



PWC
Fayetteville's
HOME TOWN UTILITY

FAYETTEVILLE PUBLIC WORKS COMMISSION ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NC)

FAYETTEVILLE PUBLIC WORKS COMMISSION

COMPONENT UNIT OF
THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2022

Commissioners

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Ronna Rowe Garrett, Vice Chair
Wade R. Fowler Jr., Treasurer
Donald L. Porter, Secretary

Chief Executive Officer

Elaina Ball

Chief Financial Officer

Rhonda Haskins, CPA, CGMA

Prepared by the Finance Division

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FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

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INTRODUCTORY SECTION

WADE R. FOWLER, JR., COMMISSIONER
EVELYN O. SHAW, COMMISSIONER
RONNA ROWE GARRETT, COMMISSIONER
DONALD L. PORTER, COMMISSIONER
MARION J NOLAND, INTERIM CEO/GENERAL MANAGER



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October 04, 2022

To the Board of Commissioners and the Customers of the Fayetteville Public Works Commission:

The management and staff of the Fayetteville Public Works Commission (PWC) are pleased to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

PBMares, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the PWC's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Public Works Commission

The PWC was created on March 4, 1905, through an act of the North Carolina Legislature to manage, operate and supervise the electric, water and wastewater utilities in the City of Fayetteville. That legislation was incorporated into the Charter of the City of Fayetteville and has had several legislative modifications throughout the years.

On June 29, 2016, the North Carolina Legislature repealed the portion of the City of Fayetteville Charter that specifically and exclusively dealt with PWC and replaced it with an updated version that more clearly defined the roles and responsibilities of the Commission and the City of Fayetteville in the operation of the electric, water and wastewater utilities. Most notably, the Legislature defined PWC as a Public Authority in its operation, control, and management of its systems and is subject to the Local Government Budget and Fiscal Control Act as a Public Authority.

The Commission consists of four members, appointed by Fayetteville's City Council to each serve a four-year staggered term. The Commissioners elect a Chairman, Vice Chairman, Secretary, and Treasurer; they meet on the second and fourth Wednesdays of each month.

PWC offers three utility services – electric, water and wastewater – to the citizens of Cumberland County and is a component unit of the City of Fayetteville, North Carolina. PWC is the largest municipal electric utility in North Carolina and the 37th largest in the nation. PWC's electric rates are among the lowest in the state, of all electric utilities, and its water and wastewater rates are in line with other major North Carolina cities.

PWC's electric system involves the transmission and distribution of electric energy, which is purchased from Duke Energy Progress (DEP) and the Southeastern Power Administration (SEPA). In June 2009, PWC and DEP entered into a 20-year full requirements agreement effective July 1, 2012. Subsequent amendments extended the term to 30 years. In November 2019, PWC and DEP amended the contract, with modification expected to save PWC \$313 million (net present value savings) compared to the current agreement, including \$33 million savings prior to 2024 when the terms of the current agreement end. The terms of the amended agreement run through 2042 and PWC has the option to end the contract in 2032 with a three-year notice. In a separate agreement, DEP agreed to extend its contract to lease PWC's Butler Warner Generation Plant. New terms extend the contract through June 2024 for additional \$5 million in PWC revenue. PWC may be able to achieve additional savings beyond 2024 if operational requirements are met. PWC provides electric service to approximately 60 percent of the Fayetteville/Cumberland County area. During fiscal year 2022, electric service was provided to more than 84,700 customers.

PWC is committed to supplying safe water that meets or surpasses state and federal standards and achieves the highest standards of customer satisfaction. PWC's two water treatment facilities – PO Hoffer and Glenville Lake – draw water from two independent water sources, the Cape Fear River and Glenville Lake. The water treatment facilities have a combined nominal treatment capacity of 50.0 million gallons a day (MGD) with an additional high-rated capacity of 7.5 MGD for a total of 57.5 MGD. PWC currently provides water service to more than 98,300 customers. PWC also, under wholesale contracts, furnishes water to Fort Bragg Army Installation and Pope Army Air Field (Fort Bragg), the Town of Spring Lake, the Town of Stedman, Eastover Sanitary District, Hoke County and Aqua North Carolina, Inc.

PWC works to accommodate wastewater utility needs because of residential expansion, annexation, and economic development. PWC's Cross Creek and Rockfish Creek Water Reclamation Facilities have the combined capacity to treat up to 46 million gallons of wastewater per day. PWC currently services more than 91,100 wastewater customers throughout the Fayetteville/Cumberland County area. PWC also provides wastewater treatment and collection services under wholesale contracts to the Town of Stedman, Eastover Sanitary District, Kelly Hills Sanitary District, Hoke County and the NORCRESS system, which is comprised of the Towns of Wade, Godwin, and Falcon.

Local Economy

The economy of Fayetteville is stabilized by the presence of Fort Bragg. Approximately 51,000 military personnel are currently stationed at Fort Bragg and Pope Army Air Field, with support from more than 19,000 additional civilian employees. The direct impact of this payroll alone was over \$3.0 billion to the regional economy. The Department of Defense included \$96.6 million in its budget for new facilities on Fort Bragg in the next fiscal year which represents a \$39.6 million increase from prior year. Each 100 active-duty military jobs in the region support as many as 60 other jobs (including civilians at Fort Bragg). This translates to each active-duty military job supporting an average of as much as \$90,000 in labor income. This represents soldier income plus income for a soldier's share of supported jobs.

Industry employment data from the North Carolina Department of Commerce shows that aside from the military, the Fayetteville Metropolitan Statistical Area, which consists of Cumberland and Hoke Counties, has a high concentration of public sector jobs including health care, public administration or government services, and education, which together account for over 50% of non-military wages in the study region. Retail trade and manufacturing are the largest private sector industries in the region, each accounting for about 11% of total regional wages.

Major nongovernmental employers in the area include the Goodyear Tire & Rubber Company which is one of the largest tire producing factories in the world and Wal-Mart Distribution Center and stores. Substantial employment opportunities are also offered in the government sector through the local health system, school system, universities, city, county, state, and federal governments.

During the past five years annual unemployment rates for Cumberland County have ranged from a low of 5.3% to a high 12.4%, the current rate is 5.9%. The lowest unemployment rate for our County in nearly a decade (US. Bureau of Labor Statistics) was 5.3% in 2019. Additionally, approximately 141,000 citizens are currently employed, which represents a 6% increase since August of 2014. The Fayetteville Metro area also has one of the youngest workforces in the Carolinas, with a median age of 31.0 years.

The City of Fayetteville is a major regional trade center in eastern North Carolina, with a substantial number and variety of shopping plazas, centers, and independent retailers. Evidence of the strong retail sector is reflected by one of the largest shopping areas of the Carolinas, a two-square mile area located within the City. Cross Creek Mall, with more than one million square feet of floor space and three major department stores, is one of the largest indoor malls between Washington, D.C., and Florida.

Overall, Fayetteville's economy is expected to remain stable, and the City Council has adopted a fiscal year 2023 budget based on moderate growth. The City is undertaking major investments in facilities to grow local quality of life to support future economic growth, as evidenced by the passage of a \$35 million parks and recreation bond referendum and securing a 30-year agreement with the Houston Astros to bring Minor League Baseball back to Fayetteville with the construction of the \$33 million state-of-the

art Segra baseball stadium. PWC plays an important role in our area's economic growth and works with local organizations to ensure utilities are available as needed.

Long-term Financial Planning

PWC's long-term goal has been to provide reliable services at reasonable rates while maintaining excellent operations and customer service. Utilizing recent technology and addressing aging infrastructure are essential to that long-term goal and to helping PWC continue to meet our community's growth opportunities.

During FY22, PWC accomplished or continued to work on several financial, operational, and economic development initiatives including:

- The Commission established a new vision to "Be recognized as the best utility in the U.S. and set new strategic priorities and benchmarks for Operational Excellence, Financial Health, Customer Satisfaction, Engaged Employees, Community Engagement, Conservation and Economic Development.
- PWC issued \$94.8 million of revenue bonds at an interest rate of 2.3%, the lowest rate ever achieved by PWC outside of state lending. The bonds represent PWC's continued investment in our electric, water and wastewater systems to support growth, reliability, water quality and compliance.
- Through its bi-annual electric rate cost-of-service study, PWC maintained its base electric rates through FY23, lowered several customer fees through lower costs driven by technology upgrades and announced optional rates that will incentivize the adoption of roof-top solar and electric vehicles.
- PWC participated in its first Customer Satisfaction Survey that benchmarked performance against top performing utilities across the U.S. PWC aspires to reach the 1st quartile in overall satisfaction and the survey identified areas where improvement can be made to reach that goal. While PWC is currently 3rd quartile in overall satisfaction, it ranks in the top quartile in 24 of 35 specific customer satisfaction benchmark metrics.
- Educating customers on utility usage was identified as an area for improvement in the customer satisfaction survey. In the spring of FY22, PWC introduced a customized video which described the factors impacting changes to their monthly bill. The program promotes use of a new online Energy Resource Center that includes an online audit that is integrated with customer billing history.
- Recognizing that employee engagement drives productivity, retention, and lower safety incidents, PWC initiated the Gallup Engagement Program. In just the first year of the program, PWC had a significant increase in its overall employee engagement score and will continue to utilize the program to develop stronger management skills and employee engagement.
- PWC completed the first phase of its Oracle Human Capital Management implementation in mid-FY22. The cloud-based platform provides increased accessibility to employment information and enhances timekeeping, performance management and career development.
- PWC continued using innovative approaches and community partnerships to grow its workforce. Through the Skillsbridge internship program, PWC employed Fort Bragg soldiers who are transitioning out of military service and prepared them to

become certified water treatment plant operators once they leave military service. PWC continued its partnership with Fayetteville Technical Community College and developed its second utility course to prepare potential employees with the skills to succeed in utility roles. Following in the footsteps of its line worker course created in 2019, PWC and FTCC created a basic utility worker course for water construction and maintenance skills.

- PWC created a Small Local Supplier program to increase opportunities for local businesses to do business with PWC. The program was the result of Senate Bill 294 approved in 2021 that allowed PWC to create economic development programs to support the development of small businesses within the Fayetteville Metropolitan Statistical Area. (MSA).
- Working to address industrial pollution in our source drinking water, PWC was successful in a legal challenge to improve response/responsibility for industrial polluters in the Cape Fear River. PWC joined with several environmental organizations and was successful in getting the state to impose stricter discharge limits, higher penalties, and additional monitoring.
- PWC continued its partnership with fiber optic service provider MetroNet who is investing \$70 million of infrastructure in the Fayetteville/Cumberland County Community. MetroNet is attaching to over 13,000 of PWC's electric system distribution poles.
- Using technology and collaboration among several PWC departments, PWC realized \$1.3 million in savings through internal demand response to reduce energy use and costs during times of peak energy use. Electric system voltage reduction, load reduction by PWC Water/Wastewater plants and main campus facility, use of PWC's .5MW of stored energy, along with customer demand response program. With the success of the program, PWC began steps to invest in the expansion of its customer demand response programs over the next three years for additional savings.
- PWC announced plans to install and operate 1.5 MW of solid oxide fuel cells one of the first projects of its kind to use multiple waste gas sources. Creating renewable energy from multiple biogas streams in the region, the project will reduce emissions and advance PWC's efforts to meet North Carolina's clean energy standards.
- PWC expanded its battery storage project, from .5 MW to two MW of battery storage located at PWC's Community Solar farm to begin operation in FY23. The battery is used during peak use times to lower PWC peak system demand and power supply costs. In total, PWC has three MW of renewable energy through its one MW, 3,000+ solar panel farm and battery storage which are the first of its kind for a municipal electric system in North Carolina.
- PWC customer conservation incentive programs continued to encourage efficiency and increase customer awareness of their utility usage. PWC now offers 13 incentive programs that help customers better understand and manage their utility use, including a Smart Wi-Fi thermostat program and Peak Savings Pilot Program that helps customers save with Time-of-Use electric rates and PWC reduce peak energy demand. The average annual projected energy savings for customers who participated is 388,000 kWh and water savings of 709,000 gallons.

- Progress continued on wastewater service installation as part of the City of Fayetteville's Annexation Phase V utility retrofitting project. Over 5,900 services have been installed since 2007.
- On-going rehabilitation and replacement of aging electric, water and wastewater sewer system infrastructure continued in FY22. The electric system continues to maintain a reliable electric system. Since 2010, PWC has upgraded or rebuilt 13 of its 32 substations and currently has four more in the process of being rebuilt. Plans for adding two additional Points of Delivery from Duke Energy Progress is in process. PWC invested \$3.5 million in FY22 in its on-going replacement of aging underground cable and \$1.5 million in replacing aging wooden poles throughout the electric system with steel 69KV poles having a 50-year life expectancy. The water systems are replacing and re-lining existing water and sewer mains to improve the quality of services, reduce losses and unaccounted for volumes and extend the life of the distribution and collection systems. Throughout the system, PWC expects to spend over \$42 million on next year's rehabilitation and upgrade efforts.

Awards and Acknowledgements

Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fayetteville Public Works Commission for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the fifteenth consecutive year that PWC achieved this prestigious award. In order to be awarded a Certificate of Achievement, an entity must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

In addition, PWC received the GFOA's Distinguished Budget Presentation Award for its 2022 annual budget. PWC has received this award for the past 27 years. In order to qualify for the Distinguished Budget Presentation Award, PWC's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

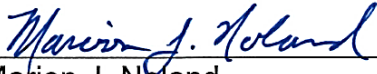
During FY22, PWC was also recognized with several other awards and special honors to include but not limited to the following:

- The American Public Power Association (APPA) recognized PWC as a Reliable Public Power Provider (RP₃)[®] Diamond designation for providing reliable and safe electric service. Although more than 275 public power utilities nationwide hold the RP₃ designation, only PWC earned the award's highest designation- Diamond Level- for the sixth time in the award's history and is one of only two utilities that have earned the Diamond Level designation six or more times.

- PWC also earned the APPA's annual Certificate of Excellence in Reliability. The Association tracks power outage and restoration data and then compares the data to national statistics tracked by the U.S. Energy Information Administration for all types of electric utilities. In 2021, the average outage time (without major incidents such as Hurricanes) for PWC customers was 51.63 minutes while nationally, the average was 135 minutes.
- PWC has maintained the standards of the national Director's Award from the Partnership for Safe Water Program for 20 consecutive years, an accomplishment achieved by less than one percent of water utilities in the country. The award recognizes utilities that have completed the highest level of operations for providing drinking water quality that surpasses the required federal standards.
- The North Carolina Department of Environmental Quality awarded PWC's P.O. Hoffer Water Treatment Facility its Area Wide Optimization Program Award for successively meeting more stringent regulations and achieving higher levels of water quality.
- Water Treatment Plant Operators Gary Thompson and DeQuante Moore were named North Carolina Waterworks Operators Associations' (NCWOA) 2021 Operators of the Year. The NCWOA Operator of the Year Award recognizes those who excel in the water treatment field. In addition, Water Treatment manager Jason Green, was awarded NCWOA's Southeastern Section Tom Flowers Award for exceptional service to the section.
- PWC was named a Best-In-Class Employer after scoring in the top quartile of midsize employers (100-999 full-time employees) who participated in Gallagher's 2021 Benefits Strategy & Benchmarking Survey. PWC was recognized as an organization that provides innovative solutions for creating organizational structures, workplace policies and total rewards, which inclusively engages and motivates its employees.
- ElectriCities of NC honored PWC with five Public Power Awards of Excellence. PWC received the Grid Modernization Award, Value of Public Power Award, Workforce Planning and Development Award, Wholesale Power Supply Costs, and the Continuous Improvement Award. The honors demonstrate PWC's investing in its systems, efforts of communicating the value of public power, attracting, developing, and retaining talented employees and for constantly reviewing and enhancing all aspects of public power.
- The United Way of North Carolina presented PWC the Investment in Long-term Sustainable Impact Award for outstanding support and recognition in earning the Spirit of NC award for the 16th time. Locally, the United Way of Cumberland County recognized PWC for having the highest number of Leadership givers and the highest total campaign of any local organization.

The preparation of this ACFR would not have been possible without the efficient and dedicated service of the entire staff of the Finance Division. We wish to express our appreciation to all members of the Division who assisted and contributed to the preparation of this report. Credit is also given to the Board of Commissioners for their unfailing support of the highest standards of professionalism in conducting the financial affairs of PWC.

Respectfully submitted,



Marion J. Noland
Interim CEO/General Manager



Rhonda Haskins, CPA, CGMA
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Fayetteville Public Works Commission
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FAYETTEVILLE PUBLIC WORKS COMMISSION

FAYETTEVILLE, NORTH CAROLINA

FAYETTEVILLE CITY COUNCIL

PWC BOARD OF COMMISSIONERS



Elaina Ball

Chief Executive Officer/General Manager



Susan Fritzen

*Chief
Administrative
Officer*



Jon Rynne

*Chief Operations
Officer - Electric
Systems*



Mick Noland

*Chief Operations
Officer - Water
Resources*



Mark Brown

*Chief Customer
Officer*



*Sr. Executive
Assistant/Clerk to
the Board*



Rhonda Haskins

*Chief Financial
Officer*



James West

*Chief Legal
Officer & General
Counsel*



**Carolyn Justice-
Hinson**

*Communications/
Community
Relations Officer*

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fayetteville Public Works Commission
Fayetteville, NC

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of the Fayetteville Public Works Commission (the "Commission"), a component unit of the City of Fayetteville, North Carolina, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Fayetteville Public Works Commission as of June 30, 2022, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements represent the financial position of the Commission, a component unit of the City of Fayetteville, North Carolina. These financial statements are not intended to be a complete presentation of the financial position of the City of Fayetteville, North Carolina taken as a whole. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages B1 through B15, the Other Postemployment Benefits Schedules of Changes in the Total OPEB Liability and Related Ratios, and the Local Government Employees' Retirement System Schedules of the Commission's Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages D1 through D3, respectively, be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Fayetteville Public Works Commission as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated October 11, 2021, which contained unmodified opinions on the respective financial statements of the business-type activities and each major fund. The combining fund financial statements, individual comparative fund financial statements for the year ended June 30, 2022 and schedules of budgetary comparison information, and other financial data listed in the table of contents as "Supplementary Information," are presented for purposes of additional analysis and are not a required part of the basic financial statements. The "Supplementary Information" is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended June 30, 2022 and June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, North Carolina
October 13, 2022

**Management's Discussion and Analysis
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Fayetteville Public Works Commission (PWC) offers readers this narrative overview and analysis of the financial performance for the fiscal year ended June 30, 2022 (FY22). We encourage readers to read the information presented here in conjunction with the financial statements and accompanying notes to the financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- PWC's net position at year end was \$1,114.1 million, an increase of \$23.0 million, or 2.1%, up from \$1,091.1 million in FY21.
- Total unrestricted and undesignated operating reserves were 131 days at June 30, 2022, down from 135 in the prior year.
- Income before Capital Contributions and Transfers was \$12.8 million compared to \$9.6 million in FY21, up \$3.2 million or 33.3%.
- Water/wastewater rate adjustments went into effect August 1, 2021. The last electric rate adjustment was implemented May 1, 2020.
- The Electric Rate Stabilization Fund net position was \$42.7 million at June 30, 2022, up from \$40.6 million in the prior year.
- The Water and Wastewater Rate Stabilization Fund net position was \$1.6 million at June 30, 2022, up from \$1.4 million in the prior year.
- Power Supply and Generation Expenses decreased by \$7.0 million to \$141.3 million in FY22, down from \$148.3 million in FY21.
- Coal Ash Charges decreased by \$2.7 million to \$7.2 million in FY22, down from \$9.9 million in FY21. The FY22 Coal Ash Reserve balance is \$10.2 million, a \$9.9 million increase over FY21.
- During FY22, PWC received a credit of \$22.2 million from DEP for the Coal Combustion Residuals (CCR) settlement that required DEP to refund PWC the Buyer's Allocable Share of CCR Disallowances. PWC elected to receive the credit over a 12-month period.
- During FY22, PWC maintained its Aa2/AA/AA rating from Moody's, Standard and Poor's, and Fitch, respectively.
- PWC's senior lien debt coverage ratio is 3.95, exceeding the minimum requirement of 1.10.
- In November of 2021, PWC issued \$94.8 million in revenue bonds for electric, water and wastewater projects.
- In November of 2021, the Fayetteville City Council approved assessments totaling \$1.0 million for sanitary sewer improvements made in the Well Place Subdivision referenced as Area 23-1 in the Annexation Phase V utility installation plan.
- Capital contributions were \$10.3 million at June 30, 2022, down from \$23.2 million in the prior year.
- PWC has recorded Right to Use Assets for various software and office equipment in the amount of \$5.4 million net of amortization as a result of the implementation of GASB 87 Leases and early implementation of GASB 96 Subscription-Based Information Technology Arrangements (see Note 8). The liabilities related to these assets totaled \$5.3 million. The lease receivable balance for office space and fiber as of June 30, 2022, was \$5.6 million.
- To reflect the estimated market value of PWC's investments as of June 30, 2022, a negative mark to market adjustment has been recorded in the amount of (\$9.8) million; (\$6.8) million in the Electric Fund and (\$3.0) million in the Water and Wastewater Fund. This adjustment reflects the estimated loss that PWC would have incurred if the investments were sold as of June 30, 2022. This unrealized loss is due to the rapid rise in interest rates in 2022, and PWC's approach remains as a buy and hold investor.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual statement consists of four parts: Management's Discussion and Analysis (MD&A), financial statements, required supplementary information and supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

FINANCIAL STATEMENTS

The financial statements of PWC report information about PWC using accounting methods like those used by private sector companies. These statements offer short and long-term financial information about PWC's activities. The Statement of Net Position includes all PWC's assets, deferred outflows, liabilities and deferred inflows and provides information about the nature and amount of investments in resources (assets) and the obligations to PWC creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of PWC and assessing the liquidity and financial flexibility of PWC. All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of PWC's operations over the past year and can be used to determine profitability, credit worthiness and whether PWC has successfully recovered all its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about PWC's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting period.

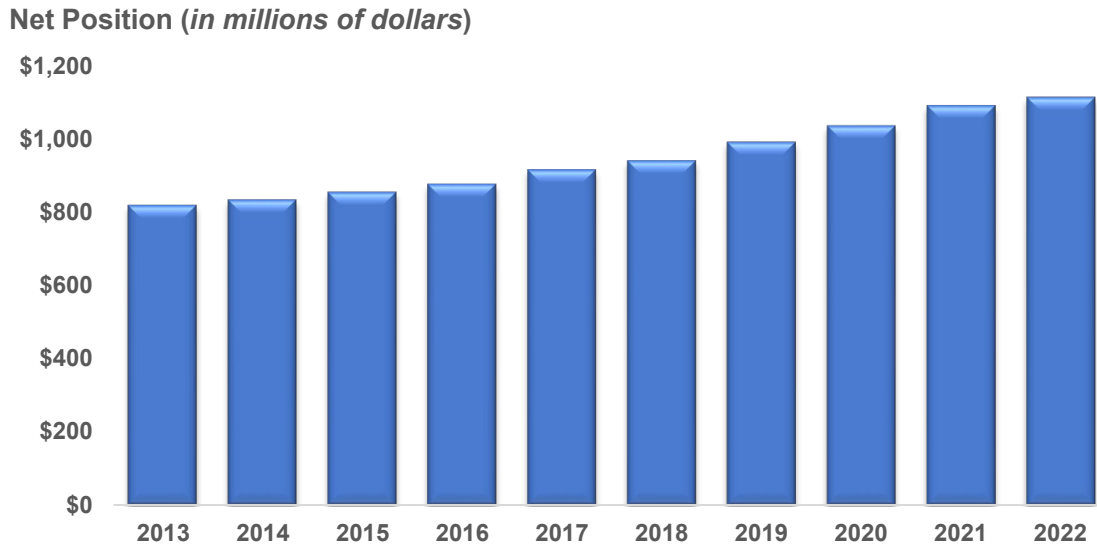
PWC is recognized as a Public Authority and is a discretely presented component unit of the City of Fayetteville, North Carolina. PWC's financial statements consist of two Enterprise Funds which account for PWC utility services.

FINANCIAL ANALYSIS OF PWC

Our analysis of PWC begins in the Financial Statements Section. As a review is made of PWC's finances, one should consider whether PWC is better off or negatively impacted as a result of the year's activities. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about PWC's activities in a way that will help answer this question. These two statements report the net position, the difference between assets/deferred outflows and liabilities/deferred inflows, as one way to measure financial health or financial position. Over time, increases or decreases in PWC's net position is one indicator of whether its financial health is improving or deteriorating as indicated in Figure A-1. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, annexation and new or changed government legislation.

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FIGURE A-1
Net Position Trend Analysis - Enterprise Funds



NET POSITION

PWC continues to report a positive net position at the end of FY22. A summary of PWC's Statement of Net Position is presented in Figure A-2. Net position increased \$23.0 million to \$1,114.1 million in FY22, up from \$1,091.1 million in FY21. By far, the largest portion of PWC's net position, \$797.8 million (71.6%) reflects the investment in capital assets less any related debt still outstanding that was issued to acquire those assets.

PWC's total assets exceeded \$1.6 billion in FY22. PWC's total assets increased by 8.8%, primarily due to the increase in current and other assets of \$76.5 million or 20.5% over prior year and the increase in capital assets of \$53.9 million or 4.8% over prior year. The increase in Current and Capital Assets is the result of an increase to bond proceeds and investments. The increase in capital assets, net of accumulated depreciation, is the result of an increase in additions to capital assets of \$98.6 million, offset by an increase in accumulated depreciation of \$44.7 million (see Figure A-10). Operating cash reserves decreased from 135 days to 131 days. PWC's operating cash reserves policy is to have a minimum of 90 days and a target of 120 days cash in reserve.

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FIGURE A-2
Statement of Net Position-Enterprise Funds
(Dollars in Millions)

	FY 2021	FY 2022	Total Dollar Change	Total Percentage Change
Current and Other Assets	\$ 372.7	\$ 449.2	\$ 76.5	20.5%
Capital Assets	1,116.7	1,170.6	53.9	4.8%
Total Assets	1,489.4	1,619.8	130.4	8.8%
Deferred Charge on Refunding	1.1	0.9	(0.2)	(18.2%)
OPEB Deferrals	9.1	7.5	(1.6)	(17.6%)
Pension Deferrals	17.3	21.3	4.0	23.1%
Deferred Outflows of Resources	27.5	29.7	2.2	8.0%
Long-term Liabilities Outstanding	353.3	434.7	81.4	23.0%
Other Liabilities	70.5	75.2	4.7	6.7%
Total Liabilities	423.8	509.9	86.1	20.3%
OPEB Deferrals	2.0	6.5	4.5	225.0%
Pension Deferrals	-	13.5	13.5	100.0%
Lease Deferrals	-	5.5	5.5	100.0%
Deferred Inflows of Resources	2.0	25.5	23.5	1175.0%
Net Investment in Capital Assets	809.9	797.8	(12.1)	(1.5%)
Restricted	132.4	178.4	46.0	34.7%
Unrestricted	148.8	137.9	(10.9)	(7.3%)
Total Net Position	\$ 1,091.1	\$ 1,114.1	\$ 23.0	2.1%

Deferred Outflows of Resources increase by \$2.2 million or 8.0%. This is primarily due to an increase in Resources Related to Pensions, offset by a decrease in OPEB Deferrals.

Restricted Net Position of \$178.4 million includes externally restricted net position of \$19.5 million (those established by debt covenants, enabling legislation, or other legal requirements) that represent a small portion of the PWC's net position and are comprised of funds set aside for the payment of debt service on outstanding bonds as required by the Bond Order. The remaining \$158.9 million of Restricted Net Position is internally restricted by the Commission through enabling legislation and is set aside for various earmarked operations of PWC (see Note 6). The \$137.9 million in Unrestricted Net Position may be used to meet the PWC's ongoing operations including the repayment of its outstanding debt.

INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Figure A-3, PWC's total revenues increased by \$1.3 million, or 0.4%, while total expenses decreased by \$1.9 million, or 0.6%. The decrease in expenses is due to \$7.0 million decrease in Power Supply and Generation Expense, \$5.0 million decrease in General & Administrative and \$4.2 million decrease in Intergovernmental Expense, offset by a \$9.7 million increase in Electric Operating Expense and \$3.0 million increase in Depreciation. This resulted in a \$12.8 million Income before Capital Contributions and Transfers, increasing \$3.2 million compared to last year. Looking more closely at revenues, the \$1.3 million increase arises from an increase in Charges for Utility Services of \$5.9 million, an increase in Other Operating Revenue of \$4.2 million, and offset by a decrease in Interest on Investments of \$8.2 million. The \$8.2 million decrease consists of an increase in Interest Income of \$0.4 million and an increase of \$8.6 million to the negative adjustment for mark to market. Each utility will be discussed individually on the following pages.

Prior years' annual rate increases coupled with any use of the Electric Rate Stabilization Fund (ERSF) was planned by management to protect the customers from the impacts of a one-time sizable rate adjustment when the purchased power contract became effective in July 1, 2012 (see Note 14D to the financial statements). The ERSF has a net position of \$42.7 million, of which approximately \$29.9 million will be used over the next several years to supplement the Electric Fund as rates are adjusted to meet its ongoing obligations. The remaining \$12.8 million represents PWC's target to maintain an on-going balance in this fund of at least 10% of power supply cost. The minimum annual transfer into this fund is \$250,000 and \$12.3 million was transferred in FY22. The transfer of \$12.0 million over the minimum was comprised of a \$0.2 million transfer for CP customer true-up adjustment and an \$11.8 million transfer which was the reimbursement for prior years' coal ash expenses paid by the ERSF. The reimbursement is a portion of the \$22.2 million Coal Combustion Residuals (CCR) settlement that required DEP to refund PWC the Buyer's Allocable Share of CCR Disallowances. PWC elected to receive the settlement over a 12-month period beginning in FY22.

In addition to the ERSF, PWC has a coal ash reserve for the purposes of paying coal ash cost from its purchased power provider, DEP. In anticipation of Duke Energy's coal ash recovery, the PWC's governing board took proactive measures to ensure that any FERC-approved recovery would not have a material adverse impact on the PWC's financial position. This reserve fund coupled with funds from the existing ERSF will be used to pay coal ash costs over the period to 2024. The remaining costs will continue to be passed on to customers through a fixed charge effective with May 1, 2018 customer billings. In FY22, PWC collected \$2.7 million in revenue in addition to receiving a \$0.9 million true-up credit for Coal Combustion Residual (CCR) cost and Beneficial Reuse (BR). Coal Ash expenses excluding the true-up credit totaled \$7.2 million. The FY22 Coal Ash Reserve balance is \$10.2 million, a \$9.9 million increase over FY21. The increase is primarily due to the reimbursement for prior years' coal ash expenses per the CCR settlement mentioned above. The \$8.6 million reimbursement to the Coal Ash Reserve is a portion of the settlement. (see Note 14-E for more details).

The Water and Wastewater Fund also maintains a Water/Wastewater Rate Stabilization Fund (WRSF) to stabilize water and wastewater rates and mitigate large, one-time rate hikes. Like the ERSF, the minimum annual transfer into this fund is \$250,000 and this amount was transferred in FY22, leaving an accumulated balance of \$1.6 million at June 30, 2022.

FIGURE A-3
Condensed Statement of Revenues, Expenses and Changes in Net Position-
Enterprise Funds
(Dollars in Millions)

	FY 2021	FY 2022	Total Dollar Change	Total Percentage Change
Operating Revenues				
Charges for Utility Services	\$ 299.6	\$ 305.5	\$ 5.9	2.0%
Other Operating Revenue	37.5	41.7	4.2	11.2%
Nonoperating Revenues				
Intergovernmental	2.0	1.4	(0.6)	(30.0%)
Interest on Investments	1.7	2.1	0.4	23.5%
Interest Market Adjustment	(1.2)	(9.8)	(8.6)	716.7%
Total Revenues	<u>339.6</u>	<u>340.9</u>	<u>1.3</u>	<u>0.4%</u>
Power Supply and Generation Expense	148.3	141.3	(7.0)	(4.7%)
Electric Operating Expense	21.4	31.1	9.7	45.3%
Water/Wastewater Operating Expense	39.7	40.6	0.9	2.3%
General & Administrative	46.2	41.2	(5.0)	(10.8%)
Depreciation Expense	46.8	49.8	3.0	6.4%
Non-Operating Expense				
Loss on Sale of Assets	1.3	0.3	(1.0)	(76.9%)
Payment in lieu of taxes	11.5	11.9	0.4	3.5%
Intergovernmental Expense	4.2	-	(4.2)	(100.0%)
Interest Expense	10.0	11.1	1.1	11.0%
Amortization Expense	0.6	0.8	0.2	33.3%
Total Expenses	<u>330.0</u>	<u>328.1</u>	<u>(1.9)</u>	<u>(0.6%)</u>
Income before Capital Contributions and Transfers	<u>9.6</u>	<u>12.8</u>	<u>3.2</u>	<u>33.3%</u>
Capital Contributions	23.2	10.3	(12.9)	(55.6%)
Special Item - DEP CCR Settlement	22.2	-	(22.2)	(100.0%)
Change in Net Position	<u>55.0</u>	<u>23.1</u>	<u>(31.9)</u>	<u>(58.0%)</u>
Beginning Net Position	<u>1,036.1</u>	<u>1,091.1</u>	<u>55.0</u>	<u>5.3%</u>
Ending Net Position	<u>\$ 1,091.1</u>	<u>\$ 1,114.1</u>	<u>\$ 23.0</u>	<u>2.1%</u>

Electric operating revenues increased \$3.2 million, or 1.4%, increasing total revenues to \$227.5 million. For FY22, there was no change to the electric rates. Accordingly, a 0.6% net increase to sales was realized, equaling \$1.1 million. Residential kWh sales reduced slightly by 0.3%, while non-residential customers experienced increased kWh sales by 3.6%. The residential class represents 45.7% of electric sales revenue with a decrease of \$0.2 million, or approximately 0.2% revenue. FY22 was a similar year in weather as compared to FY21, there was a 0.7% increase in degree days. Overall, sales increased 30,846 MWh from 1,976,036 to 2,006,882 MWh. Figure A-4 below illustrates the percentage changes by major customer classes.

FIGURE A-4
Percent Change in Sales by Major Customer Class
Electric

	Customers	Average kWh/cust	kWh Sales	Sales Revenue
Residential	0.3%	(0.6%)	(0.3%)	(0.2%)
Non-Residential	0.8%	2.7%	3.6%	3.2%
Large Users	1.8%	1.0%	2.8%	1.7%

Water and wastewater operating revenues collectively increased \$6.9 million, or 6.2%, to \$119.7 million, and is attributable to increases in water and wastewater sales revenues of \$6.1 million. Although the Water and Wastewater Systems are accounted for in the same fund, we will discuss them individually.

Water System: Water sales revenue increased for all customer classes by \$2.2 million, or 4.3%, to \$54.1 million. The residential class represents over 45.7% of water sales revenue in total. The revenue increase is due to the rate adjustments effective August 1, 2021, of 3.5% per year. The rate adjustments incorporated a Basic Facility Charge (BFC) increase and rate per gallon changes for all customers, as well as a rate differential for customers outside the City corporate limits remaining at 175%. Gallon sales per customer for the residential class decreased 0.7%, non-residential gallon sales per customer increased 7.2%, large users gallon sales per customer increased 5.4%. The number of irrigation customers declined by 1.2%, with revenue for those services increasing by 18.7%. Irrigation consumption was effected by both a return to pre-COVID usage, as well as a significant reduction in rainfall through the summer months of FY22. Year to date, rainfall in FY22 was 25.7", a decrease of 22" from prior year. Figure A-5-A illustrates the percentage changes by major customer classes.

FIGURE A-5-A
Percent Change by Major Customer Class
Water

	Customers	Average gal/cust	Gallon Sales	Sales Revenue
Residential	0.3%	(0.7%)	(0.4%)	3.1%
Non-Residential	1.1%	7.2%	8.3%	9.5%
Large Users	(5.8%)	5.4%	(0.7%)	6.6%
Wholesale	6.7%	(11.1%)	(5.1%)	(2.3%)
Irrigation	(1.2%)	31.1%	29.5%	18.7%

Wastewater System: Wastewater sales revenue increased \$3.7 million, or 6.8%, to \$57.3 million. The revenue increase is due to the rate adjustments effective on August 1, 2021, of 6.8%. The residential class represents 60.7% of wastewater sales revenue in total. Wastewater sales decreased in gallon sales per customer by 1.4% for residential. Non-residential gallon sales per customer increased 5.9% and large user gallon sales per customer decreased 10.3%. Wholesale gallon sales were significantly impacted by system upgrade requirements at customer sites. Wholesale usage is returning to within normal operating volumes in FY23. Figure A-5-B illustrates the percentage changes by major customer classes.

FIGURE A-5-B
Percent Change by Major Customer Class
Wastewater

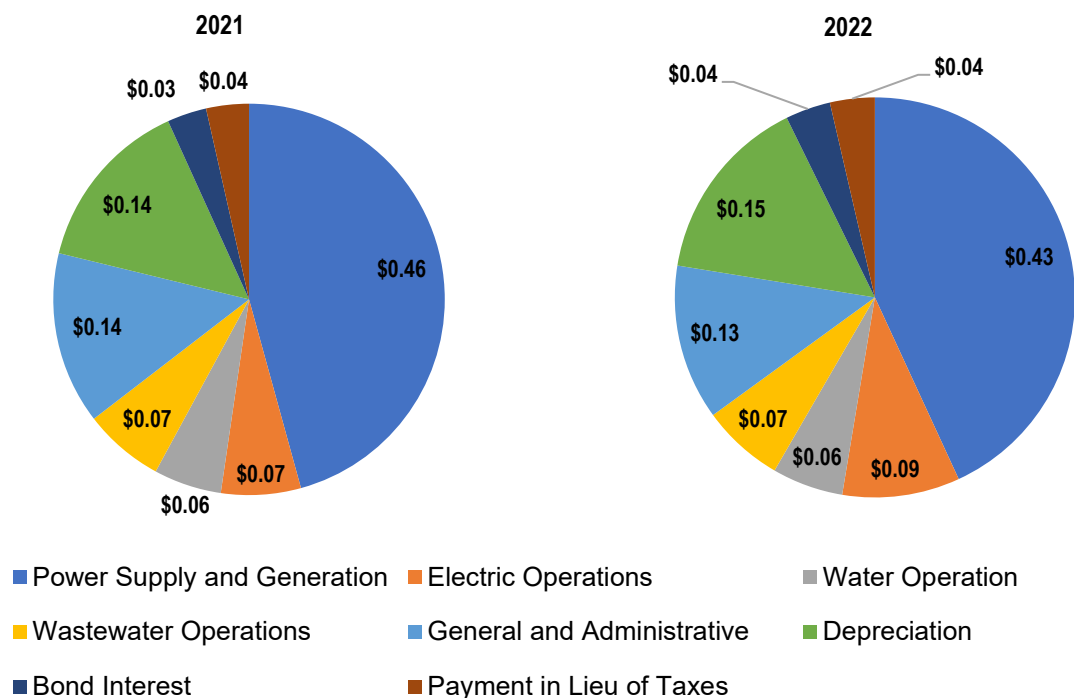
	Customers	Average gal/cust	Gallon Sales	Sales Revenue
Residential	0.6%	(1.4%)	(0.2%)	6.0%
Non-Residential	1.1%	5.9%	7.9%	16.3%
Large Users	4.9%	(10.3%)	(5.9%)	2.7%
Wholesale	0.0%	(36.6%)	(36.6%)	(30.0%)

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Electric Operating Expenses, excluding Power Supply and Generation Expenses, increased by \$9.7 million or 45.3% and Water and Wastewater Operating Expenses increased by \$0.9 million or 2.3%. Electric increases are due primarily to a \$5.2 million maintenance expense reclassification from the closing of the NCDOT U-4405 Raeford Rd capital project, renewable energy compliance expense, Metronet and contractual services. Water and wastewater increases are for personnel costs offset by a lower spend in contractual services.

Figure A-6 provides the dollar breakdown of expenses in 2021 and 2022 to better illustrate the changes.

FIGURE A-6
Dollar Breakdown of Expenses



Power Supply and Generation Expenses decreased by \$7.0 million to \$141.3 million in FY22 down from \$148.3 million in FY21. The decrease consists of a combined \$1.1 million decrease in purchased power cost, a \$2.7 million decrease in coal ash costs, a \$4.7 million decrease in contractual true up costs, and an offset by an increase to DEP adjusted charges of \$1.8 million. The \$1.8 million adjustment includes a variance of \$3.9 million that resulted from a \$4.3 million energy catch-up payment for FY22 over the \$0.4 million energy adjustment from the prior year. It also includes a decrease of \$2.1 million in coal ash due to insurance proceeds passed thru from DEP. Total power purchased was 2.09 billion kWh, a 0.6% increase from the prior year. PWC's system peak demand for FY22 of 411 mW occurred in August. The FY21 peak demand of 419 mW was significantly lower than the all-time system peak of 499 MW recorded in February 2015 (see Note 14D of the financial statements for more information on the purchase power contract with DEP).

Figure A-7 details the financial statement and cash flow impacts of the Power Supply and Generation Expenses.

FIGURE A-7
Power Supply & Generation Expenses
(Dollars in Millions)

	FY 2021	FY 2022	Total Dollar Change	Total Percent Change
Purchased Power -DEP	\$ 124.3	\$ 121.7	\$ (2.6)	(2.1%)
Purchased Power-True-up	2.1	(5.4)	(7.5)	(100.0%)
Purchased Power-Adjustment	0.2	2.0	1.8	900.0%
Purchased Power-SEPA	0.7	0.6	(0.1)	(14.3%)
Transmission	6.5	8.2	1.7	26.2%
Coal Ash	9.9	7.2	(2.7)	(27.3%)
Coal Ash-True-up	(3.6)	(0.9)	2.7	(72.2%)
Other Generation Expenses	8.2	7.9	(0.3)	(4.9%)
Total	\$ 148.3	\$ 141.3	\$ (7.0)	(4.7%)

CAPITAL CONTRIBUTIONS

Capital contributions include cash and non-cash contributions and grants from various sources such as developers, utility capacity charge (UCC), system development fees (SDF), and state and federal agencies. Figure A-8 details the changes in capital contributions.

FIGURE A-8
Changes in Capital Contributions
(Dollars in Millions)

	FY 2021	FY 2022	Total Dollar Change	Total Percent Change
Developers	\$ 10.3	\$ 5.7	\$ (4.6)	(44.7%)
NCDOT	8.5	1.8	(6.7)	(78.8%)
Federal & State- FEMA	3.3	1.4	(1.9)	(57.6%)
UCC/ SDF Fees	1.0	1.1	0.1	10.0%
UCC/ SDF Credits Awarded/Applied/Expired	0.1	0.3	0.2	(50.0%)
Total	\$ 23.2	\$ 10.3	\$ (12.9)	(55.6%)

Capital contributions were \$10.3 million, down \$12.9 million from FY21. There were decreases in contributions from developers of \$4.6 million, NCDOT of \$6.7 million and Federal and State FEMA of \$1.9 million.

PAYMENTS IN LIEU OF TAXES AND INTERGOVERNMENTAL ACTIVITY

PWC annually transfers from its Electric Fund to the City's General Fund a Payment in Lieu of Taxes (PILOT). The PILOT formula, as defined in PWC's Charter, is 2.45% of the total Net Position of the Electric Fund as reported on the Statement of Net Position of PWC's most recent audited financial report. In addition to the PILOT, there are additional intergovernmental revenues and expenses pursuant to reporting requirements between the City and PWC discussed below. The net PILOT and Intergovernmental Activity to the City decreased for FY22 by \$3.2 million. A decrease of \$4.2 million which was the result of the final Economic Development payment being made in FY21 as well as the State Emergency Assistance to the City being made in FY21 only was offset by an increase in the PILOT of \$0.4 million and a decrease in assessment revenue of \$0.6 million.

FIGURE A-9
PILOT and Intergovernmental Activity – Enterprise Funds
(Dollars in Millions)

	FY 2021	FY 2022	Total Dollar Change	Total Percent Change
Payment in lieu of taxes (PILOT)	\$ 11.5	\$ 11.9	\$ 0.4	3.5%
Intergovernmental Expense				
Economic Development - City	1.2	-	(1.2)	(100.0%)
State of Emergency Assistance - City	3.0	-	(3.0)	100.0%
Total Transfers to the City	<u>15.7</u>	<u>11.9</u>	<u>(3.8)</u>	<u>(24.2%)</u>
Intergovernmental Revenues				
Additional -				
Assessments	1.7	1.0	(0.7)	(41.2%)
Assessment Interest	0.3	0.4	0.1	33.3%
Total Intergovernmental Revenue	<u>2.0</u>	<u>1.4</u>	<u>(0.6)</u>	<u>(30.0%)</u>
Net PILOT and Intergovernmental Activity	<u>\$ 13.7</u>	<u>\$ 10.5</u>	<u>\$ (3.2)</u>	<u>(23.4%)</u>

Additional intergovernmental activities are only allowable under certain specific limited instances defined by the Charter. The following were approved by mutual agreement between PWC and the City.

- Assessments – The City's assessments and the interest related to those assessments are submitted to PWC to assist in the costs of providing utility services to the assessed properties. PWC administers the complete assessment collection program on behalf of the City.
- Economic Development – Pursuant to a mutual 5-year agreement approved June 29, 2016, and effective July 1, 2016, PWC transferred \$6.0 million to the City for Economic Development in \$1.2 million annual amounts over 5 years paid in equal monthly installments.
- State of Emergency Assistance to the City – Pursuant to the State of Emergency issued by the Mayor due to COVID-19, the PWC transferred \$3.0 million under Section 6A.16 of the PWC Charter in FY21.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following is a summary of some of the major improvements to the system during FY22:

Major capital asset expenditures include:	
\$ 20.9 million	Water and Sewer Rehabilitation
\$ 10.0 million	Installation of Water and Wastewater Mains and Laterals in Annexed Areas
\$ 9.2 million	Butler Warner Generation Plant Heat Recovery Steam Generator Boiler Tube Replace
\$ 9.0 million	Water and Wastewater System Improvements
\$ 8.6 million	Water and Wastewater Plant Improvements/Expansion
\$ 5.7 million	Substation Rebuild
\$ 5.4 million	Electric Underground Infrastructure Replacement
\$ 2.9 million	Transportation Equipment
\$ 1.6 million	Sub-Transmission Pole Replacement
\$ 1.3 million	NCDOT Water and Wastewater Relocations
\$ 1.2 million	Electric Overhead Infrastructure Improvements
\$ 1.2 million	NCDOT U-4405 Raeford Road Widening - Electric

Capital spending for the Electric System was \$34.3 million, up \$2.6 million from FY21. The increase is primarily attributable to increases of \$2.3 million on the Battery Storage System project, a \$1.7 million increase on the Black & Decker Rebuild project and \$3.8 million on various underground distribution projects offset by a decrease of \$5.3 million on the Raeford Road NCDOT project as it reached substantial completion.

Capital spending for the Water and Wastewater System was \$63.7 million, an increase of \$6.5 million from FY21. The increase is primarily attributable to increases of \$7.2 million on various large projects funded by state revolving loans which have started construction, \$5.9 million from various General Fund projects, excluding rehabilitation and \$0.9 million for ongoing water and wastewater rehabilitation projects, offset by decreases of \$5.3 million for installation of water and wastewater mains and laterals in annexed areas caused by delays due to material availability, \$1.5 million for Hurricane-Matthew-related projects as these projects near completion and \$0.7 million on NC Department of Transportation relocation projects.

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At June 30, 2022, PWC has a net investment of \$1.2 billion in a broad range of infrastructure as shown in Figure A-10.

FIGURE A-10
Capital Assets - Enterprise Funds
(Dollars in Millions)

	FY 2021	FY 2022	Total Dollar Change	Total Percent Change
Land	\$ 20.8	\$ 23.8	\$ 3.0	14.4%
Buildings	68.9	70.4	1.5	2.2%
Machinery, Equipment and Vehicles	57.0	59.9	2.9	5.1%
Electric System	502.3	526.7	24.4	4.9%
Water System	439.5	458.7	19.2	4.4%
Wastewater System	676.2	711.5	35.3	5.2%
Office Equipment and Intangibles	56.2	60.9	4.7	8.4%
Construction in Progress	115.5	123.1	7.6	6.6%
Subtotal	1936.4	2035.0	98.6	5.1%
Accumulated Depreciation	(819.7)	(864.4)	(44.7)	(5.5%)
Net Property, Plant and Equipment	\$ 1,116.7	\$ 1,170.6	\$ 53.9	4.8%

Additional information on the Commission's capital assets can be found in Note 7 in the financial statements.

The largest increases in capital assets are \$35.3 million in the Wastewater System, \$24.4 million in the Electric System and \$19.2 million in the Water System. The \$35.3 million increase in the Wastewater System is the result of projects that were completed and consists of \$19.7 million in wastewater rehabilitation, \$8.8 million in wastewater infrastructure installed in annexed areas, \$2.0 million in developer projects and \$1.9 million for various wastewater relocations/replacements. The \$24.4 million increase in the Electric System is the result of the completion of several projects which include a \$13.2 million U-4405 Raeford Road Widening-Electric project, various large reconductoring projects of \$6.4 million, various LED light projects of \$0.8 million, several substation projects totalling \$0.8 million and transmission pole replacement projects of \$0.6 million. The \$19.2 million increase in the Water System is the result of the completion of several projects which include \$8.7 million for water main rehabilitation, \$2.5 million for the Highway 401N Booster Pump Station, \$1.6 million for annexed areas and \$1.3 million for developer projects.

LONG TERM DEBT

PWC's outstanding revenue bonds carry an Aa2 (stable outlook), AA (stable outlook), and AA (stable outlook) credit rating from Moody's, Standard and Poor's, and Fitch, respectively. This high level of credit quality enables PWC to lower its overall borrowing cost by obtaining more favorable interest rates and eliminating the need to purchase insurance. PWC continues to meet all debt covenants and continuing disclosure requirements.

At year-end, PWC had \$385.0 million in long-term debt (before loss on defeasance and reacquired debt, premiums, and discounts (see Note 10D in the financial statements). This is an increase of \$94.5 million or 32.9% from \$289.6 million in FY21 which is attributed to an increase in bond and loan proceeds of \$110.5 million offset by principal payments of \$15.1 million.

As can be seen in Figure A-11, the PWC's total weighted average coupon rate and true interest cost on its outstanding debt is 3.34% and 2.64%, respectively, as of June 30, 2022. The Commission constantly monitors market conditions and opportunities to lower its borrowing costs. Over the past several years, the PWC has taken advantage of refunding opportunities and low interest NC State Revolving Loans (NCSRL) to achieve the best possible interest rates on its outstanding debt.

FIGURE A-11
Average Coupon Rate and True Interest Cost
(Dollars in Millions)

Issue Name	Principal Outstanding	Weighted Average Coupon Rate	Weighted Average True Interest Cost
Revenue Bonds, Series 2014	\$ 95.3	3.82%	3.27%
Revenue Bonds, Series 2021	94.8	3.04%	2.28%
Revenue and Revenue Refunding Bonds, Series 2016	87.0	3.49%	2.47%
Revenue and Revenue Refunding Bonds, Series 2018	70.5	4.30%	3.51%
2013 NCSRL - Hoffer Construction Phase 1	11.1	0.00%	0.00%
2021 NCSRL - Rockfish Creek Basin Peak Flow Facilities	10.2	1.11%	1.11%
2022 NCSRL - Big Rockfish Creek Outfall	8.0	1.06%	1.06%
2012 NCSRL - Clearwell/Ferric Conversion	2.9	0.00%	0.00%
2013 NCSRL - Outfall Rehab (Large Diameter Rehab)	2.3	2.00%	2.00%
2014 NCSRL - Person Street Sanitary Sewer	1.5	2.00%	2.00%
2022 NCSRL - Big Rockfish Creek Outfall - Lift Station Elim	1.2	0.00%	0.00%
2012 NCSRL - Edgewater Project	0.2	2.00%	2.00%
Total	\$ 385.0	3.34%	2.64%

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One area that demonstrates PWC's financial strength is its ability to maintain strong debt coverage ratios, with its revenue bond coverage at 3.95 exceeding the minimum requirement of 1.10 and the additional bonds test minimum of 1.25. Figure A-12 demonstrates PWC's coverage ratio.

FIGURE A-12
Debt Coverage Ratio
(Dollars in Millions)

	FY 2021	FY 2022	Percent Change
Change in Net Position (Figure A-3)	\$ 55.0	\$ 23.1	(58.0%)
Adjustments			
Bond Interest Expense	10.0	11.1	11.0%
Depreciation and Amortization	46.8	49.8	6.4%
Payment in Lieu of Taxes	11.5	11.8	2.6%
Intergovernmental Expense	4.2	-	(100.0%)
Intergovernmental Revenue	(1.7)	(1.0)	41.2%
Capital Contributions	(23.2)	(10.3)	55.6%
(Gain)/Loss on Sale of Assets	1.3	0.3	(76.9%)
System Development Fee (SDF)	1.1	1.0	(9.1%)
(Gain)/Loss on Investment Valuation	1.1	9.7	781.8%
Special Item - DEP CCR Settlement	(22.2)	-	100.0%
Income Available for Debt Service	\$ 83.9	95.5	13.7%
Senior Lien Debt Coverage			
Revenue Bond Debt Service ¹	24.7	24.1	(2.4%)
Senior Lien Debt Service Coverage	3.40	3.95	16.2%
Total System Debt Coverage			
Total System Debt Service ¹	27.8	25.6	(7.9%)
Total System Debt Service Coverage	3.18	3.73	17.3%

¹ Net of capitalized interest from bond proceeds of \$0 in FY21 and \$0.9 million in FY22

In addition to long-term debt, PWC's long-term obligations include the total OPEB Liability of \$26.7 million and the total Net Pension Liability of \$9.4 million. Additional information on PWC's long-term liabilities can be found in Note 10 of the financial statements.

CONTACTING THE PWC'S CHIEF FINANCIAL OFFICER

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the PWC's finances and to demonstrate the PWC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Public Works Commission's Chief Financial Officer, P.O. Box 1089, Fayetteville, NC 28302.

Basic Financial Statements

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Statement of Net Position

June 30, 2022

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ 8,391,444	\$ 7,569,907	\$ 15,961,351
Investments	80,545,446	30,524,420	111,069,866
Receivables	26,612,579	20,520,667	47,133,246
Lease receivable	948,092	19,026	967,118
Less allowance for doubtful accounts	(146,222)	(71,721)	(217,943)
Net receivables	<u>27,414,449</u>	<u>20,467,972</u>	<u>47,882,421</u>
Inventories	15,452,855	3,278,184	18,731,039
Other current assets	4,063,832	1,337,027	5,400,859
Total current unrestricted assets	<u>135,868,026</u>	<u>63,177,510</u>	<u>199,045,536</u>
Current restricted assets			
Cash and cash equivalents	54,790,346	76,504,609	131,294,955
Investments	40,152,744	52,346,192	92,498,936
Collateral pledged in lieu of deposits	508,416	217,892	726,308
Receivables	1,925,315	13,740,197	15,665,512
Total current restricted assets	<u>97,376,821</u>	<u>142,808,890</u>	<u>240,185,711</u>
Total current assets	<u>233,244,847</u>	<u>205,986,400</u>	<u>439,231,247</u>
Noncurrent assets			
Lease receivable noncurrent	4,648,132	-	4,648,132
Other assets	1,239	3,996	5,235
	<u>4,649,371</u>	<u>3,996</u>	<u>4,653,367</u>
Capital assets:			
Land and land rights	9,977,236	13,822,450	23,799,686
Construction in process	42,272,875	80,900,528	123,173,403
Electric utility system	236,149,545	-	236,149,545
Water system	-	269,162,097	269,162,097
Wastewater system	-	450,851,384	450,851,384
Buildings	26,444,881	8,355,228	34,800,109
Equipment and machinery	8,160,806	3,134,861	11,295,667
Computer equipment	802,444	703,769	1,506,213
Intangibles	5,390,757	3,561,080	8,951,837
Vehicles	5,952,958	4,845,488	10,798,446
Office equipment	58,379	15,250	73,629
Capital assets, net	<u>335,209,881</u>	<u>835,352,135</u>	<u>1,170,562,016</u>
Right to use assets, net	<u>2,664,383</u>	<u>2,697,029</u>	<u>5,361,412</u>
Total noncurrent assets	<u>342,523,635</u>	<u>835,356,131</u>	<u>1,180,576,795</u>
Total assets	<u>575,768,482</u>	<u>1,044,039,560</u>	<u>1,619,808,042</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges	4,636	857,481	862,117
OPEB deferrals	3,467,100	4,075,582	7,542,682
Pension deferrals	9,684,543	11,591,993	21,276,536
Total deferred outflows of resources	<u>\$ 13,156,279</u>	<u>\$ 16,525,056</u>	<u>\$ 29,681,335</u>

The notes to the financial statements are an integral part of this statement.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Statement of Net Position

June 30, 2022

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
LIABILITIES			
Current liabilities to be paid from unrestricted current assets			
Current portion of long-term liabilities	\$ 3,380,012	\$ 19,224,822	\$ 22,604,834
Accounts payable and accrued expenses	12,055,166	14,081,868	26,137,034
Total current liabilities to be paid from unrestricted current assets	15,435,178	33,306,690	48,741,868
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	10,377,707	16,056,690	26,434,397
Total current liabilities to be paid from restricted current assets	10,377,707	16,056,690	26,434,397
Total current liabilities	25,812,885	49,363,380	75,176,265
Noncurrent liabilities			
Long-term liabilities	29,378,606	364,026,806	393,405,412
Total OPEB liability	12,306,671	14,387,008	26,693,679
Net pension liability	4,308,593	5,142,815	9,451,408
Subscription lease liability	2,077,500	2,094,643	4,172,143
Unearned deposits - Metronet	824,320	-	824,320
Unearned deposits	7,788	126,459	134,247
Total noncurrent liabilities	48,903,478	385,777,731	434,681,209
Total liabilities	74,716,363	435,141,111	509,857,474
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	2,910,908	3,553,111	6,464,019
Pension deferrals	6,061,544	7,441,667	13,503,211
Lease deferrals	5,492,540	17,055	5,509,595
Total deferred inflows of resources	14,464,992	11,011,833	25,476,825
NET POSITION			
Net investment in capital assets	307,050,231	490,760,007	797,810,238
Restricted for -			
Capital projects	48	12,163,448	12,163,496
Renewable energy	7,413,145	-	7,413,145
Other internal restrictions	80,434,059	78,426,432	158,860,491
Unrestricted Net Position	104,845,923	33,061,785	137,907,708
Total Net Position	<u>\$ 499,743,406</u>	<u>\$ 614,411,672</u>	<u>\$ 1,114,155,078</u>

Note: Internal restrictions are restrictions through enabling legislation via the Commission's regulatory authority.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2022

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Operating revenues			
Residential, commercial and industrial sales	\$ 186,526,729	\$ 106,702,931	\$ 293,229,660
Other charges for services	40,938,411	13,020,603	53,959,014
Total operating revenues	<u>227,465,140</u>	<u>119,723,534</u>	<u>347,188,674</u>
Operating expenses			
Power supply and generation	141,331,267	-	141,331,267
Electric operation	31,137,387	-	31,137,387
Water operations	-	18,833,481	18,833,481
Wastewater operations	-	21,739,450	21,739,450
General and administrative	20,836,685	20,316,955	41,153,640
Depreciation and Amortization	19,850,113	29,927,334	49,777,447
Total operating expenses	<u>213,155,452</u>	<u>90,817,220</u>	<u>303,972,672</u>
Operating income	<u>14,309,688</u>	<u>28,906,314</u>	<u>43,216,002</u>
Nonoperating revenue (expense)			
Intergovernmental revenue	-	1,358,022	1,358,022
Payment in lieu of taxes	(11,853,127)	-	(11,853,127)
Interest earned on investments	1,498,046	625,290	2,123,336
Loss on Investment	(6,797,532)	(3,039,219)	(9,836,751)
Gain (loss) on disposal of assets	(345,417)	38,501	(306,916)
Interest expense	(854,673)	(10,248,806)	(11,103,479)
Interest - Leases	(10,644)	(10,773)	(21,417)
Finance costs	(74,920)	(750,470)	(825,390)
Total nonoperating revenue (expense), net	<u>(18,438,267)</u>	<u>(12,027,455)</u>	<u>(30,465,722)</u>
Income (loss) before transfers and contributions	<u>(4,128,579)</u>	<u>16,878,859</u>	<u>12,750,280</u>
Contributions	2,419,574	7,877,915	10,297,489
Transfers in	-	4,903,183	4,903,183
Transfers out	(4,903,183)	-	(4,903,183)
Change in Net Position	<u>(6,612,188)</u>	<u>29,659,957</u>	<u>23,047,769</u>
Total Net Position - beginning	<u>506,355,594</u>	<u>584,751,715</u>	<u>1,091,107,309</u>
Total Net Position - ending	<u><u>\$ 499,743,406</u></u>	<u><u>\$ 614,411,672</u></u>	<u><u>\$ 1,114,155,078</u></u>

Note: The transfers within funds have been eliminated for FY 22; \$58,868,531 for the Electric Fund & \$172,481,933 for the Water/Wastewater Fund.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Statement of Cash Flows

Year Ended June 30, 2022

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Cash flows from operating activities			
Cash received from customers	\$ 243,614,504	\$ 115,019,843	\$ 358,634,347
Cash paid for goods and services	(32,043,734)	(40,589,339)	(72,633,073)
Cash paid to or on behalf of employees for services	(18,412,141)	(22,355,257)	(40,767,398)
Cash paid for power supply and generation	(141,331,267)	-	(141,331,267)
Net cash provided by operating activities	51,827,362	52,075,247	103,902,609
Cash flows from noncapital financing activities			
Cash (paid) received from intergovernmental agreements	(11,853,127)	1,358,022	(10,495,105)
Transfers in	-	4,903,183	4,903,183
Transfers out	(4,903,183)	-	(4,903,183)
Net cash provided (used) by noncapital financing activities	(16,756,310)	6,261,205	(10,495,105)
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	408,037	206,256	614,293
Payment of finance cost on long-term debt	(74,920)	(750,470)	(825,390)
Contributed capital received	2,419,574	1,958,629	4,378,203
Acquisition and construction of capital assets	(43,060,676)	(54,827,910)	(97,888,586)
Principal payments on long-term debt	(1,065,527)	(14,022,094)	(15,087,621)
Other capital asset transactions	10,870,148	105,567,676	116,437,824
Interest payments	(865,317)	(10,259,579)	(11,124,896)
Net cash provided by capital and related financing activities	(31,368,681)	27,872,508	(3,496,173)
Cash flows from investing activities			
Interest earned on investments	1,498,046	625,290	2,123,336
Interest - Market Adjustment	(6,797,532)	(3,039,219)	(9,836,751)
Gross change in investments	(5,543,897)	(35,336,751)	(40,880,648)
Net cash provided (used) by investing activities	(10,843,383)	(37,750,680)	(48,594,063)
Net increase (decrease) in cash and cash equivalents	(7,141,012)	48,458,280	41,317,268
Cash and cash equivalents			
Beginning of year	70,322,802	35,616,236	105,939,038
End of year	\$ 63,181,790	\$ 84,074,516	\$ 147,256,306

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Statement of Cash Flows

Year Ended June 30, 2022

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income	\$ 14,309,688	\$ 28,906,314	\$ 43,216,002
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and Amortization	19,850,113	29,927,334	49,777,445
Allowance for uncollectible accounts	(73,389)	(55,893)	(129,282)
 Change in assets, liabilities and deferred inflows/outflows			
(Increase) decrease in receivables	17,180,006	(4,613,080)	12,566,926
(increase) decrease in inventories	(647,240)	(486,495)	(1,133,735)
(Increase) decrease in deferred outflows - other	2,782	229,562	232,344
(Increase) decrease in deferred outflows -OPEB	694,863	851,689	1,546,552
(Increase) decrease in deferred outflows - pension related	(1,780,990)	(2,209,877)	(3,990,867)
(Increase) decrease in other current assets	(15,239)	(219,984)	(235,223)
(Increase) decrease in other assets	(82,249)	76,194	(6,055)
Increase (decrease) in OPEB liability	(3,669,094)	(4,497,188)	(8,166,282)
Increase (decrease) in inflows - pension	(4,958,625)	(6,056,307)	(11,014,932)
Increase (decrease) in accounts payable and accrued expenses	(4,309,086)	(2,428,959)	(6,738,045)
Increase (decrease) in deferred revenues	(876,243)	-	(876,243)
Increase (decrease) in leases	2,638,304	2,671,738	5,310,042
Increase (decrease) in deferred inflows-OPEB	13,577,201	9,938,445	23,515,646
Increase (decrease) in accrued vacation	56,631	111,056	167,687
Increase (decrease) in accrued sick leave	(70,071)	(69,302)	(139,373)
Total adjustments	<u>37,517,674</u>	<u>23,168,933</u>	<u>60,686,605</u>
 Net cash provided by operating activities	 <u>\$ 51,827,362</u>	 <u>\$ 52,075,247</u>	 <u>\$ 103,902,607</u>
 Noncash investing, capital, and financing activities:			
Contributed capital assets	<u>\$ -</u>	<u>\$ 5,674,324</u>	<u>\$ 5,674,324</u>
FIF credits applied	<u>\$ -</u>	<u>\$ 244,961</u>	<u>\$ 244,961</u>
Adjustment to market for long term investments	<u>\$ (6,883,065)</u>	<u>\$ (3,093,641)</u>	<u>\$ (9,976,706)</u>
 Reconciliation to cash and cash equivalents			
Unrestricted	\$ 8,391,444	\$ 7,569,907	\$ 15,961,351
Restricted	54,790,346	76,504,609	131,294,955
Total	<u>\$ 63,181,790</u>	<u>84,074,516</u>	<u>\$ 147,256,306</u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Fayetteville Public Works Commission (the "Commission" or "PWC") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

Reporting Entity

The Commission is a discretely presented component unit of the City of Fayetteville, North Carolina (the "City"). The Commission is comprised of two enterprise funds, the Electric Utility Fund and the Water and Wastewater Utility Fund. The Commission's financial statements presented herein include the financial position and operations of the Electric Utility Fund and the Water and Wastewater Utility Fund, and accordingly, are not intended to present the financial position or results of operations of the City of Fayetteville, North Carolina.

Basis of Presentation

The Commission reports the following major enterprise funds:

Electric Utility: This fund accounts for the operation and maintenance of the Butler-Warner Generation Plant and the transmission and distribution of electricity to customers within the City of Fayetteville and surrounding areas.

Water and Wastewater Utility: This fund accounts for the operations and transmission and distribution of water and wastewater for customers within the City of Fayetteville and surrounding areas.

The Commission has no fiduciary funds to report.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On the full accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Commission's funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operations.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

The principal operating revenues of the Commission's funds are charges to customers for sales and services. Operating expenses for the Commission's funds include the costs of sales and services, general and administrative services and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

Cash and investments include amounts in demand deposits and investments in U.S. government agencies, North Carolina Capital Management Trust (NCCMT) and commercial paper.

Investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with maturity of less than 6 months.

Receivables

Receivables consist primarily of customer receivables for utility services. The Commission provides allowances for uncollectible receivables equal to the estimated collection losses to be incurred. The estimated losses are computed using the experience method. The Commission grants credit to residential, business and industrial customers, substantially all of whom are local to the City of Fayetteville area.

Lease Receivable

The Commission's lease receivable is measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the Commission may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Leases Receivable (continued)

Deferred inflow of resources are recorded at the initiation of the leases in an amount equal to the initial recording of the related lease receivable. The deferred inflows of resources are amortized on a straight-line basis over the term of the lease.

Inventories

Inventories of supplies are carried at cost and inventories held for resale are carried at the lower of average cost or net realizable value using the weighted average method.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items.

Capital Assets

Capital assets purchased or constructed since 1958 are recorded at cost. Assets acquired prior to 1958 are carried on an estimated cost basis. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Gains and losses on dispositions of capital assets are credited or charged to operations.

Minimum capitalization costs are as follows: \$5,000 for all classes of assets.

Utility plant systems are depreciated over estimated useful lives ranging from 20 to 45 years. Other property and equipment are depreciated over estimated useful lives ranging from 5 to 15 years. All capital assets are depreciated using the straight-line method.

Donated capital assets received prior to June 30, 2015, are recorded at estimated fair market value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value.

Right to Use Assets

The Commission has recorded right to use assets as a result of implementing GASB 87 and GASB 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease with terms ranging from 2 - 10 years.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Commission has three items that meet this criterion, Pension Deferrals (see note 11), Other Post-Employment Benefits (OPEB) deferrals (see note 16) and unamortized bond refunding charges for Electric, Water and Wastewater Refunding bonds (see note 12). In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Commission has three items that meet the criterion for this category, deferrals of pension expense that result from the implementation of GASB 68, Accounting and Financial Reporting for Pensions, deferrals of OPEB expense that result from the implementation of GASB 75, Accounting and Financial Reporting for Other Post-Employment Benefits, and deferrals of lease revenues that result from the implementation of GASB 87, Leases.

Long-Term Obligations

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt. Lease liabilities are recognized at the present value of future minimum lease payments and amortized over the life of the related lease.

Pensions

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

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

Vested or accumulated vacation leave is reported as an expense and a liability as it accrues to employees. In accordance with the provisions of Government Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences," no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, the Commission's sick leave policy allows 25% of accumulated sick leave to be paid at the time of retirement. A liability for the estimated amount of sick leave to ultimately be paid is included in the financial statements.

Unearned Deposits

Facility investment fee credits are given on a dollar per dollar basis for off-site water and wastewater approach mains necessary to serve Commission-approved projects. The facility investment fee credit, if not utilized in the initial development, will be available to the developer for use in other Commission approved projects for a period not to exceed 5 years from the original contract date, unless otherwise stated in the contract or through extension approved by the PWC.

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Commission considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Other Post-Employment Benefits

Post-employment expenses are made from the Electric and the Water & Wastewater Resources Funds, which are maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenses are paid as they come due. The Total OPEB Liability is recorded in accordance with GASB Statement Number 75.

Net Position

Net Position is classified as net investment in capital assets, restricted, and unrestricted (see note 10E). Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through state statute or internally imposed by the Commission as qualifying enabling legislation, reduced by liabilities and deferred inflows of resources related to those assets.

At June 30, 2022, the Electric Fund had restricted assets of \$97,376,821 related to debt service, renewable energy and other internally restricted assets offset by \$10,377,707 of other internally restricted liabilities related to those assets (see note 6), less items associated with capital project funds, resulting in restricted net position of \$87,847,252. The Water/Wastewater Fund had restricted assets of \$142,808,890 related to debt service, capital projects and other internally restricted assets offset by debt of \$47,001,237 related to unspent bond proceeds and \$16,056,690 of internally restricted liabilities related to those assets (see note 6), less items associated with capital project funds, resulting in restricted net position of \$90,589,880.

Implementation Pronouncements

The following pronouncements have been implemented in the current year and are reflected in the financial statements.

GASB issued Statement No. 87, “Leases.” The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Implementation Pronouncements (continued)

GASB issued Statement No. 90, “Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61.” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2020. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. However there was no material impact during fiscal year 2022.

GASB issued Statement No. 96, “Subscription-Based Information Technology Arrangements.” The primary objectives of this statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

GASB issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation –An Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No. 32.” The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. However there was no material impact during fiscal year 2022.

GASB issued Statement No. 98, “The Annual Comprehensive Financial Report.” This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replaces instance of comprehensive annual financial report and its acronym in accepted accounting principles for state and local government. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Upcoming Pronouncements

GASB issued Statement No. 91, “Conduit Debt Obligations.” The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

GASB issued Statement No. 99, “Omnibus 2022.” The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

GASB issued Statement No. 100, “Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.” The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB issued Statement No. 101, “Compensated Absences.” The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 2 - Business of the Commission

The Fayetteville Public Works Commission, a discretely presented component of the City of Fayetteville, North Carolina, provides utility services, including electric, water, and wastewater, within Cumberland County and surrounding areas.

Note 3 - Legal Compliance - Budgets

The Commission operates under its annual budget ordinance. The ordinance provides for revenues and appropriations for the electric, water and wastewater funds. All annual appropriations lapse at the end of the fiscal year. The capital project and special funds budgets are prepared under project ordinances. The budget is prepared on a budgetary non-GAAP basis as required by North Carolina state law.

Note 4 - Cash and Investments

A - Deposits

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

All of the Commission's deposits are either insured or collateralized by the depositories, which use one of two methods. Under the dedicated method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Commission's agent in the Commission's name. Under the pooling method, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Commission, these deposits are considered to be held by the Commission's agent in the Commission's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Commission or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Commission under the pooling method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each pooling method depository.

At June 30, 2022, the Commission had deposits in pooling method banks with a carrying amount of \$54,924,771 and a bank balance of \$41,357,612. Of the total bank balance, \$508,753 was covered by federal depository insurance and \$40,848,859 was covered by collateral under the pooling method.

At June 30, 2022, the Commission had \$6,245,193 in Certificate of Deposits.

At June 30, 2022, the Commission had \$4,550 in petty cash.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 4 - Cash and Investments (continued)

B - Investments

At June 30, 2022, the Commission had the following investments and maturities.

Investment Type	Valuation Measurement Method	Reported Value	Less than 6 Months	6 Mos - 1 Yr	1-5 Years	6-10 Years
U.S. Government agencies	Fair Value-Level 2	\$ 148,527,585	\$ 9,937,476	\$ 4,941,391	\$ 104,310,350	\$ 29,338,368
Commercial paper	Fair Value-Level 2	48,796,025	48,796,025	-	-	-
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	92,326,985	92,326,985	-	-	-
Total		\$ 289,650,595	\$ 151,060,486	\$ 4,941,391	\$ 104,310,350	\$ 29,338,368

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

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Commission's investment policy requires that only purchases of treasuries and agency securities to be laddered with staggered maturity dates and limits these securities to a final maturity of no more than ten years. All other investment types are limited to a final maturity of no more than three years.

Credit Risk. The Commission limits investments to the provisions of the G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the Federal Home Loan Bank is rated AAA by Standard and Poor's and AAA by Moody's Investors Service. The Commission's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm-mf by Standard and Poor's and AAAm-mf by Moody's Investment Services as of June 30, 2022.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 4 - Cash and Investments (continued)

B-Investments (continued)

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission has no policy on custodial credit risk, but management procedures are that the Commission shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in the Commission's name.

Concentration of Credit Risk. The Commission limits investments to avoid over-concentration in securities from a specific issuer or business sector. More than 5% of the Commission's investments are in Federal Home Loan Bank, Federal Farm Credit Bank and Freddie Mac. These investments are 40%, 24%, and 7% respectively, of the Commission's total investments.

Reconciliation to cash and cash equivalents:

Total per Footnote:

	Reported
Total investments	\$ 289,650,595
Cash	54,924,771
Plus Certificates of Deposit	6,245,193
Petty cash	4,550
Total cash and investments	<u>350,825,109</u>
 Less: Investments with maturities of more than 3 months	 <u>(203,568,803)</u>
 Total cash and cash equivalents	 <u><u>\$ 147,256,306</u></u>

Total per Statement of Net Position:

Cash and cash equivalents - unrestricted	15,961,351
Cash and cash equivalents - restricted	131,294,955
Total cash and cash equivalents	<u><u>\$ 147,256,306</u></u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 5 – Accounts Receivable

A - Unrestricted Receivables

At June 30, 2022, the Commission's unrestricted receivable balances were as follows:

	Electric Fund	Water and Wastewater Fund	Total
Unrestricted			
Accounts	\$ 21,463,754	\$ 13,669,614	\$ 35,133,368
Sales taxes	2,222,314	130,260	2,352,574
Due from City-Assessments	-	5,597,897	5,597,897
Due from City-Assessments Interest	-	487,280	487,280
Accrued Interest	187,503	82,125	269,628
Other	2,739,008	553,491	3,292,499
Total	<u>\$ 26,612,579</u>	<u>\$ 20,520,667</u>	<u>\$ 47,133,246</u>
Lease Receivable - Current	\$ 948,092	\$ 19,026	\$ 967,118

B – Leases

The Commission leases office space to others in the Robert C. Williams Business Center at Lafayette Plaza and leases fiber and land at various sites. These lease agreements provide for minimum rental, have terms of 3 to 12 years and are due to expire at various dates from 2022 to 2032. Minimum lease provisions at June 30, 2022, will result in rental income for future years as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 967,118	\$ 74,077	\$ 1,041,194
2024	688,965	63,892	752,857
2025	693,584	54,030	747,614
2026	736,561	43,762	780,324
2027	737,103	33,039	770,142
2028 - 2032	1,791,919	43,290	1,835,210
	<u>\$ 5,615,250</u>	<u>\$ 312,091</u>	<u>\$ 5,927,341</u>

In fiscal year 2022, the Commission recognized \$1,129,031 of lease revenue and \$81,865 of interest revenue under the leases.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2022

Note 6 - Restricted Assets and Restricted Liabilities

The Commission has classified as restricted the assets representing deposits, reserves, capital project appropriations and unexpended bond proceeds, because their use is completely restricted to the purpose for which the bonds were issued or the purpose for which the Commission has enacted enabling legislation as a regulatory body. Liabilities due to be paid from restricted assets are classified as restricted liabilities.

	Internally Restricted		Externally Restricted	
	Electric	Water	Electric	Water
Restricted Assets and Restricted Liabilities				
Cash and Cash Equivalents				
Annexation Phase V Fund Cash	\$ -	\$ 11,948,920	\$ -	\$ -
Rate Stabilization Fund Cash	13,334,674	609,986	-	-
NC Renewable Rider	-	-	7,413,145	-
Customer Deposits	8,668,732	3,715,171	-	-
Debt Service	29,888	1,164,559	130,230	1,313,805
TPA - Cash	140,429	101,364	-	-
Health Insurance Reserve	1,500,000	1,500,000	-	-
Coal Ash Reserve	10,176,864	-	-	-
Budget Carryovers	332,600	2,054,300	-	-
CPF - Cash	6,005,602	5,580,834	-	214,433
Construction Fund	-	-	2,689,365	47,001,237
Generation Fuel Reserve	206,690	-	-	-
Meter Reserve	3,700,000	1,300,000	-	-
Metronet	-	-	462,127	-
Total restricted cash and cash equivalents	<u>\$ 44,095,479</u>	<u>\$ 27,975,134</u>	<u>\$ 10,694,867</u>	<u>\$ 48,529,475</u>
Investments	<u>\$ 40,152,744</u>	<u>\$ 52,346,192</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral pledges in lieu of deposits	<u>\$ 508,416</u>	<u>\$ 217,892</u>	<u>\$ -</u>	<u>\$ -</u>
Receivables				
Grants	\$ 687,503	\$ 1,482,501	\$ -	\$ -
Sales Taxes	-	6,811,660	-	-
Other	1,222,644	5,425,807	-	-
Accrued Interest	15,168	20,229	-	-
Total restricted receivables	<u>\$ 1,925,315</u>	<u>\$ 13,740,197</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts payable and accrued expenses				
Trade	\$ -	\$ 9,844,376	\$ -	\$ -
NC DOT Projects	-	503,146	-	-
Meter Deposits	9,177,148	4,023,810	-	-
Other	1,200,559	1,685,358	-	-
Total restricted accounts payable and accrued expenses	<u>\$ 10,377,707</u>	<u>\$ 16,056,690</u>	<u>\$ -</u>	<u>\$ -</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2022

Note 7 – Capital Assets

The following is a summary of changes in capital assets:

<u>Description</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2022</u>
Electric Fund:					
Capital assets not being depreciated:					
Land & land rights	\$ 8,167,922	\$ -	\$ -	\$ 1,809,314	\$ 9,977,236
Construction in progress	43,298,415	38,856,991	(7,393,870)	(32,488,661)	42,272,875
Capital assets being depreciated:					
Electric utility system	502,345,706	811,790	(2,617,457)	26,191,108	526,731,147
Buildings	55,585,893	214,688	(1,688)	735,817	56,534,710
Equipment and machinery	20,562,666	303,548	(153,969)	1,011,033	21,723,278
Intangibles	22,761,592	21,602	-	3,067,852	25,851,046
Computer equipment	6,276,212	12,721	(251,960)	574,269	6,611,242
Vehicles	11,442,443	1,216,718	(628,726)	(41,367)	11,989,068
Office equipment	1,265,210	-	(3,882)	(39,722)	1,221,606
Total Capital assets being depreciated	620,239,722	2,581,067	(3,657,682)	31,498,990	650,662,097
Right to use assets	-	3,106,553	-	-	3,106,553
Less accumulated depreciation for:					
Electric utility system	(278,264,812)	(14,637,946)	2,321,156	-	(290,581,602)
Buildings	(28,577,296)	(1,514,049)	1,137	379	(30,089,829)
Equipment and machinery	(12,903,505)	(745,608)	152,551	(65,910)	(13,562,472)
Intangibles	(18,743,211)	(1,309,628)	-	(407,450)	(20,460,289)
Computer equipment	(5,536,327)	(392,390)	251,961	(132,042)	(5,808,798)
Vehicles	(5,905,696)	(782,713)	592,531	59,768	(6,036,110)
Office equipment	(1,180,717)	(25,609)	3,699	39,400	(1,163,227)
Total accumulated depreciation for:	(351,111,564)	(19,407,943)	3,323,035	(505,855)	(367,702,327)
Electric fund capital assets, net	<u>\$ 320,594,495</u>	<u>\$ 22,030,115</u>	<u>\$ (7,728,517)</u>	<u>\$ 313,788</u>	<u>\$ 335,209,881</u>
Right to use assets, accumulated amortization	-	(442,170)	-	-	(442,170)
Total Electric fund capital assets, net and Right to use Assets	<u>\$ 320,594,495</u>	<u>\$ 24,694,498</u>	<u>\$ (7,728,517)</u>	<u>\$ 313,788</u>	<u>\$ 337,874,264</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2022

Note 7 – Capital Assets (continued)

<u>Description</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2022</u>
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land and land rights	\$ 12,653,765	\$ 5,125	\$ -	\$ 1,163,560	\$ 13,822,450
Construction in progress	72,247,736	67,457,765	(1,543)	(58,803,430)	80,900,528
Capital assets being depreciated:					
Water system	439,490,184	24,869	(267,542)	19,413,440	458,660,951
Sewer system	676,139,576	16,159	-	35,317,925	711,473,660
Buildings	13,287,285	15,747	(1,688)	573,667	13,875,011
Equipment and machinery	14,012,465	927,259	(303,169)	5,775	14,642,330
Intangibles	19,055,478	18,807	-	1,740,628	20,814,913
Computer equipment	6,393,421	12,721	(187,621)	(349,100)	5,869,421
Vehicles	10,938,908	718,590	(216,664)	78,167	11,519,001
Office equipment	471,623	-	(3,432)	39,723	507,914
Total Capital assets being depreciated	1,179,788,940	1,734,152	(980,116)	56,820,225	1,237,363,201
Right to use assets	-	3,155,522	-	-	3,155,522
Less accumulated depreciation for:					
Water system	(178,378,178)	(11,314,512)	193,836	-	(189,498,854)
Sewer system	(245,732,508)	(14,889,768)	-	-	(260,622,276)
Buildings	(5,117,533)	(403,403)	1,137	16	(5,519,783)
Equipment and machinery	(11,301,133)	(549,762)	277,911	65,515	(11,507,469)
Intangibles	(16,429,426)	(1,231,857)	-	407,450	(17,253,833)
Computer equipment	(5,105,039)	(380,276)	187,620	132,043	(5,165,652)
Vehicles	(6,118,106)	(697,828)	202,188	(59,767)	(6,673,513)
Office equipment	(455,079)	(1,435)	3,250	(39,400)	(492,664)
Total Capital assets being depreciated	(468,637,002)	(29,468,841)	865,942	505,857	(496,734,044)
Water and Sewer capital assets, net	\$ 796,053,439	\$ 39,728,201	\$ (115,717)	\$ (313,788)	\$ 835,352,135
Right to use assets, accumulated amortization	-	(458,493)	-	-	(458,493)
Total Water and Sewer capital assets, net and Right to use assets	\$ 796,053,439	\$ 42,425,230	\$ (115,717)	\$ (313,788)	\$ 838,049,164

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 8 - Right to Use Assets

The Commission has entered into right to use leased asset contracts covering the lease of office equipment and subscription contracts covering the subscription of software services (SaaS). The related liabilities are discussed in the Lease and subscription subsection of the Liabilities section of this note. The right of use assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Commission for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right to use assets				
Leased equipment	\$ -	\$ 48,633	\$ -	\$ 48,633
Subscription software	-	6,213,442	-	6,213,442
Total right to use assets	<u>\$ -</u>	<u>\$ 6,262,075</u>	<u>\$ -</u>	<u>\$ 6,262,075</u>
 Less accumulated depreciation for:				
Leased equipment	\$ -	\$ 2,134	\$ -	\$ 2,134
Subscription software	-	898,528	-	898,528
Total accumulated amortization	<u>-</u>	<u>900,663</u>	<u>-</u>	<u>900,663</u>
Right to use asset, net	<u><u>\$ -</u></u>	<u><u>\$ 5,361,412</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,361,412</u></u>

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 9 – Accounts Payable and Accrued Expenses

At June 30, 2022, the Commission's unrestricted accounts payable and accrued expenses balances were as follows:

	Electric Fund	Water and Wastewater Fund	Total
Unrestricted:			
Trade	\$ 3,629,990	\$ 4,644,746	\$ 8,274,736
Purchased power	12,137,563	-	12,137,563
Power supply true up adjustment	(6,209,772)	-	(6,209,772)
Payroll related	1,790,347	2,181,006	3,971,353
Interest	349,972	3,906,321	4,256,293
Incurred but not reported claims	1,579,746	1,579,746	3,159,492
Other	(1,222,680)	1,770,049	547,369
	<u>\$ 12,055,166</u>	<u>\$ 14,081,868</u>	<u>\$ 26,137,034</u>

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 – Long-Term Debt

A - Revenue Bonds

The Commission has issued revenue bonds which have been used to finance the construction of facilities utilized in the operations of the Electric and Water and Wastewater Systems. Revenue Bonds outstanding for the year ended June 30, 2022, were as follows:

	<u>June 30, 2022</u>
\$111,455,000 Series 2014 Revenue Bonds due in various annual installments through March 1, 2039; interest at various rates between 3.0% and 5.0%.	\$ 95,280,000
\$114,405,000 Series 2016 Revenue Refunding Bonds due in various annual installments through March 1, 2041; interest at various rates between 3.0% and 5.0%.	86,960,000
\$83,645,000 Series 2018 Revenue and Refunding Bonds due in various annual installments through March 1, 2044; interest at various rates between 4.0% and 5.0%.	70,565,000
\$94,790,000 Series 2021 Revenue Bonds due in various annual installments through March 1, 2051; interest at various rates between 2.0% and 5.0%.	<u>94,790,000</u>
Total Revenue Bonds	347,595,000
Add: Unamortized Premium	<u>25,187,593</u>
Total	<u><u>\$ 372,782,593</u></u>

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 - Long-Term Debt (continued)

A - Revenue Bonds (continued)

Maturities of bonds payable are as follows:

Electric Fund

Year ending June 30	Revenue Bonds	
	Principal	Interest
2023	\$ 1,162,602	\$ 1,049,917
2024	1,154,493	991,787
2025	1,413,234	934,063
2026	1,464,253	879,097
2027	1,478,239	822,071
2028-2032	8,260,680	3,183,648
2033-2037	9,045,338	1,523,736
2038-2041	3,288,280	210,324
	<u>27,267,119</u>	<u>9,594,643</u>
Add: Unamortized premium	2,530,866	
Total Electric	<u>\$ 29,797,985</u>	<u>\$ 9,594,643</u>

Water/Wastewater Fund

Year ending June 30	Revenue Bonds	
	Principal	Interest
2023	\$ 13,147,398	\$ 11,538,326
2024	11,870,507	10,880,956
2025	12,131,766	10,287,431
2026	12,570,747	9,755,046
2027	12,266,761	9,203,022
2028-2032	67,749,320	38,541,621
2033-2037	77,174,662	25,397,658
2038-2042	65,126,720	12,465,927
2043-2047	29,600,000	4,633,825
2048-2051	18,690,000	1,182,502
	<u>320,327,881</u>	<u>133,886,314</u>
Add: Unamortized premium	22,656,727	
Total Water/Wastewater	<u>\$ 342,984,608</u>	<u>\$ 133,886,314</u>
Total Electric & Water/Wastewater	<u>\$ 372,782,593</u>	<u>\$ 143,480,957</u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 - Long-Term Debt (continued)

A - Revenue Bonds (continued)

The Commission has pledged future electric, water and wastewater customer revenues, net of specified operating expenses to repay \$404,295,000 in revenue and revenue refunding bonds issued at various times from 2014 through 2022. Proceeds from the bonds provided financing for extensions, additions and capital improvements to or the renewal and replacement of capital assets, or purchasing and installing new equipment for, the electric, water, and wastewater systems. The bonds are payable solely from electric, water and wastewater customer net revenues and are payable through 2051. The total principal and interest remaining to be paid on the bonds is \$491,075,957. Principal and interest paid for the current year and total customer revenues were \$25,079,588 and \$337,060,760.

Interest expense related to the revenue bonds totaled \$12,061,486 for the year ended June 30, 2022.

PWC's revenue bonds are payable from and secured by a pledge of and lien upon the Net Revenues of the System. The Bond Order governing the revenue bonds contains various events of default including nonpayment of principal or interest, unreasonable delays in the reconstruction of any essential part of the System which is destroyed or damaged and is not promptly repaired or replaced or the failure to observe or perform particular covenants, conditions or agreements for a specific period of time after receiving notice of such failure. In the event one of these defaults occurs, the trustee under the Bond Order may, and upon the written request of the owners of not less than 25% of the principal amount of revenue bonds outstanding, declare the principal of all bonds outstanding to be due and payable immediately.

The revenue bond order contains significant covenants regarding annual debt service requirements, use of the system, and minimum revenue bond coverage. The Commission is in compliance with all such significant covenants at June 30, 2022.

B – Direct Placement Notes Payable

The Commission has entered into revolving loan agreements with the State of North Carolina for various water and wastewater capital projects. These direct placement loans are payable solely from the revenues of the project or benefited systems, or other available funds.

These notes payable are junior, inferior and subordinate in all respects to the Revenue Bonds of the Commission and the City of Fayetteville. Notes payables outstanding for the year ended June 30, 2022, were as follows:

	<u>June 30, 2022</u>
\$382,788 Direct Placement State Revolving Loan due in annual installments through May 1, 2033; interest at 2.0% paid semi-annually on May 1 and November 1.	\$ 210,533
\$5,299,942 Direct Placement State Revolving Loan due in annual installments through May 1, 2033; no interest.	2,917,396

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 - Long-Term Debt (continued)

B – Direct Placement Notes Payable (continued)

\$3,901,648 Direct Placement State Revolving Loan due in annual installments through May 1, 2034; interest at 2.0% paid semi-annually on May 1 and November 1.	2,340,989
\$15,890,541 Direct Placement State Revolving Loan due in annual installments through May 1, 2036; no interest.	11,123,379
\$2,243,830 Direct Placement State Revolving Loan due in annual installments through May 1, 2035; interest at 2.0% paid semi-annually on May 1 and November 1.	1,458,489
\$17,912,000 Direct Placement State Revolving Loan due in annual installments beginning May 1, 2023; interest at 1.11% paid semi-annually on May 1 and November 1; construction draws not yet complete	10,162,516
\$26,187,999 Direct Placement State Revolving Loan due in annual installments beginning May 1, 2023; interest at 1.06% paid semi-annually on May 1 and November 1; construction draws not yet complete	7,954,288
\$6,255,105 Direct Placement State Revolving Loan due in annual installments beginning May 1, 2023; no interest; construction draws not yet complete	<u>1,202,273</u>
	<u><u>\$ 37,369,863</u></u>

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 - Long-Term Debt (continued)

B – Direct Placement Notes Payable (continued)

Maturities of the \$382,788, \$5,299,942, \$3,901,648, \$15,890,541, and \$2,243,830 notes payable are as follows:

Year Ending	Water/Wastewater	
	Principal	Interest
2023	\$ 1,386,158	\$ 80,200
2024	1,386,158	73,672
2025	1,386,158	67,144
2026	1,386,158	60,615
2027	1,386,158	54,087
2028-2032	6,930,791	172,512
2033-2036	4,189,205	25,551
	\$ 18,050,786	\$ 533,781

Total interest expense related to the notes payable obligations totaled \$132,486 for the year ended June 30, 2022.

The Commission expects the estimated schedule of maturity for the \$17,912,000, \$26,187,999 and \$6,255,105 notes payable to be as follows:

Year Ending	Water/Wastewater	
	Principal	Interest
2023	\$ 2,517,755	\$ 354,717
2024	884,280	10,598
2025	884,280	136,121
2026	884,280	155,057
2027	884,280	145,936
2028-2032	4,421,400	592,864
2033-2037	4,421,400	364,839
2038-2042	4,421,402	136,814
	\$ 19,319,077	\$ 1,896,946

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 - Long-Term Debt (continued)

C - Leases and Subscriptions

The Commission has entered into agreements to lease certain equipment and subscriptions for certain software. These agreements qualify as other than short-term leases and subscription-based information technology arrangements under GASB 87 and GASB 96 and, therefore, have been recorded at the present value of the future minimum lease and subscription payments as of the date of their inception. There are no variable payment components of the agreements. The terms of these agreements range from two to ten years and are paid on a monthly, quarterly or annual basis according to the terms of the contract. The lease liability and subscription is measured at discount rates ranging from 0.5% to 2.6% based on the Commission's imputed borrowing rate. As a result of the lease, the Commission has recorded right to use assets totaling \$6,262,074 at June 30, 2022.

The future minimum lease and subscription obligations and the net present value of these minimum lease and subscription payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 1,100,938	\$ 75,171	\$ 1,176,109
2024	1,012,988	58,506	1,071,494
2025	1,013,507	41,836	1,055,343
2026	940,994	26,170	967,164
2027	764,272	12,541	776,813
2028 - 2032	477,343	9,844	487,187
	<u>\$ 5,310,042</u>	<u>\$ 224,068</u>	<u>\$ 5,534,110</u>

In fiscal year 2022, the Commission paid \$952,032 in principal and \$21,417 in interest payments related to leases.

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FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 - Long-Term Debt (continued)

D – Changes in Long-Term Liabilities

	Balance 6/30/2021	Increases	Decreases	Balance 6/30/2022	Current Portion
Electric Fund					
Revenue Bonds	\$ 22,071,183	\$ 6,310,000	\$ 1,114,064	\$ 27,267,119	\$ 1,162,602
Unearned deposits	7,602	849,865	25,359	832,108	-
Compensated					
Absences	2,413,270	2,399,830	2,413,270	2,399,830	1,656,606
Lease and Subscription Liability	-	3,106,552	468,249	2,638,303	560,804
Total OPEB liability	15,975,765	646,561	4,315,655	12,306,671	-
Net pension liability					-
(LGERS)	9,263,754	-	4,955,161	4,308,593	-
	49,731,574	<u>\$ 13,312,808</u>	<u>\$ 13,291,758</u>	49,752,624	3,380,012
Add: Unamortized premium	1,476,901			2,530,866	-
Total Electric long-term liabilities	<u>\$ 51,208,475</u>			<u>\$ 52,283,490</u>	<u>\$ 3,380,012</u>
Water & Wastewater Fund					
Revenue Bonds	\$ 244,483,817	\$ 88,480,000	\$ 12,635,936	\$ 320,327,881	\$ 13,147,398
Notes Payable	23,011,005	15,745,017	1,386,159	37,369,863	3,903,913
Unearned deposits	371,421	6,642	251,604	126,459	-
Compensated					
Absences	2,278,306	2,320,060	2,278,306	2,320,060	1,596,416
Lease and Subscription Liability	-	3,155,524	483,784	2,671,740	577,095
Total OPEB liability	18,884,196	792,487	5,289,675	14,387,008	-
Net pension liability (LGERS)	11,199,122	-	6,056,307	5,142,815	-
	300,227,867	<u>\$ 110,499,730</u>	<u>\$ 28,381,771</u>	382,345,826	19,224,822
Add: Unamortized premium	18,420,299			22,656,727	-
Total Water/Wastewater long-term liabilities	<u>\$ 318,648,166</u>			<u>\$ 405,002,553</u>	<u>\$ 19,224,822</u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 10 - Long-Term Debt (continued)

E – Net Investment in Capital Assets

	<u>Electric Fund</u>	<u>Water Fund</u>
Capital Assets, Net	\$ 335,209,881	\$ 835,352,135
Add: Right to use asset	2,664,382	2,697,028
Less: Outstanding debt related to capital assets	(27,267,119)	(357,697,744)
Less: Premium on outstanding debt	(2,530,866)	(22,656,727)
Less: Deferred loss related to unspent bond proceeds	-	(222,000)
Less: Retainage and payables related to capital asset	(1,081,744)	(11,899,663)
Add: Deferred loss on bond refunding	4,636	857,481
Less: Lease and subscription liability	(2,638,304)	(2,671,740)
Add: Outstanding unspent bond proceeds	2,689,365	47,001,237
Net Investment in Capital Assets	<u><u>\$ 307,050,231</u></u>	<u><u>\$ 490,760,007</u></u>

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 11 - Retirement Plans

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 11 – Retirement Plans: Local Governmental Employees' Retirement System (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Commission's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Commission's contractually required contribution rate for the year ended June 30, 2022, was 16.58% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Commission were \$7,973,717 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Commission reported a liability of \$9,451,408 for its proportionate share of the net pension liability. The net pension liability is presented in other long-term liabilities in the accompanying financial statements. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers actuarially determined. At June 30, 2021, the Commission's proportion was 0.616%, which was an increase of 0.043% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Commission recognized pension expense of \$6,456,370. At June 30, 2022, the Commission reported deferred outflows of resources and deferred, inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,006,830	\$ -
Changes of assumptions	5,937,893	-
Net Difference between projected and actual earning on pension plans investments	-	13,503,211
Changes in proportion and differences between Commission contributions and proportionate share of contributions	4,358,096	-
Commission contributions subsequent to the measurement date	7,973,717	-
	<u>\$ 21,276,536</u>	<u>\$ 13,503,211</u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 11 – Retirement Plans: Local Governmental Employees' Retirement System (continued)

\$7,973,717 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 2,815,057
2023	1,234,988
2024	(118,373)
2025	(4,132,064)
Thereafter	-
	<u>\$ (200,392)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). Mortality rates are based on the Pub-2010 Mortality tables with adjustments for mortality improvements based on the generational improvement Scale MP-2019. The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience investigation prepared as of December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 11 – Retirement Plans: Local Governmental Employees' Retirement System (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.5%. All rates of return and inflation are annualized.

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

Sensitivity of the Commission's proportionate share of the net pension asset to changes in the discount rate. The following presents the Commission's proportionate share of the net pension asset calculated using the discount rate of 5.5 percent, as well as what the Commission's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Commission's proportionate share of the net pension liability (asset)	\$36,689,543	9,451,408	(\$12,964,011)

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

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2022

Note 12 – Deferred Outflows and Inflows of Resources – Unamortized Bond Refunding Charges

Gains and losses from debt refunding must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains and losses related to debt refunding are to be used in determining the carrying value of the new debt issued to finance debt refunding. The carrying values of the 2016 Revenue Refunding Bonds and the 2018 Revenue Refunding Bonds have been adjusted for the net loss from defeasance (net amortization) of \$862,117. These deferred inflows and outflows of resources are included as unamortized bond refunding charges in the statement of net position.

Note 13 - Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A – Property and Casualty

The Commission is self-insured with respect to workers' compensation (up to approximately \$1,000,000) and self-insured with respect to health insurance claims (up to approximately \$2,000,000). In addition, the Commission is self-insured with respect to certain policy deductible amounts as follows: up to \$100,000 per occurrence on public officials' liability, up to \$1,000,000 per occurrence on liability claims, and up to \$500,000 per occurrence on property claims. In addition, the Commission maintains excess liability insurance (\$10,000,000) to cover catastrophic losses and auto liability coverage with a \$1,000,000 deductible per occurrence. The Commission maintains an investment account amounting to \$3,500,000 to cover possible workers' compensation and other claims. This investment is classified under restricted assets in the financial statements. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified under the incident reporting system has been made, because the amount is not reasonably estimated.

B – Health Insurance Claims

The Commission uses a third-party administrator to process health insurance claims. At June 30, 2022, and 2021, a liability for incurred but not reported claims of \$3,159,491 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims for the Commission is presented below:

	<u>2022</u>	<u>2021</u>
Liability as of beginning of the year	\$ 2,530,675	\$ 1,792,201
Current year claims and changes		
in estimates	10,485,537	9,457,657
Actual claim payments	<u>(9,856,720)</u>	<u>(8,719,183)</u>
Liability as of end of the year	<u><u>\$ 3,159,492</u></u>	<u><u>\$ 2,530,675</u></u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 13 - Risk Management (continued)

C – Commercial Crime Policy Insurance

All Employees including the Chief Financial Officer, Controller and Director of Financial Planning and Capital Projects are insured under the Commission's Commercial Crime Policy in accordance with G.S. 159-29. The Crime policy provides coverage for losses related to employee dishonesty, fraud, forgery/alteration and theft of money or securities up to \$1,000,000. The Crime policy has a \$50,000 deductible per loss.

D – Commercial Performance and Surety Bond (Chief Financial Officer Specific)

The Chief Financial Officer is also insured under an individual Commercial Performance and Surety Bond Policy in accordance with Section 6A.8 of Chapter VI of the Charter of the City of Fayetteville and North Carolina General Statute 159 Article 3. It provides coverage for duties related to finance, accounting and faithful performance up to \$100,000 with no deductible.

E – Flood Insurance

The Commission carries flood insurance through the commercial insurance market. The current policy limit is \$400,000,000. The Federal Emergency Management Agency (FEMA) defines Zone A as an area close to a river, lake, or stream. For assets in Flood Zones A, V and B, a sublimit of \$20,000,000 applies to the loss event. The Commission's standard deductible is \$100,000 with the exception of a \$250,000 deductible set for combustion steam generators.

F – Other Commercial Coverage Insurance

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

Note 14 - Commitments and Contingencies

A – Arbitrage

During the year ended June 30, 2022, the following bonds were subject to arbitrage regulations:

- 2018 Electric, Water and Wastewater Revenue
- 2021 Electric, Water and Wastewater Revenue

The arbitrage rebate payments are due on the fifth anniversary of the bond issue date. It is management's belief that the Commission's future rebate liability, if any, will be immaterial.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 14 - Commitments and Contingencies (continued)

B – Capital Expenditures

The Commission has authorized expenditures totaling approximately \$557.7 million for capital additions and construction of various electric, water and wastewater projects. At June 30, 2022, cumulative expenditures to date totaled approximately \$190.3 million leaving an unexpended balance of \$367.4 million for projects that are expected to be completed at various dates through the year ending June 30, 2032.

C – Litigation

The Commission is involved in a few lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statement.

D – Power Supply Contracts

In June 2009, the Commission executed a 20-year full requirements Power Supply and Coordination Agreement (PSCA) with Duke Energy Progress (DEP) formerly named Progress Energy Carolina, Inc. effective July 1, 2012. Subsequent amendments extended the term to 30 years. Under the PSCA, DEP provides PWC's full power supply requirements at an annually determined capacity and energy price based on DEP's average system cost. PWC will continue to utilize its SEPA allocation as permitted in the SEPA contract and the PSCA. In November 2019, PWC and DEP amended the contract, with the modifications expected to save PWC \$313 million (net present value saving) compared to the current agreement, including \$33 million savings prior to 2024 when the terms of the current agreement end. The terms of the amended agreement run through 2042 and PWC has the option to end the contract in 2032 with a three-year notice. In a separate agreement, DEP agreed to extend the power purchase agreement to dispatch PWC's Butler-Warner Generation Plant. New terms extend the contract through June 2024 for an additional \$5 million in PWC revenue. PWC may be able to achieve additional savings beyond 2024 if operational requirements are met.

Either party may challenge the correctness of any bill pursuant to the PSCA no later than 24 months after the payment date such bill was due. DEP provides PWC estimated energy and capacity rates each calendar year and calculates a true-up charge or credit, with interest, following the completion of DEP's calendar year period once the actual costs are known. Calendar year 2021 is open for challenges and is currently under review. As of the date of these financial statements, any known adjustments not yet billed or credited have been recorded.

In addition to the purchased power contract, PWC pays power transmission costs to its power supply provider, DEP. The transmission rates are established by the Federal Energy Regulatory Commission (FERC).

During the year ended June 30, 2022, the purchased power cost from DEP was \$137,585,270, including transmission costs, coal ash costs (see Note 14E), and contractual true up and challenge net (credits)/charges of (\$8,495,016).

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 14 - Commitments and Contingencies (continued)

E – Coal Ash

In September 2014, the Coal Ash Management Act (CAMA) became law in North Carolina. Subsequent to its passage, the Environmental Protection Agency (EPA) issued its own regulations and together with CAMA, requires DEP to take remedial actions to its plants producing Coal Combustion Residuals (CCRs). On April 26, 2017, DEP and PWC executed an amendment to the PSCA incorporating the recovery of CCR costs and in May 2017, DEP filed the amended contract with the Federal Energy Regulatory Commission (FERC). As of July 20, 2017, FERC accepted the contract with a July 1, 2017, effective date. Based on this acceptance and the terms of the contract, DEP began billing PWC for prior CCR costs (CCRCs) dating back to January 2015 in fixed monthly installments over a period of 24 months in January 2018. Another component of the charges related to coal ash recovery is Beneficial Reuse Costs (BRCs) and PWC was billed accordingly for DEP's cost incurred from January 2017. In January 2018, current and future costs going forward is estimated in the energy and demand rates of the PSCA for BRCs and CCRCs, respectively, and are subject to true-up provisions of the PSCA. The prior BRCs and CCRCs for 2015, 2016 and 2017 were previously recorded as a liability and have been fully recovered. DEP has shared with PWC the estimated cost to be recovered from PWC over the next 20 years, with the majority being due in the first 10 years. For this purpose, PWC collected approximately \$27.3 million through fiscal year 2017 restricted for this purpose and intends to fund the remaining costs through a combination of Electric Rate Stabilization funds and a pass-through charge to all customers through customer billings. Fiscal year 2022 coal ash costs of \$7,194,304 are included in the purchased power costs above. This amount was \$9,910,124 in fiscal year 2021.

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**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 15 - Related Party Transactions/Transfers Out

The Commission operates as a component unit of the City of Fayetteville, North Carolina. As such, the Commission provides electric and water/wastewater services to the City. Services, which are billed and paid monthly, totaled \$1,973,345 in 2022. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions to/from the City amounted to \$10,495,105 in 2022. Balances due to/from the Commission were as follows:

	June 30, 2022
Receivables (due from the City of Fayetteville)	\$ 76,586
Assessments (due from the City of Fayetteville)	5,597,897
Assessments interest (due from the City of Fayetteville)	487,280
	<u>\$ 6,161,763</u>
 Payables (due to the City of Fayetteville)	 <u>\$ 231,791</u>

Note 16 - Other Post-Employment Benefits

Healthcare Benefits

Plan Description. The Commission has a single-employer defined benefit healthcare plan. The Commission has the authority to establish and amend the benefit terms and financing requirements. The Commission has chosen to fund the health care benefits on a pay as you go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. This plan provides post-employment healthcare benefits to retirees and their dependents up to the age of 65. The Commission and the qualified retirees share in the cost of the coverage. Employees who retire with a minimum of 20 years of creditable service have the option of sharing in the cost of coverage for themselves and purchasing coverage for dependents at the Commission's group rate. The Commission may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the health benefits plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	Employees:
Retirees and dependents receiving benefits	112
Active plan members and covered spouses	392
Total	<u>504</u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 16 - Other Post-Employment Benefits (continued)

Total OPEB Liability

The Commission's total OPEB liability of \$26,693,679 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Salary increases	3.00 percent, average
Discount rate	2.16 percent
Healthcare cost trend rates	Composite - Medical & Rx – 4.50 - 6.40%
	Admin Rate – 3.00%

The discount rate is based on the yield of the Bond Buyer GO-20 Bond Index as of the measurement date.

Changes in the Total OPEB Liability	Total OPEB Liability
Balance at July 1, 2021	\$ 34,859,961
Changes for the year	
Service Cost	680,802
Interest	758,247
Changes of benefit terms	
Differences between expected and actual experience	(1,277,854)
Changes in assumptions or other inputs	(5,852,037)
Benefit payments	(2,475,440)
Net changes	<u>(8,166,282)</u>
Balance at June 30, 2022	<u>\$ 26,693,679</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 16 - Other Post-Employment Benefits (continued)

Total OPEB Liability (continued)

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$28,700,123	\$26,693,679	\$24,860,880

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.40%) decreasing to 3.5% ultimate)	Trend Rate (6.40%) decreasing to 4.5% ultimate)	1% Increase (7.40%) decreasing to 5.5% ultimate)
Total OPEB liability	\$24,575,201	\$26,693,679	\$29,101,567

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2022, the Commission recognized OPEB expense of \$839,202. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,395,127	\$ 1,126,917
Changes of Assumptions	3,184,408	5,163,434
Commission contributions subsequent to the measurement date	2,963,147	-
Retiree contributions subsequent to the measurement date	-	173,668
Total	<u>\$ 7,542,682</u>	<u>\$ 6,464,019</u>

\$2,963,147 reported as deferred outflows of resources related to OPEB resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. \$173,668 reported as Deferred Inflows of Resources related to OPEB resulting from retiree benefit payments subsequent to measurement date will be recognized as an increase of the total pension liability in the year-ended June 30, 2023. Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ (576,996)
2024	(527,731)
2025	(606,089)
2026	-
Thereafter	-
	<u><u>\$ (1,710,816)</u></u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 17 – Interfund Activity

	DUE FROM/(TO)			
	ELECTRIC	WATER	CAPITAL PROJECT FUNDS	TOTAL
ELECTRIC FUND:				
Electric NCDOT U-4405 Raeford Rd CPF	\$ 1,057,488	\$ -	\$ (1,057,488)	\$ -
Series 2021 Electric CPF	5,428	-	(5,428)	-
Renewable Resource Development CPF	285,810	-	(285,810)	-
WATER FUND:				
Annex V, 22-23 CPF	-	52,134	(52,134)	-
Annex V, 24-25 CPF	-	29,538	(29,538)	-
Annex V, 26-27 CPF	-	6,105	(6,105)	-
Annex V, 28-29 CPF	-	1,884	(1,884)	-
Annex V, 32-34 CPF	-	11,516	(11,516)	-
Series 2018 Water/Wastewater CPF	-	239,340	(239,340)	-
Hurricane Matthew CPF	-	5,343,219	(5,343,219)	-
Rockfish Creek Basin Peak Flow Facilities CPF	-	159,086	(159,086)	-
Big Rockfish - SS Outfall CPF	-	6,219,172	(6,219,172)	-
Big Rockfish - SS Outfall Lift Station Elim CPF	-	235,419	(235,419)	-
Glenville-PO Hoffer Reliability Improvements	-	323,237	(323,237)	-
Series 2021 W/WW CPF	-	291,949	(291,949)	-
TOTAL PER FUNDS	\$ 1,348,726	\$ 12,912,599	\$ (14,261,325)	\$ -
LESS ELIMINATIONS	(1,348,726)	(12,912,599)	14,261,325	-
TOTAL AFTER ELIMINATIONS	\$ -	\$ -	\$ -	\$ -

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FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2022

Note 17 – Interfund Activity (continued)

Transfers are primarily related to the transfer of capital assets between funds, which usually occur at the onset of a capital project and as the project draws to an end. Those transfers that are not capital related are made between the Rate Stabilization funds, various capital project funds, and the respective Electric Operating or Water and Wastewater Operating funds. These types of transfers are used to finance the programs/projects that the PWC must account for in other funds in accordance with budgetary authorizations.

	TRANSFER (TO)/FROM			
	ELECTRIC	WATER	ANNEX V RESERVE	CAPITAL PROJECT FUNDS
ELECTRIC FUND:				
transfer to Annexation Ph V Reserve Fund	\$ (4,903,183)	\$ -	\$ 4,903,183	\$ -
transfer to Series 2021 Electric Capital Projects Fund	(7,244,230)	-	-	7,244,230
transfer to Electric Rate Stabilization Fund	(12,257,888)	-	-	12,257,888
transfer to Transportation Equipment CPF	(1,823,901)	-	-	1,823,901
transfer to Substation Rebuild CPF	(6,427,578)	-	-	6,427,578
transfer to ncdot U-4408 Raeford Rd CPF	(306,000)	-	-	306,000
transfer to Electric (from Series 2021 Electric CPF)	20,574,795	-	-	(20,574,795)
transfer to Electric (from Electric Rate Stabilization)	9,732,270	-	-	(9,732,270)
transfer to Electric (from Transportation Equipment)	1,790,608	-	-	(1,790,608)
transfer to Electric (from Substation Rebuild CPF)	4,639,741	-	-	(4,639,741)
WATER FUND:				
transfer to Water Rate Stabilization Fund	-	(250,000)	-	250,000
transfer to Annexation V Reserve Fund	-	(13,026,991)	13,026,991	-
transfer to Series 2021 Water & Wastewater Fund	-	(61,832,328)	-	61,832,328
transfer to Series 2021 Annexation, 22/23 Fund	-	(17,019,613)	-	17,019,613
transfer to Series 2021 Annexation, 24/25 Fund	-	(5,109,766)	-	5,109,766
transfer to Series 2021 Replacement of 20" N. Fay Force	-	(7,043,182)	-	7,043,182
transfer to NCDOT Project Fund	-	(4,724,239)	-	4,724,239
transfer to Water (from Annexation V Reserve Fund)	-	6,566,862	(6,566,862)	-
transfer to Water (from 2018 Water Wastewater)	-	5,393,745	-	(5,393,745)
transfer to Water (Rockfish Creek Basin Peak Flow CPF)	-	409,082	-	(409,082)
transfer to Water (from Annexation V, 24 & 25)	-	4,749,988	-	(4,749,988)
transfer to Water (from Series 2021 W/WW CPF)	-	10,145,185	-	(10,145,185)
transfer to Water (from Annexation V, 22 & 23)	-	7,650,728	-	(7,650,728)
transfer from Annex V Areas 22-23 (to Annex V Reserve)	-	-	12,380,399	(12,380,399)
transfer from Annex V Areas 24-25 (to Annex V Reserve)	-	-	1,762,048	(1,762,048)
transfer to Annex V Areas 26-27 (from Annex V Reserve)	-	-	(339,655)	339,655
transfer to Annex V Areas 28-29 (from Annex V Reserve)	-	-	(268,385)	268,385
transfer to Annex V Areas 32-34 (from Annex V Reserve)	-	-	(1,329,417)	1,329,417
TOTAL PER FUNDS	\$ 3,774,634	\$ (74,090,528)	\$ 23,568,301	\$ 46,747,593
LESS ELIMINATIONS	(8,677,817)	74,090,528	(18,665,118)	(46,747,593)
TOTAL AFTER ELIMINATIONS	\$ (4,903,183)	\$ -	\$ 4,903,183	\$ -

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Notes to the Financial Statements (continued)

June 30, 2022

Note 18 – Subsequent Events

The Commission has evaluated events subsequent to October 13, 2022, to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

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**Required Supplementary Information
(UNAUDITED)**

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

**Other Post Employment Benefit Retiree Healthcare Plan
Required Supplementary Information
(Unaudited)**

Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Five Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 680,802	\$ 591,679	\$ 522,127	\$ 533,802	\$ 565,873
Interest	758,247	1,261,273	1,066,552	996,634	\$ 836,244
Changes of benefit terms	-	-	-	-	\$ -
Differences between expected and actual experience	(1,277,854)	(385,318)	1,885,481	1,283,176	\$ 1,346,521
Changes in assumptions	(5,852,037)	(1,127,566)	6,872,914	(380,720)	\$ (1,715,410)
Benefit payments	(2,475,440)	(1,630,150)	(2,445,562)	(2,953,023)	\$ (2,066,658)
Net change in total OPEB liability	\$ (8,166,282)	\$ (1,290,082)	\$ 7,901,512	\$ (520,131)	\$ (1,033,430)
Total OPEB liability - beginning	34,859,961	36,150,043	28,248,531	28,768,662	\$ 29,802,092
Total OPEB liability - ending	\$ 26,693,679	\$ 34,859,961	\$ 36,150,043	\$ 28,248,531	\$ 28,768,662
 Covered-employee payroll	 \$ 46,721,898	 \$ 44,357,862	 \$ 42,079,777	 \$ 38,860,875	 \$ 38,396,209
Total OPEB liability as a percentage of covered- employee payroll	 57.13%	 78.59%	 85.91%	 72.69%	 74.93%

Notes to Schedule

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

	2022	2021	2020	2019	2018
Discount Rate	2.16%	2.21%	3.51%	3.87%	2.85%

The Commission has elected not to accumulate assets in a qualifying trust as allowed by Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

*Information is not available for years prior to 2018.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Local Government Employees' Retirement System
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
(Unaudited)

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PWC's proportion of the net pension liability (asset) (%)	0.6163%	0.5726%	0.5720%	0.5575%
PWC's proportion of the net pension liability (asset) (\$)	\$ 9,451,408	\$ 20,462,876	\$ 15,621,420	\$ 13,227,467
PWC's covered payroll	\$ 46,721,898	\$ 44,357,862	\$ 42,079,777	\$ 38,860,875
PWC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.23%	46.13%	37.12%	34.04%
Plan fiduciary net position as a percentage of the total pension liability **	95.51%	91.63%	94.18%	91.47%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. Information is not available for years prior to 2014.

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

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Local Government Employees' Retirement System
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
(Unaudited)

Last Nine Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PWC's proportion of the net pension liability (asset) (%)	0.5727%	0.5647%	0.5617%	0.5597%	0.5439%
PWC's proportion of the net pension liability (asset) (\$)	\$ 8,749,736	\$ 11,984,401	\$ 2,521,055	\$ (3,301,280)	\$ 6,556,084
PWC's covered payroll	\$ 38,396,209	\$ 36,757,085	\$ 36,012,022	\$ 35,553,227	\$ 34,013,831
PWC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.79%	32.60%	7.00%	(9.29%)	19.27%
Plan fiduciary net position as a percentage of the total pension liability **	98.09%	99.07%	102.64%	94.35%	96.45%

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Local Government Employees' Retirement System
Required Supplementary Information
(Unaudited)

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 7,973,717	\$ 7,185,803	\$ 6,289,945	\$ 5,461,958
Contributions in relation to the contractually required contribution	<u>7,973,717</u>	<u>7,185,803</u>	<u>6,289,945</u>	<u>5,461,958</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PWC's covered payroll	\$ 48,092,376	\$ 46,721,733	\$ 44,357,862	\$ 42,079,777
Contributions as a percentage of covered payroll	16.58%	15.38%	14.18%	12.98%

* Information is not available for years prior to 2014.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Local Government Employees' Retirement System
Required Supplementary Information
(Unaudited)

Last Nine Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,946,988	\$ 4,791,848	\$ 4,374,095	\$ 4,429,479	\$ 2,513,615
Contributions in relation to the contractually required contribution	<u>4,946,988</u>	<u>4,791,848</u>	<u>4,374,095</u>	<u>4,429,479</u>	<u>2,513,615</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PWC's covered payroll	\$ 38,860,875	\$ 38,396,209	\$ 36,757,085	\$ 36,012,022	\$ 35,553,227
Contributions as a percentage of covered payroll	12.73%	12.48%	11.90%	12.30%	7.07%

* Information is not available for years prior to 2014.

Supplementary Information

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net position
Electric Utility

June 30, 2022

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund	Electric NCDOT U-4405 Raeford Rd Fund
ASSETS				
Current unrestricted assets				
Cash and cash equivalents	\$ 8,391,444	\$ -	\$ -	\$ -
Investments	80,545,446	-	-	-
Receivables	26,612,579	-	-	-
Lease receivable current	948,092	-	-	-
Internal balances	1,348,726	-	-	(1,057,488)
Less allowance for doubtful accounts	(146,222)	-	-	-
Inventories	15,452,855	-	-	-
Other current assets	4,063,832	-	-	-
Total current unrestricted assets	137,216,752	-	-	(1,057,488)
Current restricted assets				
Cash and cash equivalents	32,760,705	13,334,674	4,929,826	-
Investments	10,816,409	29,336,335	-	-
Collateral	508,416	-	-	-
Receivables	687,503	15,168	-	1,222,644
Total current restricted assets	44,773,033	42,686,177	4,929,826	1,222,644
Total current assets	181,989,785	42,686,177	4,929,826	165,156
Noncurrent assets				
Lease receivable noncurrent	4,648,132	-	-	-
Other assets	1,239	-	-	-
	4,649,371	-	-	-
Capital assets:				
Land and land rights	9,977,236	-	-	-
Construction in process	27,180,560	-	7,183,816	2,276,055
Electric utility systems	236,149,545	-	-	-
Buildings	26,444,881	-	-	-
Equipment and machinery	8,160,806	-	-	-
Computer programs	802,444	-	-	-
Intangibles	5,390,757	-	-	-
Vehicles	5,952,958	-	-	-
Office equipment	58,379	-	-	-
Capital assets, net	320,117,566	-	7,183,816	2,276,055
Right to use assets, net	2,664,383	-	-	-
Total noncurrent assets	327,431,320	-	7,183,816	2,276,055
Total assets	509,421,105	42,686,177	12,113,642	2,441,211
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	4,636	-	-	-
OPEB deferrals	3,467,100	-	-	-
Pension deferrals	9,684,543	-	-	-
Total deferred outflows of resources	13,156,279	-	-	-

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net position
Electric Utility

June 30, 2022

	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Renewable Resource Capital Project Fund	Total
ASSETS				
Current unrestricted assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,391,444
Investments	-	-	-	80,545,446
Receivables	-	-	-	26,612,579
Lease receivable current	-	-	-	948,092
Internal balances	-	(5,428)	(285,810)	-
Less allowance for doubtful accounts	-	-	-	(146,222)
Inventories	-	-	-	15,452,855
Other current assets	-	-	-	4,063,832
Total current unrestricted assets	-	(5,428)	(285,810)	135,868,026
Current restricted assets				
Cash and cash equivalents	1,075,776	2,689,365	-	54,790,346
Investments	-	-	-	40,152,744
Collateral	-	-	-	508,416
Receivables	-	-	-	1,925,315
Total current restricted assets	1,075,776	2,689,365	-	97,376,821
Total current assets	1,075,776	2,683,937	(285,810)	233,244,847
Noncurrent assets				
Lease receivable noncurrent	-	-	-	4,648,132
Other assets	-	-	-	1,239
	-	-	-	4,649,371
Capital assets:				
Land and land rights	-	-	-	9,977,236
Construction in process	-	5,096,865	535,579	42,272,875
Electric utility systems	-	-	-	236,149,545
Buildings	-	-	-	26,444,881
Equipment and machinery	-	-	-	8,160,806
Computer programs	-	-	-	802,444
Intangibles	-	-	-	5,390,757
Vehicles	-	-	-	5,952,958
Office equipment	-	-	-	58,379
Capital assets, net	-	5,096,865	535,579	335,209,881
Right to use assets, net	-	-	-	2,664,383
Total noncurrent assets	-	5,096,865	535,579	342,523,635
Total assets	1,075,776	7,780,802	249,769	575,768,482
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	4,636
OPEB deferrals	-	-	-	3,467,100
Pension deferrals	-	-	-	9,684,543
Total deferred outflows of resources	-	-	-	13,156,279

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net position
Electric Utility

June 30, 2022

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund	Electric NCDOT U-4405 Raeford Rd Fund
LIABILITIES				
Current liabilities to be paid from unrestricted current assets				
Current portion of long-term liabilities	3,380,012	-	-	-
Accounts payable and accrued expenses	12,055,166	-	-	-
Total current liabilities to be paid from unrestricted current assets	<u>15,435,178</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities to be paid from restricted current assets				
Accounts payable and accrued expenses	9,347,737	-	65,262	183,547
Total current liabilities to be paid from restricted current assets	<u>9,347,737</u>	<u>-</u>	<u>65,262</u>	<u>183,547</u>
Total current liabilities	<u>24,782,915</u>	<u>-</u>	<u>65,262</u>	<u>183,547</u>
Noncurrent liabilities				
Long-term liabilities	29,378,606	-	-	-
Total OPEB liability	12,306,671	-	-	-
Net pension liability	4,308,593	-	-	-
Subscription lease liability	2,077,500	-	-	-
Unearned deposits - Metronet	824,320	-	-	-
Unearned deposits	7,788	-	-	-
Total noncurrent liabilities	<u>48,903,478</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>73,686,393</u>	<u>-</u>	<u>65,262</u>	<u>183,547</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB deferral	2,910,908	-	-	-
Pension deferral	6,061,544	-	-	-
Lease deferral	5,492,540	-	-	-
Total deferred inflows of resources	<u>14,464,992</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	292,987,887	-	7,118,554	2,092,508
Restricted for -				
Capital Projects	48	-	-	-
Renewable energy	7,413,145	-	-	-
Other internal restrictions	28,012,103	42,686,177	4,929,826	1,222,644
Unrestricted Net Position	106,012,816	-	-	(1,057,488)
Total Net Position	<u>\$ 434,425,999</u>	<u>\$ 42,686,177</u>	<u>\$ 12,048,380</u>	<u>\$ 2,257,664</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net position
Electric Utility

June 30, 2022

	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Renewable Resource Capital Project Fund	Total
LIABILITIES				
Current liabilities to be paid from unrestricted current assets				
Current portion of long-term liabilities	-	-	-	3,380,012
Accounts payable and accrued expenses	-	-	-	12,055,166
Total current liabilities to be paid from unrestricted current assets	-	-	-	15,435,178
Current liabilities to be paid from restricted current assets				
Accounts payable and accrued expenses	-	531,392	249,769	10,377,707
Total current liabilities to be paid from restricted current assets	-	531,392	249,769	10,377,707
Total current liabilities	-	531,392	249,769	25,812,885
Noncurrent liabilities				
Long-term liabilities	-	-	-	29,378,606
Total OPEB liability	-	-	-	12,306,671
Net pension liability	-	-	-	4,308,593
Subscription lease liability	-	-	-	2,077,500
Unearned deposits - Metronet	-	-	-	824,320
Unearned deposits	-	-	-	7,788
Total noncurrent liabilities	-	-	-	48,903,478
Total liabilities	-	531,392	249,769	74,716,363
DEFERRED INFLOWS OF RESOURCES				
OPEB deferral	-	-	-	2,910,908
Pension deferral	-	-	-	6,061,544
Lease deferral	-	-	-	5,492,540
Total deferred inflows of resources	-	-	-	14,464,992
NET POSITION				
Net investment in capital assets	-	4,565,472	285,810	307,050,231
Restricted for -				
Capital Projects	-	-	-	48
Renewable energy	-	-	-	7,413,145
Other internal restrictions	1,075,776	2,507,533	-	80,434,059
Unrestricted Net Position	-	176,405	(285,810)	104,845,923
Total Net Position	<u>\$ 1,075,776</u>	<u>\$ 7,249,410</u>	<u>\$ -</u>	<u>\$ 499,743,406</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Revenues, Expenses and Changes in Net Position
Electric Utility

Year ended June 30, 2022

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund	Electric NCDOT U-4405 Raeford Rd Fund
Operating revenues				
Residential, commercial, and industrial sales	\$ 186,526,729	\$ -	\$ -	\$ -
Other charges for services	40,938,411	-	-	-
Total operating revenues	<u>227,465,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses				
Power supply and generation	141,331,267	-	-	-
Electric operation	31,137,387	-	-	-
General and administrative	20,836,685	-	-	-
Depreciation	19,850,113	-	-	-
Total operating expenses	<u>213,155,452</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating income	<u>14,309,688</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating revenue (expense)				
Intergovernmental expense	-	-	-	-
Payment in lieu of taxes	(11,853,127)	-	-	-
Interest earned on investments	1,342,188	142,920	7,758	-
Interest - Market Adjustment	(6,183,694)	(613,838)	-	-
Gain (loss) on disposal of assets	(345,417)	-	-	-
Interest expense	(854,673)	-	-	-
Interest - Leases	(10,644)	-	-	-
Finance costs	(74,920)	-	-	-
Total nonoperating revenue (expense) net	<u>(17,980,287)</u>	<u>(470,918)</u>	<u>7,758</u>	<u>-</u>
Income (loss) before transfers and contributions	<u>(3,670,599)</u>	<u>(470,918)</u>	<u>7,758</u>	<u>-</u>
Contributions	646,971	-	-	1,772,603
Special Item - DEP CCR Settlement	-	-	-	-
Transfers in	31,808,935	12,257,888	6,427,578	306,000
Transfers out	<u>(28,034,301)</u>	<u>(9,732,270)</u>	<u>(4,639,741)</u>	<u>(20,574,795)</u>
Change in Net Position	<u>751,006</u>	<u>2,054,700</u>	<u>1,795,595</u>	<u>(18,496,192)</u>
Total Net Position - beginning	<u>433,674,993</u>	<u>40,631,477</u>	<u>10,252,785</u>	<u>20,753,856</u>
Total Net Position - ending	<u>\$ 434,425,999</u>	<u>\$ 42,686,177</u>	<u>\$ 12,048,380</u>	<u>\$ 2,257,664</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Revenues, Expenses and Changes in Net Position
Electric Utility

Year ended June 30, 2022

	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Renewable Resource Capital Project Fund	Total
Operating revenues				
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -	\$ 186,526,729
Other charges for services	-	-	-	40,938,411
Total operating revenues	-	-	-	227,465,140
Operating expenses				
Power supply and generation	-	-	-	141,331,267
Electric operation	-	-	-	31,137,387
General and administrative	-	-	-	20,836,685
Depreciation	-	-	-	19,850,113
Total operating expenses	-	-	-	213,155,452
Operating income	-	-	-	14,309,688
Nonoperating revenue (expense)				
Intergovernmental expense	-	-	-	-
Payment in lieu of taxes	-	-	-	(11,853,127)
Interest earned on investments	-	5,180	-	1,498,046
Interest - Market Adjustment	-	-	-	(6,797,532)
Gain (loss) on disposal of assets	-	-	-	(345,417)
Interest expense	-	-	-	(854,673)
Interest - Lease	-	-	-	(10,644)
Finance costs	-	-	-	(74,920)
Total nonoperating revenue (expense) net	-	5,180	-	(18,438,267)
Income (loss) before transfers and contributions	-	5,180	-	(4,128,579)
Contributions	-	-	-	2,419,574
Special Item - DEP CCR Settlement	-	-	-	-
Transfers in	1,823,901	7,244,230	-	59,868,532
Transfers out	(1,790,608)	-	-	(64,771,715)
Change in Net Position	33,293	7,249,410	-	(6,612,188)
Total Net Position - beginning	1,042,483	-	-	506,355,594
Total Net Position - ending	\$ 1,075,776	\$ 7,249,410	\$ -	\$ 499,743,406

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP) -
Electric Fund**

Year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

	2022			2021
	Budget	Variance Positive (Negative)	Actual	Actual
Revenues				
Operating revenues				
Electric operations				
Residential, commercial, and industrial sales	\$ 187,983,800	\$ (1,457,071)	\$ 186,526,729	\$ 185,378,864
Other sales of electric	11,815,100	(88,438)	11,726,662	11,810,993
City Services	1,373,200	(40,807)	1,332,393	1,243,892
Non-utility charges	6,198,400	(1,554,816)	4,643,584	4,259,945
Service charges	6,529,600	(610,754)	5,918,846	4,952,672
Miscellaneous	16,142,600	1,174,326	17,316,926	16,635,263
Total operating revenues	<u>230,042,700</u>	<u>(2,577,560)</u>	<u>227,465,140</u>	<u>224,281,629</u>
Non-operating revenues				
Gain (loss) on asset disposal	-	(345,417)	(345,417)	-
Interest earned on investments	1,263,300	78,888	1,342,188	1,097,566
Investment loss	-	(6,183,694)	(6,183,694)	(856,561)
Total non-operating revenues	<u>1,263,300</u>	<u>(6,450,223)</u>	<u>(5,186,923)</u>	<u>241,005</u>
Contributions				
Contributions	3,578,900	(2,931,929)	646,971	2,790,733
Total contributions	<u>3,578,900</u>	<u>(2,931,929)</u>	<u>646,971</u>	<u>2,790,733</u>
Transfers in				
Transfer from Electric Rate Stabilization Fund	10,028,700	(296,430)	9,732,270	7,970,771
Total transfers in	<u>10,028,700</u>	<u>(296,430)</u>	<u>9,732,270</u>	<u>7,970,771</u>
Budgetary appropriations				
Reserve for REPS	4,610,400	(3,049,120)	1,561,280	1,300,288
Series 2021 Interest	84,500	(16)	84,484	-
Series 2021 COI	270,100	(218,478)	51,622	-
Reserve for Electric capital project	3,939,700	4,518	3,944,218	775,547
Transfer from Budget Carryover	-	-	-	90,000
Transfer from BWGP Startup Cost Reserve	1,692,600	59	1,692,659	-
Notes Receivable - Coal Ash reserve	22,230,600	(80)	22,230,520	-
Transfer from Coal Ash reserve	7,055,200	84,717	7,139,917	5,443,997
Appropriated net position	10,731,400	(10,731,400)	-	-
Total budgetary appropriations	<u>50,614,500</u>	<u>(13,909,800)</u>	<u>36,704,700</u>	<u>7,609,832</u>
Total revenues	<u>\$ 295,528,100</u>	<u>\$ (26,165,942)</u>	<u>\$ 269,362,158</u>	<u>\$ 242,893,970</u>
Expenditures				
Operating expenditures				
Electric operations				
Power supply and generation	\$ 146,646,400	\$ 5,315,133	\$ 141,331,267	\$ 148,346,794
Administration	1,092,800	214,476	878,324	554,797
Apparatus repair shop	533,000	14,589	518,411	493,278
Electric meter shop	101,300	11,928	89,372	113,095
Construction and maintenance	13,692,100	(4,527,693)	18,219,793	11,810,565
Substation construction	2,887,300	(134,818)	3,022,118	2,849,975
Engineering	3,731,400	298,274	3,433,126	3,260,648
Renewable resource Energy	101,400	29,543	71,857	24,265
Fiber	328,700	(21,342)	350,042	254,798
CT metering crews	438,200	30,443	407,757	385,048
Pole Make Ready Project	5,403,600	2,828,798	2,574,802	1,039,381
Compliance	1,394,800	(176,986)	1,571,785	589,299
Total electric operations	<u>176,351,000</u>	<u>3,882,345</u>	<u>172,468,654</u>	<u>169,721,943</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP) -
Electric Fund**

Year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

	2022			2021
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
General and administrative				
Accounting	\$ 703,950	\$ (3,693)	\$ 707,643	\$ 675,971
Accounts receivable	229,300	22,486	206,814	192,534
Budget	118,900	3,648	115,252	113,204
Communications and community relations	959,650	39,457	920,193	773,190
Corporate development	2,254,500	626,182	1,628,318	1,424,948
Corporate services administration	173,700	8,678	165,022	134,335
Customer accounts	1,786,300	101,940	1,684,360	1,748,146
Customer billing and collection support	912,400	12,729	899,671	832,268
Customer programs and call center	719,400	77,946	641,454	593,781
Development and marketing	788,450	203,603	584,847	483,095
Executive	1,132,600	63,019	1,069,581	1,264,840
Facilities maintenance	340,200	6,011	334,189	378,970
Financial administration	212,450	55,326	157,124	159,337
Financial planning administration	341,800	(9,250)	351,050	330,750
Fleet maintenance	2,098,300	634,505	1,463,795	1,437,197
Human resources	1,069,750	65,323	1,004,427	964,956
Information systems and admin	4,403,550	783,931	3,619,619	3,004,413
Internal audit	142,900	2,275	140,625	89,694
Legal	546,400	178,665	367,735	75,245
Meter data management	352,150	(23,618)	375,768	320,120
Payroll	96,950	(814)	97,764	104,976
Purchasing	517,800	113,531	404,269	417,469
Rates	238,100	2,622	235,478	171,099
Risk management	1,853,800	568,979	1,284,821	1,368,260
Telecommunications systems	2,239,850	559,080	1,680,770	1,819,198
Utility field services	842,650	109,912	732,738	758,672
Warehouse	591,300	(23,128)	614,428	545,650
Medical insurance	3,742,800	(745,657)	4,488,457	3,856,756
Other	6,901,800	3,587,392	3,314,408	3,758,143
Allocated rent and fiber clearing	(2,038,300)	111,910	(2,150,210)	(2,129,312)
Overhead clearing	(6,335,700)	(145,836)	(6,189,863)	(5,730,459)
Total general and administrative	27,937,700	6,987,154	20,950,547	19,937,446
Total operating expenditures	\$ 204,288,700	\$ 10,869,499	\$ 193,419,201	\$ 189,659,389
Non-operating expenditures				
Intergovernmental expense	\$ -	\$ -	\$ -	\$ 4,200,000
Payment in lieu of taxes	11,853,200	73	11,853,127	11,450,867
Loss on asset disposal	-	-	-	1,343,468
Interest expense	998,400	163	998,237	882,896
Interest Lease	41,800	41,694	106	-
Interest Subscription Lease	-	(10,538)	10,538	-
Finance costs	79,100	4,180	74,920	20,897
Total non-operating expenditures	12,972,500	35,572	12,936,928	17,898,128
Special Item				
DEP CCR Settlement	\$ -	\$ -	\$ -	\$ 22,230,520
Total Special Item	-	-	-	22,230,520

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

**Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP) -
Electric Fund**

Year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

	2022			2021
	Budget	Variance Positive (Negative)	Actual	Actual
Transfers out				
Transfers to Electric Rate Stabilization Fund	\$ 12,262,100	\$ 4,212	\$ 12,257,888	\$ 2,459,865
Transfers to Transportation Equipment Fund	823,000	-	823,000	455,000
Transfers to Annexation V Reserve Fund	4,903,200	17	4,903,183	4,107,291
Transfers to Substation Rebuild Fund	2,500,000	-	2,500,000	4,000,000
Transfers to NDOT E Raeford Rd Fund	306,000	-	306,000	670,000
Total transfers out	<u>20,794,300</u>	<u>4,229</u>	<u>20,790,071</u>	<u>11,692,156</u>
Budgetary appropriations				
Inventory increase (decrease)	-	391,162	(391,162)	139,587
Vehicle and equipment increase (decrease)	-	942,138	(942,138)	(647,077)
Debt principal payments	1,114,100	35	1,114,065	1,220,926
Principal payment leases	720,200	719,013	1,187	-
Principal Payments - Subscription Leases	-	(467,061)	467,061	-
Transfer to REPS Reserve	2,298,800	(5,068)	2,303,868	2,282,513
BWGP Start up Cost Reserve	50,000	50,000	-	-
Capital outlay	35,627,000	11,820,436	23,806,564	20,150,266
Budget Carryover Reserve	332,600	-	332,600	-
Transfer to Capitalized Interest	214,500	(166)	214,666	-
Transfer to Coal Ash Reserve	17,115,400	28,254	17,087,146	5,445,322
Total budgetary appropriations	<u>57,472,600</u>	<u>13,478,743</u>	<u>43,993,857</u>	<u>28,591,537</u>
Total expenditures	<u>\$ 295,528,100</u>	<u>\$ 24,388,043</u>	<u>\$ 271,140,057</u>	<u>\$ 225,610,690</u>
Reconciliation of change in Net Position				
Total revenues		\$ (26,165,942)	\$ 269,362,158	\$ 242,893,970
Total expenditures		<u>24,388,043</u>	<u>271,140,057</u>	<u>225,610,690</u>
Subtotal		<u>\$ (1,777,899)</u>	<u>(1,777,899)</u>	<u>17,283,280</u>
Reconciling items:				
Budgetary appropriations			7,289,157	20,981,705
Depreciation			(19,407,944)	(18,375,082)
Accumulated Amortization - Leases			(1,067)	-
Accumulated Amortization - Subscription Lease			(441,103)	-
Amortization for refunding			143,563	88,706
OPEB expense			(560,742)	(1,268,572)
LGERS expense			674,606	(1,808,875)
Series 2021 Electric Bond Proceeds			(7,244,230)	-
Transfer of assets (to)/from Electric NCDOT U-4405 Raeford Rd CPF			20,574,795	93,059
Transfer of assets from the Transportation and Equipment Capital Project Fund			789,707	900,879
Transfer of assets from the Substation Rebuild Capital Project Fund			712,163	5,354,921
Total reconciling items			<u>2,528,905</u>	<u>5,966,741</u>
Change in Net Position			<u>\$ 751,006</u>	<u>\$ 23,250,021</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Electric Rate Stabilization Fund

From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Rate stabilization transfer	\$ 4,169,725	\$ 4,169,725	\$ -	\$ 4,169,725
Interest earned on investments	8,390,000	8,154,974	(470,918)	7,684,056
Total Revenues	<u>12,559,725</u>	<u>12,324,699</u>	<u>(470,918)</u>	<u>11,853,781</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Under Expenditures	<u>12,559,725</u>	<u>12,324,699</u>	<u>(470,918)</u>	<u>11,853,781</u>
Other Financing Sources (Uses)				
Transfer from Electric fund	87,954,226	74,877,200	12,008,107	86,885,307
Transfer from Electric fund - WPCA	3,861,615	3,861,615	-	3,861,615
Transfer from Electric fund - TrueUp Credits	9,592,622	9,342,841	249,781	9,592,622
Transfer to Electric fund	(59,954,000)	(52,013,278)	(7,641,359)	(59,654,637)
Transfer to Electric fund - Duke Energy True-Up	(5,852,511)	(3,761,600)	(2,090,911)	(5,852,511)
Transfer to Electric-City Interlocal Agreement- COVID19	(4,000,000)	(4,000,000)	-	(4,000,000)
Loan to Electric & W/WW General Fund	(9,800,000)	-	-	-
Appropriated net assets	(34,361,677)	-	-	-
Total Other Financing Sources, net	<u>(12,559,725)</u>	<u>28,306,778</u>	<u>2,525,618</u>	<u>30,832,396</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 40,631,477</u>	<u>\$ 2,054,700</u>	<u>\$ 42,686,177</u>
Reconciling Items:				
Change in Net Position			<u>\$ 2,054,700</u>	

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

Schedule of Changes in the Status of Substation Rebuild Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on other investments	\$ -	\$ 77,168	\$ -	\$ 7,758	\$ 84,926
Total Revenues	<u>-</u>	<u>77,168</u>	<u>-</u>	<u>7,758</u>	<u>84,926</u>
Expenditures					
Construction	-	6,611,814	(3,023,929)	389,576	3,977,461
Engineering	-	1,062,138	(530,066)	909,139	1,441,211
Right of Way	-	1,381,641	-	2,487,123	3,868,764
Other	-	387,540	(373,583)	21,930	35,887
Total Expenditures	<u>48,108,000</u>	<u>9,443,133</u>	<u>(3,927,578)</u>	<u>3,807,768</u>	<u>9,323,323</u>
Revenues Over Expenditures	<u>(48,108,000)</u>	<u>(9,365,965)</u>	<u>3,927,578</u>	<u>(3,800,010)</u>	<u>(9,238,397)</u>
Other Financing Sources (Uses)					
Transfer (to) from Electric Fund	<u>48,108,000</u>	<u>15,530,538</u>	<u>(3,927,578)</u>	<u>2,500,000</u>	<u>14,102,960</u>
Total Other Financing Sources	<u>48,108,000</u>	<u>15,530,538</u>	<u>(3,927,578)</u>	<u>2,500,000</u>	<u>14,102,960</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 6,164,573</u>	<u>\$ -</u>	<u>\$ (1,300,010)</u>	<u>\$ 4,864,563</u>
Reconciling Items:					
Capital Outlay				3,807,768	
Transfer of assets (to)/from the Electric Fund				(712,163)	
Change in Net Position				<u>\$ 1,795,595</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Electric NCDOT U-4405 Raeford Road
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Construction	-	16,316,858	(2,252,951)	14,063,907
Engineering	-	650,514	(142,876)	507,638
Right of Way	-	3,379,894	(1,572,612)	1,807,282
Costs of removal/maintenance expense	-	-	5,265,162	5,265,162
Other	-	1,348,512	(48,592)	1,299,920
 Total Expenditures	 24,200,000	 21,695,778	 1,248,131	 22,943,909
 Revenues Under Expenditures	 (24,200,000)	 (21,695,778)	 (1,248,131)	 (22,943,909)
Other Financing Sources (Uses)				
Transfer from Electric Fund	2,400,000	1,970,000	306,000	2,276,000
NCDOT Proceeds	21,800,000	18,876,915	1,772,603	20,649,518
Total Other Financing Sources	24,200,000	20,846,915	2,078,603	22,925,518
 Revenues and other financing sources over expenditures	 \$ -	 \$ (848,863)	 \$ 830,472	 \$ (18,391)
 Reconciling Items:				
Capital Outlay			(4,017,031)	
Reclassification of costs of removal - job cost closing			5,265,162	
Transfer of assets to the Electric Fund			(20,574,795)	
Change in net position			<u>\$ (18,496,192)</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

**Schedule of Changes in the Status of Transportation Equipment
Capital Project Fund**

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures					
Equipment Purchases	2,832,000	211,194	(1,000,901)	789,707	-
Total Expenditures	<u>2,832,000</u>	<u>211,194</u>	<u>(1,000,901)</u>	<u>789,707</u>	<u>-</u>
Revenues Over Expenditures	(2,832,000)	(211,194)	1,000,901	(789,707)	-
Other Financing Sources					
Transfer from Electric Fund	2,832,000	1,253,677	(1,000,901)	823,000	1,075,776
Total Other Financing Sources	<u>2,832,000</u>	<u>1,253,677</u>	<u>(1,000,901)</u>	<u>823,000</u>	<u>1,075,776</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 1,042,483</u>	<u>\$ -</u>	<u>\$ 33,293</u>	<u>\$ 1,075,776</u>
Reconciling Items:					
Capital Outlay				789,707	
Transfer of assets to Electric Fund				(789,707)	
Change in Net Position				<u>\$ 33,293</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Series 2021 Electric Revenue Bond
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,180</u>	<u>\$ 5,180</u>
Expenditures				
Construction	-	400,177	4,464,722	4,864,899
Engineering	-	69,449	53,381	122,830
Other	-	-	109,136	109,136
Total Expenditures	<u>7,244,230</u>	<u>469,626</u>	<u>4,627,239</u>	<u>5,096,865</u>
Revenues Under Expenditures	<u>(7,244,230)</u>	<u>(469,626)</u>	<u>(4,622,059)</u>	<u>(5,091,685)</u>
Other Financing Sources (Uses)				
Bond Proceeds	7,244,230	-	7,244,230	7,244,230
Total Other Financing Sources	<u>7,244,230</u>	<u>-</u>	<u>7,244,230</u>	<u>7,244,230</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (469,626)</u>	<u>\$ 2,622,171</u>	<u>\$ 2,152,545</u>
Reconciling Items:				
Capital Outlay			4,627,239	
Transfer of assets to the Electric Fund			-	
Change in net position			<u>\$ 7,249,410</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund	NCDOT Capital Project Fund
ASSETS				
Current unrestricted assets				
Cash and cash equivalents	\$ 7,569,907	\$ -	\$ -	\$ -
Investments	30,524,420	-	-	-
Receivables	20,520,667	-	-	-
Lease receivable current	19,026	-	-	-
Internal balances	12,912,599	-	-	-
Less Allowance for doubtful accounts	(71,721)	-	-	-
Inventories	3,278,184	-	-	-
Other current assets	1,337,027	-	-	-
Total current unrestricted assets	76,090,109	-	-	-
Current restricted assets				
Cash and cash equivalents	11,149,198	609,986	11,948,920	5,580,834
Investments	14,807,761	966,521	23,910,273	12,661,637
Collateral	217,892	-	-	-
Receivables	1,482,502	208	8,334	11,896
Total current restricted assets	27,657,353	1,576,715	35,867,527	18,254,367
Total current assets	103,747,462	1,576,715	35,867,527	18,254,367
Noncurrent assets				
Other assets	3,996	-	-	-
Capital Assets:				
Land and land rights	13,822,450	-	-	-
Construction in process	31,190,525	-	-	503,146
Water system	269,162,097	-	-	-
Wastewater system	450,851,384	-	-	-
Buildings	8,355,228	-	-	-
Equipment and machinery	3,134,861	-	-	-
Computer equipment	703,769	-	-	-
Intangibles	3,561,080	-	-	-
Vehicles	4,845,488	-	-	-
Office equipment	15,250	-	-	-
Capital assets, net	785,642,132	-	-	503,146
Right to use assets, net	2,697,029	-	-	-
Total noncurrent assets	788,343,157	-	-	503,146
Total assets	892,090,619	1,576,715	35,867,527	18,757,513
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	857,481	-	-	-
OPEB deferrals	4,075,582	-	-	-
Pension deferrals	11,591,993	-	-	-
Total deferred outflows of resources	16,525,056	-	-	-

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Hurricane Matthew Capital Project Fund	Annexation Phase V Areas 22/23 Capital Project Fund	Annexation Phase V Areas 32/33/34 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund
ASSETS				
Current unrestricted assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables	-	-	-	-
Lease receivable current	-	-	-	-
Internal balances	(5,343,219)	(52,134)	(11,516)	(239,340)
Less Allowance for doubtful accounts	-	-	-	-
Inventories	-	-	-	-
Other current assets	-	-	-	-
Total current unrestricted assets	<u>(5,343,219)</u>	<u>(52,134)</u>	<u>(11,516)</u>	<u>(239,340)</u>
Current restricted assets				
Cash and cash equivalents	-	1,088,292	-	869,250
Investments	-	-	-	-
Collateral	-	-	-	-
Receivables	5,425,804	89,890	8,442	3,068
Total current restricted assets	<u>5,425,804</u>	<u>1,178,182</u>	<u>8,442</u>	<u>872,318</u>
Total current assets	<u>82,585</u>	<u>1,126,048</u>	<u>(3,074)</u>	<u>632,978</u>
Noncurrent assets				
Other assets	-	-	-	-
Capital Assets:				
Land and land rights	-	-	-	-
Construction in process	119,492	-	7,487,940	44,754
Water system	-	-	-	-
Wastewater system	-	-	-	-
Buildings	-	-	-	-
Equipment and machinery	-	-	-	-
Computer equipment	-	-	-	-
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Office Equipment	-	-	-	-
Capital Assets, net	<u>119,492</u>	<u>-</u>	<u>7,487,940</u>	<u>44,754</u>
Right to use assets, net	-	-	-	-
Total noncurrent assets	<u>119,492</u>	<u>-</u>	<u>7,487,940</u>	<u>44,754</u>
Total assets	<u>202,077</u>	<u>1,126,048</u>	<u>7,484,866</u>	<u>677,732</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	-
OPEB deferrals	-	-	-	-
Pension deferrals	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Areas 24/25 Capital Project Fund	Replacement of 20" N Fayetteville Force Main Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund
ASSETS				
Current unrestricted assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables	-	-	-	-
Lease receivable current	-	-	-	-
Internal balances	(159,086)	(29,538)	-	(6,219,172)
Less Allowance for doubtful accounts	-	-	-	-
Inventories	-	-	-	-
Other current assets	-	-	-	-
Total current unrestricted assets	<u>(159,086)</u>	<u>(29,538)</u>	<u>-</u>	<u>(6,219,172)</u>
Current restricted assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Collateral	-	-	-	-
Receivables	731,268	25,979	-	5,603,320
Total current restricted assets	<u>731,268</u>	<u>25,979</u>	<u>-</u>	<u>5,603,320</u>
Total current assets	<u>572,182</u>	<u>(3,559)</u>	<u>-</u>	<u>(615,852)</u>
Noncurrent assets				
Other assets	-	-	-	-
Capital Assets:				
Land and land rights	-	-	-	-
Construction in process	10,049,248	6,041,629	-	9,210,636
Water system	-	-	-	-
Wastewater system	-	-	-	-
Buildings	-	-	-	-
Equipment and machinery	-	-	-	-
Computer equipment	-	-	-	-
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Office equipment	-	-	-	-
Capital assets, net	<u>10,049,248</u>	<u>6,041,629</u>	<u>-</u>	<u>9,210,636</u>
Right to use assets, net	-	-	-	-
Total noncurrent assets	<u>10,049,248</u>	<u>6,041,629</u>	<u>-</u>	<u>9,210,636</u>
Total assets	<u>10,621,430</u>	<u>6,038,070</u>	<u>-</u>	<u>8,594,784</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	-
OPEB deferrals	-	-	-	-
Pension deferrals	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund	Annexation Phase V Areas 26/27 Capital Project Fund	Glenville-PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund
ASSETS				
Current unrestricted assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables	-	-	-	-
Lease receivable current	-	-	-	-
Internal balances	(235,419)	(6,105)	(323,237)	(1,884)
Less Allowance for doubtful accounts	-	-	-	-
Inventories	-	-	-	-
Other current assets	-	-	-	-
Total current unrestricted assets	<u>(235,419)</u>	<u>(6,105)</u>	<u>(323,237)</u>	<u>(1,884)</u>
Current restricted assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Collateral	-	-	-	-
Receivables	210,515	-	-	-
Total current restricted assets	<u>210,515</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>(24,904)</u>	<u>(6,105)</u>	<u>(323,237)</u>	<u>(1,884)</u>
Noncurrent assets				
Other assets	-	-	-	-
Capital Assets:				
Land and land rights	-	-	-	-
Construction in process	1,233,993	1,166,142	323,237	386,660
Water system	-	-	-	-
Wastewater system	-	-	-	-
Buildings	-	-	-	-
Equipment and machinery	-	-	-	-
Computer equipment	-	-	-	-
Intangibles	-	-	-	-
Vehicles	-	-	-	-
Office Equipment	-	-	-	-
Capital Assets, net	<u>1,233,993</u>	<u>1,166,142</u>	<u>323,237</u>	<u>386,660</u>
Right to use assets, net	-	-	-	-
Total noncurrent assets	<u>1,233,993</u>	<u>1,166,142</u>	<u>323,237</u>	<u>386,660</u>
Total assets	<u>1,209,089</u>	<u>1,160,037</u>	<u>-</u>	<u>384,776</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	-
OPEB deferrals	-	-	-	-
Pension deferrals	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Series 2021 W/WW Capital Project Fund	Direct Grant Capital Project Fund	Total
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ 7,569,907
Investments	-	-	30,524,420
Receivables	-	-	20,520,667
Lease receivable current	-	-	19,026
Internal balances	(291,949)	-	-
Less Allowance for doubtful accounts	-	-	(71,721)
Inventories	-	-	3,278,184
Other current assets	-	-	1,337,027
Total current unrestricted assets	(291,949)	-	63,177,510
Current restricted assets			
Cash and cash equivalents	45,043,696	214,433	76,504,609
Investments	-	-	52,346,192
Collateral	-	-	217,892
Receivables	138,971	-	13,740,197
Total current restricted assets	45,182,667	214,433	142,808,890
Total current assets	44,890,718	214,433	205,986,400
Noncurrent assets			
Other assets	-	-	3,996
Capital Assets:			
Land and land rights	-	-	13,822,450
Construction in process	13,143,126	-	80,900,528
Water system	-	-	269,162,097
Wastewater system	-	-	450,851,384
Buildings	-	-	8,355,228
Equipment and machinery	-	-	3,134,861
Computer equipment	-	-	703,769
Intangibles	-	-	3,561,080
Vehicles	-	-	4,845,488
Office Equipment	-	-	15,250
Capital Assets, net	13,143,126	-	835,352,135
Right to use assets, net	-	-	2,697,029
Total noncurrent assets	13,143,126	-	838,053,160
Total assets	58,033,844	214,433	1,044,039,560
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	-	857,481
OPEB deferrals	-	-	4,075,582
Pension deferrals	-	-	11,591,993
Total deferred outflows of resources	-	-	16,525,056

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Water and Wastewater Fund	Water and Wastewater Rate Stablization Fund	Annexation Phase V Reserve Fund	NCDOT Capital Project Fund
LIABILITIES				
Current liabilities to be paid from unrestricted current assets				
Current portion of long-term liabilities	\$ 19,224,821	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	14,081,868	-	-	-
Total current liabilities to be paid from unrestricted current assets	33,306,689	-	-	-
Current liabilities to be paid from restricted current assets				
Accounts payable and accrued expenses	4,338,916	-	-	503,146
Total current liabilities to be paid from restricted current assets	4,338,916	-	-	503,146
Total current liabilities	37,645,606	-	-	503,146
Noncurrent liabilities				
Long-term liabilities	344,707,729	-	-	-
Total OPEB liability	14,387,008	-	-	-
Net pension liability	5,142,815	-	-	-
Subscription lease liability	2,094,643	-	-	-
Unearned deposits	126,459	-	-	-
Total noncurrent liabilities	366,458,654	-	-	-
Total liabilities	404,104,260	-	-	503,146
DEFERRED INFLOWS OF RESOURCES				
OPEB deferral	3,553,111	-	-	-
Pension deferral	7,441,667	-	-	-
Lease deferral	17,055	-	-	-
Refunding deferral	-	-	-	-
Total deferred inflows of resources	11,011,833	-	-	-
NET POSITION				
Net investment in capital assets	472,086,856	-	-	-
Restricted for -				
Capital Projects	95	-	11,948,920	-
Debt service	-	-	-	-
Other internal restrictions	23,318,342	1,576,715	23,918,607	18,254,367
Unrestricted Net Position	(1,905,711)	-	-	-
Total Net Position	<u>\$ 493,499,582</u>	<u>\$ 1,576,715</u>	<u>\$ 35,867,527</u>	<u>\$ 18,254,367</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Hurricane Matthew Capital Project Fund	Annexation Phase V Areas 22/23 Capital Project Fund	Annexation Phase V Areas 32/33/34 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund
LIABILITIES				
Current liabilities to be paid from unrestricted current assets				
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	-	-	-	-
Total current liabilities to be paid from unrestricted current assets	-	-	-	-
Current liabilities to be paid from restricted current assets				
Accounts payable and accrued expenses	2,584	333,875	1,235,690	597,781
Total current liabilities to be paid from restricted current assets	2,584	333,875	1,235,690	597,781
Total current liabilities	2,584	333,875	1,235,690	597,781
Noncurrent liabilities				
Long-term liabilities	-	-	-	-
Total OPEB liability	-	-	-	-
Net pension liability	-	-	-	-
Subscription lease liability	-	-	-	-
Unearned deposits	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	2,584	333,875	1,235,690	597,781
DEFERRED INFLOWS OF RESOURCES				
OPEB deferral	-	-	-	-
Pension deferral	-	-	-	-
Lease deferral	-	-	-	-
Refunding deferral	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net investment in capital assets	116,908	(333,875)	6,252,250	(553,027)
Restricted for -				
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Other internal restrictions	5,425,803	89,889	-	-
Unrestricted Net Position	(5,343,218)	1,036,159	(3,074)	632,978
Total Net Position	<u>\$ 199,493</u>	<u>\$ 792,173</u>	<u>\$ 6,249,176</u>	<u>\$ 79,951</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Areas 24/25 Capital Project Fund	Replacement of 20" N Fayetteville Force Main Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund
LIABILITIES				
Current liabilities to be paid from unrestricted current assets				
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	-	-	-	-
Total current liabilities to be paid from unrestricted current assets	-	-	-	-
Current liabilities to be paid from restricted current assets				
Accounts payable and accrued expenses	867,996	1,122,695	-	640,496
Total current liabilities to be paid from restricted current assets	867,996	1,122,695	-	640,496
Total current liabilities	867,996	1,122,695	-	640,496
Noncurrent liabilities				
Long-term liabilities	10,162,516	-	-	7,954,288
Total OPEB liability	-	-	-	-
Net pension liability	-	-	-	-
Subscription lease liability	-	-	-	-
Unearned deposits	-	-	-	-
Total noncurrent liabilities	10,162,516	-	-	7,954,288
Total liabilities	11,030,512	1,122,695	-	8,594,784
DEFERRED INFLOWS OF RESOURCES				
OPEB deferral	-	-	-	-
Pension deferral	-	-	-	-
Lease deferral	-	-	-	-
Refunding deferral	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net investment in capital assets	(981,263)	4,918,934	-	615,851
Restricted for -				
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Other internal restrictions	452,006	-	-	5,184,269
Unrestricted Net Position	120,175	(3,559)	-	(5,800,120)
Total Net Position	\$ (409,082)	\$ 4,915,375	\$ -	\$ -

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2022

	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund	Annexation Phase V Areas 26/27 Capital Project Fund	Glennville-PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund
LIABILITIES				
Current liabilities to be paid from unrestricted current assets				
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	-	-	-	-
Total current liabilities to be paid from unrestricted current assets	-	-	-	-
Current liabilities to be paid from restricted current assets				
Accounts payable and accrued expenses	6,816	16,005	-	116,391
Total current liabilities to be paid from restricted current assets	6,816	16,005	-	116,391
Total current liabilities	6,816	16,005	-	116,391
Noncurrent liabilities				
Long-term liabilities	1,202,273	-	-	-
Total OPEB liability	-	-	-	-
Net pension liability	-	-	-	-
Subscription lease liability	-	-	-	-
Unearned deposits	-	-	-	-
Total noncurrent liabilities	1,202,273	-	-	-
Total liabilities	1,209,089	16,005	-	116,391
DEFERRED INFLOWS OF RESOURCES				
OPEB deferral	-	-	-	-
Pension deferral	-	-	-	-
Lease deferral	-	-	-	-
Refunding deferral	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net investment in capital assets	24,904	1,150,137	323,237	270,269
Restricted for -				
Capital Projects	-	-	-	-
Debt service	-	-	-	-
Other internal restrictions	206,434	-	-	-
Unrestricted Net Position	(231,338)	(6,105)	(323,237)	(1,884)
Position	\$ -	\$ 1,144,032	\$ -	\$ 268,385

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

**Combining Schedule of Net Position
Water and Wastewater Utility**

June 30, 2022

	Series 2021 W/WW Capital Project Fund	Direct Grant Capital Project Fund	Total
LIABILITIES			
Current liabilities to be paid from unrestricted current assets			
Current portion of long-term liabilities	\$ -	\$ -	\$ 19,224,821
Accounts payable and accrued expenses	-	-	14,081,868
Total current liabilities to be paid from unrestricted current assets	-	-	33,306,689
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	6,269,658	4,641	16,056,690
Total current liabilities to be paid from restricted current assets	6,269,658	4,641	16,056,690
Total current liabilities	6,269,658	4,641	49,363,380
Noncurrent liabilities			
Long-term liabilities	-	-	364,026,806
Total OPEB liability	-	-	14,387,008
Net pension liability	-	-	5,142,815
Subscription lease liability	-	-	2,094,643
Unearned deposits	-	-	126,459
Total noncurrent liabilities	-	-	385,777,731
Total liabilities	6,269,658	4,641	435,141,111
DEFERRED INFLOWS OF RESOURCES			
OPEB deferral	-	-	3,553,111
Pension deferral	-	-	7,441,667
Lease deferral	-	-	17,055
Refunding deferral	-	-	-
Total deferred inflows of resources	-	-	11,011,833
NET POSITION			
Net investment in capital assets	6,873,467	(4,641)	490,760,007
Restricted for -			
Capital Projects	-	214,433	12,163,448
Debt service	-	-	-
Other internal restrictions	-	-	78,426,432
Unrestricted Net Position	44,890,719	-	33,061,785
Total Net Position	<u>\$ 51,764,186</u>	<u>\$ 209,792</u>	<u>\$ 614,411,672</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Revenues, Expenses and Changes in Net Position
Water and Wastewater Utility

Year ended June 30, 2022

	Water and Wastewater Fund	Water and Wastewater Rate Stablization Fund	Annexation Phase V Reserve Fund	NCDOT Capital Project Fund
Operating revenues				
Residential, commercial and industrial sales	\$ 106,702,931	\$ -	\$ -	\$ -
Other charges for services	13,020,603	-	-	-
Total operating revenues	<u>119,723,534</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating expenses				
restricted current assets				
Water operations	18,833,481	-	-	-
Wastewater operations	21,739,450	-	-	-
General and administrative	20,306,747	-	-	-
Depreciation & Amortization	29,927,334	-	-	-
Total operating expenses	<u>90,807,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income	<u>28,916,522</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating revenue (expense)				
Intergovernmental revenue	1,358,022	-	-	-
Interest earned on investments	378,014	4,595	100,175	61,252
Interest - Market Adjustment	(2,650,155)	(33,479)	(88,404)	(267,181)
Gain (loss) on disposal of assets	38,501	-	-	-
Interest expense	(10,248,806)	-	-	-
Interest - Lease	10,773	-	-	-
Finance costs	(750,470)	-	-	-
Total nonoperating revenue (expense)	<u>(11,885,667)</u>	<u>(28,884)</u>	<u>11,771</u>	<u>(205,929)</u>
Income (loss) before transfers and contributions	<u>17,030,855</u>	<u>(28,884)</u>	<u>11,771</u>	<u>(205,929)</u>
Capital Contributions	7,600,563	-	-	-
Transfers in	34,915,591	250,000	32,072,621	4,724,239
Transfers out	(109,006,119)	-	(8,504,320)	-
Change in Net Position	(49,459,110)	221,116	23,580,072	4,518,310
Total Net Position - beginning	<u>542,958,692</u>	<u>1,355,599</u>	<u>12,287,455</u>	<u>13,736,057</u>
Total Net Position - ending	<u>\$ 493,499,582</u>	<u>\$ 1,576,715</u>	<u>\$ 35,867,527</u>	<u>\$ 18,254,367</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Revenues, Expenses and Changes in Net Position
Water and Wastewater Utility

Year ended June 30, 2022

	Hurricane Matthew Capital Project Fund	Annexation Phase V Areas 22/23 Capital Project Fund	Annexation Phase V Areas 32/33/34 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund
Operating revenues				
Residential, commercial and industrial sales	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-
Total operating revenues	-	-	-	-
Operating expenses				
restricted current assets				
Water operations	-	-	-	-
Wastewater operations	-	-	-	-
General and administrative	-	-	-	-
Depreciation & Amortization	-	-	-	-
Total operating expenses	-	-	-	-
Operating Income	-	-	-	-
Nonoperating revenue (expense)				
Intergovernmental revenue	-	-	-	-
Interest earned on investments	-	1,938	-	2,121
Interest - Market Adjustment	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-
Interest expense	-	-	-	-
Interest - Lease	-	-	-	-
Finance costs	-	-	-	-
Total nonoperating revenue (expense)	-	1,938	-	2,121
Income (loss) before transfers and contributions	-	1,938	-	2,121
Capital Contributions	57,352	-	-	-
Transfers in	-	17,019,613	1,329,417	-
Transfers out	-	(20,031,127)	-	(5,393,745)
Change in Net Position	57,352	(3,009,576)	1,329,417	(5,391,624)
Total Net Position - beginning	142,141	3,801,749	4,919,759	5,471,575
Total Net Position - ending	\$ 199,493	\$ 792,173	\$ 6,249,176	\$ 79,951

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Revenues, Expenses and Changes in Net Position
Water and Wastewater Utility

Year ended June 30, 2022

	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Areas 24/25 Capital Project Fund	Replacement of 20" N Fayetteville Force Main Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund
Operating revenues				
Residential, commercial and industrial sales	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-
Total operating revenues	-	-	-	-
Operating expenses				
restricted current assets				
Water operations	-	-	-	-
Wastewater operations	-	-	-	-
General and administrative	-	-	-	-
Depreciation & Amortization	-	-	-	-
Total operating expenses	-	-	-	-
Operating Income	-	-	-	-
Nonoperating revenue (expense)				
Intergovernmental revenue	-	-	-	-
Interest earned on investments	-	152	-	-
Interest - Market Adjustment	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-
Interest expense	-	-	-	-
Interest - Lease	-	-	-	-
Finance costs	-	-	-	-
Total nonoperating revenue (expense)	-	152	-	-
Income (loss) before transfers and contributions	-	152	-	-
Capital Contributions	-	-	-	-
Transfers in	-	7,686,900	12,043,182	-
Transfers out	(409,082)	(9,089,170)	(5,000,000)	-
Change in Net Position	(409,082)	(1,402,118)	7,043,182	-
Total Net Position - beginning	-	6,317,493	(7,043,182)	-
Total Net Position - ending	\$ (409,082)	\$ 4,915,375	\$ -	\$ -

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Revenues, Expenses and Changes in Net Position
Water and Wastewater Utility

Year ended June 30, 2022

	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund	Annexation Phase V Areas 26/27 Capital Project Fund	Glenville-PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund
Operating revenues				
Residential, commercial and industrial sales	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-
Total operating revenues	-	-	-	-
Operating expenses				
restricted current assets				
Water operations	-	-	-	-
Wastewater operations	-	-	-	-
General and administrative	-	-	-	-
Depreciation & Amortization	-	-	-	-
Total operating expenses	-	-	-	-
Operating Income	-	-	-	-
Nonoperating revenue (expense)				
Intergovernmental revenue	-	-	-	-
Interest earned on investments	-	-	-	-
Interest - Market Adjustment	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-
Interest expense	-	-	-	-
Interest - Lease	-	-	-	-
Finance costs	-	-	-	-
Total nonoperating revenue (expense)	-	-	-	-
Income (loss) before transfers and contributions	-	-	-	-
Capital Contributions	-	-	-	-
Transfers in	-	339,655	-	268,385
Transfers out	-	-	-	-
Change in Net Position	-	339,655	-	268,385
Total Net Position - beginning	-	804,377	-	-
Total Net Position - ending	\$ -	\$ 1,144,032	\$ -	\$ 268,385

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Combining Schedule of Revenues, Expenses and Changes in Net Position
Water and Wastewater Utility

Year ended June 30, 2022

	Series 2021 W/WW Capital Project Fund	Direct Grant Capital Project Fund	Total
Operating revenues			
Residential, commercial and industrial sales	\$ -	\$ -	\$ 106,702,931
Other charges for services	-	-	13,020,603
Total operating revenues	-	-	119,723,534
Operating expenses			
restricted current assets			
Water operations	-	-	18,833,481
Wastewater operations	-	-	21,739,450
General and administrative	-	10,208	20,316,955
Depreciation & Amortization	-	-	29,927,334
Total operating expenses	-	10,208	90,817,220
Operating Loss	-	(10,208)	28,906,314
Nonoperating revenue (expense)			
Intergovernmental revenue	-	-	1,358,022
Interest earned on investments	77,043	-	625,290
Interest - Market Adjustment	-	-	(3,039,219)
Gain (loss) on disposal of assets	-	-	38,501
Interest expense	-	-	(10,248,806)
Interest - Lease	-	-	(10,773)
Finance costs	-	-	(750,470)
Total nonoperating revenue (expense)	77,043	-	(12,027,455)
Income (loss) before transfers and contributions	77,043	(10,208)	16,878,859
Capital Contributions	-	220,000	7,877,915
Transfers in	61,832,328	-	172,481,931
Transfers out	(10,145,185)	-	(167,578,748)
Change in Net Position	51,764,186	209,792	29,659,957
Total Net Position - beginning	-	-	584,751,715
Total Net Position - ending	\$ 51,764,186	\$ 209,792	\$ 614,411,672

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
Water and Wastewater Fund

Year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

		2022		
		Variance		2021
	Budget	Positive (Negative)	Actual	Actual
Revenues				
Operating revenues				
Water operations				
Residential, commercial, and industrial sales	\$ 48,803,100	\$ 1,211,763	\$ 50,014,862	\$ 47,730,331
Other sales of water	2,922,900	755,340	3,678,240	3,743,358
Connection fees	390,000	336,185	726,185	521,767
City services	416,500	5,557	422,057	394,627
Total water operations	<u>52,532,500</u>	<u>2,308,845</u>	<u>54,841,344</u>	<u>52,390,083</u>
Wastewater operations				
Residential, commercial, and industrial sales	56,286,300	401,769	56,688,069	52,765,490
Other sales of wastewater	512,300	(114,446)	397,854	858,062
Connection fees	210,000	211,988	421,988	304,999
City services	190,000	28,895	218,895	197,571
Total wastewater operations	<u>57,198,600</u>	<u>528,206</u>	<u>57,726,806</u>	<u>54,126,122</u>
Other operating revenues				
Non-utility charges	1,398,600	179,337	1,577,937	1,386,518
Service charges	5,362,600	85,499	5,448,099	4,728,199
Miscellaneous	65,600	63,748	129,348	148,209
Total other operating revenues	<u>6,826,800</u>	<u>328,584</u>	<u>7,155,384</u>	<u>6,262,926</u>
Total operating revenues	<u>116,557,900</u>	<u>3,165,635</u>	<u>119,723,534</u>	<u>112,779,131</u>
Non-operating revenues				
Intergovernmental revenue	2,611,900	(1,253,878)	1,358,022	2,029,564
Gain on asset disposal	-	38,501	38,501	-
Interest earned on investments	330,000	48,014	378,014	485,283
Investment loss	-	(2,650,155)	(2,650,155)	(352,609)
Total non-operating revenues	<u>2,941,900</u>	<u>(3,817,518)</u>	<u>(875,618)</u>	<u>2,162,238</u>
Contributions				
Contributions	2,516,600	5,083,963	7,600,563	12,840,531
Total contributions	<u>2,516,600</u>	<u>5,083,963</u>	<u>7,600,563</u>	<u>12,840,531</u>
Transfers in				
Transfer from Annexation Phase V Reserve Fund	6,713,900	(147,038)	6,566,862	4,644,444
Total transfers in	<u>6,713,900</u>	<u>(147,038)</u>	<u>6,566,862</u>	<u>4,644,444</u>
Budgetary appropriations				
Transfer from Budget Carryover Reserve	-	-	-	494,000
W/WW Series 2021 bond proceeds	11,196,400	(10,472,541)	723,859	-
Series 2021 Interest	645,300	(57)	645,243	-
Series 2021 Interest - Annex	207,300	11	207,311	-
Total budgetary appropriations	<u>12,049,000</u>	<u>(10,472,587)</u>	<u>1,576,413</u>	<u>494,000</u>
Total revenues	<u>\$ 140,779,300</u>	<u>\$ (6,187,545)</u>	<u>\$ 134,591,754</u>	<u>\$ 132,920,344</u>
Expenditures				
Operating expenditures				
Water operations				
Administration and engineering	\$ 2,373,050	\$ 301,881	\$ 2,071,169	\$ 2,136,574
Water meter shop	(34,100)	(47,530)	13,430	(32,030)
Water maintenance and repair	6,151,300	340,096	5,811,204	5,862,700
Contract system maintenance	146,220	13,803	132,417	109,239
P. O. Hoffer water treatment plant	7,265,800	636,547	6,629,253	6,205,166
Glenville Lake water treatment plant	4,458,700	1,284,836	3,173,864	2,933,701
Environmental system protection	277,550	2,512	275,038	226,592
Laboratory	333,800	(5,358)	339,158	315,705
Environmental	107,000	(930)	107,930	139,288
Watersheds	282,500	2,481	280,018	274,578
Total water operations	<u>\$ 21,361,820</u>	<u>\$ 2,528,338</u>	<u>\$ 18,833,481</u>	<u>\$ 18,171,513</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
Water and Wastewater Fund

Year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

	2022			2021
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
Operating expenditures (continued)				
Wastewater operations				
Administration and engineering	\$ 2,373,050	\$ 301,881	\$ 2,071,169	\$ 2,136,574
Sewer maintenance and repair	10,433,500	560,708	9,872,792	9,384,782
Contract system maintenance	97,480	9,202	88,278	72,826
Cross Creek WW treatment plant	4,186,400	174,018	4,012,382	4,250,343
Rockfish Creek WW treatment plant	4,628,500	37,949	4,590,551	4,757,894
Residuals management	379,200	(2,952)	382,152	287,668
Environmental system protection	277,550	2,512	275,038	226,592
Laboratory	333,800	(5,358)	339,158	315,705
Environmental	107,000	(930)	107,930	139,288
Total wastewater operations	22,816,480	1,077,030	21,739,450	21,571,672
General and administrative				
Accounting	703,950	(3,308)	707,258	668,560
Accounts receivable	227,500	20,942	206,558	192,439
Budget	118,900	4,090	114,810	110,883
Communications and community relations	954,450	8,490	945,960	776,770
Corporate development	2,184,500	666,972	1,517,528	1,282,573
Corporate services administration	173,700	9,165	164,535	131,591
Customer accounts	1,786,100	113,351	1,672,749	1,734,547
Customer billing and collection support	911,600	15,437	896,163	827,389
Customer programs administration and call center	608,200	24,407	583,793	577,495
Development and marketing	565,350	206,938	358,412	140,311
Executive	605,600	49,158	556,442	743,300
Facilities maintenance	337,900	5,356	332,544	374,237
Financial administration	215,750	58,626	157,124	156,445
Financial planning administration	341,800	(6,435)	348,235	323,908
Fleet maintenance	3,147,300	770,435	2,376,865	2,303,008
Human resources	1,339,400	88,192	1,251,208	961,404
Internal audit	142,900	2,199	140,701	88,777
Legal	546,400	181,152	365,248	75,245
Meter data management	321,450	(22,926)	344,376	276,484
Payroll	96,850	(823)	97,673	104,585
Purchasing	523,800	119,057	404,743	407,385
Rates	191,300	3,519	187,781	272,931
Risk management	1,471,450	439,507	1,031,943	1,360,817
Utility field service	894,550	(24,694)	919,244	794,995
Warehouse	578,600	20,457	558,143	543,022

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
Water and Wastewater Fund

Year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

	2022			2021
		Variance		
	Budget	Positive (Negative)	Actual	Actual
Expenditures (continued)				
Operating expenditures (continued)				
General and administrative (continued)				
Telecommunications systems	\$ 2,239,850	\$ 559,106	\$ 1,680,744	\$ 1,792,324
Information systems and admin	4,405,850	811,241	3,594,609	2,968,017
Medical insurance	4,053,400	(892,789)	4,946,189	4,270,819
Other	5,421,000	3,625,025	1,795,975	2,391,515
Overhead clearing	(7,744,600)	(262,758)	(7,481,844)	(6,959,946)
Total general and administrative	27,364,800	6,589,091	20,775,709	19,691,830
Total operating expenditures	71,543,100	10,194,460	61,348,640	59,435,015
Non-operating expenditures				
Interest expense	11,196,000	264	11,195,736	10,019,680
Interest - Leases	41,800	31,027	10,773	-
Loss on asset disposal	-	-	-	(39,676)
Finance costs	1,287,700	537,230	750,470	555,757
Total non-operating expenditures	12,525,500	568,521	11,956,979	10,535,761
Transfers out				
Transfer to W/WW Rate Stabilization Fund	250,000	-	250,000	250,000
Transfer to Annexation Phase V Reserve Fund	13,288,700	261,709	13,026,991	4,729,818
Transfer to NCDOT Fund	4,727,900	3,661	4,724,239	5,450,000
Transfer to Hurricane Matthew Fund	-	-	-	106,621
Total transfers out	18,266,600	265,370	18,001,230	10,536,439
Budgetary appropriations				
Inventory increase (decrease)	-	179,862	(179,862)	(249)
Vehicle and equipment increase (decrease)	-	968,089	(968,089)	(972,361)
Debt related payments	14,742,500	236,624	14,505,876	14,021,140
Series 2021 Interest	2,164,200	2,164,200	-	-
Capital outlay	19,394,800	3,997,233	15,397,567	22,682,065
Appr to Water/Wastewater Retained Earnings	88,300	88,300	-	-
Transfer to Budget Carryover Reserve	2,054,300	-	2,054,300	-
Total budgetary appropriations	38,444,100	7,634,308	30,809,792	35,730,595
Total expenditures	\$ 140,779,300	\$ 18,662,659	\$ 122,116,641	\$ 116,237,810

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non GAAP)
Water and Wastewater Fund

Year ended June 30, 2022
(with comparative actual amounts for the year ended June 30, 2021)

	2022		
	Variance		2021
	Positive	Actual	Actual
	(Negative)		
Budget			
Reconciliation of change in Net Position			
Total revenue	\$ (6,187,545)	\$ 134,591,755	\$ 132,920,344
Total expenditures	18,662,658	122,116,642	116,237,821
Subtotal	\$ 12,475,113	12,475,113	16,682,523
Reconciling items:			
Budgetary appropriations		29,233,379	35,236,595
Depreciation		(29,468,841)	(28,406,660)
Amortization - Lease		(1,067)	-
Amortization - Subscription Lease		(457,426)	-
Amortization for refunding		946,929	833,465
OPEB expense		(355,555)	(1,276,741)
LGERS expense		824,519	(2,210,847)
Replacement of 20' N Fay Force Main bond proceeds		-	(5,000,000)
Series 2016 Annex 20 & 21 bond proceeds		-	138,981
Series 2016 Annex 32 bond proceeds		-	(138,981)
Series 2018 Annex 20 & 21 bond proceeds		-	1,355,273
Series 2018 Annex 32 bond proceeds		-	(1,355,273)
Series 2018 Water & Wastewater bond proceeds		-	5,000,000
Series 2021 Annex 22-23 proceeds		(17,019,613)	-
Series 2021 Annex 24-25 proceeds		(5,109,766)	-
Series 2021 Replacement of 20" N Fay FM proceeds		(7,043,182)	-
Series 2021 Water and Wastewater Bond Proceeds		(61,832,329)	-
Transfer of assets (to) / from Annexation Phase V, Asphalt Overlay		-	257,913
Transfer of assets (to) / from NCDOT Capital Project Fund		-	1,282,868
Transfer of assets (to) / from Replacement of 20" N Fay Force		-	12,043,182
Transfer of assets (to) / from Rockfish Cr Basin Peak Flow CPF		409,082	-
Transfer of assets from Annexation Phase V, Areas 20-21		-	6,235,958
Transfer of assets from Annexation Phase V, Areas 22-23		7,650,728	6,139,653
Transfer of assets from Annexation Phase V, Areas 24-25		4,749,988	-
Transfer of assets from Hurricane Matthew Capital Project Fund		-	1,662,620
Transfer of assets from Series 2014 Water/WW Capital Project Fund		-	2,561,949
Transfer of assets from Series 2016 Water/WW Capital Project Fund		-	5,967,861
Transfer of assets (to)/ from Series 2021 Water/WW Capital Project Fund		10,145,186	-
Transfer of assets from Series 2018 Water/WW Capital Project Fund		5,393,745	32,674,553
Total reconciling items		(61,934,223)	73,002,369
Change in Net Position		\$ (49,459,110)	\$ 89,684,892

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Water and Wastewater Rate Stabilization Fund
From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on investments	\$ 455,000	\$ 440,599	\$ (28,884)	\$ 411,715
Total Revenues	<u>455,000</u>	<u>440,599</u>	<u>(28,884)</u>	<u>411,715</u>
Other Financing Sources (Uses)				
Transfer from Water and Wastewater fund	8,250,000	8,000,000	250,000	8,250,000
Transfer to Water and Wastewater fund	(7,085,000)	(7,085,000)	-	(7,085,000)
Appropriated net position	(1,620,000)	-	-	-
Total Other Financing Sources	<u>(455,000)</u>	<u>915,000</u>	<u>250,000</u>	<u>1,165,000</u>
Revenues and Other Financing Sources				
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,355,599</u>	<u>\$ 221,116</u>	<u>\$ 1,576,715</u>
Reconciling Items:				
Total reconciling items			-	
Change in Net Position			<u>\$ 221,116</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Annexation Phase V Reserve Fund
From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on investments	\$ 1,800,000	\$ 1,656,426	\$ 11,770	\$ 1,668,196
Total Revenues	<u>1,800,000</u>	<u>1,656,426</u>	<u>11,770</u>	<u>1,668,196</u>
Expenditures				
Interest expense	79,356	79,356	-	79,356
Total Expenditures	<u>79,356</u>	<u>79,356</u>	<u>-</u>	<u>79,356</u>
Revenues Over Expenditures	<u>1,720,644</u>	<u>1,577,070</u>	<u>11,770</u>	<u>1,588,840</u>
Other Financing Sources (Uses)				
Transfer from Electric Fund	25,373,599	20,470,319	4,903,183	25,373,502
Assessments transfer	21,784,200	18,614,402	2,238,458	20,852,860
Transfer from Water and Wastewater Fund	31,348,965	20,560,164	10,788,533	31,348,697
Transfer (to) Water and Wastewater Fund-Debt Svc	(30,814,462)	(24,255,980)	(6,566,862)	(30,822,842)
Transfer (to) Water and Wastewater Fund	(811,600)	-	-	-
Transfer from City	11,261,179	11,242,372	-	11,242,372
Transfer from Annex V, Project 1 Fund	727,903	727,903	-	727,903
Transfer to Annexation Phase V, Areas 8-13 Fund	(729,548)	(729,549)	-	(729,549)
Transfer to Annexation Phase V, Areas 14-15 Fund	(198,512)	(198,512)	-	(198,512)
Transfer to Annexation Phase V, Areas 16-17 Fund	(1,212,013)	(1,212,013)	-	(1,212,013)
Transfer to Annexation Phase V, Areas 18-19 Fund	(11,098,122)	(11,098,122)	-	(11,098,122)
Transfer to Annexation Phase V, Areas 20-21 Fund	(552,096)	(552,096)	-	(552,096)
Transfer to Annexation Phase V, Areas 22-23 Fund	(1,982,063)	(12,984,714)	12,380,399	(604,315)
Transfer to Annexation Phase V, Areas 24-25 Fund	(500,000)	(6,317,494)	1,762,048	(4,555,446)
Transfer to Annexation Phase V, Areas 26-27 Fund	(500,000)	(804,378)	(339,655)	(1,144,033)
Transfer to Annexation Phase V, Areas 28-29 Fund	(500,000)	-	(268,385)	(268,385)
Transfer to Annexation Phase V, Areas 32-34 Fund	(8,000,000)	(2,494,005)	(1,329,417)	(3,823,422)
Transfer to Annexation Phase V, Asphalt Overlay CPF	(5,842,263)	(257,913)	-	(257,913)
Future Project Funding Accumulations	(29,475,811)	-	-	-
Total Other Financing Sources	<u>(1,720,644)</u>	<u>10,710,384</u>	<u>23,568,302</u>	<u>34,278,686</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 12,287,454</u>	<u>23,580,072</u>	<u>\$ 35,867,526</u>
Change in Net Position			<u>\$ 23,580,072</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

**Schedule of Changes in the Status of North Carolina Department of Transportation
Capital Project Fund**

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned	\$ 3,800,600	\$ 255,500	\$ -	\$ (205,929)	\$ 49,571
Total Revenues	<u>3,800,600</u>	<u>255,500</u>	<u>-</u>	<u>(205,929)</u>	<u>49,571</u>
Expenditures					
Construction	85,579,000	-	-	503,146	503,146
Total Expenditures	<u>85,579,000</u>	<u>-</u>	<u>-</u>	<u>503,146</u>	<u>503,146</u>
Revenues Over Expenditures	<u>(81,778,400)</u>	<u>255,500</u>	<u>-</u>	<u>(709,075)</u>	<u>(453,575)</u>
Other Financing Sources					
Transfer from Water/Wastewater Fund	81,778,400	13,480,559	-	4,724,239	18,204,798
Total Other Financing Sources	<u>81,778,400</u>	<u>13,480,559</u>	<u>-</u>	<u>4,724,239</u>	<u>18,204,798</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 13,736,059</u>	<u>\$ -</u>	<u>4,015,164</u>	<u>\$ 17,751,223</u>
Reconciling Items:					
Capital Outlay				503,146	
Transfer of assets (to)/from the Water/Wastewater Fund				-	
Change in Net Position				<u>\$ 4,518,310</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Hurricane Matthew Capital Project Fund
From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	9,758,733	33,639	9,792,372
Engineering	-	921,084	19,482	940,566
Right of Way	-	11,750	-	11,750
Other	-	52,583	-	52,583
Total Expenditures	11,887,301	10,744,150	53,121	10,797,271
Revenues Under Expenditures	(11,887,301)	(10,744,150)	(53,121)	(10,797,271)
Other Financing Sources (Uses)				
Insurance Proceeds	4,594,936	4,594,936	-	4,594,936
FEMA Proceeds	7,104,665	6,038,362	57,352	6,095,714
Transfer from W/WW Fund	187,700	186,622	-	186,622
Total Other Financing Sources	11,887,301	10,819,920	57,352	10,877,272
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 75,770</u>	4,231	<u>\$ 80,001</u>
Reconciling Items:				
Capital Outlay			53,121	
Change in Net Position			<u>\$ 57,352</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Annexation Phase V - Areas 22 through 23
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ 1,938	\$ 1,938
Total Revenues	-	-	1,938	1,938
Expenditures				
Construction	-	11,181,765	2,888,996	14,070,761
Engineering	-	1,472,404	128,582	1,600,986
Right of Way	-	540,004	(128,437)	411,567
City reimbursement	-	(271,856)	(191,804)	(463,660)
Other	-	807,373	406,667	1,214,040
Total Expenditures	19,001,676	13,729,690	3,104,004	16,833,694
Revenues Under Expenditures	(19,001,676)	(13,729,690)	(3,102,066)	(16,831,756)
Other Financing Sources (Uses)				
Bond Proceeds	17,019,613	-	17,019,613	17,019,613
Transfer from(to) Annexation Reserve	1,982,063	12,984,714	(12,380,399)	604,315
Total Other Financing Sources	19,001,676	12,984,714	4,639,214	17,623,928
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (744,976)</u>	1,537,148	<u>\$ 792,172</u>
Reconciling Items:				
Capital Outlay			3,104,004	
Transfer of assets to the PWC Water and Wastewater fund			(7,650,728)	
Change in Net Position			<u>\$ (3,009,576)</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Annexation Phase V - Areas 32 through 34
Capital Project Fund

From Inception and for the Period Ending June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Construction	-	366,311	1,162,237	1,528,548
Engineering	-	3,661,563	834,198	4,495,761
Right of Way	-	810,032	394,092	1,204,124
Other	-	146,257	113,259	259,516
Total Expenditures	<u>79,865,900</u>	<u>4,984,163</u>	<u>2,503,786</u>	<u>7,487,949</u>
Revenues Under Expenditures	<u>(79,865,900)</u>	<u>(4,984,163)</u>	<u>(2,503,786)</u>	<u>(7,487,949)</u>
Other Financing Sources (Uses)				
Series 2016 Bond Proceeds	1,070,481	1,070,481	-	1,070,481
Series 2018 Bond Proceeds	1,355,273	1,355,273	-	1,355,273
Bond Proceeds	69,440,146	-	-	-
Transfer from(to) Annexation Reserve	8,000,000	2,494,005	1,329,417	3,823,422
Total Other Financing Sources	<u>79,865,900</u>	<u>4,919,759</u>	<u>1,329,417</u>	<u>6,249,176</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (64,404)</u>	<u>(1,174,369)</u>	<u>\$ (1,238,773)</u>
Reconciling Items:				
Capital Outlay			2,503,786	
Transfer of assets to the PWC Water and Wastewater fund			-	
Change in Net Position			<u>\$ 1,329,417</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

**Schedule of Changes in the Status of Series 2018 Water/Wastewater Revenue
Capital Project Fund**

From Inception and the Period Ending June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ 1,806,367	\$ 1,359,679	\$ 2,121	\$ 1,361,800
Total Revenues	<u>1,806,367</u>	<u>1,359,679</u>	<u>2,121</u>	<u>1,361,800</u>
Expenditures				
Construction	-	51,136,841	2,954,878	54,091,719
Engineering	-	2,909,195	67,239	2,976,434
Right of Way	-	324,396	-	324,396
Other	-	1,798,209	97,065	1,895,274
Total Expenditures	<u>59,767,587</u>	<u>56,168,641</u>	<u>3,119,182</u>	<u>59,287,823</u>
Revenues Under Expenditures	<u>(57,961,220)</u>	<u>(54,808,962)</u>	<u>(3,117,061)</u>	<u>(57,926,023)</u>
Other Financing Sources (Uses)				
2018 Revenue Bond Proceeds	57,961,220	57,961,220	-	57,961,220
Total Other Financing Sources	<u>57,961,220</u>	<u>57,961,220</u>	<u>-</u>	<u>57,961,220</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ 3,152,258</u>	<u>(3,117,061)</u>	<u>\$ 35,197</u>
Reconciling Items:				
Capital Outlay			3,119,182	
Transfer of assets to the Water/Wastewater Fund			(5,393,745)	
Change in net position			<u>\$ (5,391,624)</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Rockfish Creek Basin Peak Flow Facilities
Capital Project Fund

From Inception and for the Year Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Construction	-	1,174,193	6,127,230	7,301,423
Engineering	-	2,045,620	640,237	2,685,857
Right of Way	-	409,082	-	409,082
Other	-	23,672	38,296	61,968
Total Expenditures	<u>17,912,000</u>	<u>3,652,567</u>	<u>6,805,763</u>	<u>10,458,330</u>
Revenues Under Expenditures	<u>(17,912,000)</u>	<u>(3,652,567)</u>	<u>(6,805,763)</u>	<u>(10,458,330)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	<u>17,912,000</u>	<u>3,574,060</u>	<u>6,588,456</u>	<u>10,162,516</u>
Total Other Financing Sources	<u>17,912,000</u>	<u>3,574,060</u>	<u>6,588,456</u>	<u>10,162,516</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (78,507)</u>	<u>(217,307)</u>	<u>\$ (295,814)</u>
Reconciling Items:				
Capital Outlay			6,805,763	
Loan Proceeds			(6,588,456)	
Transfer of assets to the Water/Wastewater Fund			(409,082)	
Change in net position			<u>\$ (409,082)</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Annexation Phase V - Areas 24 through 25
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ 151	\$ 151
Total Revenues	<u>-</u>	<u>-</u>	<u>151</u>	<u>151</u>
Expenditures				
Construction	-	3,132,309	3,223,389	6,355,698
Engineering	-	2,035,015	153,859	2,188,874
Right of Way	-	1,621,853	(30,486)	1,591,367
City Reimbursement	-	(4,030)	(15,129)	(19,159)
Other	-	350,714	324,123	674,837
Total Expenditures	<u>27,900,503</u>	<u>7,135,861</u>	<u>3,655,756</u>	<u>10,791,617</u>
Revenues Under Expenditures	<u>(27,900,503)</u>	<u>(7,135,861)</u>	<u>(3,655,605)</u>	<u>(10,791,466)</u>
Other Financing Sources (Uses)				
Transfer from (to) Annexation Reserve Fund	500,000	6,317,493	(1,762,047)	4,555,446
Series 2021 bond proceeds	5,109,766		5,109,766	5,109,766
Bond Proceeds	22,290,737	-	-	-
Total Other Financing Sources	<u>27,900,503</u>	<u>6,317,493</u>	<u>3,347,719</u>	<u>9,665,212</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (818,368)</u>	<u>(307,886)</u>	<u>\$ (1,126,254)</u>
Reconciling Items:				
Capital Outlay			3,655,756	
Transfer of assets to the Water/Wastewater Fund			(4,749,988)	
Change in net position			<u>\$ (1,402,118)</u>	

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

**Schedule of Changes in the Status of Replacement of 20" N Fayetteville Force Main
Capital Project Fund**

From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	11,667,790	-	11,667,790
Engineering	-	147,877	-	147,877
Right of Way	-	2,561	-	2,561
Other	-	224,954	-	224,954
Total Expenditures	12,043,182	12,043,182	-	12,043,182
Revenues Under Expenditures	(12,043,182)	(12,043,182)	-	(12,043,182)
Other Financing Sources (Uses)				
Series 2018 Bond Proceeds	5,000,000	5,000,000	-	5,000,000
Bond Proceeds	7,043,182	-	7,043,182	7,043,182
Total Other Financing Sources	12,043,182	5,000,000	7,043,182	12,043,182
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (7,043,182)</u>	7,043,182	<u>\$ -</u>
Reconciling Items:				
Change in net position			<u>\$ 7,043,182</u>	

Capital Project Fund closed at June 30, 2022

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Big Rickfish - SS Outfall
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Construction	-	586,603	5,489,702	6,076,305
Engineering	-	1,703,956	316,871	2,020,827
Right of Way	-	840,070	206,902	1,046,972
Other	-	49,025	17,506	66,531
Total Expenditures	<u>26,187,999</u>	<u>3,179,654</u>	<u>6,030,981</u>	<u>9,210,635</u>
Revenues Under Expenditures	<u>(26,187,999)</u>	<u>(3,179,654)</u>	<u>(6,030,981)</u>	<u>(9,210,635)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	26,187,999	-	7,954,288	7,954,288
Total Other Financing Sources	<u>26,187,999</u>	<u>-</u>	<u>7,954,288</u>	<u>7,954,288</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (3,179,654)</u>	1,923,307	<u>\$ (1,256,347)</u>
Reconciling Items:				
Capital Outlay			6,030,981	
Loan proceeds			(7,954,288)	
Change in net position			<u>\$ -</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Big Rockfish - SS Outfall Lift Station Elimination
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Construction	-	6,628	49,362	55,990
Engineering	-	863,773	48,339	912,112
Right of Way	-	171,634	39,052	210,686
Other	-	55,145	-	55,145
Total Expenditures	<u>6,255,105</u>	<u>1,097,180</u>	<u>136,753</u>	<u>1,233,933</u>
Revenues Under Expenditures	<u>(6,255,105)</u>	<u>(1,097,180)</u>	<u>(136,753)</u>	<u>(1,233,933)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	6,255,105	-	1,202,273	1,202,273
Total Other Financing Sources	<u>6,255,105</u>	<u>-</u>	<u>1,202,273</u>	<u>1,202,273</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (1,097,180)</u>	1,065,520	<u>\$ (31,660)</u>
Reconciling Items:				
Capital Outlay			136,753	
Loan proceeds			(1,202,273)	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			<u>\$ -</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Phase V - Areas 26 through 27
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	818,653	170,035	988,688
Right of Way	-	-	131,104	131,104
Other	-	24,694	21,656	46,350
Total Expenditures	20,700,000	843,347	322,795	1,166,142
Revenues Under Expenditures	(20,700,000)	(843,347)	(322,795)	(1,166,142)
Other Financing Sources (Uses)				
Transfer from Annexation Reserve Fund	500,000	804,377	339,655	1,144,032
Bond Proceeds	20,200,000	-	-	-
Total Other Financing Sources	20,700,000	804,377	339,655	1,144,032
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (38,970)</u>	16,860	<u>\$ (22,110)</u>

Reconciling Items:

Capital Outlay	322,795
Transfer of assets to the Water/Wastewater Fund	-
Change in net position	<u>\$ 339,655</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of PO Hoffer and Glenville Water Treatment Facilities
Reliability Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Construction	-	-	-	-
Engineering	-	344,849	(21,612)	323,237
Right of Way	-	-	-	-
Other	-	-	-	-
Total Expenditures	<u>10,719,300</u>	<u>344,849</u>	<u>(21,612)</u>	<u>323,237</u>
Revenues Over Expenditures	<u>(10,719,300)</u>	<u>(344,849)</u>	<u>21,612</u>	<u>(323,237)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	<u>10,719,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>10,719,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (344,849)</u>	<u>21,612</u>	<u>\$ (323,237)</u>
Reconciling Items:				
Capital Outlay			(21,612)	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			<u>\$ -</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Annexation Phase V - Areas 28 through 29
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Engineering	-	-	372,245	372,245
Other	-	542	13,873	14,415
Total Expenditures	<u>21,150,000</u>	<u>542</u>	<u>386,118</u>	<u>386,660</u>
Revenues Under Expenditures	<u>(21,150,000)</u>	<u>(542)</u>	<u>(386,118)</u>	<u>(386,660)</u>
Other Financing Sources (Uses)				
Transfer from Annexation Reserve Fund	500,000	-	268,385	268,385
Bond Proceeds	20,650,000	-	-	-
Total Other Financing Sources	<u>21,150,000</u>	<u>-</u>	<u>268,385</u>	<u>268,385</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (542)</u>	<u>(117,733)</u>	<u>\$ (118,275)</u>
Reconciling Items:				
Capital Outlay			386,118	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			<u>\$ 268,385</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Annexation Phase V - Asphalt Overlay
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
Revenues					
Interest earned on invested bond proceeds	\$ -	\$ -		\$ -	\$ -
Total Revenues	-	-		-	-
Expenditures					
Construction	-	257,913	(257,913)	-	-
Other	-	-		-	-
Total Expenditures	5,584,350	257,913	(257,913)	-	-
Revenues Over Expenditures	(5,584,350)	(257,913)	257,913	-	-
Other Financing Sources (Uses)					
Transfer from Annexation Reserve Fund	5,584,350	257,913	(257,913)	-	-
Total Other Financing Sources	5,584,350	257,913	(257,913)	-	-
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>

Reconciling Items:

Capital Outlay	-
Transfer of assets to the Water/Wastewater Fund	-
Change in net position	<u>\$ -</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

**Schedule of Changes in the Status of Series 2021 Water and Wastewater Revenue Bond
Capital Project Fund**

From Inception and for the Period Ended June 30, 2022

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ 77,043	\$ 77,043
Total Revenues	<u>-</u>	<u>-</u>	<u>77,043</u>	<u>77,043</u>
Expenditures				
Construction	-	-	17,280,634	17,280,634
Engineering	-	1,539,114	3,876,416	5,415,530
Right of Way	-	-	580	580
Other	-	52,292	539,276	591,568
Total Expenditures	<u>61,832,329</u>	<u>1,591,406</u>	<u>21,696,906</u>	<u>23,288,312</u>
Revenues Under Expenditures	<u>(61,832,329)</u>	<u>(1,591,406)</u>	<u>(21,619,863)</u>	<u>(23,211,269)</u>
Other Financing Sources (Uses)				
Bond Proceeds	61,832,329	-	61,832,329	61,832,329
Total Other Financing Sources	<u>61,832,329</u>	<u>-</u>	<u>61,832,329</u>	<u>61,832,329</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (1,591,406)</u>	<u>40,212,466</u>	<u>\$ 38,621,060</u>
Reconciling Items:				
Capital Outlay			21,696,906	
Transfer of assets to the Water/Wastewater Fund			(10,145,186)	
Change in net position			<u>\$ 51,764,186</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Changes in the Status of Directed Grant
Capital Project Fund

From Inception and for the Period Ended June 30, 2022

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	-	-	-
Right of Way	-	-	-	-
Miscellaneous Expense (pilot project-remediation)	-	-	10,208	10,208
Total Expenditures	438,447	-	10,208	10,208
Revenues Under Expenditures	(438,447)	-	(10,208)	(10,208)
Other Financing Sources (Uses)				
Directed grant proceeds	220,000	-	220,000	220,000
Transfer from W/WW Fund	218,447	-	-	-
Total Other Financing Sources	438,447	-	220,000	220,000
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	209,792	<u>\$ 209,792</u>
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to the PWC Water and Wastewater fund			-	
Change in Net Position			<u>\$ 209,792</u>	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Bond Indebtedness
June 30, 2022

Issue Date	Fund	Original Issue	Interest Rate	Year of Maturity	Balance June 30, 2021
9/11/14	2014 Electric & Water & Wastewater	111,455,000	5.00%	2022	3,885,000
			5.00%	2023	4,070,000
			5.00%	2024	4,280,000
			3.00%	2025	4,495,000
			3.00%	2026	4,635,000
			4.00%	2027	4,770,000
			3.50%	2028	4,960,000
			3.50%	2029	5,135,000
			3.50%	2030	5,310,000
			3.50%	2031	5,495,000
			3.50%	2032	5,695,000
			4.00%	2033	5,890,000
			4.00%	2034	6,125,000
			4.00%	2035	6,370,000
			4.00%	2036	6,625,000
			3.50%	2037	6,885,000
			4.00%	2038	7,130,000
			4.00%	2039	7,410,000
					99,165,000
6/29/16	2016 Electric & Water & Wastewater	114,405,000	5.00%	2022	6,405,000
			5.00%	2023	6,635,000
			5.00%	2024	4,785,000
			5.00%	2025	4,920,000
			5.00%	2026	5,060,000
			3.00%	2027	4,425,000
			3.00%	2028	4,475,000
			3.00%	2029	4,545,000
			3.00%	2030	4,615,000
			3.00%	2031	4,675,000
			3.00%	2032	4,735,000
			3.00%	2033	4,800,000
			3.00%	2034	4,870,000
			3.00%	2035	4,925,000
			3.00%	2036	3,635,000
			3.00%	2037	3,740,000
			3.00%	2038	3,855,000
			3.00%	2039	3,970,000
3.00%	2040	4,085,000			
3.00%	2041	4,210,000			
					93,365,000

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Bond Indebtedness
June 30, 2022

Issue Date	Fund	Original Issue	Additions	Retirements	Balance June 30, 2022	Current Portion
9/11/14	2014	111,455,000	-	3,885,000	-	-
	Electric &		-	-	4,070,000	4,070,000
	Water & Wastewater		-	-	4,280,000	-
			-	-	4,495,000	-
			-	-	4,635,000	-
			-	-	4,770,000	-
			-	-	4,960,000	-
			-	-	5,135,000	-
			-	-	5,310,000	-
			-	-	5,495,000	-
			-	-	5,695,000	-
			-	-	5,890,000	-
			-	-	6,125,000	-
			-	-	6,370,000	-
			-	-	6,625,000	-
			-	-	6,885,000	-
			-	-	7,130,000	-
			-	-	7,410,000	-
			-	3,885,000	95,280,000	4,070,000
6/29/16	2016	114,405,000	-	6,405,000	-	-
	Electric &		-	-	6,635,000	6,635,000
	Water & Wastewater		-	-	4,785,000	-
			-	-	4,920,000	-
			-	-	5,060,000	-
			-	-	4,425,000	-
			-	-	4,475,000	-
			-	-	4,545,000	-
			-	-	4,615,000	-
			-	-	4,675,000	-
			-	-	4,735,000	-
			-	-	4,800,000	-
			-	-	4,870,000	-
			-	-	4,925,000	-
			-	-	3,635,000	-
			-	-	3,740,000	-
			-	-	3,855,000	-
			-	-	3,970,000	-
			-	-	4,085,000	-
			-	-	4,210,000	-
			-	6,405,000	86,960,000	6,635,000

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Bond Indebtedness
June 30, 2022

Issue Date	Fund	Original Issue	Interest Rate	Year of Maturity	Balance June 30, 2021
12/13/19	2018	83,645,000	5.00%	2022	3,460,000
	Electric &		5.00%	2023	3,605,000
	Water & Wastewater		5.00%	2024	3,590,000
			5.00%	2025	2,025,000
			5.00%	2026	2,125,000
			5.00%	2027	2,230,000
			5.00%	2028	2,345,000
			5.00%	2029	2,460,000
			5.00%	2030	2,585,000
			4.00%	2031	2,710,000
			4.00%	2032	2,820,000
			4.00%	2033	2,935,000
			4.00%	2034	3,050,000
			4.00%	2035	3,170,000
			4.00%	2036	3,300,000
			4.00%	2037	3,430,000
			4.00%	2038	3,570,000
			4.00%	2039	3,710,000
			4.00%	2040	3,860,000
			4.00%	2041	4,015,000
			4.00%	2042	4,175,000
			4.00%	2043	4,340,000
			4.00%	2044	4,515,000
					<u>74,025,000</u>
11/4/21	2021	94,790,000	5.00%	2024	370,000
	Electric &		5.00%	2025	2,105,000
	Water & Wastewater		5.00%	2026	2,215,000
			5.00%	2027	2,320,000
			5.00%	2028	2,435,000
			5.00%	2029	2,555,000
			5.00%	2030	2,680,000
			5.00%	2031	2,820,000
			4.00%	2032	2,960,000
			4.00%	2033	3,080,000
			4.00%	2034	3,200,000
			2.00%	2035	3,330,000
			2.00%	2036	3,395,000
			2.00%	2037	3,465,000
			2.00%	2038	3,535,000
			2.13%	2039	3,605,000
			2.13%	2040	3,680,000
			2.25%	2041	3,760,000
			2.25%	2042	3,845,000
			2.25%	2043	3,930,000
			3.00%	2044	4,020,000
			3.00%	2045	4,140,000
			3.00%	2046	4,265,000
			2.50%	2047	4,390,000
			2.50%	2048	4,500,000
			2.50%	2049	4,615,000
			2.50%	2050	4,730,000
			2.50%	2051	4,845,000
					<u>94,790,000</u>
Total bond indebtedness					<u><u>\$ 361,345,000</u></u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Bond Indebtedness
June 30, 2022

Issue Date	Fund	Original Issue	Additions	Retirements	Balance June 30, 2022	Current Portion
12/13/19	2018	83,645,000	-	3,460,000	-	-
	Electric &		-	-	3,605,000	3,605,000
	Water & Wastewater		-	-	3,590,000	-
			-	-	2,025,000	-
			-	-	2,125,000	-
			-	-	2,230,000	-
			-	-	2,345,000	-
			-	-	2,460,000	-
			-	-	2,585,000	-
			-	-	2,710,000	-
			-	-	2,820,000	-
			-	-	2,935,000	-
			-	-	3,050,000	-
			-	-	3,170,000	-
			-	-	3,300,000	-
			-	-	3,430,000	-
			-	-	3,570,000	-
			-	-	3,710,000	-
			-	-	3,860,000	-
			-	-	4,015,000	-
			-	-	4,175,000	-
			-	-	4,340,000	-
			-	-	4,515,000	-
			-	3,460,000	70,565,000	3,605,000
11/4/21	2021	94,790,000	-	-	370,000	-
	Electric &		-	-	2,105,000	-
	Water & Wastewater		-	-	2,215,000	-
			-	-	2,320,000	-
			-	-	2,435,000	-
			-	-	2,555,000	-
			-	-	2,680,000	-
			-	-	2,820,000	-
			-	-	2,960,000	-
			-	-	3,080,000	-
			-	-	3,200,000	-
			-	-	3,330,000	-
			-	-	3,395,000	-
			-	-	3,465,000	-
			-	-	3,535,000	-
			-	-	3,605,000	-
			-	-	3,680,000	-
			-	-	3,760,000	-
			-	-	3,845,000	-
			-	-	3,930,000	-
			-	-	4,020,000	-
			-	-	4,140,000	-
			-	-	4,265,000	-
			-	-	4,390,000	-
			-	-	4,500,000	-
			-	-	4,615,000	-
			-	-	4,730,000	-
			-	-	4,845,000	-
			-	-	94,790,000	-
Total bond indebtedness			\$ -	\$ 13,750,000	\$347,595,000	\$ 14,310,000

STATISTICAL SECTION

STATISTICAL SECTION (Unaudited)

This part of the Fayetteville Public Works Commission's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health.

CONTENTS	PAGE
Financial Trends These schedules contain trend information to help the reader understand how the Commission's financial performance has changed over time.	F2-F13
Revenue Capacity These schedules contain trend information to help the reader assess the Commission's most significant local revenue source.	F14
Debt Capacity These schedules contain trend information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.	F15-F16
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.	F17-F18
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.	F19-F23

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2013	2014	2015	2016	2017
Business-type activities					
Net investment in capital assets	\$ 593,295,534	\$ 630,452,261	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269
Restricted for:					
Renewable Energy	-	-	-	-	6,593,822
Capital projects	9,758	9,758	63,088,028	7,050	1,151,800
Debt service	60,723	108,014	1,920,080	2,642,117	1,995,312
Other internal restrictions	-	-	-	-	-
Other purposes					
Unrestricted	228,590,763	205,978,548	231,126,138	338,366,487	320,888,601
Total primary government net positions	\$ 821,956,778	\$ 836,548,581	\$ 854,707,717	\$ 877,013,393	\$ 916,791,804

	2013	2014	2015	2016	2017
Primary government					
Net investment in capital assets	\$ 593,295,534	\$ 630,452,261	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269
Restricted for:					
Renewable Energy	-	-	-	-	6,593,822
Capital projects	9,758	9,758	63,088,028	7,050	1,151,800
Debt service	60,723	108,014	1,920,080	2,642,117	1,995,312
Other internal restrictions	-	-	-	-	-
Other purposes					
Unrestricted	228,590,763	205,978,548	231,126,138	338,366,487	320,888,601
Total primary government net positions	\$ 821,956,778	\$ 836,548,581	\$ 854,707,717	\$ 877,013,393	\$ 916,791,804

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Net Position by Component
Last Ten Fiscal Years

	Fiscal Year				
	2018	2019	2020	2021	2022
Business-type activities					
Net investment in capital assets	\$ 663,345,767	709,101,507	762,751,285	809,969,118	797,810,238
Restricted for:					
Renewable Energy	9,365,765	8,081,798	5,688,332	6,670,557	7,413,145
Capital projects	1,476,402	9,564,920	16,229,194	7,403,077	12,163,496
Debt service	6,456	3,437,495	-		
Other internal restrictions	138,363,342	123,889,917	118,981,006	118,270,725	158,860,491
Other purposes					
Unrestricted	128,670,749	137,136,488	132,425,951	148,793,832	137,907,708
Total primary government net positions	\$ 941,228,481	991,212,125	1,036,075,768	1,091,107,309	1,114,155,078

	2018	2019	2020	2021	2022
Primary government					
Net investment in capital assets	\$ 663,345,767	709,101,507	762,751,285	809,969,118	797,810,238
Restricted for:					
Renewable Energy	9,365,765	8,081,798	5,688,332	6,670,557	7,413,145
Capital projects	1,476,402	9,564,920	16,229,194	7,403,077	12,163,496
Debt service	6,456	3,437,495	-		
Other internal restrictions	138,363,342	123,889,917	118,981,006	118,270,725	158,860,491
Other purposes					
Unrestricted	128,670,749	137,136,488	132,425,951	148,793,832	137,907,708
Total primary government net positions	\$ 941,228,481	991,212,125	1,036,075,768	1,091,107,309	1,114,155,078

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Change in Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2013	2014	2015	2016	2017
Business type activities					
Operating revenue					
Charges for services	\$ 291,114,342	\$ 300,781,049	\$ 308,619,610	\$ 311,122,241	\$ 322,721,879
Misc operating revenue	5,021	1,104	334	-	-
Operating revenues	-	-	-	-	-
Total operating revenue	<u>291,119,363</u>	<u>300,782,153</u>	<u>308,619,944</u>	<u>311,122,241</u>	<u>322,721,879</u>
Operating expenses					
Power supply and generation	148,520,775	163,175,003	157,248,396	141,085,995	141,770,054
Electric operations	14,276,714	15,475,385	11,059,845	15,378,277	15,148,402
Water operations	14,562,693	14,575,051	12,822,428	14,225,334	14,898,419
Miscellaneous operating expense-water	-	-	-	-	-
Sanitary sewer operations	13,016,609	13,615,899	13,428,070	15,071,362	16,007,573
General and administrative	31,067,333	33,002,023	37,216,879	35,088,657	33,384,126
Depreciation	36,754,827	34,671,469	36,348,935	37,091,903	39,073,770
Fleet maintenance	7,826,061	8,253,426	7,947,859	8,528,872	8,993,274
Total operating expenses	<u>266,025,012</u>	<u>282,768,256</u>	<u>276,072,412</u>	<u>266,470,400</u>	<u>269,275,618</u>
Operating income	<u>25,094,351</u>	<u>18,013,897</u>	<u>32,547,532</u>	<u>44,651,842</u>	<u>53,446,261</u>
Nonoperating revenue (expense)					
Intergovernmental revenue	-	-	-	117,531	1,463,287
Intergovernmental expense	-	-	-	-	(1,200,000)
Payment in lieu of taxes	-	-	-	(9,547,800)	(9,966,765)
Interest earned on investments	1,463,337	2,902,109	1,490,911	2,125,856	1,739,044
Gain (loss) on disposal of assets	1,961,214	(462,840)	(1,142,805)	(8,877,903)	(4,719,440)
Interest expense	(7,270,893)	(6,601,453)	(8,227,011)	(7,989,038)	(8,950,190)
Amortization	(1,004,424)	(714,299)	(661,958)	(677,796)	(677,796)
Interest-Lease					
Interest-Subscription Lease					
Finance costs	<u>(100,162)</u>	<u>(62,588)</u>	<u>(678,741)</u>	<u>(745,198)</u>	<u>(71,880)</u>
Total nonoperating revenue (expense)	<u>(4,950,928)</u>	<u>(4,939,071)</u>	<u>(9,219,604)</u>	<u>(25,594,348)</u>	<u>(22,383,740)</u>
Income before transfers and contributions	<u>20,143,423</u>	<u>13,074,826</u>	<u>23,327,928</u>	<u>19,057,494</u>	<u>31,062,521</u>
Capital contributions	3,803,969	9,440,775	7,804,945	10,396,313	7,121,955
Special Item- Hope Mills	-	-	-	(7,148,131)	1,593,935
Special Item-DEP CCR Settlement	-	-	-	-	-
Transfers in	28,461,707	44,565,331	350,594	3,156,186	2,786,080
Transfers out	(28,461,707)	(44,565,331)	(350,594)	(3,156,186)	(2,786,080)
Transfers in -City of Fayetteville	2,934,498	4,379,817	3,596,493	-	-
Transfers out -City of Fayetteville	<u>(10,961,399)</u>	<u>(12,303,615)</u>	<u>(12,527,760)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 15,920,491</u>	<u>\$ 14,591,803</u>	<u>\$ 22,201,606</u>	<u>\$ 22,305,676</u>	<u>\$ 39,778,411</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Change in Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2018	2019	2020	2021	2022
Business type activities					
Operating revenue					
Charges for services	\$ 334,079,581	\$ 290,193,185	\$ 283,663,003	\$ 285,874,685	\$ 293,229,660
Misc operating revenue	-	71,794	45	-	-
Operating revenues	-	56,450,477	58,823,972	51,186,075	53,959,014
Total operating revenue	334,079,581	346,715,456	342,487,020	337,060,760	347,188,674
Operating expenses					
Power supply and generation	155,562,287	163,256,607	149,893,550	148,346,794	141,331,267
Electric operations	15,933,526	19,397,355	20,002,168	21,375,149	31,137,387
Water operations	14,724,197	16,845,418	18,346,817	18,171,514	18,833,481
Miscellaneous operating expense-water	-	-	-	-	-
Sanitary sewer operations	16,214,709	19,315,810	19,947,339	21,571,683	21,739,450
General and administrative	30,837,790	35,684,220	45,346,071	46,194,309	41,153,640
Depreciation	40,633,549	42,085,858	43,575,972	46,781,741	49,777,447
Fleet maintenance	8,745,869	8,381,602	3,965,808	-	-
Total operating expenses	282,651,927	304,966,870	301,077,725	302,441,190	303,972,672
Operating income (loss)	51,427,654	41,748,586	41,409,295	34,619,570	43,216,002
Nonoperating revenue (expense)					
Intergovernmental revenue	4,456,255	2,897,079	1,676,853	2,029,564	1,358,022
Intergovernmental expense	(1,200,000)	(1,200,000)	(2,200,000)	(4,200,000)	-
Payment in lieu of taxes	(10,428,117)	(10,938,256)	(11,098,087)	(11,450,867)	(11,853,127)
Interest earned on investments	2,632,993	7,233,761	5,991,103	504,726	(7,713,415)
Gain (loss) on disposal of assets	(1,044,718)	(1,054,780)	(1,503,448)	(1,303,792)	(306,916)
Interest expense	(9,211,341)	(9,738,164)	(10,304,772)	(9,980,406)	(11,103,479)
Amortization	-	-	-	-	-
Interest-Lease	-	-	-	-	(212)
Interest-Subscription Lease	-	-	-	-	(21,205)
Finance costs	(35,580)	(403,585)	(47,286)	(576,654)	(825,390)
Total nonoperating revenue (expense)	(14,830,508)	(13,203,945)	(17,485,637)	(24,977,429)	(30,465,722)
Income (loss) before transfers and contributions	36,597,146	28,544,641	23,923,658	9,642,141	12,750,280
Capital contributions	6,432,684	21,439,003	20,939,985	23,158,880	10,297,489
Special Item- Hope Mills	-	-	-	-	-
Special Item-DEP CCR Settlement	-	-	-	22,230,520	-
Transfers in	2,508,654	5,098,064	5,752,717	4,107,291	4,903,183
Transfers out	(2,508,654)	(5,098,064)	(5,752,717)	(4,107,291)	(4,903,183)
Transfers in -City of Fayetteville	-	-	-	-	-
Transfers out -City of Fayetteville	-	-	-	-	-
Change in net position	<u>\$ 43,029,830</u>	<u>\$ 49,983,644</u>	<u>\$ 44,863,643</u>	<u>\$ 55,031,541</u>	<u>\$ 23,047,769</u>

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
Revenue Base by Customer Class
Charges for Services
Electric Kilowatt Hours Sold
Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Lighting	Other
2022	915,570,019	644,015,842	363,203,198	22,685,014	61,407,471
2021	918,708,050	621,854,933	353,217,595	21,329,410	61,088,282
2020	877,632,568	652,150,477	333,679,175	22,013,726	59,633,202
2019	904,232,137	653,345,453	351,432,824	23,049,017	60,463,224
2018	913,765,977	652,143,703	397,416,709	23,924,437	65,120,505
2017	871,261,877	639,983,403	395,652,590	29,345,656	61,090,581
2016	870,089,226	647,621,655	416,245,591	33,878,389	63,597,174
2015	912,997,829	635,745,697	411,868,420	37,092,085	63,610,785
2014	933,550,479	755,446,906	297,474,309	36,909,744	62,356,003
2013	912,090,576	746,303,677	281,595,874	35,189,619	62,223,142

Notes:

^a Rate shown is for Residential Service- basic facilities charge. See Schedule 6 for additional customer category rates.

^b Rate shown is for Residential Service-energy charge per kWh. See Schedule 6 for additional customer category rates.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
Revenue Base by Customer Class
Charges for Services
Electric Kilowatt Hours Sold
Last Ten Fiscal Years

Fiscal Year	Total	Total Direct Rate			
		Electric			
		Base Rate ^a	Usage Rate ^b		
			first 500 kWh	ea kWh > 500	
2022	2,006,881,544	\$ 20.00	\$ 0.1300	\$ 0.1300	
2021	1,976,198,270	20.00	0.1300	0.1300	
2020	1,945,109,148	20.00	0.1300	0.1300	
2019	1,992,522,655	20.00	0.1300	0.1300	
2018	2,052,371,331	17.50	0.1010	0.1010	
2017	1,997,334,107	15.00	0.1004	0.1004	
2016	2,031,432,035	13.50	0.0990	0.0990	
2015	2,061,314,816	13.50	0.0990	0.0990	
2014	2,085,737,441	11.80	0.0964	0.0964	
2013	2,037,402,888	10.80	0.0946	0.0946	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
Revenue Base by Customer Class
Charges for Services
Water Mgals Sold
Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Wholesale	Other	Total
2022	3,722,557	1,811,500	909,908	1,135,604	562,333	8,141,902
2021	3,738,387	1,672,231	916,629	1,197,177	434,844	7,959,268
2020	3,670,402	1,683,616	928,701	1,187,772	552,518	8,023,009
2019	3,544,544	1,743,063	994,892	1,224,276	773,277	8,280,052
2018	3,573,103	1,735,985	976,535	1,228,020	854,158	8,367,801
2017	3,596,178	1,709,864	1,006,967	1,241,483	816,849	8,371,341
2016	3,679,770	1,657,998	985,208	1,278,857	835,982	8,437,815
2015	3,693,708	1,602,583	914,301	1,211,695	897,337	8,319,624
2014	3,719,832	1,610,970	829,204	1,166,850	842,321	8,169,177
2013	3,761,361	1,867,535	608,837	1,371,392	845,782	8,454,907

Notes: Mgal = 1,000 gallons

^a Rate shown is for 5/8" meter size - inside city. See Schedule 7 for additional meter size rates.

^b Rate shown is for Residential - inside city customer category. See Schedule 7 for additional customer category rates.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
Revenue Base by Customer Class
Charges for Services
Water Mgals Sold
Last Ten Fiscal Years

Fiscal Year	Total Direct Rate						
	Water						
	Usage Rate ^b						
	Base Rate ^a	first 6 Mgals	ea Mgal > 6	first 2 Mgals	next 3-5Mgals	next 6-10Mgals	ea add'l Mgals
2022	\$ 18.00	\$ -	\$ -	\$ 2.40	\$ 2.86	\$ 3.88	\$ 4.64
2021	16.00	-	-	2.68	3.19	4.33	5.18
2020	14.50	-	-	2.58	3.07	4.17	4.99
2019	14.50	-	-	2.58	3.07	4.17	4.99
2018	13.00	-	-	2.45	2.91	3.96	4.73
2017	11.50	-	-	2.36	2.81	3.82	4.56
2016	10.00	-	-	2.34	2.78	3.78	4.52
2015	9.00	-	-	2.26	2.69	3.65	4.37
2014	7.75	-	-	2.22	2.64	3.59	4.29
2013	7.00	-	-	2.22	2.64	3.59	4.29

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
Revenue Base by Customer Class
Charges for Services
Wastewater MGALS Treated
Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Wholesale	Other
2022	3,328,005	1,667,563	598,637	107,063	451,451
2021	3,347,571	1,544,659	636,263	168,838	441,127
2020	3,276,441	1,585,272	663,070	138,145	432,326
2019	3,154,180	1,704,928	690,129	168,757	450,789
2018	3,166,639	1,623,932	650,239	123,128	439,535
2017	3,179,056	1,587,572	694,893	144,252	472,606
2016	3,245,044	1,533,267	694,225	176,163	488,497
2015	3,242,175	1,482,458	636,480	194,606	483,543
2014	3,252,419	1,498,619	615,777	187,458	473,640
2013	3,245,769	1,707,549	387,928	133,323	459,421

Notes: Mgal = 1,000 gallons

^a Rate shown is for 5/8" meter size - inside city. See Schedule 8 for additional meter size rates.

^b Rate shown is for Sanitary Sewer Service category. See Schedule 8 for additional sewer and waste service category rates.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA
Revenue Base by Customer Class
Charges for Services
Wastewater MGALS Treated
Last Ten Fiscal Years

Fiscal Year	Total	Total Direct Rate Wastewater				
		Base Rate ^a	Usage Rate			
			per Mgal ^b	Sewer Only Flat Rate		
				Inside	Outside	
2022	6,152,719	\$ 18.00	\$ 5.35	\$ 39.40	\$ 68.95	
2021	6,138,458	16.00	5.28	37.12	64.94	
2020	6,095,255	14.50	5.28	35.62	62.34	
2019	6,168,783	14.50	5.28	35.62	62.34	
2018	6,003,473	13.00	5.25	35.05	61.34	
2017	6,078,379	11.50	5.25	34.60	58.82	
2016	6,137,196	10.00	5.00	34.50	56.93	
2015	6,039,262	9.00	4.89	32.96	52.74	
2014	6,027,916	7.75	4.87	32.10	49.74	
2013	5,933,990	7.00	4.87	31.35	47.05	

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Standard Electric Rates
Last Ten Fiscal Years

	2013	2014	2015	2016	2017
Residential					
Basic	\$ 10.80	\$ 11.80	\$ 13.50	\$ 13.50	\$ 15.00
Energy, first 500 kWh	0.0946	0.0964	0.0990	0.0990	0.1004
All additional kWh	-	-	-	-	-
General service					
Basic	\$ 18.00	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00
Demand, first 10 kW	0.1013	0.1013	0.1013	0.0990	0.0990
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Lg General service					
Basic	\$ 240.00	\$ 250.00	\$ 265.00	\$ 275.00	\$ 290.00
Demand, all kW	12.10	13.00	14.00	15.25	17.00
Energy (1000kW and greater)	0.0504	0.0523	0.0542	0.0515	0.0515
Small industrial service					
Basic	\$ -	\$ -	\$ -	\$ -	\$ -
Demand, first 10 kW	-	-	-	-	-
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Medium industrial service					
Basic	\$ -	\$ -	\$ -	\$ -	\$ -
Demand, kW	-	-	-	-	-
Energy, first 200 kWh/kW	-	-	-	-	-
Next 150 kWh/kW	-	-	-	-	-
Next 150 kWh/kW	-	-	-	-	-
All above 500 kWh/kW	-	-	-	-	-
Lg Industrial service					
Basic	\$ 600.00	\$ 625.00	\$ 650.00	\$ 675.00	\$ 700.00
Demand, first 5,000 kW	-	-	-	-	-
next 5,000 kW	-	-	-	-	-
All additional kW	-	-	-	-	-
Energy, all kWh	0.0504	0.0523	0.0542	0.0515	0.0515
Traffic signal service					
Basic	\$ 18.00	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00
Energy, all kWh	0.06350	0.06790	0.07250	0.07250	0.07250
Church service					
Basic	\$ 18.00	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00
Energy, first 500 kWh	-	-	-	-	-
NEXT 2,000 kWh	-	-	-	-	-
all additional kWh	0.09960	0.10130	0.10130	0.09900	0.10040
Sports field lighting service					
Basic	\$ 18.00	\$ 21.00	\$ 24.00	\$ 27.00	\$ 30.00
Energy, all kWh	0.06790	0.06790	0.06790	0.06790	0.06790
Minimum, all kW	-	-	-	-	-

Note: Increases in electric rates must be approved by the Fayetteville Public Works Commission.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Standard Electric Rates
Last Ten Fiscal Years

	2018	2019	2020	2021	2022
Residential					
Basic	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Energy, first 500 kWh	0.1010	0.1300	0.1300	0.1300	0.1300
All additional kWh	-	-	-	-	-
General service					
Basic	\$ 27.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Demand, first 10 kW	0.1050	0.1350	0.1350	0.1350	0.1350
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Lg General service					
Basic	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00
Demand, all kW	17.25	19.63	21.09	19.90	20.30
Energy (1000kW and greater)	0.0525	0.0520	0.0455	0.0455	0.0455
Small industrial service					
Basic	\$ -	\$ -	\$ -	\$ -	\$ -
Demand, first 10 kW	-	-	-	-	-
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Medium industrial service					
Basic	\$ -	\$ -	\$ -	\$ -	\$ -
Demand, kW	-	-	-	-	-
Energy, first 200 kWh/kW	-	-	-	-	-
Next 150 kWh/kW	-	-	-	-	-
Next 150 kWh/kW	-	-	-	-	-
All above 500 kWh/kW	-	-	-	-	-
Lg Industrial service					
Basic	\$ 700.00	\$ -	\$ -	\$ -	\$ -
Demand, first 5,000 kW	-	-	-	-	-
next 5,000 kW	-	-	-	-	-
All additional kW	-	-	-	-	-
Energy, all kWh	0.0525	0.0290	0.0255	0.0242	0.0242
Traffic signal service					
Basic	\$ 27.00	\$ -	\$ -	\$ -	\$ -
Energy, all kWh	0.07250	-	-	-	-
Church service					
Basic	\$ 27.00	\$ -	\$ -	\$ -	\$ -
Energy, first 500 kWh	-	-	-	-	-
NEXT 2,000 kWh	-	-	-	-	-
all additional kWh	0.10500	-	-	-	-
Sports field lighting service					
Basic	\$ 35.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00
Energy, all kWh	0.10500	0.13500	0.13500	0.13500	0.13500
Minimum, all kW	-	-	-	-	-

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Water Rates
Last Ten Fiscal Years

	2013		2014		2015	
	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>
	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>
Base rate (meter size)						
5/8"	\$ 7.00	\$ 10.50	\$ 7.75	\$ 12.00	\$ 9.00	\$ 14.40
3/4"	7.00	10.50	7.75	12.00	9.00	14.40
1"	11.00	16.50	12.00	18.60	14.00	22.40
1.5"	19.00	28.50	21.00	32.55	24.00	38.40
2"	30.00	45.00	33.00	51.15	39.00	62.40
3"	55.00	82.50	60.00	93.00	70.00	112.00
4"	90.00	135.00	100.00	155.00	115.00	184.00
6"	175.00	262.50	195.00	302.25	225.00	360.00
8"	280.00	420.00	310.00	480.50	360.00	576.00
Usage rate						
1,000						
gallons Residential						
first 5,000 gallons=5Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
next 5,000 gallons=(6-10Mgals)	-	-	-	-	-	-
first 6,000 gallons = 6 Mgal	-	-	-	-	-	-
each additional 1,000 gallons	-	-	-	-	-	-
first 2,000 gallons=2Mgal	2.22	3.33	2.22	3.44	2.26	3.62
next 3,000 gallons (3-5Mgals)	2.64	3.96	2.64	4.09	2.69	4.3
next 5,000 gallons=(6-10Mgals)	3.59	5.39	3.59	5.56	3.65	5.84
each additional gallon	4.29	6.44	4.29	6.65	4.37	6.99
Water irrigation						
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	4.61	6.92	4.61	7.15	4.69	7.5
next 30,000 gallons=(31-60Mgals)	5.65	8.48	5.65	8.76	5.75	9.2
each additional gallon	8.78	13.17	8.78	13.61	8.94	14.3
Backflow Prevention Assembly Inspection Charge	0.90	0.90	0.90	0.90	0.9	0.9
Commercial water service						
per 1,000 gallons = 1 Mgal	\$ 2.67	\$ 4.01	\$ 2.67	\$ 4.14	\$ 2.71	\$ 4.34
Large water usage						
per 1,000 gallons = 1 Mgal	\$ 2.06	\$ 2.06	\$ 2.03	\$ 2.06	\$ 2.10	\$ 2.10
Fire hydrant delivery						
Basic Facilities per Meter Set	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
per 1,000 gallons = 1 Mgal	2.67	2.67	2.67	2.67	2.71	2.71
Bulk water delivery						
Basic Facilities per Truckload	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-
Yearly permit fee	275.00	275.00	275.00	275.00	300	300
Temporary Permit=1 Month	-	-	-	-	-	-
each additional month <3 months	-	-	-	-	-	-

^a Rate structure in this category was based on first 1mgals in 2008.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Water Rates
Last Ten Fiscal Years

	2016		2017		2018	
	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>
	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>
Base rate (<i>meter size</i>)						
5/8"	\$ 10.00	\$ 16.50	\$ 10.00	\$ 16.50	\$ -	\$ -
3/4"	10.00	16.50	10.00	16.50	13.00	22.75
1"	16.00	26.40	18.40	31.30	20.80	36.40
1.5"	27.00	44.55	31.05	52.80	35.10	61.45
2"	45.00	74.25	51.75	88.00	58.50	102.40
3"	80.00	132.00	92.00	156.40	104.00	182.00
4"	130.00	214.50	149.50	254.15	169.00	295.75
6"	255.00	420.75	293.25	498.55	331.50	580.15
8"	400.00	660.00	460.00	782.00	520.00	910.00
Usage rate						
1,000						
gallons Residential						
first 5,000 gallons=5Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
next 5,000 gallons=(6-10Mgals)	-	-	-	-	-	-
first 6,000 gallons = 6 Mgal	-	-	-	-	-	-
each additional 1,000 gallons	-	-	-	-	-	-
first 2,000 gallons=2Mgal	2.34	3.86	2.36	4.01	2.45	4.29
next 3,000 gallons (3-5Mgals)	2.78	4.59	2.81	4.78	2.91	5.09
next 5,000 gallons=(6-10Mgals)	3.78	6.24	3.82	6.49	3.96	6.93
each additional gallon	4.52	7.46	4.56	7.75	4.73	8.28
Water irrigation						
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	4.86	8.02	4.9	8.33	5.09	8.91
next 30,000 gallons=(31-60Mgals)	5.96	9.83	6.01	10.22	6.24	10.92
each additional gallon	9.25	15.26	9.33	15.86	9.69	16.96
Backflow Prevention Assembly Inspection Charge	0.9	0.9	1.6	1.6	1.6	1.6
Commercial water service						
per 1,000 gallons = 1 Mgal	\$ 2.81	\$ 4.64	\$ 2.83	\$ 4.81	\$ 2.94	\$ 5.15
Large water usage						
per 1,000 gallons = 1 Mgal	\$ 2.18	\$ 2.18	\$ 2.34	\$ 2.34	\$ 2.43	\$ 2.43
Fire hydrant delivery						
Basic Facilities per Meter Set	\$ 25.00	\$ 25.00	\$ 51.75	\$ 51.75	\$ 58.50	\$ 58.50
per 1,000 gallons = 1 Mgal	2.81	2.81	2.83	2.83	2.94	2.94
Bulk water delivery						
Basic Facilities per Truckload	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-
Yearly permit fee	300	300	315	315	330	330
Temporary Permit=1 Month	-	-	-	-	-	-
each additional month <3 months	-	-	-	-	-	-

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Water Rates
Last Ten Fiscal Years

	2019		2020		2021		2022	
	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>
	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>
Base rate (meter size)								
5/8"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4"	14.50	25.40	14.50	25.40	16.00	28.00	18.00	31.50
1"	23.10	40.40	23.10	40.40	25.40	44.50	28.60	50.10
1.5"	38.30	67.00	38.30	67.00	41.50	72.60	46.70	81.80
2"	63.70	111.50	63.70	111.50	68.90	120.60	77.60	135.80
3"	149.10	260.90	149.10	260.90	194.20	339.90	218.50	382.40
4"	248.70	435.20	248.70	435.20	328.40	574.70	369.50	646.70
6"	444.00	777.00	444.00	777.00	556.50	973.90	626.10	1095.70
8"	732.10	1281.20	732.10	1281.20	944.20	1652.40	1062.30	1859.10
Usage rate								
1,000 gallons								
Residential								
first 5,000 gallons=5Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
next 5,000 gallons=(6-10Mgals)	-	-	-	-	-	-	-	-
first 6,000 gallons = 6 Mgal	-	-	-	-	-	-	-	-
each additional 1,000 gallons	-	-	-	-	-	-	-	-
first 2,000 gallons=2Mgal	2.58	4.52	2.58	4.52	2.68	4.69	2.40	4.20
next 3,000 gallons (3-5Mgals)	3.07	5.37	3.07	5.37	3.19	5.58	2.86	5.01
next 5,000 gallons=(6-10Mgals)	4.17	7.3	4.17	7.3	4.33	7.58	3.88	6.79
each additional gallon	4.99	8.73	4.99	8.73	5.18	9.07	4.64	8.12
Water irrigation								
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	5.36	9.38	5.36	9.38	5.57	9.75	5.85	10.24
next 30,000 gallons=(31-60Mgals)	6.57	11.50	6.57	11.50	6.82	11.90	7.16	12.53
each additional gallon	10.2	17.85	10.2	17.85	10.6	18.55	11.13	19.48
Backflow Prevention Assembly Inspection Charge	1.97	2.0	1.97	2.0	2.2	2.2	2.25	2.25
Commercial water service								
per 1,000 gallons = 1 Mgal	\$ 3.10	\$ 5.43	\$ 3.10	\$ 5.43	\$ 3.22	\$ 5.64	\$ 3.17	\$ 5.55
Large water usage								
per 1,000 gallons = 1 Mgal	\$ 2.59	\$ 2.59	\$ 2.59	\$ 2.59	\$ 2.69	\$ 2.69	\$ 2.90	\$ 2.90
Fire hydrant delivery								
<i>Basic Facilities per Meter Set</i>	\$ 63.70	\$ 63.70	\$ 63.70	\$ 63.70	\$ 68.90	\$ 68.90	\$ 77.60	\$ 77.60
per 1,000 gallons = 1 Mgal	3.1	3.1	3.1	3.1	3.22	3.22	3.17	3.17
Bulk water delivery								
<i>Basic Facilities per Truckload</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-	-	-
Yearly permit fee	350	350	350	350	362	362	390	390
Temporary Permit=1 Month	-	-	-	-	-	-	-	-
each additional month <3 months	-	-	-	-	-	-	-	-

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Wastewater Rates
Last Ten Fiscal Years

	2013		2014		2015	
	<u>inside</u> <u>city</u>	<u>outside</u> <u>city</u>	<u>inside</u> <u>city</u>	<u>outside</u> <u>city</u>	<u>inside</u> <u>city</u>	<u>outside</u> <u>city</u>
Base rate (<i>meter size</i>)						
5/8"	\$ 7.00	\$ 10.50	\$ 7.75	\$ 12.00	\$ 9.00	\$ 14.40
3/4"	7.00	10.50	7.75	12.00	9.00	14.40
1"	11.00	16.50	12.00	18.60	14.00	22.40
1.5"	19.00	28.50	21.00	32.55	24.00	38.40
2"	30.00	45.00	33.00	51.15	39.00	62.40
3"	55.00	82.50	60.00	93.00	70.00	112.00
4"	90.00	135.00	100.00	155.00	115.00	184.00
6"	175.00	262.50	195.00	302.25	225.00	360.00
8"	280.00	420.00	310.00	480.50	360.00	576.00
Usage rate						
Sanitary sewer service						
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.87	7.31	4.87	7.55	4.89	7.82
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.87	7.31	4.87	7.55	4.89	7.82
Sewer only						
Flat monthly	\$ 31.35	\$ 47.05	\$ 32.10	\$ 49.74	\$ 32.96	\$ 52.74
Large user sanitary sewer service						
per 1,000 gallons = 1 Mgal	\$ 3.52	\$ 3.52	\$ 3.52	\$ 3.52	\$ 3.75	\$ 3.75
Bulk liquid waste service						
<i>Basic Facilities</i>	\$ 11.00	\$ 11.00	\$ 12.00	\$ 12.00	\$ 14.00	\$ 14.00
per 1,000 gallons = 1 Mgal	31.35	47.05	32.10	49.74	33.00	53.00

Note: Increases in wastewater rates must be approved by the Fayetteville Public Works Commission.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Wastewater Rates
Last Ten Fiscal Years

	2016		2017		2018	
	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>	<u>inside</u>	<u>outside</u>
	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>	<u>city</u>
Base rate (<i>meter size</i>)						
5/8"	\$ 10.00	\$ 10.00	\$ 11.50	\$ 19.55	\$ -	\$ -
3/4"	10.00	10.00	11.50	19.55	13.00	22.75
1"	16.00	26.40	18.40	31.30	20.80	36.40
1.5"	27.00	44.55	31.05	52.80	35.10	61.45
2"	45.00	74.25	51.75	88.00	58.50	102.40
3"	80.00	132.00	92.00	156.40	104.00	182.00
4"	130.00	214.50	149.50	254.15	169.00	295.75
6"	255.00	420.75	293.25	498.55	331.50	580.15
8"	400.00	660.00	460.00	782.00	520.00	910.00
Usage rate						
Sanitary sewer service						
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.00	8.25	5.25	8.93	5.25	9.19
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.00	8.25	5.25	8.93	5.25	9.19
Sewer only						
Flat monthly	\$ 34.50	\$ 56.93	\$ 34.60	\$ 58.82	\$ 35.05	\$ 61.34
Large user sanitary sewer service						
per 1,000 gallons = 1 Mgal	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94
Bulk liquid waste service						
<i>Basic Facilities</i>	\$ 16.00	\$ 16.00	\$ 18.40	\$ 18.40	\$ 20.80	\$ 20.80
per 1,000 gallons = 1 Mgal	35.00	57.00	35.00	58.82	35.10	61.34

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Wastewater Rates
Last Ten Fiscal Years

	2019		2020		2021		2022	
	<u>inside</u> <u>city</u>	<u>outside</u> <u>city</u>	<u>inside</u> <u>city</u>	<u>outside</u> <u>city</u>	<u>inside</u> <u>city</u>	<u>outside</u> <u>city</u>	<u>inside</u> <u>city</u>	<u>outside</u> <u>city</u>
Base rate (meter size)								
5/8"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4"	14.50	25.40	14.50	25.40	16.00	28.00	18.00	31.50
1"	23.10	40.40	23.10	40.40	25.40	44.50	28.60	50.10
1.5"	38.30	67.00	38.30	67.00	41.50	72.60	46.70	81.80
2"	63.70	111.50	63.70	111.50	68.90	120.60	77.60	135.80
3"	149.10	260.90	149.10	260.90	194.20	339.90	218.50	382.40
4"	248.70	435.20	248.70	435.20	328.40	574.70	369.50	646.70
6"	444.00	777.00	444.00	777.00	556.50	973.90	626.10	1,095.70
8"	732.10	1,281.20	732.10	1,281.20	944.20	1,652.40	1,062.30	1,859.10
Usage rate								
Sanitary sewer service								
Basic Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.28	9.24	5.28	9.24	5.28	9.24	5.35	9.36
Commercial wastewater service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.28	9.24	5.28	9.24	5.28	9.24	5.76	10.08
Sewer only								
Flat monthly	\$ 35.62	\$ 62.34	\$ 35.62	\$ 62.34	\$ 37.12	\$ 64.94	\$ 39.40	\$ 68.95
Large user sanitary sewer service								
per 1,000 gallons = 1 Mgal	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 4.34	\$ 4.34
Bulk liquid waste service								
Basic Facilities	\$ 23.10	\$ 23.10	\$ 23.10	\$ 23.10	\$ 25.40	\$ 25.40	\$ 28.60	\$ 28.60
per 1,000 gallons = 1 Mgal	35.62	62.34	35.62	62.34	37.12	64.96	39.40	68.95

Note: Increases in wastewater rates must be approved by the Fayetteville Public Works Commission.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Ten Largest Customers
Current Year and Nine Years Ago

Electric Revenue

Fiscal Year 2013	Fiscal Year 2022
Goodyear Tire & Rubber	Goodyear Tire
Purolator Totalized	Cape Fear Valley Hospital
Cargill	Mann+Hummel (Purolator)
Walmart & Sam's	Cargill
Fayetteville State University	Walmart
Momentive Specialty Chemicals (Hexion)	Fayetteville State University
Fayetteville Technical Community College	Momentive Specialty Chemicals
CBL Associates	Fayetteville Technical Community College
Food Lion	Nitta Gelatin
Nitta Gelatin	Food Lion

These customers represented kWh sales for 2013 and 2022 of 351,557,485 and 425,146,148 respectively; and revenue of \$22,030,584 and \$29,454,381. The aggregate sum of the ten largest electric customers' revenue received compared to the total electric sales revenue is 11.62% and 14.89%. No individual customer comprised more than 4.43% and 5.09% of total electric sales revenue.

Water Revenue

Fiscal Year 2013	Fiscal Year 2022
Ft Bragg/Harnett	Ft Bragg
Town of Spring Lake	Hoke County
DAK Resins	Town of Spring Lake
Goodyear Tire & Rubber	DAK Resins (Monsanto)
Hoke County	Carolina By Products
Aqua Water	Goodyear Tire
Momentive Specialty Chemicals (Hexion)	Cape Fear Valley Medical Center
Cape Fear Valley Medical Center	Cargill
Cargill	Aqua Water
Carolina By Products	Momentive Specialty Chemicals

These customers represented sales for 2013 and 2022 of 1,948,345,380 and 1,904,978 gallons, respectively; and revenues of \$4,064,118 and \$5,470,727. The aggregate sum of the ten largest water customers' revenue received compared to the overall total water sales revenue is 12.48% and 10.04%. No individual customer comprised more than 4.82% and 2.5% of total water sales revenue.

Wastewater Revenue

Fiscal Year 2013	Fiscal Year 2022
Carolina By Products	Carolina By Products
Nitta Gelatin	Cape Fear Valley Medical Center
Cape Fear Valley Medical Center	Nitta Gelatin
Cargill	Cargill
Hoke County	Fayetteville State University
Town of Stedman	Town of Stedman
Norcross	Goodyear Tire
Goodyear Tire & Rubber	Norcross
Purolator Totalized	Eastover Sanitary District
Momentive Specialty Chemicals (Hexion)	Mann+Hummel (Purolator)

These customers represented sales for 2013 and 2022 of 560,341,388 and 661,058,855 gallons, respectively; and revenues of \$1,973,226 and \$3,113,395. The aggregate sum of the ten largest wastewater customers' revenue is 5.34% and 5.41%. No individual customer comprised more than 1.60% and 1.8% of total wastewater sales

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Notes	Total		
				Amount	Per Capita ⁽¹⁾	As a Share of Personal Income
2022	\$ -	\$ 372,782,593	\$ 37,369,863	\$ 410,152,456	1,222.48	4.77%
2021	-	286,452,200	23,011,005	309,463,205	920.02	3.69%
2020	182,873	301,284,350	20,823,103	322,290,326	960.60	3.95%
2019	371,730	318,971,707	22,209,261	341,552,698	1,027.75	4.35%
2018	565,206	266,932,257	23,704,287	291,201,750	893.69	3.97%
2017	758,682	286,712,408	25,036,011	312,507,101	978.32	4.10%
2016	1,162,500	305,949,298	25,241,350	332,353,148	1,026.29	4.38%
2015	2,741,682	233,551,959	33,792,073	270,085,714	818.87	3.58%
2014	3,411,254	127,467,576	25,874,625	156,753,455	473.40	2.13%
2013	4,270,372	140,451,030	22,224,936	166,946,338	522.64	2.38%

Note: Details regarding FPWC's outstanding debt can be found in the notes to the financial statements.

(1) See schedule 12 for per capita personal income and population data.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utility Service Charges	Less: Operating Expenses ⁽¹⁾	Net Available Revenues	Debt Service ⁽⁴⁾		Total	Coverage Ratio ⁽³⁾
				Principal	Interest ⁽²⁾		
2022	\$ 347,188,674	\$ 254,195,225	\$ 92,993,449	\$ 15,136,158	\$ 10,249,024	\$ 25,385,182	\$ 3.66
2021	337,060,760	233,428,929	103,631,831	15,071,158	10,898,019	25,969,177	3.99
2020	342,481,407	255,759,866	86,721,541	17,856,158	11,660,197	29,516,355	2.94
2019	346,715,456	262,881,012	83,834,444	18,275,026	9,216,917	27,491,943	3.05
2018	334,079,581	244,545,630	89,533,951	19,096,724	10,491,337	29,588,061	3.03
2017	322,721,879	230,201,848	92,520,031	18,540,882	10,228,444	28,769,326	3.22
2016	302,408,510	220,849,625	81,558,885	15,470,721	8,805,529	24,276,250	3.36
2015	300,484,378	231,775,618	68,708,760	13,892,288	8,875,916	22,768,204	3.02
2014	292,346,282	239,483,361	52,862,921	13,332,792	6,017,667	19,350,459	2.73
2013	283,193,071	221,444,124	61,748,947	12,492,849	6,076,168	18,569,017	3.33

(1) 'Operating expenses' include operating expenses exclusive of depreciation and all other amortization.

(2) 'Interest' represents accrual based interest excluding capitalized interest.

(3) 'Coverage ratios' do not represent coverage calculations as defined in the bond order.

(4) 'Debt service' includes revenue bonds and notes and excludes G.O. bonds.

Note: Details regarding the Commission's outstanding debt can be found in the notes to the financial statements.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

**Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population ¹	Personal Income	Per Capita Personal Income ²	Unemployment Rate ³ County
2022	335,508	\$ 8,605,109,184	\$ 25,648	5.90%
2021	336,364	8,387,572,704	24,936	6.90%
2020	335,509	8,153,204,209	24,301	10.10%
2019	332,330	7,851,960,910	23,627	5.80%
2018	325,841	7,325,892,978	22,483	4.70%
2017	319,431	7,616,193,333	23,843	5.30%
2016	323,838	7,582,019,094	23,413	5.10%
2015	329,827	7,540,834,701	22,863	7.50%
2014	331,126	7,354,639,586	22,211	7.60%
2013	319,431	7,013,107,605	21,955	9.50%

Sources:

1. Fayetteville, NC Website.
2. Census Quick Facts - Population and Per capita income for Cumberland County.
3. Bureau of Labor Statistics, US Department of Labor. Calendar year unemployment statistics for Cumberland County
Data for 2022 as of June 2022.

**FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**

**Principal Employers
Current Year and Nine Years Ago**

Employer	2022			2013		
	Percentage of Total County			Percentage of Total County		
	Employees	Employment	Rank	Employees	Employment	Rank
U.S. Dept. of Defense (Civil Service) ⁽¹⁾	8,757	6.21%	1	8,400	6.43%	1
Cumberland County Schools	7,174	5.09%	2	6,531	5.00%	2
Cape Fear Valley Health System	7,100	5.04%	3	5,200	3.98%	3
Womack Army Hospital	2,466	1.75%	4	-	0.00%	-
Goodyear Tire & Rubber Co.	2,656	1.88%	5	2,920	2.23%	5
Cumberland County	2,500	1.77%	6	2,368	1.81%	6
Fayetteville VA Medical Center	1,760	1.25%	7	-	0.00%	-
City of Fayetteville	1,236	0.88%	8	1,417	1.08%	7
Wal-Mart Distribution Center	1,387	0.98%	9	-	0.00%	-
Food Lion	1,500	1.06%	10	1,100	0.84%	9
 Total Employment (Ten Largest Civilian Employers)	 36,536	 25.91%		 27,936	 25.92%	

(1) Civilian employment only. Excludes military personnel in excess of 52,000.

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Full Time Employees by Identifiable Activity
Last Ten Fiscal Years

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Electric:										
Electric Substation	12	15	13	14	13	14	14	13	12	13
Electric Power Supply	1	3	3	3	3	3	3	3	3	2
Electric Generation	27	29	30	29	25	25	25	23	23	26
Electric Engineering	22	23	22	21	22	22	21	22	19	21
Electric Construction	71	82	81	79	74	73	76	68	72	68
Water/Wastewater:										
Water Plant Operations	19	17	17	16	15	15	15	15	14	14
Wastewater Plant Operations	21	19	19	18	16	16	17	17	17	17
Water/Wastewater Systems Maintenance	25	25	25	25	21	22	21	21	22	23
Water Resources Engineering	36	36	34	32	34	34	33	31	31	33
Water Resources Construction	100	105	99	99	97	93	100	97	97	96
Residual Management	2	2	2	2	2	2	2	2	2	2
Environmental Services	1	1	1	1	1	1	1	1	1	1
Laboratory	6	6	6	6	6	6	6	5	6	6
Environmental System Protection	4	4	4	4	4	4	4	4	4	4
Watersheds	2	2	2	1	1	1	1	1	1	3
Administration:										
Billing/Customer Service	58	62	64	63	56	57	55	56	56	54
Meter Reading	6	9	8	4	5	5	5	5	4	4
Utility Field Services	16	15	18	17	19	18	21	21	23	28
Human Resources	11	9	9	9	8	7	7	6	5	6
Finance and Accounting	43	41	39	28	30	30	33	30	31	32
Management Information Systems	34	31	34	16	13	13	11	11	13	13
Executive Administration	106	117	119	143	141	148	147	150	146	130
Total Employees:	623	653	649	630	606	609	618	602	602	596

Source: Fayetteville Public Works Commission Human Resource Department

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Operating Indicators
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Water System:					
Water main breaks	104	137	113	110	115
Average daily consumption (Mgals) (1)	24,648	24,815	25,011	24,908	24,592
Peaks (MGD) (2) (3)	35.6	33.7	34.2	35.1	34.8
Total sold (Mgals) (1)	9,009,524	7,836,927	8,023,949	8,161,023	8,095,333
Sewer System:					
Main breaks	344	294	148	141	97
Average daily consumption (Mgals) (1)	24,400	27,000	25,800	27,800	27,400
Peaks (MGD) (3)	27.7	45.0	28.9	32.6	41.4
Total sold (Mgals) (1)	5,933,990	6,027,916	6,039,262	6,137,196	6,078,380
Electric System:					
Electric outages (minutes)	3,821,940	4,677,182	8,143,105	8,624,299	1,622,358
Peaks (MW) (4)	446.0	454.0	490.3	424.0	453.0
Total kWh sold (5)	2,037,402,888	2,079,806,749	2,055,323,594	2,025,935,664	1,991,911,083
Average daily consumption (kWh)	5,581,926	5,698,101	5,631,024	5,550,509	5,457,291

(1) Mgals = 1,000 gallons

(2) Reflects highest monthly average

(3) MGD = 1,000,000 gallons per day

(4) MW = megawatts

(5) kWh = kilowatt hours

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Operating Indicators
Last Ten Fiscal Years

	2018	2019	2020	2021	2022
Water System:					
Water main breaks	174	98	92	123	126
Average daily consumption (Mgals) (1)	25,738	23,747	23,551	25,033	23,581
Peaks (MGD) (2) (3)	33.0	34.7	33.5	38.0	33.7
Total sold (Mgals) (1)	8,053,788	8,000,383	8,023,008	7,959,268	8,141,902
Sewer System:					
Main breaks	168	144	96	150	168
Average daily consumption (Mgals) (1)	23,700	31,800	30,000	31,700	26,200
Peaks (MGD) (3)	24.8	46.4	56.6	55.5	28.6
Total sold (Mgals) (1)	6,003,473	6,168,784	6,095,255	6,138,459	6,152,720
Electric System:					
Electric outages (minutes)	1,313,228	19,433,184	10,062,025	8,638,836	5,211,977
Peaks (MW) (4)	461.4	404.0	424.0	427.0	416.9
Total kWh sold (5)	2,047,248,575	1,987,145,590	1,939,893,315	1,970,727,350	2,001,319
Average daily consumption (kWh)	5,608,900	5,444,235	5,314,776	5,399,253	5,483,066

(1) Mgals = 1,000 gallons

(2) Reflects highest monthly average

(3) MGD = 1,000,000 gallons per day

(4) MW = megawatts

(5) kWh = kilowatt hours

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Capital Indicators
Last Ten Fiscal Years

	2013	2014	2015	2016	2017
Water System:					
Miles of water main	1,364.3	1,374.4	1,384.6	1,375.0	1,385.0
Number of new service connections	1,375	1,258	1,778	1,128	222
Maximum daily capacity of treatment plant (MGD) ⁽¹⁾	57.5	57.5	57.5	57.5	57.5
Storage capacity (MGD) ⁽¹⁾	36.1	36.1	36.1	36.1	36.1
Sewer System:					
Number of new service connections	1,375	1,358	2,635	1,072	262
Miles of sanitary sewer mains	1,219.0	1,281.0	1,293.0	1,318.0	1,333.0
Maximum daily capacity of treatment plant (MGD) ⁽¹⁾	46.0	46.0	46.0	46.0	46.0
Electric System:					
Number of new service connections	64	432	1,456	965	388
Distribution line circuit miles	1,316.48	1,323.60	1,323.97	1,337.16	1,339.41

(1) Includes all vehicles assigned to Police Department

(1) MGD = 1,000,000 gallons per day

FAYETTEVILLE PUBLIC WORKS COMMISSION
COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Capital Indicators
Last Ten Fiscal Years

	2018	2019	2020	2021	2022
Water System:					
Miles of water main	1,383.2	1,395.0	1,398.6	1,408.5	1,414.2
Number of new service connections	425	180	992	807	37
Maximum daily capacity of treatment plant (MGD) ⁽¹⁾	57.5	57.5	57.5	50.0	57.5
Storage capacity (MGD) ⁽¹⁾	36.1	36.1	36.6	36.5	36.5
Sewer System:					
Number of new service connections	899	737	1,189	1,275	305
Miles of sanitary sewer mains	1,345.0	1,333.0	1,339.9	1,350.5	1,366.5
Maximum daily capacity of treatment plant (MGD) ⁽¹⁾	46.0	46.0	46.0	46.0	46.0
Electric System:					
Number of new service connections	352	546	542	674	169
Distribution line circuit miles	1,349.19	1,346.62	1,347.77	1,351.70	1,356.90

(1) Includes all vehicles assigned to Police Department

(1) MGD = 1,000,000 gallons per day

COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

Board Commissioners
Fayetteville Public Works Commission
Fayetteville, NC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Fayetteville Public Works Commission (the "Commission"), a component unit of the City of Fayetteville, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
October 13, 2022

Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2022

Section I Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- | | | |
|---|-----------------------|---------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None |

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No
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Section II Financial Statement Findings

None reported.

