

Brunswick Regional Water and Sewer H2GO

Report of Audit

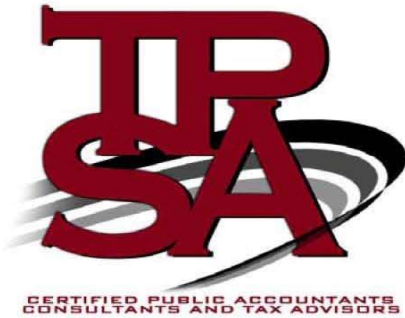
For the Year Ended June 30, 2023

Brunswick Regional Water and Sewer H2GO
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June 30, 2023

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FINANCIAL SECTION



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**Alan W. Thompson, CPA
R. Bryon Scott, CPA
Gregory S. Adams, CPA**

Independent Auditors' Report

To the Board of Commissioners
Brunswick Regional Water and Sewer H2GO
Leland, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Brunswick Regional Water and Sewer H2GO, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate remaining fund information of the Brunswick Regional Water and Sewer H2GO as of June 30, 2023, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Brunswick Regional Water and Sewer H2GO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financials Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Brunswick Regional Water and Sewer H2GO's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for Audit of the Financial Statements

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

In performing an audit in accordance with GAAS we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Brunswick Regional Water and Sewer H2GO'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Brunswick Regional Water and Sewer H2GO's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 8 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 25 and 26, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Brunswick Regional Water and Sewer H2GO. The individual fund statement, budgetary schedule and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the individual fund financial statement, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, North Carolina
November 30, 2023

Management's Discussion and Analysis

As management of Brunswick Regional Water and Sewer H2GO, we offer readers of the Brunswick Regional Water and Sewer H2GO's financial statements this narrative overview and analysis of the financial activities of Brunswick Regional Water and Sewer H2GO for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Brunswick Regional Water and Sewer H2GO exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$115,450,653.
- The governments total net position increased by \$5,536,710.
- Brunswick Regional Water and Sewer H2GO's total debt decreased by \$3,825,874.

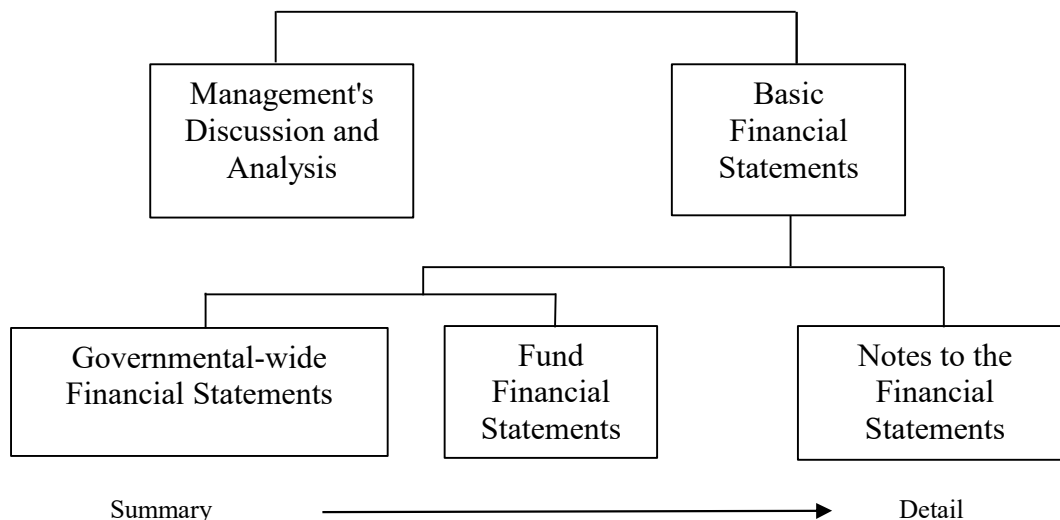
Overview of the Financial Statements

Brunswick Regional Water and Sewer H2GO's primary mission is to provide water and sewer services to the surrounding area. The District does not provide other basic government services or programs. The District's operations, capital expansion projects, and debt payments are funded almost entirely through rates, fees, and other charges for these water and sewer services. As such, Brunswick Regional Water and Sewer H2GO is considered to be, and therefore presents its financial report, as a stand-alone enterprise fund.

As a stand-alone enterprise fund, the District's basic financial statements consist of; Statement of Fund Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position, Statement of Cash Flows and Notes to the Financial Statements (see Figure 1).These statements, together with the Management's Discussion and Analysis, provide both short-term and long-term financial information about, and implications for the District's position. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Brunswick Regional Water and Sewer H2GO.

Required Components of Annual Financial Report

Figure 1



Management's Discussion and Analysis (Continued)

Basic Financial Statements

The Statement of Fund Net Position -The statement of fund net position presents the District's basic financial position through disclosure of information about Brunswick Regional Water and Sewer H2GO's assets and liabilities. Net position represents the difference between total assets and total liabilities.

The Statement of Revenues, Expenses, and Changes in Fund Net Position -Similar to private sector statements, the statement of revenues, expenses, and changes in fund net position provides information regarding the District'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 ties this statement to the statement of net position.

The Statement of Cash Flows -Deals specifically with the flow of cash and cash equivalents arising from operating, financing and investing activities. Because the District's Statement of Revenues, Expenses, and Changes in Fund 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 a reconciliation between these two amounts. In accordance with accounting principles generally accepted in the United States of America, a reconciliation of cash and cash equivalents is also presented in this statement.

Fund Financial Statements

Proprietary Funds -Brunswick Regional Water and Sewer H2GO has one type of proprietary fund. Enterprise funds are used to report the business type activities that the District charges customers to provide. Brunswick Regional Water and Sewer H2GO uses enterprise funds to account for its water and sewer activity.

Notes to the Financial Statements -The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements are on pages 12 through 24 of this report.

Interdependence with Other Entities: The District is subject to changes in investment earnings and asset values associated with U.S. Treasury securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Other Information -In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found after the notes to the financial statements.

Management's Discussion and Analysis (Continued)

Brunswick Regional Water and Sewer H2GO's Net Position

Figure 2

	Business-Type Activities	
	2023	2022
Cash and cash equivalents, includes restricted cash	\$ 42,064,745	\$ 48,953,403
Total receivables, net	3,374,257	3,542,186
Inventory	759,387	703,127
Capital assets, net	147,586,554	139,136,913
Deferred outflows of resources	1,895,332	814,359
Total assets and deferred outflows of revenue	<u>195,680,275</u>	<u>193,149,988</u>
Long-term liabilities outstanding	71,798,690	75,294,056
Net pension liability	2,527,360	454,558
Other liabilities	5,889,674	6,831,562
Deferred inflows of resources	13,898	655,869
Total liabilities and deferred inflows of resources	<u>80,229,622</u>	<u>83,236,045</u>
Net position:		
Net investment in capital assets	72,554,953	60,279,438
Unrestricted	42,895,700	49,634,505
Total net position	<u>\$ 115,450,653</u>	<u>\$ 109,913,943</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of Brunswick Regional Water and Sewer H2GO exceeded liabilities and deferred inflows by \$115,450,653 as of June 30, 2023. The District's net position increased by \$5,536,710 for the fiscal year ended June 30, 2023. However, a large portion (63%) reflects the District's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Brunswick Regional Water and Sewer H2GO uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Brunswick Regional Water and Sewer H2GO's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$42,895,700 is unrestricted.

Management's Discussion and Analysis (Continued)

Several particular aspects of the District's financial operation positively influenced the total unrestricted net position for the fiscal year ended June 30, 2023:

- Significant increases in collection of fees for services

Brunswick Regional Water and Sewer H2GO's Changes in Net Position
Figure 3

	Business-Type Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 14,132,147	\$ 13,257,059
Water and sewer taps and meter purchases	461,715	709,406
System development fees	483,340	905,340
Recovery fees	61,600	122,980
Administrative fees	52,867	62,585
Irrigation fees	2,251,832	2,265,541
Penalties and interest	68,130	38,825
Other operating revenues	15,537,119	16,740,976
Nonoperating revenues:		
Gain/Loss on transfer/sale of assets	-	(15,555)
Investment earnings	1,027,674	66,874
Total revenues	<u>34,076,424</u>	<u>34,154,031</u>
Expenses:		
Administration	3,913,262	3,093,799
Water treatment and distribution	8,885,115	8,956,388
Wastewater collection	4,263,410	2,856,995
Wastewater treatment	691,468	1,010,496
Depreciation	1,984,546	1,736,326
Amortization	2,485,944	2,485,944
Interest expense	2,557,719	2,678,810
Lawsuit settlement	6,119,749	-
Total expenses	<u>30,901,213</u>	<u>22,818,758</u>
Increase (Decrease) in net position before capital contributions	3,175,211	11,335,273
Capital contributions	2,361,499	3,522,111
Change in net position	<u>5,536,710</u>	<u>14,857,384</u>
Net position, July 1	109,913,943	95,056,559
Net position, June 30	<u>\$ 115,450,653</u>	<u>\$ 109,913,943</u>

Business-type activities: Business-type activities increased the District's net position by \$5,536,710, accounting for 100% of the total increase in the district's net position.

Capital Asset and Debt Administration

Capital Assets. Brunswick Regional Water and Sewer H2GO's investment in capital assets for its business-type activities as of June 30, 2023, totals \$147,586,554 (net of accumulated depreciation and amortization). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include the following:

- Continued progress on capital projects and infrastructure expansion.
- Acquisition of vehicles and equipment

Management's Discussion and Analysis (Continued)

Brunswick Regional Water and Sewer H2GO's Capital Assets (Net of Depreciation) Figure 4

	Business-Type Activities	
	2023	2022
Land	\$ 1,577,596	\$ 1,577,596
Buildings	85,482	53,390
Vehicles and Equipment	1,122,584	1,310,101
Water and Sewer System	108,947,189	57,576,383
Construction in Progress	-	40,279,796
Wastewater Treatment Rights	35,853,703	38,339,647
Total	<u>\$ 147,586,554</u>	<u>\$ 139,136,913</u>

Additional information on the District's capital assets can be found in Note III of the Basic Financial Statements.

Long-term Debt. As of June 30, 2023, Brunswick Regional Water and Sewer H2GO had total long-term debt outstanding of \$75,031,601 (not including compensated absences and net pension liability) Of this, \$-0-is debt backed by the full faith and credit of Brunswick Regional Water and Sewer H2GO.

Brunswick Regional Water and Sewer H2GO's Debt Summary Figure 5

	Business-Type Activities	
	2023	2022
Revenue bonds	42,791,601	44,988,327
Interlocal Agreements	32,240,000	33,869,148
Total	<u>\$ 75,031,601</u>	<u>\$ 78,857,475</u>

Brunswick Regional Water and Sewer H2GO's long-term debt decreased by \$3,825,874 during the fiscal year.

Additional information regarding Brunswick Regional Water and Sewer H2GO's long-term debt can be found beginning on page 22 in the Notes to the Financial Statements.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Water and sewer revenues are expected to increase for the 23-24 budget year. General operating expenses will increase as compared to the previous year.

Requests for Information

This report is designed to provide an overview of the District 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 following:

Ken Brown
Finance Officer
Brunswick Regional Water and Sewer H2GO
P.O. Box 2230
Leland, NC 28451

BASIC FINANCIAL STATEMENTS

BRUNSWICK REGIONAL WATER & SEWER H2GO

Statement of Fund Net Position

Proprietary Fund

June 30, 2023

	<u>Water and Sewer Fund</u>
Assets	
Current Assets	
Cash and Investments	\$ 41,091,375
Accounts Receivable (net)	3,125,596
Accrued Interest Receivable	16,384
Due from Other Governments	232,277
Inventory	759,387
Restricted Cash and Investments	973,370
Total Current Assets	<u>46,198,389</u>
Non-Current Assets	
Capital Assets	
Land, Non-Depreciable Improvements and Construction in Progress	1,577,596
Other Capital Assets, Net of Depreciation	110,155,255
Wastewater Treatment Rights, Net of Amortization	35,853,703
Total Capital Assets	<u>147,586,554</u>
Total Non-Current Assets	<u>147,586,554</u>
Total Assets	<u>\$ 193,784,943</u>
Deferred Outflows of Resources	
Pension Deferrals	\$ 1,895,332
Total Deferred Outflows of Resources	<u>\$ 1,895,332</u>
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Liabilities	\$ 1,383,102
Customer Deposits	973,370
Revenue Bonds Payable - Current	2,253,202
Interlocal Agreements - Current	1,280,000
Total Current Liabilities	<u>5,889,674</u>
Noncurrent Liabilities	
Net Pension Liability	2,527,360
Compensated Absences Payable	300,291
Revenue Bonds Payable - Noncurrent	40,538,399
Interlocal Agreements	30,960,000
Total Noncurrent Liabilities	<u>74,326,050</u>
Total Liabilities	<u>\$ 80,215,724</u>
Deferred Inflows of Resources	
Pension Deferrals	\$ 13,898
Total Deferred Inflows of Resources	<u>\$ 13,898</u>
NET POSITION	
Net investment in capital assets	\$ 72,554,953
Unrestricted	42,895,700
Total Net Position	<u>\$ 115,450,653</u>

BRUNSWICK REGIONAL WATER & SEWER H2GO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Water and Sewer Fund
Operating Revenues	
Charges for Services	\$ 14,132,147
Impact Fees	483,340
Administrative Fees	52,867
Irrigation Fees	2,251,832
Meter Purchase and Tap Fees	461,715
Recovery Fees	61,600
Penalties and Interest	68,130
Other Operating Revenues	15,537,119
Total Operating Revenues	33,048,750
Operating Expenses	
Administration	3,913,262
Water Distribution	8,885,115
Wastewater Collection	4,263,410
Wastewater Treatment	691,468
Depreciation	1,984,546
Amortization	2,485,944
Total Operating Expenses	22,223,745
Operating Income (Loss)	10,825,005
Nonoperating Revenues (Expenses)	
Investment Earnings	1,027,674
Special Item: Lawsuit Settlement	(6,119,749)
Interest Expense	(2,557,719)
Total Nonoperating Revenues (Expenses)	(7,649,794)
Income (Loss) before contributions and transfers	3,175,211
Capital Contributions	2,361,499
Change in Net Position	5,536,710
Net Position, Beginning	109,913,943
Net Position, Ending	\$ 115,450,653

Brunswick Regional Water and Sewer H2GO, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

Cash Flows From Operating Activities	
Cash Received From Customers and Users	\$ 32,963,911
Cash Paid for Goods and Services	(12,839,961)
Cash Paid to or on behalf of Employees for Services	(5,010,466)
Customer Deposits Received/(Returned)	32,158
Net Cash Provided (Used) by Operating Activities	<u>15,145,642</u>
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	(12,920,131)
Interest Payments	(2,557,719)
Capital Contributions	2,361,499
Principal Paid on Debt	(3,825,874)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(16,942,225)</u>
Cash Flows From Investing Activities	
Interest on Investments and Assessments	<u>1,027,674</u>
Special Item	
Legal settlement	<u>(6,119,749)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(6,888,658)</u>
Cash and Cash Equivalents	
Beginning of Year, July 1	<u>48,953,403</u>
End of Year, June 30	<u>\$ 42,064,745</u>
Reconciliation of Operating Income to	
Net Cash Provided by (Used In) Operating Activities	
Operating Income(Loss)	<u>\$ 10,825,005</u>
Adjustments to Reconcile Operating	
Income to Net Cash Provided by Operating Activities	
Depreciation	1,984,546
Amortization	2,485,944
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	(84,839)
(Increase) Decrease in Inventory	(56,260)
(Increase) Decrease in Due from Other Governments	252,768
(Increase) Decrease in Deferred Outflows of Resources from Resources for Pensions	(1,080,973)
Increase (Decrease) in Net Pension Liability	2,072,802
Increase (Decrease) in Deferred Inflows of Resources for Pensions	(641,971)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(681,373)
Increase (Decrease) in Customer Deposits	32,158
Increase (Decrease) in Compensated Absences Payable	37,835
Total Adjustments	<u>4,320,637</u>
Net Cash Provided by Operating Activities	<u>\$ 15,145,642</u>

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements

For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies

The accounting policies of the Brunswick Regional Water and Sewer H2GO conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Brunswick Regional Water and Sewer H2GO is a municipal corporation that is governed by a five-member board. As required by generally accepted accounting principles, these financial statements present the District. The District does not have any component units that should be presented.

B. Basis of Presentation

The Brunswick Regional Water and Sewer H2GO is a single enterprise fund, the Sewer Fund, which is used to account for the District's sewer operations.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The District reports the following major revenue fund.

Water and Sewer Fund - This Fund is used to account for the District's water and sewer operations.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the District are maintained during the year using the modified accrual basis of accounting.

Proprietary Fund Financial Statements. The proprietary fund financial statements are reported using the economic resources management focus. The proprietary fund financial statements are reported using the economic resources measurement focus. The proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District 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 District are charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the sewer system. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Data

The District's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Enterprise Capital Project Funds, when applicable. The enterprise fund project is consolidated with the operating fund for reporting purposes when applicable. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the line item level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the District to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The District's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is 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.

The District's investments are generally reported at fair value. The NCCMT - Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is 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.

2. Cash and Cash Equivalents

All cash is essentially considered demand deposits and, therefore, considered cash and cash equivalents.

3. Restricted Assets

Customer deposits, held by the District before any sewer services are supplied, are restricted to the service for which the deposit was collected.

Restricted Cash

<u>Business-type Activities</u>	
Water and Sewer Fund	
Customer Deposits	\$ 973,370
Total Restricted Cash	<u>\$ 973,370</u>

4. Unbilled Service Revenues

An amount of \$1,577,978 has been accrued for estimated water and sewer usage and minimum fees earned, but not billed through June 30, 2023.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years and reviewing the remaining balances due to the District. As of June 30, 2023, the District reported an allowance for doubtful accounts in the amount of \$70,000.

6. Inventory and Prepaid Items

The inventories of the District are valued at cost (first-in, first-out), which approximates market. The inventories of the District's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

7. Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: machinery, equipment and vehicles, \$10,000 and land, buildings and infrastructure, \$100,000. 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 acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003 are not recorded. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Water Distribution System	50
Buildings	40
Other Equipment	5-10
Vehicles	5
Intangible Assets	15

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District has one item that meets this criterion, pension deferrals for the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has one item that meets this criterion, pension deferrals.

9. Long-Term Obligations

In the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

10. Compensated Absences

The vacation policy of the District provides that an employee shall earn 6 days of vacation during the first year of employment, 12 days during the second through fourth years of employment, 18 days during the fifth through ninth year of employment, and 24 days for ten or more years of employment. The vacation policy provides for an unlimited accumulation of earned vacation days. Vacation is fully vested when earned. The District has recorded an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned. The District has assumed the last-in, first-out method of using accumulated compensation time.

The District's sick leave policy provides for an accumulation of 8 hours of sick leave per month of employment. There is no limit on the accumulation of earned sick leave. Since the District has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Net Position/Fund Balances

Net position in proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. 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.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Brunswick Regional Water and Sewer H2GO employer contributions are recognized when due and the Brunswick Regional Water and Sewer H2GO has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. Stewardship, Compliance, and Accountability

Expenditure exceeding appropriations

The District reported expenditures in excess of appropriations in Water Distribution and Wastewater Collections departments of the Water and Sewer Fund of \$1,685,183 and \$9,415, respectively. This was due to not adjusting the budget to account for capital outlay expenditures that were reclassified to the balance sheet during the year. Additionally, the Water Treatment Plant Project fund reported expenditures in excess of appropriations in the amount of \$4,841,524; this was due to a multi year interruption in the project that required new bids to be procured and as such a new budget was adopted to cover the current project expenditures; approximately \$6,000,000 had been spent when the project first began that was not included in the new budget; due to the timing nature of this situation we do not consider it to be a reportable finding.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the District are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the District's agents in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the District, these deposits are considered to be held by the District's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the District or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the District under the Pooling Method, the potential exists for under-collateralization. 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 District has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The District complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the District's deposits had a carrying amount of \$21,289,917 and a bank balance of \$21,450,501. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder \$20,700,501 was covered by collateral held under the pooling method. At June 30, 2023, the District's petty cash funds totaled \$900.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)

A. Assets (Continued)

2. Investments

At June 30, 2023, the Brunswick Regional Water and Sewer H2GO had the following investments and maturities.

Investments by Type	Valuation Measurement Method	Fair Value at 6/30/2023	Maturity	Rating
NC Capital Management Trust - Government Portfolio Total:	Fair Value Level 1	\$ 20,773,928	N/A	AAAm
Total:		\$ 20,773,928		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Credit Risk. The District limits 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. The District's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2023.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Settlement of Net Position for the year ended June 30, 2023 are net of the following allowances for doubtful accounts:

Fund	6/30/2023
Enterprise Fund:	
Water and Sewer - Accounts Receivable	\$ 70,000
Total	\$ 70,000

4. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 1,577,596	\$ -	\$ -	\$ 1,577,596
Construction in Progress	40,279,796	-	40,279,796	-
Total capital assets not being depreciated	41,857,392	-	40,279,796	1,577,596
Capital assets being depreciated:				
Buildings	275,813	39,879	-	315,692
Equipment	635,872	26,618	-	662,490
Vehicles	2,257,321	-	-	2,257,321
Water and Sewer System	75,805,245	53,133,430	-	128,938,675
Total capital assets being depreciated	78,974,251	53,199,927	-	132,174,178
Less accumulated depreciation for:				
Buildings	222,423	7,787	-	230,210
Equipment	406,803	37,423	-	444,226
Vehicles	1,176,289	176,712	-	1,353,001
Water and Sewer System	18,228,862	1,762,624	-	19,991,486
Total accumulated depreciation	20,034,377	\$ 1,984,546	\$ -	22,018,923
Total capital assets being depreciated, net	58,939,874			110,155,255
Water and Sewer Fund capital assets, net	\$ 100,797,266			\$ 111,732,851

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Activity for capital assets that are amortized for the District for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being amortized:				
Wastewater treatment rights	\$ 44,384,724	\$ -	\$ -	\$ 44,384,724
Total Capital assets being amortized	<u>44,384,724</u>	<u>-</u>	<u>-</u>	<u>44,384,724</u>
Less accumulated amortization for:				
Wastewater treatment rights	6,045,077	2,485,944	-	8,531,021
Total accumulated amortization	<u>6,045,077</u>	<u>2,485,944</u>	<u>-</u>	<u>8,531,021</u>
 Total Capital assets being amortized, net	 <u>38,339,647</u>			 <u>35,853,703</u>
 Water and Sewer Fund Capital Assets, net	 <u>\$ 139,136,913</u>			 <u>\$ 147,586,554</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Brunswick Regional Water and Sewer H2GO is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699- 1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (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.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employee's Retirement System (Continued)**

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Brunswick Regional Water and Sewer H2GO employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Brunswick Regional Water and Sewer H2GO's contractually required contribution rate for the year ended June 30, 2023, was 12.10% of compensation 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 District were \$453,017 for the year ended June 30, 2023.

Refunds of Contributions. District 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 benefits provided by LGERS.

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

At June 30, 2023, the District reported a liability of \$2,527,360 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The District's proportion of the net pension liability was based on a projection of the District'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, 2022 (measurement date), the District's proportion was 0.448%, which was an increase of 0.0152% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$802,876. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 108,902	\$ 10,677
Change of assumptions	252,174	-
Net difference between projected and actual earnings on pension plan investments	835,319	-
Changes in proportion and differences between District contributions and proportionate share of contributions	245,919	3,221
District contributions subsequent to the measurement date	453,017	-
Total	<u>\$ 1,895,331</u>	<u>\$ 13,898</u>

\$453,017 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employees' Retirement System (Continued)**

<u>Year ended June 30:</u>		
2024	\$	457,865
2025		404,660
2026		167,928
2027		397,963
2028		-
Thereafter		-

Actuarial Assumptions: The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, 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 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, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100.0%</u>	

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the District's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability (asset)	\$ 4,561,559	\$ 2,527,360	\$ 851,062

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

b. Supplemental Retirement Income Plan

Plan Description. The District contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to those employed by Brunswick Regional Water and Sewer H2GO. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401 (k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Brunswick Regional Water and Sewer H2GO to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. The District made contributions of \$171,848 for the year ended June 30, 2023. No amounts were forfeited.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)

B. Liabilities (Continued)

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

	<u>Amount</u>
Contributions to Pension Plan in Current Fiscal Year	\$ 453,017
Difference between expected and actual experience	108,902
Changes of assumptions	252,174
Net difference between projected and actual	835,319
Changes in proportion and differences between employer contributions and proportionate share of contributions	245,919
Change on refunding	-
Total	<u>\$ 1,895,331</u>

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

	<u>Amount</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 3,221
Differences between expected and actual experience	10,677
Total	<u>\$ 13,898</u>

3. Risk Management

The District 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 District participates in the three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools the District obtains general liability of \$3 million and auto liability of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$5 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$1,000,000 and \$5,000,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reins

The District carries no flood insurance through the National Flood Insurance Plan (NFIP), as they are considered to be in a low-risk area.

The District carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the District's employees that have access to \$100 or more at any given time of the District's funds are performance bonded through a commercial surety bond. The finance officer and director are each individually bonded for \$1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for \$150,000 per occurrence.

4. Claims, Judgements and Contingent Liabilities

At June 30, 2023, the District was a defendant to various lawsuits. In the opinion of the District's management and the attorney, the ultimate effect of these legal matters will not have a material adverse effect on the District's financial position.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations

a. Revenue Bonds

Effective July 2012, the District refinanced the following revenue bonds by issuing Water and Sewer Revenue Bonds, Series 2012 in the amount of \$6,855,000: Sewer System Revenue bonds, Series 2004A in the amount of \$2,752,000, Sewer System Revenue bonds, Series 2004B in the amount of \$1,303,000, Sewer System Revenue bonds, Series 2006 in the amount of \$2,095,000, and Sewer System Revenue Bonds, Series 2006B in the amount of \$705,000.

Debt at June 30, 2023 is comprised of the following:

Water and Sewer System Revenue Bonds, Series 2020, due in annual principal payments ranging from \$1,723,000 to \$2,777,000, plus interest at 2.65 percent through August 2040.	\$ 40,277,000
Water and Sewer System Revenue Bonds, Series 2012, due in annual principal payments ranging from \$396,394 to \$523,033, plus interest at 2.00 percent through July 2027.	<u>2,514,601</u>
Total Revenue Bonds	<u>\$ 42,791,601</u>

The future payments of the revenue bond are as follows:

Year Ending June 30	Business Type Activities	
	Principal	Interest
2023	\$ 2,253,202	\$ 1,094,180
2024	2,309,866	1,036,989
2025	2,368,723	978,332
2026	2,428,777	918,165
2027	2,490,033	856,460
2028-2032	10,658,000	3,408,536
2033-2037	12,169,000	1,898,317
2038-2041	8,114,000	326,344
Total	<u>\$ 42,791,601</u>	<u>\$ 10,517,323</u>

Section 5.01 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2012. Section 5.01 (c)(3) of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2023, is as follows:

Operating revenues	\$ 33,048,750
Operating expenses*	<u>(17,753,255)</u>
Operating income	15,295,495
Nonoperating revenues (expenses)**	<u>(5,092,075)</u>
Income available for debt service	10,203,420
Debt service, principal and Interest paid (Subordinated Indebtedness only)	-
Debt service, principal and interest paid (Other Improvements to System Financing only)	<u>6,383,593</u>
Income available for debt service (before Revenue Bond)	3,819,827
Debt service, principal and interest paid (Revenue bond only)	\$ 3,346,663
Debt service coverage ratio	114%

*Per rate covenants, this does not include the depreciation expense of \$1,984,546 and amortization of \$2,485,944.

**Per rate covenants, this does not include interest of \$2,557,719.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

III. DETAIL NOTES ON ALL FUND (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

b. Interlocal Agreements

The District has incurred the following liability through joint service agreements with Brunswick County. In these agreements, the District shares in the costs and debt of certain sewer infrastructure financed by the County. These agreements require principal payments due annually with semiannual interest payments, at an annual interest rate of 1.84% to 5.00%.

Annual debt service requirements to maturity for interlocal agreements are as follows:

Year ending June 30	Business-Type Activities	
	Principal	Interest
2024	\$ 1,280,000	\$ 1,623,150
2025	1,340,000	1,602,150
2026	1,415,000	1,573,900
2027	1,485,000	1,547,525
2028	1,555,000	1,518,400
2029-2033	9,000,000	7,114,425
2034-2038	11,080,000	6,317,375
2039-2040	5,085,000	2,273,250
Total	<u>\$ 32,240,000</u>	<u>\$ 23,570,175</u>

c. Changes in Long-Term Liabilities

Business-type activities	Balance 7/01/2022	Increases	Decreases	Balance 6/30/2023	Current Portion of Balance
Revenue Bonds	\$ 44,988,327	\$ -	\$ 2,196,726	\$ 42,791,601	\$ 2,253,202
Interlocal Agreements	33,869,148	-	1,629,148	32,240,000	1,280,000
Compensated Absences	262,456	37,835	-	300,291	-
Net Pension Liability (LGERS)	454,558	2,072,802	-	2,527,360	-
Business-type activity long-term liabilities	<u>\$ 79,574,489</u>	<u>\$ 2,110,637</u>	<u>\$ 3,825,874</u>	<u>\$ 77,859,252</u>	<u>\$ 3,533,202</u>

Compensated absences are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2023, consist of the following:

From the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund	\$ 6,540,985
From the Water and Sewer Fund	
to the Compass Pointe Sewer Infrastructure Capital Project Fund	1,000,000
From the Water and Sewer Capital Reserve Fund	
to the Water Treatment Plant Capital Project Fund	2,060,915
From the Water and Sewer Capital Reserve Fund	
to the Water and Sewer Fund	<u>14,757,573</u>
Total	<u>\$ 24,359,473</u>

Transfers are used to move unrestricted revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

BRUNSWICK REGIONAL WATER AND SEWER H2GO

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2023

IV. NET INVESTMENT IN CAPITAL ASSETS

Capital Assets	\$ 147,586,554
Less: Long-Term Debt	<u>(75,031,601)</u>
Net Investment in Capital Assets	<u>\$ 72,554,953</u>

V. SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 30, 2023, the date the financial statements were available to be issued. No important events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability - Local Government Employees' Retirement System

Schedule of Contributions - Local Government Employees' Retirement System

**Brunswick Regional Water and Sewer H2GO
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years ***

Local Government Employees' Retirement System					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (%)	0.04480%	0.02964%	0.02751%	0.02626%	0.02663%
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (\$)	2,527,360	454,558	983,049	717,140	631,755
Brunswick Regional Water and Sewer H2GO's covered-employee payroll	3,027,987	2,100,547	1,800,961	1,635,326	1,539,992
Brunswick Regional Water and Sewer H2GO's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	83.47%	21.64%	54.58%	43.85%	41.02%
Plan fiduciary net position as a percentage of the total pension liability**	89.69%	95.51%	88.61%	90.86%	91.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (%)	0.02336%	0.02060%	0.02158%	0.02036%	0.01960%
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (\$)	356,876	437,625	96,850	(120,072)	236,255
Brunswick Regional Water and Sewer H2GO's covered-employee payroll	1,375,007	1,193,340	1,097,680	1,011,774	944,361
Brunswick Regional Water and Sewer H2GO's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.95%	36.67%	8.82%	-11.87%	25.02%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

*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.

Brunswick Regional Water and Sewer H2GO
Schedule of Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System					
	2023	2022	2021	2020	2019
Contractually required contribution	\$ 453,017	\$ 343,677	\$ 213,206	\$ 161,186	\$ 126,768
Contributions in relation to the contractually required contribution	453,017	343,677	213,206	161,186	126,768
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,743,944	\$ 3,027,987	\$ 2,100,547	\$ 1,800,961	\$ 1,635,326
Contributions as a percentage of covered payroll	12.10%	11.35%	10.15%	8.95%	7.75%
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 115,450	\$ 99,688	\$ 79,596	\$ 77,606	\$ 71,532
Contributions in relation to the contractually required contribution	115,450	99,688	79,596	77,606	71,532
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,539,992	\$ 1,375,007	\$ 1,193,340	\$ 1,097,680	\$ 1,011,774
Contributions as a percentage of covered payroll	7.50%	7.25%	6.67%	7.07%	7.07%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

This section contains additional statements required by
the Local Government Commission in North Carolina.

Brunswick Regional Water and Sewer H2GO
Water and Sewer Fund
Schedule of Revenue and Expenditures
Budget & Actual - (Non - GAAP)
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues:			
Water Charges		\$ 5,839,197	
Sewer Charges		8,292,950	
Impact Fees		235,340	
Administrative Fees		52,867	
Irrigation Fees		2,251,832	
Meter Purchase and Taps		461,715	
Recovery Fees		61,600	
Penalties and Interest		68,130	
Other Operating Revenues		15,270,773	
Total Operating Revenues	<u>\$ 34,392,761</u>	<u>32,534,404</u>	<u>\$ (1,858,357)</u>
Non-Operating Revenues:			
Investment Earnings		1,021,885	
Total Non-Operating Revenues	<u>1,000,000</u>	<u>1,021,885</u>	<u>21,885</u>
Total Revenues	<u>35,392,761</u>	<u>33,556,289</u>	<u>(1,836,472)</u>
Expenditures			
Administration:			
Salaries and Wages		1,933,270	
Operating Expenditures		1,508,315	
Capital Outlay		121,819	
Debt Service			
Principal Retirement		3,825,874	
Interest and other charges		2,557,719	
Total Administration	<u>10,701,816</u>	<u>9,946,997</u>	<u>754,819</u>
Water Distribution			
Salaries and Wages		1,911,891	
Operating Expenditures		6,288,504	
Capital Outlay		3,273,349	
Total Water Distribution	<u>9,788,561</u>	<u>11,473,744</u>	<u>(1,685,183)</u>
Wastewater Collections			
Salaries and Wages		1,273,626	
Operating Expenditures		2,989,784	
Capital Outlay		144,984	
Total Wastewater Collections	<u>4,398,979</u>	<u>4,408,394</u>	<u>(9,415)</u>
Wastewater Treatment			
Salaries and Wages		279,385	
Operating Expenditures		412,083	
Total Wastewater Treatment	<u>745,370</u>	<u>691,468</u>	<u>53,902</u>
Total Expenditures	<u>25,634,726</u>	<u>26,520,603</u>	<u>(885,877)</u>

Brunswick Regional Water and Sewer H2GO
Water and Sewer Fund
Schedule of Revenue and Expenditures
Budget & Actual - (Non - GAAP)
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue Over (Under) Expenditures	<u>9,758,035</u>	<u>7,035,686</u>	<u>(2,722,349)</u>
Other Financing Sources (Uses):			
Special Item: Lawsuit Settlement	(6,119,750)	(6,119,749)	1
Capital Contributions	-	2,329,147	2,329,147
Transfer In:			
Water and Sewer Capital Reserve Fund	4,480,070	4,480,070	-
Compass Pointe Sewer Infrastructure Capital Project Fund	1,000,000	1,000,000	-
Transfer Out:			
Water and Sewer Capital Reserve Fund	(15,283,500)	(14,757,573)	525,927
Fund Balance Appropriated	6,165,145	-	(6,165,145)
Total Other Financing Sources (Uses)	<u>(9,758,035)</u>	<u>(13,068,105)</u>	<u>(3,310,070)</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (6,032,419)</u>	<u>\$ (6,032,419)</u>
Reconciliation from Budgetary Basis (modified accrual) to Full Accrual			
Revenue and Other Sources Over (Under) Expenditures		<u>\$ (6,032,419)</u>	
Reconciling Items:			
Depreciation		(1,984,546)	
Amortization		(2,485,944)	
Capital Outlay		2,806,729	
Principal Payments on Debt		3,825,874	
Increase (Decrease) in Deferred Outflows to Pension Plan in Current Fiscal year		1,080,973	
(Increase) Decrease in Net Pension Liability		(2,072,802)	
(Increase) Decrease in Deferred Inflows of Resources for Pension Deferrals		641,971	
Transfers Out			
Water and Sewer CRF		(6,540,985)	
Compass Pointe Sewer Infrastructure Capital Project Fund		(1,000,000)	
Transfers In			
Water Treatment Plant CPF		2,060,915	
Water and Sewer CRF		14,757,573	
Impact Fees			
Compass Pointe Sewer Infrastructure CPF		248,000	
Investment Earnings			
Water Treatment Plant CPF		5,789	
Other Revenue			
Water Treatment Plant CPF		265,242	
Operation Round Up		1,104	
AIA Grant Revenue		32,352	
Other Expenditures		(73,116)	
Total Reconciling Items		<u>11,569,129</u>	
Change in net position		<u>\$ 5,536,710</u>	

Brunswick Regional Water and Sewer H2GO
Operation Round-Up
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
For the Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operation Round Up Revenue	\$ -	\$ 1,104	\$ 1,104
Total Revenues	<u>-</u>	<u>1,104</u>	<u>1,104</u>
Expenditures			
Administration	-	4,800	4,800
Total Expenditures	<u>-</u>	<u>4,800</u>	<u>4,800</u>
Other Financing Sources (Uses)			
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (3,696)</u>	<u>\$ (3,696)</u>

**Brunswick Regional Water and Sewer H2GO
Water and Sewer Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfer in:			
Water and Sewer Fund	-	14,757,573	14,757,573
Transfers out:			
Water Treatment Plant Capital Project	-	(2,060,915)	(2,060,915)
Debt Service Fund	-	(4,480,070)	(4,480,070)
Total Other Financing Sources (Uses)	<u>-</u>	<u>8,216,588</u>	<u>8,216,588</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 8,216,588</u>	<u>\$ 8,216,588</u>

**Brunswick Regional Water and Sewer H2GO
Water and Sewer Debt Service Reserve Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers from other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Brunswick Regional Water and Sewer H2GO
Wastewater AIA Grant
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grant revenue	\$ 200,000	\$ 15,924	\$ (184,076)
Total Revenues	<u>200,000</u>	<u>15,924</u>	<u>(184,076)</u>
Expenditures			
Engineering	200,000	45,084	154,916
Total Expenditures	<u>200,000</u>	<u>45,084</u>	<u>154,916</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(29,160)</u>	<u>(29,160)</u>
Other Financing Sources (Uses)			
Transfers from other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (29,160)</u>	<u>\$ (29,160)</u>

**Brunswick Regional Water and Sewer H2GO
Water AIA Grant
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
For the Year Ended June 30, 2023**

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grant revenue	\$ 200,000	\$ 16,428	\$ (183,572)
Total Revenues	<u>200,000</u>	<u>16,428</u>	<u>(183,572)</u>
Expenditures			
Engineering	200,000	17,180	182,820
Total Expenditures	<u>200,000</u>	<u>17,180</u>	<u>182,820</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(752)</u>	<u>(752)</u>
Other Financing Sources (Uses)			
Transfers from other Funds	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (752)</u>	<u>\$ (752)</u>

**Brunswick Regional Water and Sewer H2GO
Water Treatment Plant Capital Project Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023**

	<u>Actual</u>			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current		
Revenues					
Interest	\$ 100,000	\$ 93,234	\$ 5,789	\$ 99,023	\$ (977)
Other	400,115	400,115	265,242	665,357	265,242
Total Revenues	<u>500,115</u>	<u>493,349</u>	<u>271,031</u>	<u>764,380</u>	<u>264,265</u>
Expenditures					
Other	2,093,046	818,753	1,184,663	2,003,416	89,630
Capital Outlay	42,081,320	38,223,314	8,789,160	47,012,474	(4,931,154)
Total Expenditures	<u>44,174,366</u>	<u>39,042,067</u>	<u>9,973,823</u>	<u>49,015,890</u>	<u>(4,841,524)</u>
Revenues Over (Under) Expenditures	<u>(43,674,251)</u>	<u>(38,548,718)</u>	<u>(9,702,792)</u>	<u>(48,251,510)</u>	<u>(4,577,259)</u>
Other Financing Sources (Uses)					
Transfers in:					
Capital Reserve Fund	7,596,292	17,842,073	2,060,915	19,902,988	12,306,696
Loan Proceeds	36,077,959	33,751,803	-	33,751,803	(2,326,156)
Transfers of Assets	-	(7,041,613)	-	(7,041,613)	(7,041,613)
Total Other Financing Sources (Uses)	<u>43,674,251</u>	<u>44,552,263</u>	<u>2,060,915</u>	<u>46,613,178</u>	<u>2,938,927</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 6,003,545</u>	<u>\$ (7,641,877)</u>	<u>\$ (1,638,332)</u>	<u>\$ (1,638,332)</u>

Brunswick Regional Water and Sewer H2GO
Water Line Extension Capital Project Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Actual</u>			<u>Totals to Date</u>	<u>Variance Positive (Negative)</u>
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current</u>		
Revenues					
Investment Earnings					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Engineering	700,000	364,982	-	364,982	335,018
Construction	6,216,710	2,839,937	-	2,839,937	3,376,773
Total Expenditures	6,916,710	3,204,919	-	3,204,919	3,711,791
Revenues Over (Under) Expenditures	(6,916,710)	(3,204,919)	-	(3,204,919)	3,711,791
Other Financing Sources (Uses)					
Transfers from other funds	6,916,710	3,717,070	-	3,717,070	(3,199,640)
Transfers of Assets	-	(619,296)	-	(619,296)	(619,296)
Total Other Financing Sources (Uses)	6,916,710	3,097,774	-	3,097,774	(3,818,936)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (107,145)	\$ -	\$ (107,145)	\$ (107,145)

Brunswick Regional Water and Sewer H2GO
Compass Pointe Sewer Infrastructure Capital Project Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Actual</u>			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current		
Revenues					
Operating Revenues					
Impact Fees	\$ -	\$ 4,724,400	\$ 248,000	\$ 4,972,400	\$ -
Recovery Fees	-	1,580,000	-	1,580,000	-
Total Revenues	<u>10,000,000</u>	<u>6,304,400</u>	<u>248,000</u>	<u>6,552,400</u>	<u>(3,447,600)</u>
Expenditures					
Engineering	78,000	83,601	-	83,601	(5,601)
Construction	603,500	603,462	-	603,462	38
Debt Service	1,814,271	-	-	-	1,814,271
Contingency	7,504,229	-	-	-	7,504,229
Total Expenditures	<u>10,000,000</u>	<u>687,063</u>	<u>-</u>	<u>687,063</u>	<u>9,312,937</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>5,617,337</u>	<u>248,000</u>	<u>5,865,337</u>	<u>5,865,337</u>
Other Financing Sources (Uses)					
Transfers Out:					
Water and Sewer Fund	-	(4,515,849)	(1,000,000)	(5,515,849)	(5,515,849)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,515,849)</u>	<u>(1,000,000)</u>	<u>(5,515,849)</u>	<u>(5,515,849)</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 1,101,488</u>	<u>\$ (752,000)</u>	<u>\$ 349,488</u>	<u>\$ 349,488</u>

Brunswick Regional Water and Sewer H2GO
Regional Lift Station Capital Project Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Actual</u>			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current		
Revenues					
Other revenues	\$ 65,830	\$ 65,830	\$ -	\$ 65,830	\$ -
Total Revenues	<u>65,830</u>	<u>65,830</u>	<u>-</u>	<u>65,830</u>	<u>-</u>
Expenditures					
Construction	3,374,552	565,540	-	565,540	2,809,012
Engineering Fees	148,931	281,494	-	281,494	(132,563)
Easements	3,820	1,737	-	1,737	2,083
Total Expenditures	<u>3,527,303</u>	<u>848,771</u>	<u>-</u>	<u>848,771</u>	<u>2,678,532</u>
Revenues Over (Under) Expenditures	<u>(3,461,473)</u>	<u>(782,941)</u>	<u>-</u>	<u>(782,941)</u>	<u>2,678,532</u>
Other Financing Sources (Uses)					
Transfers In:					
Water and Sewer Fund	-	4,229,000	-	4,229,000	4,229,000
Capital Reserve	10,832	10,832	-	10,832	-
Transfers of Assets	-	(3,456,891)	-	(3,456,891)	(3,456,891)
Appropriated Fund Balance	3,450,641	-	-	-	(3,450,641)
Total Other Financing Sources (Uses)	<u>3,461,473</u>	<u>782,941</u>	<u>-</u>	<u>782,941</u>	<u>(2,678,532)</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Brunswick Regional Water and Sewer H2GO
Pump Station and Collection System Upgrade Capital Project Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Actual</u>			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current		
Revenues					
Other revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Construction	1,085,000	970,943	68,214	1,039,157	45,843
Total Expenditures	<u>1,085,000</u>	<u>970,943</u>	<u>68,214</u>	<u>1,039,157</u>	<u>45,843</u>
Revenues Over (Under) Expenditures	<u>(1,085,000)</u>	<u>(970,943)</u>	<u>(68,214)</u>	<u>(1,039,157)</u>	<u>(45,843)</u>
Other Financing Sources (Uses)					
Transfers In:					
Water and Sewer Fund	1,085,000	1,085,000	-	1,085,000	-
Total Other Financing Sources (Uses)	<u>1,085,000</u>	<u>1,085,000</u>	<u>-</u>	<u>1,085,000</u>	<u>-</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 114,057</u>	<u>\$ (68,214)</u>	<u>\$ 45,843</u>	<u>\$ 45,843</u>

Brunswick Regional Water and Sewer H2GO
Wastewater Treatment Plant Capital Project Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Actual</u>			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current		
Revenues					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-	-
Total Revenues	-	-	-	-	-
Expenditures					
Construction	904,545	902,761	-	902,761	1,784
Total Expenditures	904,545	902,761	-	902,761	1,784
Revenues Over (Under) Expenditures	(904,545)	(902,761)	-	(902,761)	1,784
Other Financing Sources (Uses)					
Transfers In:					
Capital Reserve/Sewer Sys. Fees	904,545	904,545	-	904,545	-
Total Other Financing Sources (Uses)	904,545	904,545	-	904,545	-
Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 1,784	\$ -	\$ 1,784	\$ 1,784

Brunswick Regional Water and Sewer H2GO
Highway 17 Sewer Expansion II Capital Project Fund
Schedule of Revenues and Expenditures
Budget & Actual - (Non - GAAP)
From Inception and for the Fiscal Year Ended June 30, 2023

	<u>Actual</u>			Totals to Date	Variance Positive (Negative)
	Project Authorization	Prior Years	Current		
Revenues					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Engineering	86,354	251,486	583	252,069	(165,715)
Capital outlay	1,360,000	1,105,477	76,832	1,182,309	177,691
Total Expenditures	<u>1,446,354</u>	<u>1,356,963</u>	<u>77,415</u>	<u>1,434,378</u>	<u>11,976</u>
Revenues Over (Under) Expenditures	<u>(1,446,354)</u>	<u>(1,356,963)</u>	<u>(77,415)</u>	<u>(1,434,378)</u>	<u>(11,976)</u>
Other Financing Sources (Uses)					
Transfers of Assets	1,446,354	1,446,354	-	1,446,354	-
Total Other Financing Sources (Uses)	<u>1,446,354</u>	<u>1,446,354</u>	<u>-</u>	<u>1,446,354</u>	<u>-</u>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 89,391</u>	<u>\$ (77,415)</u>	<u>\$ 11,976</u>	<u>\$ 11,976</u>