ 1,168
2016	45,330	8,836,415	6,150,842	75,728,694	1.44	1,671
2017	46,433	8,446,772	5,362,701	72,710,712	1.58	1,566
2018	50,472	10,035,364	5,926,752	78,433,479	1.69	1,554
2019	50,070	13,825,152	5,845,879	74,451,504	2.36	1,487
2020	52,476	14,655,264	5,846,717	70,349,529	2.51	1,341
2021	54,200	15,847,294	5,844,456	66,131,555	2.71	1,220
2022	54,200	20,618,470	5,831,367	66,131,554	3.54	1,220
2023	54,200	17,600,434	5,360,040	49,534,089	3.28	914
<b>2024</b>	<b>55,943</b>	<b>20,618,470</b>	<b>5,831,367</b>	<b>66,131,554</b>	<b>3.54</b>	<b>1,182</b>

Note: "Net Operating Revenues" includes full accrual operating income (loss) plus impact fees plus depreciation plus interest income. "Debt service" includes full accrual interest expense plus principal paid during the year.

Source: Onslow Water and Sewer Authority's Accounting Records

Customer Estimate - June number of accounts billed

Debt Svc Requirements - principal plus full accrual interest expense

Net Bonded Debt - Long-term debt plus premiums and Construction loans

**Onslow Water and Sewer Authority****Miscellaneous Statistical Data  
For the Year Ended June 30, 2024**


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Year Founded and Incorporated	2000
Size of Service Area:	
Square Miles	756
Miles of Water Pipe	1,247
Miles of Wastewater Collection Pipe	312
Wastewater Pump Stations	191
Customer Accounts	58,589
Budgeted Full Time Employees	172
Water Treatment Plants Capacity:	
Million gallons per day (MGD)	14.8
Production Peak, FY 2023-2024 (MGD)	14.6
Production Average, FY 2023-2024 (MGD)	14.1
Wastewater Treatment Plants Capacity:	
Million gallons per day (MGD)	4.2
Highest Average Daily Flow, FY 2023- 2024 (MGD)	1.98
Highest Max Daily Flow, FY 2023- 2024 (MGD)	2.3
Number of Water Supply Resources	14.0
Total Capacity of Water Supply Resources:	
Black Creek & PeeDee Aquifers (MGD)	4.8
Castle Hayne Aquifer (MGD)	14.4
New River Air Station (MGD)	0.5
Surf City (MGD)	0.3

Source: Onslow Water and Sewer Authority Records

## Onslow Water and Sewer Authority

### Onslow County, North Carolina Demographic Statistics Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (3)	Personal Income (1) ousands of dolla	Per Capita Income (1)	Median Age (3)	Public School Enrollment (2)	Unemployment Rate % (3)
2015	196,612	\$ 8,342,524	\$ 45,041	27.00	25,106	5.90%
2016	198,578	8,481,090	46,602	28.00	25,161	5.50%
2017	200,236	8,680,043	47,262	26.10	25,903	4.60%
2018	203,587	8,719,755	48,162	26.40	26,319	4.60%
2019	203,613	8,894,150	49,125	26.00	26,410	5.30%
2020	193,912	9,121,475	46,142	26.00	26,693	4.60%
2021	197,398	9,764,514	48,761	26.82	29,984	5.40%
2022	205,122	9,075,845	43,381	26.70	26,780	4.70%
2023	212,616	10,696,994	51,886	27.20	27,432	4.20%
<b>2024</b>	<b>210,304</b>	<b>10,907,338</b>	<b>67,597</b>	<b>27.80</b>	<b>27,022</b>	<b>4.70%</b>

(1) Bureau of Economic Analysis, U.S. Department of Commerce.

(2) North Carolina Department of Public Instruction, Average Daily Membership

(3) N. C. Employment Security Commission, AccessNC.

(4) North Carolina Office of State Budget and Management.

## Onslow Water and Sewer Authority

Onslow County, North Carolina Taxable Property Assessed Value  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Present-use Value (1)	Personal Property	Public Service Companies (2)
2015	\$ 9,588,509,048	\$ 1,818,264,946	\$ 21,282,240	\$ 129,609,455	\$ 570,229,594	\$ 243,106,513
2016	9,750,312,188	1,837,274,076	22,555,280	125,104,665	563,994,754	284,070,687
2017	9,901,359,057	1,874,018,606	22,086,340	124,159,175	566,204,184	290,126,822
2018	10,080,032,447	1,886,558,006	23,348,540	121,110,965	567,790,188	315,527,205
2019	9,961,247,837	2,036,604,494	29,444,271	125,910,010	558,775,301	316,590,295
2020	10,279,100,140	2,020,378,745	29,074,682	123,988,410	576,435,594	326,924,995
2021	10,596,922,406	2,080,781,104	32,397,018	123,102,185	608,040,846	339,795,890
2022	10,912,302,198	2,127,013,171	33,490,268	117,920,844	618,320,013	348,990,329
2023	19,249,426,024	2,458,868,349	39,307,870	128,377,759	767,323,551	362,845,769
<b>2024</b>	<b>20,724,896,986</b>	<b>8,977,554,349</b>	<b>44,672,550</b>	<b>50,215,165</b>	<b>821,969,154</b>	<b>391,207,648</b>

Source: Onslow County Tax Office

## Notes:

(1) Present use value property is agricultural, horticultural and forestland for which the owner has applied for the property to be taxed at its present use. The difference in taxes on the present use basis and the taxes that would have been payable are a lien on the property and are deferred. The taxes become due if the property ceases to qualify for present use value. The preceding three fiscal years taxes are then required to be paid.

(2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue. These amounts include both real and personal property.

(3) Per \$100 of value.

(4) The estimated market value is calculated by dividing the assessed value by and assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not available.

(5) Property in Onslow County is reassessed every four years. The last reassessment was on January 1, 2018, and will be the basis for fiscal 2018 taxes.

Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
\$ 295,631,090	\$ 12,075,370,706	0.675	\$ 12,075,370,706	100%
310,057,493	12,273,254,157	0.675	12,273,254,157	100%
321,003,804	12,456,950,380	0.675	12,456,950,380	100%
342,994,851	12,651,372,500	0.675	12,651,372,500	100%
184,332,780	12,844,239,428	0.705	12,844,239,428	100%
407,483,501	12,948,419,065	0.705	12,948,419,065	100%
432,416,250	13,348,623,199	0.705	13,348,623,199	100%
450,167,367	13,747,495,307	0.705	13,747,495,307	100%
4,453,652,801	18,552,496,521	0.655	18,552,496,521	100%
<b>11,962,540,214</b>	<b>19,047,975,638</b>	<b>0.655</b>	<b>19,047,975,638</b>	<b>100%</b>

## Onslow Water and Sewer Authority

**Onslow County, NC Taxable Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Onslow County	\$ 0.6750	\$ 0.6750	\$ 0.6750	\$ 0.7050	\$ 0.7050	\$ 0.0705	\$ 0.0705	\$ 0.6550	\$ 0.6550	<b>\$ 0.6550</b>
Municipality rates:										
Holly Ridge	0.4150	0.4150	0.4150	0.4050	0.3950	0.3900	0.3800	0.3500	0.3400	<b>0.3400</b>
Jacksonville	0.6420	0.6420	0.6420	0.6420	0.6420	0.6420	0.6420	0.6000	0.6000	<b>0.6000</b>
North Topsail Beach	0.3932	0.3932	0.3932	0.3435	0.4100	0.4100	0.4600	0.4300	0.4300	<b>0.4300</b>
Richlands	0.3800	0.3800	0.3800	0.3800	0.4000	0.4000	0.4000	0.3800	0.3800	<b>0.3800</b>
Surf City (1)	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	0.4100	<b>0.4100</b>
Swansboro	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	<b>0.3500</b>

(1) This municipality became a multi-county town through annexation in 1988.

## Note:

- a. Property was revalued in 2021.
- b. For each government, certain motor vehicles were taxed at the preceding year's rates.

Source: Onslow County Tax Administration

## Onslow Water and Sewer Authority

**Onslow County, North Carolina Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Amounts Expressed in Thousands)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy Collected		Amount	Percent of Levy Collected
2015	\$ 82,177	\$ 81,314	98.95%	\$ 100	\$ 81,414	99.07%
2016	83,697	82,575	98.66%	114	82,689	98.80%
2017	84,551	82,561	97.65%	95	82,656	97.76%
2018	85,825	84,486	98.44%	87	84,573	98.54%
2019	91,165	90,009	98.73%	147	90,156	98.89%
2020	91,948	90,535	98.46%	165	90,700	98.64%
2021	94,652	93,385	98.66%	122	93,507	98.79%
2022	97,839	96,622	98.76%	312	96,934	99.08%
2023	121,883	120,629	98.97%	514	121,143	99.39%
<b>2024</b>	<b>125,498</b>	<b>123,988</b>	<b>98.80%</b>	-	<b>123,988</b>	<b>98.80%</b>

Source: Onslow County Tax Administration.

## Onslow Water and Sewer Authority

Full-time Equivalent Employees  
Last Ten Fiscal Years

Division	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>General and Administrative</b>										
Office of the Executive Director	2	2	2	2	2	2	3	3	3	3
Administration/Human Resources	5	7	7	7	5	5	5	7	7	7
Finance	8	9	9	9	9	9	9	6	6	6
Information Technology Services	7	7	7	7	7	7	7	7	7	6
<b>Operations</b>										
Engineering	9	6	6	6	11	11	11	11	11	11
Meters	16	16	16	16	15	15	15	15	15	15
Distribution	25	24	20	20	18	18	18	18	18	18
Customer Service	17	13	12	12	12	12	12	15	15	15
Facilities Maintenance & Collections	36	14	14	14	14	14	12	12	12	12
Water Treatment	16	12	12	12	12	12	16	16	16	15
Wastewater Treatment	20	11	10	11	11	11	10	9	9	9
Laboratory	4	3	3	3	3	3	5	4	4	4
SCC	7	7	7	6	6	6	5	5	5	5
<b>Total FTE's</b>	<b>172</b>	<b>131</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>125</b>	<b>128</b>	<b>128</b>	<b>128</b>	<b>126</b>

Source: Onslow Water And Sewer Authority's Records

**Onslow Water and Sewer Authority****Principal Employers****Current Year and Five Years Ago**

<u>2024</u>			<u>2019</u>		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employer</u>	<u>Employees</u>	<u>Rank</u>
Onslow County Board of Education	1000+	1	Onslow County Board of Education	1000+	1
USMC Base, Camp Lejeune	1000+	2	USMC Base, Camp Lejeune	1000+	2
Camp Lejeune Civil Service	1000+	3	Camp Lejeune Civil Service	1000+	3
Wal-Mart Associates Inc.	1000+	4	Wal-Mart Associates Inc.	1000+	4
Onslow County Government	1000+	5	Onslow County Government	1000+	5
Onslow Memorial Hospital	1000+	6	Onslow Memorial Hospital	1000+	6
City of Jacksonville	500-999	7	Coastal Community College	500-999	7
Food Lion LLC	500-999	8	Convergys Customer Mgmt Group	500-999	8
Coastal Community College	500-999	9	Food Lion LLC	500-999	9
Coastal Enterprises of Jacksonville	250-499	10	City of Jacksonville	500-999	10

Source: NC Commerce

Source: Onslow County from NC Employment Security Commission -AccessNC

**Onslow Water and Sewer Authority****Water Processed and Wastewater Treated  
(Thousands of Gallons)  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Water Processed and Pumped to System	Wastewater Treated (1)
2015	2,821,879	332,637
2016	2,883,884	373,507
2017	2,882,755	344,774
2018	3,058,781	361,921
2019	3,174,394	416,494
2020	3,230,620	487,649
2021	3,404,650	441,531
2022	3,504,360	348,550
2023	3,645,944	408,065
<b>2024</b>	<b>3,729,621</b>	<b>703,402</b>

Source: Onslow Water And Sewer Authority's Records

(1) 2013 includes 8 months of Hickory Grove.

## Onslow Water and Sewer Authority

Operating Indicators by Function/Program  
Last Ten Fiscal Years\*

Function/Program	2024	2023	2022
<b>Administrative</b>			
Number of accounts billed for entire FY	659,489	642,402	620,469
Turn on service orders processed	11,037	11,746	12,916
Percentage actual expenditures to budget	65%	75%	75%
Percentage of safety incidents to employees	2.3%	3.8%	5.6%
Number of ITS helpdesk calls	1,283	900	950
<b>Water</b>			
Number of meters read throughout the year	688,521	688,521	659,100
Number of water line miles maintained	1,247	1,239	1,237
Amount of water from wells to the Dixon/Hubert WPs	2,564,499,251	2,442,380,239	2,893,515,000
Number of quality control analysis performed	73,330	56,528	56,528
Total number of gallons of water treated at Dixon Water Plant	1,255,088,000	1,118,030,000	1,098,491,000
Number of water quality checks for water treated at Dixon WP	790	0	26
Total number of gallons of water treated at Hubert Water Plant	1,585,770,000	1,505,678,000	1,511,830,000
Number of water quality checks for water treated at Hubert WP	791	2	30
<b>Wastewater</b>			
Number of miles maintained by Wastewater Collections	312	205	193
Number of pump stations maintained	191	76	76
Number of million gallons treated at Southeast Regional Wastewater Plant	107,843,782	88,322,817	74,294,046
Total operation cost per thousand gallons treated at Southeast Regional WWTP	\$6.30	\$6.96	\$6.03
Number of million gallons treated at North Topsail Wastewater Plant	193,114,087	0	0
Total operation cost per thousand gallons treated at North Topsail WWTP	\$2.95	\$0.00	\$0.00
Number of million gallons treated at Kenwood Wastewater Plant	0	0	0
Total operation cost per thousand gallons treated at Kenwood WWTP	\$0.00	\$0.00	\$0.00
Number of million gallons treated at Northwest WRF	152,632,800	137,743,000	124,981,983
Total operation cost per thousand gallons treated at Northwest WRF	\$6.09	\$5.20	\$4.47
Number of million gallons treated at Swansboro Wastewater Plant	158,895,110	146,820,296	117,462,292
Total operation cost per thousand gallons treated at Swansboro WWTP	\$2.69	\$2.04	\$2.44
Number of million gallons treated at Webb Creek Wastewater Plant	56,250,116	0	0
Total operation cost per thousand gallons treated at Webb Creek WWTP	\$5.04	\$0.00	\$0.00

Source: Onslow Water and Sewer Authority departments

2021	2020	2019	2018	2017	2016	2015
599,668	579,446	569,979	599,330	544,080	533,228	523,713
12,287	12,638	12,028	12,199	12,385	12,388	15,727
76%	79%	85%	98%	96%	100%	95%
5.4%	2.4%	3.4%	3.4%	2.5%	2.5%	3.0%
950	1000	850	850	800	1,200	1000
664,730	629,257	600,000	593,115	591,013	580,000	571,124
1,225	1,200	1,197	1,182	1,169	1,156	1,200
2,793,488,000	3,230,620,200	2,352,550,000	2,081,328,000	2,223,948,950	2,180,066,000	2,171,770,000
50,779	13,482	42,000	42,000	27,285	25,500	17,469
996,165,000	933,652,000	940,000,000	772,000,000	860,000,000	900,000,000	874,770,000
31	30	20	0	0	0	0
1,447,297,000	1,324,509,000	1,412,550,000	1,309,328,000	1,363,948,950	1,280,066,000	1,297,000,000
61	31	63	0	0	0	0
189	184	182	175	175	170	146
74	74	73	72	72	67	67
95,999,277	83,632,424	89,452,741	89,213,778	98,905,106	89,827,240	86,000,000
\$6.60	\$5.73	\$7.44	\$5.26	\$4.50	\$4.08	\$4.76
0	0	0	0	0	0	0
<b>\$0.00</b>						
0	0	0	0	0	11,740,850	9,500,000
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.36	\$5.53
172,193,400	139,862,600	146,469,135	117,339,766	113,657,184	119,022,804	76,503,056
\$3.37	\$3.73	\$5.19	\$4.16	\$6.58	\$2.72	\$7.30
134,307,291	129,100,430	163,019,619	126,173,457	165,289,070	147,444,775	100,000,000
\$4.27	\$3.38	\$4.61	\$3.50	\$2.13	\$2.83	\$4.15
0	0	0	0	0	0	0
<b>\$0.00</b>						

## Onslow Water and Sewer Authority

Operating Indicators by Function/Program  
Last Ten Fiscal Years

<b>Function/Program</b>	<b>2024</b>	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Administrative</b>										
Number of administrative vehicles	<b>13</b>	12	13	12	19	19	19	19	21	17
Number of buildings maintained	<b>3</b>	2	2	2	2	2	2	2	2	2
<b>Water</b>										
Number of vehicles maintained for water use	<b>56</b>	54	48	44	53	44	44	44	38	40
Miles of water lines	<b>1247</b>	1239	1237	1225	1200	1,197	1,182	1,179	1,156	1200
Number of water treatment plants	<b>2</b>	2	2	2	2	2	2	2	2	2
<b>Wastewater</b>										
Number of vehicles maintained for wastewater use	<b>31</b>	18	16	18	9	10	10	10	16	15
Miles of wastewater lines	<b>312</b>	205	193	189	184	182	175	175	170	146
Number of wastewater treatment plants	<b>6</b>	4	4	4	4	4	4	4	4	4

Source: Onslow Water and Sewer Authority departments

# COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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**To the Board of Directors  
Onslow Water and Sewer Authority  
Jacksonville, 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 the **Onslow Water and Sewer Authority** (the "Authority") as of and for the year ended June 30, 2024, 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 25, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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 or significant deficiencies may exist that were not identified.

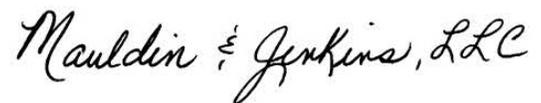
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**Report on Compliance and Other Matters**

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Raleigh, North Carolina  
October 25, 2024

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2024

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SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

There was not an audit of major federal awards programs for the year ended June 30, 2024, due to the total amount expended being less than the \$750,000 threshold established by the Uniform Guidance.

**State Awards**

There was not an audit of major state awards programs for the year ended June 30, 2024, due to the total amount expended being less than the \$500,000 threshold established by the State Single Audit Implementation Act.