



REGULAR BOARD MEETING

MAY 27, 2025 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.](#) Regular Minutes of April 22, 2025

D. SPECIAL PRESENTATIONS

1. Update on WTP Improvements and Poors Ford projects, Morgan Young (Garver)

E. PUBLIC PRESENTATIONS

F. APPROVAL OF AGENDA

G. NEW BUSINESS

- [1.](#) Resolution 05-25: Acceptance of DWSRF- Lead Service Line Inventory Loan
Resolution 06-25: Capital Project Ordinance
- [2.](#) Resolution 07-25: Contract for Professional Auditing Services for the 2024-2025 Fiscal Year
- [3.](#) Resolution 08-25: Interlocal Agreement with Town of Spindale, CDBG Project
- [4.](#) Draft Budget FY 2025-2026 Presentation

H. REPORTS

- [1.](#) Director's Report
- [2.](#) Financial Reports for April 2025

I. BOARD MEMBER REMARKS

J. ADJOURNMENT

Broad River Water Authority Meeting Minutes**April 22, 2025****New Business**

Resolution 03-25 “Bolton & Menk Agreement and Scope of Services for Lead Service Line Inventory” was discussed. A presentation was given by Jim Mertz and Leticia Rieger from Bolton & Menk about the requirements of the LCRI rule and the scope of services related to the \$1M funding BRWA has been awarded. Motion by Steve Garrison to approve Resolution 03-25 with the correction to the proposal for lump sum of \$487,880, hourly not to exceed \$471,100 for a grand total of \$958,980. The motion was seconded by Brandon Harrill, and approved unanimously.

Resolution 04-25 “Consideration to Adopt 2024 Local Water Supply Plan” was discussed. The 2024 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 04-25 made by Jamie Guillermo, seconded by Jenny Piper, 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 14, 2025. Motion made by Steve Garrison to name Maria Hunnicutt as the delegate and Brad Joyner as the alternate delegate. Seconded by Stan Clements, and unanimously approved.

The Board was presented the highlights from the proposed draft of the FY 26 budget.

Reports

An overview of the monthly Leadership Team presentation was provided highlighting the Projects, People and Priorities for the month. The Board was presented information on fluoridation and recent actions in other states. The financial report for March 2025 was also discussed.

Board Member Remarks

Steve Garrison expressed congratulations to Maria on being named President of NC Rural Water Association. Danny Searcy acknowledged staff’s efforts to reduce costs by performing necessary repairs and rehab internally.

With a motion by Steve Garrison, a second from Jamie Guillermo, and unanimous approval, the meeting was adjourned at 10:28 pm.

The next meeting is scheduled for May 27, 2025 at 9:00 am in the business office.

Respectfully submitted,

Maria S. Hunnicutt, Secretary

Item G-1: Acceptance of DWSRF-Lead Service Line Inventory Loan

The Authority received the attached Funding Offer for a Lead Service Line Inventory at an amount of \$1,000,000 from DWSRF LSLR funds. One hundred percent (100%) of the loan, up to a maximum of \$1,000,000, will be forgiven and the remainder will be repayable at 0.00% interest. A loan fee of 2% will be applied. There is no requirement of approval by the LGC.

The scope of services submitted by Bolton & Menk has been approved by NCDEQ and staff has conducted a kickoff meeting for the contract executed at the prior Board meeting.

NCDEQ requires Division of Water Infrastructure requires the execution of Offer and Acceptance Document, and the execution of the included Resolution.

RESOLUTION NO. 05-25

Meeting of May 27, 2025

A RESOLUTION TO ACCEPT DWSRF-LEAD SERVICE LINE INVENTORY LOAN

WHEREAS, the Bipartisan Infrastructure Law (BIL) of 2021 and North Carolina General Statute (NCGS) 159G have authorized the making of loans to aid eligible, drinking-water system owners in financing the cost of inventorying and replacing lead service lines; and

WHEREAS, the North Carolina Department of Environmental Quality has offered a Drinking Water State Revolving Fund – Lead Service Line Replacement (DWSRF-LSLR) loan in the amount of \$ 1,000,000 to conduct Lead Service Line Inventory Project No. SRF-D-LSL-0138, hereafter referred to as the “Project”; and

WHEREAS, the Broad River Water Authority intends to conduct said Project in accordance with a scope of work that was approved by the North Carolina Division of Water Infrastructure.

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

That Broad River Water Authority does hereby accept the DWSRF-LSLR loan offer in the amount of \$1,000,000; and

That the Broad River Water Authority does hereby give assurance to the North Carolina Department of Environmental Quality that they will adhere to all applicable items specified in the standard “Conditions” and “Assurances” of the Department’s funding offer, awarded in the form of BIL-DWSRF-LSLR Fund Principal Forgiveness Loan and

That Maria S. Hunnicutt, Executive Director, and successors so titled, is hereby authorized and directed to furnish such information, as the appropriate State agency may request, in connection with such application or the Project; to make the Assurances as contained above; and to execute such other documents as may be required in connection with the application; and

That the Broad River Water Authority has complied substantially or will comply substantially with all Federal, State and local laws, rules, regulations, and ordinances applicable to the Project, and to Federal and State grants and loans pertaining thereto.

Adopted and approved by vote of (for _____)(against _____) this the 27th day of May, 2025.

Broad River Water Authority

Attest: _____

Maria S Hunnicutt, Secretary

By: _____

Danny Searcy, Chairman

**STATE OF NORTH CAROLINA
DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER INFRASTRUCTURE**

Funding Offer and Acceptance

Legal Name and Address of Award Recipient

Project Number: SRF-D-LSL-0138

Broad River Water Authority
P.O. Box 1269
Rutherfordton, NC 28139

Assistance Listing Number: 66.468
Unique Entity ID Number: TY57JLCYX5K4

Funding Program

	<input type="checkbox"/>	Additional Amount for Funding Increases	Previous Total	Total Offered
Drinking Water	<input checked="" type="checkbox"/>			
Stormwater	<input type="checkbox"/>			
Wastewater	<input type="checkbox"/>			
BIL-DWSRF-LSLR Fund - Repayable Loan	<input type="checkbox"/>			
BIL-DWSRF-LSLR Fund - Principal Forgiveness	<input checked="" type="checkbox"/>			\$1,000,000
State Reserve Loan	<input type="checkbox"/>			
State Reserve Grant	<input type="checkbox"/>			
State Reserve Earmark (S.L. 2023-134)	<input type="checkbox"/>			
American Rescue Plan Act - <i>Choose an item.</i>	<input type="checkbox"/>			

Project Description:

Broad River Water Lead Service Line Inventory

Total Financial Assistance Offer: \$1,000,000
Total Project Cost: \$1,000,000
Estimated Closing Fee:** \$20,000
For Loans
Interest Rate: n/a
Maximum Loan Term: n/a

* Federal conditions and requirements will also apply to S.L 2023-134 projects co-funded with federal funds.

** Estimated closing fee calculated based on grant and loan amount.

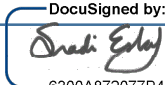
Pursuant to North Carolina General Statute 159G:

- The applicant is eligible under Federal and State law,
- The project is eligible under Federal and State law, and
- The project has been approved by the Department of Environmental Quality as having sufficient priority to receive financial assistance.

The Department of Environmental Quality, acting on behalf of the State of North Carolina, hereby offers the financial assistance described in this document.

For The State of North Carolina:

**Shadi Eskaf, Director, Division of Water Infrastructure
North Carolina Department of Environmental Quality**

DocuSigned by: 	5/9/2025
6300A872077B4C5... Signature	Date

On Behalf of: Broad River Water Authority
 Name of Representative in Resolution: _____
 Title (Type or Print): _____

I, the undersigned, being duly authorized to take such action, as evidenced by the attached CERTIFIED COPY OF AUTHORIZATION BY THE APPLICANT'S GOVERNING BODY, do hereby accept this Financial Award Offer and will comply with the attached Assurances and the Standard Conditions.

..... Signature Date
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APPLICABLE STANDARD CONDITIONS***Project Applicant: Broad River Water Authority****Project Number: SRF-D-LSL-0138**

1. **Social Authorities:** Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act, The Age Discrimination Act of 1975, Section 13 of the Federal Water Pollution Control Act Amendments of 1972, and Equal Employment Opportunity (Executive Order No 11246, as amended) which prohibits activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, religion, sex, sexual orientation, gender identity, or national origin.
2. **Environmental Authorities:** National Environmental Act, National Historic Preservation Act, Archeological and Historic Preservation Act, Protection of Wetlands, Flood Plain Management, Farmland Protection Policy Act, Coastal Zone Management Act, Coastal Barriers Resources Act, Wild and Scenic Rivers Act, Endangered Species Act, Essential Fish Habitat and the Safe Drinking Water Act applicability will be determined upon submittal of an Environmental Information Document (EID) during the Engineering Report (ER) review process. Projects that do not involve construction (e.g., inventory only) are not required to prepare an ER/EID.
3. Acquisition of Real Property must comply with all applicable provisions of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (PL 92-646), as amended. The Applicant shall certify that it has or will have a fee simple or such other estate or interest in the site of the project, including necessary easements and rights-of-way, to assure undisturbed use and possession for the purpose of construction and operation for the estimated life of the project using a certification form provided by DEQ.
4. Specific MBE/WBE (DBE) forms and instructions are provided that are to be included in the contract specifications. These forms will assist with documenting positive efforts made by recipients, their consultants and contractors to utilize disadvantaged businesses enterprises. Such efforts should allow DBEs the maximum feasible opportunity to compete for sub agreements and subcontracts to be performed. Documentation of efforts made to utilize DBE firms must be maintained by all recipients, and construction contractors, and made available upon request.
5. Debarment and Suspension, Executive Order No. 12549: Subrecipients shall fully comply with Subpart C of 2 CFR Part 180 entitled, "Responsibilities of Participants Regarding Transactions Doing Business with Other Persons," as implemented and supplemented by 2 CFR Part 1532. Recipient is responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 2 CFR Part 180, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Subrecipients may access suspension and debarment information at: <http://www.sam.gov>. This system allows subrecipients to perform searches determining whether an entity or individual is excluded from receiving Federal assistance.
6. The construction contract requires the contractor to adhere to Davis-Bacon and Related Acts Provisions and Procedures as listed in the Code of Federal Regulations Chapter 29 Part 5 Section 5 (29 CFR 5.5). Public Law pertaining to this is also enacted in Title 40, United States Code, Subtitle II Section 3141 through Section 3148. Projects that do not involve construction (e.g., inventory only) are generally not subject to Davis-Bacon; however, special circumstances may trigger Davis-Bacon requirements.
7. Projects funded through the BIL DWSRF-LSLR funds are required to comply with the Federal Build America, Buy America Act (BABAA). BABAA requires that iron, steel, manufactured products, and construction materials used in infrastructure projects are produced in the United States. Projects that do not involve construction (e.g., inventory only) are not subject to BABAA.
 - a. If your project qualifies for a BABAA waiver, American Iron & Steel (AIS) provisions will apply instead, as required by H.R. 3547, "Consolidated Appropriations Act, 2014" Section 436, Division G, Title IV. The State provides detailed requirements to be included in the construction contract specifications. Projects that do not involve construction (e.g., inventory only) are not subject to AIS.

8. Pursuant to 2 C.F.R. § 200.216, subrecipients cannot obligate SRF funds to: (1) procure or obtain; (2) extend or renew a contract to procure or obtain; or (3) enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment or services (described in Public Law 115-232, Section 889) as a substantial or essential component of any system, or as a critical technology as part of any system.
9. Payment of the sums specified herein are subject to and contingent upon the availability, allocation, and appropriation of funds to the Department of Environmental Quality by the State or Federal government.

**Note: Condition 1 does not require anything to be submitted. Details on all of these conditions can be found in the EPA Cross-Cutter handbook.*

ASSURANCES

Project Applicant: Broad River Water Authority

Project Number: SRF-D-LSL-0138

1. The Applicant intends to complete the project in accordance with the application for financial assistance approved by the Division. The Applicant acknowledges that in the event a milestone contained in the most recent BIL DWSRF-LSLR Fund Intended Use Plan and/or the Letter of Intent to Fund is missed, the Department of Environmental Quality may rescind this Funding Offer.
2. The Applicant is responsible for paying for the costs ineligible for BIL DWSRF-LSLR funding.
3. All aspects of the project, including the letting of contracts in connection therewith, conform to the applicable requirements of State and local laws and ordinances.
4. The Applicant will provide and maintain adequate engineering supervision and inspection.
5. The recipient agrees to establish and maintain a financial management system that adequately accounts for revenues and expenditures. Adequate accounting and fiscal records will be maintained during the course of the project and these records will be retained and made available for a period of at least three years following completion of the project.
6. All BIL DWSRF-LSLR funds loaned shall be expended solely for carrying out the approved project, and an audit shall be performed in accordance with G.S. 159-34. Partial disbursements on this loan will be made promptly upon request, subject to adequate documentation of incurred eligible costs, and subject to the recipient's compliance with the Standard Conditions of this Award. The Applicant agrees to make prompt payment to its contractor, and to retain only such amount as allowed by North Carolina General Statute.
7. The Applicant will expend all of the requisitioned funds for the purpose of paying the costs of the project within three (3) banking days following the receipt of the funds from the State. Please note that the State is not a party to the construction contract(s) and the Applicant is expected to uphold its contract obligations regarding timely payment.
8. **The Applicant acknowledges that loan funds contained in this Funding Offer require approval from the North Carolina Local Government Commission before they can be disbursed.**

Date: May 5, 2025

INVOICE

NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY DIVISION OF WATER INFRASTRUCTURE

Payable to: NC/DEQ-DWI

Mail to: Attention: Business Office
Division of Water Infrastructure
1633 Mail Service Center
Raleigh, NC 27699-1633

Bill to: Maria Hunnicutt, Executive Director
Broad River Water Authority
P.O. Box 1269
Rutherfordton, NC 28139

Item: 2% Closing Fee for SRF **Project No. SRF-D-LSL-0138**

Funding Amount: \$ 1,000,000

Closing Fee Amount: \$ 20,000

AMOUNT DUE: \$ 20,000

*****PAYMENT IS DUE BEFORE PAY REQUEST SUBMITTAL *****

FOR USE OF DIVISION OF WATER INFRASTRUCTURE

Deposit to Fund _____ Amount Paid _____

RESOLUTION NO. 06-25

Meeting of May 27, 2025

**A RESOLUTION FOR CAPITAL PROJECT ORDINANCE FOR
LEAD SERVICE LINE INVENTORY**

Be it ORDAINED by the Governing Board of the Broad River Water Authority that pursuant to section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital Project Ordinance is hereby adopted.

Section 1: The Project authorized is the Lead Service Line Inventory for Broad River Water Authority to be financed by SRF Principal Forgiveness Loan funds.

Section 2: The officers of this unit are hereby directed to proceed with the capital project within the terms of the board resolution, loan documents and the budget contained herein.

Section 3: The following amounts are appropriated for the project:

Lead Service Line Inventory Detailed Scope of Work Budget

Client: Broad River Water Authority	
Budget Task Breakdown	
Task	Estimated Fees
Task 1 – Project Management and Progress Reporting	\$ 96,020
Task 2 – Funding Administration and Legal Assistance	\$ 49,450
Task 3 – Lead Service Line Solution Deployment - ArcGIS Online (In Progress)	\$ 28,600
Task 4 – Detailed Record Data Review and GIS-based Inventory Tool Update	\$ 99,480
Subtask 4.1 – Record Plan Scanning and Linking	\$ 69,750
Subtask 4.2 – Asset Management GIS Integration	\$ 24,000
Task 5 – Public Engagement and Further Inventory Refinement	\$ 25,700
Task 6 – Customer Data Review and GIS-based Inventory Tool Update	\$ 48,000
Task 7 – Property Inspections (Estimated Field Investigations: 3,000 Service Lines)	\$ 440,500
Task 8 – Final Inventory Update	\$ 52,400
Task 9 – Sample Monitoring for Compliance, Schools and Child Care Facilities	\$ 19,500
Task 10 – Service Line Material Notice Assistance	\$ 16,000
Task 11 – Service Line Replacement Plan	\$ 30,600
Scope of Work Total	\$ 1,000,000

Section 4: The following revenues are anticipated to be available to complete this project:

BIL-DWSRF-LSLR Fund - Principal Forgiveness	\$ 1,000,000
	<u>\$ 1,000,000</u>

Section 5: The finance officer is hereby directed to maintain within the capital project fund sufficient specific detailed accounting records to satisfy the requirements of the grantor agency, the grant agreements, and federal regulations. The terms of the bond resolution also shall be met.

Section 5: Funds may be advanced from the General Fund for the purpose of making payments as due. Disbursement requests should be made to the grantor agency in an orderly and timely manner.

Section 6: The finance officer is directed to report, on a quarterly basis, on the financial status of each project element in section 3 and on the total grant/loan revenues received or claimed.

Section 7: The Budget Officer is directed to include a detailed analysis of past and future costs and revenues on this capital project in every budget submission made to this board.

Section 8: Copies of this capital project ordinance shall be furnished to the Secretary to the Governing Board, and to the Budget Officer and the Finance officer for direction in carrying out this project.

Adopted and approved by vote of (for _____)(against _____) this the 27th day of May, 2025.

Broad River Water Authority

Attest: _____

Maria S Hunnicutt, Secretary

By: _____

Danny Searcy, Chairman

Item G-2: Contract for Auditing Services for FY 2024 – 2025

Attached is the engagement letter and contract for auditing services from Gould Killian CPA Group. This is the tenth year with Gould Killian. There is an increase of \$1,050 in fees from last year. The total fee is \$24,250.

Approval of Resolution 07-25 would allow the execution of this agreement.

RESOLUTION NO. 07-25

Meeting of May 27, 2025

A RESOLUTION APPROVING THE CONTRACT FOR PROFESSIONAL AUDITING SERVICES FOR THE 2024-2025 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 27, 2025, 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 \$24,250.
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 27th day of May, 2025.

Attest: _____
Maria Hunnicutt, Secretary

Broad River Water Authority
By: _____
Danny Searcy, Chairman

(Corporate Seal)



May 23, 2025

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 of Broad River Water Authority 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, 2025. 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

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 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.

Auditor's Responsibilities for the Audit of Financial Statements

We will conduct our audit in accordance with GAAS and other procedures we consider necessary to enable us to express such opinion. As part of an audit in accordance with GAAS, 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 Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of waste and abuse is subjective, we are not expected 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. 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. 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 Authority'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. As such, no opinion will be expressed on internal control.

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.

Management Responsibilities for the Financial Statements

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 and all accompanying information in conformity with U.S. generally accepted accounting principles.

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 the audit, (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.

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 statement and related notes and that you have reviewed and approved the financial statements, 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

Our latest peer review report accompanies this letter.

Other Services

We are always available to meet with you and members of 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 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. 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.

We will prepare the data input sheet at the conclusion of the audit as part of the report submission process with the LGC. You are responsible to review the data input sheet document in its entirety to insure its accuracy.

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 Board 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.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and certain of those banks have mandated the use of this service. Further, such third party confirmation processors also provide for the electronic (and manual) processing of other confirmation types (e.g., legal, accounts receivable, and accounts payable). To the extent applicable, the Authority hereby authorizes GK to participate in such confirmation processes, including through the third party's website (e.g., by entering the Authority's bank account information to initiate the process and then accessing the bank's confirmation response), and agrees that GK shall have no liability in connection therewith.

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. 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..

We expect to begin our audit in July 2025 and to issue our reports no later than December 31, 2025. Daniel R. 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 \$24,250 are expected for the financial statement audit and for financial statement preparation. If there is state and/or grant funding received in FY2025 that was expended and would require the Authority to have a governmental yellowbook audit, we will issue a new engagement letter to include a revised fee.

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 130 to 150 hours in total. If significant additional time is necessary (over 150 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 current or future standards promulgated by the FASB, GASB, 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 Board of Directors for the Broad River Water Authority. 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 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.

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: _____

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 18068
RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
WM. JAMES BLACK, JR.
SCOTT E. CABANISS
MICHELLE W. LEMANSKI
JARED L. PILAND
DAVID C. CORN, JR.

Report on the Firm's System of Quality Control

3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

To the Owners of Gould Killian CPA Group, PA and the Peer Review
Committee of Coastal Peer Review, Inc.:

We have reviewed the system of quality control for the accounting and auditing practice of Gould Killian CPA Group, PA (the firm) in effect for the year ended January 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under Government Auditing Standards, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Gould Killian CPA Group, PA in effect for the year ended January 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Gould Killian CPA Group, PA has received a peer review rating of *pass*.



July 14, 2023

The	Governing Board Board of Trustees
	Primary Government Unit Broad River Water District
of	
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	06/30/25	Date Audit Will Be Submitted to LGC 12/31/25
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Must be within six months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. 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). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

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 *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 \$750,000 for a federal single audit and \$500,000 for a State Single 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 staffs 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 to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

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, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/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 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 auditor's receipt of an updated peer review report. If the audit firm received 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. 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 same 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 his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. 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, commonly referred to as "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 §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters. If matters identified during the audit were required to be reported as described in AU-C §260.12-.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 and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 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 NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. 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 pre-audited if the change includes a change in audit fee (pre-audit 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 Item 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, pre-audited (pre-audit 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. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** 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 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, s/he must document and include in the audit workpapers how he/she 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 body 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. The auditor's presentation to the government unit's governing body 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 set by the Accounting Standards Board or its successor;
 - 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 body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.
29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 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. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

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 Item 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: Individual at 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 Items 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 form for correction.

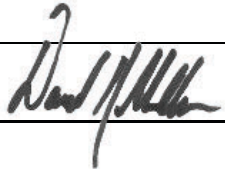
4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, 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 20 NCAC .0503 shall be submitted to the Commission 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)	\$ 24,250
Fee per Major Program (if not included above)	\$ no expectation of single audit in FY25
Additional Fees Not Included Above (if applicable):	
Financial Statement Preparation (incl. notes and RSI)	\$ included in fee above
All Other Non-Attest Services	\$ 0
TOTAL AMOUNT NOT TO EXCEED	\$ 24,250

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 R Mullinix	Signature* 
Date* 05/23/25	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 – PRE-AUDIT CERTIFICATE

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

This instrument has been pre-audited 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:	\$ 24,250
Primary Governmental Unit Finance Officer* (typed or printed)	Signature*
Date of Pre-Audit Certificate*	Email Address*

Item G-3: Interlocal Agreement with Town of Spindale, CDBG

Town of Spindale was awarded \$2,160,927 in grant funds for water, sewer, and roadway infrastructure improvements for 31 new single family homes in the affordable housing project known as Phase I of Wilson Estates Development. The Town will solicit bids and execute contracts. The Authority will have the right to provide comments, instruction, and specifications for all design, materials, and plans surrounding the water line construction. The Authority will have the right to review and approve all work performed prior to payment. The Authority agrees to reimburse the Town for any waterline construction expenses that are outside the scope of the grant project or not allowed for reimbursement from the CDBG-NR grant funds.

The included Interlocal Agreement was prepared by Attorney John Crotts, and has been approved by Spindale’s Town Council.

Approval of Resolution 08-25 allows the execution of this agreement.

RESOLUTION NO. 08-25

Meeting of May 27, 2025

**A RESOLUTION APPROVING THE INTERLOCAL AGREEMENT
WITH TOWN OF SPINDALE**

WHEREAS, the Town of Spindale applied for grant funds through the Community Development Block Grant – Infrastructure program on behalf of the Authority for the Wilson Estates Development; and

WHEREAS, the Town of Spindale was awarded \$2,160,927 in grant funds for water, sewer, and roadway infrastructure improvements for 31 new single family homes in the affordable housing project known as Phase I of Wilson Estates Development; and

WHEREAS, the bid and contract for water and sewer improvements will be in one bid/contract executed with responsibilities detailed in the attached Agreement.

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

1. The agreement attached is approved by the Authority.
2. Maria S. Hunnicutt, Executive Director, is hereby authorized to act on behalf of the Authority to administer the agreement conditions.
3. This resolution shall become effective upon its adoption and approval.

Adopted and approved by vote of (for _____)(against _____) this the 27th day of May, 2025.

Broad River Water Authority

Attest: _____
Maria S. Hunnicutt, Secretary
(Corporate Seal)

By: _____
Danny Searcy, Chairman

STATE OF NORTH CAROLINA
COUNTY OF RUTHERFORD

INTERLOCAL AGREEMENT

THIS AGREEMENT is entered into and effective the ____ day of _____, 2025, by and between the Broad River Water Authority, a Water Authority existing pursuant to Article 1 of Chapter 162A of the North Carolina General Statutes (hereinafter referred to as the "BRWA"), and the Town of Spindale, a body politic of the State of North Carolina (hereinafter referred to as the "Town");

WITNESSETH;

WHEREAS, Part 1 of Article 20 of Chapter §160A of the North Carolina General Statutes authorizes BRWA and the Town to enter into interlocal agreements in order to execute any undertaking on behalf of one another, and BRWA is further authorized to enter into such agreements pursuant to NCGS 162A-6 subsections (12) and (15); and

WHEREAS, the Town is a municipal corporation located within the County of Rutherford and operates a sewage waste collection system and treatment facility in and around the corporate limits of the Town; and

WHEREAS, BRWA is a water authority located within the County of Rutherford and operates a water distribution system in the corporate limits of the Town;

WHEREAS, the Town has secured grant funding for a Community Development Block Grant (CDBG) Neighborhood Revitalization from the North Carolina Department of Commerce Rural Economic Development Division for water, sewer, and roadway infrastructure improvements for thirty-one (31)- new single-family homes in the affordable housing project known as Phase I of the Wilson Estates Development (the "Facility") on an approximately 43.43-acre site located in the TOWN OF SPINDALE, North Carolina (the "Town"); and

WHEREAS, BRWA and the Town desire to coordinate construction of the water and sewer improvements under the same construction contract; and

WHEREAS, BRWA and the Town desire to coordinate the Request for Qualifications for engineering services jointly; and

WHEREAS, the Town is willing to be the party responsible for soliciting bids for the project; and

WHEREAS, the parties are interested in dividing the project costs as set forth herein.

NOW, THEREFORE, in consideration of the mutual and public benefits herein deemed to exist, and pursuant to the authority granted by Article 20, Part 1, of Chapter 160A of the North Carolina General Statutes, the parties agree as follows:

1. The Town will be the responsible party designated to solicit bids for the sewer and water line improvement project. The project bids shall be for one contract in which water and sewer costs are clearly separated by the contractor in such a way that parties can determine which costs are for water lines, which costs are for sewer lines, and which are shared costs attributed to both lines.
2. The Town will enter into such contracts as necessary to carry out the project and will ensure that all requirements for permitting, construction and approval are met and in accordance with the CDBG-NR Grant Program.
3. BRWA will have the right to provide comments, instructions, and specifications for all design, materials, and plans surrounding the water line construction.
4. BRWA will have the right to review and approve all work done on waterline construction prior to payment. Upon approval, the Town may issue payment to the contractor from the CDBG-NR grant funds. BRWA agrees to reimburse the Town for any waterline construction expenses that are outside the scope of the grant project or not allowed for reimbursement from the CDBG-NR grant funds.
5. Upon completion of the project improvements and fulfillment of all other terms of this agreement, BRWA shall solely and exclusively own all water line improvements, and the Town shall solely and exclusively own all sewer line improvements. BRWA shall be entitled to all revenue earned from the water line improvements and the Town shall likewise be entitled to all revenue earned from the sewer line improvements.
6. The Town shall use its best efforts in a timely, but fiscally prudent, manner to obtain all permits and approvals for the construction of the sewer and water improvements anticipated by this agreement, and to construct the same in compliance with all laws and regulations, including those of the North Carolina Dept. of Commerce and the CDBG Program.
7. The parties hereto acknowledge that environmental and other applicable laws pertaining to the acceptance, treatment, and discharge of water and sewage are ever changing and becoming more restrictive. The parties, therefore, agree to use their best efforts to fairly and equitably modify, amend, or change the terms and conditions of this agreement from time to time as applicable laws or requirements change, and unforeseen circumstances occur, in order to perpetuate this agreement within the term herein set out and to maintain appropriate fiscal responsibility and good environmental practices.
8. In the event that any notice needs to be sent to either party hereto, it shall be sent to:

Notices to Town: Town of Spindale
Attn: Town Manager
125 Reveley Street
Spindale, NC 28160

Notices to BRWA: Broad River Water Authority

Attn: Executive Director
PO Box 1269
Rutherfordton, NC 28139

9. Nothing set forth herein is intended nor shall be construed as a waiver of any immunity available to BRWA or the Town, their governing boards, officers, employees, agents or anyone else having immunity due to their relationship with BRWA or the Town.

10. This Interlocal Agreement contains the entire agreement and understanding between each of the parties hereto and there are no verbal or other written terms of any kind which constitute a part of this Interlocal Agreement.

11. Each of the parties hereto confirms that the person executing this Interlocal Agreement on its behalf has been duly authorized by its official governing body to execute it on behalf of such party and that such authority is reflected in the official minutes of the proceedings of each such party.

12. The terms of this Agreement may only be modified by a written mutual agreement signed by the parties and attached hereto.

13. No waiver of any default by any party hereto of any of the terms, covenants or conditions hereof to be performed, kept and observed shall be construed to be a waiver of any subsequent default.

IN WITNESS WHEREOF the parties hereto, after receiving approval by their respective Boards, have signed and sealed this agreement to be effective the day and year first above written.

Broad River Water Authority

Town of Spindale

By: _____
Board Chairman

By: _____
Mayor

Attest: _____
Secretary to the Board

Attest: _____
Town Clerk

(Seal)

(Town Seal)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act.

Broad River Water Authority Finance Officer

Town of Spindale Finance Director

Proposed FY 2026 Budget Highlights



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.

Proposed FY 26: Key Financial Indicators

Debt Service Coverage

- Projected FY 26 = 1.5
- Revenue = \$8.92 M
 - O&M Expense = \$5.4 M
 - Debt = \$2.486 M
 - Capital = \$2.25 M

If no rate increase, Debt Service Coverage = 1.4

Fund Balance

- \$1 M transfer out of capital reserve
- Capital Reserve Fund = \$5.2 M

If no rate increase, Capital Reserve balance = \$5 M

Average Water Bill

- Residential @ 3,500 gal = \$47.98
 - Annual increase \$19.26
- Residential @ 5,000 gal = \$57.20
 - Annual increase \$22.80

Proposed FY 26 Highlights

Revenues \$8.92 M

- 3.5% rate increase + slight increase in usage = + \$250,000
- Taps ~75/ year
- Late fees ~1.5% of sales
- Overall 2.7% increase in operating revenue

Expenses \$7.93 M

Comparison to **original** FY 25 budget (pre-storm)

- 7% increase in wages from FY25 (\$152,000)
 - +2.5% COLA
 - +4.5% competitive pay plan
- 7% increase in benefits (\$55,000)
- 8% increase in O&M
 - 20% chemical increase (water quality from storm)
 - 10% increase in utilities
- \$2.49 M debt payment
- Debt service coverage 1.5

Capital \$2.25 M

- WTP:
- SCADA Upgrade
 - Raw Intake Waterline Parallel
 - Bleach and phosphate tank/ mixer replacement
- Distribution:
- New & Rehab Waterlines
 - Generator for warehouse
 - Meter replacement

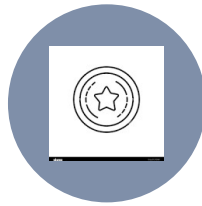
Lou Holtz



DO YOU CARE?



CAN I TRUST YOU?



ARE YOU COMMITTED TO EXCELLENCE?

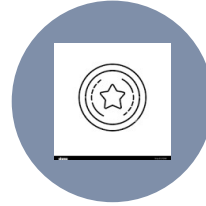
BRWA's Strategic Themes



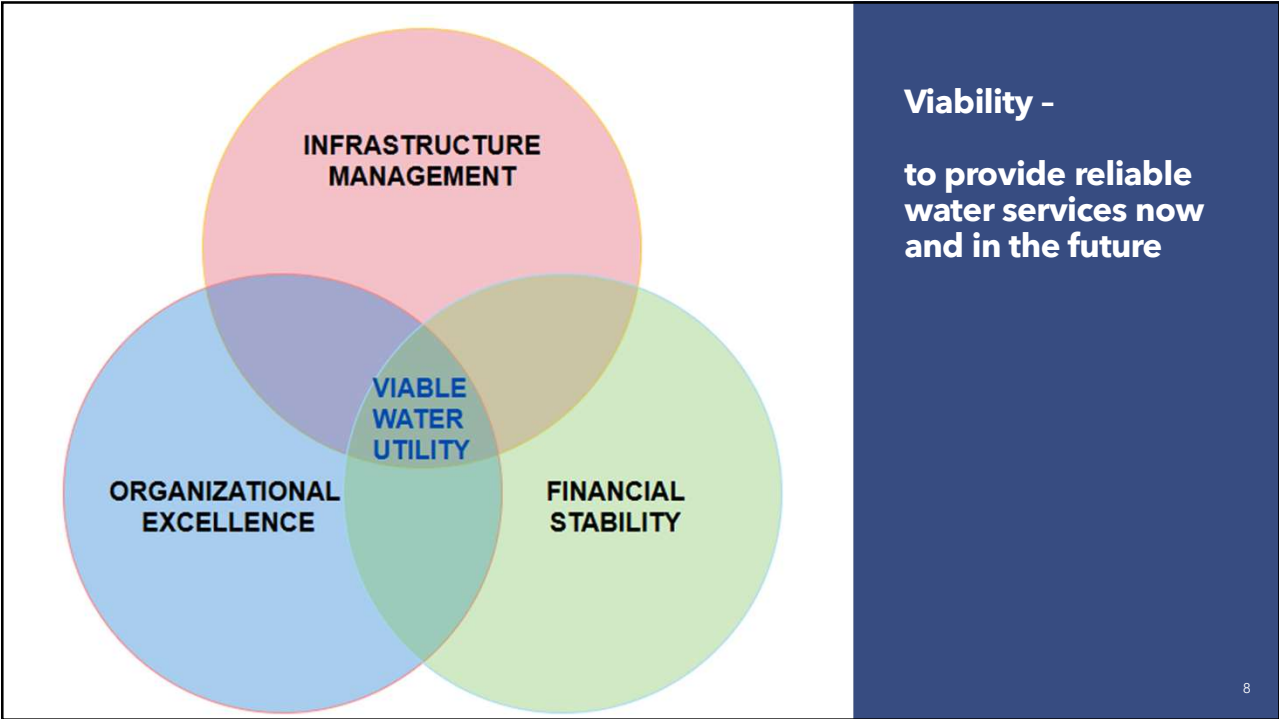
DO YOU CARE?
▼
WORK HUMAN



CAN I TRUST YOU?
▼
ACT RESPONSIBLY



ARE YOU COMMITTED TO EXCELLENCE?
▼
DELIVER EXCEPTIONAL SERVICE



BRWA's Strategic Themes



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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	Competitive Compensation	Event Participation
<ul style="list-style-type: none"> • Lunch meetings, outings, on-site trainings, Pryor Learning platform 	<ul style="list-style-type: none"> • Clear path of wage progression, advancement thru certifications, longevity and education bonus 	<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	Risk Management Oversight	Keep Rutherford County Beautiful green scholarship

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Act Responsibly:

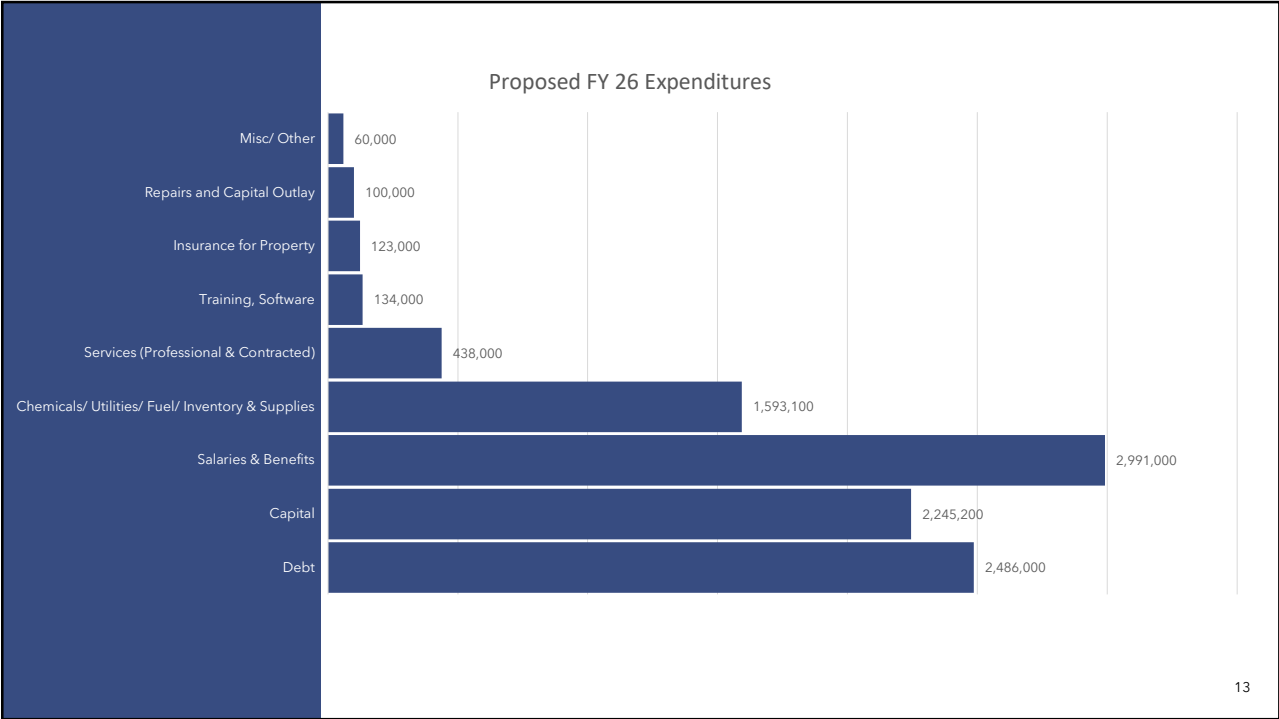
Take ownership for actions and work; Do the right thing with competence and kindness.

Culture of Trust	Financial Responsibility	Operational Efficiency
Improve Communications	Earning investment interest	Planning for Garver WTP/ Poors Ford Upgrades
<ul style="list-style-type: none"> Billing notices, social media, website, educational materials 	CPA oversight Audit Services	Full system meter register replacement with option of AMI hybrid
Increased transparency	Debt Repayment	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
Outside Water Testing	Promotion of Customer Billing Platform	Capital Improvements \$2.25M
Replacement of Hydrants, Valves and Flushers	Considering New Merchant Services	Generator @ distribution warehouse
AWOP Awarded 13 years	Social Media Communication for Outages and Events	ROW Clearing
\$1M Lead and Copper Inventory Grant		Continued Polk/ ICWD Partnership



Revenue

<u>Revenue:</u>	<u>Proposed FY 2026</u>
Operating Revenue:	
Water Services:	8,629,300
Taps and Connections:	105,000
Late/ Disconnect/ Penalty Fees:	137,000
Water Testing Fees:	12,000
Billing Services:	41,000
Total Operating Revenue	8,924,300
Non Operating Revenue:	
Miscellaneous Revenue	1,000
Lease of Property	45,000
Interest & Investment	200,000
Reimbursable Revenue (LCRI)	1,000,000
Total Non-Operating Revenue	1,246,000
	10,170,300
Capital Revenue:	
Grants	-
Gain on Disposal Fixed Asset	-
Transfer From Capital Res. Fund	1,000,000
Total Capital Revenue	1,000,000
Total Revenue:	11,170,300

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Rate Increase

**PROPOSED RATES
FY 2026**

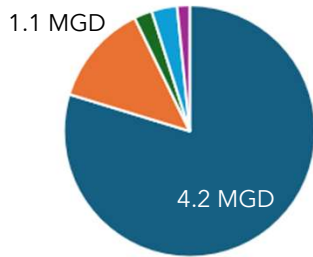
Meter Rates					
Block	Meter Size	Existing Rates FY 2025	Proposed Rates FY 2026	Increase	% Change
1	0.75-inch	\$31.50	\$32.60	\$1.10	3.49%
1	1-inch	\$53.50	\$55.40	\$1.90	3.55%
1	1.5-inch	\$120.00	\$125.00	\$5.00	4.17%
1	2-inch	\$206.00	\$215.00	\$9.00	4.37%
1	3-inch	\$348.00	\$360.00	\$12.00	3.45%
1	4-inch	\$505.00	\$525.00	\$20.00	3.96%
1	6-inch	\$888.00	\$920.00	\$32.00	3.60%
1	8-inch	\$1,365.00	\$1,415.00	\$50.00	3.66%

Volume Rates						
Block	Monthly Volume		Rate Per 1000 gallons	Proposed Rates	Increase	% Change
	From (gallons)	To (gallons)				
RESIDENTIAL						
			FY 2025	FY 2026		
2	1,001	20,000	\$5.95	\$6.15	\$0.20	3.36%
3	20,001	-	\$4.80	\$5.00	\$0.20	4.17%
NON-RESIDENTIAL						
			FY 2025	FY 2026		
2	1,001	20,000	\$5.88	\$6.10	\$0.22	3.74%
3	20,001	1,000,000	\$5.75	\$5.95	\$0.20	3.48%
4	1,000,001	-	\$2.55	\$2.65	\$0.10	3.92%

CURRENT TAP FEES			FY 26 PROPOSED TAP FEES		
	3/4"	1"		3/4"	1"
Deposit	\$75	\$125	Deposit	\$75	\$125
Meter	\$275	\$350	Meter	\$275	\$350
Tap *	\$975	\$1,250	Tap *	\$1,150	\$1,525
Total	\$1,325	\$1,725	Total	\$1,500	\$2,000

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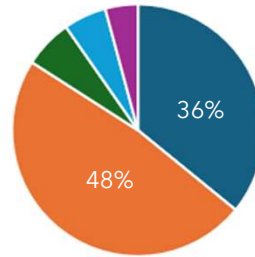
Usage by Customer Type



■ BulkSales ■ Residential ■ Commercial ■ Industrial ■ Other/ Public Govt

	Gallons	
BulkSales	1,540,247,000	80%
Residential	252,397,071	13%
Commercial	44,760,129	2%
Industrial	63,506,572	3%
Other/ Public Govt	31,100,814	2%

Revenue by Customer Type



■ BulkSales ■ Residential ■ Commercial ■ Industrial ■ Other/ Public Govt

	Annual Revenue	
BulkSales	\$ 2,983,997	36%
Residential	\$ 4,006,914	48%
Commercial	\$ 518,539	6%
Industrial	\$ 457,177	5%
Other/ Public Govt	\$ 348,895	4%

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Expenses

<u>Operation & Maintenance Expenses</u>	<u>Proposed FY 2026</u>
Salaries and Wages:	2,103,200
Employee Benefits and Insurance:	887,800
Materials & Chemicals:	415,000
Utilities:	756,100
Auto Fuel:	56,700
Department Supplies & Inventory:	365,300
Billing and Collections:	83,500
Contracted Services:	237,000
Professional Services:	117,500
Repairs and Maintenance:	70,000
Insurance Property and Liability:	123,000
Capital Outlay:	30,000
License and Subscription Fees:	100,000
Travel and Training:	34,000
Miscellaneous Expenses:	30,000
Contingency:	30,000
Total O & M Expenses	5,439,100
Non-Operating Expense	
Reimbursable Expense (NC DOT)	1,000,000
Total Non-Operating Expenses	1,000,000
Debt Expenditures	
Bonds - Principal	2,381,800
Bonds - Interest	104,200
Total Debt Expenditures	2,486,000
Total Expenses	8,925,100

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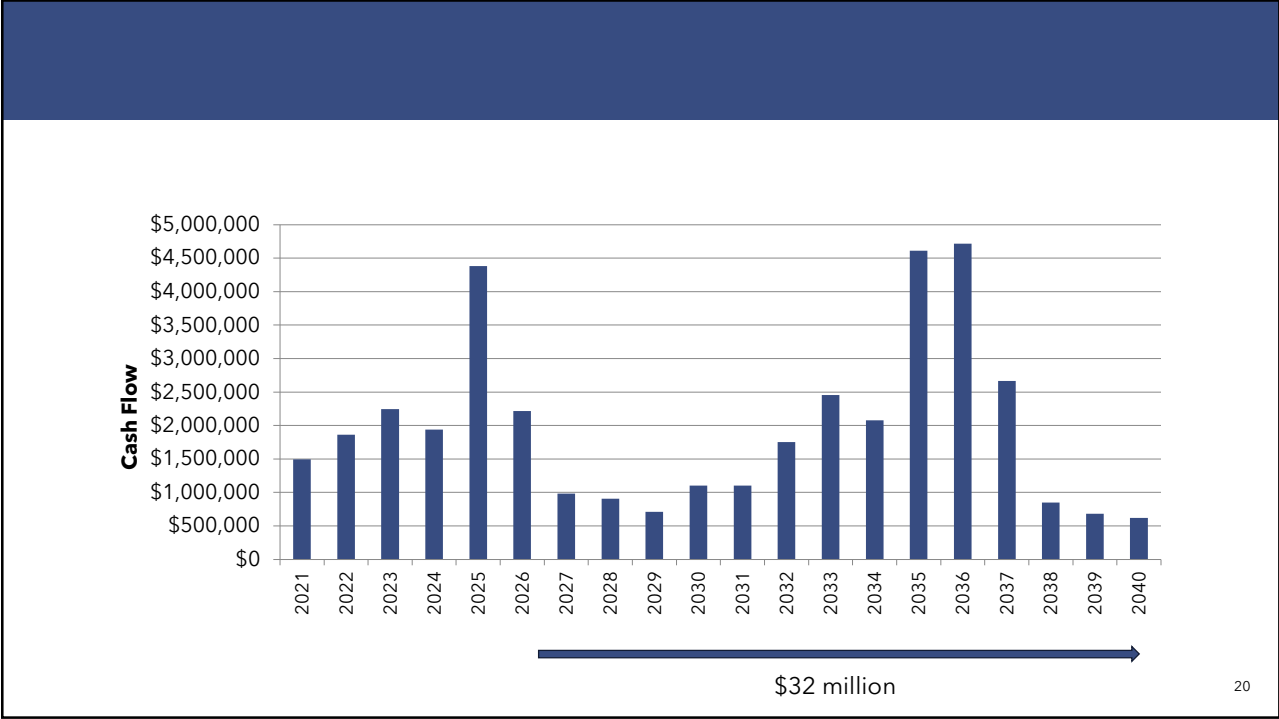
Capital Improvements

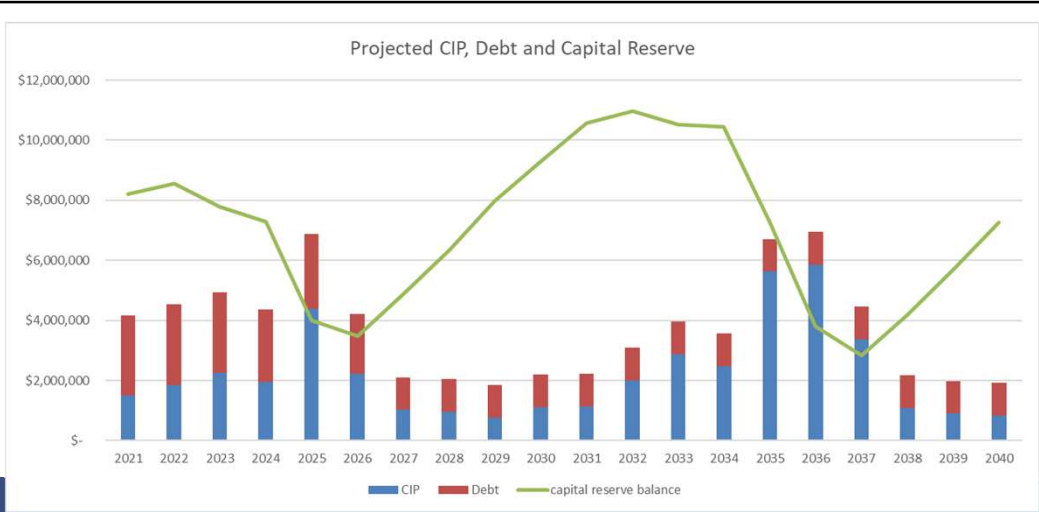
<u>Capital Improvements Budget</u>	<u>Proposed FY 2026</u>
WTP CAPITAL	
WTP Equipment - Annual	40,000
Bleach & Phosphate Tank/ Mixer/ Recycle Pump	317,000
Raw Intake Waterline	210,500
Recycle Pump Replacement	177,500
WTP Scada Upgrade	125,000
DISTRIBUTION CAPITAL	
New Extensions - Annual	170,000
Rehab Water Lines - Annual	185,000
Rehab Hydrant/Valve/Flush - Annual	75,000
Distribution Equipment - Annual	45,000
Tank Maintenance Contract - Annual	43,000
Meter Replacement - Annual	632,000
Vehicle/ Equipment Replacement	80,000
Generator for Warehouse	115,000
Design for 221/ 74 (Loves)	25,000
ADMIN CAPITAL	
Equipment	5,200
Total Capital	2,245,200
Total Expenses	11,170,300

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What's next?

Project Number	Project Description	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Annual	WTP Annual Equipment	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
P-1	Raw Water Intake Line Parallel	\$230														
P-3	Recycle Pump Replacement	\$178														
P-6	SCADA Software and Hardware Upgrade	\$125														
P-0	Bleach and Phosphate Tanks Replacement (tie to P-5)	\$192														
P-5	Phosphate Day Tank and Lime Tank Mixer Replacement (tie to P-0)	\$96														
P-8	Bleach Recirculation Pump Replacement	\$29														
P-23	(2) New Granular Media Filters - Phase 1	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595
P-26	Poors Ford PS Increase firm capacity to 12.4 MGD	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487	\$487
	Elevator		\$200													
	Garage for Equipment 30x40		\$50													
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					
	2030 Modernization Replacement (jet mix, flocc, chem feed, ultrasonics, valve replacements, recycle pumps)												\$1,000			
P-18	Settling Basin Sludge Collectors									\$62	\$624	\$624				
	New Waterline Extensions	\$170	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175
	Rehab Waterlines	\$185	\$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	\$75
	Dist Annual Equipment	\$45	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
	Annual tank maintenance	\$43	\$45	\$47	\$49	\$51	\$53	\$55	\$57	\$59	\$61	\$63	\$65			
	Annual Meter Replacement	\$632	\$150	\$20	\$20	\$20	\$20	\$20	\$200	\$200	\$800	\$800	\$200	\$25	\$25	\$25
	Distribution - generator for warehouse	\$115														
	Distribution cover for PVC pipe															
P-15	Vehicle and Equipment Replacement Dist	\$80	\$205	\$10	\$60	\$85	\$70		\$112	\$46		\$251	\$195	\$240	\$74	\$55





Projected CIP, Debt and Capital Reserve

DIRECTOR'S REPORT: LEADERSHIP TEAM

April/ May 2025



PROJECTS

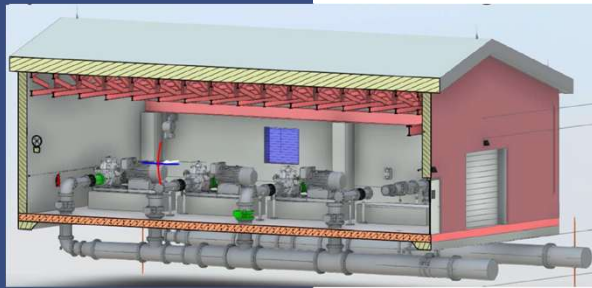
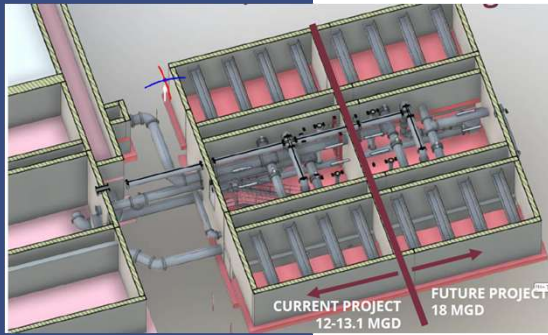
WTP

- Raw Water Line Project – Carolina Specialties Construction began staging equipment at WTP. Work began 5/9
- Filter cleaning and rehab (anthracite addition) – one filter remaining.
- Jet Mix Line repaired and recoated with Themec rep on site.
- SCADA: Piedmont Automation – Radio communication being tested. Expected to final WTP and distribution upgrade in coming weeks.
- Garver project update meeting held May 20 for WTP and Poors Ford future projects @90% design
- River quality has improved. Chemical use almost back to normal.



2

Projects



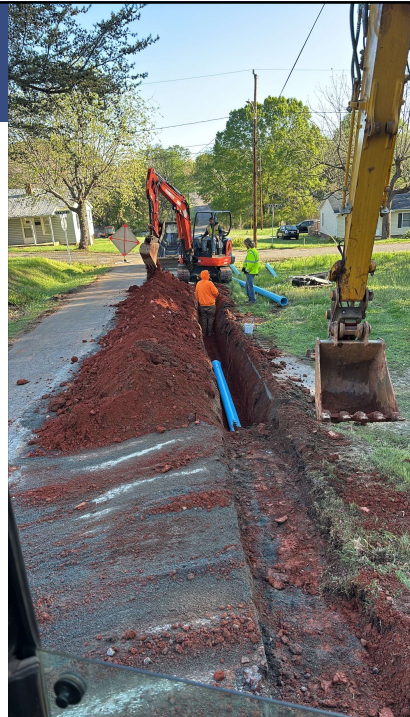
- Approved funding for feasibility studies
 - Interconnect between BRWA/ LCF/ ICWD \$350,000
 - Interconnect with Concord Community Water System \$200,000
- Rate Study with Raftelis
- Garver WTP and Poors Ford Improvements
 - Design and permitting - Oct/ Nov 2025
 - Advertise for bids - Jan 2026
 - Bid - Feb 2026
 - LGC Submission - Mar 2026
 - Close Financing - late April 2026
- Progress being made on Source Water Protection Plan

3

PROJECTS

Distribution

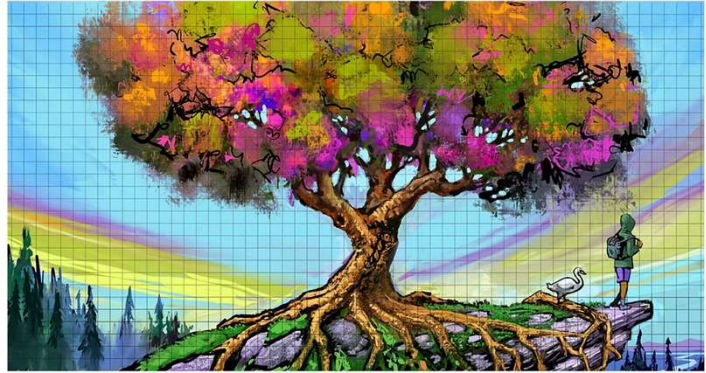
- 95% complete with Cowan, W Miller and Foster line replacement
- Replaced Hydrant on Court St
- Finish switching last few services over on W Miller St
- Getting started on Whitesides Rd line



PROJECTS

Admin/ Organizational

- Budget preparations underway
- Lead Service Line Inventory
 - \$1 M funding offer to be reviewed/ approved 5/27
 - Kickoff Meeting 5/16
- Evaluations of future capital
 - AMI metering
 - Funding options for Garver projects
 - Funding options with DWI Hurricane Helene money



5



PEOPLE

- **Training**
 - **Matt** - B - Surface school - 4 out of 5 done; BF/CC class in July
 - **Ben** - Physical / Chem test in June
 - **Chad** - B - Surface test in May
 - **Zander** - B distribution test in May
 - **Jacob** - C Distribution test in May
 - **Johnathon** - A Distribution test in May
 - **Jay** - A Distribution test in May
- **Intern Will started 5/19**
- **Performance Evals**
 - Manager Evals and Sit Downs to be complete by May 31
- **Employee Lunch 4/30, next lunch 5/28**
- **Employee Outing - Autumn Lanes 5/29**



PRIORITIES

- WTP average daily flow
 - Feb 6.55 MGD
 - Mar 6.49 MGD
 - Apr 6.25 MGD

- Customer Billings
 - Feb Volume - 198.34 MG (7.08 MGD)
 - Mar Volume - 171.41 MG (5.53 MGD)
 - Apr Volume - 167.45 MG (5.02 MGD)
 - 10 MG decrease in Grassy Pond
 - Feb Revenue - \$706,666
 - Mar Revenue - \$640,943
 - Apr Revenue - \$647,899



PRIORITIES

- **Meter Register Replacements**
 - 3,990 brain dead registers have been replaced since August (55% of system)
- **Customer Portal**
 - Increased from 0 users in September to 2,103 users currently
- **Bank Draft**
 - Increased from 973 customers in September to 1,366 customers currently



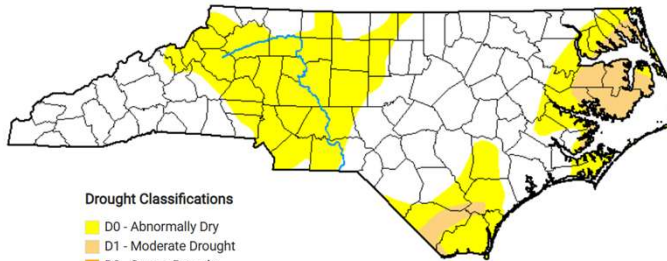
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Drought Update

Current Conditions

as of May 20, 2025 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

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BROAD RIVER WATER AUTHORITY

Income Statement As of April 30, 2025

	Month Ending 04/30/2025	Month Ending 03/31/2025	Year To Date 04/30/2025	Prior Year To Date 04/30/2024
REVENUE				
Operating Revenue				
Water Services:	642,974.92	645,962.56	6,918,558.56	6,658,854.98
Taps and Connections:	47,400.00	12,365.00	160,110.00	114,825.00
Late/ Disconnect/ Penalty Fees:	9,710.66	11,422.15	109,823.69	99,685.36
Water Testing Fees:	1,097.00	900.00	9,377.00	8,470.00
Billing Services:	3,482.65	3,475.00	34,801.85	34,247.06
Total Operating Revenue	704,665.23	674,124.71	7,232,671.10	6,916,082.40
Non-Operating Revenue				
Miscellaneous Revenue	1,350.00	0.00	1,350.00	1,008.88
Lease of Property	17,638.91	3,658.29	51,442.08	39,792.39
Interest Investment	21,391.60	17,618.09	164,105.33	170,845.55
Total Non-Operating Revenue	40,380.51	21,276.38	216,897.41	211,646.82
Capital Revenue				
Reimbursable Revenue	0.00	0.00	0.00	0.00
Grants	0.00	0.00	0.00	0.00
Gain on Disposal Fixed Asset	0.00	0.00	0.00	0.00
Transfer From Other Funds	0.00	0.00	0.00	0.00
Total Capital Revenue	0.00	0.00	0.00	0.00
TOTAL REVENUE	745,045.74	695,401.09	7,449,568.51	7,127,729.22
EXPENSES				
O&M Expenses				
Salaries and Wages:	139,825.45	140,692.33	1,545,708.78	1,407,130.31
Employee Benefits and Insurance:	49,444.63	54,789.17	571,239.48	539,071.77
Materials and Chemicals:	14,161.25	24,095.89	345,638.45	262,790.37
Utilities:	45,796.96	50,269.01	536,470.53	498,396.03
Auto Fuel:	515.81	6,315.22	33,611.76	38,428.70
Department Supplies & Inventory:	10,812.09	31,212.24	298,663.40	238,025.29
Billing and Collections:	5,077.40	9,478.42	82,156.99	97,986.90
Contracted Services:	52,310.82	2,706.94	145,419.09	134,447.95
Professional Services:	11,515.00	20,385.00	133,852.56	119,534.10
Repairs and Maintenance:	7,808.34	3,711.92	57,135.77	83,095.71
Insurance Prop Liab:	0.00	0.00	103,453.13	94,276.00
Capital Outlay:	0.00	2,081.75	10,504.59	15,349.96
License and Subscription Fees:	6,340.53	394.68	102,985.59	27,084.80
Training and Travel	2,298.86	3,578.01	15,995.21	27,545.83
Miscellaneous Expenses:	10.33	0.00	146,687.35	151.99
Contingency:	0.00	0.00	0.00	0.00
Total O&M Expenses	345,917.47	349,710.58	4,129,522.68	3,583,315.71
Non-Operating Expenses				
Reimbursable Expenses	0.00	0.00	0.00	0.00
Loss on Disposal Fixed Asset	0.00	0.00	0.00	0.00
Transfer To Reserve Fund	0.00	0.00	0.00	0.00
Total Non-Operating Expenses	0.00	0.00	0.00	0.00
Depreciation & Interest				
Depreciation	183,182.00	183,182.00	1,831,820.00	1,831,820.00

BROAD RIVER WATER AUTHORITY
 Income Statement
 As of April 30, 2025

Section H, Item 2.

	Month Ending 04/30/2025	Month Ending 03/31/2025	Year To Date 04/30/2025	Prior Year To Date 04/30/2024
Amortization	0.00	0.00	0.00	0.00
Interest Expense	17,165.00	17,165.00	171,650.00	171,650.00
Total Depreciation & Interest	<u>200,347.00</u>	<u>200,347.00</u>	<u>2,003,470.00</u>	<u>2,003,470.00</u>
TOTAL EXPENSES	<u>546,264.47</u>	<u>550,057.58</u>	<u>6,132,992.68</u>	<u>5,586,785.71</u>
NET INCOME FY	<u>198,781.27</u>	<u>145,343.51</u>	<u>1,316,575.83</u>	<u>1,540,943.51</u>

BROAD RIVER WATER AUTHORITY

Balance Sheet As of April 30, 2025 Year To Date 04/30/2025

Current Assets	
Cash NC CMT	406,824.22
Checking TD	5,888,451.69
Checking OZK	(7,575.91)
Sweep OZK	933,650.38
Petty Cash	2,934.98
Water Receivable	863,274.96
Sewer Receivable	290,071.68
Sanitation Receivable	80,873.92
Allowance for Doubtful Account	(111,941.17)
Unbilled Revenue	168,761.87
Grants Receivable	0.00
Reimbursable Receivable	0.00
State Sales Tax	72,664.92
2% Food Tax	98.70
Co Sls Tax RcvblRutherford	34,163.91
Co Sls Tax RcvblOther Countie	222.24
Other Receivable	0.00
Prepaid Expenses	2,619.50
Total Current Assets	<u><u>8,625,095.89</u></u>
Noncurrent Assets	
Lease Receivable	422,208.90
Capital Assets	
Construction in Progress	1,187,113.49
Land	856,932.27
Buildings	23,536,249.14
Water System Lines	25,155,103.38
Equipment	13,182,170.25
Furniture and Fixtures	125,173.70
Vehicles	1,041,427.72
Accumulated Depreciation	(32,129,823.25)
Capital Assets, net of depreciation	<u>32,954,346.70</u>
Total Noncurrent Assets	<u><u>33,376,555.60</u></u>
Deferred Outflow of Resources	
Pension Deferrals	724,069.00
Deferred Charge on refunding	5,850.33
Total Deferred Outflow of Resources	<u><u>729,919.33</u></u>
Total Assets	<u><u>42,731,570.82</u></u>
Current Liabilities	
Accounts Payable	565,548.74
Employee Deductions	3,696.79
Retirement Payable	0.00
Accrued Interest	183,050.60
Accrued Salaries	0.00
Accrued Vacation	90,702.08
Payable from restricted assets	
Customer Deposits Water	129,764.84
Customer Deposits Sewer	44,346.07
Customer Deposits Sanitation	1,420.00
Customer Overpayments	1,452.72

BROAD RIVER WATER AUTHORITY

Balance Sheet

As of April 30, 2025

Year To Date 04/30/2025

Sewer Receipts PayableRutherford	0.00
Sanitation Rcpts PayableRutherford	0.00
Sewer Receipts PayableSpindal	0.00
Sanitation Rcpts PayableSpindal	0.00
Sewer Receipts PayableCliff	0.00
Water Taps County	0.00
Reserve For Sewer/ Sanitation	370,945.60
Deferred Revenue	402,826.94
Total Current Liabilities	<u>1,793,754.38</u>
Long Term Liabilities	
Pension Liability	988,942.00
Bonds Payable 2008	0.00
Bonds Payable 2010	243,370.85
Bonds Payable 2015	3,700,000.00
Bond Discount	23,061.24
Total Long Term Liabilities	<u>4,955,374.09</u>
Total Liabilities	<u>6,749,128.47</u>
Deferred Inflows of Resources	
Pension Deferrals	9,304.00
Total Deferred Inflows of Resources	<u>9,304.00</u>
Capital	
Net Income	1,314,784.98
Cash and Available Assets	34,658,353.37
Total Capital	<u>35,973,138.35</u>
Total Liabilities and Capital	<u><u>42,731,570.82</u></u>