Brunswick Regional Water and Sewer H2GO

Report of Audit

For the Year Ended June 30, 2024

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FINANCIAL SECTION



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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, 2024, 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, 2024, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 and Government Auditing Standards, 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 23 and 24, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2024, on our consideration of the Brunswick Regional Water and Sewer H2GO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Brunswick Regional Water and Sewer H2GO's internal control over financial reporting and compliance.

Thompson, Dice, Scott, adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A. Whiteville, North Carolina October 11, 2024

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, 2024. We encourage readers to read the information presented here in conjunction with additional infonnation that we have furnished in the District's financial statements, which follow this narrative.

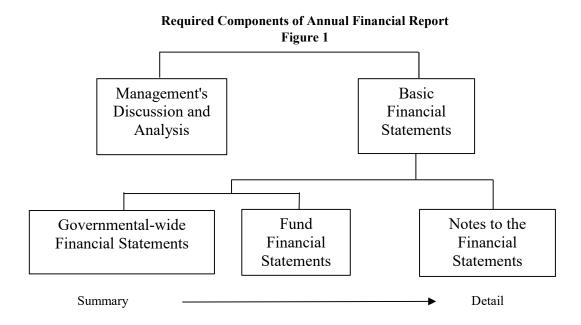
Financial Highlights

- 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
 \$138,204,047.
- The governments total net position increased by \$22,753,394, which included capital contributions in the amount of \$11,989,314.
- Brunswick Regional Water and Sewer H2GO's total debt decreased by \$3,533,202.

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 infonnation 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.



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 after Exhibit 3 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			
		2024		2023
Cash and cash equivalents, includes restricted cash	\$	52,618,859	\$	42,064,745
Total receivables, net		3,715,836		3,374,257
Inventory		998,803		759,387
Prepaid items		6,891		-
Capital assets, net		156,405,556		147,586,554
Deferred outflows of resources		2,182,068		1,895,332
Total assets and deferred outflows of revenue		215,928,013		195,680,275
Long-term liabilities outstanding		68,271,542		71,798,690
Net pension liability		3,152,523		2,527,360
Other liabilities		6,267,818		5,889,674
Deferred inflows of resources		32,083		13,898
Total liabilities and deferred inflows of resources		77,723,966		80,229,622
Net position:				
Net investment in capital assets		84,907,157		72,554,953
Unrestricted		53,296,890		42,895,700
Total net position	\$	138,204,047	\$	115,450,653

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 \$138,204,047 as of June 30, 2024. The District's net position increased by \$22,753,394 for the fiscal year ended June 30, 2024. However, a large portion (61%) 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 \$53,296,890 is unrestricted.

Several particular aspects of the District's financial operation positively influenced the total unrestricted net position for the fiscal year ended June 30, 2024:

• Significant increases in collection of fees for services

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

	Business-Type Activities		ctivities	
		2024		2023
Revenues:				
Program revenues:				
Charges for services	\$	15,354,411	\$	14,132,147
Water and sewer taps and meter purchases		762,615		461,715
System development fees		80,960		483,340
Recovery fees		11,200		61,600
Administrative fees		58,240		52,867
Irrigation fees		2,371,079		2,251,832
Penalties and interest		11,212		68,130
Other operating revenues		12,096,839		15,537,119
Nonoperating revenues:				
Investment earnings		2,212,516		1,027,674
Total revenues		32,959,072		34,076,424
Expenses:				
Administration		5,318,156		3,913,262
Water treatment and distribution		4,037,511		8,885,115
Wastewater collection		3,563,744		4,263,410
Wastewater treatment		745,510		691,468
Instrumentation & Electrical		1,312,112		-
Depreciation		3,182,033		1,984,546
Amortization		2,293,198		2,485,944
Interest expense		1,742,728		2,557,719
Lawsuit settlement		-		6,119,749
Total expenses		22,194,992		30,901,213
Increase (Decrease) in net position before capital contributions		10,764,080		3,175,211
Capital contributions		11,989,314		2,361,499
Change in net position		22,753,394		5,536,710
Net position, July 1		115,450,653		109,913,943
Net position, June 30	\$	138,204,047	\$	115,450,653

Business-type activities: Business-type activities increased the District's net position by \$22,753,394, 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, 2024, totals \$156,405,556 (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

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

	Business-Type Activities		
	2024		2023
Land	\$ 1,577,596	\$	1,577,596
Buildings	73,707		85,482
Vehicles and Equipment	1,510,219		1,122,584
Water and Sewer System	118,915,319		108,947,189
Construction in Progress	2,048,210		-
Wastewater Treatment Rights	 32,280,505		35,853,703
Total	\$ 156,405,556	\$	147,586,554

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, 2024, Brunswick Regional Water and Sewer H2GO had total long-term debt outstanding of \$71,498,399 (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			
		2024		2023
Revenue bonds	\$	40,538,399	\$	42,791,601
Interlocal Agreements		30,960,000		32,240,000
Total	\$	71,498,399	\$	75,031,601

Brunswick Regional Water and Sewer H2GO's long-term debt decreased by \$3,533,202 during the fiscal year, which included debt forgiveness from Brunswick County in the amount of \$1,280,000.

Additional information regarding Brunswick Regional Water and Sewer H2GO's long-term debt can be found in Note III of the Basic Financial Statements.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Water and sewer revenues are expected to increase for the 24-25 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 Director Brunswick Regional Water and Sewer H2GO P.O. Box 2230, Leland, NC 28451

BASIC FINANCIAL STATEMENTS

Statement of Fund Net Position Proprietary Fund June 30, 2024

	Water and Sewer Fund
Assets	
Current Assets	
Cash and Investments	\$ 51,439,328
Accounts Receivable (net)	3,457,814
Accrued Interest Receivable	-
Due from Other Governments	258,022
Inventory	998,803
Prepaid items	6,891
Restricted Cash and Investments	1,179,531
Total Current Assets	57,340,389
Non-Current Assets	
Capital Assets	
Land, Non-Depreciable Improvements and Construction in Progress	3,625,805
Other Capital Assets, Net of Depreciation	120,499,246
Wastewater Treatment Rights, Net of Amortization	32,280,505
Total Capital Assets	156,405,556
Total Non-Current Assets	156,405,556
Total Assets	\$ 213,745,945
D. 4. 10.49 AD	
Deferred Outflows of Resources	Φ 2102060
Pension Deferrals Total Deferred Outflows of Resources	\$ 2,182,068 \$ 2,182,068
Total Deferred Outflows of Resources	\$ 2,162,006
Liabilities	
Current Liabilities	
Accounts Payable and Accrued Liabilities	\$ 1,438,421
Customer Deposits	1,179,531
Revenue Bonds Payable - Current	2,309,866
Interlocal Agreements - Current	1,340,000
Total Current Liabilities	6,267,818
Noncurrent Liabilities	
Net Pension Liability	3,152,523
Compensated Absenses Payable	423,009
Revenue Bonds Payable - Noncurrent	38,228,533
Interlocal Ageements	29,620,000
Total Noncurrent Liabilities	71,424,065
Total Liabilities	\$ 77,691,883
	
Deferred Inflows of Resources	
Pension Deferrals	\$ 32,083
Total Deferred Inflows of Resources	\$ 32,083
NET POSITION	
Net investment in capital assets	\$ 84,907,157
Unrestricted	53,296,890
Total Net Position	\$ 138,204,047

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund For the Year Ended June 30, 2024

	Water and Sewer Fund	
Operating Revenues		
Charges for Services	\$ 15,354,411	
Impact Fees	80,960	
Administrative Fees	58,240	
Irrigation Fees	2,371,079	
Meter Purchase and Tap Fees	762,615	
Recovery Fees	11,200	
Penalties and Interest	11,212	
Other Operating Revenues	12,096,839	
Total Operating Revenues	30,746,556	
Operating Expenses		
Administration	5,318,156	
Water Distribution	4,037,511	
Wastewater Collection	3,563,744	
Wastewater Treatment	745,510	
Instrumentation & Electrical	1,312,112	
Depreciation	3,182,033	
Amortization	2,293,198	
Total Operating Expenses	20,452,264	
Operating Income (Loss)	10,294,292	
Nonoperating Revenues (Expenses)		
Investment Earnings	2,212,516	
Interest Expense	(1,742,728)	
Total Nonoperating Revenues (Expenses)	469,788	
Income (Loss) before contributions and transfers	10,764,080	
Capital Contributions	11,989,314	
Change in Net Position	22,753,394	
Net Position, Beginning	115,450,653	
Net Position, Ending	\$ 138,204,047	

Brunswick Regional Water and Sewer H2GO, North Carolina

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2024

Cash Flows From Operating Activities	
Cash Received From Customers and Users	\$ 30,430,722
Cash Paid for Goods and Services	(7,979,423)
Cash Paid to or on behalf of Employees for Services	(6,735,013)
Customer Deposits Received/(Returned)	206,161
Net Cash Provided (Used) by Operating Activities	15,922,447
	13,722,117
Cash Flows from Capital Financing Activities	(15.554.000)
Acquisition of Capital Assets	(15,574,233)
Interest Payments	(1,742,728)
Capital Contributions	11,989,314
Principal Paid on Debt	(2,253,202)
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,580,849)
Cash Flows From Investing Activities	
Interest on Investments and Assessments	2,212,516
Net Increase (Decrease) in Cash and Cash Equivalents	10,554,114
Cash and Cash Equivalents	
Beginning of Year, July 1	42,064,745
End of Year, June 30	\$ 52,618,859
Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities	
	A 10 20 1 20 2
Operating Income(Loss)	\$ 10,294,292
Adjustments to Reconcile Operating	
Income to Net Cash Provided by Operating Activities	2 102 022
Depreciation	3,182,033
Amortization	2,293,198
Changes in Assets and Liabilities:	(215 924)
(Increase) Decrease in Receivables	(315,834)
(Increase) Decrease in Inventory	(239,416) (6,891)
(Increase) Decrease in Prepaid Items (Increase) Decrease in Due from Other Governments	(25,745)
(Increase) Decrease in Due from Other Governments (Increase) Decrease in Deferred Outflows of Resources from Resources for Pensions	(286,736)
Increase (Decrease) in Net Pension Liability	625,163
Increase (Decrease) in Net relision Liability Increase (Decrease) in Deferred Inflows of Resources for Pensions	18,185
Increase (Decrease) in Accounts Payable and Accrued Liabilities	55,319
Increase (Decrease) in Accounts Payable and Accrued Liabilities Increase (Decrease) in Customer Deposits	206,161
Increase (Decrease) in Customer Deposits Increase (Decrease) in Compensated Absences Payable	122,718
Total Adjustments	5,628,155
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Net Cash Provided by Operating Activities	\$ 15,922,447

Notes to the Financial Statements For the Year Ended June 30, 2024

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 thal 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. The district also reports 18 other special revenue funds and project funds to be consolidated with the operating 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.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

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.

Business-type Activities	
Water and Sewer Fund	
Customer Deposits	\$ 1,179,531
Total Restricted Cash	\$ 1,179,531

4. Unbilled Service Revenues

An amount of \$1,795,869 has been accrued for estimated water and sewer usage and minimum fees earned, but not billed through June 30, 2024.

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.

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.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

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:

	Estimated Useful
Asset Class	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 2024 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 lastin, 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.

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.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

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

None noted.

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, 2024, the District's deposits had a carrying amount of \$28,292,638 and a bank balance of \$28,405,018. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder \$27,655,018 was covered by collateral held under the pooling method. At June 30, 2024, the District's petty cash funds totaled \$900.

2. Investments

At June 30, 2024, the Brunswick Regional Water and Sewer H2GO had the following investments and maturities.

	Valuation				
	Measurement	F	air Value at		
Investments by Type	Method		6/30/2024	Maturity	Rating
NC Capital Management Trust -	Fair Value Level 1	\$	24,325,321	N/A	AAAm
Government Portfolio Total					
Total		\$	24,325,321		

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.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

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, 2024.

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, 2024 are net of the following allowances for doubtful accounts:

Fund	6/30/2024	
Enterprise Fund:		_
Water and Sewer - Accounts Receivable	\$	70,000
Total	\$	70,000

4. Capital Assets

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

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 1,577,596	\$ -	\$ -	\$ 1,577,596
Construction in Progress		2,946,760	898,550	2,048,210
Total capital assets not being depreciated	1,577,596	2,946,760	898,550	3,625,806
Capital assets being depreciated:				
Buildings	315,692		-	315,692
Equipment	662,490	33,588	-	696,078
Vehicles	2,257,321	634,372	-	2,891,693
Water and Sewer System	128,938,675	12,858,063		141,796,738
Total capital assets being depreciated	132,174,178	13,526,023	-	145,700,201
Less accumulated depreciation for:				
Buildings	230,210	11,775	-	241,985
Equipment	444,226	37,340	-	481,566
Vehicles	1,353,001	242,985	-	1,595,986
Water and Sewer System	19,991,486	2,889,933	-	22,881,419
Total accumulated depreciation	22,018,923	3,182,033		25,200,956
Total capital assets being depreciated, net	110,155,255	10,343,990		120,499,245
Water and Sewer Fund capital assets, net	\$ 111,732,851	\$ 13,290,750	\$ 898,550	\$ 124,125,051

Activity for capital assets that are amortized for the District for the year ended June 30, 2024, was as follows:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being amortized:				
Wastewater treatment rights	\$ 44,384,724	\$ -	\$ 1,280,000	\$ 43,104,724
Total Capital assets being amortized	44,384,724	-	1,280,000	43,104,724
Less accumulated amortization for:				
Wastewater treatment rights	 8,531,021	 2,293,198		 10,824,219
Total accumulated amortization	8,531,021	2,293,198	_	10,824,219
Total Capital assets being amortized, net	 35,853,703	 (2,293,198)	 1,280,000	 32,280,505
Water and Sewer Fund Capital Assets, net	\$ 147,586,554	\$ 10,997,552	\$ 2,178,550	\$ 156,405,556

On January 17, 2024, the District received a one-time debt forgiveness from Brunswick County in the amount of \$1,280,000 as a result of project cost reevaluation, the correlated balance of project rights was reduced by the same amount accordingly.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

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.

Contributions. Contribution provisions are established by General Stalute 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, 2024, was 12.85% 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 \$642,492 for the year ended June 30, 2024.

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, 2024, the District reported a liability of \$3,152,523 for its proportionate share of the 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. 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, 2023 (measurement date), the District's proportion was 0.0476%, which was an increase of 0.0028% from its proportion measured as of June 30, 2022.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$999,102. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	rred Outflows Resources	red Inflows sources
Differences between expected and actual experience	\$ 351,284	\$ 7,563
Change of assumptions	133,964	-
Net difference between projected and actual earnings on pension plan investments Changes in proportion and differences between District contributions and	843,753	-
proportionate share of contributions	210,574	24,520
District contributions subsequent to the measurement date	642,492	-
Total	\$ 2,182,067	\$ 32,083

\$642,492 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 574,829
2026	323,982
2027	573,004
2028	35,677
2029	-
Thereafter	_

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	2.5 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, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2023 are summarized in the following table:

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

Target Allocation	Long-Term
33.0%	0.9%
38.0%	6.5%
8.0%	5.9%
8.0%	8.2%
7.0%	5.0%
6.0%	2.7%
100.0%	
	33.0% 38.0% 8.0% 8.0% 7.0% 6.0%

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 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)	\$	5,461,623	\$	3,152,523	\$	1,251,456

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 \$234,148 for the year ended June 30, 2024. No amounts were forfeited.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

2. Deferred Outflows and Inflows of Resources

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

	Amount
Contributions to Pension Plan in Current Fiscal Year	\$ 642,492
Difference between expected and actual experience	351,284
Changes of assumptions	133,964
Net difference between projected and actual	843,753
Changes in proportion and differences between employer contributions and	
proportionate share of contributions	210,574
Total	\$ 2,182,068
Defined inflows of resources at year-end is comprised of the following:	
	Amount
Changes in proportion and differences between employer contributions and	
proportionate share of contributions	\$ 24,520
Differences between expected and actual experience	 7,563
Total	\$ 32,083

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 \$1 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

As of the date of the audit report, the District was not involved in any civil or legal actions which in the opinion of management and the District's attorney, which would have a material adverse effect on the District's financial position.

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.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

Debt at June 30, 2024 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.

\$ 38,507,000

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.

2,031,399

Total Revenue Bonds \$ 40,538,399

The future payments of the revenue bond are as follows:

	Business Type Activities					
Year Ending June 30		Principal Interest				
2025	\$	2,309,866	\$	1,036,989		
2026		2,368,723		978,332		
2027		2,428,777		918,165		
2028		2,490,033		856,460		
2029		2,020,000		793,171		
2030-2034		10,945,000		3,122,297		
2035-2039		12,495,000		1,571,519		
2040-2044		5,481,000		146,210		
Total	\$	40,538,399	\$	9,423,143		

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, 2024, is as follows:

Operating revenues	\$ 30,746,556
Operating expenses*	(14,977,033)
Operating income	15,769,523
Nonoperating revenues (expenses)**	2,212,516
Income available for debt service	 17,982,039
Debt service, principal and interest paid (Other Improvements to	
Syslem Financing only)	(3,995,930)
Income available for debt service (before Revenue Bond)	 13,986,109
Debt service, principal and interest paid (Revenue bond only)	\$ 3,347,382
Debt service coverage ratio	418%

^{*}Per rate covenants, this does not include the depreciation expense of \$3,182,033 and amortization of \$2,293,198.

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:

	Business-Type	pe Activities				
Year ending June 30	Principal	Interest				
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	1,635,000	1,486,525				
2030-2034	9,410,000	6,956,975				
2035-2039	11,530,000	6,144,675				
2040-2044	2,590,000	1,116,875				
Total	\$ 30,960,000	\$ 21,947,025				

^{**}Per rate covenants, this does not include interest of \$1,742,728.

Notes to the Financial Statements (Continued) For the Year Ended June 30, 2024

On January 17, 2024, the District received a one-time debt forgiveness from Brunswick County in the amount of \$1,280,000 as a result of project cost reevaluation, the correlated balance of debt principal was reduced by the same amount accordingly.

c. Changes in Long-Term Liabilities

	Balance						Balance	Cui	rent Portion										
7/01/2023		7/01/2023		Increases		Increases		Increases		7/01/2023 Increases		7/01/2023 Inc		creases Decreases		Decreases 6		O	f Balance
\$	42,791,601	\$		\$	2,253,202	\$	40,538,399	\$	2,309,866										
	32,240,000		-		1,280,000		30,960,000		1,340,000										
	300,291		122,718		-		423,009		-										
	2,527,360		625,163		-		3,152,523		-										
	_		_				_												
\$	77,859,252	\$	747,881	\$	3,533,202	\$	75,073,931	\$	3,649,866										
	\$	7/01/2023 \$ 42,791,601 32,240,000 300,291 2,527,360	7/01/2023 \$ 42,791,601 \$ 32,240,000 \$ 300,291 2,527,360	7/01/2023 Increases \$ 42,791,601 \$ - 32,240,000 - 300,291 122,718 2,527,360 625,163	7/01/2023 Increases I \$ 42,791,601 \$ - \$ 32,240,000 \$ 300,291 122,718 \$ 2,527,360 625,163	7/01/2023 Increases Decreases \$ 42,791,601 \$ - \$ 2,253,202 32,240,000 - 1,280,000 300,291 122,718 - 2,527,360 625,163 -	7/01/2023 Increases Decreases \$ 42,791,601 \$ - \$ 2,253,202 \$ 32,240,000 - 1,280,000 300,291 122,718 - 2,527,360 625,163 -	7/01/2023 Increases Decreases 6/30/2024 \$ 42,791,601 \$ - \$ 2,253,202 \$ 40,538,399 32,240,000 - 1,280,000 30,960,000 300,291 122,718 - 423,009 2,527,360 625,163 - 3,152,523	7/01/2023 Increases Decreases 6/30/2024 o \$ 42,791,601 \$ - \$ 2,253,202 \$ 40,538,399 \$ 32,240,000 - 1,280,000 30,960,000 300,291 122,718 - 423,009 2,527,360 625,163 - 3,152,523										

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, 2024, consist of the following:

From the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund	\$ 12,007,936
From the Water and Sewer Fund to the Water Line Extension Capital Project Fund	14,975
From the Water and Sewer Capital Reserve Fund to the Water and Sewer Fund	1,926,657
From the Water and Sewer Capital Reserve Fund to the Water Source Wells #6, #7, & #8 Fund	792,000
From the Water and Sewer Capital Reserve Fund to the Walterline Ext- Malmo to Goodman Fund	1,672,000
From the Water and Sewer Capital Reserve Fund to the ASR Wells Phase 3 Capital Project Fund	150,000
From the Water and Sewer Capital Reserve Fund to the GPD RO Plant Upgrade Capital Project Fund	2,500,000
From the Water and Sewer Capital Reserve Fund to the Malmo Loop Pump Station & Force Main Fund	5,000,000
From the Compass Pointe Sewer Infrastructure Fund to the Water and Sewer Reserve Fund	349,488
From the Pump Station and Collection System Upgrade Fund to the Water and Sewer Fund	45,843
From the Wastewater Treatment Plant Capital Project Fund to the Water and Sewer Fund	1,784
From the Highway 17 Sewer Expansion II Capital Project Fund to the Water and Sewer Fund	 24,901
Total	\$ 24,485,584

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.

IV. NET INVESTMENT IN CAPITAL ASSETS

Capital Assets	\$ 156,405,556
Less: Long-Term Debt	(71,498,399)
Net Investment in Capital Assets	\$ 84,907,157

V. SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 11, 2024, 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

		-			
	2024	2023	2022	2021	2020
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (%)	0.04760%	0.04480%	0.02964%	0.02751%	0.02626%
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (\$)	3,152,523	2,527,360	454,558	983,049	717,140
Brunswick Regional Water and Sewer H2GO's covered-employee payroll	3,743,944	3,027,987	2,100,547	1,800,961	1,635,326
Brunswick Regional Water and Sewer H2GO's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	84.20%	83.47%	21.64%	54.58%	43.85%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%
	2019	2018	2017	2016	2015
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (%)	0.02663%	0.02336%	0.02060%	0.02158%	0.02036%
Brunswick Regional Water and Sewer H2GO's proportion of the net pension liability (asset) (\$)	631,755	356,876	437,625	96,850	(120,072)
Brunswick Regional Water and Sewer H2GO's covered-employee payroll	1,539,992	1,375,007	1,193,340	1,097,680	1,011,774
Brunswick Regional Water and Sewer H2GO's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.02%	25.95%	36.67%	8.82%	-11.87%
Plan fiduciary net position as a percentage of the total pension liability**					

^{*}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

	I	ocal Governn	nent l	Employees' Re	etirer	nent System			
		2024	2023		2022		2021		2020
Contractually required contribution	\$	642,492	\$	453,017	\$	343,677	\$	213,206	\$ 161,186
Contributions in relation to the contractually required contribution		642,492		453,017		343,677		213,206	161,186
Contribution deficiency (excess)	\$		\$		\$		\$		\$
District's covered payroll	\$	4,999,938	\$	3,743,944	\$	3,027,987	\$	2,100,547	\$ 1,800,961
Contributions as a percentage of covered payroll		12.85%		12.10%		11.35%		10.15%	8.95%
		2019		2018		2017		2016	2015
Contractually required contribution	\$	126,768	\$	115,450	\$	99,688	\$	79,596	\$ 77,606
Contributions in relation to the contractually required contribution		126,768		115,450		99,688		79,596	77,606
Contribution deficiency (excess)	\$		\$		\$		\$		\$ -
District's covered payroll	\$	1,635,326	\$	1,539,992	\$	1,375,007	\$	1,193,340	\$ 1,097,680
Contributions as a percentage of covered payroll		7.75%		7.50%		7.25%		6.67%	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, 2024

	Final Budget	Actual	Variance Positive (Negative)
Revenues			(***8**)
Operating Revenues:			
Water Charges		\$ 6,349,276	
Sewer Charges		9,005,135	
Impact Fees		80,960	
Administrative Fees		58,240	
Irrigation Fees		2,371,079	
Meter Purchase and Taps		762,615	
Recovery Fees		11,200	
Penalties and Interest		11,212	
Other Operating Revenues	ф. 22.2(0.600	12,096,839	Φ (1 (02 12 4)
Total Operating Revenues	\$ 32,369,680	30,746,556	\$ (1,623,124)
Non-Operating Revenues:			
Investment Earnings		2,212,294	
Total Non-Operating Revenues	2,045,000	2,212,294	167,294
Total Revenues	34,414,680	32,958,850	(1,455,830)
Expenditures			
Administration:			
Salaries and Wages		3,112,666	
Operating Expenditures		1,570,290	
Capital Outlay		278,588	
Debt Service		270,300	
Principal Retirement		2,253,202	
Interest and other charges		1,742,728	
Total Administration	11,520,532	8,957,474	2,563,058
Water Distribution			
Water Distribution		2 210 147	
Salaries and Wages		2,219,147	
Operating Expenditures Total Water Distribution	5,596,724	2,584,045 4,803,192	793,532
Total Water Distribution	3,390,724	4,803,192	193,332
Wastewater Collections			
Salaries and Wages		1,053,283	
Operating Expenditures		2,510,461	
Total Wastewater Collections	3,870,384	3,563,744	306,640
Wastewater Treatment			
Salaries and Wages		300,287	
Operating Expenditures		394,773	
Capital Outlay		50,450	
Total Wastewater Treatment	937,015	745,510	191,505
Total Wasicwatci Treatment	757,013	743,310	171,303
Instrumentation & Electrical			
Salaries and Wages		528,973	
Operating Expenditures		135,747	
Capital Outlay		647,392	
Total Instrumentation & Electrical	1,427,988	1,312,112	115,876
Total Expenditures	23,352,643	19,382,032	3,970,611

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, 2024

Revenue Over (Under) Expenditures	Final Budget 11,062,037	Actual 13,576,818	Variance Positive (Negative) 2,514,781
Other Financing Sources (Uses):			
Capital Contributions	-	11,895,351	11,895,351
Transfer In:	2 002 025	10000	(4.4.55.4.50)
Water and Sewer Capital Reserve Fund	3,083,835	1,926,657	(1,157,178)
Pump Station and Collection System Upgrade Capital Project Fund	45,843	45,843	
Wastewater Treatment Plant Capital Project Fund	1,784	1,784	-
Highway 17 Sewer Expansion II Capital Project Fund	24,901	24,901	_
Transfer Out:	21,501	21,701	
Water and Sewer Capital Reserve Fund	(14,218,400)	(12,007,936)	2,210,464
Water Line Extension Capital Project Fund	-	(14,975)	(14,975)
Total Other Financing Sources (Uses)	(11,062,037)	1,871,625	12,933,662
P 10(1 6 0			
Revenue and Other Sources Over	¢.	Ф 15 440 44 2	¢ 15 440 442
(Under) Expenditures and Other Uses	<u> </u>	\$ 15,448,443	\$ 15,448,443
Reconciliation from Budgetary Basis (modified accrual) to Full Accrual			
Revenue and Other Sources Over (Under) Expenditures		\$ 15,448,443	
Reconciling Items:			
Depreciation		(3,182,033)	
Amortization		(2,293,198)	
Capital Outlay		976,430	
Principal Payments on Debt		2,253,202	
Increase (Decrease) in Deferred Outflows to			
Pension Plan in Currernt Fiscal year		286,736	
(Increase) Decrease in Net Pension Liability		(625,163)	
(Increase) Decrease in Deferred Inflows of			
Resources for Pension Deferrals		(18,185)	
Transfers Out			
Water and Sewer CRF		(12,040,657)	
Compass Pointe Sewer Infrastructure Capital Project Fu		(349,488)	
Pump Station and Collection System Upgrade Capital P	roject Fund	(45,843)	
Wastewater Treatment Plant Capital Project Fund		(1,784)	
Highway 17 Sewer Expansion II Capital Project Fund		(24,901)	
Transfers In		12 257 424	
Water and Sewer CRF		12,357,424	
Water Line Extension Capital Project Fund		14,975	
Water Source Wells #6, #7, & #8 Capital Project Fund Walterline Ext- Malmo to Goodman Capital Project Fur	A.	792,000	
ASR Wells Phase 3 Capital Project Fund	IU	1,672,000 150,000	
GPD RO Plant Upgrade Capital Project Fund		2,500,000	
Malmo Loop Pump Station & Force Main Capital Proje	5,000,000		
Investment Earnings	2,000,000		
Water Treatment Plant CPF		222	
Other Revenue			
AIA Grant Revenue		93,963	
Other Expenditures		(210,749)	
Total Reconciling Items		7,304,951	
Change in net position		\$ 22,753,394	
Change in net position		<u> </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, 2024

	Final Budget Actual					Variance Positive (Negative)		
Revenues Operation Round Up Revenue	\$ -		\$ - \$ -		\$	-		
Total Revenues								
Expenditures Administration		_		31		(31)		
Total Expenditures		-		31		(31)		
Other Financing Sources (Uses) Appropriated Fund Balance		-		-		-		
Total Other Financing Sources (Uses)		-		-		-		
Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$		\$	(31)	\$	(31)		

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, 2024

	Final Budget	Actual	Variance Positive (Negative)
Revenues	Ф	Ф	
Investment Earnings	\$ -		\$ -
Total Revenues		<u> </u>	
Other Financing Sources (Uses)			
Transfer in:			
Water and Sewer Fund	14,218,400	12,007,936	(2,210,464)
Compass Pointe Sewer Infrastructure Capital Project Fund	349,488	349,488	-
Transfers out:			
Water Treatment Plant Capital Project	(10,114,000	(10,114,000)	-
Debt Service Fund	(4,453,888	(1,926,657)	2,527,231
Total Other Financing Sources (Uses)		316,767	316,767
Revenue and Other Sources Over			
(Under) Expenditures and Other Uses	\$ -	\$ 316,767	\$ 316,767

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, 2024

	Fi Bu	Variance Positive (Negative)			
Revenues			 		
Investment Earnings	_ \$		\$ 	\$	
Total Revenues					
Other Financing Sources (Uses)					
Transfers from other Funds		-	-		-
Total Other Financing Sources (Uses)					
Revenue and Other Sources Over					
(Under) Expenditures and Other Uses	\$		\$ 	\$	

Brunswick Regional Water and Sewer H2GO Wastewater AIA Grant Schedule of Revenues and Expenditures

Budget & Actual - (Non - GAAP)

						Actual				
	Project Authorization		Prior Years		Current		Totals to Date		1	Variance Positive Negative)
Revenues										
Grant revenue		200,000	\$	15,924	\$	91,168	\$	107,092	\$	(92,908)
Total Revenues		200,000		15,924		91,168		107,092		(92,908)
Expenditures										
Engineering		200,000		45,084		79,916		125,000		75,000
Total Expenditures		200,000		45,084		79,916		125,000		75,000
Revenues Over (Under) Expenditures		-		(29,160)		11,252		(17,908)		(17,908)
Other Financing Sources (Uses) Transfers from other Funds		-		-		-		-		-
Total Other Financing Sources (Uses)		-		-		-		-		-
Revenue and Other Sources Over										
(Under) Expenditures and Other Uses	\$	-	\$	(29,160)	\$	11,252	\$	(17,908)	\$	(17,908)

Brunswick Regional Water and Sewer H2GO Water AIA Grant

Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

	Project Authorization		Prior Years		Current		Totals to Date		Variance Positive Negative)
Revenues									
Grant revenue	\$	200,000	\$	16,428	\$	2,795	\$	19,223	\$ (180,777)
Total Revenues		200,000		16,428		2,795		19,223	(180,777)
Expenditures									
Engineering		200,000		17,180		128,574		145,754	54,246
Total Expenditures		200,000		17,180		128,574		145,754	54,246
Revenues Over (Under) Expenditures		-		(752)		(125,779)		(126,531)	(126,531)
Other Financing Sources (Uses) Transfers from other Funds		-		-		-		-	
Total Other Financing Sources (Uses)		-		-		-		-	
Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$	_	\$	(752)	\$	(125,779)	\$	(126,531)	\$ (126,531)

Brunswick Regional Water and Sewer H2GO Water Treatment Plant Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

	Project Authorization	Prior Years	Current	Totals to Date	Variance Positive (Negative)
Revenues					
Interest	\$ 100,000	\$ 99,023	\$ 222	\$ 99,245	\$ (755)
Other	7,095,658	665,357	-	665,357	(6,430,301)
Total Revenues	7,195,658	764,380	222	764,602	(6,431,056)
Expenditures					
Other	2,093,046	2,003,416	-	2,003,416	89,630
Capital Outlay	48,776,863	47,012,474	900,778	47,913,252	863,611
Total Expenditures	50,869,909	49,015,890	900,778	49,916,668	953,241
Revenues Over (Under)					
Expenditures	(43,674,251)	(48,251,510)	(900,556)	(49,152,066)	(5,477,815)
Other Financing Sources (Uses) Transfers in:					
Capital Reserve Fund	7,596,292	19,902,988	-	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)	43,674,251	46,613,178	-	46,613,178	2,938,927
Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ (1,638,332)	\$ (900,556)	\$ (2,538,888)	\$ (2,538,888)

Brunswick Regional Water and Sewer H2GO Water Line Extension Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

			Actual										
		Project horization	Prior Years			Current		Totals to Date	(Variance Positive (Negative)			
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		14,975		3,732,045		(3,184,665)			
Transfers of Assets		-		(619,296)		-		(619,296)		(619,296)			
Total Other Financing				•				, , , ,					
Sources (Uses)		6,916,710		3,097,774		14,975		3,112,749		(3,803,961)			
Revenue and Other Sources Over													
(Under) Expenditures and Other Uses	\$	-	\$	(107,145)	\$	14,975	\$	(92,170)	\$	(92,170)			

Brunswick Regional Water and Sewer H2GO Compass Pointe Sewer Infrastructure Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

				Actual				
	Project Authorization	Prior Years		Current	Totals to Date		(Variance Positive (Negative)
Revenues								
Operating Revenues								
Impact Fees	\$ -	\$	4,972,400	\$ -	\$	4,972,400	\$	-
Recovery Fees			1,580,000	-		1,580,000		
Total Revenues	10,000,000		6,552,400	-		6,552,400		(3,447,600)
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	10,000,000		687,063	-		687,063		9,312,937
Revenues Over (Under) Expenditures			5,865,337			5,865,337		5,865,337
Other Financing Sources (Uses) Transfers Out:			(5.515.040)	(2.10, 100)		(5.065.225)		(5.0(5.225)
Capital Reserve Fund			(5,515,849)	(349,488)		(5,865,337)		(5,865,337)
Total Other Financing Sources (Uses)			(5,515,849)	(349,488)		(5,865,337)		(5,865,337)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$	349,488	\$ (349,488)	\$		\$	

Brunswick Regional Water and Sewer H2GO Regional Lift Station Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

	Project Authorization			Prior Years	Current			Totals to Date	Variance Positive (Negative)	
Revenues										
Other revenues	\$	65,830	\$	65,830	\$	-	\$	65,830	\$	-
Total Revenues		65,830		65,830		-		65,830		-
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		3,527,303		848,771		-		848,771		2,678,532
Revenues Over (Under)										
Expenditures		(3,461,473)		(782,941)		-		(782,941)		2,678,532
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)		3,461,473		782,941		-		782,941		(2,678,532)
Revenue and Other Sources Over										
(Under) Expenditures and Other Uses	\$	-	\$	-	\$	-	\$	-	\$	-

Brunswick Regional Water and Sewer H2GO Pump Station and Collection System Upgrade Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

		Project norization	Prior Years	Current	Totals to Date	I	ariance Positive (egative)
Revenues							
Other revenues	\$	-	\$ -	\$ -	\$ -	\$	
Total Revenues		-	-	-	-		
Expenditures							
Construction		1,085,000	1,039,157	-	1,039,157		45,843
Total Expenditures		1,085,000	1,039,157	-	1,039,157		45,843
Revenues Over (Under)	,	(1.005.000)	(1.020.155)		(1.020.155)		(45.042)
Expenditures	(1,085,000)	(1,039,157)	-	(1,039,157)		(45,843)
Other Financing Sources (Uses) Transfers In:			4.007.000		4.00-000		
Water and Sewer Fund Transfers Out:		1,085,000	1,085,000	-	1,085,000		-
Water and Sewer Fund		_	_	(45,843)	(45,843)		(45,843)
Total Other Financing					, , ,		
Sources (Uses)		1,085,000	1,085,000	(45,843)	1,039,157		(45,843)
Revenue and Other Sources Over							
(Under) Expenditures and Other Uses	\$	-	\$ 45,843	\$ (45,843)	\$ -	\$	

Brunswick Regional Water and Sewer H2GO Wastewater Treatment Plant Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

	Project horization	Prior Years	Current	Totals to Date	j	Variance Positive Vegative)
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 Transfers Out:	904,545	904,545	-	904,545		-
Water and Sewer Fund		_	(1,784)	 (1,784)		(1,784)
Total Other Financing						
Sources (Uses)	 904,545	904,545	(1,784)	902,761		(1,784)
Revenue and Other Sources Over						
(Under) Expenditures and Other Uses	\$ -	\$ 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)

	Au	Project othorization	Prior Years			Current	Totals to Date]	Variance Positive Negative)
Revenues									
Interest	_\$_	-	\$	-	\$	-	\$ -	\$	
Total Revenues		-		-		-	-		
Expenditures									
Engineering		86,354		252,069		-	252,069		(165,715)
Capital outlay		1,360,000		1,182,309		-	1,182,309		177,691
Total Expenditures		1,446,354		1,434,378		-	1,434,378		11,976
Revenues Over (Under)									
Expenditures		(1,446,354)		(1,434,378)		-	(1,434,378)		(11,976)
Other Financing Sources (Uses)									
Transfers Out:									
Water and Sewer Fund		-		-		(24,901)	(24,901)		(24,901)
Transfers of Assets		1,446,354		1,446,354		-	1,446,354		-
Total Other Financing Sources (Uses)		1,446,354		1,446,354		(24,901)	1,421,453		(24,901)
Revenue and Other Sources Over									
(Under) Expenditures and Other Uses	\$	-	\$	11,976	\$	(24,901)	\$ (12,925)	\$	(12,925)

Brunswick Regional Water and Sewer H2GO Water Source Wells #6, #7, & #8 Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

	Proje Authoriz		Prior Years			(Current	Totals to Date	I	ariance Positive Jegative)
Revenues										
Other revenues	\$	-	\$		-	\$	-	\$ -	\$	
Total Revenues		-			-		-	-		
Expenditures										
Land Acquistion	16	50,000			-		-	-		160,000
Engineering	58	35,000			-		357,153	357,153		227,847
Surveyors	4	17,000			-		-	-		47,000
Total Expenditures	79	2,000			-		357,153	357,153		434,847
Revenues Over (Under)										
Expenditures	(79	2,000)					(357,153)	(357,153)		434,847
Other Financing Sources (Uses) Transfers In:										
Capital Reserve Fund	79	2,000			_		792,000	792,000		_
Total Other Financing Sources (Uses)	70	2,000					792,000	792,000		
Sources (Oses)		2,000			_		772,000	772,000		
Revenue and Other Sources Over										
(Under) Expenditures and Other Uses	\$	-	\$			\$	434,847	\$ 434,847	\$	434,847

Brunswick Regional Water and Sewer H2GO Walterline Ext- Malmo to Goodman Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

				Actual		
	Project horization	Prior Years		Current	Totals to Date	Variance Positive Negative)
Revenues						
Developer Construction Reimbursement	\$ 328,000	\$	-	\$ -	\$ -	\$ (328,000)
Total Revenues	328,000		-	-	-	(328,000)
Expenditures						
Engineering	228,000		-	27,884	27,884	200,116
Construction	1,604,707		-	958,831	958,831	645,876
Contingency	167,293		-	-	-	167,293
Total Expenditures	2,000,000		-	986,715	986,715	1,013,285
Revenues Over (Under)						
Expenditures	 (1,672,000)		-	(986,715)	(986,715)	685,285
Other Financing Sources (Uses) Transfers In:						
Capital Reserve Fund	1,672,000		-	1,672,000	1,672,000	-
Total Other Financing Sources (Uses)	1,672,000		_	1,672,000	1,672,000	
	 			,,,,,,,,,,	, , , , , , , , , , , , , , , , , , , ,	
Revenue and Other Sources Over (Under)						
Expenditures and Other Uses	\$ -	\$	-	\$ 685,285	\$ 685,285	\$ 685,285

Brunswick Regional Water and Sewer H2GO ASR Wells Phase 3 Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP) From Inception and for the Year Ended June 30, 2024

	Project Authorization		Prior Years	Current		Totals to Date		P	ariance ositive egative)	
Revenues	_				_		_		_	
Other revenues	\$	-	\$	-	\$	-	\$	-	\$	-
Total Revenues		-		-		-		-		
Expenditures										
Engineering		63,150		-		32,535		32,535		30,615
Construction		75,000		-		58,548		58,548		16,452
Contingency		11,850		-		-		-		11,850
Total Expenditures		150,000		-		91,083		91,083		58,917
Revenues Over (Under)										
Expenditures		(150,000)		-		(91,083)		(91,083)		58,917
Other Financing Sources (Uses) Transfers In:										
Capital Reserve Fund		150,000		-		150,000		150,000		-
Total Other Financing		150,000				150,000		150,000		
Sources (Uses)		150,000		-		150,000		150,000		
Revenue and Other Sources Over (Under)										
Expenditures and Other Uses	\$	-	\$	-	\$	58,917	\$	58,917	\$	58,917

Brunswick Regional Water and Sewer H2GO GPD RO Plant Upgrade Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP) From Inception and for the Year Ended June 30, 2024

				Actual								
	Project Authorization		Prior Years			Current			Totals to Date		Variance Positive (Negative)	
Revenues												
Other revenues	\$	-	\$		-	\$	-	\$	-	\$	-	
Total Revenues		-			-		-		-			
Expenditures												
Engineering	120,000			-		-		-		120,000		
Equipment Procurement & Start Up	2,000,000			-		-		-		2,000,000		
Labor & Piping	350,000			-		-			-		350,000	
Integration	30,000		-		-	-		-		30,000		
Total Expenditures	2,500,000			-		-		-		2,500,000		
Revenues Over (Under)												
Expenditures	(2,5	00,000)			-		-		-		2,500,000	
Other Financing Sources (Uses) Transfers In:												
Capital Reserve Fund	2,5	00,000			-		2,500,000		2,500,000		-	
Total Other Financing											_	
Sources (Uses)	2,5	00,000			-		2,500,000		2,500,000			
Revenue and Other Sources Over (Under) Expenditures and Other Uses	\$	_	\$		_	\$	2,500,000	\$	2,500,000	\$	2,500,000	

Brunswick Regional Water and Sewer H2GO AMI Infrastructure and Meter Changeout Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

		Actual									
	Project Authorization			Prior Years	Current			Totals to Date]	Variance Positive Negative)
Revenues											
Other revenues	\$	233,270	\$	-	\$	-	\$	-		\$	(233,270)
Total Revenues		233,270		-		-		-			(233,270)
Expenditures											
Contracted Services		4,683,330		-		-		-			4,683,330
Total Expenditures		4,683,330		-		-		-			4,683,330
Revenues Over (Under)											
Expenditures		(4,450,060)		-		-		-			4,450,060
Other Financing Sources (Uses) Transfers In:											
Water and Sewer Fund		400,000		-		_		_			(400,000)
Appropriated Fund Balance		4,050,060		-		-		-			(4,050,060)
Total Other Financing											
Sources (Uses)		4,450,060		-		-					(4,450,060)
Revenue and Other Sources Over (Under)											
Expenditures and Other Uses	\$	-	\$	-	\$	-	\$			\$	-

Brunswick Regional Water and Sewer H2GO Malmo Loop Pump Station & Force Main Capital Project Fund Schedule of Revenues and Expenditures Budget & Actual - (Non - GAAP)

			Actual							
	Project Authorization		Prior Years			Current		Totals to Date		Variance Positive Negative)
Revenues										
Other revenues	\$	- \$	3	-	\$	-	\$	-	\$	
Total Revenues		-		-		-		-		
Expenditures										
Engineering	160,0	000		-		108,207		108,207		51,793
Construction	4,824,040				260,746		260,746		4,563,294	
Contingency	15,960		-		-		-		15,960	
Total Expenditures	5,000,0	000		-		368,953		368,953		4,631,047
Revenues Over (Under)										
Expenditures	(5,000,0	000)		-		(368,953)		(368,953)		4,631,047
Other Financing Sources (Uses) Transfers In:										
Capital Reserve Fund	5,000,0	000		-		5,000,000		5,000,000		-
Total Other Financing Sources (Uses)	5,000,0	000		_		5,000,000		5,000,000		_
Revenue and Other Sources Over (Under)										
Expenditures and Other Uses	\$	- \$	6	-	\$	4,631,047	\$	4,631,047	\$	4,631,047

COMPLIANCE SECTION

TRANSPORT

CERTIFIED PUBLIC ACCOUNTANTS

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

P.O. Box 398 1626 S Madison Street Whiteville, NC 28472 Telephone (910) 642-2109 Fax (910) 642-5958

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

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

Independent Auditors' Report

To the Board of Commissioners Brunswick Regional Water and Sewer H2GO Leland, 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 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, 2024, and the related notes to the financial statements, which collectively comprises the Brunswick Regional Water and Sewer H2GO's basic financial statements, and have issued our report thereon dated October 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brunswick Regional Water and Sewer H2GO'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brunswick Regional Water and Sewer H2GO's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 material weaknesses. However, material weaknesses may exist that have not been identified.

Members

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brunswick Regional Water and Sewer H2GO'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 determination of financial statement amounts. 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 result 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.

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

Thompson, Dice, Scott, adams & Co., P.A.

Whiteville, NC October 11, 2024

Brunswick Regional Water & Sewer H2Go Schedule of Findings and Responses For the Year Ended June 30, 2024

Section I. Summary of Auditor's Results			
<u>Financial Statements</u>			
Type of auditor's report issued:		Unmodified	
Internal control over financial reporting:			
Material weakness(es) identified?	_ yes _	X	no
Significant Deficiency(s) identified?	_ yes .	X	no
Noncompliance material to financial statements noted	_ yes	X	no
Section II. Financial Statement Findings			

None noted.

Brunswick Regional **H2G0**Water and Sewer

Corrective Action Plan
For the Year Ended June 30, 2024

Section II. Financial Statement Findings

None noted.

Brunswick Regional Water & Sewer H2Go Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2024

None noted.