



REGULAR BOARD MEETING

MAY 26, 2026 AT 9:00 AM

BRWA BUSINESS OFFICE – 112 N MAIN STREET

AGENDA

112 North Main Street, Rutherfordton, NC 28139

PHONE: 828.286.0604 | FAX: 877.375.1630

A. WELCOME/ROLL CALL

B. CALL TO ORDER

C. APPROVAL OF MINUTES

- [1.](#) Minutes of Regular Meeting of April 28, 2026

D. SPECIAL PRESENTATIONS

- [1.](#) Swearing in of Appointed Board Member

Doug Barrick, Town of Rutherfordton

E. PUBLIC PRESENTATIONS

F. APPROVAL OF AGENDA

G. NEW BUSINESS

- [1.](#) Consideration of Resolution 06-26: Contract for Professional Auditing Services for the 2025-2026 Fiscal Year
- [2.](#) Consideration of Resolution 07-26: Authorization of Reimbursement from Proceeds of Revenue Bonds
- [3.](#) Consideration of Resolution 08-26: Agreement for Bond Counsel Services
- [4.](#) Consideration of Resolution 09-26: Agreement for Underwriting Services
- [5.](#) Consideration of Resolution 10-26: Revision to FY 26 Budget
- [6.](#) Draft Budget FY 2026-2027 Presentation

H. REPORTS

- [1.](#) Director's Report
- [2.](#) Financial Reports for April 2026

I. BOARD MEMBER REMARKS

J. ADJOURNMENT

The original offer included \$1850 to repair/ replace the fence. The estimate from Henson Fence was \$5,610. DOT increased the offer to \$7,500. The Board requested that staff provide a fence repair estimate for comparison. Motion to approve the offer with Resolution 13-25 revision was made by David Guy, seconded by Scott Webber, and approved unanimously.

New Business

Resolution 03-26 “Approval of 2025 Local Water Supply Plan” was discussed. The 2025 calendar year LWSP was submitted prior to April 1 to NCDEQ. The Plan was found to be acceptable by NCDEQ and now requires Board approval. Motion to approve Resolution 03-26 made by Jamie Guillermo, seconded by David Guy, and approved unanimously.

Resolution 04-26 “Approval of Agreement for Financial Advisory Services” was discussed. First Tryon Advisors provided an agreement to govern their relationship with the Authority as an advisor for the upcoming borrowing for the WTP and Poors Ford projects estimated at \$16.4 million. Discussion included ICWD’s ongoing water supply needs. Projections will be obtained and provided as part of the future borrowing decisions. Motion to approve Resolution 04-26 made by Scott Webber, seconded by David Guy, and approved unanimously.

The Board was presented a form from NC Rural Water Associated to designate a delegate to the annual business meeting of NCRWA to be held on May 13, 2026. Motion made by Jamie Guillermo to name Maria Hunnicutt as the delegate and Brad Joyner as the alternate delegate. Seconded by David Guy, and unanimously approved.

Resolution 05-26 “Approval of Agreement for Professional Services for Raw Water Canal Improvements” was discussed. The Authority was awarded \$3,236,900 of Drinking Water SRF Helene funds (principal forgiveness) for the project identified as Raw Water Canal Improvements. These upgrades will protect the canal from future flooding events, preserve its sediment management function, and ensure the continued reliability of the water treatment process. An RFQ was issued for engineering services, and Bolton & Menk was selected. Funding included engineering fees totaling \$396,000. Resolution 05-26 authorizes staff to execute a contract with Bolton & Menk upon review by our attorney. Motion to approve Resolution 0-26 made by David Guy, seconded by Jenny Piper, and approved unanimously.

Reports

An overview of the monthly Leadership Team presentation was provided highlighting the Projects, People and Priorities for the month. As the drought conditions continue to decline, staff recommended that voluntary conservation measures be implemented. The Board agreed by consensus. Budget projections will include 0% and 2.5% rate increase options. Stan Clements has submitted his resignation from the Authority’s Board of Directors. The Town of Rutherfordton intends to appoint Town Manager, Doug Barrick to fulfill Stan’s term and the upcoming term through June 30, 2029.

Financial Reports were provided and reviewed for February and March 2026.

Board Member Remarks

Board comments included appreciation for the success in obtaining funding for capital projects, for outreach work, and for staff involvement with Cliffside Sanitary District.

Adjournment

With a motion by David Guy, a second from Scott Webber, and unanimous approval, the meeting was adjourned at 10:09 am.

The next meeting is scheduled for May 26, 2026 at 9:00 am in the business office.

Respectfully submitted,



Maria S. Hunnicutt, Secretary

Item D-1: Swearing In of Board Member

Stan Clements representing the Town of Rutherfordton, has resigned his Board position. The Town Council of Rutherfordton has appointed Town Manager, Doug Barrick, to fulfill Stan's remaining term and the following term through June 30, 2029.

At this point in the agenda, Doug Barrick will be sworn in for the indicated term.



**TOWN OF RUTHERFORDTON
NORTH CAROLINA**

RESOLUTION # 29-26

**A RESOLUTION TO APPOINT RUTHERFORDTON BOARD & COMMITTEE
MEMBERS**

WHEREAS, there is currently an open seat on the Broad River Water Authority Board of Directors, and

WHEREAS, it has been determined that a member of the Town has expressed a desire to serve, and

WHEREAS, Douglas Barrick is willing to serve our community.

NOW, THEREFORE, BE IT RESOLVED BY THE RUTHERFORDTON TOWN COUNCIL:

The Rutherfordton Town Council appoints Douglas Barrick to the Broad River Water Authority Board. For a term that shall expire on 6-30-2029.

Adopted this 6th day of May 2026.



Jimmy Dancy, Mayor

ATTEST:



Jeanie Hall, Town Clerk

**OATH OF OFFICE
FOR
BOARD MEMBER
BROAD RIVER WATER AUTHORITY**

NAME: Doug Barrick
REPRESENTING: Town of Rutherfordton
TERM OF OFFICE: May 6, 2026 thru June 30, 2029

OATH:

I, Doug Barrick, do solemnly swear that I will support and maintain the Constitution and laws of the United States, and the Constitution and laws of North Carolina not inconsistent therewith, and that I will faithfully discharge the duties of my office as a Member of the Broad River Water Authority, so help me God.

Doug Barrick

Sworn to and subscribed before me this 26th day of May, 2026.

Danny Searcy
Chairman of the Board

Item G-1: Contract for Auditing Services for FY 2025 – 2026

Attached are the engagement letter and contract for auditing services from Gould Killian CPA Group. This is the Authority’s eleventh year with Gould Killian. There is an increase of \$1,650 in fees from last year. The total fee is \$24,900.

Approval of Resolution 06-26 would allow the execution of this agreement.

RESOLUTION NO. 06-26

Meeting of May 26, 2026

A RESOLUTION APPROVING THE CONTRACT FOR PROFESSIONAL AUDITING SERVICES FOR THE 2025-2026 FISCAL YEAR

WHEREAS, North Carolina G.S. 159-34 requires an annual audit of Public Agencies in Accordance with Government Auditing Standards; and

WHEREAS, the Broad River Water Authority falls within the requirements of G.S. 159-34 as administered by the LGC (Local Government Commission);

NOW, THEREFORE, BE IT RESOLVED BY THE BROAD RIVER WATER AUTHORITY:

1. The Broad River Water Authority is authorized to enter into an agreement with Gould Killian CPA Group of Asheville, North Carolina for the preparation, presentation and filing of an audit in accordance with all North Carolina requirements and LGC administrative procedures.
2. The Chairman and Finance Officer are authorized, effective as of May 26, 2026, to execute an agreement for professional auditing services on behalf of the BRWA with Gould Killian CPA Group in the not-to-exceed amount of \$25,900.
3. Maria S. Hunnicutt, Executive Director/ Finance Officer is hereby authorized to act on behalf of the BRWA to administer the agreement conditions.
4. Broad River Water Authority has substantially complied with all Federal, State, and local laws, rules, regulations and ordinances applicable to the agreement conditions pertaining hereto.

Adopted and approved by vote of (for _____)(against _____) this the 26th day of May, 2026.

Broad River Water Authority

Attest: _____

By: _____

Maria Hunnicutt, Secretary

Danny Searcy, Chairman

(Corporate Seal)



May 15, 2026

Members of Board of Directors and Management
 Broad River Water Authority
 112 N. Main Street
 Rutherfordton, NC 28139

Agreement to Provide Services

This agreement to provide services (the “Agreement”) is intended to describe the nature and scope of our services.

Objectives and Scope of the Audit

As agreed, Gould Killian CPA Group, P.A. (“GK” or “we”) will audit the financial statements including the related notes to the financial statements, which collectively comprise the basic financial statements, of Broad River Water Authority as of and for the year ended June 30, 2026. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to supplement Broad River Water Authority’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Broad River Water Authority’s RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management’s Discussion and Analysis
2. Required schedules for the Local Government Employees’ Retirement System

We have also been engaged to report on supplementary information other than RSI that accompanies Broad River Water Authority’s financial statements. We will subject the following supplementary information to

the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements:

1. Budgetary schedules, other schedules
2. Schedule of expenditures of federal and state awards (when applicable)

Audit Objectives

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually-or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on —

- (Only if required depending by grant funding levels) Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- (Only if a single audit is determined to be required) – internal control over compliance related to major programs and an opinion on compliance with federal statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with Single Audit Act Amendments of 1996 and *Title 2 U.S. Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Auditor’s Responsibilities for the Audit of Financial Statements and Single Audit (if applicable)

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we will exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit, if applicable. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risk of material misstatement as part of our audit planning:

1. Management’s override of internal controls

Audit Procedures—Internal Control

We will obtain an understanding of the Authority and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and to obtain evidence sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by Uniform Guidance (if a Single Audit is required), we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program, as required by the Uniform Guidance. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Broad River Water Authority’s compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

If a Single Audit is required, the Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Broad River Water Authority’s major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to an audit. The purpose of these procedures will be to express an opinion on the Broad River Water Authority’s compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities for the Financial Statements and Single Audit (if applicable)

Our audit will be conducted on the basis that you (management) acknowledge and understand that you are responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that Authority programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal and state awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under *Government Audit Standards* and under Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

Management’s responsibilities also include identifying and informing us of significant contractor relationships in which the contractor is responsible for program compliance and for the accuracy and completeness of that information.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Authority complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management’s responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal and state awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

If a Single Audit is required, you are responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of

expenditures of federal and state awards (including notes and noncash assistance received, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal and state awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and state awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal and state awards no later than the date the schedule of expenditures of federal and state awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal and state awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal and state awards, and related notes, and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal and state awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Reproduction of Audit Report

If the Authority plans any reproduction or publication of a document that includes our report, or any portion of it, and that is assembled differently from any paper or electronic version that we have previously reviewed (e.g., by the addition of financial statements and/or accompanying information that you have produced), a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and audit report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your website and the signed version of the financial statements and audit report provided to management by GK. You also agree to indemnify the GK from any and all claims that may arise from any differences between the electronic and signed versions.

Review of Documents In Connection With Offering of Sale of Debt

The audited financial statements and our report thereon should not be provided or otherwise made available to lenders, other financial institutions or sources of financing, or others (including advisors to such parties) in connection with any document to be used in the process of obtaining capital, including, without limitation, by means of the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold or condition our written approval.

Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to Authority employees and/or customers should be provided to us. In addition, we ask that you provide high-speed Internet access to our engagement team, if practicable, while working on the Authority's premises. This assistance will serve to facilitate the progress of our work.

Peer Review Reports

Government Auditing Standards requires that we provide you with a copy of our most recent quality control review report. Our latest peer review report accompanies this letter.

Other Services

We are always available to meet with you and members of Authority Board of Directors at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the Authority. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

We will also assist in preparing the financial statements, schedule of expenditures of federal and state awards (if applicable), and related notes of Broad River Water Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings (if applicable). It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Authority in the performance of our services. Any discussions that you have with personnel of GK regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of the Authority. However, we will provide advice and recommendations to assist management of the Authority in performing its functions and fulfilling its responsibilities.

The Authority agrees to perform the following functions in connection with our performance of the financial statement services:

- a. Make all management decisions and perform all management functions with respect to the financial statement services provided by us.
- b. Assign Maria Hunnicutt to oversee the financial statement services and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of the financial statement services.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The Authority must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Engagement Administration, Fees, and Other

We will provide copies of our reports to the members of Authority's Board of Directors of the Broad River Water Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Gould Killian CPA Group, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the North Carolina Local Government Commission or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Gould Killian CPA Group, P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal or state oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in July 2026 and to issue our reports no later than December 31, 2026. Daniel Mullinix is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fixed charges to the Authority for the services described above of \$25,900 are expected to be \$22,400 for the financial statement audit and \$3,500 for financial statement preparation. An additional variable fee of \$4,950 per major program will be charged should a federal and/or state single audit be necessary.

The fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We anticipate the time necessary to complete your audit will approximately 120 hours in total. If significant additional time is necessary (over 120 hours), we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

This fee structure does not take into consideration effects that any future standards promulgated by the Governmental Accounting Standards Board and/or other professional bodies will have on our audit procedures. As we become aware of additional audit procedures resulting from these circumstances, we will notify you of the situation and the estimated additional cost.

As a result of future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

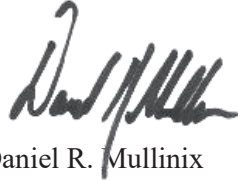
Reporting

We will issue written reports upon our completion of the audit. Our reports will be address to the members of the Authority Board of Directors for the Broad River Water Authority, North Carolina. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs to our auditor's report, or if necessary, withdraw from this engagement. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue reports, or may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. If applicable, the Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We believe the foregoing letter accurately summarized the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files. We will forward the signed engagement letter and LGC contract to the Local Government Commission.

Very truly yours,



Daniel R. Mullinix
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of Broad River Water Authority.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____

The	Governing Board Board of Directors
of	Primary Government Unit Broad River Water District
and	Discretely Presented Component Unit (DPCU) (if applicable) N/A

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name Gould Killian CPA Group, P.A.
	Auditor Address 100 Coxe Avenue, Asheville, NC 28801

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/26	Date Audit Will Be Submitted to LGC 12/31/26
-----	--------------------------------	---

Must be within six months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by “U.S. Auditing Standards – AICPA (Clarified),” referred to as generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). Budgetary comparison information shall be prepared in accordance with applicable GASB standards. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented as required supplementary information and shall not be included in the basic financial statements. Any other budgetary comparison information shall be presented only as supplementary information for funds required to be budgeted under NCGS Chapter 159, Article 3.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Generally Accepted Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is \$1,000,000 for federal and state single audits, or such other threshold as applicable for the fiscal year under audit. This audit and all associated audit documentation may be subject to review by federal and State agencies in accordance with federal and State laws, including the staff of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form (form SF-FAC) to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards* (2018 revision or subsequent revisions, as applicable) issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he or she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and to the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon the Auditor's receipt of an updated peer review report. If the audit firm receives a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed, and the report of audit submitted to LGC Staff, within six months of fiscal year end. At the time of the execution of this contract, if the parties know that the anticipated submission date of the audit exceeds six months after fiscal year end, a written explanation shall be provided to the Secretary of the LGC on this contract form (see the space provided on Page 7). If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as they relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth the Auditor's findings, together with his or her recommendations for improvement. That written report shall include all matters determined to be "significant deficiencies and material weaknesses" in accordance with AU-C §265 "Communicating Internal Control Related Matters Identified in an Audit" of GAAS. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an Auditor issues an AU-C §260 report, "Auditor's Communication With Those Charged With Governance," commonly referred to as a "Governance Letter," LGC staff does not require the report to be submitted unless the Auditor cites significant findings or issues from the audit, as defined in AU-C §260 paragraphs 12 - 14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious for which the Auditor consulted outside the engagement team and, in the Auditor's judgment, are significant and relevant to those charged with governance, and other findings or issues that the Auditor believes are significant and relevant. If matters identified during the audit were required to be reported as described in AU-C §260 paragraphs 12 - 14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal Single Audit Act and the State Single Audit Act. This does not include fees for any pre-issuance reviews that may be required by the North Carolina Association of Certified Public Accountants (NCACPA) Peer Review Committee or North Carolina State Board of CPA Examiners (see Paragraph 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the Secretary of the Local Government Commission to obtain a pre-issuance review or take corrective action as a result of peer review findings or quality control deficiencies, such corrective action shall be consistent with the authority and requirements of the North Carolina State Board of Certified Public Accountant Examiners, the AICPA Peer Review Program, and established Local Government Commission practice, including the use of report addenda or other remedial measures, as appropriate.

14. In accordance with G.S. 159-34, the Finance Officer of the Unit is responsible for filing the audited financial statements with the Secretary of the Local Government Commission.

The Auditor may upload the audit report and related documents through the LGC's electronic submission system; however, submission shall not be deemed complete until the Finance Officer has reviewed and certified the submission.

The Auditor, Finance Officer, other Unit staff member designated by the Finance Officer, or a third party approved by the Unit may enter all Data Input Report information except the information on the "transmittal doc info" tab. The "transmittal doc info" tab must be completed by the Auditor.

The Finance Officer shall review, approve, and certify the accuracy and completeness of the Data Input Report (DIR) in the LGC's LOGOS system prior to LGC review, regardless of whether the DIR is prepared by the Auditor or the Unit.

Finance Officer certification is required for any corrected or revised submissions.

Finance Officer certification of the DIR shall be completed in a timely manner following notification that the DIR is ready for review and within time frames prescribed by the LGC. Failure to complete certification in a timely manner may result in the audit being considered late due to unit action rather than auditor performance.

The Auditor shall conduct the audit in accordance with generally accepted auditing standards and shall ensure that the financial statements are prepared in accordance with generally accepted accounting principles as of the fiscal year end. Budget-to-actual comparisons at the level of the legally adopted budget ordinance shall be presented in required supplementary information, separate from the basic financial statements, and shall not be included in the audit opinion. The Auditor shall confirm that such information reconciles to the financial statements and is consistent with applicable accounting guidance and any LGC reporting requirements.

The Finance Officer shall certify in a timely manner that all data inputted in LOGOS used for preparation of the financial statements and required supplementary information is complete and accurate.

For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and preaudited if the change includes a change in audit fee (preaudit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC.
17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Paragraph 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
18. Special provisions should be limited. Please list any special provisions in an attachment.
19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in The Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and Finance Officer also shall be included on this contract.
20. The contract shall be executed, preaudited (preaudit requirement does not apply to hospitals) and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. The Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if the Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 or 2024 Revision* (as applicable). Preparing financial statements in their entirety shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, the Auditor must document and include in the audit workpapers how the Auditor reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The Auditor shall present the audited financial statements including any compliance reports to the Government Unit's Governing Board or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary of the LGC. The Auditor's presentation to the Governing Board or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the Auditor, and any other issues related to the internal controls or fiscal health of the Government Unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the Auditor regarding internal controls as required by current auditing standards;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the Governing Board that the Governing Board shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under Rule 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary of the LGC through the LGC's LOGOS system, including completion of the Data Input Report (DIR). Submission is not complete and shall not be accepted by the LGC until the Finance Officer has reviewed and certified the DIR in accordance with Paragraph 14 of this contract.

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Paragraph 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and Units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>.

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. **Applicable to audits with fiscal year ends of June 30, 2025, and later.** The Unit authorizes the LGC to grant access to the LGC's LOGOS system, including the Data Input Report (DIR), to employees of the contracted audit firm who are associated with and acting on behalf of the firm for purposes of performing audit and reporting services under this contract. Such access shall be limited to the scope necessary to perform contracted services and shall not relieve the Auditor or the Unit of their respective responsibilities under this contract.

34. Changes or edits to the text of this contract form are not permitted, except for the Secretary's authority to revise or update this contract form pursuant to LGC Rule 20 NCAC 03. 0502.

For contracts with an anticipated audit submission date exceeding six months after fiscal year end, please use this space to explain the reason for the late submission, as required by Paragraph 6 of this contract form:

FEEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Paragraph 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: Auditor Governmental Unit Third Party

If applicable: The individual at the Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:	Title and Unit / Company:	Email Address:
Maria Hunnicutt	General Manager / BRWA	mhunnicutt@ncbrwa.com

OR Not Applicable (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Paragraphs 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit firm for correction.

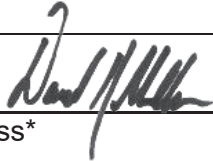
4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the Unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in Rule 20 NCAC .0503 shall be submitted to the Secretary of the LGC for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

Primary Government Unit	Broad River Water District
Audit Fee (financial and compliance if applicable)	\$ 22,400
Fee per Major Program (if not included above)	\$ 4,950
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$ 3,500
All Other Non-Attest Services	\$ 0
TOTAL AMOUNT NOT TO EXCEED	\$ 25,900 plus cost for each major program, when applicable

Discretely Presented Component Unit	N/A
Audit Fee (financial and compliance if applicable)	\$
Fee per Major Program (if not included above)	\$
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$
All Other Non-Attest Services	\$
TOTAL AMOUNT NOT TO EXCEED	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Gould Killian CPA Group, P.A.	
Authorized Firm Representative (typed or printed)* Daniel Mullinix	Signature* 
Date* 05/15/26	Email Address* dmullinix@gk-cpa.com

GOVERNMENTAL UNIT

Governmental Unit* Broad River Water District	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

GOVERNMENTAL UNIT – PREAUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by The School Budget and Fiscal Control Act.

Sum Obligated by This Transaction:	\$ 25,900 (plus \$4,950 for each major program, when applicable)
Primary Governmental Unit Finance Officer* (typed or printed) Maria S. Hunnicutt	Signature*
Date of Preaudit Certificate*	Email Address* mhunnicutt@ncbrwa.com

Item G-2: Reimbursement Resolution

With the anticipated borrowing for improvements to the WTP and the Poors Ford pump station projects, the Authority has the option to reimburse itself from the bond proceeds for any project costs incurred before the bond closing. This resolution will **not** obligate the Authority to reimburse itself from bond proceeds, but ensures that the option is available.

The Authority has spent approximately \$2.4 million on this project to date for engineering services. The estimated total “all in” cost for the borrowing is 4.14%. The interest earned at TD Bank is only 4%. At this point, it is not expected that it will be a financial benefit for the Authority to reimburse itself, however, adopting the Resolution would allow this if needed.

RESOLUTION NO. 07-26

Meeting of May 26, 2026

TO EXPRESS THE INTENTION OF THE BROAD RIVER WATER AUTHORITY, NORTH CAROLINA, TO CAUSE THE AUTHORITY TO BE REIMBURSED WITH THE PROCEEDS OF WATER SYSTEM REVENUE BONDS OF THE AUTHORITY, AND OTHER MATTERS RELATING THERETO

WHEREAS, the Broad River Water Authority, North Carolina (the “*Authority*”) hereby declares its intention to reimburse itself for a portion of the original expenditures of the planning, designing, construction and equipping of a water treatment plant and pump station and related improvements (collectively, the “*Project*”) with the proceeds of water system revenue bonds (the “*Bonds*”) expected to be issued in an aggregate principal amount of approximately \$16,000,000;

NOW, THEREFORE, be it resolved by the Board of Directors of the Authority, and it is hereby determined and declared and resolved by the same, as follows:

- (a) the Authority reasonably expects that all or a portion of the original expenditures incurred for the Project will be paid prior to the date of issuance of the Bonds;
- (b) the Authority intends and reasonably expects to reimburse itself for such expenditures paid by it with respect to the Project prior to the issuance of the Bonds, from the proceeds of the Bonds, and such intention is consistent with the budgetary and financial circumstances of the Authority;
- (c) the Authority intends and reasonably expects to reimburse itself for all such expenditures no later than 18 months after the later of (i) the date the original expenditure is paid, or (ii) the date the Project is placed in service or abandoned for federal income tax purposes, but in no event more than 3 years after the original expenditure is paid; and
- (e) this Resolution shall constitute a declaration of official intent under United States Department of the Treasury Regulation Section 1.150-2.

DONE, RATIFIED AND ADOPTED this 26th day of May, 2026.

**BROAD RIVER WATER AUTHORITY,
NORTH CAROLINA**

(SEAL)

Danny Searcy, Chairman

Attest:

Maria S. Hunnicutt, Secretary

Broad River Water Authority

Water System Revenue Bonds, Series 2026

LGC Discussion Materials

May 4, 2026

Participants

- Broad River Water Authority
 - Maria Hunnicutt, Executive Director

- Local Government Commission
 - Jennifer Wimmer
 - Stephanie Bacik
 - Donna Davis

- First Tryon Advisors
 - Andy Smith
 - Chazzo Habliston
 - Jordan Keysor

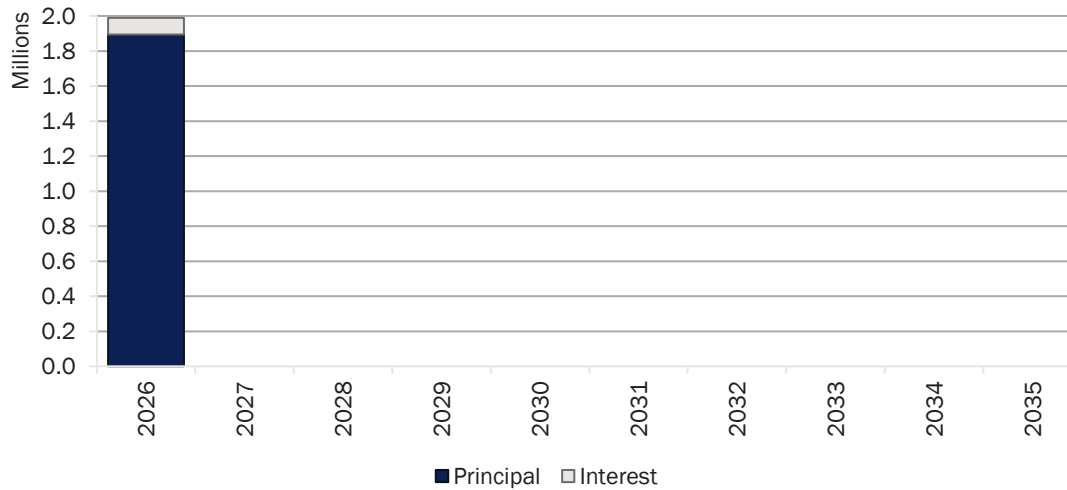
- Garver
 - Morgan Young
 - Jesse Balsiger

Existing Debt Profile

- Broad River Water Authority (the “Authority”) currently has \$1,895,000 in long term debt outstanding, consisting of the Water System Refunding Revenue Bonds, Series 2015 (the “2015 Bonds”).
 - The 2015 Bonds fully mature on June 1, 2026.

Long Term Debt						
Series	Description	Par Outstanding	Final Maturity	Call Provision	Avg. Coupon	Purpose
Series 2015	Water System Refunding Revenue Bonds	1,895,000	6/1/2026	Non-Callable	5.000%	Refunding
Subtotal		1,895,000			5.000%	

Annual Debt Service Requirements



Project Overview

- The Authority is considering the following two projects, which are being bid in parallel.
 - New Booster Pump Station (the “Booster Pump Station”)
 - Water Treatment Plant Expansion (the “WTP Expansion”)

- The current maximum estimated cost for both projects totals \$23,174,540 and construction bids are anticipated by mid-June.
 - Booster Pump Station: \$6.162 million
 - WTP Expansion: \$17.013 million

- The Authority has been awarded \$6,763,100 from the Division of Water Infrastructure State Revolving Funds, which consists of \$5,513,100 in the form of principal forgiveness and \$1,250,000 in the form of a 0% interest loan.
 - The Booster Pump Station is being funded in its entirety by the DWI SRF funding.

- The WTP Expansion is being funded in part by the remaining DWI SRF Funding (\$600,000) with the balance of the project cost being funded by a planned issuance of Water System Revenue Bonds, Series 2026 (the “2026 Bonds”).
 - The Authority Board will determine its preferred project scope at its June meeting, which could result in a project fund borrowing between \$7.7 million and \$16.4 million.

- Principal payments will occur on each June 1, beginning June 1, 2027 and interest payments will be made on each June 1 and December 1, beginning December 1, 2026.
 - The term of the amortization will depend on the amount borrowed.

- The Authority has been working with its rate consultant, Raftelis, to update the Authority’s financial projections in connection with the 2026 Bonds.

2026 Revenue Bonds

Project Fund of \$16,400,000

Sources of Funds

Par Amount	16,265,000
Net Premium	555,850
Total Sources of Funds	16,820,850

Uses of Funds

Project Fund	16,400,000
Cost of Issuance (est.)	300,000
Underwriter's Discount (est.)	116,928
Additional Proceeds	3,922
Total Uses of Funds	16,820,850

TIC **3.93%**

All-In TIC **4.14%**

Debt Service

Fiscal Year	Principal	Interest	Total
2027	670,000	541,512	1,211,512
2028	530,000	677,975	1,207,975
2029	560,000	651,475	1,211,475
2030	585,000	623,475	1,208,475
2031	615,000	594,225	1,209,225
2032	645,000	563,475	1,208,475
2033	680,000	531,225	1,211,225
2034	715,000	497,225	1,212,225
2035	750,000	461,475	1,211,475
2036	780,000	431,475	1,211,475
2037	810,000	400,275	1,210,275
2038	840,000	367,875	1,207,875
2039	875,000	334,275	1,209,275
2040	910,000	299,275	1,209,275
2041	945,000	262,875	1,207,875
2042	985,000	225,075	1,210,075
2043	1,025,000	184,444	1,209,444
2044	1,070,000	142,163	1,212,163
2045	1,115,000	96,688	1,211,688
2046	1,160,000	49,300	1,209,300
Total	16,265,000	7,935,780	24,200,780

Project Fund of \$7,700,000

Sources of Funds

Par Amount	7,510,000
Net Premium	578,824
Total Sources of Funds	8,088,824

Uses of Funds

Project Fund	7,700,000
Cost of Issuance (est.)	300,000
Underwriter's Discount (est.)	86,285
Additional Proceeds	2,539
Total Uses of Funds	8,088,824

TIC **3.30%**

All-In TIC **4.09%**

Debt Service

Fiscal Year	Principal	Interest	Total
2027	670,000	272,211	942,211
2028	620,000	324,150	944,150
2029	650,000	293,150	943,150
2030	685,000	260,650	945,650
2031	720,000	226,400	946,400
2032	755,000	190,400	945,400
2033	795,000	152,650	947,650
2034	830,000	112,900	942,900
2035	875,000	71,400	946,400
2036	910,000	36,400	946,400
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
Total	7,510,000	1,940,311	9,450,311

First Tryon Advisors

SIMPLIFYING PUBLIC FINANCE

WWW.FIRSTTRYON.COM

MSRB Registrant

DISCLAIMER: This communication was prepared by First Tryon Advisors, LLC (“First Tryon Advisors”) and is for informational purposes only and should not be construed as an offer or solicitation to sell or buy any securities. This material does not provide tax, regulatory, accounting, or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory, and accounting characteristics and consequences, of the proposed transaction.

Any proposal included in this communication is confidential information of First Tryon Advisors and is solely for the benefit of the recipient(s), and the recipient(s) is (are) not authorized to sell, redistribute, forward or deliver this communication to any other person without the prior written consent of First Tryon Advisors.

The statements within this material constitute the views, perspective and judgment of First Tryon Advisors at the time of distribution and are subject to change without notice. First Tryon Advisors gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this communication. The material presented reflects information known to First Tryon Advisors at the time this communication was prepared, and this information is subject to change without notice. First Tryon Advisors makes no warranties regarding the accuracy of this material.

Any forecasts, projections, or predictions of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue, and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or performance. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes only to simplify the presentation and/or calculation of any projections or estimates, and First Tryon Advisors does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated projections will be realized or that actual performance results will not materially differ from those estimated herein.

First Tryon Advisors is registered as a municipal advisor with the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”). Neither the SEC, MSRB, nor any other regulatory organization endorses, indemnifies, or guarantees First Tryon Advisors’ business practices or selling methods.

Item G-3: Resolution 08-26: Agreement for Bond Counsel Services

With the anticipated borrowing for improvements to the WTP and the Poors Ford pump station projects (approximately \$16 million), the Authority desires to partner with Pope Flynn as the bond counsel for the borrowing. The engagement letter is included with Resolution 08-26. The bond counsel fee has not been included in the letter due to the unknown amount of the borrowing. The fee is expected to fall within the \$90,000 - \$95,000 range and would only increase if there were a significant change in the scope of work, and in that case only after consultation with the Authority. Any expenses passed on to the Authority would be expenses actually incurred – for example, the cost of running a notice in a newspaper. There are excluded post-closing services in the engagement that will need to have a separate engagement for those services or accomplish those items by other means.

Also included are a financing schedule and a distribution list of the team assembled to successfully complete the transaction.

RESOLUTION NO. 08-26

Meeting of May 26, 2026

APPROVAL OF AGREEMENT FOR BOND COUNSEL SERVICES

WHEREAS, the Authority needs to partner with counsel for the upcoming borrowing of funds to finance capital improvements in FY 2027; and

WHEREAS, Pope Flynn has provided an engagement letter for Bond Counsel Services; and

WHEREAS, fees would be determined at a later time and would be documented in a supplement to the agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BROAD RIVER WATER AUTHORITY:

1. The agreement for Bond Counsel services from Pope Flynn is approved and authorization is given to the Executive Director for execution. Terms and conditions may be further negotiated by Broad River Water Authority staff and Attorney.
2. This resolution shall become effective upon its adoption and approval.

Adopted and approved by vote of (for____)(against____) this the 26th day of May, 2026.

Broad River Water Authority

Attest: _____

Maria S Hunnicutt, Secretary

By: _____

Danny Searcy, Chairman

(Corporate Seal)



Pope Flynn, LLC
1411 Gervais Street, Suite 300
Post Office Box 11509 (29211)
Columbia, SC 29201

MAIN 803.354.4900
FAX 803.354.4899
www.popeflynn.com

May 6, 2026

(Electronic Distribution Only)

Ms. Maria Hunnicutt, Executive Director
Broad River Water Authority, North Carolina
112 N. Main Street
Rutherfordton, North Carolina 28139

Re: Broad River Water Authority, North Carolina – Approximately \$16,000,000 Water System Revenue Bonds, Series 2026

Dear Ms. Hunnicutt:

We thank you for engaging Pope Flynn, LLC to serve Broad River Water Authority, North Carolina (the “*Issuer*”) as bond counsel (“*Bond Counsel*”) in connection with the issuance by the Issuer of approximately \$16,000,000 Water System Revenue Bonds, Series 2026 (the “*Bonds*”). The following is to establish the terms and scope of our representation. Accordingly, we and the Issuer agree as follows:

I. Scope of Engagement

Bond Counsel. We are advising the Issuer in connection with the issuance and delivery of the Bonds. In this engagement we will perform the following services:

- (1) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the “*Bond Opinion*”) regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal and State of North Carolina income tax purposes.
- (2) Prepare and review documents necessary or appropriate to the authorization, issuance, and delivery of the Bonds, and coordinate the authorization and execution of such documents.
- (3) Assist the Issuer in obtaining such approvals, permissions, and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Bonds, except that we will not be responsible for any required Blue Sky filings.
- (4) Review legal issues relating to the structure of the Bonds.

- (5) Review those sections of the official statement, private placement memorandum or other form of offering or disclosure document, if any, to be disseminated in connection with the sale of the Bonds involving (i) the authority for and description of the Bonds, (ii) the approving opinion, and (iii) tax treatment of the Bonds.
- (6) Assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.
- (7) Prepare and review the notice of sale pertaining to any competitive sale of the Bonds.
- (8) Draft the continuing disclosure undertaking of the Issuer.

Our Bond Opinion will be addressed to the Issuer and purchaser of the Bonds and will be delivered by us on the date the Bonds are exchanged for their purchase price (the “*Closing*”). The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds.

Client Responsibility. During the course of our engagement hereunder, we will rely on the Issuer’s staff to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. It is also imperative that the Issuer officials and staff authorized to effect the issuance of the Bonds read and understand the documents we prepare in connection with the issuance of the Bonds and ask questions of us in order for us to effectively represent you. By execution of this letter, you acknowledge and agree to the same.

II. Attorney-Client Relationship

Upon execution of this engagement letter, the Issuer constitutes our client and an attorney-client relationship will exist between us. We assume that all other parties involved in the issuance of the Bonds will retain such counsel, as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the various parties. Our services as Bond Counsel are limited to those contracted for in this letter; the Issuer’s execution of this engagement letter will constitute an acknowledgment of those limitations.

III. Limitations on Role of Pope Flynn

Our services shall be limited to those of a traditional legal nature and, except as specifically set forth in Section I above, our scope of engagement does not expand beyond those matters strictly necessary to render our Bond Opinion. Our scope of engagement hereunder does not include:

- (1) Preparing requests for tax rulings from the Internal Revenue Service, or “no action” letters from the United States Securities and Exchange Commission.
- (2) Drafting state constitutional or legislative amendments.
- (3) Pursuing test cases or other litigation regarding the Bonds.
- (4) Representing the Issuer in Internal Revenue Service examinations or inquiries, or United States Securities and Exchange Commission investigations.
- (5) Opining on a continuing disclosure undertaking pertaining to the Bonds and, after the execution and delivery of the Bonds, providing advice concerning any actions necessary to assure compliance with any continuing disclosure requirements.
- (6) After Closing, providing continuing advice to the Issuer or any other party concerning actions necessary to assure that interest paid on the Bonds will continue to be excluded from gross income for federal income tax purposes (e.g. this Bond Counsel engagement for the Bonds does not include rebate calculations, nor continuing post-issuance compliance activities).

We will provide one or more of the services listed in (1)–(6) upon your request and by mutual agreement, however, a separate, written engagement agreement will be required before we assume one or more of these duties. The remaining services in this list, specifically those listed at items (7)–(11) below, are not included in this engagement, nor will they be provided by us at any time.

- (7) Providing any advice, opinion, or representation as to the financial feasibility or the fiscal prudence of issuing the Bonds, the financial or business condition of the Issuer, or to any other aspect of the financing, such as the proposed financing structure, use of a financial advisor, or the investment of proceeds of the Bonds.
- (8) Acting as an underwriter, or otherwise marketing the Bonds.
- (9) Acting in a financial advisory role, including as a “municipal advisor” or providing “advice” (as those terms are defined in the implementing rules (Rules 15Ba1-1 through 15Ba1-8, and Rule 15Bc4-1) relating to Section 15B of the Securities Exchange Act of 1934, as amended) to the Issuer in connection with the issuance of loans or securities.

- (10) Preparing Blue Sky or investment surveys with respect to the Bonds.
- (11) Making an investigation or expressing any view as to the creditworthiness of the Issuer or of the Bonds.

IV. Conflicts

As you are aware, we represent many political subdivisions and companies. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. We do not believe any current representation we have undertaken will adversely affect our ability to represent you as provided in this engagement letter, either because such matter is sufficiently different from this matter so as to make such representation not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of this matter. Should a conflict arise, we will immediately bring it to your attention.

V. Fees and Payment

Our Bond Counsel fee will be determined at a future date and a supplement to this engagement letter will be sent to you to memorialize such determinations. Once the fee determinations have been made, our fee(s) may vary: (a) if the principal amount of Bonds actually issued differs materially from the amount stated above; (b) if material changes in the structure or schedule of the financing occur; or (c) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, prior to closing, we believe that circumstances require an adjustment of our original fee estimate, we will advise you and seek agreement on a reasonable adjustment.

Unless an alternative arrangement is agreed by the parties, we will provide you with an invoice requesting payment for services rendered at closing of the Bonds. The invoice will also request payment for an amount representing out-of-pocket and other expenses incurred to closing and an estimate of expenses post-closing. If you prefer a different format, please let me know. Expenses incurred to closing are more fully explained on the Schedule of Primary Charges, attached to this letter, and the estimate of expenses for post-closing will be based on such schedule and our experience in similar transactions.

If, for any reason, the Bonds are not issued or are issued without the delivery of our Bond Opinion as bond counsel, or our services are otherwise terminated, we will expect to be compensated at our normal hourly rates (currently ranging from \$225 to \$500, depending on personnel) for time actually spent on your behalf, plus out-of-pocket and other expenses, as described above. In such case, we will submit, and Issuer shall pay, within 30 days of receipt, an invoice for all work performed to such date at our prevailing hourly rates, not to exceed the fee that would have been payable had our engagement concluded in the normal course with the issuance of the Bonds.

VI. Technology

In the interest of facilitating our services to you, we will send documents, information, and data electronically through conventional email and other electronic means, and will store electronic documents or data via computer software applications hosted remotely and utilize cloud-based storage. Your confidential electronic documents or data will be transmitted or stored using these methods. We will use third party service providers to store or transmit these documents or data. In using these electronic communication and storage methods, we have sought out vendors and service providers well-versed in the requirements attendant to legal services. We will employ reasonable efforts to keep client communications, documents, and data secure in accordance with our obligations under applicable laws, regulations, and professional standards; however, you recognize and accept that we have no control over the unauthorized interception or breach of any communications, documents, or data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or by our third party vendors. Please note that absent any direction from you to the contrary, we will not use any encryption or other special protections with emails sent to Issuer personnel.

By your acceptance of this engagement letter, you consent to our use of these electronic devices and applications, use of conventional email, and submission of confidential client information to or through third party service providers during this engagement.

VII. Term of Engagement

Our engagement hereunder with respect to the Bonds ends with the Closing of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate IRS Form 8038-G and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

If the foregoing terms are acceptable to you, please so indicate by returning a copy of this engagement letter dated and signed by an authorized officer, retaining a copy for your files.

I look forward to working with you.

Best Regards,

Matthew J. Davis
Pope Flynn, LLC

WE AGREE TO THE TERMS OF THIS ENGAGEMENT LETTER FOR LEGAL REPRESENTATION AS STATED ABOVE.

RE: BROAD RIVER WATER AUTHORITY, NORTH CAROLINA – APPROXIMATELY \$16,000,000 WATER SYSTEM REVENUE BONDS, SERIES 2026

BROAD RIVER WATER AUTHORITY, NORTH CAROLINA

BY: _____
ITS: _____
DATE: _____

SCHEDULE OF PRIMARY CHARGES

Photocopies	10¢ per page.
Mileage Reimbursement for Travel	At current IRS allowable rate.
Other travel (airfare, hotels, lodging, meals, ground transportation)	At cost.
Postage	At cost.
Express courier services (<i>i.e.</i> , <i>FedEx</i>)	At cost.
Out-of-Office messenger costs	\$5 plus mileage charges indicated above.
Electronic legal research	WestLaw electronic legal research: You will be billed \$15.00 per use, unless additional charges are incurred, which will be applied at their actual cost to your file.
Newspaper Publication	At cost – billed at the time of receipt of invoice from newspaper.

FINANCING SCHEDULE

May-26							Jun-26							Jul-26						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
					1	2		1	2	3	4	5	6				1	2	3	4
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25
24/31	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31	

Aug-26							Sep-26							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	
						1			1	2	3	4	5	
	2	3	4	5	6	7	8	6	7	8	9	10	11	12
	9	10	11	12	13	14	15	13	14	15	16	17	18	19
	16	17	18	19	20	21	22	20	21	22	23	24	25	26
23/30	24/31	25	26	27	28	29	27	28	29	30				

DATE	TASK	RESPONSIBILITY
May 4	LGC Pre-Application Call	LGC / Authority / FA
May 12	Finalize Working Group (Underwriter / Underwriter's Counsel)	Authority / FA
Week of June 22	Distribute Draft of Preliminary Resolution, General Trust Indenture, Series Indenture, and Bond Order ("Bond Documents")	BC
Week of June 29	Distribute Draft of AUP Letter / Financial Projections	Authority / FC
Week of July 6	Distribute Draft of Preliminary Official Statement ("POS") / Bond Purchase Agreement ("BPA")	UC
Week of July 13	Working Group Call to Review Documents	Working Group
Mid-July	Receive Construction Bids	Authority
By July 17	Send Notice to Joint Legislative Committee	Authority
By July 20	Finalize Preliminary Resolution	BC
By July 24	Distribute Revised Draft of Bond Documents / AUP Letter / POS	BC / FC / UC
Week of July 27	Working Group Call to Review Documents	Working Group
July 28	Authority Board Meeting – Adopt Preliminary Resolution; Approve Construction Bids	Authority
Late July	Finalize AUP Letter / Financial Projections	Authority / FC
Week of August 3	Distribute Draft of Rating Presentation	FA
August 4	Submit LGC Application	Authority / FA
August 5	Distribute Revised Draft of POS	UC
August 7	Send Documents to Rating Agencies	FA
Week of August 17	Rating Call	Authority / FA / U
August 18	Finalize Bond Order	BC
Week of August 24	Underwriter Due Diligence Call	Working Group
August 25	Authority Board Meeting – Adopt Bond Order	Authority / BC
September 1	LGC Approval	LGC
By September 3	Receive Rating	Working Group

FINANCING SCHEDULE

May-26							Jun-26							Jul-26						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
					1	2		1	2	3	4	5	6				1	2	3	4
3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11
10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18
17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25
24/31	25	26	27	28	29	30	28	29	30					26	27	28	29	30	31	

Aug-26							Sep-26							
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	
						1			1	2	3	4	5	
	2	3	4	5	6	7	8	6	7	8	9	10	11	12
	9	10	11	12	13	14	15	13	14	15	16	17	18	19
	16	17	18	19	20	21	22	20	21	22	23	24	25	26
23/30	24/31	25	26	27	28	29	27	28	29	30				

DATE	TASK	RESPONSIBILITY
September 4	Finalize POS	UC
September 9	Post POS	UC
September 17	Pricing Execute BPA	Working Group Authority / U
Week of September 22	Distribute Draft of Closing Documents	BC
September 30	Closing	Working Group

The Authority Board meets the fourth Tuesday of each month

RESPONSIBILITY LEGEND:

Role	Entity	Defined
Issuer	Broad River Water Authority, NC	"Authority"
Regulatory Agency	Local Government Commission	"LGC"
Financial Advisor	First Tryon Advisors	"FA"
Bond Counsel	Pope Flynn	"BC"
Feasibility Consultant	Raftelis	"FC"
Trustee	Bank of New York Mellon	"T"
Trustee's Counsel	TBD	"TC"
Underwriter	RW Baird	"U"
Underwriter's Counsel	Womble Bond Dickinson	"UC"

BROAD RIVER WATER AUTHORITY, NORTH CAROLINA
Water System Revenue Bonds, Series 2026

DISTRIBUTION LIST

NAME, TITLE AND ADDRESS	WORK NUMBER	EMAIL ADDRESS
ISSUER		
Broad River Water Authority 112 N Main Street, PO Box 1269 Rutherfordton, NC 28139		
Maria Hunnicutt, Executive Director	828.286.0640	mhunnicutt@ncbrwa.com
LOCAL GOVERNMENT COMMISSION		
3200 Atlantic Avenue Raleigh, NC 27604		
Jennifer Wimmer	919.814.4285	jennifer.wimmer@nctreasurer.com
Stephanie Bacik	919.814.4279	stephanie.bacik@nctreasurer.com
Donna Davis	919.814.4293	donna.davis@nctreasurer.com
BOND COUNSEL		
Pope Flynn, LLC 112 South Tryon Street, Suite 1755 Charlotte NC 28284		
Joe Lucas	803.354.4916	jlucas@popeflynn.com
Matt Davis	980.225.1126	mdavis@popeflynn.com
FINANCIAL ADVISOR		
First Tryon Advisors 6101 Carnegie Blvd, Suite 210 Charlotte, NC 28209		
Andy Smith	704.703.3747	asmith@firsttryon.com
Chazzo Habliston	704.926.2456	chabliston@firsttryon.com
Jordan Keysor	704.926.2459	jkeysor@firsttryon.com
UNDERWRITER		
Robert W. Baird & Co. 380 Knollwood Street, Suite 440 Winston-Salem, NC 27103		
Ryan Maher	336.631.5835	rmaher@rwbaird.com
Mike Williamson	414.765.7312	mwilliamson@rwbaird.com
Dale Jacques	414.298.6037	djacques@rwbaird.com
McKenna Fitterer	414.298.1645	mfitterer@rwbaird.com
UNDERWRITER'S COUNSEL		
Womble Bond Dickinson (US) LLP		

BROAD RIVER WATER AUTHORITY, NORTH CAROLINA
 Water System Revenue Bonds, Series 2026

Section G, Item 3.

DISTRIBUTION LIST

555 Fayetteville Street, Suite 1100
 Raleigh, NC 27601

Jon Mize	919.755.2187	jon.mize@wbd-us.com
----------	--------------	--

TRUSTEE

Bank of New York Mellon
 601 Travis Street, 16th Floor
 Houston, TX 77002

Tiquan Holmes	713.483.7761	tiquan.holmes@bny.com
Daniel Todd	904.645.1917	daniel.todd@bny.com

RATE CONSULTANT

Raftelis
 227 W. Trade Street, Suite 1400
 Charlotte, NC 28202

Mihaela Coopersmith	843.253.0357	mcoopersmith@raftelis.com
Ben Heaton		bheaton@raftelis.com

RATING AGENCY

Moody's Investor Services

TBD	TBD	TBD
-----	-----	-----

EMAIL DISTRIBUTION: mhunnicutt@ncbrwa.com ; jennifer.wimmer@nctreasurer.com ; stephanie.bacik@nctreasurer.com ; donna.davis@nctreasurer.com ; jucas@popeflynn.com ; mdavis@popeflynn.com ; asmith@firsttryon.com ; chabliston@firsttryon.com ; jkeysor@firsttryon.com ; rmaher@rwbaird.com ; mwilliamson@rwbaird.com ; djacques@rwbaird.com ; mfitterer@rwbaird.com ; jon.mize@wbd-us.com ; tiquan.holmes@bny.com ; daniel.todd@bny.com ; mcoopersmith@raftelis.com ; bheaton@raftelis.com ;

Item G-4: Resolution 09-26: Agreement for Underwriting Services

With the anticipated borrowing for improvements to the WTP and the Poors Ford pump station projects (approximately \$16 million), the Authority desires to partner with Robert W. Baird & Co Inc. for underwriting services for the borrowing. Our financial advisor, First Tryon, solicited informal proposals from four firms, and Baird was their recommendation based on experience and fee structure. A summary of the proposals is included. The engagement letter is included with Resolution 09-26. The fee will not exceed \$2.85 per \$1,000 par amount of the Securities issued.

Approval of Resolution 09-26 would allow the execution of this agreement.

Broad River Water Authority
Water System Revenue Bonds, Series 2026
 Summary of Underwriter Proposals

Underwriter	Banking Team	NC REVs Underwriting Experience Since 2023 (Senior/Sole Managed)	Underwriting Fee*	Additional Considerations
Hilltop	<u>Lead Banker</u> William DaSilva Charlotte, NC <u>Lead Underwriter</u> Bill Evans Dallas, TX	No senior/sole experience; have served as co-manager on the City of Charlotte's \$146+ Million W&S Revenue Bonds	Takedown: \$2.50 / bond (\$41,000) UC: \$3.03 / bond Total: \$5.53 / bond Underwriters Counsel: McGuireWoods UC Fee: \$45,000	Lacking experience but eager to prove themselves to issuers in the Carolinas
PNC (takedown would increase to \$4/bond if issuance is \$12 million or below)	<u>Lead Banker</u> Taylor Relich Charlotte, NC <u>Lead Underwriter</u> Adam Maisano New York, NY	5 Issuances \$330+ million	Takedown: \$3.45 / bond (\$56,580) Expenses: \$3.00 / bond Total: \$6.45 / bond Underwriters Counsel: Chapman & Cutler UC Fee: \$45,000	Experience with infrequent issuers
Raymond James	<u>Lead Banker</u> Edward Boyles Charlotte, NC <u>Lead Underwriter</u> Jock Wright New York, NY	<u>Raymond James</u> 1 Issuance \$12+ Million <u>Edward Boyles</u> 7 issuances \$265+ Million	Takedown: \$3.75 / bond (\$61,500) UC: \$2.78 / bond Total: \$5.75 / bond Underwriters Counsel: Womble Bond Dickinson UC Fee: \$40,000	Edward Boyles served as the lead banker for BRWA on its 2005 and 2015 issuances Leading underwriter for issuances less than \$50 million
RW Baird	<u>Lead Banker</u> Ryan Maher Winston Salem, NC <u>Lead Underwriter</u> Bryan Derdenger Chicago, Illinois	11 Issuances \$640+ Million	Takedown: \$2.85 / bond (\$46,740) UC: \$2.80 / bond Total: \$5.65 / bond Underwriters Counsel: Womble Bond Dickinson UC Fee: \$40,000	Existing knowledge of BRWA from a 2023 Revenue Bond issuance for the Inman-Campobello Water District, South Carolina

* Assumes \$16,400,000 par amount for average takedown

RESOLUTION NO. 09-26

Meeting of May 26, 2026

APPROVAL OF AGREEMENT FOR UNDERWRITING SERVICES

WHEREAS, the Authority needs to partner with an underwriter for the upcoming borrowing of funds to finance capital improvements in FY 2027; and

WHEREAS, Robert W. Baird & Co. Inc (Baird) has provided an engagement letter for senior managing underwriter; and

WHEREAS, fees will not exceed \$2.85 per \$1,000 par amount of the Securities issued.

NOW, THEREFORE, BE IT RESOLVED BY THE BROAD RIVER WATER AUTHORITY:

1. The agreement for Underwriter services from Baird is approved and authorization is given to the Executive Director for execution. Terms and conditions may be further negotiated by Broad River Water Authority staff and Attorney.
2. This resolution shall become effective upon its adoption and approval.

Adopted and approved by vote of (for _____)(against _____) this the 26th day of May, 2026.

Broad River Water Authority

Attest: _____
Maria S Hunnicutt, Secretary

By: _____
Danny Searcy, Chairman

(Corporate Seal)

May 20, 2026

Attention: Maria Hunnicutt, Executive Director
Broad River Water Authority
112 N Main Street
Rutherfordton, NC 28139

Re: Underwriting Engagement Letter

Dear Maria

On behalf of Robert W. Baird & Co. Incorporated (“we” or “Baird”), we wish to thank you for the opportunity to serve as senior managing underwriter for Broad River Water Authority (“you” or the “Issuer”) on its proposed offering and issuance of approximately \$16,400,000 Revenue Bonds, Series 2026 for the Authority’s treatment system related projects (the “Securities”). This letter will confirm the terms of our engagement; however, it is anticipated that this letter will be replaced and superseded by a bond purchase agreement to be entered into by the parties (the “Purchase Agreement”) if and when the Securities are priced following successful completion of the offering process. The Purchase Agreement will set forth the terms and conditions on which Baird will purchase the Securities and will contain provisions that are consistent with those stated in this letter.

1. Services to be Provided by Baird. Baird is hereby engaged to serve as senior managing underwriter of the proposed offering and issuance of the Securities, and in such capacity Baird agrees to provide the following services:

- Review and evaluate the proposed terms of the offering and the Securities
- Develop a marketing plan for the offering, including identification of potential purchasers of the Securities
- Assist in the preparation of the preliminary official statement and final official statement and other offering documents
- Contact potential purchasers of the Securities and provide them with copies of the offering materials and related information
- Respond to inquiries from potential purchasers and, if requested, coordinate their due diligence calls and meetings
- If the Securities are to be rated, assist in the preparation of information and materials to be provided to securities rating agency or agencies and in the development of strategies for meetings with the rating agency or agencies to obtain a rating for the Securities
- Consult with counsel and other service providers about the offering and the terms of the Securities (it being understood that the Issuer is responsible for the selection of such counsel and other service providers)
- Inform the Issuer of the marketing and offering process
- Negotiate the pricing, including the interest rate, and other terms of the Securities
- Obtain CUSIP number(s) for the Securities and arrange for their DTC book-entry eligibility
- Plan and arrange for the closing and settlement of the issuance and the delivery of the Securities
- Such other usual and customary underwriting services as may be requested by the Issuer

Robert W. Baird & Co.
380 Knollwood Street
Winston-Salem NC 27103
Main 336 631-5835
Toll Free 800 RW BAIRD

www.rwbaird.com

In addition, at the Issuer's request, Baird may provide incidental municipal advisory services, including advice as to the structure, timing, terms and other matters concerning the issuance of the Securities. Please note that Baird would be providing such advisory services in its capacity as underwriter and not as a municipal advisor to the Issuer.

2. Fees and Expenses. Baird's proposed underwriting fee/spread will not exceed \$2.85 per \$1,000 par amount of the Securities issued (excluding expenses outlined in this section). Baird's underwriting fee/spread will be determined by mutual agreement of the Issuer and Baird and will be reflected in the Purchase Agreement. The underwriting fee/spread will represent the difference between the price that Baird pays for the Securities and the public offering price stated on the cover of the final official statement. The underwriting fee/spread will be contingent upon the closing of the proposed offering and the amount of the fee/spread will be based on the par amount of the Securities.

The Issuer shall be responsible for paying or reimbursing Baird for costs of issuance which may include, without limitation, CUSIP, DTC, IPREO (electronic book-running/sales order system) fees and charges; printing and mailing/distribution charges; day loan charges; bond counsel, underwriter's counsel and ratings agency fees and expenses; and all other expenses incident to the performance of the Issuer's obligations under the proposed offering. However, Baird will be responsible for paying any fees to the MSRB in connection with the issuance of the Securities.

3. Conflicts of Interest and Disclosures Pursuant to MSRB Rules. Baird is registered with the Municipal Securities Rulemaking Board ("MSRB") and the SEC. The MSRB website is www.msrb.org. Two investor brochures, Information for Municipal Securities Investors and Information for Municipal Advisory Clients, describe the protections that may be provided by the MSRB's rules. The brochures are available on the MSRB website. The MSRB website also contains information about how to file a complaint with an appropriate regulatory authority.

Baird makes the following conflict of interest and other disclosures as required by MSRB Rule G-17.

- Disclosures Concerning the Underwriter's Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - An underwriter's primary role is to purchase the Securities with a view to distribution in an arm's-length commercial transaction with the Issuer. An underwriter has financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
 - An underwriter has a duty to purchase the Securities from the Issuer at a fair and reasonable price, but it must balance that duty with its duty to sell the Securities to investors at prices that are fair and reasonable.
 - An underwriter will review the official statement for the Securities in accordance with, and as a part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.
- Disclosures Concerning the Underwriter's Compensation:

The underwriter will be compensated by an underwriting fee or discount that will be set forth in the Purchase Agreement to be negotiated and entered into in connection with the issuance of the Securities. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Securities. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

- Baird-Specific Conflicts of Interest Disclosures:

Baird is a full-service securities firm and as such Baird and its affiliates may from time to time provide advisory, brokerage, consulting and other services and products to municipalities, other institutions, and individuals including the Issuer, certain Issuer officials or employees, and potential purchasers of the Securities for which Baird may receive customary compensation; however, such services are not related to the proposed offering. Baird may also be engaged from time to time by the Issuer to manage investments for the Issuer (including the proceeds from the proposed offering) through a separate contract that sets forth the fees to be paid to Baird. Baird may compensate its associates for any referrals they have made that resulted in the Issuer's selection of Baird to serve as underwriter on the proposed offering of the Securities. Baird manages various mutual funds, and from time to time those funds may own bonds and other securities issued by the Issuer (including the Securities). Additionally, clients of Baird may from time to time purchase, hold and sell bonds and other securities issued by the Issuer (including the Securities).

In the ordinary course of fixed income trading business, Baird may purchase, sell, or hold a broad array of investments and may actively trade securities and other financial instruments, including the Securities and other municipal bonds, for its own account and for the accounts of customers, with respect to which Baird may receive a mark-up or mark-down, commission or other remuneration. Such investment and trading activities may involve or relate to the offering or other assets, securities and/or instruments of the Issuer and/or persons and entities with relationships with the Issuer. Spouses and other family members of Baird associates may be employed by the Issuer.

Baird has not identified any other actual or potential material conflicts of interest.

Disclosures of Material Financial Characteristics and Material Financial Risks.

- o Accompanying this letter is a disclosure document describing the material financial characteristics and material financial risks of the Securities as required by MSRB Rule G-17.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering of the Securities. Notwithstanding the foregoing, either party may terminate Baird's engagement at any time without liability of penalty upon at least 30 days' prior written notice to the other party. If Baird's engagement is terminated by the Issuer, the Issuer agrees to reimburse Baird for its out-of-pocket expenses incurred until the date of termination.

5. Indemnification; Limitation of Liability. The Issuer agrees that neither Baird nor its employees, officers, agents or affiliates shall have any liability to the Issuer for the services provided hereunder except to the extent it is judicially determined that Baird engaged in gross negligence or willful misconduct. In addition, to the extent permitted by applicable law, the Issuer shall indemnify, defend and hold Baird and its employees, officers, agents and affiliates harmless from and against any losses, claims, damages and liabilities that arise from or otherwise relate to this letter, actions taken or omitted in connection herewith, the offering materials, or the transactions and other matters contemplated hereby, except to the extent such losses, claims, damages or liabilities are judicially determined to be the result of Baird's gross negligence or willful misconduct. Any Purchase Agreement executed in connection with the offering of the Securities will contain indemnification provisions for the benefit of Baird, on terms consistent with industry standards.

6. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of North Carolina. This letter contains the entire agreement between the parties relating to the rights granted herein and obligations assumed herein and supersedes all prior agreements between the parties related to the offering. This letter may not be amended or modified except by means of a written instrument executed by both parties hereto. This letter may not be assigned by either party without the prior written consent of the other party. The Issuer acknowledges that Baird may, at its option and expense and after announcement of the offering, place announcements and advertisements or otherwise publicize a description of the offering and Baird's role in it on Baird's website and/or other marketing material and in such financial and other newspapers and journals as it may choose, stating that Baird has acted as underwriter for the offering. The Issuer also agrees that Baird may use the Issuer's name and logo or official seal for these purposes.

In addition, the Issuer agrees that all opinions of counsel written in connection with the offering of the Securities, including but not limited to those opinions from bond counsel and issuer counsel, will include Baird as an addressee or alternatively will be accompanied by letters from such counsel entitling Baird to rely on such opinions.

If there is any aspect of this letter that requires further clarification, please do not hesitate to contact us. In addition, please consult your own financial and/or municipal, legal, accounting, tax and other advisors as you deem appropriate. We understand that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the proposed offering. If our understanding is not correct, please let us know.

Please evidence your receipt and agreement to the foregoing by signing and returning this letter.

Again, we thank you for the opportunity to assist you with your proposed issuance and the confidence you have placed in us.

Very truly yours,

ROBERT W. BAIRD & CO. INCORPORATED

By:  _____
Ryan Maher, Managing Director

Accepted this ___ day of _____, 20__`

BROAD RIVER WATER AUTHORITY

By: _____

Title: _____

Item G-5: Revision to FY 2026 Budget

Prior to having the discussion of the FY 2027 budget, it is necessary to review the FY 2026 budget along with year-to-date information. Resolution 10-26 proposed a budget amendment to capture the shift in line items for O&M expenses and decreased capital spending resulting in decrease in the transfer from the capital reserve fund.

Expenses:

Operation & Maintenance Expenses	Original FY26 Adopted	FY26 revision	Adjustment
Salaries and Wages:	\$2,103,200	\$2,103,200	
Employee Benefits and Insurance:	\$887,800	\$887,800	
Materials & Chemicals:	\$415,000	\$415,000	
Utilities:	\$756,100	\$756,100	
Auto Fuel:	\$56,600	\$56,600	
Department Supplies & Inventory:	\$365,300	\$392,800	\$27,500
Billing and Collections:	\$83,500	\$83,500	
Contracted Services:	\$239,000	\$239,000	
Professional Services:	\$117,500	\$117,500	
Repairs and Maintenance:	\$70,000	\$70,000	
Insurance Property and Liability:	\$123,000	\$123,000	
Capital Outlay:	\$30,000	\$30,000	
License and Subscription Fees:	\$100,000	\$100,000	
Travel and Training:	\$34,000	\$36,500	\$2,500
Miscellaneous Expenses:	\$30,000	\$30,000	
Contingency:	\$30,000	\$0	-\$30,000
Total O & M Expenses	\$5,441,000	\$5,441,000	\$0
Non-Operating Expense			
Reimbursable Expense (LCRI)	\$1,000,000	\$1,000,000	
Reimbursable Helene: Interconnect w/ LCF and ICWD	\$100,000	\$100,000	
Reimbursable Helene: Interconnect w/ Concord Community	\$200,000	\$200,000	
Transfer To Reserve Fund	\$0	\$0	
Total Non-Operating Expenses	\$1,300,000	\$1,300,000	
Debt Expenditures			
Bonds - Principal	\$2,381,800	\$1,989,750	-\$392,050
Bonds - Interest	\$104,200	\$94,750	-\$9,450
Total Debt Expenditures	\$2,486,000	\$2,084,500	-\$401,500
Total Expenses	\$9,227,000	\$8,825,500	-\$401,500

*O&M Expenses = **Net \$0**

- Contingency reallocated to Training and Department Supplies & Inventory.
- Department Supplies & Inventory includes
 - General Department Supplies
 - Inventory (Distribution for maintenance)
 - Off Road Fuel
 - Meter Replacement
 - Small Tools
 - Uniforms

*Debt Expenses = Decrease of **\$401,500**

- Reduction to match final payment total in FY 26

Capital Improvements Budget:

Capital Improvements Budget	Original FY26 Adopted	FY26 revision	Adjustment	
WTP CAPITAL				
WTP Equipment - Annual	\$40,000	\$40,000		
Bleach & Phosphate Tank/ Mixer/ Recycle Pump	\$317,000	\$4,000	-\$313,000	move to FY27
Equipment Shed	\$80,000	\$80,000		
Raw Intake Waterline	\$210,500	\$210,500		
Recycle Pump Replacement	\$177,500	\$371,500	\$194,000	unspent from FY25
Equip WTP Scada Upgrade	\$125,000	\$125,000		
Residual Access Rd & Field Prep	\$75,000	\$95,000	\$20,000	
Service Truck	\$75,000	\$64,000	-\$11,000	
Poors Ford and WTP Improvements	\$95,000	\$95,000		
DIST CAPITAL				
New Extensions - Annual	\$190,500	\$195,000	\$4,500	
Rehab Water Lines - Annual	\$68,500	\$42,500	-\$26,000	
Rehab Hydrant/Valve/Flush - Annual	\$75,000	\$75,000		
Equip Distribution - Annual	\$45,000	\$45,000		
Tank Maintenance Contract - Annual	\$60,000	\$60,000		
Equip Meter Replacement - Annual	\$550,000	\$510,000	-\$40,000	
AMI Infrastructure	\$90,000	\$90,000		
Generator for Warehouse	\$115,000	\$115,000		
PVC cover 75'x25'	\$50,000	\$50,000		
ADMIN CAPITAL				
Equipment	\$0	\$0		
Vehicle	\$41,000	\$41,000		
TOTAL CAPITAL EXPENSES	\$2,480,000	\$2,308,500	-\$171,500	
TOTAL EXPENSES	\$11,707,000	\$11,134,000	-\$573,000	

Capital Improvements = Decrease of \$ 171,500

Reductions: - \$ 77,000

- Service Truck – less than budgeted (registration costs expensed)
- Rehab Water Lines – less than budgeted (focus on new extensions)
- Equipment Meter Replacement – less than budgeted (full supply of 4G/ AMI capable registers)

Additions: + \$218,500

- Recycle Pump Replacement (in conjunction with the Raw Intake Waterline project) – half was budgeted for FY25 and half in FY26. Unspent FY25 funds moved to FY26. Project should be complete by June 30.
- Residuals Access Rd: additional erosion control, seeding, culvert replacement needed for State approval
- Waterline extensions – materials for Old Stonecutter extension to begin FY27

Move to FY 27: - \$313,000

- Bleach & Phosphate Tank/ Mixer/ Recycle Pump – issue with tank manufacturer product availability

Overall reduction in expenses = \$401,500 (debt) + \$171,500 = \$573,000

OFFSET:

Reduction in the transfer to the Capital Reserve by **\$573,000**

Revenue:	Original FY26 Adopted	FY26 revision	Adjustment
Operating Revenue:			
Water Services:	\$8,629,300	\$8,629,300	
Taps and Connections:	\$105,000	\$105,000	
Late/ Disconnect/ Penalty Fees:	\$137,000	\$137,000	
Water Testing Fees:	\$12,000	\$12,000	
Billing Services:	\$41,000	\$41,000	
Total Operating Revenue	\$8,924,300	\$8,924,300	
Non Operating Revenue:			
Gain on Disposal Fixed Asset			
Miscellaneous Revenue	\$1,000	\$1,000	
Lease of Property	\$45,000	\$45,000	
Interest & Investment	\$200,000	\$200,000	
Reimbursable Revenue (LCRI)	\$1,000,000	\$1,000,000	
Reimbursable Revenue (Helene)	\$300,000	\$300,000	
Total Non-Operating Revenue	\$1,546,000	\$1,546,000	
Capital Revenue:			
Grants			
Transfer From Capital Res. Fund	\$1,236,700	\$663,700	
Total Capital Revenue	\$1,236,700	\$663,700	-\$573,000
Total Revenue:	\$11,707,000	\$11,134,000	-\$573,000

RESOLUTION NO. 10-26

Meeting of May 22, 2026

**A RESOLUTION ADOPTING REVISION TO BUDGET
FOR THE 2026 FISCAL YEAR FROM JULY 1, 2025 TO JUNE 30, 2026**

WHEREAS, the Broad River Water Authority Board approved the original Operating and Capital Improvements Budget for the 2026 Fiscal Year at the Regular Board Meeting of June 24, 2026; and

WHEREAS, a formal revision to the 2026 Fiscal Year budget is proposed to reflect decrease in capital expenditures and debt payments of \$573,000 offset by a decrease in the transfer from the capital reserve.

NOW, THEREFORE, BE IT RESOLVED BY THE BROAD RIVER WATER AUTHORITY:

1. Effective May 26, 2026, the attached 2026 Fiscal Year budget for operation, maintenance, debt service, capital improvements and estimated revenues is hereby adopted.
2. The Executive Director shall advise the Board on a monthly basis of the Authority’s financial position and recommend any changes that may be required to ensure financial stability for the Authority.
3. This resolution shall become effective upon its adoption and approval.

Adopted and approved by vote of (for____)(against____) this the 26th day of May, 2026.

Broad River Water Authority

Attest: _____

By: _____

Maria S Hunnicutt, Secretary

Danny Searcy, Chairman

(Corporate Seal)

<u>Revenue:</u>	Original FY26 Adopted	FY26 revision	Adjustment
Operating Revenue:			
Water Services:	\$8,629,300	\$8,629,300	
Taps and Connections:	\$105,000	\$105,000	
Late/ Disconnect/ Penalty Fees:	\$137,000	\$137,000	
Water Testing Fees:	\$12,000	\$12,000	
Billing Services:	\$41,000	\$41,000	
Total Operating Revenue	\$8,924,300	\$8,924,300	
Non Operating Revenue:			
Gain on Disposal Fixed Asset			
Miscellaneous Revenue	\$1,000	\$1,000	
Lease of Property	\$45,000	\$45,000	
Interest & Investment	\$200,000	\$200,000	
Reimbursable Revenue (LCRI)	\$1,000,000	\$1,000,000	
Reimbursable Revenue (Helene)	\$300,000	\$300,000	
Total Non-Operating Revenue	\$1,546,000	\$1,546,000	
Capital Revenue:			
Grants			
Transfer From Capital Res. Fund	\$1,236,700	\$663,700	
Total Capital Revenue	\$1,236,700	\$663,700	-\$573,000
Total Revenue:	\$11,707,000	\$11,134,000	-\$573,000

Operation & Maintenance Expenses	Original FY26 Adopted	FY26 revision	Adjustment
Salaries and Wages:	\$2,103,200	\$2,103,200	
Employee Benefits and Insurance:	\$887,800	\$887,800	
Materials & Chemicals:	\$415,000	\$415,000	
Utilities:	\$756,100	\$756,100	
Auto Fuel:	\$56,600	\$56,600	
Department Supplies & Inventory:	\$365,300	\$392,800	\$27,500
Billing and Collections:	\$83,500	\$83,500	
Contracted Services:	\$239,000	\$239,000	
Professional Services:	\$117,500	\$117,500	
Repairs and Maintenance:	\$70,000	\$70,000	
Insurance Property and Liability:	\$123,000	\$123,000	
Capital Outlay:	\$30,000	\$30,000	
License and Subscription Fees:	\$100,000	\$100,000	
Travel and Training:	\$34,000	\$36,500	\$2,500
Miscellaneous Expenses:	\$30,000	\$30,000	
Contingency:	\$30,000	\$0	-\$30,000
Total O & M Expenses	\$5,441,000	\$5,441,000	\$0
Non-Operating Expense			
Reimbursable Expense (LCRI)	\$1,000,000	\$1,000,000	
Reimbursable Helene: Interconnect w/ LCF and ICWD	\$100,000	\$100,000	
Reimbursable Helene: Interconnect w/ Concord Community	\$200,000	\$200,000	
Transfer To Reserve Fund	\$0	\$0	
Total Non-Operating Expenses	\$1,300,000	\$1,300,000	
Debt Expenditures			
Bonds - Principal	\$2,381,800	\$1,989,750	-\$392,050
Bonds - Interest	\$104,200	\$94,750	-\$9,450
Total Debt Expenditures	\$2,486,000	\$2,084,500	-\$401,500
Total Expenses	\$9,227,000	\$8,825,500	-\$401,500

Capital Improvements Budget	Original FY26 Adopted	FY26 revision	Adjustment	
WTP CAPITAL				
WTP Equipment - Annual	\$40,000	\$40,000		
Bleach & Phosphate Tank/ Mixer/ Recycle Pump	\$317,000	\$4,000	-\$313,000	move to FY27
Equipment Shed	\$80,000	\$80,000		
Raw Intake Waterline	\$210,500	\$210,500		
Recycle Pump Replacement	\$177,500	\$371,500	\$194,000	unspent from FY25
Equip WTP Scada Upgrade	\$125,000	\$125,000		
Residual Access Rd & Field Prep	\$75,000	\$95,000	\$20,000	
Service Truck	\$75,000	\$64,000	-\$11,000	
Poors Ford and WTP Improvements	\$95,000	\$95,000		
DIST CAPITAL				
New Extensions - Annual	\$190,500	\$195,000	\$4,500	
Rehab Water Lines - Annual	\$68,500	\$42,500	-\$26,000	
Rehab HydrantValveFlush - Annual	\$75,000	\$75,000		
Equip Distribution - Annual	\$45,000	\$45,000		
Tank Maintenance Contract - Annual	\$60,000	\$60,000		
Equip Meter Replacement - Annual	\$550,000	\$510,000	-\$40,000	
AMI Infrastructure	\$90,000	\$90,000		
Generator for Warehouse	\$115,000	\$115,000		
PVC cover 75'x25'	\$50,000	\$50,000		
ADMIN CAPITAL				
Equipment	\$0	\$0		
Vehicle	\$41,000	\$41,000		
TOTAL CAPITAL EXPENSES	\$2,480,000	\$2,308,500	-\$171,500	
TOTAL EXPENSES	\$11,707,000	\$11,134,000	-\$573,000	

Proposed FY 2027 Budget Highlights



BROAD RIVER
WATER AUTHORITY



Vision

Improving the quality of life in our community by being a dedicated team of neighbors setting the standard for utility excellence.

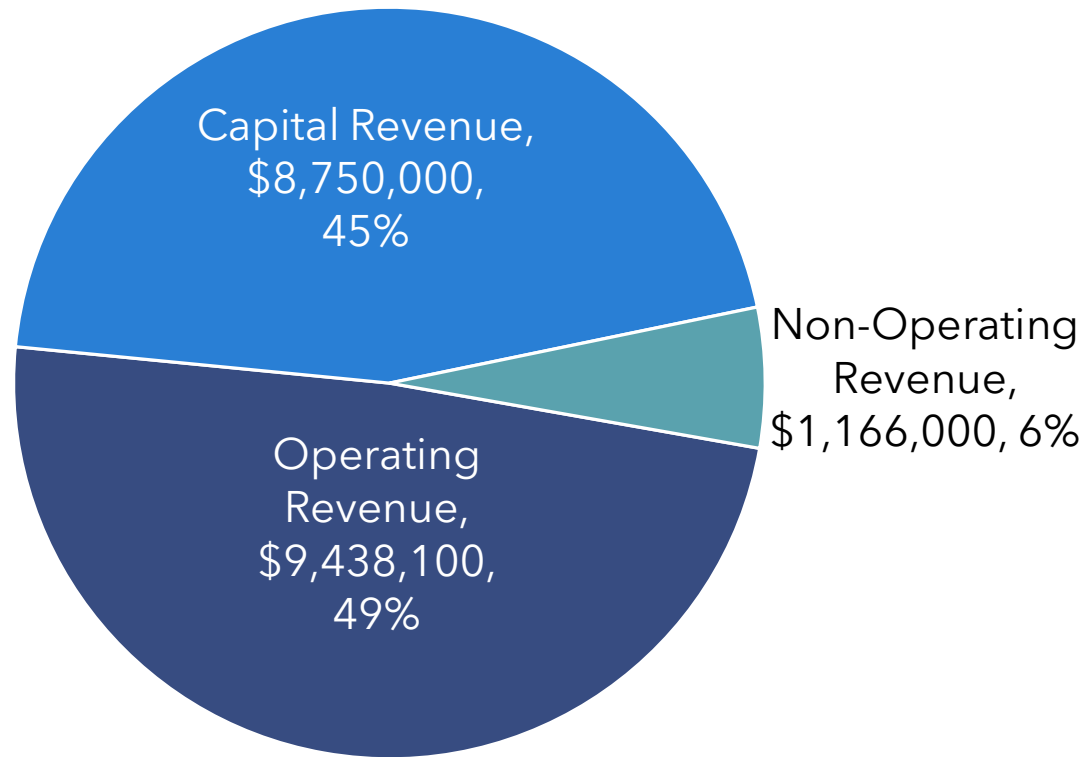
Mission



Broad River Water Authority provides valuable drinking water services that are essential to our community's health, environment, and economy through the stewardship of infrastructure and natural resources.

Our utility system viability is achieved through effective infrastructure management, continued financial stability and intentional pursuit of organizational excellence.

REVENUES = \$19.35 M



Revenues

Operating = \$9.44M

- 2.5% rate increase with growth/ usage projections by Raftelis
- Increased # of taps
- Late fees @ 1.5% of sales

- 0% rate increase
\$175,000 less in year 1

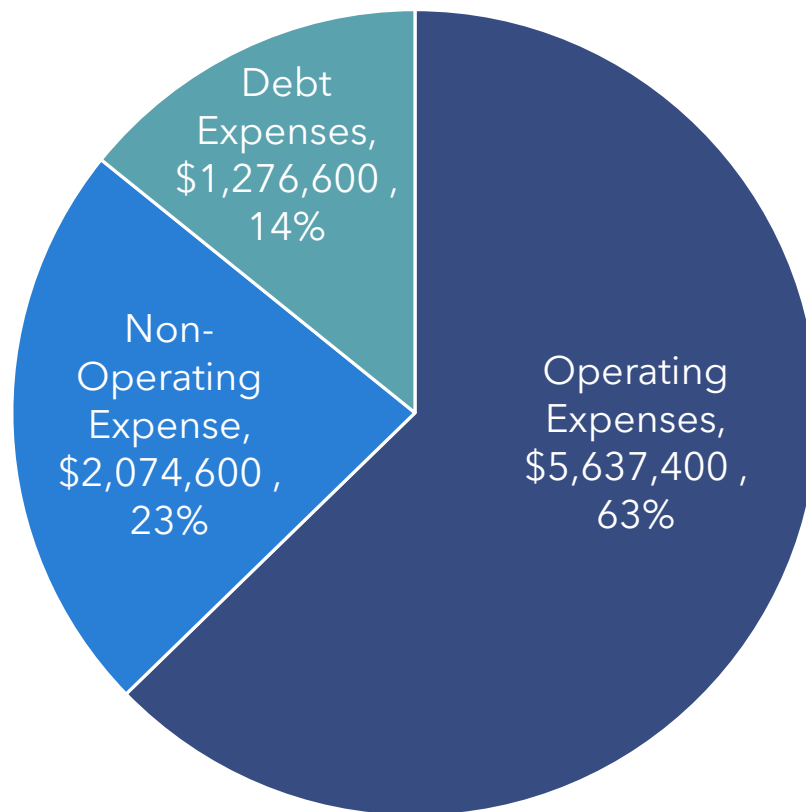
Non- Operating = \$1.17 M

- Includes lease of property for cell equipment on towers
- Includes interest on investment (4%)
- Includes \$300,000 of tech assistance DWI funds for regionalization studies

Capital = \$8.75 M

- SRF 0% interest PF
- \$3.2M = Raw Water Canal
 - \$5.1M = Poors Ford PS
 - \$0.45M = WTP

EXPENSES = \$8.99 M



Expenses

Operating = \$5.6M

- COLA increase in wages 3% and competitive pay plan increase of 4% (\$153,000)
- 3.8% increase in benefits (\$34,000)
- No increase in other O&M compared to FY26 due to reduction of power and chemical usage post Helene

Non- Operating = \$2.1 M

- \$600,000 remaining of reimbursable Lead & Copper grant funding
- \$300,000 reimbursable Regionalization Tech Assistance funding
- Transfer IN to the capital reserve = \$1.2 M

Debt = \$1.3 M

- Revenue bond \$16.4M assumption
- \$1.2 M annual payment SRF 0% loans
 - \$65,000 payment

Capital

WTP = \$9.44 M

\$494,000

- Bleach & Phosphate Tank project from FY26
- Small projects

\$196,500

- 2% SRF fees

\$8.75 M PF Loan/ Grant-like

- \$3.2M = Raw Water Canal
- \$5.1M = Poors Ford PS
- \$0.45M = WTP Improvements

Distribution = \$910,000

Continued annual projects

- New Waterline Extensions
- Rehab Waterlines
- Rehab Hydrants/ Valves
- Equipment Replacement
- Large Meter Replacement

Dump Truck and Service Truck Purchase

Admin = \$ 15,000

Server Replacement



Key Financial Indicators

Debt Service Coverage

Projected FY 27 = 3.19

- Revenue = \$9.7 M
- O&M Expense = \$5.6 M
- Debt = \$1.28 M
- Capital = cash \$1.6 M
- Capital = SRF \$8.75 M

If no rate increase, DSC = 3.07

Fund Balance

- \$1.175M transfer IN to capital reserve fund
- Capital Reserve Fund = \$5.6 M @ yr end

If no rate increase, fund = \$5.4 M @ yr end

Average Water Bill

- Residential @ 3,500 gal = \$49.25
 - Annual increase \$15.30
- Residential @ 5,000 gal = \$58.70
 - Annual increase \$18.00

FY	2021	2022	2023	2024	2025	2026	2027
% rate change	0.0%	3.5%	0%	2.75%	5.00%	3.50%	2.50%
base 0-1000 gal	\$28.20	\$29.20	\$29.20	\$30.00	\$31.50	\$32.60	\$33.50
volume/ 1000 gal	\$5.30	\$5.50	\$5.50	\$5.65	\$5.95	\$6.15	\$6.30
monthly bill of 5,000 gal	\$49.40	\$51.20	\$51.20	\$52.60	\$55.30	\$57.20	\$58.70
Reserve Balance @ Yr End (\$M)	\$8.22	\$8.50	\$8.13	\$7.68	\$5.09	\$4.45	\$5.63
Debt Service Coverage Ratio	1.71x	1.74x	1.63x	1.67x	1.69x	1.79x	3.19x

Key Financial Indicators

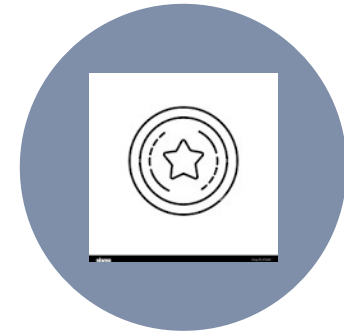
Lou Holtz



DO YOU CARE?



CAN I TRUST YOU?



ARE YOU COMMITTED
TO EXCELLENCE?

BRWA's Strategic Themes



DO YOU CARE?



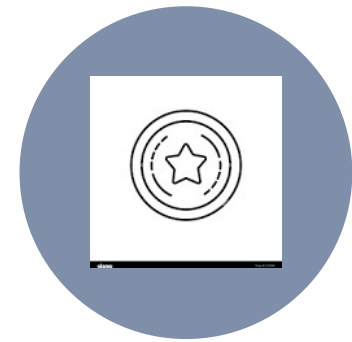
WORK HUMAN



CAN I TRUST YOU?



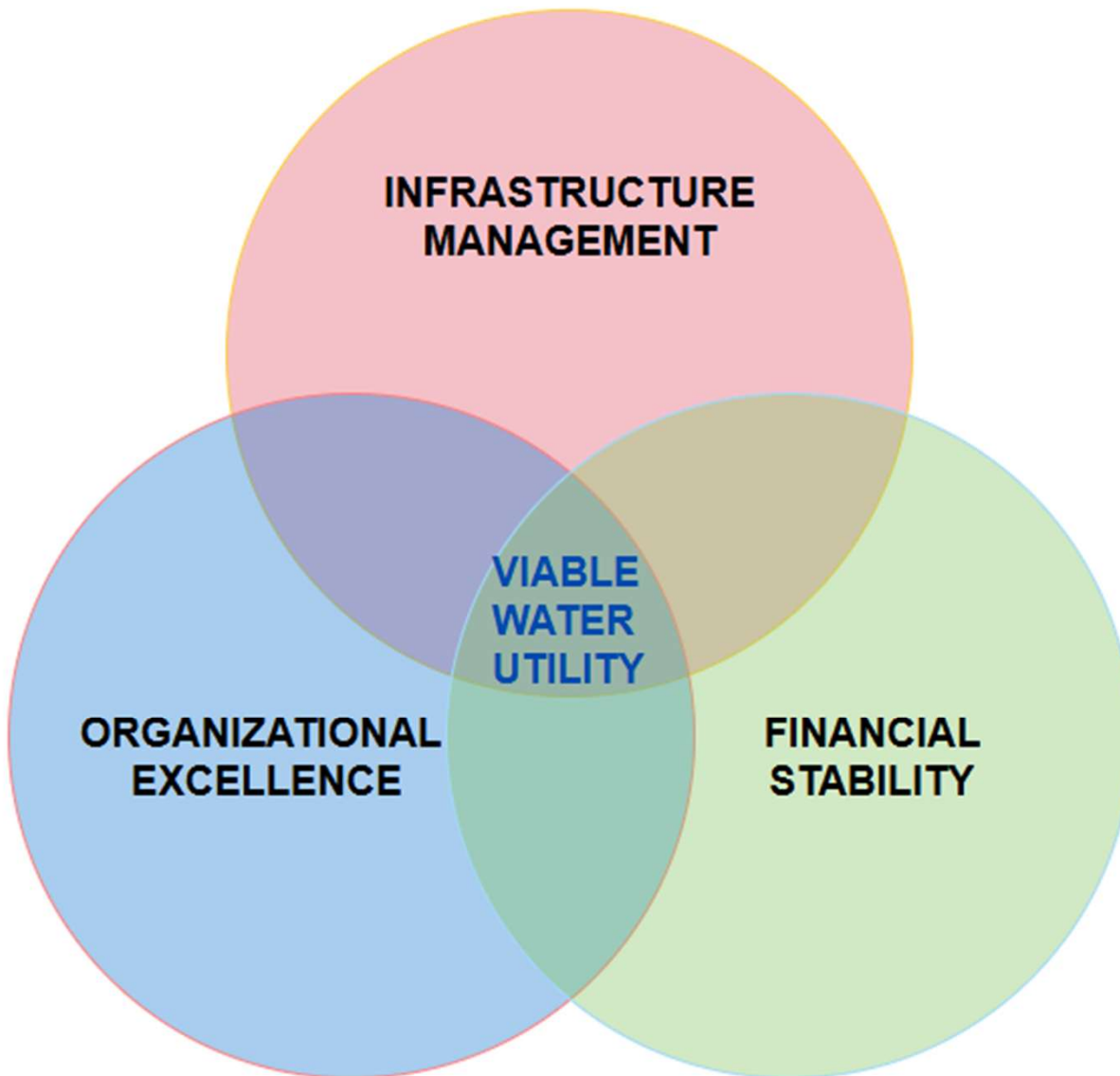
ACT RESPONSIBLY



ARE YOU COMMITTED TO
EXCELLENCE?



DELIVER EXCEPTIONAL
SERVICE



Viability -

to provide reliable water services now and in the future

BRWA's Strategic Themes



DO YOU CARE?



WORK HUMAN



ORGANIZATIONAL EXCELLENCE



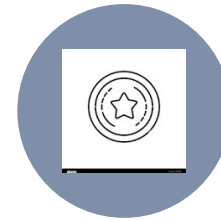
CAN I TRUST YOU?



ACT RESPONSIBLY



FINANCIAL STABILITY



ARE YOU COMMITTED TO EXCELLENCE?



DELIVER EXCEPTIONAL SERVICE



INFRASTRUCTURE MANAGEMENT

Work Human:

Build relationships and deliver results while ensuring the safety, health, and well-being of employees, customers, and community.

Organizational Development	Quality of Life	Community Connection
Training <ul style="list-style-type: none"> Lunch meetings, outings, on-site trainings, Pryor Learning platform 	Competitive Compensation <ul style="list-style-type: none"> Clear path of wage progression, advancement thru certifications, longevity and education bonus 	Event Participation <ul style="list-style-type: none"> Festivals, RoCo school system events, Halloween, WeBuild camp
Performance Management	Valued Benefits	Community Give Back
Apprentice and Intern Positions - now FTE	Risk Management Oversight	Keep Rutherford County Beautiful green scholarship

Act Responsibly:

Take ownership for actions and work; Do the right thing with competence and kindness.

Culture of Trust	Financial Responsibility	Operational Efficiency
Improve Communications	Earning investment interest	Garver WTP/ Poors Ford Upgrades
<ul style="list-style-type: none"> Billing notices, social media, website, educational materials 	CPA oversight Audit Services	AMI infrastructure installment for 100 (Rutherfordton) and 200 (Spindale) AMI hybrid
Increased transparency	Debt Repayment - June 2026	System Maintenance (generators, lime, SCADA)
Water Quality Report	Debt Service Coverage over 1.5	Monthly L10 Meetings
Employee Satisfaction Surveys	Fund Balance over \$4M	

Deliver Exceptional Service: Provide superior drinking water and services that meet community needs and expectations in a reliable and sustainable way.

Quality Drinking Water	Customer Experience	Infrastructure Reliability
AWOP Awarded 14 years	Promotion of Customer Billing Platform	Capital Improvements \$10.365 M
Outside Water Testing	Social Media Communication for Outages and Events	<ul style="list-style-type: none"> • \$8.75 M in SRF PF 0% loan • WTP capacity to 13.1 MGD • Poors Ford capacity to 15 MGD
Replacement of Hydrants, Valves and Flushers	Approach with Kindness and Competence	Continued Polk/ ICWD Partnership
\$1M Lead and Copper Inventory Grant		

This is what matters...





Revenue

<u>Revenue:</u>	<u>FY 27 proposed 2.5%</u>
	2.5% rate increase
Operating Revenue:	
Water Services:	\$9,051,700
Taps and Connections:	\$192,800
Late/ Disconnect/ Penalty Fees:	\$143,600
Water Testing Fees:	\$8,000
Billing Services:	\$42,000
Total Operating Revenue	\$9,438,100
Non Operating Revenue:	
Gain on Disposal Fixed Asset	
Miscellaneous Revenue	\$1,000
Lease of Property	\$65,000
Interest & Investment	\$200,000
Reimbursable Revenue (LCRI)	\$600,000
Reimbursable Revenue (Helene)	\$300,000
Total Non-Operating Revenue	\$1,166,000
Capital Revenue:	
Grants	
Reimbursable SRF: Raw Water Canal	\$3,236,900
Reimbursable SRF: Poors Ford Booster Pump Station	\$5,062,275
Reimbursable SRF: WTP Ph 1 and 2	\$450,825
Transfer From Capital Res. Fund	\$0
Total Capital Revenue	\$8,750,000
Total Revenue:	\$19,354,100

**PROPOSED RATES
FY 2027**

Meter Rates

Block	Meter Size	Existing Rates FY 2026	Proposed Rates FY 2027	Increase	% Change
1	0.75-inch	\$32.60	\$33.50	\$0.90	2.76%
1	1-inch	\$55.40	\$57.00	\$1.60	2.89%
1	1.5-inch	\$125.00	\$129.00	\$4.00	3.20%
1	2-inch	\$215.00	\$220.00	\$5.00	2.33%
1	3-inch	\$360.00	\$369.00	\$9.00	2.50%
1	4-inch	\$525.00	\$540.00	\$15.00	2.86%
1	6-inch	\$920.00	\$945.00	\$25.00	2.72%
1	8-inch	\$1,415.00	\$1,450.00	\$35.00	2.47%

Volume Rates

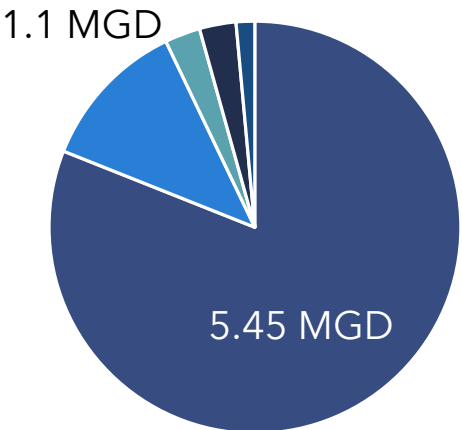
Block	Monthly Volume		Rate Per 1000 gallons FY 2026	Proposed Rates FY 2027	Increase	% Change
	From (gallons)	To (gallons)				
RESIDENTIAL						
2	1,001	20,000	\$6.15	\$6.30	\$0.15	2.44%
3	20,001	-	\$5.00	\$5.15	\$0.15	3.00%

Block	Monthly Volume		Rate Per 1000 gallons FY 2026	Proposed Rates FY 2027	Increase	% Change
	From (gallons)	To (gallons)				
NON-RESIDENTIAL						
2	1,001	20,000	\$6.10	\$6.25	\$0.15	2.46%
3	20,001	1,000,000	\$5.95	\$6.10	\$0.15	2.52%
4	1,000,001	-	\$2.65	\$2.80	\$0.15	5.66%

**Rate
Increase**

Sales by Customer Type

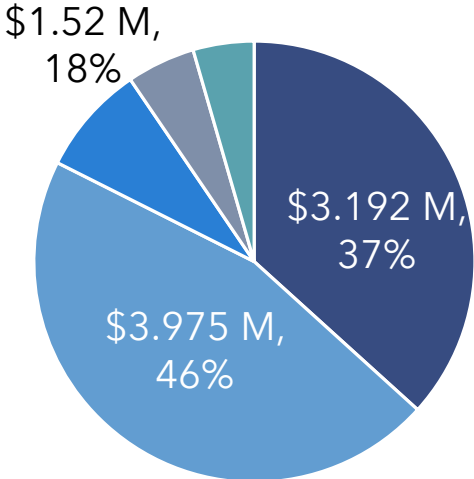
Usage by Customer Type



■ BulkSales ■ Residential/ MultiFamily ■ Commercial ■ Industrial ■ Other/ PublicGovt

	Gallons	
BulkSales	1,989,176,000	81%
Residential/ MultiFamily	291,374,924	12%
Commercial	68,475,210	3%
Industrial	70,328,271	3%
Other/ PublicGovt	36,175,383	1%

Revenue by Customer Type

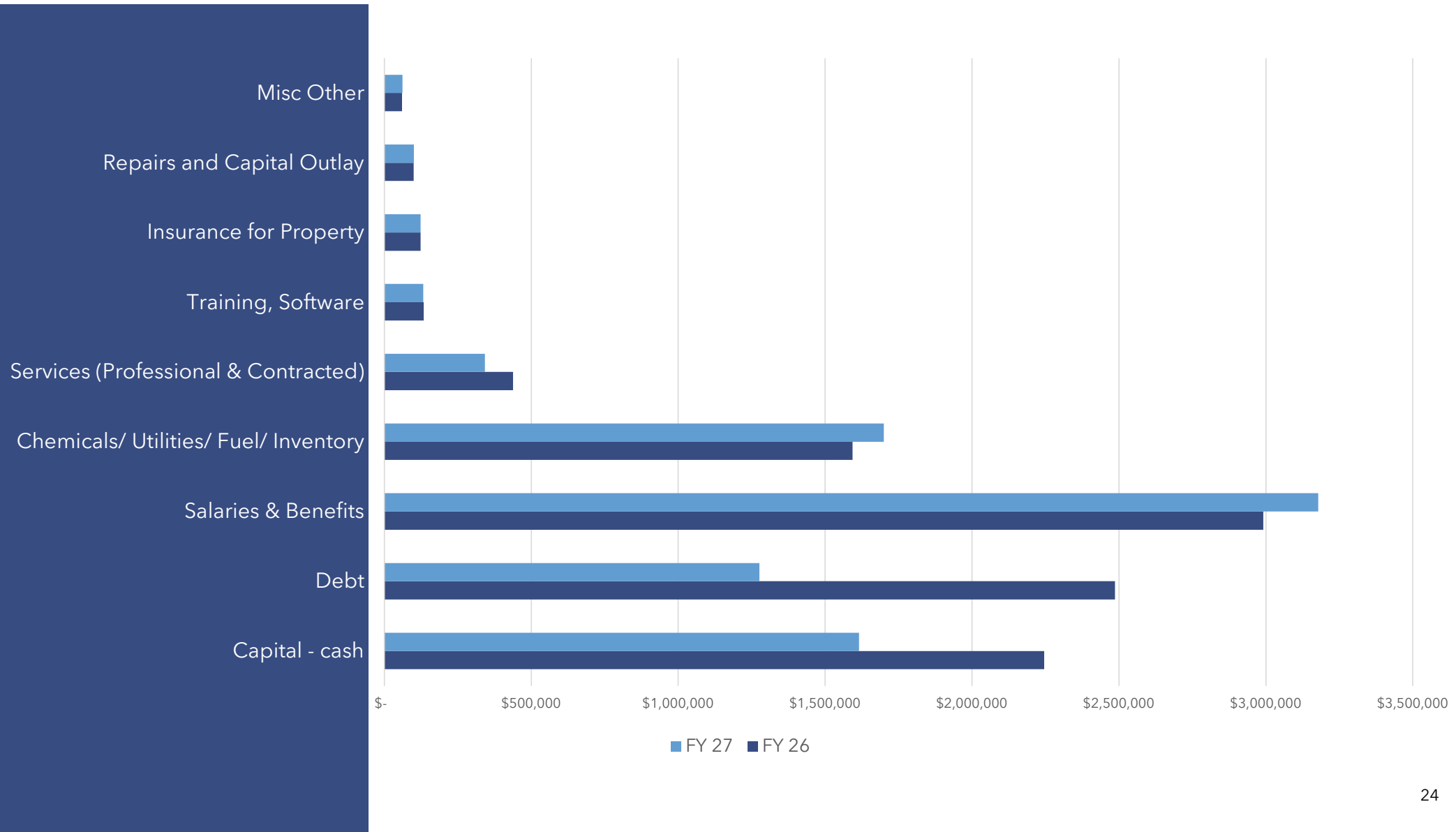


■ BulkSales ■ Residential/ MultiFamily ■ Commercial ■ Industrial ■ Other/ PublicGovt

	Annual Revenue	
BulkSales	\$ 3,192,479	37%
Residential/ MultiFamily	\$ 3,975,131	46%
Commercial	\$ 702,226	8%
Industrial	\$ 437,392	5%
Other/ PublicGovt	\$ 389,873	4%

Operation & Maintenance Expenses	FY 27 proposed 2.5%
Salaries and Wages:	\$2,256,600
Employee Benefits and Insurance:	\$921,600
Materials & Chemicals:	\$415,000
Utilities:	\$767,400
Auto Fuel:	\$46,900
Department Supplies & Inventory:	\$386,500
Billing and Collections:	\$83,500
Contracted Services:	\$238,000
Professional Services:	\$104,400
Repairs and Maintenance:	\$70,500
Insurance Property and Liability:	\$123,000
Capital Outlay:	\$30,000
License and Subscription Fees:	\$101,000
Travel and Training:	\$31,000
Miscellaneous Expenses:	\$32,000
Contingency:	\$30,000
Total O & M Expenses	\$5,637,400
Non-Operating Expense	
Reimbursable Expense (LCRI)	\$600,000
Reimbursable Helene: Interconnect w/ LCF and ICWD	\$100,000
Reimbursable Helene: Interconnect w/ Concord Community	\$200,000
Transfer To Reserve Fund	\$1,174,600
Total Non-Operating Expenses	\$2,074,600
Debt Expenditures	
Bonds - Principal	\$735,000
Bonds - Interest	\$541,600
Total Debt Expenditures	\$1,276,600
Total Expenses	\$8,988,600

Expenses



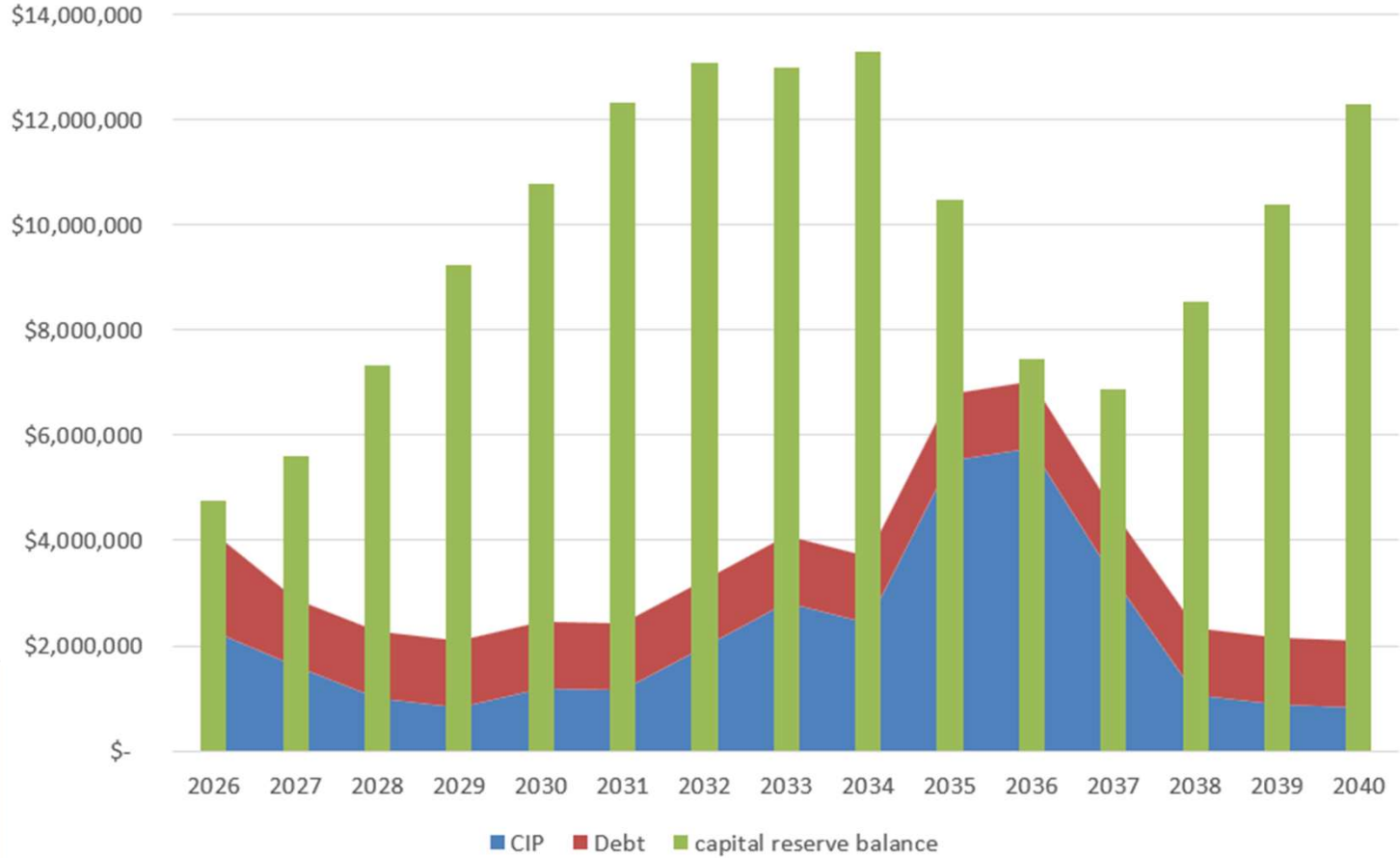
Capital Improvements

<u>Capital Improvements Budget</u>	FY 27 proposed 2.5%
WTP CAPITAL	
WTP Equipment - Annual	\$40,000
Bleach & Phosphate Tank/ Mixer/ Recycle Pump	\$314,000
Equipment Shed	\$30,000
Equip WTP Scada Upgrade	\$60,000
Grassy Pond/ Harris Tank Eval Study	\$50,000
Raw Water Canal Improvements SRF 2% fee	\$63,500
Poors Ford Booster Pump Station SRF 2% fee	\$120,900
WTP Improvements Phase 1 and 2 SRF 2% fee	\$12,100
Reimbursable SRF: Raw Water Canal	\$3,236,900
Reimbursable SRF: Poors Ford Booster Pump Station	\$5,062,275
Reimbursable SRF: WTP Ph 1 and 2	\$450,825
DIST CAPITAL	
New Extensions - Annual	\$175,000
Rehab Water Lines - Annual	\$250,000
Rehab HydrantValveFlush - Annual	\$75,000
Equip Distribution - Annual	\$40,000
Tank Maintenance Contract - Annual	\$45,000
Equip Meter Replacement - Annual	\$150,000
Heavy Equipment/ Vehicles	\$175,000
ADMIN CAPITAL	
Equipment	\$15,000
TOTAL CAPITAL EXPENSES	\$10,365,500

What's next?

Project Number	Project Description	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
	Elevator		\$200												
P-10	Backwash Pump Rebuild				\$365										
	Grassy Pond PS Study (operating Harris Tank)	\$50													
	Grassy Pond Pump Replacement (3 pumps & motors)							\$200							
P-9	High Service Pumps Improvement					\$328	\$1,095	\$1,095							
P-7	Sedimentation Basin Improvements (2033 Replace tube settlers and weir)							\$213	\$711	\$711					
P-20	Filter Rehab								\$480	\$2,400	\$2,400				
	2010 Modernization Replacement (jet mix, floc, chem feed, ultrasonics, valve replacements, recycle pumps)											\$1,000			
P-18	Settling Basin Sludge Collectors									\$62	\$624	\$624			
	New Waterline Extensions	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175
	Rehab Waterlines	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
	Rehab Hydrants, Valves, Fountains	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75
	Dist Annual Equipment	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
	Annual tank maintenance	\$45	\$47	\$49	\$51	\$53	\$55	\$57	\$59	\$61	\$63	\$65			
	Annual Meter Replacement	\$150	\$20	\$20	\$20	\$20	\$20	\$200	\$200	\$800	\$800	\$200	\$25	\$25	\$25
	AMI Infrastructure														
	Distribution - generator for warehouse														
	Distribution cover for PVC pipe														
P-15	Vehicle and Equipment Replacement Dist	\$175	\$120	\$120	\$85	\$70		\$112	\$46		\$251	\$195	\$240	\$74	\$15

Projected CIP, Debt, and Capital Reserve



Projected CIP, Debt and Capital Reserve

BRWA's Strategic Themes



DO YOU CARE?



WORK HUMAN



ORGANIZATIONAL
EXCELLENCE



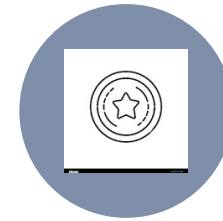
CAN I TRUST YOU?



ACT RESPONSIBLY



FINANCIAL STABILITY



ARE YOU COMMITTED TO
EXCELLENCE?



DELIVER EXCEPTIONAL
SERVICE



INFRASTRUCTURE
MANAGEMENT

<u>Revenue:</u>	Original FY26 Adopted	FY26 revision	FY 27 proposed 2.5%	FY 27 proposed 0%
			2.5% rate increase	0% rate increase
Operating Revenue:				
Water Services:	\$8,629,300	\$8,629,300	\$9,051,700	\$8,903,400
Taps and Connections:	\$105,000	\$105,000	\$192,800	\$192,800
Late/ Disconnect/ Penalty Fees:	\$137,000	\$137,000	\$143,600	\$141,400
Water Testing Fees:	\$12,000	\$12,000	\$8,000	\$8,000
Billing Services:	\$41,000	\$41,000	\$42,000	\$42,000
Total Operating Revenue	\$8,924,300	\$8,924,300	\$9,438,100	\$9,287,600
Non Operating Revenue:				
Gain on Disposal Fixed Asset				
Miscellaneous Revenue	\$1,000	\$1,000	\$1,000	\$1,000
Lease of Property	\$45,000	\$45,000	\$65,000	\$65,000
Interest & Investment	\$200,000	\$200,000	\$200,000	\$200,000
Reimbursable Revenue (LCRI)	\$1,000,000	\$1,000,000	\$600,000	\$600,000
Reimbursable Revenue (Helene)	\$300,000	\$300,000	\$300,000	\$300,000
Total Non-Operating Revenue	\$1,546,000	\$1,546,000	\$1,166,000	\$1,166,000
Capital Revenue:				
Grants				
Reimbursable SRF: Raw Water Canal		\$0	\$3,236,900	\$3,236,900
Reimbursable SRF: Poors Ford Booster Pump Station		\$0	\$5,062,275	\$5,062,275
Reimbursable SRF: WTP Ph 1 and 2		\$0	\$450,825	\$450,825
Transfer From Capital Res. Fund	\$1,236,700	\$663,700	\$0	\$0
Total Capital Revenue	\$1,236,700	\$663,700	\$8,750,000	\$8,750,000
Total Revenue:	\$11,707,000	\$11,134,000	\$19,354,100	\$19,203,600

Operation & Maintenance Expenses	Original FY26		FY 27	
	Adopted	FY26 revision	proposed 2.5%	FY 27 proposed 0%
Salaries and Wages:	\$2,103,200	\$2,103,200	\$2,256,600	\$2,256,600
Employee Benefits and Insurance:	\$887,800	\$887,800	\$921,600	\$921,600
Materials & Chemicals:	\$415,000	\$415,000	\$415,000	\$415,000
Utilities:	\$756,100	\$756,100	\$767,400	\$767,400
Auto Fuel:	\$56,600	\$56,600	\$46,900	\$46,900
Department Supplies & Inventory:	\$365,300	\$395,300	\$386,500	\$386,500
Billing and Collections:	\$83,500	\$83,500	\$83,500	\$83,500
Contracted Services:	\$239,000	\$239,000	\$238,000	\$238,000
Professional Services:	\$117,500	\$117,500	\$104,400	\$104,400
Repairs and Maintenance:	\$70,000	\$70,000	\$70,500	\$70,500
Insurance Property and Liability:	\$123,000	\$123,000	\$123,000	\$123,000
Capital Outlay:	\$30,000	\$30,000	\$30,000	\$30,000
License and Subscription Fees:	\$100,000	\$100,000	\$101,000	\$101,000
Travel and Training:	\$34,000	\$34,000	\$31,000	\$31,000
Miscellaneous Expenses:	\$30,000	\$30,000	\$32,000	\$32,000
Contingency:	\$30,000	\$0	\$30,000	\$30,000
Total O & M Expenses	\$5,441,000	\$5,441,000	\$5,637,400	\$5,637,400
Non-Operating Expense				
Reimbursable Expense (LCRI)	\$1,000,000	\$1,000,000	\$600,000	\$600,000
Reimbursable Helene: Interconnect w/ LCF and ICWD	\$100,000	\$100,000	\$100,000	\$100,000
Reimbursable Helene: Interconnect w/ Concord Community	\$200,000	\$200,000	\$200,000	\$200,000
Transfer To Reserve Fund	\$0	\$0	\$1,174,600	\$1,024,100
Total Non-Operating Expenses	\$1,300,000	\$1,300,000	\$2,074,600	\$1,924,100
Debt Expenditures				
Bonds - Principal	\$2,381,800	\$1,989,750	\$735,000	\$735,000
Bonds - Interest	\$104,200	\$94,750	\$541,600	\$541,600
Total Debt Expenditures	\$2,486,000	\$2,084,500	\$1,276,600	\$1,276,600
Total Expenses	\$9,227,000	\$8,825,500	\$8,988,600	\$8,838,100

Capital Improvements Budget	Original FY26 Adopted	FY26 revision	FY 27 proposed 2.5%	FY 27 proposed 0%
WTP CAPITAL				
WTP Equipment - Annual	\$40,000	\$40,000	\$40,000	\$40,000
Bleach & Phosphate Tank/ Mixer/ Recycle Pump	\$317,000	\$4,000	\$314,000	\$314,000
Equipment Shed	\$80,000	\$80,000	\$30,000	\$30,000
Equip WTP Scada Upgrade	\$125,000	\$125,000	\$60,000	\$60,000
Grassy Pond/ Harris Tank Eval Study			\$50,000	\$50,000
Raw Water Canal Improvements SRF 2% fee			\$63,500	\$63,500
Poors Ford Booster Pump Station SRF 2% fee			\$120,900	\$120,900
WTP Improvements Phase 1 and 2 SRF 2% fee			\$12,100	\$12,100
Reimbursable SRF: Raw Water Canal			\$3,236,900	\$3,236,900
Reimbursable SRF: Poors Ford Booster Pump Station			\$5,062,275	\$5,062,275
Reimbursable SRF: WTP Ph 1 and 2			\$450,825	\$450,825
DIST CAPITAL				
New Extensions - Annual	\$190,500	\$195,000	\$175,000	\$175,000
Rehab Water Lines - Annual	\$68,500	\$42,500	\$250,000	\$250,000
Rehab Hydrant/Valve/Flush - Annual	\$75,000	\$75,000	\$75,000	\$75,000
Equip Distribution - Annual	\$45,000	\$45,000	\$40,000	\$40,000
Tank Maintenance Contract - Annual	\$60,000	\$60,000	\$45,000	\$45,000
Equip Meter Replacement - Annual	\$550,000	\$510,000	\$150,000	\$150,000
Heavy Equipment/ Vehicles			\$175,000	\$175,000
ADMIN CAPITAL				
Equipment	\$0	\$0	\$15,000	\$15,000
TOTAL CAPITAL EXPENSES	\$2,480,000	\$2,308,500	\$10,365,500	\$10,365,500
TOTAL EXPENSES	\$11,707,000	\$11,134,000	\$19,354,100	\$19,203,600

DIRECTOR'S REPORT:

LEADERSHIP TEAM

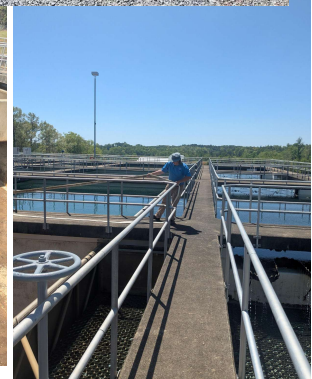
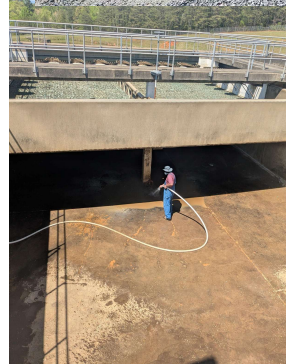
April/ May 2026

25
YEARS OF SERVICE

PROJECTS

WTP

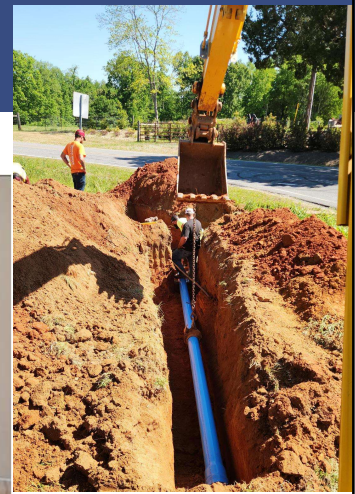
- Raw Water Line Project - Carolina Specialties Construction/ Kimley Horn
 - Line completed and #3 recycle pump start up completed.
- Equipment Building Completed
- WTP and Poors Ford Improvements - Garver
 - Bid expected mid-July. Still pending permit approval.
 - Funding Awarded \$5,513,100 (principal forgiveness) and \$1,250,000 (0% interest loan)
- \$3.2 million funding for Raw Water Canal Improvements
 - Engineering Report due to DWI by July 15.
 - Bolton & Menk selected.
- Annual Water Quality Report (CCR) under review



PROJECTS

Distribution

- N Cleghorn Street rehab completed and asphalt done
- New waterline extensions
 - Dewitt Owens underway
 - Old Stonecutter upcoming
 - Poplar Creek
- Generator for shop/ warehouse installed
- Hwy 221/ 74: Love's rebid
 - \$1.627 million Piedmont Utilities



PROJECTS



Admin/ Organizational

- AMI Infrastructure
 - Installation completed week of 4/20
 - Meter register reprogramming underway
- Lead Service Line Inventory \$1M
 - Progress Meeting 6/16/26
 - GPS location of unknowns underway
- RFQs to be issued for engineering/ tech assistance
 - BRWA interconnect with Concord Community Water (grant funded \$200,000)
 - Construction grant awarded \$5.6 million
 - BRWA interconnect with ICWD/ LCF (grant funded \$100,000)
 - RFQ to go out Wednesday, 5/20

4

PEOPLE



2026 Training Hours:
Distribution: 64.5
WTP: 69.25
Admin: 108.5

HR Highlights



- New Attentive Wellness Program Effective April 1
- Annual performance review process began March 23
- Stratustime - new timeclock system launched
- Team lunch at office on Wed, May 20
- Safety meeting at WTP @ 8:00 am Wed, May 27
 - NCDOT WORK ZONE SET UP & FLAGGING REVIEW
- Employee Outing at Owls Game May 30 @ 6:30



PRIORITIES

	Volume MG	Volume MGD	Revenue	\$ Compared to prior month	\$ Compared to prior year
Oct 25	186.72 MG	6.22 MGD	\$682,313	- 10.7%	+ 3.6%
Nov 25	204.5 MG	6.82 MGD	\$732,768	+ 7.4%	+ 9.4%
Dec 25	179.6 MG	5.79 MGD	\$671,440	- 8.4%	+ 3.4%
Jan 26	201.97 MG	6.52 MGD	\$743,049	+ 10.6%	+ 0.6%
Feb 26	213.87 MG	7.64 MGD	\$742,142	0%	+ 5.0%
Mar 26	179.6 MG	5.79 MGD	\$662,115	- 10.8%	+ 3.2%
Apr 26	200.3 MG	6.67 MGD	\$713,631	+ 13.8%	+ 10.1%

➔ Bulk usage down by 27.8 MG = \$46,000
Residential usage down by 5 MG = \$30,000

FINAL PAYMENT 5/22

- Final payment of original debt to be paid 5/22





\$1,942,375.00

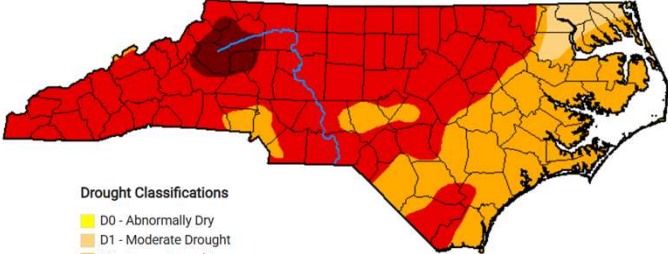


Current Conditions

as of May 19, 2026 at 8am ET

US Drought Monitor of North Carolina



Drought Classifications


- D0 - Abnormally Dry
- D1 - Moderate Drought
- D2 - Severe Drought
- D3 - Extreme Drought
- D4 - Exceptional Drought

Drought Update

Water Shortage Response Plan

- Stage I: voluntary reduction
 - River @ 65 MGD
- Stage II: mandatory reduction
 - River @ 32 MGD
 - Wholesale asked to decrease by 10%
- Stage III: emergency mandatory
 - River @ 24 MGD
 - Wholesale asked to decrease by 25%
- Stage IV: crisis mandatory
 - River @ 16 MGD
 - Wholesale asked to implement alternate supply

River Flow Versus Drought Triggers



Rainfall					
Apr-26			Last 12 months		
Actual	Hist Avg for Month	Variance	Actual	Hist Avg	Variance
2.01	4.26	-2.25	50.09	51.97	-1.88

BROAD RIVER WATER AUTHORITY
Income Statement
As of April 30, 2026

Section H, Item 2.

	Month Ending 04/30/2026	Month Ending 03/31/2026	Year To Date 04/30/2026	Prior Year To Date 04/30/2025
REVENUE				
Operating Revenue				
Water Services:	717,391.00	654,791.22	7,217,186.25	6,918,558.56
Taps and Connections:	17,725.00	17,075.00	165,389.20	160,110.00
Late/ Disconnect/ Penalty Fees:	10,157.20	14,452.14	115,950.47	109,823.69
Water Testing Fees:	345.00	675.00	6,610.00	9,377.00
Billing Services:	3,497.15	3,497.15	34,961.55	34,801.85
Total Operating Revenue	749,115.35	690,490.51	7,540,097.47	7,232,671.10
Non-Operating Revenue				
Miscellaneous Revenue	0.00	3,673.34	31,320.44	1,350.00
Lease of Property	17,869.73	3,910.46	53,441.99	51,442.08
Interest Investment	13,796.15	11,742.24	130,457.10	164,105.33
Total Non-Operating Revenue	31,665.88	19,326.04	215,219.53	216,897.41
TOTAL REVENUE	780,781.23	709,816.55	7,755,317.00	7,449,568.51
EXPENSES				
O&M Expenses				
Salaries and Wages:	199,344.12	152,852.71	1,706,246.06	1,545,558.78
Employee Benefits and Insurance:	59,186.15	56,160.65	618,970.21	571,239.48
Materials and Chemicals:	9,396.91	25,614.50	257,018.62	345,638.45
Utilities:	41,402.46	48,844.55	501,713.95	538,952.46
Auto Fuel:	4,790.51	5,409.19	35,436.25	33,611.76
Department Supplies & Inventory:	31,171.24	38,431.36	247,663.66	298,686.80
Billing and Collections:	6,244.65	9,818.20	62,038.73	82,156.99
Contracted Services:	19,242.22	12,848.37	110,145.71	145,419.09
Professional Services:	1,930.00	5,987.08	55,644.31	135,643.41
Repairs and Maintenance:	9,237.75	3,196.85	55,913.15	57,192.87
Insurance Prop Liab:	0.00	0.00	107,189.56	103,453.13
Capital Outlay:	0.00	0.00	8,591.68	10,295.59
License and Subscription Fees:	126.00	3,876.00	100,230.29	100,237.59
Training and Travel	10,322.80	2,275.97	26,017.64	18,743.21
Miscellaneous Expenses:	6,214.85	0.00	20,836.75	146,687.35
Total O&M Expenses	398,609.66	365,315.43	3,913,656.57	4,133,516.96
Non-Operating Expenses				
Reimbursable Expenses	15,237.00	10,065.30	8,209.70	0.00
Total Non-Operating Expenses	15,237.00	10,065.30	8,209.70	0.00
Depreciation & Interest				
Depreciation	136,755.57	136,755.57	1,230,800.13	1,831,820.00
Interest Expense	5,365.46	5,365.46	48,289.14	171,650.00
Total Depreciation & Interest	142,121.03	142,121.03	1,279,089.27	2,003,470.00
TOTAL EXPENSES	555,967.69	517,501.76	5,200,955.54	6,136,986.96
NET INCOME FY	224,813.54	192,314.79	2,554,361.46	1,312,581.55

BROAD RIVER WATER AUTHORITY

Balance Sheet As of April 30, 2026 Year To Date 04/30/2026

Current Assets	
Cash NC CMT	434,622.66
Checking TD	6,394,785.27
Checking OZK	0.00
Sweep OZK	0.00
Petty Cash	2,934.98
Water Receivable	909,861.79
Sewer Receivable	300,545.66
Sanitation Receivable	89,593.41
Allowance for Doubtful Account	(105,522.74)
Unbilled Revenue	146,495.15
Grants Receivable	60,874.70
Reimbursable Receivable	0.00
State Sales Tax	163,708.86
2% Food Tax	167.96
Co Sls Tax RcvblRutherford	72,524.78
Co Sls Tax RcvblOther Countie	4,654.39
Other Receivable	0.00
Prepaid Expenses	2,888.86
Total Current Assets	<u>8,478,135.73</u>
Noncurrent Assets	
Lease Receivable	422,208.90
Capital Assets	
Construction in Progress	3,611,427.51
Land	906,150.11
Buildings	23,659,984.20
Water System Lines	25,945,909.81
Equipment	12,328,277.17
Furniture and Fixtures	125,173.70
Vehicles	1,100,639.72
Accumulated Depreciation	(33,150,377.28)
Capital Assets, net of depreciation	<u>34,527,184.94</u>
Total Noncurrent Assets	<u>34,949,393.84</u>
Deferred Outflow of Resources	
Pension Deferrals	724,069.00
Deferred Charge on refunding	2,579.98
Total Deferred Outflow of Resources	<u>726,648.98</u>
Total Assets	<u><u>44,154,178.55</u></u>
Current Liabilities	
Accounts Payable	293,313.87
Salaries Payable	(341.57)
Employee Deductions	27,760.50
Retirement Payable	(990.72)
Accrued Interest	31,583.47
Accrued Salaries	0.00
Accrued Vacation	110,984.16
Payable from restricted assets	
Customer Deposits Water	129,259.49
Customer Deposits Sewer	46,861.72
Customer Deposits Sanitation	1,602.50

BROAD RIVER WATER AUTHORITY
 Balance Sheet
 As of April 30, 2026
 Year To Date 04/30/2026

Section H, Item 2.

Customer Overpayments	12,360.63
Sewer Receipts PayableRutherford	112,688.66
Sanitation Rcpts PayableRutherford	31,594.17
Sewer Receipts PayableSpindal	122,038.09
Sanitation Rcpts PayableSpindal	34,001.81
Sewer Receipts PayableCliff	12,703.20
Water Taps County	0.00
Reserve For Sewer/ Sanitation	390,139.07
Deferred Revenue	402,826.94
Total Current Liabilities	1,758,385.99
Long Term Liabilities	
Pension Liability	988,942.00
Bonds Payable 2008	0.00
Bonds Payable 2010	0.00
Bonds Payable 2015	1,895,000.00
Bond Discount	10,171.18
Total Long Term Liabilities	2,894,113.18
Total Liabilities	4,652,499.17
Deferred Inflows of Resources	
Pension Deferrals	9,304.00
Total Deferred Inflows of Resources	9,304.00
Capital	
Net Income	2,554,174.26
Cash and Available Assets	36,938,201.12
Total Capital	39,492,375.38
Total Liabilities and Capital	44,154,178.55