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FAYETTEVILLE PUBLIC WORKS COMMISSION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NC)

PWC
Fayetteville's
HOME TOWN UTILITY

FAYETTEVILLE PUBLIC WORKS COMMISSION

COMPONENT UNIT OF
THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

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Donald L. Porter, Vice Chair
Evelyn O. Shaw, Secretary
Christopher Davis, Treasurer

Interim Chief Executive Officer

Mick Noland

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



RONNA ROWE GARRETT, COMMISSIONER
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October 19, 2023

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, 2023.

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, 2023. 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 Chairperson, Vice Chairperson, 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 July 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 2023, electric service was provided to more than 86,000 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 99,800 customers. PWC also, under wholesale contracts, furnishes water to Fort Liberty Army Installation and Pope Army Air Field (Fort Liberty), 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 92,700 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 Fort Liberty Army Base, the largest US Army base by population, undoubtedly impacts the local economy. Approximately 57,000 military personnel, 11,000 civilian employees and 23,000 family members reside at “the Home of the Airborne and Special Operations”. According to Fort Liberty’s 2020 stat card, the total direct and indirect economic impact on the Cape Fear Region was \$8.3 billion a year. The North Carolina Military Business Center (NCMBC) mission is to leverage military and other federal business opportunities to expand the economy, grow jobs, and improve quality of life in North Carolina. Another area where the impact of the military can be seen is in the technology industry. Aside from the largest floating solar plant in the Southeast at Fort Liberty, the military’s impact can be seen on the sector in transferable skills.

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 4.7% to a high 10.1%, the current rate is 5.0%. The lowest unemployment rate for our County in nearly a decade (US. Bureau of Labor Statistics) was 4.5% in 2019. Additionally, approximately 141,000 citizens are currently employed, which represents a 1% increase since June of 2013. 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 2024 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 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 FY23, PWC accomplished or continued to work on several financial, operational, and economic development initiatives including:

- Responding to unprecedented inflation, supply chain, and increased building and material costs, PWC adjusted both electric and water/wastewater rates to fund essential work to keep services reliable, plan for growth and prepare for new environmental rules.
- Passing along savings achieved by new technology and operations, PWC reduced customer connection, reconnection, and meter testing fees.
- New optional electric rates were introduced that offer customers' choice and continue to support PWC conservation efforts as well as support economic development. PWC's Whole Home/Business rate provides additional incentive for off peak energy use by introducing a new super-off-peak rate that will incentive electric vehicle owners to charge during low demand hours that lessen EV impacts on the electric system. PWC also began offering a new Renewable Energy Buy Back rider for customers who install roof-top solar.
- PWC adopted a new economic development rate for customers who bring 1,000 kW loads to the PWC system or 750kW through expansion. The discounted rate includes employee and/or capital investments along with other requirements and adds another economic development tool for the community to attract new business or encourage expansion.
- PWC received a total of \$5.3 million American Rescue Plan Act (ARPA) grant funding to rehabilitate older clay and concrete sanitary sewer mains where PWC has had sanitary sewer overflows and for the development of water lateral service inventory, assessments of critical water and/or sewer assets and other components related to PWC's asset management program.
- Preparing for new EPA regulations for six common PFAS (forever chemicals) in drinking water, PWC completed a pilot treatment study in place in preparation for potential regulation. The proposed treatment process, using Granulated Activated Carbon, is expected to cost \$80+ million to install and an additional \$12 million to operate/maintain.
- PWC is continuing its initiative-taking measures to protect customers from lead exposure and working to comply with a revised EPA Safe Drinking Water Act-Lead and Copper Rule, by conducting an inventory of all water service lines maintained by PWC as well as service lines connected to PWC lines. By October 2024, will provide an online public resource for identifying properties with lead lines/plumbing.

- Using technology and collaboration among several PWC departments, PWC realized \$1.6 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 2 MW 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.
- In FY23, PWC expanded its battery storage project, from 0.5 MW to 2 MW of battery storage located at PWC's Community Solar farm. 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 is currently planning for the installation of additional solar farms that could potential produce up to an additional 10 MW of solar energy.
- The Butler-Warner Generation Plant is an important factor in the long-term PWC Power Supply plan and PWC is continuing its upgrades to the plant and its gas turbines to continue to meet our wholesale power supply agreement with Duke Energy. PWC has completed the upgrade to three of its eight gas turbines and working to upgrade two a year through FY2026.
- Following an attack on the electric grid in a neighboring county, PWC increased its monitoring, reviewed security procedures, and worked with local authorities to maintain security to protect the PWC system and ensure delivery of services to our customers. PWC exceeds the national compliance requirements established by the North American Reliability Corporation and the Southeast Electric Reliability Corporation for electric system security.
- PWC continued its work on improving Customer Satisfaction and benchmarking its 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 19 of 35 specific customer satisfaction benchmark metrics and number one overall in five categories.
- A new IVR (Interactive Voice Response) System installed in FY23 provides PWC customers more self-service features for customers and is reducing customer wait time. Some of the new features include Chat, a feature available through the PWC website.
- A new Minority, Women, and Disadvantaged Business Enterprise Program (MWDBE) policy and goals was adopted to support historically underutilized businesses, encourage capacity development, and offer procurement opportunities to certified business enterprises. The action followed the completion of a procurement disparity study, and it is the goal is to provide equal opportunity for participating in all aspects of PWC's contracting and procurement programs, including but not limited to, construction projects, A&E services, purchase contracts, and professional and general (other) service contracts.
- Recognizing that employee engagement drives productivity, retention, and lower safety incidents, PWC continued its second year of the Gallup Engagement Program. PWC is utilizing the program not only to improve overall employee

engagement but to develop stronger management skills and employee engagement.

- PWC continued using innovative approaches and community partnerships to grow its workforce. Through the Skillsbridge internship program, PWC employed Fort Liberty 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 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 2.9 million kWh and water savings of 1.3 million gallons.
- 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.
- Members of PWC Electric Construction Department participated in Light Up Navajo IV, a mutual aid effort to provide power to homes in the Navajo Nation that do not have electricity. Within the Navajo Tribe Utility Authority (NTUA), a four-state, 27,000 square miles territory, there are over 13,000 families that still do not have basic access to electricity, as well as water and broadband. Since 2019, public power crews from across the US have assisted in Light Up Navajo. PWC workers were apart of Light up Navajo IV which included 26 crews from 16 states who connected 130 families to electric service. PWC Crews were responsible for installing over three miles of lines which connected 13 families.
- PWC's community support for FY23 included employees contributing over \$131,000 to local United Way partner agencies, packing 35,000 meals that were distributed to local non-profits, raising over \$2,000 for the Fallen Lineman Foundation, and donating over 800 items in clothing, toys, fans, and other charitable drives.
- Progress continued wastewater service installation as part of the City of Fayetteville's Annexation Phase V utility retrofitting project. More than 6,000 services have been installed since 2007.
- On-going rehabilitation and replacement of aging electric, water and wastewater sewer system infrastructure continued in FY23. 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 plans to replace 20% of its distribution primary and transmission circuits each fiscal year including investing \$16.9 million in FY23 in its on-going upgrades of its transmission and distribution lines. 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 \$24 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, 2022. This was the sixteenth consecutive year that PWC achieved this prestigious award. 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 2023 annual budget. PWC has received this award for the past 28 years. 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 FY23, 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 for providing exceptionally reliable service and power to their communities. 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. A utilities System Average Interruption on Duration Index (SAIDI) must fall in the top quartile of all utilities SAIDI numbers averaged from the past 5 years. In 2022, the average outage time (without major incidents such as Hurricanes) for PWC customers was 45.69 minutes while nationally, the average was 138 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.

- PWC's Fleet Maintenance has been recognized for outstanding operations by the NAFA Fleet Management Association. PWC was named #30 Best Fleet operations of the Top 100 in the America. The program identifies and encourages the ever-increasing levels of performance improvement and innovation within the fleet industry.
- Water Treatment Plant Operator Del Coffman was awarded the North Carolina Waterworks Operators Associations' (NCWOA) Southeastern Section Tom Flowers Award for exceptional service to the section and awarded Lifetime membership.
- Electricities of NC honored PWC with five Public Power Awards of Excellence. PWC received the Superior Power, Future Focused, Strengthening Public Power, Customer-Centered Innovation and People Awards. 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.
- PWC's Procurement Department was recognized for receiving the 2022 Sustained Professional Purchasing Award from the NC Association of Governmental Purchasing. It is the 3rd time PWC has been honored with the award.
- The United Way of North Carolina presented the PWC 2022 Spirit of North Carolina Award for Campaign Excellence, earning PWC the Spirit of NC award for the 17th time and presented Carolyn Justice-Hinson its Community Ambassador Award. 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 PWC Divisions 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,



Timothy Bryant
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, 2022

Christopher P. Morill

Executive Director/CEO

FAYETTEVILLE PUBLIC WORKS COMMISSION

FAYETTEVILLE, NORTH CAROLINA

FAYETTEVILLE CITY COUNCIL

PWC BOARD OF COMMISSIONERS



Mick Noland

Interim Chief Executive Officer/General Manager



Susan Fritzen

Chief Administrative Officer



Jon Rynne

*Chief Operations
Officer - Electric Systems*



Misty Manning

*Interim Chief Operations
Office - Water Resources*



Kathy Miller

*Interim Chief Customer
Officer*



Rhonda Haskins

Chief Financial Officer



James West

*Chief Legal Officer &
General Counsel*



Carolyn Justice-Hinson

*Communications/Community
Relations Officer*



Venus Durant

*Sr. Executive Assistant/Clerk
to the Board*

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, 2023, 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, 2023, 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 (*Government Auditing Standards*). 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 Audit of the Financial Statements

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

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

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- 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 Governments 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 is the responsibility of management and, 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 GAAS, 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, 2022 (not presented herein), and have issued our report thereon dated October 13, 2022, 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 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary 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 19, 2023 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 Commission's internal control over financial reporting and compliance.

PBMares, LLP

Morehead City, NC
October 19, 2023

**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, 2023 (FY23). 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 \$1,146.4 million, an increase of \$32.3 million, or 2.9%, up from \$1,114.1 million in FY22.
- Total unrestricted and undesignated operating reserves were 132 days at June 30, 2023, up from 131 days in the prior year.
- Income before Capital Contributions and Transfers was \$13.8 million compared to \$12.8 million in FY22, up \$1.0 million, or 7.8%.
- Water/Wastewater rate adjustments went into effect July 1, 2022 and May 1, 2023. Electric rate adjustments went into effect May 1, 2023.
- The Electric Rate Stabilization Fund net position was \$36.8 million at June 30, 2023, down from \$42.7 million in the prior year.
- The Water and Wastewater Rate Stabilization Fund net position was \$1.9 million at June 30, 2023, up from \$1.6 million in the prior year.
- Power Supply and Generation Expenses increased by \$9.4 million to \$150.7 million in FY23, up from \$141.3 million in FY22.
- Coal Ash Charges increased by \$0.5 million to \$7.7 million in FY23, up from \$7.2 million in FY22. The FY23 Coal Ash Reserve balance is \$7.0 million, a \$3.2 million decrease from \$10.2 in FY22.
- During FY23, 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 3.53, exceeding the minimum requirement of 1.10.
- In May of 2023, the Fayetteville City Council approved assessments totaling \$1.0 million for sanitary sewer improvements made in the Annexation Phase V utility installation plan.
- Capital contributions were \$18.5 million at June 30, 2023, up from \$8.2 million in the prior year. The number of developer agreements increased by 30%, resulting in a \$5.6 million increase and FEMA reimbursement increased by \$2.3 million.
- PWC has recorded Right to Use Assets for various software and office equipment in the amount of \$5.1 million net of amortization as a result of the implementation of GASB 87 Leases and GASB 96 Subscription-Based Information Technology Arrangements (see Note 8). The liabilities related to these assets totaled \$4.9 million. The lease receivable balance for office space and fiber as of June 30, 2023, was \$4.5 million.
- To reflect the estimated market value of PWC's investments as of June 30, 2023, a negative mark to market adjustment has been recorded in the amount of (\$2.3) million; (\$1.6) million in the Electric Fund and (\$0.7) 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, 2023. This unrealized loss is due to the continued rise in interest rates in FY23, 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.

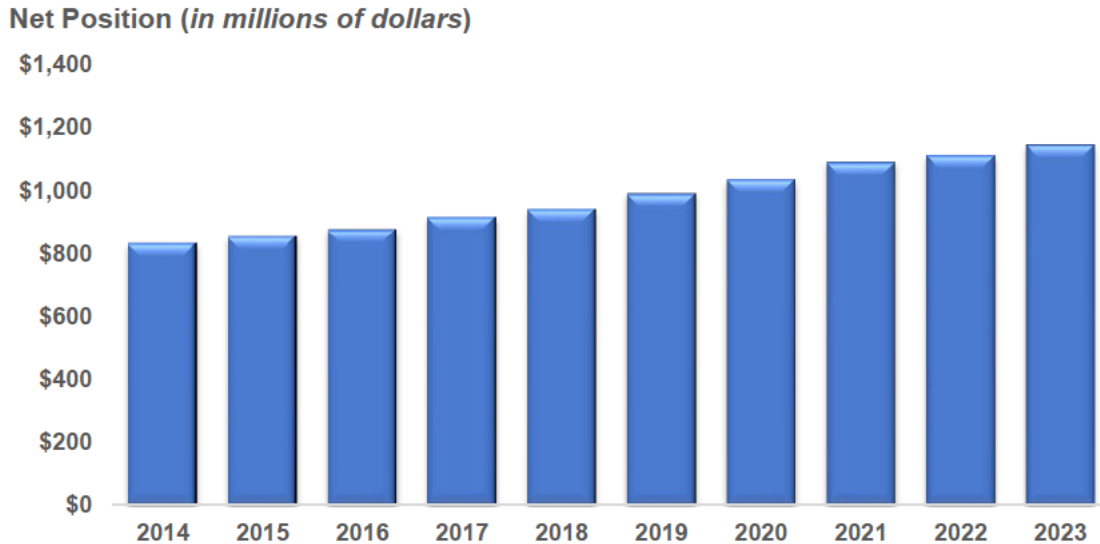
PWC is recognized as a Public Authority and is a discretely presented component unit of the City of Fayetteville, North Carolina. PWC's financial statements consist of two Enterprise Funds which account for PWC utility services.

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 FY23. A summary of PWC's Statement of Net Position is presented in Figure A-2. Net position increased \$32.3 million to \$1,146.4 million in FY23, up from \$1,114.1 million in FY22. By far, the largest portion of PWC's net position, \$835.7 million (72.8%) 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 FY23. PWC's total assets increased by 2.0%, primarily due to the increase in capital assets of \$42.2 million or 3.6% over prior year and the decrease in current and other assets of \$11.5 million or 2.6% from prior year. The decrease in current and other assets is the result of a decrease in receivables and investments. The increase in capital assets, net of accumulated depreciation, is the result of an increase in additions to capital assets of \$86.8 million, offset by an increase in accumulated depreciation of \$44.6 million (see Figure A-10). Operating cash reserves increased from 131 days to 132 days. PWC's operating cash reserves policy is to have a minimum of 90 days and a target of not less than 120 days cash in reserve.

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

	FY 2022	FY 2023	Total Dollar Change	Total Percentage Change
Current and Other Assets	\$ 449.2	\$ 437.7	\$ (11.5)	(2.6%)
Capital Assets	1,170.6	1,212.8	42.2	3.6%
Total Assets	1,619.8	1,650.5	30.7	1.9%
Deferred Charge on Refunding	0.9	0.7	(0.2)	(22.2%)
OPEB Deferrals	7.5	6.5	(1.0)	(13.3%)
Pension Deferrals	21.3	27.6	6.3	29.6%
Deferred Outflows of Resources	29.7	34.8	5.1	17.2%
Long-term Liabilities Outstanding	434.7	447.7	13.0	3.0%
Other Liabilities	75.2	81.0	5.8	7.7%
Total Liabilities	509.9	528.7	18.8	3.7%
OPEB Deferrals	6.5	5.6	(0.9)	(13.8%)
Pension Deferrals	13.5	0.1	(13.4)	(99.3%)
Lease Deferrals	5.5	4.4	(1.1)	(20.0%)
Deferred Inflows of Resources	25.5	10.1	(15.4)	(60.4%)
Net Investment in Capital Assets	797.8	835.7	37.9	4.8%
Restricted	178.4	160.6	(17.8)	(10.0%)
Unrestricted	137.9	150.1	12.2	8.8%
Total Net Position	\$ 1,114.1	\$ 1,146.4	\$ 32.3	2.9%

Deferred Outflows of Resources increased by \$5.1 million or 17.2%. This is primarily due to an increase in Resources Related to Pensions.

Restricted Net Position of \$160.6 million includes externally restricted net position of \$33.6 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 \$127.0 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 \$150.1 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 \$22.3 million, or 6.5%, while total expenses increased by \$21.3 million, or 6.5%. The increase in expenses is due to \$9.4 million increase in Power Supply and Generation Expense, \$7.1 million increase in Water/Wastewater Operating Expense, \$7.4 million increase in General & Administrative, \$2.3 million increase in Depreciation, and offset by a \$5.4 million decrease in Electric Operating Expense. This resulted in a \$13.8 million Income before Capital Contributions and Transfers, increasing \$1.0 million compared to last year. Looking more closely at revenues, the \$22.3 million increase arises from Other Operating Revenue increasing \$5.2 million, a \$3.8 million increase in Intergovernmental Revenue and an increase of \$12.6 million in Interest/Market Adjustment on Investments. 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 \$36.8 million, of which approximately \$23.5 million will be used over the next year to supplement the Electric Fund as rates are adjusted to meet its ongoing obligations. The remaining \$13.3 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 \$6.7 million was transferred in FY23. The transfer of \$6.4 million over the minimum was comprised of a \$5.4 million transfer for DEP true-up adjustment and a \$1.0 million transfer for the reimbursement of 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.

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. The remaining costs will continue to be passed on to customers through a fixed charge that became effective with May 1, 2018 customer billings. In FY23, PWC collected \$2.8 million in revenue in addition to receiving a \$1.9 million CCR true-up credit. Coal Ash expenses excluding the true-up credit totaled \$7.6 million. The FY23 Coal Ash Reserve balance is \$7.0 million, a \$3.2 million decrease from FY22 due to receiving reimbursement for prior years' coal ash expenses and insurance proceeds. (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 FY23, leaving an accumulated balance of \$1.9 million at June 30, 2023.

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

	FY 2022	FY 2023	Total Dollar Change	Total Percentage Change
Operating Revenues				
Charges for Utility Services	\$ 305.5	\$ 306.2	\$ 0.7	0.2%
Other Operating Revenue	41.7	46.9	5.2	12.5%
Nonoperating Revenues				
Intergovernmental	1.4	5.2	3.8	271.4%
Interest on Investments	2.1	7.2	5.1	242.9%
Interest Market Adjustment	(9.8)	(2.3)	7.5	(76.5%)
Total Revenues	<u>340.9</u>	<u>363.2</u>	<u>22.3</u>	<u>6.5%</u>
Power Supply and Generation Expense	141.3	150.7	9.4	6.7%
Electric Operating Expense	31.1	25.7	(5.4)	(17.4%)
Water/Wastewater Operating Expense	40.6	47.7	7.1	17.5%
General & Administrative	41.2	48.6	7.4	18.0%
Depreciation Expense	49.8	52.1	2.3	4.6%
Non-Operating Expense				
Loss on Sale of Assets	0.3	0.7	0.4	133.3%
Payment in lieu of taxes	11.9	12.4	0.5	4.2%
Interest Expense	11.1	11.4	0.3	2.7%
Amortization Expense	0.8	0.1	(0.7)	(87.5%)
Total Expenses	<u>328.1</u>	<u>349.4</u>	<u>21.3</u>	<u>6.5%</u>
Income before Capital Contributions and Transfers	<u>12.8</u>	<u>13.8</u>	<u>1.0</u>	<u>7.8%</u>
Capital Contributions	10.3	18.5	8.2	79.6%
Change in Net Position	23.1	32.3	9.2	39.8%
Beginning Net Position	<u>1,091.1</u>	<u>1,114.1</u>	<u>23.0</u>	<u>2.1%</u>
Ending Net Position	<u>\$ 1,114.1</u>	<u>\$ 1,146.4</u>	<u>\$ 32.3</u>	<u>2.9%</u>

Electric operating revenues decreased \$6.2 million, or 2.8%, decreasing total revenues to \$221.3 million for FY23. No electric rates increased in FY22 that impacted FY23 sales; however, electric rates were increased by 6.1% in May 2023 impacting the sales revenues the last two months of the fiscal year. A 2.8%, or \$5.0 million, net decrease to residential, commercial, and industrial sales revenue was realized. Residential kWh sold reduced by 6.4% and commercial customers kWh sold decreased by 3.7%. The residential class represents 53.4% of electric sales revenue with a decrease of \$3.9 million (a 3.9% decrease to the residential sales revenue). The commercial and industrial classes had a combined decrease of \$1.1 million in sales revenue. FY23 was a milder year for weather as compared to FY22, there was a 9.5% decrease in degree days. Overall, sales decreased 86,697 MWh from 2,006,882 to 1,920,185 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 Sold	Sales Revenue
Residential	1.2%	(7.5%)	(6.4%)	(3.9%)
Commercial	0.6%	(4.3%)	(3.7%)	(1.0%)
Large Users	8.5%	(9.5%)	(1.8%)	(2.3%)

Water and wastewater operating revenues collectively increased \$12.1 million, or 9.2%, to \$131.8 million, which includes increases in water and wastewater sales revenues of \$9.8 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 \$3.8 million, or 7.0%, to \$58.3 million. The residential class represents 66.0% of total water sales revenue. The majority of the revenue increase is due to rate adjustments in July 2022 and May 2023, of 3.7% and 7.0%, respectively. Gallon sales per customer for the residential class declined 2.0% while the commercial and large users both increased in gallons sold by 2.2% and 9.4%, respectively. The rate adjustments incorporated a Basic Facility Charge (BFC) increase and rate per gallon changes for all customers, as well as the rate differential for customers outside the City corporate limits remaining at 175%. Rate changes caused the irrigation sales revenue to increase by 6.7%, while both the gallons sales per customer and gallons sold decreased by 7.2% and 8.1%. Large users gallons sold increased 9.4% and wholesale gallons sold increased by 12.1%. The wholesale increase was primarily due to Hoke County usage increases. Total annual rainfall for FY23 was 39.2", an increase of 13.5" 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	Gallons Sold	Sales Revenue
Residential	1.2%	(2.0%)	(1.1%)	4.6%
Commercial	1.4%	2.6%	2.2%	7.3%
Large Users	0.0%	9.4%	9.4%	19.2%
Wholesale	0.0%	12.1%	12.1%	18.4%
Irrigation	(0.9%)	(7.2%)	(8.1%)	6.7%

Wastewater System: Wastewater sales revenue for all classes increased \$7.0 million, or 12.1%, to \$64.5 million. The revenue increase is largely due to rate adjustments in July 2022 and May 2023, of 7.4% and 10.2%, respectively. The residential class represents 70.5% of wastewater sales revenue in total. Wastewater BFC and volume rates changed simultaneously with the water rates. Wastewater sales trend closely to water with a decrease in gallons sold for residential and an increase in commercial and large user classes. Wholesale gallons sold increased by 38.5%, and sales revenue increased by 73.1%; however, wholesale revenues are a small percentage of total revenues. The wholesale increase was primarily due to updated customer equipment and usage increases. Figure A-5-B illustrates the percentage changes by major customer classes.

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

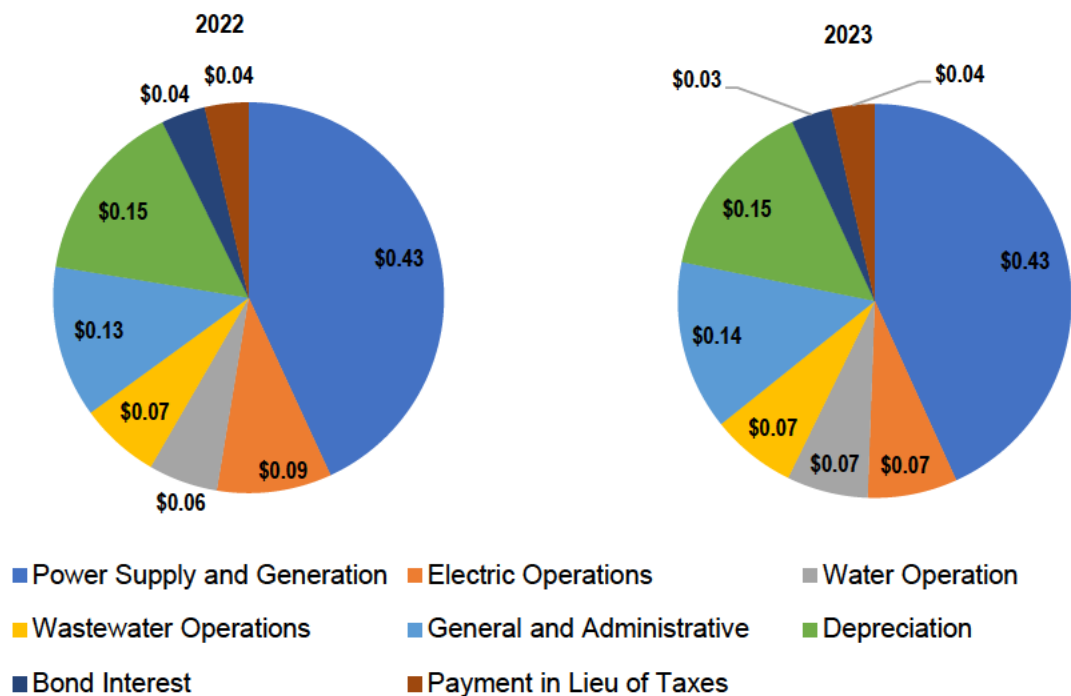
	Customers	Average gal/cust	Gallons Sold	Sales Revenue
Residential	1.2%	(2.2%)	(1.3%)	9.3%
Commercial	1.5%	5.4%	2.2%	17.6%
Large Users	(4.7%)	10.0%	4.9%	13.6%
Wholesale	0.0%	38.5%	38.5%	73.1%

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Electric Operating Expenses, excluding Power Supply and Generation Expenses, decreased by \$5.4 million or 17.4% and Water and Wastewater Operating Expenses increased by \$7.1 million or 17.5%. 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 in FY22, and a reduction in expense related to the Metronet project. This is partially offset by increases in contractual services related to maintenance projects to include stub pole removal, and right of way clearances. Water and wastewater increases are for personnel costs, increased pricing for chemicals, and contractual services for various maintenance projects.

Figure A-6 provides the dollar breakdown of expenses in 2022 and 2023 to better illustrate the changes.

FIGURE A-6
Dollar Breakdown of Expenses



PWC has an annual system load of approximately 2.2 million megawatt hours. Over 99% of this system load is provided by Duke Energy Progress (DEP) under the terms of a full-requirements contract that began July 1, 2012. PWC pays fixed annual capacity and energy charges, with a annual true-up based on DEP's system average costs. Below are the FY23 highlights:

- Capacity charges decreased \$9.0 million due to a 69% price variance and 31% usage variance
- Energy costs increased \$9.5 million due to higher pricing net of lower consumption
- Contractual true-up resulted in an additional \$12.6 million in costs
- Coal ash costs (including adjustments and true-ups) increased \$1.6 million
- A regulatory asset in the amount of \$7.2 million was established to offset power supply expenses

The items above were key parts in an overall increase of \$9.3 million, or a total of \$150.7 million. Total power purchased was 2.01 billion kWh, a 4.0% decrease from the prior year. PWC's system peak demand for FY23 of 428 MW occurred in July and 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 2022	FY 2023	Total Dollar Change	Total Percent Change
Purchased Power - DEP	\$ 121.7	\$ 114.0	\$ (7.7)	(6.3%)
Purchased Power-True-up	(5.4)	7.2	12.6	233.3%
Purchased Power-Adjustment	2.0	8.2	6.2	310.0%
Purchased Power-SEPA	0.6	0.6	-	0.00%
Purchased Power - Regulatory Asset	-	(7.2)	(7.2)	100.0%
Transmission	8.2	8.0	(0.2)	(2.4%)
Coal Ash	7.2	7.7	0.5	7.0%
Coal Ash-True-up	(0.9)	(1.9)	(1.0)	111.1%
Other Generation Expenses	7.9	14.1	6.2	78.3%
Total	\$ 141.3	\$ 150.7	\$ 9.4	6.7%

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 2022	FY 2023	Total Dollar Change	Total Percent Change
Developers	\$ 5.7	\$ 11.3	\$ 5.6	98.2%
NCDOT	1.8	0.5	(1.3)	(72.2%)
Federal & State- FEMA	1.4	2.7	1.3	92.9%
UCC/ SDF Fees	1.1	3.9	2.8	254.5%
UCC/ SDF Awarded/Applied/Expired	0.3	0.1	(0.2)	(66.7%)
Total	\$ 10.3	\$ 18.5	\$ 8.2	79.6%

Capital contributions were \$18.5 million, up \$8.2 million from FY22. There were increases in contributions from developers of \$5.6 million, Federal and State - FEMA of \$1.3 million, and UCC/SDF Fees of \$2.8 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 FY23 by \$3.3 million.

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

	FY 2022	FY 2023	Total Dollar Change	Total Percent Change
Payment in lieu of taxes (PILOT)	\$ 11.9	\$ 12.4	\$ 0.5	4.2%
Intergovernmental Expense				
Total Transfers to the City	<u>11.9</u>	<u>12.4</u>	<u>0.5</u>	<u>4.2%</u>
Intergovernmental Revenues				
Additional -				
Relief Fund Repayment	-	4.0	4.0	100.0%
Assessments	1.0	1.0	-	0.0%
Assessment Interest	<u>0.4</u>	<u>0.2</u>	<u>(0.2)</u>	<u>(50.0%)</u>
Total Intergovernmental Revenue	<u>1.4</u>	<u>5.2</u>	<u>3.8</u>	<u>271.4%</u>
Net PILOT and Intergovernmental Activity	<u><u>\$ 10.5</u></u>	<u><u>\$ 7.2</u></u>	<u><u>\$ (3.3)</u></u>	<u><u>(31.4%)</u></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.
- State of Emergency Assistance to the City – Relief Fund Repayment - Pursuant to the State of Emergency issued by the Mayor due to COVID-19, the PWC transferred a total of \$4.0 million under Section 6A.16 of the PWC Charter in FY20 and FY21. FY23 Intergovernmental Revenue of \$5.2 million includes the booked receivable for relief fund repayment of \$4.0 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following is a summary of some of the major improvements to the system during FY23:

Major capital asset expenditures include:

\$ 17.6 million	Installation of Water and Wastewater Mains and Laterals in Annexed Areas
\$ 14.8 million	Water and Sewer Rehabilitation
\$ 9.0 million	Electric Overhead Infrastructure Improvements
\$ 8.5 million	Water and Wastewater System Improvements/Reinforcements
\$ 5.6 million	Water and Wastewater Plant Improvement/Expansion
\$ 3.9 million	Substation Rebuild
\$ 2.2 million	Transportation Equipment
\$ 1.9 million	Computer Systems
\$ 1.7 million	NCDOT Water and Wastewater Relocations
\$ 1.4 million	LED Lighting
\$ 1.1 million	Electric Meters and Metering Equipment
\$ 0.4 million	Buildings and Improvements
\$ 0.3 million	Butler Warner Generation

Capital spending for the Electric System was \$24.7 million, down \$9.6 million from FY22. The decrease of \$6.6 million is primarily attributable to completing the community solar Battery Storage System addition, the FTCC and Bordeaux Substation Rebuild projects, Raeford Road NCDOT project and substantial completion of the Black & Decker Substation Rebuild project, and a decrease of \$2.6 million in various General Fund projects.

Capital spending for the Water and Wastewater System was \$58.4 million, a decrease of \$5.3 million from FY22. The decrease is primarily attributable to decreases of \$6.3 million on the Rockfish Basin Peak Flow Facilities and Big Rockfish Sanitary Sewer Outfall state revolving loan projects, \$2.3 million decrease on water and sewer main rehabilitation projects, \$4.0 million decrease on bond funded projects nearing completion for Rockfish Creek Standby Generator and Freedom Town Center, offset by an increase of \$7.7 million for installation of water and wastewater mains and laterals in annexed areas.

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At June 30, 2023, 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 2022	FY 2023	Total Dollar Change	Total Percent Change
Land	\$ 23.8	\$ 23.9	\$ 0.1	0.4%
Buildings	70.4	70.6	0.2	0.3%
Machinery, Equipment and Vehicles	59.9	62.7	2.8	4.7%
Electric System	526.7	553.5	26.8	5.1%
Water System	458.7	470.5	11.8	2.6%
Wastewater System	711.5	728.7	17.2	2.4%
Office Equipment and Intangibles	60.9	60.9	0.0	0.0%
Construction in Progress	123.1	151.0	27.9	22.7%
Subtotal	2,035.0	2,121.8	86.8	4.3%
Accumulated Depreciation	(864.4)	(909.0)	(44.6)	(5.2%)
Net Property, Plant and Equipment	\$ 1,170.6	\$ 1,212.8	\$ 42.2	3.6%

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 \$26.8 million in the Electric System, \$17.2 million in the Wastewater System and \$11.8 million in the Water System. The \$26.8 million increase in the Electric System is the result of projects that were completed and consists of \$12.0 million in electric distribution, \$2.0 million in electric substation and \$5.6 million in the electric transmission. The \$17.2 million increase in the Wastewater System is the result of the completion of several projects which include a \$10.0 million in the sewer collection system, \$5.9 million in the Sewer Phase V Annexation system and \$1.0 million in the Cross Creek Plant Clarifier Mechanism Replacement. The \$ 11.8 million increase in the Water System is the result of the completion of several projects which include \$7.3 million for water distribution, \$1.6 million for the Water Phase V Annexation. The 22.7% increase or 27.9 million increase in Construction in Progress is primarily attributed to the increased activity on existing projects to include Annex Phase 5, Areas 32-34, Series 2021 Water and Wastewater projects, and the Rockfish Creek Basin Peak Flow.

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 \$375.1 million in long-term debt (before loss on defeasance and reacquired debt, premiums, and discounts (see Note 10D in the financial statements). This is a decrease of \$9.9 million or 2.6% from \$385 million in FY22 which is attributed to principal payments of \$16.6 million offset by proceeds received from state revolving loans of 6.7 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 3.25% and 2.61%, respectively, as of June 30, 2023. The Commission constantly monitors market conditions and opportunities to lower its borrowing costs. Over the past several years, the PWC has continued to monitor refunding opportunities and has taken advantage of low interest bonds and 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 2021	\$ 94.8	3.04%	2.28%
Revenue Bonds, Series 2014	91.2	3.76%	3.27%
Revenue Refunding Bonds, Series 2016	80.3	3.37%	2.47%
Revenue Bonds, Series 2018	67.0	4.26%	3.51%
2021 NCSRL - Rockfish CreekPeak Flow Facilities	13.5	1.11%	1.11%
2013 NCSRL - Hoffer Construction Phase 1	10.3	0.00%	0.00%
2022 NCSRL - Big Rockfish Creek Outfall	10.2	1.06%	1.06%
2012 NCSRL - Clearwell/Ferric Conversion	2.7	0.00%	0.00%
2013 NCSRL - Outfall Rehab (Large Diameter Rehab)	2.2	2.00%	2.00%
2022 NCSRL - Big Rockfish Creek Outfall- Lift Station Elim	1.4	0.00%	0.00%
2014 NCSRL - Person Street Sanitary Sewer	1.4	2.00%	2.00%
2012 NCSRL - Edgewater Project	0.2	2.00%	2.00%
Total	\$ 375.1	3.25%	2.61%

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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 3.53 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 2022	FY 2023	Percent Change
Change in Net Position (Figure A-3)	\$ 23.1	\$ 33.3	44.2%
Adjustments			
Bond Interest Expense	11.1	11.4	2.7%
Depreciation and Amortization	49.8	52.1	4.6%
Payment in Lieu of Taxes	11.8	12.4	5.1%
Intergovernmental Revenue	(1.0)	(5.0)	(400.0%)
Capital Contributions	(10.3)	(18.5)	(89.3%)
(Gain)/Loss on Sale of Assets	0.3	0.7	133.3%
System Development Fee (SDF)	1.0	3.9	290.0%
(Gain)/Loss on Investment Valuation	9.7	1.3	(86.6%)
Income Available for Debt Service	\$ 95.5	91.7	(5.0%)
<u>Senior Lien Debt Coverage</u>			
Revenue Bond Debt Service ¹	24.1	25.7	6.6%
Senior Lien Debt Service Coverage	3.95	3.53	(10.6%)
<u>Total System Debt Coverage</u>			
Total System Debt Service ¹	25.6	28.0	9.4%
Total System Debt Service Coverage	3.73	3.24	(13.1%)

¹ Net of capitalized interest from bond proceeds of \$0.9 in FY22 and \$1.4 million in FY23

In addition to long-term debt, PWC's long-term obligations include the total OPEB Liability of \$23.6 million and the total Net Pension Liability of \$34.2 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, 2023

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ 850,083	\$ 27,623,975	\$ 28,474,058
Investments	79,384,918	30,127,139	109,512,057
Receivables	27,750,667	22,263,401	50,014,068
Lease receivable	705,560	-	705,560
Less allowance for doubtful accounts	(108,293)	(98,569)	(206,862)
Net receivables	28,347,934	22,164,832	50,512,766
Inventories	18,613,402	3,535,168	22,148,570
Other current assets	5,138,523	1,423,373	6,561,896
Regulatory Asset - DEP Energy & Demand True Up	7,216,414	-	7,216,414
Total current unrestricted assets	139,551,273	84,874,487	224,425,761
Current restricted assets			
Cash and cash equivalents	64,747,402	94,286,248	159,033,650
Investments	22,460,475	12,187,467	34,647,942
Collateral pledged in lieu of deposits	557,878	239,090	796,968
Receivables	721,880	9,176,683	9,898,563
Total current restricted assets	88,487,635	115,889,488	204,377,123
Total current assets	228,038,908	200,763,976	428,802,884
Noncurrent assets			
Lease receivable noncurrent	3,793,545	-	3,793,545
Other assets	27,373	35,284	62,656
	3,820,917	35,284	3,856,201
Capital assets, net:			
Land and land rights	9,996,823	13,872,194	23,869,017
Construction in process	33,402,873	117,630,842	151,033,715
Electric utility system	252,395,979	-	252,395,979
Water system	-	269,552,368	269,552,368
Wastewater system	-	452,662,016	452,662,016
Buildings	25,048,851	8,038,437	33,087,288
Equipment and machinery	7,935,709	3,639,609	11,575,318
Computer equipment	568,720	475,381	1,044,101
Intangibles	3,978,167	2,276,866	6,255,033
Vehicles	5,312,114	5,918,600	11,230,714
Office equipment	33,580	13,676	47,256
Capital assets, net	338,672,816	874,079,989	1,212,752,805
Right to use assets, net	2,530,879	2,547,202	5,078,081
Total capital assets, net	345,024,613	876,662,475	1,221,687,087
Total assets	573,063,521	1,077,426,451	1,650,489,971
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges	1,854	651,842	653,696
OPEB deferrals	2,992,886	3,508,106	6,500,992
Pension deferrals	12,514,325	15,086,367	27,600,692
Total deferred outflows of resources	15,509,065	\$ 19,246,315	\$ 34,755,380

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

Statement of Net Position

June 30, 2023

	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	\$ 3,630,140	\$ 16,591,302	\$ 20,221,442
Accounts payable and accrued expenses	22,422,428	15,649,814	38,072,242
Total current liabilities to be paid from unrestricted current assets	<u>26,052,568</u>	<u>32,241,116</u>	<u>58,293,684</u>
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	9,777,328	12,949,733	22,727,061
Total current liabilities to be paid from restricted current assets	<u>9,777,328</u>	<u>12,949,733</u>	<u>22,727,061</u>
Total current liabilities	<u>35,829,896</u>	<u>45,190,849</u>	<u>81,020,745</u>
Noncurrent liabilities			
Long-term liabilities	28,299,604	357,208,057	385,507,661
Total OPEB liability	10,915,216	12,721,900	23,637,116
Net pension liability	15,528,758	18,720,351	34,249,109
Subscription lease liability	1,763,963	1,763,963	3,527,926
Unearned deposits - Metronet	776,540	-	776,540
Unearned deposits	7,980	29,770	37,750
Total noncurrent liabilities	<u>57,292,061</u>	<u>390,444,041</u>	<u>447,736,102</u>
Total liabilities	<u>93,121,957</u>	<u>435,634,890</u>	<u>528,756,847</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	2,496,816	3,057,581	5,554,397
Pension deferrals	65,603	79,087	144,690
Lease deferrals	4,360,532	-	4,360,532
Total deferred inflows of resources	<u>6,922,951</u>	<u>3,136,668</u>	<u>10,059,619</u>
NET POSITION			
Net investment in capital assets	310,649,392	525,041,646	835,691,038
Restricted for -			
Capital projects	355	26,404,459	26,404,814
Renewable energy	7,257,559	-	7,257,559
Other internal restrictions	71,564,743	55,408,270	126,973,013
Unrestricted Net Position	99,055,628	51,046,834	150,102,462
Total Net Position	<u>\$ 488,527,677</u>	<u>\$ 657,901,209</u>	<u>\$ 1,146,428,886</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, 2023

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Operating revenues			
Residential, commercial and industrial sales	\$ 181,492,006	\$ 116,499,010	\$ 297,991,016
Other charges for services	39,770,647	15,303,079	55,073,726
Total operating revenues	<u>221,262,653</u>	<u>131,802,089</u>	<u>353,064,742</u>
Operating expenses			
Power supply and generation	150,685,987	-	150,685,987
Electric operation	25,697,905	-	25,697,905
Water operations	-	23,277,283	23,277,283
Wastewater operations	-	24,406,886	24,406,886
General and administrative	23,916,761	24,644,002	48,560,763
Depreciation and Amortization	20,984,837	31,151,246	52,136,083
Total operating expenses	<u>221,285,490</u>	<u>103,479,417</u>	<u>324,764,907</u>
Operating income	<u>(22,837)</u>	<u>28,322,672</u>	<u>28,299,835</u>
Nonoperating revenue (expense)			
Intergovernmental revenue	4,000,000	1,249,725	5,249,725
Payment in lieu of taxes	(12,405,712)	-	(12,405,712)
Interest earned on investments	3,330,233	3,833,680	7,163,913
Loss on investment	(1,620,286)	(647,657)	(2,267,943)
Gain (loss) on disposal of assets	(604,828)	(71,329)	(676,157)
Interest expense	(858,021)	(10,561,577)	(11,419,598)
Interest - Leases	(37,975)	(38,131)	(76,106)
Finance costs	(23,005)	(29,645)	(52,650)
Total nonoperating revenue (expense), net	<u>(8,219,594)</u>	<u>(6,264,932)</u>	<u>(14,484,526)</u>
Income (loss) before transfers and contributions	<u>(8,242,431)</u>	<u>22,057,740</u>	<u>13,815,309</u>
Contributions	2,514,407	15,944,092	18,458,499
Transfers in	-	5,487,705	5,487,705
Transfers out	(5,487,705)	-	(5,487,705)
Change in Net Position	<u>(11,215,729)</u>	<u>43,489,537</u>	<u>32,273,808</u>
Total Net Position - beginning	<u>499,743,406</u>	<u>614,411,672</u>	<u>1,114,155,078</u>
Total Net Position - ending	<u><u>\$ 488,527,677</u></u>	<u><u>\$ 657,901,209</u></u>	<u><u>\$ 1,146,428,886</u></u>

Note: The transfers within funds have been eliminated for FY 23; \$33,832,615 for the Electric Fund & \$52,256,122 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, 2023

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Cash flows from operating activities			
Cash received from customers	\$ 222,290,140	\$ 134,647,545	\$ 356,937,685
Cash paid for goods and services	(24,448,907)	(41,621,344)	(66,070,251)
Cash paid to or on behalf of employees for services	(26,146,906)	(28,072,658)	(54,219,564)
Cash paid for power supply and generation	(150,685,987)	-	(150,685,987)
Net cash provided by operating activities	<u>21,008,340</u>	<u>64,953,543</u>	<u>85,961,883</u>
Cash flows from noncapital financing activities			
Cash (paid) received from intergovernmental agreements	(8,405,712)	1,249,725	(7,155,987)
Transfers in	-	5,487,705	5,487,705
Transfers out	(5,487,705)	-	(5,487,705)
Net cash provided (used) by noncapital financing activities	<u>(13,893,417)</u>	<u>6,737,430</u>	<u>(7,155,987)</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	714,830	117,527	832,357
Payment of finance cost on long-term debt	(23,005)	(29,645)	(52,650)
Contributed capital received	2,514,407	4,564,217	7,078,624
Acquisition and construction of capital assets	(28,277,996)	(73,016,822)	(101,294,818)
Principal payments on long-term debt	(1,162,602)	(15,429,156)	(16,591,758)
Other capital asset transactions	1,868,390	16,796,292	18,664,682
Interest payments	(895,996)	(10,599,708)	(11,495,704)
Net cash used by capital and related financing activities	<u>(25,261,972)</u>	<u>(77,597,295)</u>	<u>(102,859,267)</u>
Cash flows from investing activities			
Interest earned on investments	1,709,947	3,186,024	4,895,971
Gross change in investments	18,852,797	40,556,005	59,408,802
Net cash provided (used) by investing activities	<u>20,562,744</u>	<u>43,742,029</u>	<u>64,304,773</u>
Net increase (decrease) in cash and cash equivalents	<u>2,415,695</u>	<u>37,835,707</u>	<u>40,251,402</u>
Cash and cash equivalents			
Beginning of year	<u>63,181,790</u>	<u>84,074,516</u>	<u>147,256,306</u>
End of year	<u><u>\$ 65,597,485</u></u>	<u><u>\$ 121,910,223</u></u>	<u><u>\$ 187,507,708</u></u>

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

Statement of Cash Flows

Year Ended June 30, 2023

	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	\$ (22,837)	\$ 28,322,673	\$ 28,299,836
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and Amortization	20,984,837	31,151,246	52,136,083
Allowance for uncollectible accounts	(37,929)	26,848	(11,081)
 Change in assets, liabilities and deferred inflows/outflows			
(Increase) decrease in receivables	1,162,466	2,839,806	4,002,272
(increase) decrease in inventories	(3,160,547)	(256,984)	(3,417,531)
(Increase) decrease in deferred outflows - other	2,782	205,639	208,421
(Increase) decrease in deferred outflows -OPEB	474,214	567,476	1,041,690
(Increase) decrease in deferred outflows - pension related	(2,829,782)	(3,494,374)	(6,324,156)
(Increase) decrease in other current assets	(1,074,691)	(86,346)	(1,161,037)
(Increase) decrease in other assets	(7,292,008)	(52,487)	(7,344,495)
Increase (decrease) in OPEB liability	(1,391,455)	(1,665,108)	(3,056,563)
Increase (decrease) in inflows - pension	11,220,165	13,577,536	24,797,701
Increase (decrease) in accounts payable and accrued expenses	10,367,262	1,567,946	11,935,208
Increase (decrease) in deferred revenues	(47,588)	-	(47,588)
Increase (decrease) in leases	(179,607)	(195,898)	(375,505)
Increase (decrease) in deferred inflows-OPEB	(7,542,041)	(7,875,165)	(15,417,206)
Increase (decrease) in accrued sick leave / vacation	375,099	320,735	695,834
Total adjustments	21,031,177	36,630,870	57,662,047
 Net cash provided by operating activities	 \$ 21,008,340	 \$ 64,953,543	 \$ 85,961,883
 Noncash investing, capital, and financing activities:			
Contributed capital assets	\$ -	\$ 11,283,186	\$ 11,283,186
FIF credits applied	\$ -	\$ 96,689	\$ 96,689
Adjustment to market for long term investments	\$ (8,503,351)	\$ (3,741,299)	\$ (12,244,650)
 Reconciliation to cash and cash equivalents			
Unrestricted	\$ 850,083	\$ 27,623,974	\$ 28,474,057
Restricted	64,747,402	94,286,249	159,033,651
Total	\$ 65,597,485	121,910,223	\$ 187,507,708

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

Notes to the Financial Statements

June 30, 2023

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, 2023

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, 2023

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, 2023, 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: \$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 lease 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, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Right to Use Assets (continued)

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation cost at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation cost made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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 and 96.

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.

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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, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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, 2023

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, 2023, the Electric Fund had restricted assets of \$88,487,636 related to debt service, renewable energy and other internally restricted assets offset by \$9,777,328 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 \$78,822,657. The Water/Wastewater Fund had restricted assets of \$115,889,489 related to debt service, capital projects and other internally restricted assets offset by debt of \$28,915,882 related to unspent bond proceeds and \$12,949,732 of internally restricted liabilities related to those assets (see note 6), less items associated with capital project funds, resulting in restricted net position of \$81,812,729.

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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, 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Upcoming Pronouncements

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.

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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, 2023

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, 2023, the Commission had deposits in pooling method banks with a carrying amount of \$59,143,291 and a bank balance of \$59,068,767. Of the total bank balance, \$752,461 was covered by federal depository insurance and \$58,316,306 was covered by collateral under the pooling method.

At June 30, 2023, the Commission had \$4,350 in petty cash.

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

Notes to the Financial Statements (continued)

June 30, 2023

Note 4 - Cash and Investments (continued)

B - Investments

At June 30, 2023, 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	\$ 144,159,999	\$ 3,960,183	\$ 42,918,742	\$ 83,043,451	\$ 14,237,624
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	128,360,068	128,360,068	-	-	-
Total		\$ 272,520,067	\$ 132,320,251	\$ 42,918,742	\$ 83,043,451	\$ 14,237,624

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, 2023.

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

Notes to the Financial Statements (continued)

June 30, 2023

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 56%, 31%, and 10% respectively, of the Commission's total investments.

Reconciliation to cash and cash equivalents:

Total per Footnote:

	Reported
Total investments	\$ 272,520,067
Cash	59,143,291
Plus Certificates of Deposit	-
Petty cash	4,350
Total cash and investments	<u>331,667,708</u>
Less: Investments with maturities of more than 3 months	<u>(144,160,000)</u>
Total cash and cash equivalents	<u><u>\$ 187,507,708</u></u>

Total per Statement of Net Position:

Cash and cash equivalents - unrestricted	28,474,058
Cash and cash equivalents - restricted	159,033,650
Total cash and cash equivalents	<u><u>\$ 187,507,708</u></u>

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

Notes to the Financial Statements (continued)

June 30, 2023

Note 5 – Accounts Receivable

A - Unrestricted Receivables

At June 30, 2023, the Commission's unrestricted receivable balances were as follows:

	Electric Fund	Water and Wastewater Fund	Total
Unrestricted			
Accounts	\$ 19,495,253	\$ 15,889,852	\$ 35,385,105
Sales taxes	2,606,018	82,724	2,688,742
Due from City-Assessments	-	5,129,136	5,129,136
Due from City-Assessments Interest	-	470,781	470,781
Accrued Interest	223,271	92,414	315,685
Other	5,426,125	598,494	6,024,619
Total	<u>\$ 27,750,667</u>	<u>\$ 22,263,401</u>	<u>\$ 50,014,068</u>
Lease Receivable - Current	\$ 705,560	\$ -	\$ 705,560

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 2023 to 2033. Minimum lease provisions at June 30, 2023, will result in rental income for future years as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 705,560	\$ 62,937	\$ 768,497
2025	693,617	52,530	746,147
2026	736,047	41,708	777,755
2027	675,029	31,022	706,051
2028	643,684	21,225	664,909
2029 - 2033	1,045,168	20,877	1,066,045
	<u>\$ 4,499,105</u>	<u>\$ 230,299</u>	<u>\$ 4,729,404</u>

In fiscal year 2023, the Commission recognized \$985,445 of lease revenue and \$75,820 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, 2023

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	\$ -	\$ 24,246,884	\$ -	\$ -
Rate Stabilization Fund Cash	24,311,311	895,568	-	-
NC Renewable Rider	-	-	7,257,559	-
Customer Deposits	8,962,807	3,841,203	-	-
Debt Service	910,487	10,625,097	418	2,787
TPA - Cash	198,780	83,888	-	-
Health Insurance Reserve	1,500,000	1,500,000	-	-
Coal Ash Reserve	6,988,908	-	-	-
Budget Carryovers	734,700	1,813,671	-	-
CPF - Cash	7,694,095	18,460,580	-	2,156,388
Construction Fund	-	-	594,965	28,915,882
Generation Fuel Reserve	206,690	-	-	-
Meter Reserve	3,700,000	1,300,000	-	-
BWGP Start Cost Reserve	664,748	-	-	-
Legal Reserve	479,700	444,300	-	-
Metronet	-	-	542,234	-
Total restricted cash and cash equivalents	<u>\$ 56,352,226</u>	<u>\$ 63,211,191</u>	<u>\$ 8,395,176</u>	<u>\$ 31,075,057</u>
Investments	<u>\$ 22,460,475</u>	<u>\$ 12,187,468</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral pledges in lieu of deposits	<u>\$ 557,878</u>	<u>\$ 239,090</u>	<u>\$ -</u>	<u>\$ -</u>
Receivables				
Grants	\$ 712,721	\$ 3,321,572	\$ -	\$ -
Sales Taxes	-	4,588,741	-	-
Other	-	1,260,031	-	-
Accrued Interest	9,160	6,340	-	-
Total restricted receivables	<u>\$ 721,881</u>	<u>\$ 9,176,684</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts payable and accrued expenses				
Trade	\$ -	\$ 7,142,823	\$ -	\$ -
NC DOT Projects	-	214,807	-	-
Meter Deposits	9,520,685	4,171,040	-	-
Other	256,643	1,421,062	-	-
Total restricted accounts payable and accrued expenses	<u>\$ 9,777,328</u>	<u>\$ 12,949,732</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, 2023

Note 7 – Capital Assets

The following is a summary of changes in capital assets:

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2023</u>
Electric Fund:					
Capital assets not being depreciated:					
Land & land rights	\$ 9,977,236	\$ 1,000	\$ -	\$ 18,587	\$ 9,996,823
Construction in progress	42,272,875	22,830,801	(2,725,103)	(28,975,700)	33,402,873
Capital assets being depreciated:					
Electric utility system	526,731,147	3,608,566	(5,472,452)	28,680,410	553,547,671
Buildings	56,534,710	111,662	-	-	56,646,372
Equipment and machinery	21,723,278	316,810	(330,132)	337,523	22,047,479
Intangibles	25,851,046	14,582	-	47,801	25,913,429
Computer equipment	6,611,242	39,435	(79,892)	-	6,570,785
Vehicles	11,989,068	150,106	(64,685)	49,380	12,123,869
Office equipment	1,221,606	-	(20,457)	-	1,201,149
Total Capital assets being depreciated	650,662,097	4,241,161	(5,967,618)	29,115,114	678,050,754
Right to use assets	3,106,553	604,655	(170,921)	-	3,540,287
Less accumulated depreciation for:					
Electric utility system	(290,581,602)	(15,432,367)	4,862,277	-	(301,151,692)
Buildings	(30,089,829)	(1,507,692)	-	-	(31,597,521)
Equipment and machinery	(13,562,472)	(755,727)	282,579	(76,150)	(14,111,770)
Intangibles	(20,460,289)	(1,474,973)	-	-	(21,935,262)
Computer equipment	(5,808,798)	(273,159)	79,892	-	(6,002,065)
Vehicles	(6,036,110)	(788,172)	64,685	(52,158)	(6,811,755)
Office equipment	(1,163,227)	(24,476)	20,134	-	(1,167,569)
Total accumulated depreciation for:	(367,702,327)	(20,256,566)	5,309,567	(128,308)	(382,777,634)
Electric fund capital assets, net	\$ 335,209,881	\$ 6,816,396	\$ (3,383,154)	\$ 29,693	\$ 338,672,816
Right to use assets, accumulated amortization	(442,170)	(728,271)	161,033	-	(1,009,408)
Total Electric fund capital assets, net and Right to use Assets	\$ 337,874,264	\$ 6,692,780	\$ (3,393,042)	\$ 29,693	\$ 341,203,695

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

Notes to the Financial Statements (continued)

June 30, 2023

Note 7 – Capital Assets (continued)

<u>Description</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2023</u>
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land and land rights	\$ 13,822,450	\$ -	\$ -	\$ 49,744	\$ 13,872,194
Construction in progress	80,900,528	66,544,183	(54,151)	(29,759,718)	117,630,842
Capital assets being depreciated:					
Water system	458,660,951	-	(255,111)	12,095,713	470,501,553
Sewer system	711,473,660	-	(2,459)	17,219,332	728,690,533
Buildings	13,875,011	80,091	-	-	13,955,102
Equipment and machinery	14,642,330	769,283	(254,825)	238,507	15,395,295
Intangibles	20,814,913	(7,145)	-	47,801	20,855,569
Computer equipment	5,869,421	30,290	(30,282)	-	5,869,429
Vehicles	11,519,001	1,888,508	(287,669)	(49,380)	13,070,460
Office equipment	507,914	-	(13,897)	-	494,017
Total Capital assets being depreciated	<u>1,237,363,201</u>	<u>2,761,027</u>	<u>(844,243)</u>	<u>29,551,973</u>	<u>1,268,831,958</u>
Right to use assets	<u>3,155,522</u>	<u>604,655</u>	<u>(170,921)</u>	<u>-</u>	<u>3,589,256</u>
Less accumulated depreciation for:					
Water system	(189,498,854)	(11,666,205)	215,874	-	(200,949,185)
Sewer system	(260,622,276)	(15,406,241)	-	-	(276,028,517)
Buildings	(5,519,783)	(396,882)	-	-	(5,916,665)
Equipment and machinery	(11,507,469)	(579,192)	254,825	76,150	(11,755,686)
Intangibles	(17,253,833)	(1,324,870)	-	-	(18,578,703)
Computer equipment	(5,165,652)	(258,678)	30,282	-	(5,394,048)
Vehicles	(6,673,513)	(773,192)	242,687	52,158	(7,151,860)
Office equipment	(492,664)	(1,392)	13,715	-	(480,341)
Total Capital assets being depreciated	<u>(496,734,044)</u>	<u>(30,406,652)</u>	<u>757,383</u>	<u>128,308</u>	<u>(526,255,005)</u>
Water and Sewer capital assets, net	<u>\$ 835,352,135</u>	<u>\$ 38,898,558</u>	<u>\$ (141,011)</u>	<u>\$ (29,693)</u>	<u>\$ 874,079,989</u>
Right to use assets, accumulated amortization	<u>(458,493)</u>	<u>(744,594)</u>	<u>161,033</u>	<u>-</u>	<u>(1,042,054)</u>
Total Water and Sewer capital assets, net and Right to use assets	<u>\$ 838,049,164</u>	<u>\$ 38,758,619</u>	<u>\$ (150,899)</u>	<u>\$ (29,693)</u>	<u>\$ 876,627,191</u>

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

Notes to the Financial Statements (continued)

June 30, 2023

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, 2023, 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	1,209,310	341,842	7,080,910
Total right to use assets	<u>\$ 6,262,075</u>	<u>\$ 1,209,310</u>	<u>\$ 341,842</u>	<u>\$ 7,129,543</u>
 Less accumulated depreciation for:				
Leased equipment	\$ 2,134	\$ 9,726	\$ -	\$ 11,860
Subscription software	898,528	1,463,140	322,066	2,039,602
Total accumulated amortization	<u>900,662</u>	<u>1,472,866</u>	<u>322,066</u>	<u>2,051,462</u>
Right to use asset, net	<u><u>\$ 5,361,413</u></u>	<u><u>\$ (263,556)</u></u>	<u><u>\$ 19,776</u></u>	<u><u>\$ 5,078,081</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, 2023

Note 9 – Accounts Payable and Accrued Expenses

At June 30, 2023, the Commission's unrestricted accounts payable and accrued expenses balances were as follows:

	Electric Fund	Water and Wastewater Fund	Total
Unrestricted:			
Trade	\$ 11,868,672	\$ 6,303,817	\$ 18,172,489
Purchased power	3,303,139	-	3,303,139
Power supply true up adjustment	5,331,137	-	5,331,137
Payroll related	1,733,023	1,721,075	3,454,098
Interest	330,596	3,670,744	4,001,340
Incurred but not reported claims	1,501,226	1,501,226	3,002,452
Other	(1,645,365)	2,452,952	807,587
	<u>\$ 22,422,428</u>	<u>\$ 15,649,814</u>	<u>\$ 38,072,242</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, 2023

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, 2023, were as follows:

	<u>June 30, 2023</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%.	\$ 91,210,000
\$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%.	80,325,000
\$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%.	66,960,000
\$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	333,285,000
Add: Unamortized Premium	<u>23,772,022</u>
Total	<u><u>\$ 357,057,022</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, 2023

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
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
	<hr/> 26,104,517	<hr/> 8,544,726
Add: Unamortized premium	2,355,565	
Total Electric	<hr/> <u>\$ 28,460,082</u>	<hr/> <u>\$ 8,544,726</u>

Water/Wastewater Fund

Year ending June 30	Revenue Bonds	
	Principal	Interest
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
	<hr/> 307,180,483	<hr/> 122,347,988
Add: Unamortized premium	21,416,457	
Total Water/Wastewater	<hr/> <u>\$ 328,596,940</u>	<hr/> <u>\$ 122,347,988</u>
Total Electric & Water/Wastewater	<hr/> <u>\$ 357,057,022</u>	<hr/> <u>\$ 130,892,714</u>

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

Notes to the Financial Statements (continued)

June 30, 2023

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 2023. 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 \$464,177,714. Principal and interest paid for the current year and total customer revenues were \$26,898,244 and \$353,045,792.

Interest expense related to the revenue bonds totaled \$11,869,211 for the year ended June 30, 2023.

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, 2023.

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, 2023, were as follows:

	<u>June 30, 2023</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.	\$ 191,394
\$5,299,942 Direct Placement State Revolving Loan due in annual installments through May 1, 2033; no interest.	2,652,178

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

Notes to the Financial Statements (continued)

June 30, 2023

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.	2,145,906
\$15,890,541 Direct Placement State Revolving Loan due in annual installments through May 1, 2036; no interest.	10,328,852
\$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.	1,346,298
\$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.	13,496,394
\$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.	10,249,085
\$6,255,105 Direct Placement State Revolving Loan due in annual installments beginning May 1, 2023; no interest; construction draws not yet complete.	<u>1,439,637</u>
	<u><u>\$ 41,849,744</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, 2023

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
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	1,386,158	47,559
2029-2033	6,930,791	139,871
2034-2036	2,803,047	10,633
	\$ 16,664,628	\$ 453,581

Total interest expense related to the notes payable obligations totaled \$277,005 for the year ended June 30, 2023.

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
2024	\$ 2,472,975	\$ 304,161
2025	1,261,786	164,691
2026	1,261,786	194,008
2027	1,261,786	209,001
2028	1,261,786	195,939
2029-2033	6,308,928	783,755
2034-2038	6,308,928	457,190
2039-2042	5,047,141	195,939
	\$ 25,185,116	\$ 2,504,684

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

Notes to the Financial Statements (continued)

June 30, 2023

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 2.7% based on the Commission's imputed borrowing rate. As a result of the lease, the Commission has recorded right to use assets totaling \$7,129,543 at June 30, 2023.

The future minimum lease and subscription obligations and the net present value of these minimum lease and subscription payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2024	\$ 1,379,176	\$ 77,418	\$ 1,456,595
2025	1,372,751	51,193	1,423,944
2026	940,994	26,170	967,164
2027	764,273	12,541	776,814
2028	157,516	4,741	162,257
2029-2031	319,828	5,103	324,931
	<u>\$ 4,934,538</u>	<u>\$ 177,166</u>	<u>\$ 5,111,705</u>

In fiscal year 2023, the Commission paid \$1,584,816 in principal and \$76,106 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, 2023

Note 10 - Long-Term Debt (continued)

D – Changes in Long-Term Liabilities

	Balance 6/30/2022	Increases	Decreases	Balance 6/30/2023	Current Portion
Electric Fund					
Revenue Bonds	\$27,267,119	\$ -	\$1,162,602	\$26,104,517	\$1,154,493
Unearned deposits	832,108	874,642	922,230	784,520	-
Compensated					
Absences	2,399,830	2,774,929	2,399,830	2,774,929	1,780,913
Lease and Subscription Liability	2,638,303	604,656	784,262	2,458,697	694,734
Total OPEB liability	12,306,671	1,013,498	2,404,953	10,915,216	-
Net pension liability					-
(LGERS)	4,308,593	11,220,165	-	15,528,758	-
	49,752,624	<u>\$ 16,487,890</u>	<u>\$7,673,877</u>	58,566,637	3,630,140
Add: Unamortized premium	2,530,866			2,355,565	-
Total Electric long-term liabilities	<u>\$52,283,490</u>			<u>\$60,922,202</u>	<u>\$3,630,140</u>
Water & Wastewater Fund					
Revenue Bonds	\$320,327,881	-	\$13,147,398	\$307,180,483	\$11,870,507
Notes Payable	37,369,863	6,761,639	2,281,758	41,849,744	2,281,758
Unearned deposits	126,459	-	96,689	29,770	-
Compensated					
Absences	2,320,060	2,640,795	2,320,060	2,640,795	1,727,159
Lease and Subscription Liability	2,671,740	604,655	800,554	2,475,841	711,878
Total OPEB liability	14,387,008	1,212,819	2,877,927	12,721,900	-
Net pension liability					
liability (LGERS)	5,142,815	13,577,536	-	18,720,351	-
	382,345,826	<u>24,797,444</u>	<u>\$21,524,386</u>	385,618,884	16,591,302
Add: Unamortized premium	22,656,727			21,416,457	-
Total Water/Wastewater long-term liabilities	<u>\$405,002,553</u>			<u>\$407,035,341</u>	<u>\$16,591,302</u>

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

Notes to the Financial Statements (continued)

June 30, 2023

Note 10 - Long-Term Debt (continued)

E – Net Investment in Capital Assets

	<u>Electric Fund</u>	<u>Water Fund</u>
Capital Assets, Net	\$ 338,672,816	\$ 874,079,989
Add: Right to use asset	2,530,879	2,547,202
Less: Outstanding debt related to capital assets	(26,104,516)	(349,030,228)
Less: Premium on outstanding debt	(2,355,565)	(21,416,458)
Less: Deferred loss related to unspent bond proceeds	-	(103,824)
Less: Retainage and payables related to capital asset	(232,345)	(8,126,918)
Add: Deferred loss on bond refunding	1,855	651,842
Less: Lease and subscription liability	(2,458,697)	(2,475,841)
Add: Outstanding unspent bond proceeds	594,965	28,915,882
Net Investment in Capital Assets	<u><u>\$ 310,649,392</u></u>	<u><u>\$ 525,041,646</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, 2023

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, 2023

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, 2023, was 12.10% 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 \$7,136,059 for the year ended June 30, 2023.

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, 2023, the Commission reported a liability of \$34,249,109 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The 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, 2022, the Commission's proportion was 0.607%, which was an increase of 0.009% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Commission recognized pension expense of \$12,240,424. At June 30, 2023, 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	\$ 1,475,763	\$ 144,690
Changes of assumptions	3,417,293	-
Net Difference between projected and actual earning on pension plans investments	11,319,689	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	4,251,888	-
Commission contributions subsequent to the measurement date	7,136,059	-
	<u>\$ 27,600,692</u>	<u>\$ 144,690</u>

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

Notes to the Financial Statements (continued)

June 30, 2023

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

\$7,136,059 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, 2024. Other amounts reported as outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 7,193,002
2025	5,850,683
2026	1,883,347
2027	5,392,911
Thereafter	-
	<u>\$20,319,943</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, 2021, 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, 2022, 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, 2023

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 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.0%. 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 7.0 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 (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Commission's proportionate share of the net pension liability	\$61,815,232	\$ 34,249,109	\$11,533,024

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, 2023

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 \$653,696. 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 \$200,000 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 (\$25,000,000) 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, 2023, and 2022, a liability for incurred but not reported claims of \$3,002,452 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims for the Commission is presented below:

	<u>2023</u>	<u>2022</u>
Liability as of beginning of the year	\$ 3,159,492	\$ 2,530,675
Current year claims and changes		
in estimates	10,922,937	10,485,537
Actual claim payments	<u>(11,079,977)</u>	<u>(9,856,720)</u>
Liability as of end of the year	<u><u>\$ 3,002,452</u></u>	<u><u>\$ 3,159,492</u></u>

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

Notes to the Financial Statements (continued)

June 30, 2023

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 \$2,500 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 \$1,000,000 with no deductible.

E – Flood Insurance

The Commission carries flood insurance through the commercial insurance market. The current policy limit is \$300,000,000. 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 \$25,000,000 applies to the loss event. The Commission's standard deductible is \$500,000 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, 2023, 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, 2023

Note 14 - Commitments and Contingencies (continued)

B – Capital Expenditures

The Commission has authorized expenditures totaling approximately \$678.4 million for capital additions and construction of various electric, water and wastewater projects. At June 30, 2023, cumulative expenditures to date totaled approximately \$233.8 million leaving an unexpended balance of \$444.6 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 2022 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, 2023, the purchased power cost from DEP was \$130,247,493, including transmission costs and coal ash costs (see Note 14E). A contractual true up and challenge net (credits)/charges of \$7,216,414 was offset by the creation of a Regulatory Asset.

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

Notes to the Financial Statements (continued)

June 30, 2023

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 2023 coal ash costs of \$7,648,231 are included in the purchased power costs above. This amount was \$7,194,304 in fiscal year 2022.

F - Ferric Sludge Remediation Liability

PWC included a remediation liability in the amount of \$750,000 in the Water and Wastewater Fund *Accounts Payable and Accrued Expenses* as of June 30, 2023. On June 29, 2023, PWC was notified of a reported overflow of ferric sludge from the PWC force main located between the P.O. Hoffer Water Treatment Facility and the Cross Creek Water Reclamation Facility. The material was contained around the affected manhole, the easement, and the woods in the surrounding area. The material did not contact surface waters.

The removal efforts began immediately and was estimated to cost \$750,000 to include \$550,000 for environmental cleanup and remediation, and \$200,000 for disposal of the material. The remediation estimate is based on detailed contractor assessments. The disposal estimate is based on landfill estimated fees.

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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, 2023

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 \$2,147,915 in 2023. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions to/from the City amounted to \$11,155,987 in 2023. Balances due to/from the Commission were as follows:

	June 30, 2023
Receivables (due from the City of Fayetteville)	\$ 69,216
Assessments (due from the City of Fayetteville)	5,129,136
Assessments interest (due from the City of Fayetteville)	470,781
	<u>\$ 5,669,133</u>
 Payables (due to the City of Fayetteville)	 <u>\$ 245,697</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	146
Active plan members and covered spouses	358
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, 2023

Note 16 - Other Post-Employment Benefits (continued)

Total OPEB Liability

The Commission's total OPEB liability of \$23,637,116 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023, 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	3.54 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, 2022	\$ 26,693,679
Changes for the year	
Service Cost	457,798
Interest	554,640
Changes of benefit terms	
Differences between expected and actual experience	1,213,879
Changes in assumptions or other inputs	(2,319,733)
Benefit payments	(2,963,147)
Net changes	(3,056,563)
Balance at June 30, 2023	\$ 23,637,116

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

Mortality rates were based on the PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2021.

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 (2.54 percent) or 1-percentage-point higher (4.54 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, 2023

Note 16 - Other Post-Employment Benefits (continued)

Total OPEB Liability (continued)

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$25,292,839	\$23,637,116	\$22,127,114

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	\$21,725,126	\$23,637,116	\$25,798,463

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

For the year ended June 30, 2023, the Commission recognized OPEB expense of \$119,484. At June 30, 2023, 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	\$ 1,540,838	\$ 691,531
Changes of Assumptions	1,954,906	4,727,929
Commission contributions subsequent to the measurement date	3,005,248	-
Retiree contributions subsequent to the measurement date	-	134,937
Total	<u>\$ 6,500,992</u>	<u>\$ 5,554,397</u>

\$3,005,248 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, 2024. \$134,937 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, 2024. Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (843,689)
2025	(922,047)
2026	(157,980)
2027	-
Thereafter	-
	<u><u>\$ (1,923,716)</u></u>

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

Notes to the Financial Statements (continued)

June 30, 2023

Note 17 – Interfund Activity

	DUE FROM/(TO)			
	ELECTRIC	WATER	CAPITAL PROJECT FUNDS	TOTAL
ELECTRIC FUND:				
Substation Rebuild CPF	\$ 1,159,857	\$ -	\$ (1,159,857)	\$ -
Series 2021 Electric CPF	40,115	-	(40,115)	-
Renewable Resource Development CPF	1,080,056	-	(1,080,056)	-
WATER FUND:				
Annex V, 24-25 CPF	-	59,963	(59,963)	-
Annex V, 26-27 CPF	-	1,998	(1,998)	-
Annex V, 28-29 CPF	-	3,547	(3,547)	-
Annex V, 32-34 CPF	-	141,439	(141,439)	-
Series 2018 Water/Wastewater CPF	-	(31)	31	-
Hurricane Matthew CPF	-	5,345,804	(5,345,804)	-
Rockfish Creek Basin Peak Flow Facilities CPF	-	1,858,103	(1,858,103)	-
Big Rockfish - SS Outfall CPF	-	2,469,996	(2,469,996)	-
Big Rockfish - SS Outfall Lift Station Elim CPF	-	449,021	(449,021)	-
Glenville-PO Hoffer Reliability Improvements	-	336,221	(336,221)	-
Series 2021 W/WW CPF	-	430,765	(430,765)	-
Series 2023 W/WW CPF	-	2,460	(2,460)	-
TOTAL PER FUNDS	\$ 2,280,028	\$ 11,099,286	\$ (13,379,314)	\$ -
LESS ELIMINATIONS	(2,280,028)	(11,099,286)	13,379,314	-
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, 2023

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	\$ (5,487,705)	-	\$ 5,487,705	-
transfer to Electric Rate Stabilization Fund	(6,674,050)	-	-	6,674,050
transfer to Transportation Equipment CPF	(1,728,600)	-	-	1,728,600
transfer to Electric (from NCDOT U-4408 Raeford Rd CPF)	2,399,209	-	-	(2,399,209)
transfer to Electric (from Electric Rate Stabilization)	13,798,564	-	-	(13,798,564)
transfer to Electric (from Substation Rebuild CPF)	5,948,962	-	-	(5,948,962)
transfer to Electric (Series 2021 Electric CPF)	3,283,230	-	-	(3,283,230)
WATER FUND:				
transfer to Water Rate Stabilization Fund	-	(250,000)	-	250,000
transfer to Annexation V Reserve Fund	-	(3,743,591)	3,743,591	-
transfer to Transportation Equipment CPF	-	(2,113,550)	-	2,113,550
transfer to Direct Grant CPF	-	(200,000)	-	200,000
transfer to Series 2021 Annexation, Area 32 - 34 Fund	-	(800,647)	-	800,647
transfer to NCDOT Project Fund	-	(5,793,073)	-	5,793,073
transfer to Water (from Annexation V Reserve Fund)	-	4,953,292	(4,953,292)	-
transfer to Water (from NCDOT CPF)	-	489,141	-	(489,141)
transfer to Water (from 2018 Water Wastewater)	-	39,152	-	(39,152)
transfer to Water (from Annexation V, 24 & 25)	-	7,480,011	-	(7,480,011)
transfer to Water (from Series 2021 W/WW CPF)	-	2,883,878	-	(2,883,878)
transfer to Water (from Annexation V, 22 & 23)	-	803,704	-	(803,704)
transfer to Water (from Transportation Equip CPF)	-	270,000	-	(270,000)
transfer to Annex V Res Asphalt Overlay (from Annex V Res)	-	-	(719,891)	719,891
transfer from Annex V Areas 22-23 (to Annex V Reserve)	-	-	(10,343)	10,343
transfer from Annex V Areas 24-25 (to Annex V Reserve)	-	-	(5,096,282)	5,096,282
transfer to Annex V Areas 26-27 (from Annex V Reserve)	-	-	(112,862)	112,862
transfer to Annex V Areas 28-29 (from Annex V Reserve)	-	-	(977,279)	977,279
transfer to Annex V Areas 32-34 (from Annex V Reserve)	-	-	(10,031,723)	10,031,723
TOTAL PER FUNDS	\$ 11,539,610	\$ 4,018,318	\$ (12,670,376)	\$ (2,887,551)
LESS ELIMINATIONS	(17,027,316)	(4,018,318)	18,158,081	2,887,551
TOTAL AFTER ELIMINATIONS	\$ (5,487,705)	\$ -	\$ 5,487,705	\$ -

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

Notes to the Financial Statements (continued)

June 30, 2023

Note 18 - Special Item

Duke Energy Progress, LLC invoiced Fayetteville Public Works Commission in its June 2023 period billing a net energy and demand true-up expense in the amount of \$7,216,414 for the service period of January through December 2022. A regulatory asset for the same amount has been recorded as of June 30, 2023, and PWC will recover the true-up amount through revenue received by imposing a \$0.00635 per kWh (energy) Power Supply Adjustment (PSA) in accordance with PWC's Service Regulations and Charges. The PSA applies to retail customers and will remain in effect from September 2023 through August 2024. The regulatory asset will be amortized over the same period.

Note 19 – Subsequent Events

The Commission has evaluated events subsequent to October 19, 2023, 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.

In September 2023, the Commission and the City Council each adopted a Bond Order resolution for the sale and issuance of Public Works Commission Revenue Bonds, Series 2023 by the City of Fayetteville, North Carolina, for the purpose of funding a Project Account in the amount of approximately \$164,157,000 for system improvements. The North Carolina Local Government Commission formally approved PWC's application and financing team members for Revenue Bonds on October 3, 2023, and the Revenue Bonds are anticipated to be competitively sold on October 24, 2023 and delivered on November 16, 2023. PWC expects the components of the 2023 Project to be completed by June 2026, and the Revenue Bonds will have a final maturity of March 1, 2053.

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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 Six Fiscal Years*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 457,798	\$ 680,802	\$ 591,679	\$ 522,127	\$ 533,802	\$ 565,873
Interest	554,640	758,247	1,261,273	1,066,552	996,634	836,244
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	1,213,879	(1,277,854)	(385,318)	1,885,481	1,283,176	1,346,521
Changes in assumptions	(2,319,733)	(5,852,037)	(1,127,566)	6,872,914	(380,720)	(1,715,410)
Benefit payments	(2,963,147)	(2,475,440)	(1,630,150)	(2,445,562)	(2,953,023)	(2,066,658)
Net change in total OPEB liability	\$ (3,056,563)	\$ (8,166,282)	\$ (1,290,082)	\$ 7,901,512	\$ (520,131)	\$ (1,033,430)
Total OPEB liability - beginning	26,693,679	34,859,961	36,150,043	28,248,531	28,768,662	29,802,092
Total OPEB liability - ending	\$ 23,637,116	\$ 26,693,679	\$ 34,859,961	\$ 36,150,043	\$ 28,248,531	\$ 28,768,662
 Covered-employee payroll	 \$ 48,092,376	 \$ 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	 49.10%	 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:

	2023	2022	2021	2020	2019	2018
Discount Rate	3.54%	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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PWC's proportion of the net pension liability (asset) (%)	0.6071%	0.6163%	0.5726%	0.5720%	0.5575%
PWC's proportion of the net pension liability (asset) (\$)	\$ 34,249,109	\$ 9,451,408	\$ 20,462,876	\$ 15,621,420	\$ 13,227,467
PWC's covered payroll	\$ 48,092,376	\$ 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	71.22%	20.23%	46.13%	37.12%	34.04%
Plan fiduciary net position as a percentage of the total pension liability **	90.70%	95.51%	91.63%	94.18%	91.47%

** 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)

	<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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 7,136,059	\$ 7,973,717	\$ 7,185,803	\$ 6,289,945	\$ 5,461,958
Contributions in relation to the contractually required contribution	<u>7,136,059</u>	<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>	<u>\$ -</u>
PWC's covered payroll	\$ 56,619,675	\$ 48,092,376	\$ 46,721,733	\$ 44,357,862	\$ 42,079,777
Contributions as a percentage of covered payroll	12.60%	16.58%	15.38%	14.18%	12.98%

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

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

	<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%

Supplementary Information

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

Combining Schedule of Net position
Electric Utility

June 30, 2023

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ 850,083	\$ -	\$ -
Investments	79,384,918	-	-
Receivables	27,750,667	-	-
Lease receivable current	705,560	-	-
Internal Balances	2,283,394	-	(1,159,857)
Less allowance for doubtful accounts	(108,293)	-	-
Inventories	18,613,402	-	-
Other current assets	5,138,523	-	-
Regulatory Asset-DEP Energy&Demand true up	7,216,414	-	-
Total current unrestricted assets	141,834,667	-	(1,159,857)
Current restricted assets			
Cash and cash equivalents	32,147,032	24,311,311	4,889,718
Investments	10,016,409	12,444,066	-
Collateral	557,878	-	-
Receivables	712,721	9,159	-
Total current restricted assets	43,434,040	36,764,536	4,889,718
Total current assets	185,268,707	36,764,536	3,729,861
Noncurrent assets			
Lease receivable noncurrent	3,793,545	-	-
Other assets	27,373	-	-
	3,820,917	-	-
Capital assets:			
Land and land rights	9,996,823	-	-
Construction in process	26,102,721	-	2,597,185
Electric utility systems	252,395,979	-	-
Buildings	25,048,851	-	-
Equipment and machinery	7,935,709	-	-
Computer programs	568,720	-	-
Intang bles	3,978,167	-	-
Vehicles	5,312,114	-	-
Office equipment	33,580	-	-
Capital assets, net	331,372,664	-	2,597,185
Right to use assets, net	2,530,879	-	-
Total noncurrent assets	337,724,461	-	2,597,185
Total assets	522,993,167	36,764,536	6,327,046
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	1,854	-	-
OPEB deferrals	2,992,886	-	-
Pension deferrals	12,514,325	-	-
Total deferred outflows of resources	15,509,065	-	-

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

Combining Schedule of Net position
Electric Utility

June 30, 2023

	Electric NCDOT U-4405 Raeford Rd Fund	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal Balances	-	-	(40,114)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Regulatory Asset-DEP Energy&Demand true up	-	-	-
Total current unrestricted assets	<u>-</u>	<u>-</u>	<u>(40,114)</u>
Current restricted assets			
Cash and cash equivalents	-	2,804,376	594,965
Investments	-	-	-
Collateral	-	-	-
Receivables	-	-	-
Total current restricted assets	<u>-</u>	<u>2,804,376</u>	<u>594,965</u>
Total current assets	<u>-</u>	<u>2,804,376</u>	<u>554,851</u>
Noncurrent assets			
Lease receivable noncurrent	-	-	-
Other assets	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets:			
Land and land rights	-	-	-
Construction in process	-	-	3,516,698
Electric utility systems	-	-	-
Buildings	-	-	-
Equipment and machinery	-	-	-
Computer programs	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>3,516,698</u>
Right to use assets, net	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,516,698</u>
Total assets	<u>-</u>	<u>2,804,376</u>	<u>4,071,549</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	-	-	-
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>

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

Combining Schedule of Net position
Electric Utility

June 30, 2023

	Renewable Resource Capital Project Fund	Series 2023 Electric Capital Project Fund	Total
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ 850,083
Investments	-	-	79,384,918
Receivables	-	-	27,750,667
Lease receivable current	-	-	705,560
Internal Balances	(1,080,056)	(3,366)	-
Less allowance for doubtful accounts	-	-	(108,293)
Inventories	-	-	18,613,402
Other current assets	-	-	5,138,523
Regulatory Asset-DEP Energy&Demand true up	-	-	7,216,414
Total current unrestricted assets	<u>(1,080,056)</u>	<u>(3,366)</u>	<u>139,551,273</u>
Current restricted assets			
Cash and cash equivalents	-	-	64,747,402
Investments	-	-	22,460,475
Collateral	-	-	557,878
Receivables	-	-	721,880
Total current restricted assets	<u>-</u>	<u>-</u>	<u>88,487,635</u>
Total current assets	<u>(1,080,056)</u>	<u>(3,366)</u>	<u>228,038,908</u>
Noncurrent assets			
Lease receivable noncurrent	-	-	3,793,545
Other assets	-	-	27,373
	<u>-</u>	<u>-</u>	<u>3,820,917</u>
Capital assets:			
Land and land rights	-	-	9,996,823
Construction in process	1,080,056	106,213	33,402,873
Electric utility systems	-	-	252,395,979
Buildings	-	-	25,048,851
Equipment and machinery	-	-	7,935,709
Computer programs	-	-	568,720
Intangibles	-	-	3,978,167
Vehicles	-	-	5,312,114
Office equipment	-	-	33,580
Capital assets, net	<u>1,080,056</u>	<u>106,213</u>	<u>338,672,816</u>
Right to use assets, net	-	-	2,530,879
Total noncurrent assets	<u>1,080,056</u>	<u>106,213</u>	<u>345,024,613</u>
Total assets	<u>-</u>	<u>102,847</u>	<u>573,063,521</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge n refunding	-	-	1,854
OPEB deferrals	-	-	2,992,886
Pension deferrals	-	-	12,514,325
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>15,509,065</u>

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

Combining Schedule of Net position
Electric Utility

June 30, 2023

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund
LIABILITIES			
Current liabilities to be paid from unrestricted current assets			
Current portion of long-term liabilities	3,630,140	-	-
Accounts payable and accrued expenses	22,422,428	-	-
Total current liabilities to be paid from unrestricted current assets	26,052,568	-	-
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	9,586,297	-	13,541
Total current liabilities to be paid from restricted current assets	9,586,297	-	13,541
Total current liabilities	35,638,865	-	13,541
Noncurrent liabilities			
Long-term liabilities	28,299,604	-	-
Total OPEB liability	10,915,216	-	-
Net pension liability	15,528,758	-	-
Subscription lease liability	1,763,963	-	-
Unearned deposits - metronet	776,540	-	-
Unearned deposits	7,980	-	-
Total noncurrent liabilities	57,292,061	-	-
Total liabilities	92,930,926	-	13,541
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	2,496,816	-	-
Pension deferrals	65,603	-	-
Lease deferrals	4,360,532	-	-
Total deferred inflows of resources	6,922,951	-	-
Net Position			
Net investment in capital assets	303,540,271	-	2,583,644
Restricted for -			
Capital Projects	355	-	-
Renewable energy	7,257,559	-	-
Other internal restrictions	26,589,829	36,764,536	4,876,177
Unrestricted Net Position	101,260,341	-	(1,146,316)
Total Net Position	\$ 438,648,355	\$ 36,764,536	\$ 6,313,505

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

**Combining Schedule of Net position
Electric Utility**

June 30, 2023

	Electric NCDOT U-4402 Raeford Rd Fund	Transportation Equipment Capital Project Fund	Series 2021 Electric 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	-	-	74,643
Total current liabilities to be paid from restricted current assets	-	-	74,643
Total current liabilities	-	-	74,643
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liability	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits - metronet	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	-	74,643
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Lease deferrals	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Net investment in capital assets	-	-	3,442,055
Restricted for -			
Capital Projects	-	-	-
Renewable energy	-	-	-
Other internal restrictions	-	2,804,376	529,825
Unrestricted Net Position	-	-	25,025
Total Net Position	\$ -	\$ 2,804,376	\$ 3,996,905

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

Combining Schedule of Net position
Electric Utility

June 30, 2023

	Renewable Resource Capital Project Fund	Series 2023 Electric Capital Project Fund	Total
LIABILITIES			
Current liabilities to be paid from unrestricted current assets			
Current portion of long-term liabilities	-	-	3,630,140
Accounts payable and accrued expenses	-	-	22,422,428
Total current liabilities to be paid from unrestricted current assets	-	-	26,052,568
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	-	102,847	9,777,328
Total current liabilities to be paid from restricted current assets	-	102,847	9,777,328
Total current liabilities	-	102,847	35,829,896
Noncurrent liabilities			
Long-term liabilities	-	-	28,299,604
Total OPEB liability	-	-	10,915,216
Net pension liability	-	-	15,528,758
Subscription lease liability	-	-	1,763,963
Unearned deposits - metronet	-	-	776,540
Unearned deposits	-	-	7,980
Total noncurrent liabilities	-	-	57,292,061
Total liabilities	-	102,847	93,121,957
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	-	-	2,496,816
Pension deferrals	-	-	65,603
Lease deferrals	-	-	4,360,532
Total deferred inflows of resources	-	-	6,922,951
Net Position			
Net investment in capital assets	1,080,056	3,366	310,649,392
Restricted for -			
Capital Projects	-	-	355
Renewable energy	-	-	7,257,559
Other internal restrictions	-	-	71,564,743
Unrestricted Net Position	(1,080,056)	(3,366)	99,055,628
Total Net Position	\$ -	\$ -	\$ 488,527,677

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, 2023

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund
Operating Revenues			
Residential, commercial, and industrial sales	\$ 181,492,006	\$ -	\$ -
Other charges for services	39,770,647	-	-
Total operating revenues	<u>221,262,653</u>	<u>-</u>	<u>-</u>
Operating Expenses			
Power supply and generation	150,685,987	-	-
Electric operation	25,697,905	-	-
General and administrative	23,916,761	-	-
Depreciation and amortization	20,984,837	-	-
Total operating expenses	<u>221,285,490</u>	<u>-</u>	<u>-</u>
Operating Income	<u>(22,837)</u>	<u>-</u>	<u>-</u>
Nonoperating revenue (expense)			
Intergovernmental expense	-	-	-
Transfer from City - Relief Fund Payment	4,000,000	-	-
Payment in lieu of taxes	(12,405,712)	-	-
Interest earned on investments	1,949,111	1,136,310	214,087
Interest - Market Adjustment	(1,686,850)	66,564	-
Gain (loss) on disposal of assets	(604,828)	-	-
Interest Expense	(858,021)	-	-
Interest Leases	(37,975)	-	-
Finance costs	(23,005)	-	-
Total nonoperating revenue (expense)	<u>(9,667,280)</u>	<u>1,202,874</u>	<u>214,087</u>
Income loss before transfers and contributions	<u>(9,690,117)</u>	<u>1,202,874</u>	<u>214,087</u>
Contributions	2,372,862	-	-
Transfer In	25,429,965	6,674,049	-
Transfers Out	(13,890,354)	(13,798,564)	(5,948,962)
Change in Net Position	4,222,356	(5,921,641)	(5,734,875)
Total Net Position - beginning	<u>434,425,999</u>	<u>42,686,177</u>	<u>12,048,380</u>
Total Net Position - ending	<u>\$ 438,648,355</u>	<u>\$ 36,764,536</u>	<u>\$ 6,313,505</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, 2023

	Electric NCDOT U-4405 Raeford Rd Fund	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund
Operating Revenues			
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -
Other charges for services	-	-	-
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Operating Expenses			
Power supply and generation	-	-	-
Electric operation	-	-	-
General and administrative	-	-	-
Depreciation and amortization	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating revenue (expense)			
Intergovernmental expense	-	-	-
Payment in lieu of taxes	-	-	-
Payment in lieu of taxes	-	-	-
Interest earned on investments	-	-	30,725
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest Expense	-	-	-
Interest Leases	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	<u>-</u>	<u>-</u>	<u>30,725</u>
Income loss before transfers and contributions	<u>-</u>	<u>-</u>	<u>30,725</u>
Contributions	141,545	-	-
Transfer In	-	1,728,600	-
Transfers Out	<u>(2,399,209)</u>	<u>-</u>	<u>(3,283,230)</u>
Change in Net Position	(2,257,664)	1,728,600	(3,252,505)
Total Net Position - beginning	<u>2,257,664</u>	<u>1,075,776</u>	<u>7,249,410</u>
Total Net Position - ending	<u>\$ -</u>	<u>\$ 2,804,376</u>	<u>\$ 3,996,905</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, 2023

	Renewable Resource Capital Project Fund	Series 2023 Electric Capital Project Fund	Total
Operating Revenues			
Residential, commercial, and industrial sales	\$ -	\$ -	\$ 181,492,006
Other charges for services	-	-	39,770,647
Total operating revenues	-	-	221,262,653
Operating Expenses			
Power supply and generation	-	-	150,685,987
Electric operation	-	-	25,697,905
General and administrative	-	-	23,916,761
Depreciation and amortization	-	-	20,984,837
Total operating expenses	-	-	221,285,490
Operating Income	-	-	(22,837)
Nonoperating revenue (expense)			
Intergovernmental expense	-	-	-
Payment in lieu of taxes	-	-	4,000,000
Payment in lieu of taxes	-	-	(12,405,712)
Interest earned on investments	-	-	3,330,233
Interest - Market Adjustment	-	-	(1,620,286)
Gain (loss) on disposal of assets	-	-	(604,828)
Interest Expense	-	-	(858,021)
Interest Leases	-	-	(37,975)
Finance costs	-	-	(23,005)
Total nonoperating revenue (expense)	-	-	(8,219,594)
Income loss before transfers and contributions	-	-	(8,242,431)
Contributions	-	-	2,514,407
Transfer In	-	-	33,832,614
Transfers Out	-	-	(39,320,319)
Change in Net Position	-	-	(11,215,729)
Total Net Position - beginning	-	-	499,743,406
Total Net Position - ending	\$ -	\$ -	\$ 488,527,677

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, 2023

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

	2023			2022
	Budget	Variance Positive (Negative)	Actual	Actual
Revenues				
Operating Revenues				
Electric operations				
Residential, commercial, and industrial sales	\$ 189,369,900	\$ (7,877,895)	\$ 181,492,006	\$ 186,526,729
Other sales of electric	12,011,800	(279,474)	11,732,326	11,726,662
City services	1,363,700	25,467	1,389,167	1,332,393
Non-utility charges	3,273,500	(160,873)	3,112,627	4,643,584
Service charges	6,625,200	(476,211)	6,148,989	5,918,846
Miscellaneous	16,842,700	544,837	17,387,537	17,316,926
Total Operating Revenues	<u>229,486,800</u>	<u>(8,224,149)</u>	<u>221,262,652</u>	<u>227,465,140</u>
Non-operating revenues				
Gain (loss) on asset disposal	-	(604,828)	(604,828)	(345,417)
Interest earned on investments	1,872,000	77,111	1,949,111	1,342,188
Investment loss	-	(1,686,850)	(1,686,850)	(6,183,694)
Total non-operating revenues	<u>1,872,000</u>	<u>(2,214,567)</u>	<u>(342,567)</u>	<u>(5,186,923)</u>
Contributions				
Contributions	1,759,900	612,962	2,372,862	646,971
Total contributions	<u>1,759,900</u>	<u>612,962</u>	<u>2,372,862</u>	<u>646,971</u>
Transfers in				
Transfer from Electric Rate Stabilization Fund	13,798,600	(36)	13,798,564	9,732,270
Total transfer in	<u>13,798,600</u>	<u>(36)</u>	<u>13,798,564</u>	<u>9,732,270</u>
Intergovernmental Revenue				
Transfer from City - Relief Fund Repayment	1,333,400	2,666,600	4,000,000	646,971
Total contributions	<u>1,333,400</u>	<u>2,666,600</u>	<u>4,000,000</u>	<u>646,971</u>
Budgetary appropriations				
Appropriated net position	28,517,600	(28,517,600)	-	-
Accounts Receivable - City	-	1,333,063	1,333,063	-
Notes Receivable - Coal Ash Adjustment	-	-	-	22,230,520
Reserve for Electric capital project	-	-	-	3,944,218
Reserve for REPS	2,517,400	(51,464)	2,465,936	1,561,280
Series 2021 COI	-	-	-	51,622
Series 2021 Interest	130,000	(25)	129,975	84,484
Transfer from Budget Carryover	327,900	(5,700)	322,200	-
Transfer from BWGP Startup Cost Reserve	-	-	-	1,692,659
Transfer to DOT E Raeford Rd CPF	123,200	(46)	123,154	-
Transfer from Coal Ash reserve	7,550,300	78,031	7,628,331	7,139,917
Total budgetary appropriations	<u>39,166,400</u>	<u>(27,163,741)</u>	<u>12,002,659</u>	<u>36,704,700</u>
Total Revenues	<u>\$ 287,417,100</u>	<u>\$ (34,322,931)</u>	<u>\$ 253,094,170</u>	<u>\$ 270,009,129</u>
Expenditures				
Administration	\$ 955,800	\$ 217,768	\$ 738,032	\$ 878,324
Apparatus repair shop	557,400	9,499	547,901	518,411
Compliance	1,396,200	1,148,110	248,090	1,571,785
Construction and maintenance	16,033,600	13,991	16,019,609	18,219,793
CT metering crews	487,000	7,177	479,823	407,757
Electric meter shop	49,000	30,497	18,503	89,372
Engineering	3,570,600	179,190	3,391,410	3,433,126
Fiber	394,500	(22,453)	416,953	350,042
Pole make ready project	985,500	318,049	667,451	2,574,802
Power supply and generation	167,526,100	16,925,744	150,600,356	141,331,267
Renewable resource energy	67,700	(17,931)	85,631	71,857
Substation construction	3,173,000	2,867	3,170,133	3,022,118
Total electric operations	<u>195,196,400</u>	<u>18,812,508</u>	<u>176,383,892</u>	<u>172,468,654</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, 2023
(with comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
General and administrative				
Accounting	\$ 790,350	\$ 4,296	\$ 786,054	\$ 707,643
Accounts Receivable	204,000	2,487	201,513	206,814
Budget	117,250	2,236	115,014	115,252
Communications and community relations	931,700	46,102	885,598	920,193
Customer accounts call and service center	1,827,700	85,238	1,742,462	1,684,360
Customer administration	711,100	73,745	637,355	641,454
Customer billing and collection support	1,025,400	7,378	1,018,022	899,671
Development and marketing	932,100	262,067	670,033	584,847
Executive	1,390,950	203,477	1,187,473	1,069,581
Facilities maintenance	378,300	2,228	376,072	334,189
Financial administration	185,200	8,049	177,151	157,124
Financial planning administration	398,650	(7,222)	405,872	351,050
Fleet maintenance	2,189,600	756,264	1,433,336	1,463,795
Human resources	1,502,750	346,429	1,156,321	1,004,427
Information Technology	4,027,050	433,464	3,593,586	3,619,619
Information technology infrastructure	2,644,250	582,250	2,062,000	1,680,770
Internal audit	156,750	1,226	155,524	140,625
Legal	730,700	316,694	414,006	367,735
Meter data management	358,650	3,308	355,342	375,768
Payroll	92,450	2,927	89,523	97,764
Procurement	459,750	39,264	420,486	404,269
Project Management	2,426,900	714,156	1,712,744	1,628,318
Rates	152,950	955	151,995	235,478
Risk management	1,604,750	239,240	1,365,510	1,284,821
Support Services Administration	194,950	27,912	167,038	165,022
Utility field services	829,000	38,562	790,438	732,738
Warehouse	608,300	(100,793)	709,093	614,428
Medical Insurance	3,947,300	47,627	3,899,673	4,488,457
Other	7,601,100	3,829,784	3,771,316	3,314,408
Allocated rent and fiber clearing	(1,999,200)	(150)	(1,999,050)	(2,150,210)
Overhead clearing	(6,777,700)	345,572	(7,123,272)	(6,189,863)
Total general and administrative	29,643,000	8,314,771	21,328,229	20,950,547
Total operating expenditures	\$ 224,839,400	\$ 27,127,279	\$ 197,712,121	\$ 193,419,201
Non-operating expenditures				
Intergovernmental expense	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	12,405,800	88	12,405,712	11,853,127
Loss on asset disposal	-	-	-	-
Interest Expense	1,030,600	59	1,030,541	998,237
Interest Lease	42,400	41,874	526	106
Interest Subscription Lease	-	(37,450)	37,450	10,538
Finance costs	24,100	1,095	23,005	74,920
Total non-operating expenditures	13,502,900	5,666	13,497,234	12,936,928

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, 2023

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

	2023			2022
	Budget	Variance Positive (Negative)	Actual	Actual
Transfers out				
Transfer to Electric Rate Stabilization Fund	\$ 6,674,200	\$ 150	\$ 6,674,050	\$ 12,257,888
Transfer to Transporation Equipment Fund	1,728,600	-	1,728,600	823,000
Transfer to Annexation V Reserve Fund	5,487,800	95	5,487,705	4,903,183
Transfer to Substation Rebuild Fund	-	-	-	2,500,000
Transfer to NCDOT Raeford Road Fund	-	-	-	306,000
Total transfers out	13,890,600	246	13,890,355	20,790,071
Budgetary appropriations				
Inventory increase (decrease)		(630,740)	630,740	(391,162)
Vehicle and equipment increase (decrease)		962,224	(962,224)	(942,138)
Debt principal payments	1,162,700	98	1,162,602	1,114,065
Principal payments - Leases	47,000	42,352	4,648	1,187
Principal payments - Subscription Leases	907,100	137,373	769,727	467,061
Transfer to REPS Reserve	2,275,900	(34,451)	2,310,351	2,303,868
BWGP Start Up cost reserve	697,300	32,552	664,748	-
Transfer to Legal Reserve	479,700	-	479,700	-
Capital Outlay	24,462,500	3,335,656	21,126,844	23,806,564
Budget Carryover Reserve	724,300	-	724,300	332,600
Transfer to Capitalized Interest	-	144	(144)	214,666
Transfer to Coal Ash Reserve	4,427,700	(12,676)	4,440,376	17,087,146
Total budgetary appropriations	35,184,200	3,832,532	31,351,668	43,993,857
Total expenditures	\$ 287,417,100	\$ 30,965,723	\$ 256,451,378	\$ 271,140,057
Reconciliation of change in Net Position				
Total Revenues		\$ (34,322,931)	\$ 253,094,170	\$ 270,009,129
Total Expenditures		30,965,723	256,451,378	271,140,057
Subtotal		\$ (3,357,208)	(3,357,208)	(1,130,928)
Reconciling items:				
Budgetary appropriations			19,349,009	7,289,157
Depreciation			(20,256,566)	(19,407,944)
Accumulated Amortization - Leases			(4,863)	(1,067)
Accumulated Amortization - Subscription Leases			(723,408)	(441,103)
Amortization for refunding			172,520	143,563
OPEB expense			(194,087)	(560,742)
LGERS expense			(2,394,443)	674,606
Series 2021 Electric Bond Proceeds			-	(7,244,230)
Transfer of assets (to)/from Electric NCDOT U-4405 Raeford Road			2,276,055	20,574,795
Transfer of assets (to)/from the Transportation and Equipment Capital Project Fund			(2,512,224)	789,707
Transfer of assets from the Substation Rebuild Capital Project Fund			5,948,962	712,163
Transfer from DOT E Raeford Rd CPF			123,154	-
Transfer of assets from the Transportation Capital Project Fund			2,512,224	-
Transfer of assets from the Series 2021 Electric CPF			3,283,230	-
Total reconciling (to) / from			7,579,563	2,528,905
Change in Net Position			\$ 4,222,356	\$ 751,006

**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, 2023

	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	8,636,300	7,684,056	1,202,873	8,886,929
Total Revenues	<u>12,806,025</u>	<u>11,853,781</u>	<u>1,202,873</u>	<u>13,056,654</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Expenditures	<u>12,806,025</u>	<u>11,853,781</u>	<u>1,202,873</u>	<u>13,056,654</u>
Other Financing Sources (Uses)				
Transfer from Electric fund	88,204,226	86,885,307	1,318,920	88,204,227
Transfer from Electric fund - WPCA	3,861,615	3,861,615	-	3,861,615
Transfer from Electric fund - True-Up Credits	14,947,753	9,592,622	5,355,130	14,947,752
Transfer to Electric fund	(73,499,193)	(59,654,637)	(5,000,000)	(64,654,637)
Transfer to Electric fund - Duke Energy True-Up	(6,105,913)	(5,852,511)	(8,798,564)	(14,651,075)
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	(26,414,513)	-	-	-
Total Other Financing Sources, net	<u>(12,806,025)</u>	<u>30,832,396</u>	<u>(7,124,514)</u>	<u>23,707,882</u>
Revenues and Other Financing Sources Over Expenditures	<u>-</u>	<u>\$ 42,686,177</u>	<u>\$ (5,921,641)</u>	<u>\$ 36,764,536</u>
Reconciling Items:				
Change in Net Position			<u>\$ (5,921,641)</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, 2023

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on other investments	\$ -	\$ 84,926	\$ 214,087	\$ 299,013
Total Revenues	<u>-</u>	<u>84,926</u>	<u>214,087</u>	<u>299,013</u>
Expenditures				
Construction	-	3,977,461	1,334,457	5,311,918
Engineering	-	1,441,211	27,875	1,469,086
Right of Way	-	3,868,764	-	3,868,764
Other	-	35,887	-	35,887
Total Expenditures	<u>59,219,000</u>	<u>9,323,323</u>	<u>1,362,332</u>	<u>10,685,655</u>
Revenues Under Expenditures	<u>(59,219,000)</u>	<u>(9,238,397)</u>	<u>(1,148,245)</u>	<u>(10,386,642)</u>
Other Financing Sources (Uses)				
Transfer (to) from Electric Fund	59,219,000	14,102,960	-	14,102,960
Total Other Financing Sources	<u>59,219,000</u>	<u>14,102,960</u>	<u>-</u>	<u>14,102,960</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 4,864,563</u>	<u>\$ (1,148,245)</u>	<u>\$ 3,716,318</u>
Reconciling Items:				
Capital Outlay			1,362,332	
Transfer of assets (to)/from the Electric Fund			(5,948,962)	
Change in Net Position			<u>\$ (5,734,875)</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, 2023

	<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	-	14,063,907	-	14,063,907
Engineering	-	507,638	-	507,638
Right of Way	-	1,807,282	-	1,807,282
Costs of removal/maintenance expense	-	5,265,162	-	5,265,162
Other	-	1,299,920	-	1,299,920
Total Expenditures	<u>24,200,000</u>	<u>22,943,909</u>	<u>-</u>	<u>22,943,909</u>
Revenues Under Expenditures	<u>(24,200,000)</u>	<u>(22,943,909)</u>	<u>-</u>	<u>(22,943,909)</u>
Other Financing Sources (Uses)				
Transfer (to) / from Electric Fund	2,400,000	2,276,000	(123,154)	2,152,846
NCDOT Proceeds	21,800,000	20,649,518	141,545	20,791,063
Total Other Financing Sources	<u>24,200,000</u>	<u>22,925,518</u>	<u>18,391</u>	<u>22,943,909</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (18,391)</u>	<u>\$ 18,391</u>	<u>\$ -</u>
Reconciling Items:				
Capital Outlay			-	
Reclassification of costs of removal - job cost closing			-	
Transfer of assets to the Electric Fund			(2,276,055)	
Change in net position			<u>\$ (2,257,664)</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, 2023

	<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				
Equipment Purchases	4,565,600	-	-	-
Total Expenditures	<u>4,565,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Under Expenditures	(4,565,600)	-	-	-
Other Financing Sources				
Transfer from Electric Fund	4,565,600	1,075,776	1,728,600	2,804,376
Total Other Financing Sources	<u>4,565,600</u>	<u>1,075,776</u>	<u>1,728,600</u>	<u>2,804,376</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 1,075,776</u>	<u>\$ 1,728,600</u>	<u>\$ 2,804,376</u>
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to Electric Fund			-	
Change in Net Position			<u>\$ 1,728,600</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, 2023

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned	28,117	5,180	30,725	35,905
Total Revenues	<u>\$ 28,117</u>	<u>\$ 5,180</u>	<u>\$ 30,725</u>	<u>\$ 35,905</u>
Expenditures				
Construction	-	4,864,899	1,578,880	6,443,779
Engineering	-	122,830	55,294	178,124
Other	-	109,136	68,889	178,025
Total Expenditures	<u>7,272,347</u>	<u>5,096,865</u>	<u>1,703,063</u>	<u>6,799,928</u>
Revenues Under Expenditures	<u>(7,244,230)</u>	<u>(5,091,685)</u>	<u>(1,672,338)</u>	<u>(6,764,023)</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>7,244,230</u>	<u>-</u>	<u>7,244,230</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ 2,152,545</u>	<u>\$ (1,672,338)</u>	<u>\$ 480,207</u>
Reconciling Items:				
Capital Outlay			1,703,063	
Transfer of assets to the Electric Fund			(3,283,230)	
Change in net position			<u>\$ (3,252,505)</u>	

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

**Schedule of Changes in the Renewable Resource Development
Capital Project Fund**

From Inception and for the Period Ended June 30, 2023

	<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	-	75,000	-	75,000
Engineering	-	354,606	455,923	810,529
Other	-	105,973	88,554	194,527
Total Expenditures	<u>20,500,000</u>	<u>535,579</u>	<u>544,477</u>	<u>1,080,056</u>
Revenues Under Expenditures	<u>(20,500,000)</u>	<u>(535,579)</u>	<u>544,477</u>	<u>(1,080,056)</u>
Other Financing Sources (Uses)				
Bond Proceeds	20,500,000	-	-	-
Total Other Financing Sources	<u>20,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (535,579)</u>	<u>\$ (544,477)</u>	<u>\$ -</u>
Reconciling Items:				
Capital Outlay			544,477	
Transfer of assets to the Electric Fund			-	
Change in net position			<u>\$ -</u>	

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

**Series 2023 Electrical Revenue Bond
Capital Project Fund**

From Inception and for the Period Ended June 30, 2023

	<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	-	-	105,800	105,800
Other	-	-	413	413
Total Expenditures	<u>86,242,174</u>	<u>-</u>	<u>106,213</u>	<u>106,213</u>
Revenues Under Expenditures	<u>(86,242,174)</u>	<u>-</u>	<u>(106,213)</u>	<u>(106,213)</u>
Other Financing Sources (Uses)				
Bond Proceeds	86,242,174	-	-	-
Total Other Financing Sources	<u>86,242,174</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (106,213)</u>	<u>\$ (106,213)</u>

Reconciling Items:

Capital Outlay	106,213
Transfer of assets to the Electric Fund	-
Change in net position	<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, 2023

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ 27,623,975	\$ -	\$ -
Investments	30,127,139	-	-
Receivables	22,263,401	-	-
Lease receivable current	-	-	-
Internal balances	11,099,286	-	-
Less allowance for doubtful accounts	(98,569)	-	-
Inventories	3,535,168	-	-
Other current assets	1,423,373	-	-
Total current unrestricted assets	95,973,773	-	-
Current restricted assets			
Cash and cash equivalents	19,610,945	895,568	24,246,885
Investments	5,523,261	971,063	-
Collateral	239,090	-	-
Receivables	3,321,572	208	-
Total current restricted assets	28,694,868	1,866,839	24,246,885
Total current assets	124,668,641	1,866,839	24,246,885
Noncurrent assets			
Other assets	35,284	-	-
Capital Assets:			
Land and land rights	13,872,194	-	-
Construction in process	37,940,203	-	-
Water system	269,552,368	-	-
Sewer system	452,662,016	-	-
Building	8,038,437	-	-
Equipment and machinery	3,639,609	-	-
Computer equipment	475,381	-	-
Intangibles	2,276,866	-	-
Vehicles	5,918,600	-	-
Office equipment	13,676	-	-
Capital assets, net	794,389,349	-	-
Right to use leased assets, net	2,547,202	-	-
Total capital assets, net	796,936,552	-	-
Total assets	921,640,476	1,866,839	24,246,885
Deferred Outflows of Resources			
Deferred charge on refunding	651,842	-	-
OPEB deferrals	3,508,106	-	-
Pension deferrals	15,086,367	-	-
Total deferred outflows of resources	19,246,315	-	-

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	NCDOT Capital Project Fund	Hurricane Matthew Capital Project Fund	Annexation Phase V Areas 32/33/34 Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	-	(5,345,804)	(141,439)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	-	(5,345,804)	(141,439)
Current restricted assets			
Cash and cash equivalents	18,460,580	-	-
Investments	5,693,143	-	-
Collateral	-	-	-
Receivables	6,340	1,260,031	162,866
Total current restricted assets	24,160,063	1,260,031	162,866
Total current assets	24,160,063	(4,085,772)	21,427
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	214,807	438,077	19,396,597
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	214,807	438,077	19,396,597
Right to use leased assets, net	-	-	-
Total capital assets, net	214,807	438,077	19,396,597
Total assets	24,374,870	(3,647,695)	19,418,024
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	-
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Total deferred outflows of resources	-	-	-

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Annexation Phase V Areas 22/23 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	-	31	(1,858,103)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	-	31	(1,858,103)
Current restricted assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Collateral	-	-	-
Receivables	-	83	2,089,431
Total current restricted assets	-	83	2,089,431
Total current assets	-	114	231,328
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	-	42,914	14,287,597
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	-	42,914	14,287,597
Right to use leased assets, net	-	-	-
Total capital assets, net	-	42,914	14,287,597
Total assets	-	43,028	14,518,925
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	-
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Total deferred outflows of resources	-	-	-

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Annexation Phase V Areas 24/25 Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	(59,963)	(2,469,996)	(449,021)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	<u>(59,963)</u>	<u>(2,469,996)</u>	<u>(449,021)</u>
Current restricted assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Collateral	-	-	-
Receivables	58,858	1,917,316	257,141
Total current restricted assets	<u>58,858</u>	<u>1,917,316</u>	<u>257,141</u>
Total current assets	<u>(1,105)</u>	<u>(552,680)</u>	<u>(191,880)</u>
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	2,536,111	11,531,298	1,756,124
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	<u>2,536,111</u>	<u>11,531,298</u>	<u>1,756,124</u>
Right to use leased assets, net	-	-	-
Total capital assets, net	<u>2,536,111</u>	<u>11,531,298</u>	<u>1,756,124</u>
Total assets	<u>2,535,006</u>	<u>10,978,618</u>	<u>1,564,244</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	-
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Total deferred outflows of resources	<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, 2023

	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	(1,998)	(336,221)	(3,547)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	<u>(1,998)</u>	<u>(336,221)</u>	<u>(3,547)</u>
Current restricted assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Collateral	-	-	-
Receivables	-	-	-
Total current restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>(1,998)</u>	<u>(336,221)</u>	<u>(3,547)</u>
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	1,269,582	338,446	1,315,771
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	<u>1,269,582</u>	<u>338,446</u>	<u>1,315,771</u>
Right to use leased assets, net	-	-	-
Total capital assets, net	<u>1,269,582</u>	<u>338,446</u>	<u>1,315,771</u>
Total assets	<u>1,267,584</u>	<u>2,225</u>	<u>1,312,224</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	-
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Total deferred outflows of resources	<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, 2023

	Annexation Phase V Asphalt Overlay Capital Project Fund	Series 2021 Water/Wastewater Capital Project Fund	Series 2023 Water/Wastewater Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	-	(430,765)	(2,460)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	-	(430,765)	(2,460)
Current restricted assets			
Cash and cash equivalents	-	28,915,882	-
Investments	-	-	-
Collateral	-	-	-
Receivables	-	102,837	-
Total current restricted assets	-	29,018,719	-
Total current assets	-	28,587,954	(2,460)
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	719,891	25,840,964	2,460
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	719,891	25,840,964	2,460
Right to use leased assets, net	-	-	-
Total capital assets, net	719,891	25,840,964	2,460
Total assets	719,891	54,428,918	-
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	-
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Total deferred outflows of resources	-	-	-

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Direct Grant Capital Project Fund	Transportation Equipment Capital Project Fund	AIA Grant Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	-	-	-
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	-	-	-
Current restricted assets			
Cash and cash equivalents	312,838	1,843,550	-
Investments	-	-	-
Collateral	-	-	-
Receivables	-	-	-
Total current restricted assets	312,838	1,843,550	-
Total current assets	312,838	1,843,550	-
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	-	-	-
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	-	-	-
Right to use leased assets, net	-	-	-
Total capital assets, net	-	-	-
Total assets	312,838	1,843,550	-
Deferred Outflows of Resources			
Deferred charge on refunding	-	-	-
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Total deferred outflows of resources	-	-	-

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Sewer Main Rehab ARPA Grants Capital Project Fund	Total
ASSETS		
Current unrestricted assets		
Cash and cash equivalents	\$ -	\$ 27,623,975
Investments	-	30,127,139
Receivables	-	22,263,401
Lease receivable current	-	-
Internal balances	-	-
Less allowance for doubtful accounts	-	(98,569)
Inventories	-	3,535,168
Other current assets	-	1,423,373
Total current unrestricted assets	-	84,874,487
Current restricted assets		
Cash and cash equivalents	-	94,286,248
Investments	-	12,187,467
Collateral	-	239,090
Receivables	-	9,176,683
Total current restricted assets	-	115,889,488
Total current assets	-	200,763,976
Noncurrent assets		
Other assets	-	35,284
Capital Assets:		
Land and land rights	-	13,872,194
Construction in process	-	117,630,842
Water system	-	269,552,368
Sewer system	-	452,662,016
Building	-	8,038,437
Equipment and machinery	-	3,639,609
Computer equipment	-	475,381
Intangibles	-	2,276,866
Vehicles	-	5,918,600
Office equipment	-	13,676
Capital assets, net	-	874,079,989
Right to use leased assets, net	-	2,547,202
Total capital assets, net	-	876,662,475
Total assets	-	1,077,426,451
Deferred Outflows of Resources		
Deferred charge on refunding	-	651,842
OPEB deferrals	-	3,508,106
Pension deferrals	-	15,086,367
Total deferred outflows of resources	-	19,246,315

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund
LIABILITIES			
Current liabilities to be paid from			
unrestricted current assets			
Current portion of long-term liabilities	\$ 16,591,302	\$ -	\$ -
Accounts payable and accrued expenses	15,649,814	-	-
Total current liabilities to be paid from unrestricted current assets	32,241,116	-	-
Current liabilities to be paid from			
restricted current assets			
Accounts payable and accrued expenses	4,354,557	-	-
Total current liabilities to be paid from restricted current assets	4,354,557	-	-
Total current liabilities	36,595,673	-	-
Noncurrent liabilities			
Long-term liabilities	331,127,341	-	-
Total OPEB liabilities	12,721,900	-	-
Net pension liability	18,720,351	-	-
Subscription lease liability	1,763,963	-	-
Unearned deposits	29,770	-	-
Total noncurrent liabilities	364,363,325	-	-
Total liabilities	400,958,998	-	-
Deferred Inflows of resources			
OPEB deferral	3,057,581	-	-
Pension deferral	79,087	-	-
Lease deferral	-	-	-
Refunding deferral	-	-	-
Total deferred inflows of resources	3,136,668	-	-
NET POSITION			
Net Investment in capital assets	479,375,750	-	-
Restricted for -			
Capital Projects	2,568	-	24,246,885
Debt service	-	-	-
Other internal restrictions	24,337,743	1,866,839	-
Unrestricted Net Position	33,075,064	-	-
Total Net Position	\$ 536,791,125	\$ 1,866,839	\$ 24,246,885

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	NCDOT Capital Project Fund	Hurricane Matthew Capital Project Fund	Annexation Phase V Area 32/33/34 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			
from unrestricted current assets	-	-	-
Current liabilities to be paid from			
restricted current assets			
Accounts payable and accrued expenses	214,807	318,584	2,335,022
Total current liabilities to be paid from			
restricted current assets	214,807	318,584	2,335,022
Total current liabilities	214,807	318,584	2,335,022
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	214,807	318,584	2,335,022
Deferred Inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Lease deferral	-	-	-
Refunding deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	-	119,492	17,061,574
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	24,160,063	1,244,102	-
Unrestricted Net Position	0	(5,329,873)	21,428
Total Net Position	\$ 24,160,063	\$ (3,966,279)	\$ 17,083,002

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Annexation Phase V Area 22/23 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund	Rockfish Creek Basin Peak Flow Facilities 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			
from unrestricted current assets	-	-	-
Current liabilities to be paid from			
restricted current assets			
Accounts payable and accrued expenses	-	-	536,013
Total current liabilities to be paid from			
restricted current assets	-	-	536,013
Total current liabilities	-	-	536,013
Noncurrent liabilities			
Long-term liabilities	-	-	14,391,994
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	14,391,994
Total liabilities	-	-	14,928,007
Deferred Inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Lease deferral	-	-	-
Refunding deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	-	42,915	-
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	-	83	1,810,169
Unrestricted Net Position	-	30	(2,219,251)
Total Net Position	\$ -	\$ 43,028	\$ (409,082)

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Annexation Phase V Area 24/25 Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim 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	3,361	729,533	124,607
Total current liabilities to be paid from restricted current assets	3,361	729,533	124,607
Total current liabilities	3,361	729,533	124,607
Noncurrent liabilities			
Long-term liabilities	-	10,249,085	1,439,637
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	10,249,085	1,439,637
Total liabilities	3,361	10,978,618	1,564,244
Deferred Inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Lease deferral	-	-	-
Refunding deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	2,532,751	552,679	191,880
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	58,858	1,685,162	245,251
Unrestricted Net Position	(59,963)	(2,237,841)	(437,131)
Total Net Position	<u>\$ 2,531,646</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, 2023

	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
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			
from unrestricted current assets	-	-	-
Current liabilities to be paid from			
restricted current assets			
Accounts payable and accrued expenses	10,690	2,226	66,559
Total current liabilities to be paid from			
restricted current assets	10,690	2,226	66,559
Total current liabilities	10,690	2,226	66,559
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	10,690	2,226	66,559
Deferred Inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Lease deferral	-	-	-
Refunding deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	1,258,893	336,220	1,249,211
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	-	-	-
Unrestricted Net Position	(1,999)	(336,220)	(3,547)
Total Net Position	\$ 1,256,894	\$ -	\$ 1,245,664

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2023

	Annexation Phase V Asphalt Overlay Capital Project Fund	Series 2021 Water/Wastewater Capital Project Fund	Series 2023 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	-	4,243,035	-
Total current liabilities to be paid from restricted current assets	-	4,243,035	-
Total current liabilities	-	4,243,035	-
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	-	4,243,035	-
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Lease deferral	-	-	-
Refunding deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	719,891	21,597,930	2,460
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	-	-	-
Unrestricted Net Position	-	28,587,953	(2,460)
Total Net Position	<u>\$ 719,891</u>	<u>\$ 50,185,883</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, 2023

	Direct Grant Project Fund	Transportation Equipment Capital Project Fund	AIA Grant 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	1,382	-	9,356
Total current liabilities to be paid from restricted current assets	1,382	-	9,356
Total current liabilities	1,382	-	9,356
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	1,382	-	9,356
Deferred Inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Lease deferral	-	-	-
Refunding deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	-	-	-
Restricted for -			
Capital Projects	311,456	1,843,550	-
Debt service	-	-	-
Other internal restrictions	-	-	-
Unrestricted Net Position	-	-	(9,356)
Total Net Position	<u>\$ 311,456</u>	<u>\$ 1,843,550</u>	<u>\$ (9,356)</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, 2023

	Sewer Main Rehab ARPA Capital Project Fund	Total
LIABILITIES		
Current liabilities to be paid from		
unrestricted current assets		
Current portion of long-term liabilities	\$ -	\$ 16,591,302
Accounts payable and accrued expenses	-	15,649,814
Total current liabilities to be paid from unrestricted current assets	-	32,241,116
Current liabilities to be paid from		
restricted current assets		
Accounts payable and accrued expenses	-	12,949,733
Total current liabilities to be paid from restricted current assets	-	12,949,733
Total current liabilities	-	45,190,849
Noncurrent liabilities		
Long-term liabilities	-	357,208,057
Total OPEB liabilities	-	12,721,900
Net pension liability	-	18,720,351
Subscription lease liability	-	1,763,963
Unearned deposits	-	29,770
Total noncurrent liabilities	-	390,444,041
Total liabilities	-	435,634,890
Deferred Inflows of resources		
OPEB deferral	-	3,057,581
Pension deferral	-	79,087
Lease deferral	-	-
Refunding deferral	-	-
Total deferred inflows of resources	-	3,136,668
NET POSITION		
Net Investment in capital assets	-	525,041,646
Restricted for -		
Capital Projects	-	26,404,459
Debt service	-	-
Other internal restrictions	-	55,408,270
Unrestricted Net Position	-	51,046,834
Total Net Position	\$ -	\$ 657,901,209

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, 2023

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund
Operating revenues			
Residential, commercial, and industrial sales	\$ 116,499,010	\$ -	\$ -
Other charges for services	15,303,079	-	-
Total operating revenues	<u>131,802,089</u>	<u>-</u>	<u>-</u>
Operating expenses			
Water Operations	23,277,283	-	-
Wastewater Operations	24,406,886	-	-
General and administrative	24,536,309	-	-
Depreciation	31,151,246	-	-
Total operating expenses	<u>103,371,724</u>	<u>-</u>	<u>-</u>
Operating Income	<u>28,430,365</u>	<u>-</u>	<u>-</u>
Nonoperating revenue (expense)			
Intergovernmental revenue	1,249,725	-	-
Interest earned on investments	906,889	35,581	996,505
Interest - Market Adjustment	(722,936)	4,543	53,229
Gain (loss) on disposal of assets	(71,329)	-	-
Interest expense	(10,561,577)	-	-
Amortization	-	-	-
Interest - Lease	(38,131)	-	-
Finance costs	(29,645)	-	-
Total nonoperating revenue (expense)	<u>(9,267,004)</u>	<u>40,124</u>	<u>1,049,734</u>
Income (loss) before transfer and contributions	<u>19,163,361</u>	<u>40,124</u>	<u>1,049,734</u>
Capital Contributions	20,109,864	-	-
Transfers in	16,919,178	250,000	9,231,296
Transfers out	(12,900,860)	-	(21,901,672)
Change in Net Position	43,291,543	290,124	(11,620,642)
Total Net Position - beginning	<u>493,499,582</u>	<u>1,576,715</u>	<u>35,867,527</u>
Total Net Position - ending	<u>\$ 536,791,125</u>	<u>\$ 1,866,839</u>	<u>\$ 24,246,885</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, 2023

	NCDOT Capital Project Fund	Hurricane Matthew Capital Project Fund	Annexation Phase V Area 32/33/34 Capital Project Fund
Operating revenues			
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -
Other charges for services	-	-	-
Total operating revenues	-	-	-
Operating expenses			
Water Operations	-	-	-
Wastewater Operations	-	-	-
General and administrative	-	-	-
Depreciation	-	-	-
Total operating expenses	-	-	-
Operating Income	-	-	-
Nonoperating revenue (expense)			
Intergovernmental revenue	-	-	-
Interest earned on investments	584,257	-	1,457
Interest - Market Adjustment	17,507	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Amortization	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	601,764	-	1,457
Income (loss) before transfer and contributions	601,764	-	1,457
Capital Contributions	-	(4,165,772)	-
Transfers in	5,793,073	-	10,832,369
Transfers out	(489,141)	-	-
Change in Net Position	5,905,696	(4,165,772)	10,833,826
Total Net Position - beginning	18,254,367	199,493	6,249,176
Total Net Position - ending	\$ 24,160,063	\$ (3,966,279)	\$ 17,083,002

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, 2023

	Annexation Phase V Areas 22/23 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund	Rockfish Creek Basin Creek Flow Facilities Capital Project Fund
Operating revenues			
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -
Other charges for services	-	-	-
Total operating revenues	-	-	-
Operating expenses			
Water Operations	-	-	-
Wastewater Operations	-	-	-
General and administrative	-	-	-
Depreciation	-	-	-
Total operating expenses	-	-	-
Operating Income	-	-	-
Nonoperating revenue (expense)			
Intergovernmental revenue	-	-	-
Interest earned on investments	1,188	2,229	-
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Amortization	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	1,188	2,229	-
Income (loss) before transfer and contributions	1,188	2,229	-
Capital Contributions	-	-	-
Transfers in	10,343	-	-
Transfers out	(803,704)	(39,152)	-
Change in Net Position	(792,173)	(36,923)	-
Total Net Position - beginning	792,173	79,951	(409,082)
Total Net Position - ending	\$ -	\$ 43,028	\$ (409,082)

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, 2023

	Annexation Phase V Area 24/25 Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund
Operating revenues			
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -
Other charges for services	-	-	-
Total operating revenues	-	-	-
Operating expenses			
Water Operations	-	-	-
Wastewater Operations	-	-	-
General and administrative	-	-	-
Depreciation	-	-	-
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	-	-	-
Amortization	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	-
Income (loss) before transfer and contributions	-	-	-
Capital Contributions	-	-	-
Transfers in	5,096,282	-	-
Transfers out	(7,480,011)	-	-
Change in Net Position	(2,383,729)	-	-
Total Net Position - beginning	4,915,375	-	-
Total Net Position - ending	\$ 2,531,646	\$ -	\$ -

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, 2023

	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			
Water Operations	-	-	-
Wastewater Operations	-	-	-
General and administrative	-	-	-
Depreciation	-	-	-
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	-	-	-
Amortization	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	-
Income (loss) before transfer and contributions	-	-	-
Capital Contributions	-	-	-
Transfers in	112,862	-	977,279
Transfers out	-	-	-
Change in Net Position	112,862	-	977,279
Total Net Position - beginning	1,144,032	-	268,385
Total Net Position - ending	\$ 1,256,894	\$ -	\$ 1,245,664

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, 2023

	Annexation Phase V Asphalt Overlay Capital Project Fund	Series 2021 Water/Wastewater Capital Project Fund	Series 2023 Water/Wastewater Capital Project Fund
Operating revenues			
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -
Other charges for services	-	-	-
Total operating revenues	-	-	-
Operating expenses			
Water Operations	-	-	-
Wastewater Operations	-	-	-
General and administrative	-	-	-
Depreciation	-	-	-
Total operating expenses	-	-	-
Operating Income	-	-	-
Nonoperating revenue (expense)			
Intergovernmental revenue	-	-	-
Interest earned on investments	-	1,305,575	-
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Amortization	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	1,305,575	-
Income (loss) before transfer and contributions	-	1,305,575	-
Capital Contributions	-	-	-
Transfers in	719,891	-	-
Transfers out	-	(2,883,878)	-
Change in Net Position	719,891	(1,578,303)	-
Total Net Position - beginning		51,764,186	
Total Net Position - ending	\$ 719,891	\$ 50,185,883	\$ -

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, 2023

	Direct Grant Capital Project Fund	Transportation Equipment Capital Project Fund	AIA Grant Capital Project Fund
Operating revenues			
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -
Other charges for services	-	-	-
Total operating revenues	-	-	-
Operating expenses			
Water Operations	-	-	-
Wastewater Operations	-	-	-
General and administrative	98,336	-	9,356
Depreciation	-	-	-
Total operating expenses	98,336	-	9,356
Operating Income	(98,336)	-	(9,356)
Nonoperating revenue (expense)			
Intergovernmental revenue	-	-	-
Interest earned on investments	-	-	-
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Amortization	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	-
Income (loss) before transfer and contributions	(98,336)	-	(9,356)
Capital Contributions	-	-	-
Transfers in	200,000	2,113,550	-
Transfers out	-	(270,000)	-
Change in Net Position	101,664	1,843,550	(9,356)
Total Net Position - beginning	209,792	-	-
Total Net Position - ending	\$ 311,456	\$ 1,843,550	\$ (9,356)

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, 2023

	ARPA Grants Capital Project Fund	Total
Operating revenues		
Residential, commercial, and industrial sales	\$ -	\$ 116,499,010
Other charges for services	-	15,303,079
Total operating revenues	-	131,802,089
Operating expenses		
Water Operations	-	23,277,283
Wastewater Operations	-	24,406,886
General and administrative	-	24,644,001
Depreciation	-	31,151,246
Total operating expenses	-	103,479,416
Operating Income	-	28,322,673
Nonoperating revenue (expense)		
Intergovernmental revenue	-	1,249,725
Interest earned on investments	-	3,833,680
Interest - Market Adjustment	-	(647,657)
Gain (loss) on disposal of assets	-	(71,329)
Interest expense	-	(10,561,577)
Amortization	-	-
Interest - Lease	-	(38,131)
Finance costs	-	(29,645)
Total nonoperating revenue (expense)	-	(6,264,932)
Income (loss) before transfer and contributions	-	22,057,741
Capital Contributions	-	15,944,092
Transfers in	-	52,256,123
Transfers out	-	(46,768,418)
Change in Net Position	-	43,489,537
Total Net Position - beginning		614,411,672
Total Net Position - ending	\$ -	\$ 657,901,209

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, 2023

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

	2023			2022
	Budget	Variance Positive (Negative)	Actual	Actual
Revenues				
Operating Revenues				
Water Operations				
Residential, commercial, and industrial sales	\$ 52,237,900	\$ 1,049,500	\$ 53,287,400	\$ 50,014,862
Other sales of water	3,828,900	500,628	4,329,528	3,678,240
Connection fees	410,000	447,756	857,756	726,185
City services	459,700	36,599	496,299	422,057
Total water operations	<u>56,936,500</u>	<u>2,034,483</u>	<u>58,970,983</u>	<u>54,841,344</u>
Wastewater operations				
Residential, commercial, and industrial sales	61,464,700	1,746,909	63,211,609	56,688,069
Other Sales of wastewater	640,900	113,565	754,465	397,854
Connection fees	265,000	126,839	391,839	421,988
City services	222,500	39,949	262,449	218,895
Total wastewater operations	<u>62,593,100</u>	<u>2,027,262</u>	<u>64,620,362</u>	<u>57,726,806</u>
Other operating revenues				
Non-utility charges	1,545,900	291,302	1,837,202	1,577,937
Service charges	5,497,000	658,483	6,155,483	5,448,099
Miscellaneous	46,300	171,758	218,058	129,348
Total other operating revenues	<u>7,089,200</u>	<u>1,121,543</u>	<u>8,210,743</u>	<u>7,155,384</u>
Total operating revenues	<u>126,618,800</u>	<u>5,183,288</u>	<u>131,802,088</u>	<u>119,723,534</u>
Non-operating revenues				
Intergovernmental revenue	1,290,000	(40,275)	1,249,725	1,358,022
Gain on asset disposal	-	-	-	38,501
Interest earned on investments	1,021,000	(114,111)	906,889	378,014
Investment loss	-	(722,936)	(722,936)	(2,650,155)
Total non-operating revenues	<u>2,311,000</u>	<u>(877,322)</u>	<u>1,433,678</u>	<u>(875,618)</u>
Contributions				
Contributions	6,866,400	13,243,464	20,109,864	7,600,563
Total Contributions	<u>6,866,400</u>	<u>13,243,464</u>	<u>20,109,864</u>	<u>7,600,563</u>
Transfers in				
Transfer from Annexation Phase V Reserve Fund	4,940,400	12,892	4,953,292	6,566,862
Total transfers in	<u>4,940,400</u>	<u>12,892</u>	<u>4,953,292</u>	<u>6,566,862</u>
Budgetary appropriations				
Transfer from Budget Carryover Reserve	2,023,600	(791,371)	1,232,229	-
W/WW Series 2021 bond proceeds	-	-	-	723,859
Reserve for W/WW Capital Reserve	84,500	-	84,500	-
Series 2021 Interest	1,311,600	(318,919)	992,681	645,243
Series 2021 Interest - Annex	-	318,941	318,941	207,311
Total budgetary appropriations	<u>3,419,700</u>	<u>(791,349)</u>	<u>2,628,351</u>	<u>1,576,413</u>
Total revenues	<u>\$ 144,156,300</u>	<u>\$ 16,770,973</u>	<u>\$ 160,927,273</u>	<u>\$ 134,591,754</u>
Expenditures				
Operating expenditures				
Water operations				
Administration and engineering	2,772,350	175,068	2,597,282	2,071,169
Contract system maintenance	235,380	7,799	227,581	132,417
Environmental	114,100	400	113,700	107,930
Environmental system protection	306,200	1,356	304,844	275,038
Glenville Lake water treatment plant	4,547,700	795,733	3,751,967	3,173,864
Laboratory	376,250	2,038	374,212	339,158
P.O. Hoffer water treatment plant	8,730,100	261,361	8,468,739	6,629,253
Water maintenance and repair	7,071,800	(4,022)	7,075,822	5,811,204
Water meter shop	(16,200)	(19,649)	3,449	13,430
Watershead	361,200	1,514	359,686	280,018
Total water operations	<u>\$ 24,498,880</u>	<u>\$ 1,221,598</u>	<u>\$ 23,277,282</u>	<u>\$ 18,833,481</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, 2023

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

	2023			2022
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
Operating expenditures (continued)				
Wastewater operations				
Administration and engineering	\$ 2,772,350	\$ 175,068	\$ 2,597,282	\$ 2,071,169
Contract system maintenance	156,920	5,199	151,721	88,278
Cross Creek WW treatment plant	4,945,000	200,227	4,744,773	4,012,382
Environmental	114,100	400	113,700	107,930
Environmental system protection	306,200	1,356	304,844	275,038
Laboratory	376,250	2,038	374,212	339,158
Residuals management	385,300	(25,626)	410,926	382,152
Rockfish Creek WW treatment plant	4,579,400	247,570	4,331,830	4,590,551
Sewer maintenance and repair	11,552,000	174,401	11,377,599	9,872,792
Total wastewater operations	25,187,520	780,633	24,406,887	21,739,450
General and administrative				
Accounting	781,050	4,236	776,814	707,258
Accounts Receivable	205,600	(1,348)	206,948	206,558
Budget	117,250	2,214	115,036	114,810
Communications and community relations	929,000	51,281	877,719	945,960
Corporate development	2,375,200	881,147	1,494,053	1,517,528
Corporate service administration	194,950	29,285	165,665	164,535
Customer Accounts	1,822,100	89,728	1,732,372	1,672,749
Customer billing and collections	1,025,200	7,307	1,017,893	896,163
Customer programs admin and call center	649,500	30,171	619,329	583,793
Development and marketing	368,400	75,545	292,855	358,412
Executive	871,150	267,253	603,897	556,442
Facilities maintenance	363,100	2,203	360,897	332,544
Financial Administration	185,200	8,037	177,163	157,124
Financial Planning	398,050	(7,207)	405,257	348,235
Fleet maintenance	3,284,200	720,198	2,564,002	2,376,865
Human resources	1,498,750	347,139	1,151,611	1,251,208
Internal audit	156,850	1,214	155,636	140,701
Legal	723,900	280,331	443,569	365,248
Meter data management	333,950	3,355	330,595	344,376
Payroll	92,450	3,758	88,692	97,673
Purchasing	459,950	40,021	419,929	404,743
Rates	245,150	6,665	238,485	187,781
Risk management	1,605,550	221,429	1,384,121	1,031,943
Utility field service	960,200	(93,718)	1,053,918	919,244
Warehouse	589,200	36,360	552,840	558,143

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, 2023
(with comparative actual amounts for the year ended June 30, 2022)

	2023			2022
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
Operating expenditures (continued)				
General and administrative (continued)				
Telecommunications systems	\$ 2,644,250	\$ 571,962	\$ 2,072,288	\$ 1,680,744
Information systems and admin	4,023,550	438,426	3,585,124	3,594,609
Medical Insurance	4,457,400	163,148	4,294,252	4,946,189
Other	6,036,400	2,833,480	3,202,920	1,795,975
Overhead clearing	(8,213,300)	298,917	(8,512,217)	(7,481,844)
Total general and administrative	<u>29,184,200</u>	<u>7,312,537</u>	<u>21,871,663</u>	<u>20,775,709</u>
Total operating expenditures	<u>78,870,600</u>	<u>9,314,768</u>	<u>69,555,832</u>	<u>61,348,640</u>
Non-operating expenditures				
Interest expense	11,596,400	192	11,596,208	11,195,736
Interest - Lease	42,400	41,874	526	106
Interest - Subscription Lease	-	(37,605)	37,605	10,667
Loss on asset disposal	-	(71,329)	71,329	-
Finance costs	31,700	2,055	29,645	750,470
Total non-operating expenditures	<u>11,670,500</u>	<u>(64,813)</u>	<u>11,735,313</u>	<u>11,956,979</u>
Transfers out				
Transfer to W/WW Rate Stabilization Fund	250,000	-	250,000	250,000
Transfer to Annexation Phase V Reserve Fund	4,302,700	559,109	3,743,591	13,026,991
Transfer to NCDOT Fund	5,780,000	(13,073)	5,793,073	-
Transfer to Participation Reserve	146,300	146,300	-	4,724,239
Transfer to Transportation Eq CPR - Water	2,113,200	-	2,113,200	-
Transfer to Direct Grant Project	200,000	-	200,000	-
Total transfers out	<u>12,792,200</u>	<u>692,336</u>	<u>12,099,864</u>	<u>18,001,230</u>
Budgetary appropriations				
Inventory increase (decrease)	-	75,825	(75,825)	(179,862)
Vehicle and equipment increase (decrease)	-	1,015,462	(1,015,462)	(968,089)
Debt related payments	16,383,500	163,678	16,219,822	14,505,876
Series 2021 Interest	-	-	-	-
Capital outlay	20,229,000	2,928,921	17,300,079	15,397,567
Appr to Water/Wastewater Retained Earnings	2,774,600	2,774,600	-	-
Transfer to Legal Reserve	444,300	-	444,300	-
Transfer to Budget Carryover	991,600	-	991,600	2,054,300
Total Budgetary appropriations	<u>40,823,000</u>	<u>6,958,486</u>	<u>33,864,514</u>	<u>30,809,792</u>
Total expenditures	<u>\$ 144,156,300</u>	<u>\$ 16,900,778</u>	<u>\$ 127,255,522</u>	<u>\$ 122,116,641</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, 2023
(with comparative actual amounts for the year ended June 30, 2022)

	2023		
	Variance		2022
	Positive		
	(Negative)	Actual	Actual
Budget			
Reconciliation of change in Net Position			
Total revenue	16,770,973	160,927,273	134,591,755
Total expenditures	16,900,778	127,255,522	122,116,642
Subtotal	33,671,751	33,671,751	12,475,113
Reconciling items:			
Budgetary appropriations		31,236,163	29,233,379
Depreciation		(30,406,651)	(29,468,841)
Amort - Lease		(4,863)	(1,067)
Amort - Subscription Lease		(739,731)	(457,426)
Amortization for refunding		1,034,631	946,929
OPEB expenses		55,936	(355,555)
LGERS expenses		(2,720,582)	824,519
Series 2021 Annex 32 bond proceeds		(800,647)	-
Series 2021 Annex 22-23 proceeds		800,647	(17,019,613)
Series 2021 Annex 24-25 proceeds		-	(5,109,766)
Series 2021 Repl of 20" N Fay FM proceeds		-	(7,043,182)
Series 2021 Water & Wastewater bond proceeds		-	(61,832,329)
Transfer of assets (to) / from NCDOT Capital Project Fund		489,141	-
Transfer of assets (to) / from Rockfish Cr Basin Peak Flow CPF		-	409,082
Transfer of assets from Annexation Phase V, Areas 22-23		3,057	7,650,728
Transfer of assets from Annexation Phase V, Areas 24-25		7,480,011	4,749,988
Transfer of assets from Transportation Equipment Capital Project Fund		269,650	-
Transfer of assets (to) / from Series 2021 W/WW CPF		2,883,878	10,145,186
Transfer of assets from Series 2018 Water/WW Capital Project Fund		39,152	5,393,745
Total (to) / from reconciling items		9,619,792	(61,934,223)
Change in Net Position		\$ 43,291,543	\$ (49,459,110)

**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, 2023

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on investments	\$ 455,000	\$ 411,715	\$ 40,124	\$ 451,839
Total Revenues	<u>455,000</u>	<u>411,715</u>	<u>40,124</u>	<u>451,839</u>
Other Financing Sources (Uses)				
Transfer from Water and Wastewater fund	8,500,000	8,250,000	250,000	8,500,000
Transfer to Water and Wastewater fund	(7,085,000)	(7,085,000)	-	(7,085,000)
Appropriated net position	(1,870,000)	-	-	-
Total Other Financing Sources	<u>(455,000)</u>	<u>1,165,000</u>	<u>250,000</u>	<u>1,415,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,576,715</u>	<u>\$ 290,124</u>	<u>\$ 1,866,839</u>
Reconciling Items:				
Total reconciling items			-	
Change in Net Position			<u>\$ 290,124</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on investments	\$ 2,600,000	\$ 1,668,196	\$ 1,049,733	\$ 2,717,929
Total Revenues	<u>2,600,000</u>	<u>1,668,196</u>	<u>1,049,733</u>	<u>2,717,929</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>2,520,644</u>	<u>1,588,840</u>	<u>1,049,733</u>	<u>2,638,573</u>
Other Financing Sources (Uses)				
Transfer from Electric Fund	36,027,899	25,373,502	5,487,705	30,861,207
Assessments transfer	25,484,200	20,852,860	1,540,902	22,393,762
Transfer from Water and Wastewater Fund	35,820,465	31,348,697	2,202,689	33,551,386
Transfer (to) Water and Wastewater Fund-Debt Svc	(40,503,701)	(30,822,842)	(4,953,291)	(35,776,133)
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	(614,659)	(604,315)	(10,343)	(614,658)
Transfer to Annexation Phase V, Areas 24-25 Fund	(500,000)	(4,555,446)	(5,096,282)	(9,651,728)
Transfer to Annexation Phase V, Areas 26-27 Fund	(500,000)	(1,144,033)	(112,862)	(1,256,895)
Transfer to Annexation Phase V, Areas 28-29 Fund	(500,000)	(268,385)	(977,279)	(1,245,664)
Transfer to Annexation Phase V, Areas 32-34 Fund	(8,000,000)	(3,823,422)	(10,031,723)	(13,855,145)
Transfer to Annexation Phase V, Asphalt Overlay CPF	(8,582,138)	(257,913)	(719,891)	(977,804)
Future Project Funding Accumulations	(38,039,901)	-	-	-
Total Other Financing Sources	<u>(2,520,644)</u>	<u>34,278,686</u>	<u>(12,670,375)</u>	<u>21,608,311</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 35,867,526</u>	<u>(11,620,642)</u>	<u>\$ 24,246,884</u>
Change in Net Position			<u>\$ (11,620,642)</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned	\$ 3,800,600	\$ 49,571	\$ 601,764	\$ 651,335
Total Revenues	<u>3,800,600</u>	<u>49,571</u>	<u>601,764</u>	<u>651,335</u>
Expenditures				
Construction	86,565,000	503,146.00	200,802	703,948
Total Expenditures	<u>86,565,000</u>	<u>503,146.00</u>	<u>200,802</u>	<u>703,948</u>
Revenues Over Expenditures	<u>(82,764,400)</u>	<u>(453,575)</u>	<u>400,962</u>	<u>(52,613)</u>
Other Financing Sources				
Transfer from Water/Wastewater Fund	82,764,400	18,204,798	5,793,073	23,997,871
Total Other Financing Sources	<u>82,764,400</u>	<u>18,204,798</u>	<u>5,793,073</u>	<u>23,997,871</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 17,751,223</u>	<u>6,194,035</u>	<u>\$ 23,945,258</u>

Reconciling Items:

Capital Outlay	200,802
Transfer of assets (to)/from the Water/Wastewater Fund	(489,141)
Change in Net Position	<u>\$ 5,905,696</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Construction	-	9,792,372	308,545	10,100,917
Engineering	-	940,566	10,039	950,605
Right of Way	-	11,750	-	11,750
Other	-	52,583	-	52,583
Total Expenditures	<u>11,887,301</u>	<u>10,797,271</u>	<u>318,584</u>	<u>11,115,855</u>
Revenues Under Expenditures	<u>(11,887,301)</u>	<u>(10,797,271)</u>	<u>(318,584)</u>	<u>(11,115,855)</u>
Other Financing Sources (Uses)				
Insurance Proceeds	4,594,936	4,594,936	-	4,594,936
FEMA Proceeds	7,104,665	6,095,714	(4,165,772)	1,929,942
Transfer from W/WW Fund	187,700	186,622	-	186,622
Total Other Financing Sources	<u>11,887,301</u>	<u>10,877,272</u>	<u>(4,165,772)</u>	<u>6,711,500</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 80,001</u>	<u>(4,484,356)</u>	<u>\$ (4,404,355)</u>
Reconciling Items:				
Capital Outlay			318,584	
Change in Net Position			<u>\$ (4,165,772)</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ 1,938	\$ 1,189	\$ 3,127
Total Revenues	-	1,938	1,189	3,127
Expenditures				
Construction	-	14,070,761	14,956	14,085,717
Engineering	-	1,600,986	-	1,600,986
Right of Way	-	411,567	(14,992)	396,575
City reimbursement	-	(463,660)	-	(463,660)
Other	-	1,214,040	3,092	1,217,132
Total Expenditures	16,836,751	16,833,694	3,056	16,836,750
Revenues Under Expenditures	(16,836,751)	(16,831,756)	(1,867)	(16,833,623)
Other Financing Sources (Uses)				
Bond Proceeds	16,222,092	17,019,613	(800,647)	16,218,966
Transfer from(to) Annexation Reserve	614,659	604,315	10,343	614,658
Total Other Financing Sources	16,836,751	17,623,928	(790,305)	16,833,624
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ 792,172</u>	<u>(792,172)</u>	<u>\$ 1</u>
Reconciling Items:				
Capital Outlay			3,056	
Transfer of assets to the Water and Wastewater fund			(3,057)	
Change in Net Position			<u>\$ (792,173)</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Total Revenues	\$ -	\$ 8	\$ -	\$ 8
Expenditures				
Construction	-	1,528,548	10,524,323	12,052,871
Engineering	-	4,495,761	853,709	5,349,470
Right of Way	-	1,204,124	241,622	1,445,746
Other	-	259,516	289,001	548,517
Total Expenditures	79,865,900	7,487,949	11,908,655	19,396,604
Revenues Under Expenditures	(79,865,900)	(7,487,941)	(11,908,655)	(19,396,596)
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
Transfer from Waterwastewater Fund	-	-	800,647	800,647
Bond Proceeds	69,440,146	-	1,457	1,457
Transfer from(to) Annexation Reserve	8,000,000	3,823,422	10,031,722	13,855,144
Total Other Financing Sources	79,865,900	6,249,176	10,833,826	17,083,002
Revenues and Other Financing Sources Under Expenditures	\$ -	\$ (1,238,765)	(1,074,829)	\$ (2,313,594)
Reconciling Items:				
Capital Outlay			11,908,655	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			<u>\$ 10,833,826</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ 1,363,916	\$ 1,361,800	\$ 2,229	\$ 1,364,029
Total Revenues	<u>1,363,916</u>	<u>1,361,800</u>	<u>2,229</u>	<u>1,364,029</u>
Expenditures				
Construction	-	54,091,719	-	54,091,719
Engineering	-	2,976,434	19,279	2,995,713
Right of Way	-	324,396	-	324,396
Other	-	1,895,274	18,034	1,913,308
Total Expenditures	<u>59,325,136</u>	<u>59,287,823</u>	<u>37,313</u>	<u>59,325,136</u>
Revenues Under Expenditures	<u>(57,961,220)</u>	<u>(57,926,023)</u>	<u>(35,084)</u>	<u>(57,961,107)</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>\$ 35,197</u>	<u>(35,084)</u>	<u>\$ 113</u>

Reconciling Items:

Capital Outlay	37,313
Transfer of assets to the Water/Wastewater Fund	(39,152)
Change in net position	<u>\$ (36,923)</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	7,301,423	3,605,933	10,907,356
Engineering	-	2,685,857	615,416	3,301,273
Right of Way	-	409,082	-	409,082
Other	-	61,968	17,000	78,968
Total Expenditures	17,912,000	10,458,330	4,238,349	14,696,679
Revenues Under Expenditures	(17,912,000)	(10,458,330)	(4,238,349)	(14,696,679)
Other Financing Sources (Uses)				
State Loan Proceeds	17,912,000	10,162,516	4,229,478	14,391,994
Total Other Financing Sources	17,912,000	10,162,516	4,229,478	14,391,994
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (295,814)</u>	(8,871)	<u>\$ (304,685)</u>
Reconciling Items:				
Capital Outlay			4,238,349	
Loan Proceeds			(4,229,478)	
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 24 through 25
Capital Project Fund

From Inception and for the Period Ended June 30, 2023

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ 151	\$ -	\$ 151
Total Revenues	<u>-</u>	<u>151</u>	<u>-</u>	<u>151</u>
Expenditures				
Construction	-	6,355,698	3,580,234	9,935,932
Engineering	-	2,188,874	197,301	2,386,175
Right of Way	-	1,591,367	54,760	1,646,127
City Reimbursement	-	(19,159)	(41,294)	(60,453)
Other	-	674,837	183,493	858,330
Total Expenditures	<u>27,900,503</u>	<u>10,791,617</u>	<u>3,974,494</u>	<u>14,766,111</u>
Revenues Under Expenditures	<u>(27,900,503)</u>	<u>(10,791,466)</u>	<u>(3,974,494)</u>	<u>(14,765,960)</u>
Other Financing Sources (Uses)				
Transfer from (to) Annexation Reserve Fund	500,000	4,555,446	5,096,282	9,651,728
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>9,665,212</u>	<u>5,096,282</u>	<u>14,761,494</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (1,126,254)</u>	<u>1,121,788</u>	<u>\$ (4,466)</u>
Reconciling Items:				
Capital Outlay			3,974,494	
Transfer of assets to the Water/Wastewater Fund			(7,480,011)	
Change in net position			<u>\$ (2,383,729)</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
Capital Project Fund

From Inception and for the Period Ended June 30, 2023

	<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	-	6,076,305	1,703,832	7,780,137
Engineering	-	2,020,827	376,450	2,397,277
Right of Way	-	1,046,972	210,859	1,257,831
Other	-	66,531	29,521	96,052
Total Expenditures	<u>26,187,999</u>	<u>9,210,635</u>	<u>2,320,662</u>	<u>11,531,297</u>
Revenues Under Expenditures	<u>(26,187,999)</u>	<u>(9,210,635)</u>	<u>(2,320,662)</u>	<u>(11,531,297)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	<u>26,187,999</u>	<u>7,954,288</u>	<u>2,294,797</u>	<u>10,249,085</u>
Total Other Financing Sources	<u>26,187,999</u>	<u>7,954,288</u>	<u>2,294,797</u>	<u>10,249,085</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (1,256,347)</u>	<u>(25,865)</u>	<u>\$ (1,282,212)</u>
Reconciling Items:				
Capital Outlay			2,320,662	
Loan proceeds			(2,294,797)	
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, 2023

	<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	-	55,990	353,471	409,461
Engineering	-	912,112	126,525	1,038,637
Right of Way	-	210,686	41,911	252,597
Other	-	55,145	284	55,429
Total Expenditures	<u>6,255,105</u>	<u>1,233,933</u>	<u>522,191</u>	<u>1,756,124</u>
Revenues Under Expenditures	<u>(6,255,105)</u>	<u>(1,233,933)</u>	<u>(522,191)</u>	<u>(1,756,124)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	6,255,105	1,202,273	237,364	1,439,637
Total Other Financing Sources	<u>6,255,105</u>	<u>1,202,273</u>	<u>237,364</u>	<u>1,439,637</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (31,660)</u>	<u>(284,827)</u>	<u>\$ (316,487)</u>
Reconciling Items:				
Capital Outlay			522,191	
Loan proceeds			(237,364)	
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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	988,688	67,572	1,056,260
Right of Way	-	131,104	9,959	141,063
Other	-	46,350	25,909	72,259
Total Expenditures	20,700,000	1,166,142	103,440	1,269,582
Revenues Under Expenditures	(20,700,000)	(1,166,142)	(103,440)	(1,269,582)
Other Financing Sources (Uses)				
Transfer from Annexation Reserve Fund	500,000	1,144,032	112,862	1,256,894
Bond Proceeds	20,200,000	-	-	-
Total Other Financing Sources	20,700,000	1,144,032	112,862	1,256,894
Revenues and Other Financing Sources Under Expenditures	\$ -	\$ (22,110)	9,422	\$ (12,688)

Reconciling Items:

Capital Outlay	103,440
Transfer of assets to the Water/Wastewater Fund	-
Change in net position	<u>\$ 112,862</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, 2023

	<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	-	323,237	15,209	338,446
Engineering	-	-	-	-
Right of Way	-	-	-	-
Other	-	-	-	-
Total Expenditures	<u>10,719,300</u>	<u>323,237</u>	<u>15,209</u>	<u>338,446</u>
Revenues Over Expenditures	<u>(10,719,300)</u>	<u>(323,237)</u>	<u>(15,209)</u>	<u>(338,446)</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>\$ (323,237)</u>	<u>(15,209)</u>	<u>\$ (338,446)</u>
Reconciling Items:				
Capital Outlay			15,209	
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, 2023

	<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	900,366	1,272,611
Other	-	14,415	28,744	43,159
Total Expenditures	<u>21,150,000</u>	<u>386,660</u>	<u>929,110</u>	<u>1,315,770</u>
Revenues Under Expenditures	<u>(21,150,000)</u>	<u>(386,660)</u>	<u>(929,110)</u>	<u>(1,315,770)</u>
Other Financing Sources (Uses)				
Transfer from Annexation Reserve Fund	500,000	268,385	977,279	1,245,664
Bond Proceeds	20,650,000	-	-	-
Total Other Financing Sources	<u>21,150,000</u>	<u>268,385</u>	<u>977,279</u>	<u>1,245,664</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (118,275)</u>	48,169	<u>\$ (70,106)</u>
Reconciling Items:				
Capital Outlay			929,110	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			<u>\$ 977,279</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, 2023

	Budget Authorization	Total Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Construction	-	257,913	(257,913)	719,891	719,891
Other	-	-	-	-	-
Total Expenditures	8,324,255	257,913	(257,913)	719,891	719,891
Revenues Over Expenditures	(8,324,255)	(257,913)	257,913	(719,891)	(719,891)
Other Financing Sources (Uses)					
Transfer from Annexation Reserve Fund	8,324,255	257,913	(257,913)	719,891	719,891
Total Other Financing Sources	8,324,255	257,913	(257,913)	719,891	719,891
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ -	\$ -	-	\$ -

Reconciling Items:

Capital Outlay	719,891
Change in net position	<u>\$ 719,891</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, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ 1,178,787	\$ 77,043	\$ 1,305,575	\$ 1,382,618
Total Revenues	<u>1,178,787</u>	<u>77,043</u>	<u>1,305,575</u>	<u>1,382,618</u>
Expenditures				
Construction	-	17,280,634	10,860,880	28,141,514
Engineering	-	5,415,530	4,245,909	9,661,439
Right of Way	-	580	29	609
Other	-	591,568	474,898	1,066,466
Total Expenditures	<u>63,011,116</u>	<u>23,288,312</u>	<u>15,581,716</u>	<u>38,870,028</u>
Revenues Under Expenditures	<u>(61,832,329)</u>	<u>(23,211,269)</u>	<u>(14,276,141)</u>	<u>(37,487,410)</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>61,832,329</u>	<u>-</u>	<u>61,832,329</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ 38,621,060</u>	<u>(14,276,141)</u>	<u>\$ 24,344,919</u>
Reconciling Items:				
Capital Outlay			15,581,716	
Transfer of assets to the Water/Wastewater Fund			(2,883,878)	
Change in net position			<u>\$ (1,578,303)</u>	

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

**Schedule of Changes in the Status of Series 2023 Water and Wastewater Revenue Bond
Capital Project Fund**

From Inception and for the Period Ended June 30, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Construction	-	-	-	-
Engineering	-	-	2,460	2,460
Right of Way	-	-	-	-
Miscellaneous Expense (pilot project-remediation)	-	-	-	-
Total Expenditures	<u>36,380,626</u>	<u>-</u>	<u>2,460</u>	<u>2,460</u>
Revenues Under Expenditures	<u>(36,380,626)</u>	<u>-</u>	<u>(2,460)</u>	<u>(2,460)</u>
Other Financing Sources (Uses)				
Bond Proceeds	36,380,626	-	-	-
Transfer from W/WW Fund	-	-	-	-
Total Other Financing Sources	<u>36,380,626</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(2,460)</u>	<u>\$ -</u>
Reconciling Items:				
Capital Outlay			2,460	
Transfer of assets to the Water and 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 Directed Grant
Capital Project Fund

From Inception and for the Period Ended June 30, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	-	-	-
Right of Way	-	-	-	-
Miscellaneous Expense (pilot project-remediation)	-	10,208	98,336	108,544
Total Expenditures	438,447	10,208	98,336	108,544
Revenues Under Expenditures	(438,447)	(10,208)	(98,336)	(108,544)
Other Financing Sources (Uses)				
Directed grant proceeds	220,000	220,000	-	220,000
Transfer from W/WW Fund	218,447	-	200,000	200,000
Total Other Financing Sources	438,447	220,000	200,000	420,000
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 209,792</u>	101,664	<u>\$ 311,456</u>
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			<u>\$ 101,664</u>	

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

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

From Inception and for the Period Ended June 30, 2023

	Budget Authorization	Total Prior Years	Closed Projects	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Equipment Purchases	3,156,200	-	-	-	-
Total Expenditures	3,156,200	-	-	-	-
Revenues Under Expenditures	(3,156,200)	-	-	-	-
Other Financing Sources (Uses)					
Directed grant proceeds					
Transfer from Water/Wastewater Fund	3,156,200	-	-	2,113,550	2,113,550
Total Other Financing Sources	3,156,200	-	-	2,113,550	2,113,550
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,113,550</u>	<u>\$ 2,113,550</u>

Reconciling Items:

Capital Outlay	
Transfer of assets to the Water/Wastewater Fund	(270,000)
Change in Net Position	<u>\$ 1,843,550</u>

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

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

From Inception and for the Period Ended June 30, 2023

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Construction	-	-	-	-
Engineering	-	-	-	-
Right of Way	-	-	-	-
Miscellaneous Expense (location on water meters utilizing GNSS)	-	-	9,356	9,356
Total Expenditures	<u>400,000</u>	<u>-</u>	<u>9,356</u>	<u>9,356</u>
Revenues Under Expenditures	<u>(400,000)</u>	<u>-</u>	<u>(9,356)</u>	<u>(9,356)</u>
Other Financing Sources (Uses)				
Directed grant proceeds		-		
Transfer from W/WW Fund	400,000	-	-	-
Total Other Financing Sources	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,356)</u>	<u>\$ (9,356)</u>
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			<u>\$ (9,356)</u>	

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

**Schedule of Changes in the Status of Sanitary Sewer Main Rehabilitation ARPA Grant
Capital Project Fund**

From Inception and for the Period Ended June 30, 2023

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	-	-	-
Right of Way	-	-	-	-
Total Expenditures	4,973,845	-	-	-
Revenues Under Expenditures	(4,973,845)	-	-	-
Other Financing Sources (Uses)				
ARPA grant		-		
Transfer from W/WW Fund	4,973,845	-	-	-
Total Other Financing Sources	4,973,845	-	-	-
Revenues and Other Financing Sources Over Expenditures	-	\$ -	-	\$ -
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			\$ -	

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

Schedule of Bond Indebtedness
June 30, 2023

Issue Date	Fund	Original Issue	Interest Rate	Year of Maturity	Balance Due June 30, 2022
9/11/14	2014	111,455,000	5.00%	2023	4,070,000
	Electric &		5.00%	2024	4,280,000
	Water & Wastewater		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
					<u>95,280,000</u>
6/29/16	2016	114,405,000	5.00%	2023	6,635,000
	Electric &		5.00%	2024	4,785,000
	Water & Wastewater		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
					<u>86,960,000</u>

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

Schedule of Bond Indebtedness
June 30, 2023

Issue Date	Fund	Original Issue	Additions	Retirements	Balance Due June 30, 2023	Current Portion
9/11/14	2014	111,455,000	-	4,070,000	-	-
	Electric &		-	-	4,280,000	4,280,000
	Water & Wastewater		-	-	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	-
			-	4,070,000	91,210,000	4,280,000
6/29/16	2016	114,405,000	-	6,635,000	-	-
	Electric &		-	-	4,785,000	4,785,000
	Water & Wastewater		-	-	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	-
			-	6,635,000	80,325,000	4,785,000

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

Schedule of Bond Indebtedness
June 30, 2023

Issue Date	Fund	Original Issue	Interest Rate	Year of Maturity	Balance Due June 30, 2022
12/13/19	2018	83,645,000	5.00%	2023	3,605,000
	Electric &		5.00%	2024	3,590,000
	Water & Wastewater		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>70,565,000</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>\$ 347,595,000</u></u>

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

Schedule of Bond Indebtedness
June 30, 2023

Issue Date	Fund	Original Issue	Additions	Retirements	Balance June 30, 2023	Current Portion
12/13/19	2018	83,645,000	-	3,605,000	-	-
	Electric &		-	-	3,590,000	3,590,000
	Water & Wastewater		-	-	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	-
			-	3,605,000	66,960,000	3,590,000
11/4/21	2021	94,790,000	-	-	370,000	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	370,000
Total bond indebtedness			\$ -	\$ 14,310,000	\$333,285,000	\$ 13,025,000

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				
	2014	2015	2016	2017	2018
Business-type activities					
Net investment in capital assets	\$ 630,452,261	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269	\$ 663,345,767
Restricted for:					
Renewable Energy	-	-	-	6,593,822	9,365,765
Capital projects	9,758	63,088,028	7,050	1,151,800	1,476,402
Debt service	108,014	1,920,080	2,642,117	1,995,312	6,456
Other internal restrictions	-	-	-	-	138,363,342
Other purposes					
Unrestricted	205,978,548	231,126,138	338,366,487	320,888,601	128,670,749
Total primary government net positions	\$ 836,548,581	\$ 854,707,717	\$ 877,013,393	\$ 916,791,804	\$ 941,228,481

	2014	2015	2016	2017	2018
Primary government					
Net investment in capital assets	\$ 630,452,261	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269	\$ 663,345,767
Restricted for:					
Renewable Energy	-	-	-	6,593,822	9,365,765
Capital projects	9,758	63,088,028	7,050	1,151,800	1,476,402
Debt service	108,014	1,920,080	2,642,117	1,995,312	6,456
Other internal restrictions	-	-	-	-	138,363,342
Other purposes					
Unrestricted	205,978,548	231,126,138	338,366,487	320,888,601	128,670,749
Total primary government net positions	\$ 836,548,581	\$ 854,707,717	\$ 877,013,393	\$ 916,791,804	\$ 941,228,481

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

Net Position by Component
Last Ten Fiscal Years

	2019	2020	2021	2022	2023
Business-type activities					
Net investment in capital assets	\$ 709,101,507	\$ 762,751,285	\$ 809,969,118	\$ 797,810,238	\$ 835,691,038
Restricted for:					
Renewable Energy	8,081,798	5,688,332	6,670,557	7,413,145	26,404,814.00
Capital projects	9,564,920	16,229,194	7,403,077	12,163,496	7,257,559.00
Debt service	3,437,495	-	-	-	-
Other internal restrictions	123,889,917	118,981,006	118,270,725	158,860,491	126,973,013.00
Other purposes					
Unrestricted	137,136,488	132,425,951	148,793,832	137,907,708	150,102,461.59
Total primary government net positions	\$ 991,212,125	\$ 1,036,075,768	\$ 1,091,107,309	\$ 1,114,155,078	\$ 1,146,428,886

	2019	2020	2021	2022	2023
Primary government					
Net investment in capital assets	709,101,507	762,751,285	809,969,118	797,810,238	835,691,038
Restricted for:					
Renewable Energy	8,081,798	5,688,332	6,670,557	7,413,145	7,257,559
Capital projects	9,564,920	16,229,194	7,403,077	12,163,496	26,404,814
Debt service	3,437,495	-	-	-	-
Other internal restrictions	123,889,917	118,981,006	118,270,725	158,860,491	126,973,013
Other purposes					
Unrestricted	137,136,488	132,425,951	148,793,832	137,907,708	150,102,462
Total primary government net positions	\$ 991,212,125	\$ 1,036,075,768	\$ 1,091,107,309	\$ 1,114,155,078	\$ 1,146,428,886

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

Change in Net Position
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Business type activities					
Operating revenue					
Charges for services	\$ 300,781,049	\$ 308,619,610	\$ 311,122,241	\$ 322,721,879	\$ 334,079,581
Misc operating revenue	1,104	334	-	-	-
Operating revenues	-	-	-	-	-
Total operating revenue	<u>300,782,153</u>	<u>308,619,944</u>	<u>311,122,241</u>	<u>322,721,879</u>	<u>334,079,581</u>
Operating expenses					
Power supply and generation	163,175,003	157,248,396	141,085,995	141,770,054	155,562,287
Electric operations	15,475,385	11,059,845	15,378,277	15,148,402	15,933,526
Water operations	14,575,051	12,822,428	14,225,334	14,898,419	14,724,197
Miscellaneous operating expense-water	-	-	-	-	-
Sanitary sewer operations	13,615,899	13,428,070	15,071,362	16,007,573	16,214,709
General and administrative	33,002,023	37,216,879	35,088,657	33,384,126	30,837,790
Depreciation	34,671,469	36,348,935	37,091,903	39,073,770	40,633,549
Fleet maintenance	8,253,426	7,947,859	8,528,872	8,993,274	8,745,869
Total operating expenses	<u>282,768,256</u>	<u>276,072,412</u>	<u>266,470,400</u>	<u>269,275,618</u>	<u>282,651,927</u>
Operating income	<u>18,013,897</u>	<u>32,547,532</u>	<u>44,651,841</u>	<u>53,446,261</u>	<u>51,427,654</u>
Nonoperating revenue (expense)					
Intergovernmental revenue	-	-	117,531	1,463,287	4,456,255
Intergovernmental expense	-	-	-	(1,200,000)	(1,200,000)
Payment in lieu of taxes	-	-	(9,547,800)	(9,966,765)	(10,428,117)
Interest earned on investments	2,902,109	1,490,911	2,125,856	1,739,044	2,632,993
Gain (loss) on disposal of assets	(462,840)	(1,142,805)	(8,877,903)	(4,719,440)	(1,044,718)
Interest expense	(6,601,453)	(8,227,011)	(7,989,038)	(8,950,190)	(9,211,341)
Amortization	(714,299)	(661,958)	(677,796)	(677,796)	-
Interest-Lease	-	-	-	-	-
Interest-Subscription Lease	-	-	-	-	-
Finance costs	(62,588)	(678,741)	(745,198)	(71,880)	(35,580)
Total nonoperating revenue (expense)	<u>(4,939,071)</u>	<u>(9,219,604)</u>	<u>(25,594,348)</u>	<u>(22,383,740)</u>	<u>(14,830,508)</u>
Income before transfers and contributions	<u>13,074,826</u>	<u>23,327,928</u>	<u>19,057,494</u>	<u>31,062,521</u>	<u>36,597,146</u>
Capital contributions	9,440,775	7,804,945	10,396,313	7,121,955	6,432,684
Special Item- Hope Mills	-	-	(7,148,131)	1,593,935	-
Special Item-DEP CCR Settlement	-	-	-	-	-
Transfers in	44,565,331	350,594	3,156,186	2,786,080	2,508,654
Transfers out	(44,565,331)	(350,594)	(3,156,186)	(2,786,080)	(2,508,654)
Transfers in -City of Fayetteville	4,379,817	3,596,493	-	-	-
Transfers out -City of Fayetteville	(12,303,615)	(12,527,760)	-	-	-
Change in net position	<u>\$ 14,591,803</u>	<u>\$ 22,201,606</u>	<u>\$ 22,305,676</u>	<u>\$ 39,778,411</u>	<u>\$ 43,029,830</u>

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

Change in Net Position
Last Ten Fiscal Years

	2019	2020	2021	2022	2023
Business type activities					
Operating revenue					
Charges for services	\$ 290,193,185	\$ 283,663,003	\$ 285,874,685	\$ 293,229,660	\$ 297,991,016
Misc operating revenue	71,794	45	-	-	-
Operating revenues	56,450,477	58,823,972	51,186,075	53,959,014	55,073,726
Total operating revenue	346,715,456	342,487,020	337,060,760	347,188,674	353,064,742
Operating expenses					
Power supply and generation	163,256,607	149,893,550	148,346,794	141,331,267	150,685,987
Electric operations	19,397,355	20,002,168	21,375,149	31,137,387	25,697,905
Water operations	16,845,418	18,346,817	18,171,514	18,833,481	23,277,283
Miscellaneous operating expense-water	-	-	-	-	-
Sanitary sewer operations	19,315,810	19,947,339	21,571,683	21,739,450	24,406,886
General and administrative	35,684,220	45,346,071	46,194,309	41,153,640	48,560,763
Depreciation	42,085,858	43,575,972	46,781,741	49,777,447	52,136,083
Fleet maintenance	8,381,602	3,965,808	-	-	-
Total operating expenses	304,966,870	301,077,725	302,441,190	303,972,672	324,764,907
Operating income (loss)	41,748,586	41,409,295	34,619,570	43,216,002	28,299,835
Nonoperating revenue (expense)					
Intergovernmental revenue	2,897,079	1,676,853	2,029,564	1,358,022	5,249,725
Intergovernmental expense	(1,200,000)	(2,200,000)	(4,200,000)	-	-
Payment in lieu of taxes	(10,938,256)	(11,098,087)	(11,450,867)	(11,853,127)	(12,405,712)
Interest earned on investments	7,233,761	5,991,103	504,726	(7,713,415)	4,895,970
Gain (loss) on disposal of assets	(1,054,780)	(1,503,448)	(1,303,792)	(306,916)	(676,157)
Interest expense	(9,738,164)	(10,304,772)	(9,980,406)	(11,103,479)	(11,419,598)
Amortization	-	-	-	-	-
Interest-Lease	-	-	-	(212)	(76,106)
Interest-Subscription Lease	-	-	-	(21,205)	-
Finance costs	(403,585)	(47,286)	(576,654)	(825,390)	(52,650)
Total nonoperating revenue (expense)	(13,203,945)	(17,485,637)	(24,977,429)	(30,465,722)	(14,484,526)
Income (loss) before transfers and contributions	28,544,641	23,923,658	9,642,141	12,750,280	13,815,309
Capital contributions	21,439,003	20,939,985	23,158,880	10,297,489	18,458,499
Special Item- Hope Mills	-	-	-	-	-
Special Item-DEP CCR Settlement	-	-	22,230,520	-	-
Transfers in	5,098,064	5,752,717	4,107,291	4,903,183	5,487,705
Transfers out	(5,098,064)	(5,752,717)	(4,107,291)	(4,903,183)	(5,487,705)
Transfers in -City of Fayetteville	-	-	-	-	-
Transfers out -City of Fayetteville	-	-	-	-	-
Change in net position	\$ 49,983,644	\$ 44,863,643	\$ 55,031,541	\$ 23,047,769	\$ 32,273,808

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
2023	857,187,209	620,276,450	356,773,836	22,606,292	63,343,803
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

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
2023	1,920,187,590	\$ 22.00	\$ 0.1385	\$ 0.1385
2022	2,006,881,544	20.00	0.13	0.13
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

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
2023	3,681,662	1,852,055	995,124	1,273,143	529,780	8,331,764
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

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
2023	\$ 21.25	\$ -	\$ -	\$ 2.18	\$ 2.60	\$ 3.53	\$ 4.22
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

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
2023	3,285,419	1,704,450	628,092	148,229	462,197
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

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
2023	6,228,387	\$ 22.25	\$ 5.75	\$ 45.25	\$ 79.19
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

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

Standard Electric Rates
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Residential					
Basic	\$ 11.80	\$ 13.50	\$ 13.50	\$ 15.00	\$ 17.50
Energy, first 500 kWh	0.0964	0.0990	0.0990	0.1004	0.1010
All additional kWh	-	-	-	-	-
General service					
Basic	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00
Demand, first 10 kW	0.1013	0.1013	0.0990	0.0990	0.1050
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Lg General service					
Basic	\$ 250.00	\$ 265.00	\$ 275.00	\$ 290.00	\$ 290.00
Demand, all kW	13.00	14.00	15.25	17.00	17.25
Energy (1000kW and greater)	0.0523	0.0542	0.0515	0.0515	0.0525
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	\$ 625.00	\$ 650.00	\$ 675.00	\$ 700.00	\$ 700.00
Demand, first 5,000 kW	-	-	-	-	-
next 5,000 kW	-	-	-	-	-
All additional kW	-	-	-	-	-
Energy, all kWh	0.0523	0.0542	0.0515	0.0515	0.0525
Traffic signal service					
Basic	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00
Energy, all kWh	0.06790	0.07250	0.07250	0.07250	0.07250
Church service					
Basic	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00
Energy, first 500 kWh	-	-	-	-	-
NEXT 2,000 kWh	-	-	-	-	-
all additional kWh	0.10130	0.10130	0.09900	0.10040	0.10500
Sports field lighting service					
Basic	\$ 21.00	\$ 24.00	\$ 27.00	\$ 30.00	\$ 35.00
Energy, all kWh	0.06790	0.06790	0.06790	0.06790	0.10500
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

	2019	2020	2021	2022	2023
Residential					
Basic	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 22.00
Energy, first 500 kWh	0.1300	0.1300	0.1300	0.1300	0.1385
All additional kWh	-	-	-	-	-
General service					
Basic	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 33.00
Demand, first 10 kW	0.1350	0.1350	0.1350	0.1350	0.1438
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Lg General service					
Basic	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 319.00
Demand, all kW	19.63	21.09	19.90	20.30	17.14
Energy (1000kW and greater)	0.0520	0.0455	0.0455	0.0455	0.0484
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	\$ -	\$ -	\$ -	\$ -	\$ -
Demand, first 5,000 kW	-	-	-	-	-
next 5,000 kW	-	-	-	-	-
All additional kW	-	-	-	-	-
Energy, all kWh	0.0290	0.0255	0.0242	0.0242	0.0273
Traffic signal service					
Basic	\$ -	\$ -	\$ -	\$ -	\$ -
Energy, all kWh	-	-	-	-	-
Church service					
Basic	\$ -	\$ -	\$ -	\$ -	\$ -
Energy, first 500 kWh	-	-	-	-	-
NEXT 2,000 kWh	-	-	-	-	-
all additional kWh	-	-	-	-	-
Sports field lighting service					
Basic	\$ 37.00	\$ 37.00	\$ 37.00	\$ 37.00	\$ 40.70
Energy, all kWh	0.13500	0.13500	0.13500	0.13500	0.14378
Minimum, all kW	-	-	-	-	-

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

Water Rates
Last Ten Fiscal Years

	2014		2015		2016	
	<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"	\$ 7.75	\$ 12.00	\$ 9.00	\$ 14.40	\$ 10.00	\$ 16.50
3/4"	7.75	12.00	9.00	14.40	10.00	16.50
1"	12.00	18.60	14.00	22.40	16.00	26.40
1.5"	21.00	32.55	24.00	38.40	27.00	44.55
2"	33.00	51.15	39.00	62.40	45.00	74.25
3"	60.00	93.00	70.00	112.00	80.00	132.00
4"	100.00	155.00	115.00	184.00	130.00	214.50
6"	195.00	302.25	225.00	360.00	255.00	420.75
8"	310.00	480.50	360.00	576.00	400.00	660.00
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	3.44	2.26	3.62	2.34	3.86
next 3,000 gallons (3-5Mgals)	2.64	4.09	2.69	4.3	2.78	4.59
next 5,000 gallons=(6-10Mgals)	3.59	5.56	3.65	5.84	3.78	6.24
each additional gallon	4.29	6.65	4.37	6.99	4.52	7.46
Water irrigation						
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	4.61	7.15	4.69	7.5	4.86	8.02
next 30,000 gallons=(31-60Mgals)	5.65	8.76	5.75	9.2	5.96	9.83
each additional gallon	8.78	13.61	8.94	14.3	9.25	15.26
Backflow Prevention Assembly Inspection Charge	0.90	0.90	0.9	0.9	0.9	0.9
Commercial water service						
per 1,000 gallons = 1 Mgal	\$ 2.67	\$ 4.14	\$ 2.71	\$ 4.34	\$ 2.81	\$ 4.64
Large water usage						
per 1,000 gallons = 1 Mgal	\$ 2.03	\$ 2.06	\$ 2.10	\$ 2.10	\$ 2.18	\$ 2.18
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	2.71	2.71	2.81	2.81
Bulk water delivery						
Basic Facilities per Truckload	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-
Yearly permit fee	275.00	275.00	300	300	300	300
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

	2017		2018		2019	
	<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	\$ -	\$ -	\$ -	\$ -
3/4"	10.00	16.50	13.00	22.75	14.50	25.40
1"	18.40	31.30	20.80	36.40	23.10	40.40
1.5"	31.05	52.80	35.10	61.45	38.30	67.00
2"	51.75	88.00	58.50	102.40	63.70	111.50
3"	92.00	156.40	104.00	182.00	149.10	260.90
4"	149.50	254.15	169.00	295.75	248.70	435.20
6"	293.25	498.55	331.50	580.15	444.00	777.00
8"	460.00	782.00	520.00	910.00	732.10	1281.20
Usage rate						
1,000						
<i>gallons</i> 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	2.36	4.01	2.45	4.29	2.58	4.52
next 3,000 gallons (3-5Mgals)	2.81	4.78	2.91	5.09	3.07	5.37
next 5,000 gallons=(6-10Mgals)	3.82	6.49	3.96	6.93	4.17	7.3
each additional gallon	4.56	7.75	4.73	8.28	4.99	8.73
Water irrigation						
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	4.9	8.33	5.09	8.91	5.36	9.38
next 30,000 gallons=(31-60Mgals)	6.01	10.22	6.24	10.92	6.57	11.50
each additional gallon	9.33	15.86	9.69	16.96	10.2	17.85
Backflow Prevention Assembly Inspection Charge	1.6	1.6	1.6	1.6	1.97	2.0
Commercial water service						
per 1,000 gallons = 1 Mgal	\$ 2.83	\$ 4.81	\$ 2.94	\$ 5.15	\$ 3.10	\$ 5.43
Large water usage						
per 1,000 gallons = 1 Mgal	\$ 2.34	\$ 2.34	\$ 2.43	\$ 2.43	\$ 2.59	\$ 2.59
Fire hydrant delivery						
<i>Basic Facilities per Meter Set</i>	\$ 51.75	\$ 51.75	\$ 58.50	\$ 58.50	\$ 63.70	\$ 63.70
per 1,000 gallons = 1 Mgal	2.83	2.83	2.94	2.94	3.1	3.1
Bulk water delivery						
<i>Basic Facilities per Truckload</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-
Yearly permit fee	315	315	330	330	350	350
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

	2020		2021		2022		2023	
	<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	16.00	28.00	18.00	31.50	21.25	37.20
1"	23.10	40.40	25.40	44.50	28.60	50.10	33.80	59.15
1.5"	38.30	67.00	41.50	72.60	46.70	81.80	55.15	96.50
2"	63.70	111.50	68.90	120.60	77.60	135.80	91.60	160.30
3"	149.10	260.90	194.20	339.90	218.50	382.40	258.00	451.50
4"	248.70	435.20	328.40	574.70	369.50	646.70	436.15	763.25
6"	444.00	777.00	556.50	973.90	626.10	1095.70	739.20	1293.60
8"	732.10	1281.20	944.20	1652.40	1062.30	1859.10	1254.05	2194.60
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	2.68	4.69	2.40	4.20	2.18	3.82
next 3,000 gallons (3-5Mgals)	3.07	5.37	3.19	5.58	2.86	5.01	2.60	4.55
next 5,000 gallons=(6-10Mgals)	4.17	7.3	4.33	7.58	3.88	6.79	3.53	6.18
each additional gallon	4.99	8.73	5.18	9.07	4.64	8.12	4.22	7.39
Water irrigation								
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	5.36	9.38	5.57	9.75	5.85	10.24	6.94	12.15
next 30,000 gallons=(31-60Mgals)	6.57	11.50	6.82	11.90	7.16	12.53	8.50	14.87
each additional gallon	10.2	17.85	10.6	18.55	11.13	19.48	13.21	23.12
Backflow Prevention Assembly Inspection Charge	1.97	2.0	2.2	2.2	2.25	2.25	2.25	2.25
Commercial water service								
per 1,000 gallons = 1 Mgal	\$ 3.10	\$ 5.43	\$ 3.22	\$ 5.64	\$ 3.17	\$ 5.55	\$ 3.35	\$ 5.86
Large water usage								
per 1,000 gallons = 1 Mgal	\$ 2.59	\$ 2.59	\$ 2.69	\$ 2.69	\$ 2.90	\$ 2.90	\$ 3.48	\$ 3.48
Fire hydrant delivery								
<i>Basic Facilities per Meter Set</i>	\$ 63.70	\$ 63.70	\$ 68.90	\$ 68.90	\$ 77.60	\$ 77.60	\$ 91.60	\$ 91.60
per 1,000 gallons = 1 Mgal	3.1	3.1	3.22	3.22	3.17	3.17	3.35	3.35
Public water delivery								
<i>Basic Facilities per Truckload</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-	-	-
Yearly permit fee	350	350	362	362	390	390	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

	2014		2015		2016	
	<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"	\$ 7.75	\$ 12.00	\$ 9.00	\$ 14.40	\$ 10.00	\$ 10.00
3/4"	7.75	12.00	9.00	14.40	10.00	10.00
1"	12.00	18.60	14.00	22.40	16.00	26.40
1.5"	21.00	32.55	24.00	38.40	27.00	44.55
2"	33.00	51.15	39.00	62.40	45.00	74.25
3"	60.00	93.00	70.00	112.00	80.00	132.00
4"	100.00	155.00	115.00	184.00	130.00	214.50
6"	195.00	302.25	225.00	360.00	255.00	420.75
8"	310.00	480.50	360.00	576.00	400.00	660.00
Usage rate						
Sanitary sewer service						
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.87	7.55	4.89	7.82	5.00	8.25
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.87	7.55	4.89	7.82	5.00	8.25
Sewer only						
Flat monthly	\$ 32.10	\$ 49.74	\$ 32.96	\$ 52.74	\$ 34.50	\$ 56.93
Large user sanitary sewer service						
per 1,000 gallons = 1 Mgal	\$ 3.52	\$ 3.52	\$ 3.75	\$ 3.75	\$ 3.94	\$ 3.94
Bulk liquid waste service						
<i>Basic Facilities</i>	\$ 12.00	\$ 12.00	\$ 14.00	\$ 14.00	\$ 16.00	\$ 16.00
per 1,000 gallons = 1 Mgal	32.10	49.74	33.00	53.00	35.00	57.00

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

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

Wastewater Rates
Last Ten Fiscal Years

	2017		2018		2019	
	<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"	\$ 11.50	\$ 19.55	\$ -	\$ -	\$ -	\$ -
3/4"	11.50	19.55	13.00	22.75	14.50	25.40
1"	18.40	31.30	20.80	36.40	23.10	40.40
1.5"	31.05	52.80	35.10	61.45	38.30	67.00
2"	51.75	88.00	58.50	102.40	63.70	111.50
3"	92.00	156.40	104.00	182.00	149.10	260.90
4"	149.50	254.15	169.00	295.75	248.70	435.20
6"	293.25	498.55	331.50	580.15	444.00	777.00
8"	460.00	782.00	520.00	910.00	732.10	1,281.20
Usage rate						
Sanitary sewer service						
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.25	8.93	5.25	9.19	5.28	9.24
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.25	8.93	5.25	9.19	5.28	9.24
Sewer only						
Flat monthly	\$ 34.60	\$ 58.82	\$ 35.05	\$ 61.34	\$ 35.62	\$ 62.34
Large user sanitary sewer service						
per 1,000 gallons = 1 Mgal	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.96	\$ 3.96
Bulk liquid waste service						
<i>Basic Facilities</i>	\$ 18.40	\$ 18.40	\$ 20.80	\$ 20.80	\$ 23.10	\$ 23.10
per 1,000 gallons = 1 Mgal	35.00	58.82	35.10	61.34	35.62	62.34

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

Wastewater Rates
Last Ten Fiscal Years

	2020		2021		2022		2023	
	<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	16.00	28.00	18.00	31.50	22.25	38.95
1"	23.10	40.40	25.40	44.50	28.60	50.10	35.40	61.95
1.5"	38.30	67.00	41.50	72.60	46.70	81.80	57.75	101.05
2"	63.70	111.50	68.90	120.60	77.60	135.80	95.90	167.85
3"	149.10	260.90	194.20	339.90	218.50	382.40	270.10	472.70
4"	248.70	435.20	328.40	574.70	369.50	646.70	456.70	799.25
6"	444.00	777.00	556.50	973.90	626.10	1,095.70	773.95	1,354.40
8"	732.10	1,281.20	944.20	1,652.40	1,062.30	1,859.10	1,313.10	2,297.95
Usage rate								
Sanitary sewer service								
Basic Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.28	9.24	5.28	9.24	5.35	9.36	5.75	10.06
Commercial wastewater service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.28	9.24	5.28	9.24	5.76	10.08	7.16	12.53
Sewer only								
Flat monthly	\$ 35.62	\$ 62.34	\$ 37.12	\$ 64.94	\$ 39.40	\$ 68.95	\$ 45.25	\$ 79.19
Large user sanitary sewer service								
per 1,000 gallons = 1 Mgal	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 4.34	\$ 4.34	\$ 5.53	\$ 5.53
Bulk liquid waste service								
Basic Facilities	\$ 23.10	\$ 23.10	\$ 25.40	\$ 25.40	\$ 28.60	\$ 28.60	\$ 35.40	\$ 35.40
per 1,000 gallons = 1 Mgal	35.62	62.34	37.12	64.96	39.40	68.95	45.25	79.19

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 2014	Fiscal Year 2023
Goodyear Tire & Rubber	Goodyear Tire
Mann+Hummel (Purolator)	Cape Fear Valley Hospital
Cargill	Cargill
Cape Fear Valley Hospital	Mann+Hummel (Purolator)
Fayetteville State University	Walmart
Walmart	Fayetteville State University
Momentive Specialty Chemicals	Fayetteville Technical Community College
Fayetteville Technical Community College	Momentive Specialty Chemicals
CBL Associates	Nitta Gelatin
Food Lion	Food Lion

These customers represented kWh sales for 2014 and 2023 410,835,915 and 409,658,489 respectively; and revenue of \$26,107,778 and \$27,695,915. The aggregate sum of the ten largest electric customers' revenue received compared to the total electric sales revenue is 13.39% and 14.53%. No individual customer comprised more than 5.1% and 4.9% of total electric sales revenue.

Ft Bragg/Harnett	Ft Liberty
Town of Spring Lake	Hoke County
DAK Resins	DAK Resins (Monsanto)
Goodyear Tire	Town of Spring Lake
Hoke County	Goodyear Tire
Aqua Water	Carolina By Products
Momentive Specialty Chemicals (Hexion)	Cargill
Carolina By Products	Cape Fear Valley Hospital
Cargill	Momentive Specialty Chemicals
Cape Fear Valley Hospital	Aqua Water

These customers represented sales for 2014 and 2023 of 1,772,046,279 and 2,094,297 gallons, respectively; and revenues of \$3,935,588 and \$6,726,447. The aggregate sum of the ten largest water customers' revenue received compared to the overall total water sales revenue is 11.79% and 11.65%. No individual customer comprised more than 4.52% and 2.6% of total water sales revenue.

Wastewater Revenue	
Fiscal Year 2014	Fiscal Year 2023
Carolina By Products	Carolina By Products
Cargill	Cape Fear Valley Hospital
Nitta Gelatin	Nitta Gelatin
Hoke County	Town of Stedman
Cape Fear Valley Hospital	Cargill
Norcross	Norcross
Town of Stedman	Goodyear Tire
Mann+Hummel (Purolator)	Eastover Sanitary District
Goodyear Tire	Fayetteville State University
Momentive Specialty Chemicals (Hexion)	Momentive Specialty Chemicals

These customers represented sales for 2014 and 2023 of 636,511,646 and 696,285,273 gallons, respectively; and revenues of \$2,270,322 and \$3,816,508. The aggregate sum of the ten largest wastewater customers' revenue is 5.92% and 5.99%. No individual customer comprised more than 1.64% and 1.8% of total wastewater sales revenue.

**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
2023	-	\$ 357,057,022	\$ 41,849,744	\$ 398,906,766	1,198.09	4.45%
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%

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⁾		
2023	\$ 355,045,792	\$ 300,909,709	\$ 54,136,083	\$ 15,696,158	\$ 9,545,662	\$ 25,241,820	\$ 2.14
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

(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
2023	333,699	\$ 8,976,169,401	\$ 26,899	5.00%
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%

Sources:

1. Census Quick Facts - Population and Per capita income for Cumberland County.
2. Ycharts Cumberland County Indicators

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

Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Percentage</u>			<u>Percentage</u>		
	<u>of Total County</u>			<u>of Total County</u>		
	<u>Employees</u>	<u>Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Employment</u>	<u>Rank</u>
U.S. Dept. of Defense (Civil Service) ⁽¹⁾	10,999	7.80%	1	8,757	6.43%	1
Cumberland County Schools	6,013	4.26%	2	6,807	5.00%	2
Cape Fear Valley Health System	5,000	3.55%	3	4,850	3.98%	3
Wal-Mart Associates, Inc.	4,300	3.05%	4	3,570	0.00%	4
Goodyear Tire & Rubber Inc	2,340	1.66%	5	3,000	2.23%	5
Cumberland County	2,000	1.42%	6	2,000	1.81%	6
City of Fayetteville	1,500	1.06%	7	1,000	0.00%	7
Veterans Administration	1,000	0.71%	8	-	0.00%	-
Fayetteville Technical Community College	1,282	0.91%	9	-	0.00%	-
US Postal Service	1,000	0.71%	10	-	0.00%	-
 Total Employment (Ten Largest Civilian Employers)	 <u>35,434</u>	 <u>25.13%</u>		 <u>29,984</u>	 <u>19.45%</u>	

(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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Electric:										
Electric Substation	14	12	15	13	14	13	14	14	13	12
Electric Power Supply	1	1	3	3	3	3	3	3	3	3
Electric Generation	30	27	29	30	29	25	25	25	23	23
Electric Engineering	22	22	23	22	21	22	22	21	22	19
Electric Construction	81	71	82	81	79	74	73	76	68	72
Water/Wastewater:										
Water Plant Operations	17	19	17	17	16	15	15	15	15	14
Wastewater Plant Operations	20	21	19	19	18	16	16	17	17	17
Water/Wastewater Systems Maintenance	25	25	25	25	25	21	22	21	21	22
Water Resources Engineering	39	36	36	34	32	34	34	33	31	31
Water Resources Construction	101	100	105	99	99	97	93	100	97	97
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	6	5	6
Environmental System Protection	4	4	4	4	4	4	4	4	4	4
Watersheds	3	2	2	2	1	1	1	1	1	1
Administration:										
Billing/Customer Service	64	58	62	64	63	56	57	55	56	56
Meter Reading	6	6	9	8	4	5	5	5	5	4
Utility Field Services	18	16	15	18	17	19	18	21	21	23
Human Resources	11	11	9	9	9	8	7	7	6	5
Finance and Accounting	42	43	41	39	28	30	30	33	30	31
Management Information Systems	36	34	31	34	16	13	13	11	11	13
Executive Administration	111	106	117	119	143	141	148	147	150	146
Total Employees:	654	623	653	649	630	606	609	618	602	602

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Water System:					
Water main breaks	137	113	110	115	174
Average daily consumption (Mgals) (1)	24,815	25,011	24,908	24,592	25,738
Peaks (MGD) (2) (3)	33.7	34.2	35.1	34.8	33.0
Total sold (Mgals) (1)	7,836,927	8,023,949	8,161,023	8,095,333	8,053,788
Sewer System:					
Main breaks	294	148	141	97	168
Average daily consumption (Mgals) (1)	27,000	25,800	27,800	27,400	23,700
Peaks (MGD) (3)	45.0	28.9	32.6	41.4	24.8
Total sold (Mgals) (1)	6,027,916	6,039,262	6,137,196	6,078,380	6,003,473
Electric System:					
Electric outages (minutes)	4,677,182	8,143,105	8,624,299	# 1,622,358	1,313,228
Peaks (MW) (4)	454.0	490.3	424.0	453.0	461.4
Total kWh sold (5)	2,079,806,749	2,055,323,594	2,025,935,664	1,991,911,083	2,047,248,575
Average daily consumption (kWh)	5,698,101	5,631,024	5,550,509	5,457,291	5,608,900

(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

	2019	2020	2021	2022	2023
Water System:					
Water main breaks	98	92	123	126	111
Average daily consumption (Mgals) (1)	23,747	23,551	25,033	23,581	24,399
Peaks (MGD) (2) (3)	34.7	33.5	38.0	33.7	42.1
Total sold (Mgals) (1)	8,000,383	8,023,008	7,959,268	8,141,902	8,331,763
Sewer System:					
Main breaks	144	96	150	168	185
Average daily consumption (Mgals) (1)	31,800	30,000	31,700	26,200	25,200
Peaks (MGD) (3)	46.4	56.6	55.5	28.6	42.1
Total sold (Mgals) (1)	6,168,784	6,095,255	6,138,459	6,152,720	6,228,387
Electric System:					
Electric outages (minutes)	19,433,184	10,062,025	8,638,836	5,211,977	8,952,305
Peaks (MW) (4)	404.0	424.0	427.0	416.9	427.6
Total kWh sold (5)	1,987,145,590	1,939,893,315	1,970,727,350	2,001,319	1,914,173
Average daily consumption (kWh)	5,444,235	5,314,776	5,399,253	5,483,066	5,244,309

(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

	2014	2015	2016	2017	2018
Water System:					
Miles of water main	1,374.4	1,384.6	1,375.0	1,385.0	1,383.2
Number of new service connections	1,258	1,778	1,128	222	425
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	1,358	2,635	1,072	262	899
Miles of sanitary sewer mains	1,281.0	1,293.0	1,318.0	1,333.0	1,345.0
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	432	1,456	965	388	352
Distribution line circuit miles	1,323.60	1,323.97	1,337.16	1,339.41	1,349.19

(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

	2019	2020	2021	2022	2023
Water System:					
Miles of water main	1,395.0	1,398.6	1,408.5	1,414.2	1,423.0
Number of new service connections	180	992	807	37	1,538
Maximum daily capacity of treatment plant (MGD) ⁽¹⁾	57.5	57.5	50.0	57.5	50.0
Storage capacity (MGD) ⁽¹⁾	36.1	36.6	36.5	36.5	36.5
Sewer System:					
Number of new service connections	737	1,189	1,275	305	1,591
Miles of sanitary sewer mains	1,333.0	1,339.9	1,350.5	1,366.5	1,373.4
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	546	542	674	169	1,317
Distribution line circuit miles	1,346.62	1,347.77	1,351.70	1,356.90	1,359.71

(1) Includes all vehicles assigned to Police Department

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

**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, 2023, 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 19, 2023.

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 or significant deficiencies 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 19, 2023

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, 2023

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.



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