



FAYETTEVILLE
PUBLIC WORKS
COMMISSION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2024

(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, 2024*

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Donald L. Porter, Chair
Christopher Davis, Vice Chair
Ronna Rowe Garrett, Secretary
Richard W. King, Treasurer

Chief Executive Officer

Timothy Bryant

Chief Financial Officer

Rhonda Haskins, CPA, CGMA

Prepared by the Finance Division

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COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

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INTRODUCTORY SECTION

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October 31, 2024

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, 2024.

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, 2024. 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 38th largest in the nation, based on electric customers served. 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 the option to run through 2042. 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 PWC's Butler Warner Generation Plant. PWC will 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 2024, 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 100,000 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 93,000 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 5.4%. The lowest unemployment rate for our County in nearly a decade (US. Bureau of Labor Statistics) was 4.7% in 2018. Additionally, approximately 123,608 citizens are currently employed, which represents a 0.5% increase from June of 2023. The Fayetteville Metro area also has one of the youngest workforces in the Carolinas, with a median age of 31.7 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 2025 budget based on moderate growth. The City was awarded \$96.3 million of competitive federal funding that it was actively applying for since January 2024. They celebrated the completion of projects associated with 2016 Parks and Receptions Bonds and the fifth anniversary of opening the Segra Stadium, which PWC ensured utilities were 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 FY24, PWC accomplished or continued to work on several financial, operational, and economic development initiatives including:

- Responding to persistent 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.
- Utilizing its newly adopted economic development rate for customers who bring 1,000 kW loads to the PWC system or 750 kW through expansion, PWC worked with community partners to attract a new industry to Fayetteville/Cumberland County that will invest more than \$867 million in buildings and equipment and create over 300 jobs.
- PWC received a total of \$160.8 million in government funding for system improvements to our water and wastewater operations and facilities.
- Preparing for new EPA regulations for 6 common PFAS (forever chemicals) in drinking water, PWC completed a pilot treatment study for the removal of emerging contaminants. The proposed treatment process to address these and other contaminants using Granulated Activated Carbon, is expected to cost \$112+ million to install and an additional \$12 million to operate and maintain.
- PWC is continuing its initiative-taking measures to protect customers from lead exposure and working to comply with the 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. PWC has provided an interactive online public resource for identifying properties with suspected lead lines and plumbing. By October 2024, PWC will provide an initial inventory of our 100,000 water service laterals to NCDEQ.
- In its first full year of its renewable energy program to support customer roof-top solar, PWC added 374 customers to its Renewable Energy Buy Back Program.
- 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 turbines and working to upgrade two per year through FY26.
- PWC continued its annual efforts to lower bad debt and reduce lost revenue. PWC's annual bad ratio for FY24 was .32%, significantly lower than the industry of .50%. PWC recovered over \$873,000 of an estimated \$1.9 million in bad debt. Metering loss controls identified over \$96,000 in lost revenue in FY24, and collection efforts ultimately recovered \$154,000 related to metering loss control.
- 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. PWC's overall residential satisfaction increased to 78% and PWC ranked in the top quartile in 20 of 35 specific customer satisfaction benchmark metrics and number one overall in three categories.

- The implementation of a new after-hour call service improved and enhanced PWC customer service and emergency response.
- PWC continued using innovative approaches and community partnerships to grow its work force. Through the Skillsbridge internship program, PWC employed Fort Liberty soldiers who are transitioning out of the military service and prepared them to become certified water treatment plant operators once they leave the 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 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 offers 14 incentive programs that help customers better understand and manage their utility use, including Smart Wi-Fi thermostat program that helps customers manage with Time-of-Use electric rates and PWC reduce peak energy demand. Since 2015, the conservation incentive programs have saved over 17 million kWh and 13 million gallons of water.
- PWC continued its partnership with fiber optic service provider, MetroNet, who is investing \$70 million in 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 V, 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 of 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. Forty-eight utility teams from 16 different states worked alongside NTUA electric to connect 170 homes to the electric grid for the very first time. On average, 13 homes were connected each week with 4.2 miles of new powerline built. The PWC crews were responsible for installing over three miles of lines, 66 poles, which connected 10 families.
- PWC's employee support of community organizations in FY24 included employees contributing over \$138,000 to local United Way partner agencies, packing 35,000 meals that were distributed to local non-profits, raising over \$1,800 for Water for People, and donating over 1,300 items in clothing, toys, fans, and other charitable drives.
- Progress continued on 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.

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, 2023. This was the seventeenth 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 2024 annual budget. PWC has received this award for the past 29 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 FY24, 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.
- For the third time, PWC was awarded the American Public Power Association (APPA) Smart Energy Provide Award for demonstrating commitment to and proficiency in energy efficiency, distributed generation and environmental initiatives that support the goal of providing low cost, quality, safe, and reliable electric service.
- 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 2023, the average outage time (without major incidents such as hurricanes) for PWC customers was 64.87 minutes while nationally, the average was 105 minutes.
- PWC has maintained the standards of the national Director's Award from the Partnership for Safe Water Program for 23 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 #23 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.
- Inaugural winner of the Greater Fayetteville Chamber of Commerce "Excellence in Innovation Award".
- ElectriCities of NC recognize PWC with four prestigious Public Power Awards of Excellence, celebrating its achievements in Superior Power, Strengthening Public Power, Customer-Centered Innovation and People. These accolades reflect PWC's commitment to enhancing its systems, effectively communicating the benefits of public power, nurturing talent, and continuously improving every facet of its operations.
- PWC's Procurement Department was recognized for receiving the 2023 Sustained Professional Purchasing Award from the NC Association of Governmental Purchasing. It is the second consecutive year that PWC has been honored with the award.
- The United Way of North Carolina presented the PWC 2023 Spirit of North Carolina Award for Impactful and Engaging Campaign Event or Activity – a Meal Packing Event that officially kicked off its 2023 pledge campaign. Eighty employees helped pack over 35,000 meals in just under an hour that were used by three local food pantries. It is the 18th Spirit Award PWC has earned since 2003. PWC has earned more Spirit Awards than any other organization in the state.

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, 2023

Christopher P. Morill

Executive Director/CEO

FAYETTEVILLE PUBLIC WORKS COMMISSION

FAYETTEVILLE, NORTH CAROLINA

FAYETTEVILLE CITY COUNCIL

PWC BOARD OF COMMISSIONERS



Tim Bryant

Chief Executive Officer/General Manager



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, 2024, 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 the Commission as of June 30, 2024, 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 Contributions, Schedules of the Commission's Proportionate Share of Net Pension Liability (Asset) 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, 2024 (not presented herein), and have issued our report thereon dated October 31, 2024, 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" and the Schedule of Expenditures of Federal and State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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, statistical tables and the Corrective Action Plan 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 31, 2024 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 31, 2024

**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, 2024 (FY24). 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 \$1,201.5 million, an increase of \$55.1 million, or 4.8%, up from \$1,146.4 million in FY23.
- Total unrestricted and undesignated operating reserves were 151 days at June 30, 2024, up from 132 days in the prior year.
- Income before Capital Contributions and Transfers was \$44.1 million compared to \$13.8 million in FY23, up \$30.3 million in prior year.
- Water/Wastewater rate adjustments went into effect May 1, 2023 and May 1, 2024. Electric rate adjustments went into effect May 1, 2023 and May 1, 2024.
- The Electric Rate Stabilization Fund net position was \$25.3 million at June 30, 2024, down from \$36.8 million in the prior year.
- The Water and Wastewater Rate Stabilization Fund net position was \$2.2 million at June 30, 2024, up from \$1.9 million in the prior year.
- Power Supply and Generation Expenses increased by \$5.9 million to \$156.6 million in FY24, up from \$150.7 million in FY23.
- Coal Ash Charges decreased by \$1.3 million to \$6.4 million in FY24, down from \$7.7 million in FY23. The FY24 Coal Ash Reserve balance is \$5.0 million, a \$2.0 million decrease from \$7.0 in FY23.
- During FY24, 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 5.11, exceeding the minimum requirement of 1.10.
- In November 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 \$10.6 million at June 30, 2024, down from \$18.5 million in the prior year. The number of developer agreements decreased by 3.9% and FEMA reimbursement decreased by \$2.7 million.
- PWC has recorded Right to Use Assets for various software and office equipment in the amount of \$3.9 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 \$3.7 million. The lease receivable balance for office space and fiber as of June 30, 2023, was \$3.9 million.
- To reflect the estimated market value of PWC's investments as of June 30, 2024, a positive mark to market adjustment has been recorded in the amount of \$4.6 million; \$3.1 million in the Electric Fund and \$1.5 million in the Water and Wastewater Fund. This adjustment reflects the estimated reduction in negative market value that PWC would have incurred if the investments were sold as of June 30, 2024. This improvement to unrealized loss is due to portfolio maturities and shorter remaining duration of investments having lower interest rates, as some of these maturities were reinvested at higher interest rates as well, and PWC's approach remains as a buy and hold investor.
- In November of 2023, PWC issued \$169.4 million in revenue bonds for electric, water and wastewater projects.
- In February of 2024, PWC issued \$76.4 million in refunding revenue bonds with a net present value savings of \$5.3 million.

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.

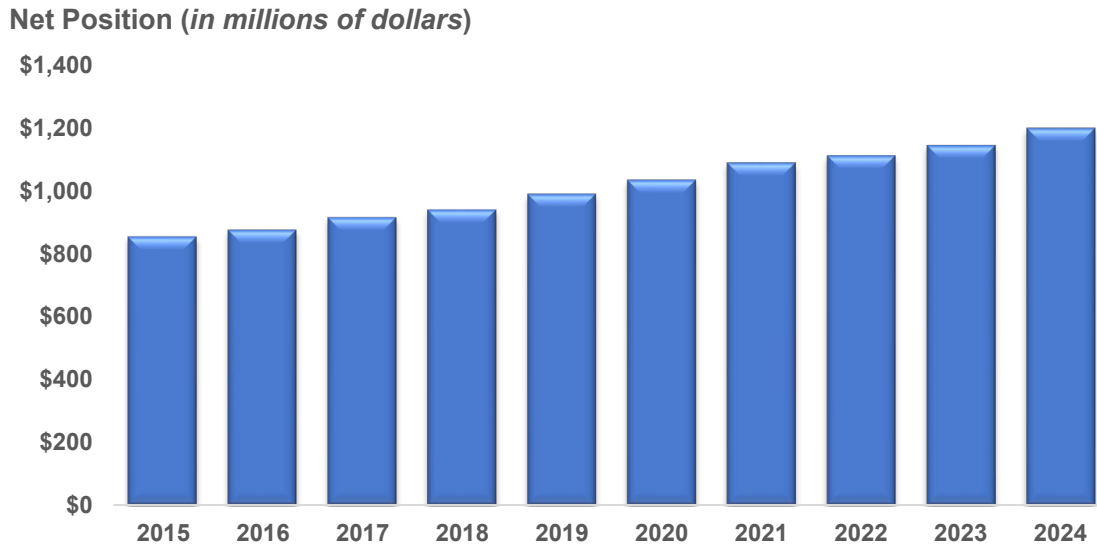
PWC is recognized as a Public Authority and is a discretely presented component unit of the City of Fayetteville, North Carolina. PWC's financial statements consist of two Enterprise Funds which account for PWC utility services.

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 FY24. A summary of PWC's Statement of Net Position is presented in Figure A-2. Net position increased \$55.1 million to \$1,201.5 million in FY24, up from \$1,146.4 million in FY23. By far, the largest portion of PWC's net position, \$836.9 million (69.7%) reflects the investment in capital assets less any related debt still outstanding that was issued to acquire those assets.

PWC's total assets exceeded \$1.8 billion in FY24. PWC's total assets increased by 14.2%, primarily due to the increase in capital assets of \$52.7 million or 4.3% over prior year and the increase in current and other assets of \$181.9 million or 41.6% from prior year. The increase in current and other assets is the result of the issuance of revenue bonds for various projects. The increase in capital assets, net of accumulated depreciation, is the result of an increase in additions to capital assets of \$102.8 million, offset by an increase in accumulated depreciation of \$50.2 million (see Figure A-10). Operating cash reserves increased from 132 days to 151 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 2023	FY 2024	Total Dollar Change	Total Percentage Change
Current and Other Assets	\$ 437.7	\$ 619.6	\$ 181.9	41.6%
Capital Assets	1,212.8	1,265.5	52.7	4.3%
Total Assets	1,650.5	1,885.1	234.6	14.2%
Deferred Charge on Refunding	0.7	0.5	(0.2)	(28.6%)
OPEB Deferrals	6.5	3.2	(3.3)	(50.8%)
Pension Deferrals	27.6	26.7	(0.9)	(3.3%)
Deferred Outflows of Resources	34.8	30.4	(4.4)	(12.6%)
Long-term Liabilities Outstanding	447.7	613.7	166.0	37.1%
Other Liabilities	81.0	93.6	12.6	15.6%
Total Liabilities	528.7	707.3	178.6	33.8%
OPEB Deferrals	5.6	2.8	(2.8)	(50.0%)
Pension Deferrals	0.1	0.2	0.1	100.0%
Lease Deferrals	4.4	3.7	(0.7)	(15.9%)
Deferred Inflows of Resources	10.1	6.7	(3.4)	(33.7%)
Net Investment in Capital Assets	835.7	836.9	1.2	0.1%
Restricted	160.6	196.4	35.8	22.3%
Unrestricted	150.1	168.2	18.1	12.1%
Total Net Position	\$ 1,146.4	\$ 1,201.5	\$ 55.1	4.8%

Deferred Outflows of Resources and Deferred Inflows of Resources decreased by \$4.4 million and 3.4 million respectively. This is primarily due to an decrease in Resources Related to OPEB.

Restricted Net Position of \$196.4 million includes externally restricted net position of \$58.1 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 \$138.3 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 \$168.2 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 \$51.2 million, or 14.1%, while total expenses increased by \$20.9 million, or 6.0%. The increase in expenses is due to \$5.9 million increase in Power Supply and Generation Expense, \$2.2 million increase in Electric Operating Expense, \$0.4 million increase in Water/Wastewater Operating Expense, \$4.0 million increase in General & Administrative, and a \$2.3 million increase in Depreciation. This resulted in a \$44.1 million Income before Capital Contributions and Transfers, increasing \$30.3 million compared to last year. Looking more closely at revenues, the \$51.2 million increase arises from Charges for Utility Services increasing \$24.5 million, Other Operating Revenue increasing \$15.5 million, an increase of \$15.2 million in Interest/Market Adjustment on Investments, and offset by a \$4.0 million decrease in Intergovernmental Revenue. 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 \$25.3 million, of which approximately \$15.2 million will be used over the next year to supplement the Electric Fund as rates are adjusted to meet its ongoing obligations. The remaining \$10.1 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 \$8.9 million was transferred in FY24. The transfer of \$8.7 million over the minimum was 9 months of the billed revenue from the Power Supply Adjustment (PSA).

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 FY24, PWC collected \$2.8 million in revenue in addition to receiving a \$0.5 million CCR true-up credit. Coal Ash expenses excluding the true-up credit totaled \$6.4 million. The FY24 Coal Ash Reserve balance is \$5.0 million, a \$2.0 million decrease from FY23 (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 FY24, leaving an accumulated balance of \$2.2 million at June 30, 2024.

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

	FY 2023	FY 2024	Total Dollar Change	Total Percentage Change
Operating Revenues				
Charges for Utility Services	\$ 306.2	\$ 330.7	\$ 24.5	8.0%
Other Operating Revenue	46.9	62.4	15.5	33.0%
Nonoperating Revenues				
Intergovernmental	5.2	1.4	(3.8)	(73.1%)
Interest on Investments	7.2	15.5	8.3	115.3%
Interest Market Adjustment	(2.3)	4.6	6.9	(300.0%)
Total Revenues	<u>363.2</u>	<u>414.6</u>	<u>51.4</u>	<u>14.2%</u>
Power Supply and Generation Expense	150.7	156.6	5.9	3.9%
Electric Operating Expense	25.7	27.9	2.2	8.6%
Water/Wastewater Operating Expense	47.7	48.3	0.6	1.3%
General & Administrative	48.6	52.4	3.8	7.8%
Depreciation Expense	52.1	54.4	2.3	4.4%
Non-Operating Expense				
Loss on Sale of Assets	0.7	0.5	(0.2)	(28.6%)
Payment in lieu of taxes	12.4	12.2	(0.2)	(1.6%)
Interest Expense	11.4	15.8	4.4	38.6%
Amortization Expense	0.1	2.2	2.1	2100.0%
Total Expenses	<u>349.4</u>	<u>370.3</u>	<u>20.9</u>	<u>6.0%</u>
Income before Capital Contributions and Transfers	<u>13.8</u>	<u>44.3</u>	<u>30.5</u>	<u>221.0%</u>
Capital Contributions	18.5	10.7	(7.8)	(42.2%)
Change in Net Position	32.3	55.1	22.8	70.6%
Beginning Net Position	1,114.1	1,146.4	32.3	2.9%
Ending Net Position	<u>\$ 1,146.4</u>	<u>\$ 1,201.5</u>	<u>\$ 55.1</u>	<u>4.8%</u>

Electric operating revenues increased \$17.4 million, or 7.9%, increasing total revenues to \$238.6 million for FY24. Electric rates increased 6.1% in May 2023 and 2.0% in May 2024. An 8.5%, or \$15.5 million, net increase to residential, commercial, and industrial sales revenue was realized. Residential kWh sold increased by 3.0% and commercial customers kWh sold increased by 3.7%. The residential class represents 50.8% of electric sales revenue with an increase of \$9.9 million (a 10.3% increase to the residential sales revenue). The commercial and industrial classes had a combined increase of \$5.5 million in sales revenue. Large users saw a 48.6% decrease in customers primarily due to the reclassification of some large power customers to medium power. Large user customers represent less than 0.5% of all customers. FY24 was a slightly hotter year for weather as compared to FY23, there was a 6.2% increase in degree days. Overall, sales increased 24,111 MWh from 1,920,185 to 1,944,296 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	0.8%	2.2%	3.0%	10.3%
Commercial	0.3%	3.4%	3.7%	9.9%
Large Users	(48.6%)	82.6%	(6.2%)	(2.0%)

Water and wastewater operating revenues collectively increased \$12.9 million, or 9.8%, to \$144.6 million, which includes increases in water and wastewater sales revenues of \$9.9 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 \$3.5 million, or 6.0%, to \$61.8 million. The residential class represents 65.7% of total water sales revenue. The majority of the revenue increase is due to rate adjustments in May 2023 and May 2024, of 7.0% and 6.6%, respectively. Gallon sales per customer for the residential class remained steady while the commercial and large users both decreased in gallons sold by 1.9% and 4.7%, 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 4.6%, while both the gallons sales per customer and gallons sold decreased by 6.0% and 8.8%. Large users gallons sold decreased 4.7% and wholesale gallons sold remained steady. The large users decrease can be partly attributed to the closure of a large customer and decreases in usage for others. Total annual rainfall for FY24 was 37.6", a decrease of 1.6" 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%	(0.8%)	0.4%	6.4%
Commercial	0.9%	(2.7%)	(1.9%)	7.0%
Large Users	0.0%	(4.7%)	(4.7%)	8.3%
Wholesale	0.0%	0.1%	0.1%	13.0%
Irrigation	(3.0%)	(6.0%)	(8.8%)	4.6%

Wastewater System: Wastewater sales revenue for all classes increased \$6.4 million, or 10.0%, to \$70.9 million. The revenue increase is largely due to rate adjustments in May 2023 and May 2024, of 10.2% and 10.2%, respectively. The residential class represents 69.5% of wastewater sales revenue in total. Wastewater BFC and volume rates changed simultaneously with the water rates. Wastewater sales trend closely to water with residential gallons sold remaining steady and decreases in the commercial and large user classes. Wholesale gallons sold increased by 20.4%, and sales revenue increased by 29.8%; however, wholesale revenues are a small percentage of total revenues. The wholesale increase was primarily due to customer 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

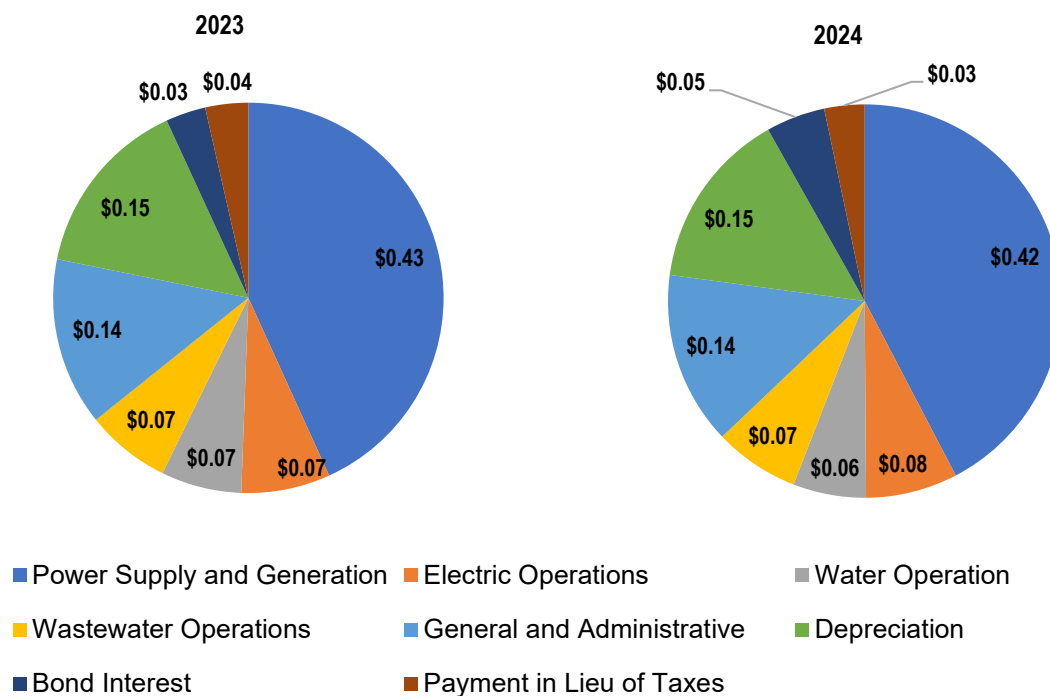
	Customers	Average gal/cust	Gallons Sold	Sales Revenue
Residential	1.1%	(1.0%)	0.1%	9.7%
Commercial	0.8%	(1.2%)	(0.4%)	13.7%
Large Users	(0.5%)	(5.7%)	(6.1%)	15.0%
Wholesale	0.0%	20.4%	20.4%	29.8%

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Electric Operating Expenses, excluding Power Supply and Generation Expenses, increased by \$2.2 million or 8.6% and Water and Wastewater Operating Expenses increased by \$0.4 million or 0.8%. Electric increases are due primarily to personal costs and contractual services for various maintenance projects. Water and wastewater increases are for personnel costs associated with various maintenance projects.

Figure A-6 provides the dollar breakdown of expenses in 2023 and 2024 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 an annual true-up based on DEP's system average costs. Below are the FY24 highlights:

- Capacity charges rose \$1.6 million due to an 2% increase in demand, as well as pricing increase
- Energy costs increased \$2.0 million due to higher pricing and increased consumption
- Contractual true-up and negotiated catch-up for energy resulted in an additional \$11.5 million in costs
- Coal ash costs (including adjustments and true-ups) increased \$201,185

The items above were key parts in an overall increase of \$5.9 million, or a total of \$156.6 million. Total power purchased was 2.05 billion kWh, a 2.2% increase from the prior year. PWC's system peak demand for FY24 of 408 MW occurred in August 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 2023	FY 2024	Total Dollar Change	Total Percent Change
Purchased Power - DEP	\$ 114.0	\$ 117.6	\$ 3.6	3.2%
Purchased Power-True-up	7.2	6.6	(0.6)	(8.3%)
Purchased Power-Adjustment	8.2	4.8	(3.4)	(41.5%)
Purchased Power-SEPA	0.6	0.7	0.1	16.7%
Purchased Power - Regulatory Asset	(7.2)	6.0	13.2	(183.3%)
Transmission	8.0	8.5	0.5	6.3%
Coal Ash	7.7	6.4	(1.3)	(16.9%)
Coal Ash-True-up	(1.9)	(0.5)	1.4	(73.7%)
Other Generation Expenses	14.1	6.5	(7.6)	(53.9%)
Total	\$ 150.7	\$ 156.6	\$ 5.9	3.9%

CAPITAL CONTRIBUTIONS

Capital contributions include cash and non-cash contributions and grants from various sources such as developers, 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 2023	FY 2024	Total Dollar Change	Total Percent Change
Developers	\$ 11.3	\$ 7.4	\$ (3.9)	(34.5%)
NCDOT	0.5	-	(0.5)	(100.0%)
Federal & State- FEMA	2.7	-	(2.7)	(100.0%)
SDF Fees	3.9	3.2	(0.7)	(17.9%)
SDF Awarded/Applied/Expired	0.1	-	(0.1)	(100.0%)
Total	\$ 18.5	\$ 10.6	\$ (7.9)	(42.7%)

Capital contributions were \$10.6 million, down \$7.9 million from FY23. There were decreases in contributions from developers of \$3.9 million, Federal and State - FEMA of \$2.7 million, and SDF Fees of \$0.8 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 increased for FY24 by \$3.7 million.

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

	FY 2023	FY 2024	Total Dollar Change	Total Percent Change
Payment in lieu of taxes (PILOT)	\$ 12.4	\$ 12.2	\$ (0.2)	(1.6%)
Intergovernmental Expense				
Total Transfers to the City	<u>12.4</u>	<u>12.2</u>	<u>(0.2)</u>	<u>(1.6%)</u>
Intergovernmental Revenues				
Additional -				
Relief Fund Repayment	4.0	-	(4.0)	(100.0%)
Assessments	1.0	1.0	-	0.0%
Assessment Interest	<u>0.2</u>	<u>0.3</u>	<u>0.1</u>	<u>50.0%</u>
Total Intergovernmental Revenue	<u>5.2</u>	<u>1.3</u>	<u>(3.9)</u>	<u>(75.0%)</u>
Net PILOT and Intergovernmental Activity	<u><u>\$ 7.2</u></u>	<u><u>\$ 10.9</u></u>	<u><u>\$ 3.7</u></u>	<u><u>51.4%</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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The following is a summary of some of the major improvements to the system during FY24:

Major capital asset expenditures include:

\$	13.8 million	Installation of Water and Wastewater utility systems in annexed areas
\$	12.8 million	Butler Warner Generation
\$	12.5 million	Electric new service including transformers
\$	12.2 million	Water and Wastewater rehabilitation and replacements
\$	11.3 million	Electric system improvements
\$	9.4 million	Water and Wastewater new services
\$	7.1 million	Water and Wastewater system improvements
\$	6.1 million	Water and Wastewater plant improvements
\$	3.8 million	Computer systems
\$	2.8 million	Substation rebuild
\$	2.3 million	NCDOT Water and Wastewater relocations
\$	2.1 million	Transportation equipment
\$	1.7 million	Electric and Water meters

Capital spending for the Electric System was \$46.7 million, an increase of \$22.3 million from FY23. The increase of \$7.9 million is primarily attributable to Butler Warner Generation projects for the major overhauls of GT 8 and GT 1 and the gas turbine rotor, \$3.3 million increase for Solar Compliance Resource projects, \$6.3 increase for Padmount Transformers, and an increase of \$1.6 million in various General Fund projects.

Capital spending for the Water and Wastewater System was \$59.2 million, a decrease of \$10.1 million from FY23. The decrease is primarily attributable to the completion of the Rockfish Basin Peak Flow Facilities in FY23 of \$4.3 million, a \$7.8 million decrease for installation of water and wastewater mains and laterals for new services and annexed areas, \$2.9 million decrease in water and wastewater rehabilitation and replacement projects, offset by an increase of \$2.3 million for other water and wastewater system improvement projects.

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At June 30, 2024, 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 2023	FY 2024	Total Dollar Change	Total Percent Change
Land	\$ 23.9	\$ 24.2	\$ 0.3	1.3%
Buildings	70.6	71.0	0.4	0.6%
Machinery, Equipment and Vehicles	62.7	66.0	3.3	5.3%
Electric System	553.5	570.7	17.2	3.1%
Water System	470.5	477.6	7.1	1.5%
Wastewater System	728.7	726.0	(2.7)	(0.4%)
Office Equipment and Intangibles	60.9	62.3	1.4	2.3%
Construction in Progress	151.0	226.8	75.8	50.2%
Subtotal	<u>2,121.8</u>	<u>2,224.6</u>	<u>102.8</u>	<u>4.8%</u>
Accumulated Depreciation	<u>(909.0)</u>	<u>(959.2)</u>	<u>(50.2)</u>	<u>5.5%</u>
Net Property, Plant and Equipment	<u>\$ 1,212.8</u>	<u>\$ 1,265.4</u>	<u>\$ 52.6</u>	<u>4.3%</u>

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 \$17.2 million in the Electric System, \$7.1 million in the Water System offset by a decrease of \$2.7 million in the Wastewater System. The \$17.2 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 \$7.1 million increase in the Water System is the result of the completion of several projects which include a \$6.3 million in the water transmission distribution system. The \$75.8 million, or 50.2%, increase in Construction in Progress is primarily attributed to the increased activity on existing projects to include Annex Phase 5, Areas 32-34, Areas 24-25, Areas 26-27, Series 2023 Electric, Water and Wastewater projects, and the NCDOT.

LONG TERM DEBT

PWC's outstanding revenue bonds carry Aa2 (stable outlook), AA (stable outlook), and AA (stable outlook) credit ratings 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 \$524.2 million in long-term debt (before loss on defeasance and reacquired debt, premiums, and discounts (see Note 10D in the financial statements). This is an increase of \$149.1 million or 39.7% from \$375.1 million in FY23 which is attributed to issuing \$169.4 million in revenue bonds and \$76.4 million in refunding revenue bonds with a net present value savings of \$5.3 million, which refunded the series 2014 bonds.

As can be seen in Figure A-11, PWC's total weighted average coupon rate and true interest cost on its outstanding debt is 3.85% and 3.20%, respectively, as of June 30, 2024. 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 Refunding Bonds, Series 2024	\$ 76.4	5.00%	2.95%
Revenue Bonds, Series 2023	169.4	4.71%	4.68%
Revenue Bonds, Series 2021	94.4	3.03%	2.28%
Revenue Bonds, Series 2018	63.4	4.22%	3.51%
Revenue Refunding Bonds, Series 2016	75.5	3.26%	2.47%
NCSRL - BRCO	14.8	1.06%	1.06%
2021 NCSRL - Rockfish CreekPeak Flow Facilities	13.1	1.11%	1.11%
2013 NCSRL - Hoffer Construction Phase 1	9.5	0.00%	0.00%
2012 NCSRL - Clearwell/Ferric Conversion	2.4	0.00%	0.00%
2013 NCSRL - Outfall Rehab (Large Diameter Rehab)	2.0	2.00%	2.00%
2022 NCSRL - Big Rockfish Creek Outfall- Lift Station Elim	1.9	0.00%	0.00%
2014 NCSRL - Person Street Sanitary Sewer	1.2	2.00%	2.00%
2012 NCSRL - Edgewater Project	0.2	2.00%	2.00%
Total	\$ 524.2	3.85%	3.20%

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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 5.11 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 2023	FY 2024	Percent Change
Change in Net Position (Figure A-3)	\$ 33.3	\$ 55.1	65.5%
Adjustments			
Bond Interest Expense	11.4	15.8	38.6%
Depreciation and Amortization	52.1	54.4	4.4%
Payment in Lieu of Taxes	12.4	12.2	(1.6%)
Intergovernmental Revenue	(5.0)	(0.9)	(82.0%)
Capital Contributions	(18.5)	(10.9)	(41.1%)
(Gain)/Loss on Sale of Assets	0.7	0.5	(28.6%)
System Development Fee (SDF)	3.9	3.2	(17.9%)
(Gain)/Loss on Investment Valuation	1.3	(4.6)	(453.8%)
Income Available for Debt Service	\$ 91.6	124.8	36.2%
<u>Senior Lien Debt Coverage</u>			
Revenue Bond Debt Service ¹	25.7	24.4	(5.1%)
Senior Lien Debt Service Coverage	3.53	5.11	44.8%
<u>Total System Debt Coverage</u>			
Total System Debt Service ¹	28.0	26.9	(3.9%)
Total System Debt Service Coverage	3.24	4.63	42.9%

¹ Net of capitalized interest from bond proceeds of \$1.4 million in FY23 and \$2.4 million in FY24.

In addition to long-term debt, PWC's long-term obligations include the total OPEB Liability of \$21.6 million and the total Net Pension Liability of \$39.1 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, 2024

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ 11,831,231	\$ 35,639,235	\$ 47,470,466
Investments	76,068,745	41,861,915	117,930,660
Receivables	33,110,075	24,189,801	57,299,876
Lease receivable	694,223	-	694,223
Less allowance for doubtful accounts	(143,850)	(112,993)	(256,843)
Net receivables	33,660,448	24,076,808	57,737,256
Inventories	20,081,704	3,583,666	23,665,370
Other current assets	6,471,024	1,541,369	8,012,393
Regulatory Asset - DEP Energy & Demand True Up	1,202,736	-	1,202,736
Total current unrestricted assets	149,315,888	106,702,993	256,018,881
Current restricted assets			
Cash and cash equivalents	127,982,398	198,030,793	326,013,191
Investments	7,184,917	8,442,443	15,627,360
Collateral pledged in lieu of deposits	479,097	205,327	684,424
Receivables	447,662	13,753,197	14,200,859
Total current restricted assets	136,094,074	220,431,760	356,525,834
Total current assets	285,409,962	327,134,753	612,544,715
Noncurrent assets			
Lease receivable noncurrent	3,191,866	-	3,191,866
	3,191,866	-	3,191,866
Capital assets, net:			
Land and land rights	9,996,827	14,185,472	24,182,299
Construction in process	58,489,264	168,318,612	226,807,876
Electric utility system	255,224,566	-	255,224,566
Water system	-	265,106,712	265,106,712
Wastewater system	-	434,452,773	434,452,773
Buildings	23,742,916	7,872,920	31,615,836
Equipment and machinery	7,779,026	3,538,988	11,318,014
Computer equipment	662,383	673,312	1,335,695
Intangibles	1,614,385	1,529,611	3,143,996
Vehicles	5,172,326	7,107,282	12,279,608
Office equipment	12,953	-	12,953
Capital assets, net	362,694,646	902,785,682	1,265,480,328
Right to use assets, net	1,937,681	1,937,681	3,875,362
Total capital assets, net	364,632,327	904,723,363	1,269,355,690
Total assets	653,234,155	1,231,858,116	1,885,092,271
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized bond refunding charges	-	530,085	530,085
OPEB deferrals	1,497,771	1,718,951	3,216,722
Pension deferrals	12,067,335	14,540,045	26,607,380
Total deferred outflows of resources	13,565,106	\$ 16,789,081	\$ 30,354,187

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

Statement of Net Position

June 30, 2024

	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	\$ 3,861,836	\$ 16,183,824	\$ 20,045,660
Accounts payable and accrued expenses	29,818,478	15,237,178	45,055,656
Total current liabilities to be paid from unrestricted current assets	33,680,314	31,421,002	65,101,316
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	10,372,173	18,128,492	28,500,665
Total current liabilities to be paid from restricted current assets	10,372,173	18,128,492	28,500,665
Total current liabilities	44,052,487	49,549,494	93,601,981
Noncurrent liabilities			
Long-term liabilities	95,767,553	454,167,927	549,935,480
Total OPEB liability	9,999,003	11,625,499	21,624,502
Net pension liability	17,699,912	21,373,984	39,073,896
Subscription lease liability	1,114,450	1,114,450	2,228,900
Other liabilities	137,827	102,915	240,742
Unearned deposits - Metronet	531,331	-	531,331
Unearned deposits	8,177	29,770	37,947
Total noncurrent liabilities	125,258,253	488,414,545	613,672,798
Total liabilities	169,310,740	537,964,039	707,274,779
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	1,235,004	1,547,612	2,782,616
Pension deferrals	89,678	108,512	198,190
Lease deferrals	3,720,946	-	3,720,946
Total deferred inflows of resources	5,045,628	1,656,124	6,701,752
NET POSITION			
Net investment in capital assets	319,846,031	516,781,718	836,627,749
Restricted for -			
Capital projects	53,645,118	49,731,550	103,376,668
Renewable energy	8,392,851	-	8,392,851
Other internal restrictions	63,898,255	74,366,781	138,265,036
Unrestricted Net Position	46,660,638	68,146,985	114,807,623
Total Net Position	\$ 492,442,893	\$ 709,027,034	\$ 1,201,469,927

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, 2024

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Operating revenues			
Residential, commercial and industrial sales	\$ 196,950,472	\$ 125,492,665	\$ 322,443,137
Other charges for services	51,384,973	19,205,967	70,590,940
Total operating revenues	<u>248,335,445</u>	<u>144,698,632</u>	<u>393,034,077</u>
Operating expenses			
Power supply and generation	156,607,257	-	156,607,257
Electric operation	27,918,185	-	27,918,185
Water operations	-	22,292,636	22,292,636
Wastewater operations	-	26,025,507	26,025,507
General and administrative	25,806,378	26,574,209	52,380,587
Depreciation and Amortization	23,153,713	31,245,913	54,399,626
Total operating expenses	<u>233,485,533</u>	<u>106,138,265</u>	<u>339,623,798</u>
Operating income	<u>14,849,912</u>	<u>38,560,367</u>	<u>53,410,279</u>
Nonoperating revenue (expense)			
Intergovernmental revenue	-	1,467,039	1,467,039
Payment in lieu of taxes	(12,243,713)	-	(12,243,713)
Interest earned on investments	7,019,935	8,516,963	15,536,898
Gain on investment	3,137,508	1,459,173	4,596,681
Gain (loss) on disposal of assets	(442,669)	(27,626)	(470,295)
Interest expense	(2,835,812)	(12,929,142)	(15,764,954)
Interest - Leases	(27,202)	(27,263)	(54,465)
Finance costs	(440,580)	(1,696,088)	(2,136,668)
Total nonoperating expense, net	<u>(5,832,533)</u>	<u>(3,236,944)</u>	<u>(9,069,477)</u>
Income before transfers and contributions	<u>9,017,379</u>	<u>35,323,423</u>	<u>44,340,802</u>
Contributions	64,311	10,635,928	10,700,239
Transfers in	-	5,166,474	5,166,474
Transfers out	(5,166,474)	-	(5,166,474)
Change in Net Position	<u>3,915,216</u>	<u>51,125,825</u>	<u>55,041,041</u>
Total Net Position - beginning	<u>488,527,677</u>	<u>657,901,209</u>	<u>1,146,428,886</u>
Total Net Position - ending	<u><u>\$ 492,442,893</u></u>	<u><u>\$ 709,027,034</u></u>	<u><u>\$ 1,201,469,927</u></u>

Note: The transfers within funds have been eliminated for FY 24; \$99,473,230 for the Electric Fund & \$145,664,925 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, 2024

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Cash flows from operating activities			
Cash received from customers	\$ 243,732,596	\$ 141,567,366	\$ 385,299,962
Cash paid for goods and services	(13,822,784)	(44,544,006)	(58,366,790)
Cash paid to or on behalf of employees for services	(28,238,098)	(28,713,149)	(56,951,247)
Cash paid for power supply and generation	(156,607,257)	-	(156,607,257)
Net cash provided by operating activities	<u>45,064,457</u>	<u>68,310,211</u>	<u>113,374,668</u>
Cash flows from noncapital financing activities			
Cash (paid) received from intergovernmental agreements	(12,243,713)	1,220,198	(11,023,515)
Transfers in	-	5,166,474	5,166,474
Transfers out	(5,166,474)	-	(5,166,474)
Net cash provided (used) by noncapital financing activities	<u>(17,410,187)</u>	<u>6,386,672</u>	<u>(11,023,515)</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	393,614	140,630	534,244
Proceeds from debt issuance	81,292,338	170,031,258	251,323,596
Payment of finance cost on long-term debt	(440,580)	(1,696,088)	(2,136,668)
Contributed capital received	64,311	3,453,622	3,517,933
Acquisition and construction of capital assets	(48,398,970)	(54,422,031)	(102,821,001)
Principal payments on long-term debt	(16,337,426)	(85,899,332)	(102,236,758)
Other capital asset transactions	4,102,427	16,424,883	20,527,310
Interest payments	(2,863,014)	(12,956,405)	(15,819,419)
Net cash provided by capital and related financing activities	<u>17,812,700</u>	<u>35,076,537</u>	<u>52,889,237</u>
Cash flows from investing activities			
Interest earned on investments	10,157,443	9,976,135	20,133,578
Gross change in investments	18,591,731	(7,989,751)	10,601,980
Net cash provided by investing activities	<u>28,749,174</u>	<u>1,986,384</u>	<u>30,735,558</u>
Net increase in cash and cash equivalents	<u>74,216,144</u>	<u>111,759,804</u>	<u>185,975,948</u>
Cash and cash equivalents			
Beginning of year	<u>65,597,485</u>	<u>121,910,223</u>	<u>187,507,708</u>
End of year	<u><u>\$ 139,813,629</u></u>	<u><u>\$ 233,670,027</u></u>	<u><u>\$ 373,483,656</u></u>

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

Statement of Cash Flows

Year Ended June 30, 2024

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 14,849,912	\$ 38,560,366	\$ 53,410,278
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and Amortization	23,153,713	31,245,913	54,399,626
Allowance for uncollectible accounts	35,557	14,424	49,981
 Change in assets, liabilities and deferred inflows/outflows			
(Increase) decrease in receivables	(4,472,174)	(3,179,451)	(7,651,625)
(Increase) decrease in inventories	(1,468,302)	(48,498)	(1,516,800)
(Increase) decrease in deferred outflows - other	1,854	121,757	123,611
(Increase) decrease in deferred outflows -OPEB	1,495,115	1,789,155	3,284,270
(Increase) decrease in deferred outflows - pension related	446,990	546,322	993,312
(Increase) decrease in other current assets	(1,332,501)	(117,996)	(1,450,497)
(Increase) decrease in other assets	6,257,656	171,962	6,429,618
Increase (decrease) in OPEB liability	(916,213)	(1,096,401)	(2,012,614)
Increase (decrease) in inflows - pension	2,171,154	2,653,633	4,824,787
Increase (decrease) in accounts payable and accrued expenses	7,396,050	(412,636)	6,983,414
Increase (decrease) in deferred revenues	(245,012)	-	(245,012)
Increase (decrease) in leases	(588,172)	(605,315)	(1,193,487)
Increase (decrease) in deferred inflows-OPEB	(1,877,323)	(1,480,544)	(3,357,867)
Increase (decrease) in accrued sick leave / vacation	156,152	147,520	303,672
Total adjustments	30,214,544	29,749,845	59,964,389
 Net cash provided by operating activities	 \$ 45,064,456	 \$ 68,310,211	 \$ 113,374,667
 Noncash investing, capital, and financing activities:			
Contributed capital assets	\$ -	\$ 7,429,147	\$ 7,429,147
FIF credits applied	\$ -	\$ -	\$ -
Adjustment to market for long term investments	\$ (5,365,843)	\$ (2,282,126)	\$ (7,647,969)
 Reconciliation to cash and cash equivalents			
Unrestricted	\$ 11,831,231	\$ 35,639,235	\$ 47,470,466
Restricted	127,982,398	198,030,792	326,013,190
Total	\$ 139,813,629	233,670,027	\$ 373,483,656

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

Notes to the Financial Statements

June 30, 2024

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, 2024

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, 2024

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, 2024, 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. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease 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, 2024

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 are 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 are 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 and subscription 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, 2024

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

System Development 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 System Development 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, 2024

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, 2024, the Electric Fund had restricted assets of \$136,094,075 related to debt service, renewable energy and other internally restricted assets offset by \$10,372,173 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 \$125,936,224. The Water/Wastewater Fund had restricted assets of \$220,431,761 related to debt service, capital projects and other internally restricted assets offset by debt of \$88,185,233 related to unspent bond proceeds and \$18,128,492 of internally restricted liabilities related to those assets (see note 6), less items associated with capital project funds, resulting in restricted net position of \$124,098,330.

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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, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Upcoming Pronouncements

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.

GASB issued Statement No. 102, “Certain Risk Disclosures.” The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a subsequent impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB issued Statement No. 103, “Financial Reporting Model Improvements.” The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB issued Statement No. 104, “Disclosure of Certain Capital Assets.” The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

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

Notes to the Financial Statements (continued)

June 30, 2024

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, 2024, the Commission had deposits in pooling method banks with a carrying amount of \$77,678,087 and a bank balance of \$62,276,528. Of the total bank balance, \$764,873 was covered by federal depository insurance and \$61,511,655 was covered by collateral under the pooling method.

At June 30, 2024, 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, 2024

Note 4 - Cash and Investments (continued)

B - Investments

At June 30, 2024, 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	\$133,558,021	\$13,782,676	\$13,155,270	\$91,560,653	\$15,059,422
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	\$295,801,218	\$295,801,218	-	-	-
Total		\$429,359,239	\$309,583,894	\$ 13,155,270	\$ 91,560,653	\$ 15,059,422

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, 2024.

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

Notes to the Financial Statements (continued)

June 30, 2024

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 Farm Credit Bank, Federal Home Loan Bank and Freddie Mac. These investments are 46%, 42%, and 9% respectively, of the Commission's total investments.

Reconciliation to cash and cash equivalents:

Total per Footnote:

	Reported
Total investments	\$ 429,359,239
Cash	77,678,087
Plus Certificates of Deposit	-
Petty cash	4,350
Total cash and investments	<u>507,041,676</u>
 Less: Investments with maturities of more than 3 months	 <u>(133,558,020)</u>
 Total cash and cash equivalents	 <u><u>\$ 373,483,656</u></u>

Total per Statement of Net Position:

Cash and cash equivalents - unrestricted	47,470,466
Cash and cash equivalents - restricted	326,013,190
Total cash and cash equivalents	<u><u>\$ 373,483,656</u></u>

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

Notes to the Financial Statements (continued)

June 30, 2024

Note 5 – Accounts Receivable

A - Unrestricted Receivables

At June 30, 2024, the Commission's unrestricted receivable balances were as follows:

	Electric Fund	Water and Wastewater Fund	Total
Unrestricted			
Accounts	\$ 27,075,706	\$ 18,070,952	\$ 45,146,658
Sales taxes	2,628,064	111,627	2,739,691
Due from City-Assessments	-	4,674,152	4,674,152
Due from City-Assessments Interest	-	488,121	488,121
Accrued Interest	375,601	284,772	660,373
Other	3,030,704	560,177	3,590,881
Total	<u>\$ 33,110,075</u>	<u>\$ 24,189,801</u>	<u>\$ 57,299,876</u>
Lease Receivable - Current	\$ 694,233	\$ -	\$ 694,233

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 2024 to 2033. Minimum lease provisions at June 30, 2024, will result in rental income for future years as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$694,223	\$58,448	\$ 752,671
2026	735,630	46,712	782,342
2027	673,492	35,082	708,574
2028	647,873	24,308	672,181
2029	540,129	14,273	554,402
2030-2033	594,742	8,453	603,195
	<u>\$ 3,886,089</u>	<u>\$ 187,276</u>	<u>\$ 4,073,365</u>

In fiscal year 2024, the Commission recognized \$679,146 of lease revenue and \$63,309 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, 2024

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	\$ -	\$ 47,345,118	\$ -	\$ -
Rate Stabilization Fund Cash	22,490,330	2,232,445	-	-
NC Renewable Rider	-	-	8,392,851	-
Customer Deposits	9,528,319	4,083,565	-	-
Debt Service	1,171,572	11,570,242	1,710,735	2,563,426
TPA - Cash	241,112	76,119	-	-
Health Insurance Reserve	1,500,000	1,500,000	-	-
Coal Ash Reserve	5,011,859	-	-	-
Budget Carryovers	2,675,194	3,906,914	-	-
CPF - Cash	10,114,553	31,853,645	-	2,379,984
Construction Fund	-	-	53,501,457	88,185,234
NCCMT Fuel	5,886,834	-	-	-
Meter Reserve	3,700,000	1,300,000	-	-
BWGP Start Cost Reserve	664,748	-	-	-
Legal Reserve	729,700	694,300	-	-
Foundation Reserve	339,800	339,800	-	-
Metronet	-	-	323,334	-
Total restricted cash and cash equivalents	<u>\$ 64,054,021</u>	<u>\$ 104,902,148</u>	<u>\$ 63,928,377</u>	<u>\$ 93,128,644</u>
Investments	<u>\$ 7,184,917</u>	<u>\$ 8,442,443</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral pledges in lieu of deposits	<u>\$ 479,098</u>	<u>\$ 205,327</u>	<u>\$ -</u>	<u>\$ -</u>
Receivables				
Grants	\$ 443,128	\$ 3,193,749	\$ -	\$ -
Sales Taxes	-	5,971,218	-	-
Other	6	4,583,495	-	-
Accrued Interest	4,528	4,737	-	-
Total restricted receivables	<u>\$ 447,662</u>	<u>\$ 13,753,199</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts payable and accrued expenses				
Trade	\$ -	\$ 12,624,351	\$ -	\$ -
NC DOT Projects	-	214,807	-	-
Meter Deposits	10,007,417	4,379,640	-	-
Other	364,756	909,694	-	-
Total restricted accounts payable and accrued expenses	<u>\$ 10,372,173</u>	<u>\$ 18,128,492</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, 2024

Note 7 – Capital Assets

The following is a summary of changes in capital assets:

<u>Description</u>	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2024</u>
Electric Fund:					
Capital assets not being depreciated:					
Land & land rights	\$ 9,996,823	\$ 4	\$ -	\$ -	\$ 9,996,827
Construction in progress	33,402,873	36,935,754	(1,931,148)	(9,918,215)	58,489,264
Capital assets being depreciated:					
Electric utility system	553,547,671	9,997,422	(1,954,991)	9,141,501	570,731,603
Buildings	56,646,372	148,563	-	36,001	56,830,936
Equipment and machinery	22,047,479	786,424	(54,506)	190,040	22,969,437
Intangibles	25,913,429	57,386	-	85,538	26,056,353
Computer equipment	6,570,785	-	(16,759)	494,333	7,048,359
Vehicles	12,123,869	665,509	(215,209)	135,660	12,709,829
Office equipment	1,201,149	-	(10,938)	(70)	1,190,141
Total Capital assets being depreciated	678,050,754	11,655,304	(2,252,403)	10,083,003	697,536,658
Right to use assets	3,540,287	402,752	(448,872)		3,494,167
Less accumulated depreciation for:					
Electric utility system	(301,151,692)	(16,067,823)	1,711,316	1,162	(315,507,037)
Buildings	(31,597,521)	(1,490,499)	-	-	(33,088,020)
Equipment and machinery	(14,111,770)	(1,101,510)	53,285	(30,416)	(15,190,411)
Intangibles	(21,935,262)	(2,506,706)	-	-	(24,441,968)
Computer equipment	(6,002,065)	(400,670)	16,759	-	(6,385,976)
Vehicles	(6,811,755)	(801,876)	208,496	(132,368)	(7,537,503)
Office equipment	(1,167,569)	(20,628)	10,939	70	(1,177,188)
Total accumulated depreciation for:	(382,777,634)	(22,389,712)	2,000,795	(161,552)	(403,328,103)
Electric fund capital assets, net	338,672,816	26,201,350	(2,182,756)	3,236	362,694,646
Right to use assets, accumulated amortization	(1,009,408)	(764,001)	216,923	-	(1,556,486)
Total Electric fund capital assets, net and Right to use Assets	\$ 341,203,695	\$ 25,840,101	\$ (2,414,705)	\$ 3,236	\$ 364,632,327

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

Notes to the Financial Statements (continued)

June 30, 2024

Note 7 – Capital Assets (continued)

<u>Description</u>	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2024</u>
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land and land rights	\$ 13,872,194	\$ 411	\$ -	\$ 312,867	\$ 14,185,472
Construction in progress	117,630,842	56,654,279	-	(5,966,509)	168,318,612
Capital assets being depreciated:					
Water system	470,501,553	23,023	(106,838)	7,210,616	477,628,354
Sewer system	728,690,533	194,032	(429)	(2,874,171)	726,009,965
Buildings	13,955,102	30,734	-	198,994	14,184,830
Equipment and machinery	15,395,295	203,705	(142,475)	301,659	15,758,184
Intangibles	20,855,569	57,387	-	281,080	21,194,036
Computer equipment	5,869,429	-	(10,571)	506,266	6,365,124
Vehicles	13,070,460	2,034,468	(383,231)	(135,660)	14,586,037
Office equipment	494,017	-	(6,046)	70	488,041
Total Capital assets being depreciated	<u>1,268,831,958</u>	<u>2,543,349</u>	<u>(649,590)</u>	<u>5,488,854</u>	<u>1,276,214,571</u>
Right to use assets	<u>3,589,256</u>	<u>402,751</u>	<u>(497,840)</u>	<u>-</u>	<u>3,494,167</u>
Less accumulated depreciation for:					
Water system	(200,949,185)	(11,668,611)	96,154	-	(212,521,642)
Sewer system	(276,028,517)	(15,528,675)	-	-	(291,557,192)
Buildings	(5,916,665)	(395,245)	-	-	(6,311,910)
Equipment and machinery	(11,755,686)	(634,871)	142,107	29,254	(12,219,196)
Intangibles	(18,578,703)	(1,085,722)	-	-	(19,664,425)
Computer equipment	(5,394,048)	(308,335)	10,571	-	(5,691,812)
Vehicles	(7,151,860)	(830,708)	371,445	132,368	(7,478,755)
Office equipment	(480,341)	(13,677)	6,047	(70)	(488,041)
Total Capital assets being depreciated	<u>(526,255,005)</u>	<u>(30,465,844)</u>	<u>626,324</u>	<u>161,552</u>	<u>(555,932,973)</u>
Water and Sewer capital assets, net	<u>874,079,989</u>	<u>28,732,195</u>	<u>(23,266)</u>	<u>(3,236)</u>	<u>902,785,682</u>
Right to use assets, accumulated amortization	<u>(1,042,054)</u>	<u>(780,069)</u>	<u>265,637</u>	<u>-</u>	<u>(1,556,486)</u>
Total Water and Sewer capital assets, net and Right to use assets	<u>\$ 876,627,191</u>	<u>\$ 28,354,877</u>	<u>\$ (255,469)</u>	<u>\$ (3,236)</u>	<u>\$ 904,723,363</u>

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

Notes to the Financial Statements (continued)

June 30, 2024

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, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use assets				
Leased equipment	\$ 48,633	\$ -	\$ -	\$ 48,633
Subscription software	7,080,910	805,503	946,712	6,939,701
Total right to use assets	<u>\$ 7,129,543</u>	<u>\$ 805,503</u>	<u>\$ 946,712</u>	<u>\$ 6,988,334</u>
 Less accumulated amortization for:				
Leased equipment	\$ 11,860	\$ 9,727	\$ -	\$ 21,587
Subscription software	2,039,602	1,534,343	482,560	3,091,385
Total accumulated amortization	<u>2,051,462</u>	<u>1,544,070</u>	<u>482,560</u>	<u>3,112,972</u>
Right to use asset, net	<u><u>\$ 5,078,081</u></u>	<u><u>\$ (738,567)</u></u>	<u><u>\$ 464,152</u></u>	<u><u>\$ 3,875,362</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, 2024

Note 9 – Accounts Payable and Accrued Expenses

At June 30, 2024, the Commission's unrestricted accounts payable and accrued expenses balances were as follows:

	Electric Fund	Water and Wastewater Fund	Total
Unrestricted:			
Trade	\$ 7,559,549	\$ 5,174,700	\$ 12,734,249
Purchased power	13,378,020	-	13,378,020
Power supply true up adjustment	6,163,850	-	6,163,850
Payroll related	1,675,097	1,657,561	3,332,658
Interest	1,431,326	5,239,287	6,670,613
Incurred but not reported claims	1,450,852	1,450,852	2,901,704
Other	(1,840,216)	1,714,778	(125,438)
	<u>\$ 29,818,478</u>	<u>\$ 15,237,178</u>	<u>\$ 45,055,656</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, 2024

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, 2024, were as follows:

	<u>June 30, 2024</u>
\$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%.	\$ 75,540,000
\$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%.	63,370,000
\$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%.	94,420,000
\$169,420,000 Series 2023 Revenue Bonds due in various annual installments through March 1, 2053; interest at various rates between 4.0% and 5.0%.	169,420,000
\$76,400,000 Series 2024 Refunding Bonds due in various annual installments through March 1, 2039; interest at various rates between 4.0% and 5.0%.	<u>76,400,000</u>
Total Revenue Bonds	479,150,000
Add: Unamortized Premium	<u>35,204,551</u>
Total	<u><u>\$ 514,354,551</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, 2024

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
2025	1,253,846	4,286,853
2026	2,487,215	4,220,598
2027	2,570,210	4,096,238
2028	2,673,653	3,985,707
2029	2,803,889	3,856,180
2030-2034	16,105,391	17,124,339
2035-2039	17,796,759	13,141,802
2040-2042	7,698,190	6,029,552
2043-2053	37,670,275	11,187,787
	<u>91,059,428</u>	<u>67,929,056</u>
Add: Unamortized premium	4,882,805	
Total Electric	<u>\$ 95,942,233</u>	<u>\$ 67,929,056</u>

Water/Wastewater Fund

Year ending June 30	Revenue Bonds	
	Principal	Interest
2025	11,376,154	15,561,159
2026	13,617,785	14,975,520
2027	13,444,790	14,294,631
2028	13,891,347	13,772,312
2029	14,436,111	13,163,089
2030-2034	80,959,609	55,974,405
2035-2039	93,648,241	38,578,543
2040-2042	42,166,810	14,997,386
2043-2053	104,549,725	22,525,038
	<u>388,090,572</u>	<u>203,842,083</u>
Add: Unamortized premium	30,321,746	
Total Water/Wastewater	<u>\$ 418,412,318</u>	<u>\$ 203,842,083</u>
Total Electric & Water/Wastewater	<u>\$ 514,354,551</u>	<u>\$ 271,771,139</u>

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

Notes to the Financial Statements (continued)

June 30, 2024

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 \$538,660,000 in revenue and revenue refunding bonds issued at various times from 2014 through 2024. 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 2053. The total principal and interest remaining to be paid on the bonds is \$750,921,139. Principal and interest paid for the current year and total customer revenues were \$27,464,839 and \$393,034,076.

Interest expense related to the revenue bonds totaled \$15,764,954 for the year ended June 30, 2024.

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, 2024.

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, 2024, were as follows:

	<u>June 30, 2024</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.	\$ 172,255
\$5,299,942 Direct Placement State Revolving Loan due in annual installments through May 1, 2033; no interest.	2,386,960

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

Notes to the Financial Statements (continued)

June 30, 2024

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.	1,950,824
\$15,890,541 Direct Placement State Revolving Loan due in annual installments through May 1, 2036; no interest.	9,534,325
\$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.	1,234,106
\$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.	13,097,484
\$31,187,999 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.	14,993,568
\$6,685,105 Direct Placement State Revolving Loan due in annual installments beginning May 1, 2023; no interest; construction draws not yet complete.	1,922,750
\$15,719,300 Direct Placement State Revolving Loan due in annual installments beginning May 1, 2023; interest at 1.02% paid semi-annually on May 1 and November 1	<u>3,102,772</u>
	<u><u>\$ 48,395,044</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, 2024

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
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	1,386,158	41,031
2030-2034	6,646,433	107,229
2035-2037	1,701,247	2,244
	\$ 15,278,470	\$ 379,909

Total interest expense related to the notes payable obligations totaled \$259,000 for the year ended June 30, 2024.

The Commission expects the estimated schedule of maturity for the \$17,912,000, \$31,187,999 and \$6,685,105 and \$15,719,300 notes payable to be as follows:

Year Ending	Water/Wastewater	
	Principal	Interest
2025	\$ 895,600	\$ 178,941
2026	1,839,810	288,986
2027	1,839,810	323,645
2028	1,839,810	302,191
2029	1,839,810	280,738
2030-2034	9,199,048	1,081,884
2035-2039	9,199,048	545,546
2040-2042	6,463,638	69,885
	\$ 33,116,574	\$ 3,071,816

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

Notes to the Financial Statements (continued)

June 30, 2024

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 3.0% based on the Commission's imputed borrowing rate. As a result of the lease, the Commission has recorded right to use assets totaling \$6,988,334 at June 30, 2024.

The future minimum lease and subscription obligations and the net present value of these minimum lease and subscription payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 1,494,479	\$ 58,214	\$ 1,552,693
2026	935,806	28,475	964,281
2027	810,532	13,281	823,813
2028	180,406	5,055	185,461
2029	115,226	2,930	118,156
2030-2031	204,601	2,172	206,773
	<u>\$ 3,741,050</u>	<u>\$ 110,127</u>	<u>\$ 3,851,177</u>

In fiscal year 2024, the Commission paid \$1,998,991 in principal and \$54,465 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, 2024

Note 10 - Long-Term Debt (continued)

D – Changes in Long-Term Liabilities

	Balance 6/30/2023	Increases	Decreases	Balance 6/30/2024	Current Portion
Electric Fund					
Revenue Bonds	\$ 26,104,517	\$ 81,292,338	\$ 16,337,426	\$ 91,059,429	\$ 1,253,846
Unearned deposits	784,520	686,807	931,819	539,508	-
Compensated					
Absences	2,774,929	2,845,931	2,774,929	2,845,931	1,851,915
Lease and Subscription Liability	2,458,697	402,751	990,924	1,870,524	756,075
Total OPEB liability	10,915,216	545,921	1,462,134	9,999,003	-
Net pension liability					-
(LGERS)	15,528,758	2,171,154	-	17,699,912	-
	58,566,637	<u>\$ 87,944,902</u>	<u>22,497,232</u>	124,014,307	3,861,836
Add: Unamortized premium	<u>2,355,565.00</u>			<u>4,882,805</u>	-
Total Electric long-term liabilities	<u>\$ 60,922,202</u>			<u>\$ 128,897,112</u>	<u>\$ 3,861,836</u>
Water & Wastewater Fund					
Revenue Bonds	\$ 307,180,483	\$ 164,527,662	\$ 83,617,574	\$ 388,090,571	\$ 11,376,154
Notes Payable	41,849,744	8,827,058	2,281,758	48,395,044	2,281,758
Unearned deposits	29,770	-	-	29,770	-
Compensated					
Absences	2,640,795	2,683,473	2,640,795	2,683,473	1,769,837
Lease and Subscription Liability	2,475,841	402,752	1,008,067	1,870,526	756,075
Total OPEB liability	12,721,900	653,285	1,749,686	11,625,499	-
Net pension liability					
liability (LGERS)	18,720,351	2,653,633	-	21,373,984	-
	385,618,884	<u>\$ 179,747,863</u>	<u>\$ 91,297,880</u>	474,068,867	16,183,824
Add: Unamortized premium	<u>21,416,457</u>			<u>30,321,746</u>	-
Total Water/Wastewater long-term liabilities	<u>\$ 407,035,341</u>			<u>\$ 504,390,613</u>	<u>\$ 16,183,824</u>

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

Notes to the Financial Statements (continued)

June 30, 2024

Note 10 - Long-Term Debt (continued)

E – Net Investment in Capital Assets

	<u>Electric Fund</u>	<u>Water Fund</u>
Capital Assets, Net	\$ 362,694,646	\$ 902,785,682
Add: Right to use asset	1,937,681	1,937,681
Less: Outstanding debt related to capital assets	(91,059,429)	(436,485,616)
Less: Premium on outstanding debt	(4,882,805)	(30,321,747)
Less: Deferred loss related to unspent bond proceeds	-	(257,490)
Less: Retainage and payables related to capital asset	(474,995)	(7,721,584)
Add: Deferred loss on bond refunding	-	530,085
Less: Lease and subscription liability	(1,870,524)	(1,870,526)
Add: Outstanding unspent bond proceeds	53,501,457	88,185,233
Net Investment in Capital Assets	<u><u>\$ 319,846,031</u></u>	<u><u>\$ 516,781,718</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, 2024

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, 2024

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, 2024, was 12.85% 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 \$7,804,191 for the year ended June 30, 2024.

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, 2024, the Commission reported a liability of \$39,073,896 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, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The 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, 2023, the Commission's proportion was 0.589%, which was an decrease of 0.017% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Commission recognized pension expense of \$13,385,049. At June 30, 2024, 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	\$ 4,353,989	\$ 93,734
Changes of assumptions	1,660,415	-
Net Difference between projected and actual earning on pension plans investments	10,457,885	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	2,330,900	-
Commission contributions subsequent to the measurement date	7,804,191	104,456
	<u>\$ 26,607,380</u>	<u>\$ 198,190</u>

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

Notes to the Financial Statements (continued)

June 30, 2024

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

\$7,804,191 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, 2025. Other amounts reported as outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2025	\$ 7,510,441
2026	3,629,513
2027	7,022,831
2028	442,214
Thereafter	-
	<u>\$18,604,999</u>

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 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, 2022, 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, 2023, 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, 2024

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 2022 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 (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Commission's proportionate share of the net pension liability	\$67,693,988	\$ 39,073,896	\$15,511,153

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, 2024

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 \$530,085. 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, 2024, and 2023, a liability for incurred but not reported claims of \$2,901,704 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims for the Commission is presented below:

	<u>2024</u>	<u>2023</u>
Liability as of beginning of the year	\$ 3,002,452	\$ 3,159,492
Current year claims and changes		
in estimates	10,732,068	10,922,937
Actual claim payments	<u>(10,832,816)</u>	<u>(11,079,977)</u>
Liability as of end of the year	<u><u>\$ 2,901,704</u></u>	<u><u>\$ 3,002,452</u></u>

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

Notes to the Financial Statements (continued)

June 30, 2024

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, 2024, the following bonds were subject to arbitrage regulations:

- 2018 Electric, Water and Wastewater Revenue
- 2021 Electric, Water and Wastewater Revenue
- 2023 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, 2024

Note 14 - Commitments and Contingencies (continued)

B – Capital Expenditures

The Commission has authorized expenditures totaling approximately \$897.7 million for capital additions and construction of various electric, water and wastewater projects. At June 30, 2024, cumulative expenditures to date totaled approximately \$251.2 million leaving an unexpended balance of \$646.5 million for projects that are expected to be completed at various dates through the year ending June 30, 2034.

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, 2024, the purchased power cost from DEP was \$133,205,079 including transmission costs and coal ash costs (see Note 14E).

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

Notes to the Financial Statements (continued)

June 30, 2024

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 2024 coal ash costs of \$6,419,843 are included in the purchased power costs above. This amount was \$7,648,231 in fiscal year 2023.

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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, 2024

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 \$2,318,528 in 2024. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions to/from the City amounted to \$11,023,515 in 2024. Balances due to/from the Commission were as follows:

	June 30, 2024
Receivables (due from the City of Fayetteville)	\$ 37,787
Assessments (due from the City of Fayetteville)	4,674,152
Assessments interest (due from the City of Fayetteville)	488,121
	<u>\$ 5,200,060</u>
 Payables (due to the City of Fayetteville)	 <u>\$ 324,237</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, 2023, the date of the latest actuarial valuation:

	Employees:
Retirees and dependents receiving benefits	158
Active plan members and covered spouses	308
Total	<u>466</u>

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

Notes to the Financial Statements (continued)

June 30, 2024

Note 16 - Other Post-Employment Benefits (continued)

Total OPEB Liability

The Commission's total OPEB liability of \$21,624,502 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2024, 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	3.86 percent
Healthcare cost trend rates	Composite - Medical & Rx – 4.50 - 7.00%
	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, 2023	\$ 23,637,116
Changes for the year	
Service Cost	347,879
Interest	803,810
Changes of benefit terms	
Differences between expected and actual experience	47,517
Changes in assumptions or other inputs	(206,571)
Benefit payments	(3,005,249)
Net changes	(2,012,614)
Balance at June 30, 2024	\$ 21,624,502

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.86%.

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 (2.86 percent) or 1-percentage-point higher (4.86 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, 2024

Note 16 - Other Post-Employment Benefits (continued)

Total OPEB Liability (continued)

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB liability	\$23,177,336	\$21,624,502	\$20,224,380

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 (6.00%) decreasing to 3.5% ultimate)	Trend Rate (7.00%) decreasing to 4.5% ultimate)	1% Increase (8.00%) decreasing to 5.5% ultimate)
Total OPEB liability	\$20,169,087	\$21,624,502	\$23,258,990

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

For the year ended June 30, 2024, the Commission recognized OPEB expense of \$251,195. At June 30, 2024, 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	\$ 749,783	\$ 274,303
Changes of Assumptions	725,404	2,383,163
Commission contributions subsequent to the measurement date	1,741,535	-
Retiree contributions subsequent to the measurement date	-	125,150
Total	<u>\$ 3,216,722</u>	<u>\$ 2,782,616</u>

\$1,741,535 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, 2025. \$125,150 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, 2025. Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (978,852)
2026	(203,427)
2027	-
2028	-
Thereafter	-
	<u><u>\$ (1,182,279)</u></u>

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

Notes to the Financial Statements (continued)

June 30, 2024

Note 17 – Interfund Activity

	DUE FROM/(TO)			
	ELECTRIC	WATER	CAPITAL PROJECT FUNDS	TOTAL
ELECTRIC FUND:				
Substation Rebuild CPF	\$ 2,385,643	\$ -	\$ (2,385,643)	\$ -
Electric NCDOT U-4405	-	-	105,549	-
Renewable Resource Development CPF	1,087,994	-	(1,087,994)	-
Series 2023 Electric CPF	(608,145)	-	608,145	-
WATER FUND:				
Annex V, 18-19 CPF	-	(213)	213	-
Annex V, 24-25 CPF	-	9,173	(9,173)	-
Annex V, 26-27 CPF	-	(890,919)	890,919	-
Annex V, 28-29 CPF	-	3,883	(3,883)	-
Annex V, 30-31 CPF	-	513	(513)	-
Annex V, 32-34 CPF	-	(57,870)	57,870	-
Hurricane Matthew CPF	-	6,391,488	(6,391,488)	-
Rockfish Creek Basin Peak Flow Facilities CPF	-	499,201	(499,201)	-
Big Rockfish - SS Outfall CPF	-	2,529,756	(2,529,756)	-
Big Rockfish - SS Outfall Lift Station Elim CPF	-	652,818	(652,818)	-
Glenville-PO Hoffer Reliability Improvements	-	837,804	(837,804)	-
Series 2021 W/WW CPF	-	(37,495)	37,495	-
Series 2023 W/WW CPF	-	(49,743)	49,743	-
TOTAL PER FUNDS	\$ 2,865,492	\$ 9,888,396	\$ (12,648,339)	\$ -
LESS ELIMINATIONS	(2,865,492)	(9,888,396)	12,648,339	-
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, 2024

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	\$ (5,166,474)	-	\$ 5,166,474	-
transfer to Electric Rate Stabilization Fund	(8,995,800)	-	-	8,995,800
transfer to Transportation Equipment CPF	(2,158,059)	-	-	2,158,059
transfer to Series 2023 Bonds	(65,834,466)	-	-	65,834,466
transfer to Electric (from Electric Rate Stabilization)	22,074,465	-	-	(22,074,465)
		-	-	
WATER FUND:				
transfer to Water Rate Stabilization Fund	-	(250,000)	-	250,000
transfer to Annexation V Reserve Fund	-	(4,070,921)	4,070,921	-
transfer to Transportation Equipment CPF	-	(1,602,500)	-	1,602,500
transfer to Series 2023 W/WW Bond Proceeds	-	(38,465,132)	-	38,465,132
transfer to Series 2023 Annexation, Area 24-25 Fund	-	(29,287,191)	-	29,287,191
transfer to Series 2023 Annexation, Area 26 Fund	-	(12,264,317)	-	12,264,317
transfer to Series 2023 Annexation, Area 32-34 Fund	-	(18,305,681)	-	18,305,681
transfer to AIA Grant	-	(237,900)	-	237,900
transfer to NCDOT Project Fund	-	(9,070,631)	-	9,070,631
transfer to Water (from Annexation V Reserve Fund)	-	5,071,043	(5,071,043)	-
transfer to Water (from Transportation Equip CPF)	-	1,152,984	-	(1,152,984)
transfer from Annex V Areas 24-25 (to Annex V Reserve)	-	-	7,329,878	(7,329,878)
transfer to Annex V Areas 26-27 (from Annex V Reserve)	-	-	(670,674)	670,674
transfer to Annex V Areas 28-29 (from Annex V Reserve)	-	-	(372,830)	372,830
transfer to Annex V Areas 30-31 (from Annex V Reserve)	-	-	(458,857)	458,857
transfer to Annex V Areas 32-34 (from Annex V Reserve)	-	-	11,168,021	(11,168,021)
TOTAL PER FUNDS	\$ (60,080,334)	\$ (107,330,246)	\$ 21,161,890	\$ 146,248,690
LESS ELIMINATIONS	(54,913,860)	(107,330,246)	(15,995,416)	146,248,690
TOTAL AFTER ELIMINATIONS	\$ (5,166,474)	\$ -	\$ 5,166,474	\$ -

**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 Seven Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability				
Service Cost	\$ 347,879	\$ 457,798	\$ 680,802	\$ 591,679
Interest	803,810	554,640	758,247	1,261,273
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	47,517	1,213,879	(1,277,854)	(385,318)
Changes in assumptions	(206,571)	(2,319,733)	(5,852,037)	(1,127,566)
Benefit payments	(3,005,249)	(2,963,147)	(2,475,440)	(1,630,150)
Net change in total OPEB liability	(2,012,614)	\$ (3,056,563)	\$ (8,166,282)	\$ (1,290,082)
Total OPEB liability - beginning	23,637,116	26,693,679	34,859,961	36,150,043
Total OPEB liability - ending	\$ 21,624,502	\$ 23,637,116	\$ 26,693,679	\$ 34,859,961
 Covered-employee payroll	 \$ 56,619,675	 \$ 48,092,376	 \$ 46,721,898	 \$ 44,357,862
Total OPEB liability as a percentage of covered-employee payroll	 38.19%	 49.15%	 57.13%	 78.59%

Notes to Schedule

¹ 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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount Rate	3.86%	3.54%	2.16%	2.21%

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

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

Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Seven Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 522,127	\$ 533,802	\$ 565,873
Interest	1,066,552	996,634	836,244
Changes of benefit terms	-	-	-
Differences between expected and actual experience	1,885,481	1,283,176	1,346,521
Changes in assumptions	6,872,914	(380,720)	(1,715,410)
Benefit payments	(2,445,562)	(2,953,023)	(2,066,658)
Net change in total OPEB liability	\$ 7,901,512	\$ (520,131)	\$ (1,033,430)
Total OPEB liability - beginning	28,248,531	28,768,662	29,802,092
Total OPEB liability - ending	<u>\$ 36,150,043</u>	<u>\$ 28,248,531</u>	<u>\$ 28,768,662</u>
 Covered-employee payroll	 \$ 42,079,777	 \$ 38,860,875	 \$ 38,396,209
Total OPEB liability as a percentage of covered- employee payroll	 85.91%	 72.69%	 74.93%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount Rate	3.51%	3.87%	2.85%

**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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PWC's proportion of the net pension liability (asset) (%)	0.5899%	0.6071%	0.6163%	0.5726%	0.5720%
PWC's proportion of the net pension liability (asset) (\$)	\$ 39,073,895	\$ 34,249,109	\$ 9,451,408	\$ 20,462,876	\$ 15,621,420
PWC's covered payroll	\$ 56,619,675	\$ 48,092,376	\$ 46,721,898	\$ 44,357,862	\$ 42,079,777
PWC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	64.34%	71.22%	20.23%	46.13%	37.12%
Plan fiduciary net position as a percentage of the total pension liability **	88.20%	90.70%	95.51%	91.63%	94.18%

** 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PWC's proportion of the net pension liability (asset) (%)	0.5575%	0.5727%	0.5647%	0.5617%	0.5597%
PWC's proportion of the net pension liability (asset) (\$)	\$ 13,227,467	\$ 8,749,736	\$ 11,984,401	\$ 2,521,055	\$ (3,301,280)
PWC's covered payroll	\$ 38,860,875	\$ 38,396,209	\$ 36,757,085	\$ 36,012,022	\$ 35,553,227
PWC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.04%	22.79%	32.60%	7.00%	(9.29%)
Plan fiduciary net position as a percentage of the total pension liability **	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	7,804,191	\$ 7,136,059	\$ 7,973,717	\$ 7,185,803	\$ 6,289,945
Contributions in relation to the contractually required contribution	<u>7,804,191</u>	<u>7,136,059</u>	<u>7,973,717</u>	<u>7,185,803</u>	<u>6,289,945</u>
Contribution deficiency (excess)	<u></u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PWC's covered payroll	\$ 60,733,006	\$ 56,619,675	\$ 48,092,376	\$ 46,721,733	\$ 44,357,862
Contributions as a percentage of covered payroll	12.85%	12.60%	16.58%	15.38%	14.18%

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,461,958	\$ 4,946,988	\$ 4,791,848	\$ 4,374,095	\$ 4,429,479
Contributions in relation to the contractually required contribution	<u>5,461,958</u>	<u>4,946,988</u>	<u>4,791,848</u>	<u>4,374,095</u>	<u>4,429,479</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PWC's covered payroll	\$ 42,079,777	\$ 38,860,875	\$ 38,396,209	\$ 36,757,085	\$ 36,012,022
Contributions as a percentage of covered payroll	12.98%	12.73%	12.48%	11.90%	12.30%

Supplementary Information

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

Combining Schedule of Net position
Electric Utility

June 30, 2024

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ 11,831,231	-	\$ -
Investments	76,068,745	-	-
Receivables	33,110,075	-	-
Lease receivable current	694,223	-	-
Internal Balances	2,865,492	-	(2,385,643)
Less allowance for doubtful accounts	(143,850)	-	-
Inventories	20,081,704	-	-
Other current assets	6,471,024	-	-
Regulatory Asset-DEP Energy&Demand true up	1,202,736	-	-
Total current unrestricted assets	<u>152,181,380</u>	<u>-</u>	<u>(2,385,643)</u>
Current restricted assets			
Cash and cash equivalents	41,876,059	22,490,330	5,152,117
Investments	4,414,684	2,770,233	-
Collateral	479,097	-	-
Receivables	443,128	4,528	-
Total current restricted assets	<u>47,212,968</u>	<u>25,265,091</u>	<u>5,152,117</u>
Total current assets	<u>199,394,348</u>	<u>25,265,091</u>	<u>2,766,474</u>
Noncurrent assets			
Lease receivable noncurrent	3,191,866	-	-
	<u>3,191,866</u>	<u>-</u>	<u>-</u>
Capital assets:			
Land and land rights	9,996,827	-	-
Construction in process	45,277,354	-	3,822,972
Electric utility systems	245,328,062	-	-
Buildings	23,742,916	-	-
Equipment and machinery	7,779,026	-	-
Computer programs	662,383	-	-
Intangibles	1,614,385	-	-
Vehicles	5,172,326	-	-
Office equipment	12,953	-	-
Capital assets, net	<u>339,586,232</u>	<u>-</u>	<u>3,822,972</u>
Right to use assets, net	1,937,681	-	-
Total noncurrent assets	<u>341,523,913</u>	<u>-</u>	<u>3,822,972</u>
Total assets	<u>544,110,127</u>	<u>25,265,091</u>	<u>6,589,446</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in refunding	-	-	-
OPEB deferrals	1,497,771	-	-
Pension deferrals	12,067,335	-	-
Total deferred outflows of resources	<u>13,565,106</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, 2024

	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Renewable Resource Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal Balances	-	-	(1,087,994)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Regulatory Asset-DEP Energy&Demand true up	-	-	-
Total current unrestricted assets	-	-	(1,087,994)
Current restricted assets			
Cash and cash equivalents	4,962,435	464,800	-
Investments	-	-	-
Collateral	-	-	-
Receivables	6	-	-
Total current restricted assets	4,962,441	464,800	-
Total current assets	4,962,441	464,800	(1,087,994)
Noncurrent assets			
Lease receivable noncurrent	-	-	-
	-	-	-
Capital assets:			
Land and land rights	-	-	-
Construction in process	-	3,557,502	1,087,994
Electric utility systems	-	-	-
Buildings	-	-	-
Equipment and machinery	-	-	-
Computer programs	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	-	3,557,502	1,087,994
Right to use assets, net	-	-	-
Total noncurrent assets	-	3,557,502	1,087,994
Total assets	4,962,441	4,022,302	-
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge in 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
Electric Utility

June 30, 2024

	Series 2023 Electric Capital Project Fund	Total
ASSETS		
Current unrestricted assets		
Cash and cash equivalents	\$ -	\$ 11,831,231
Investments	-	76,068,745
Receivables	-	33,110,075
Lease receivable current	-	694,223
Internal Balances	608,145	-
Less allowance for doubtful accounts	-	(143,850)
Inventories	-	20,081,704
Other current assets	-	6,471,024
Regulatory Asset-DEP Energy&Demand true up	-	1,202,736
Total current unrestricted assets	608,145	149,315,888
Current restricted assets		
Cash and cash equivalents	53,036,657	127,982,398
Investments	-	7,184,917
Collateral	-	479,097
Receivables	-	447,662
Total current restricted assets	53,036,657	136,094,074
Total current assets	53,644,802	285,409,962
Noncurrent assets		
Lease receivable noncurrent	-	3,191,866
	-	3,191,866
Capital assets:		
Land and land rights	-	9,996,827
Construction in process	4,743,442	58,489,264
Electric utility systems	9,896,504	255,224,566
Buildings	-	23,742,916
Equipment and machinery	-	7,779,026
Computer programs	-	662,383
Intangibles	-	1,614,385
Vehicles	-	5,172,326
Office equipment	-	12,953
Capital assets, net	14,639,946	362,694,646
Right to use assets, net	-	1,937,681
Total noncurrent assets	14,639,946	364,632,327
Total assets	68,284,748	653,234,155
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge n refunding	-	-
OPEB deferrals	-	1,497,771
Pension deferrals	-	12,067,335
Total deferred outflows of resources	-	13,565,106

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

Combining Schedule of Net position
Electric Utility

June 30, 2024

	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	3,861,836	-	-
Accounts payable and accrued expenses	29,818,478	-	-
Total current liabilities to be paid from unrestricted current assets	33,680,314	-	-
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	9,947,849	-	13,541
Total current liabilities to be paid from restricted current assets	9,947,849	-	13,541
Total current liabilities	43,628,163	-	13,541
Noncurrent liabilities			
Long-term liabilities	95,767,553	-	-
Total OPEB liability	9,999,003	-	-
Net pension liability	17,699,912	-	-
Subscription lease liability	1,114,450	-	-
Unearned deposits - metronet	531,331	-	-
Other liability	137,827	-	-
Unearned deposits	8,177	-	-
Total noncurrent liabilities	125,258,253	-	-
Total liabilities	168,886,416	-	13,541
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	1,235,004	-	-
Pension deferrals	89,678	-	-
Lease deferrals	3,720,946	-	-
Total deferred inflows of resources	5,045,628	-	-
Net Position			
Net investment in capital assets	297,161,935	-	3,809,431
Restricted for -			
Capital Projects	316	-	-
Renewable energy	8,392,851	-	-
Other internal restrictions	28,532,153	25,265,091	5,138,576
Unrestricted Net Position	49,655,934	-	(2,372,102)
Total Net Position	<u>\$ 383,743,189</u>	<u>\$ 25,265,091</u>	<u>\$ 6,575,905</u>

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

Combining Schedule of Net position
Electric Utility

June 30, 2024

	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Renewable Resource Capital Project Fund
LIABILITIES			
Current liabilities to be paid from unrestricted current assets			
Current portion of long-term liabilities	-	-	-
Accounts payable and accrued expenses	-	-	-
Total current liabilities to be paid from unrestricted current assets	-	-	-
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	6	-	-
Total current liabilities to be paid from restricted current assets	6	-	-
Total current liabilities	6	-	-
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liability	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Unearned deposits - metronet	-	-	-
Other liability	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	6	-	-
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	-	-	-
Pension deferrals	-	-	-
Lease deferrals	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Net investment in capital assets	-	3,557,502	1,087,994
Restricted for -			
Capital Projects	-	-	-
Renewable energy	-	-	-
Other internal restrictions	4,962,435	-	-
Unrestricted Net Position	-	464,800	(1,087,994)
Total Net Position	\$ 4,962,435	\$ 4,022,302	\$ -

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

Combining Schedule of Net position
Electric Utility

June 30, 2024

	Series 2023 Electric Capital Project Fund	Total
LIABILITIES		
Current liabilities to be paid from unrestricted current assets		
Current portion of long-term liabilities	-	3,861,836
Accounts payable and accrued expenses	-	29,818,478
Total current liabilities to be paid from unrestricted current assets	-	33,680,314
Current liabilities to be paid from restricted current assets		
Accounts payable and accrued expenses	410,777	10,372,173
Total current liabilities to be paid from restricted current assets	410,777	10,372,173
Total current liabilities	410,777	44,052,487
Noncurrent liabilities		
Long-term liabilities	-	95,767,553
Total OPEB liability	-	9,999,003
Net pension liability	-	17,699,912
Subscription lease liability	-	1,114,450
Unearned deposits - metronet	-	531,331
Other liability	-	137,827
Unearned deposits	-	8,177
Total noncurrent liabilities	-	125,258,253
Total liabilities	410,777	169,310,740
DEFERRED INFLOWS OF RESOURCES		
OPEB deferrals	-	1,235,004
Pension deferrals	-	89,678
Lease deferrals	-	3,720,946
Total deferred inflows of resources	-	5,045,628
Net Position		
Net investment in capital assets	14,229,169	319,846,031
Restricted for -		
Capital Projects	53,644,802	53,645,118
Renewable energy	-	8,392,851
Other internal restrictions	-	63,898,255
Unrestricted Net Position	-	46,660,638
Total Net Position	\$ 67,873,971	\$ 492,442,893

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, 2024

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund
Operating Revenues			
Residential, commercial, and industrial sales	\$ 196,950,472	\$ -	\$ -
Other charges for services	51,384,973	-	-
Total operating revenues	<u>248,335,445</u>	<u>-</u>	<u>-</u>
Operating Expenses			
Power supply and generation	156,607,257	-	-
Electric operation	27,918,185	-	-
General and administrative	25,806,378	-	-
Depreciation and amortization	23,153,713	-	-
Total operating expenses	<u>233,485,533</u>	<u>-</u>	<u>-</u>
Operating Income	<u>14,849,912</u>	<u>-</u>	<u>-</u>
Nonoperating revenue (expense)			
Intergovernmental expense	-	-	-
Transfer from City - Relief Fund Payment	-	-	-
Payment in lieu of taxes	(12,243,713)	-	-
Interest earned on investments	3,440,678	1,251,955	262,400
Interest - Market Adjustment	2,810,244	327,264	-
Gain (loss) on disposal of assets	(442,669)	-	-
Interest Expense	(2,835,812)	-	-
Interest Leases	(27,202)	-	-
Finance costs	(440,580)	-	-
Total nonoperating revenue (expense)	<u>(9,739,054)</u>	<u>1,579,219</u>	<u>262,400</u>
Income loss before transfers and contributions	<u>5,110,858</u>	<u>1,579,219</u>	<u>262,400</u>
Contributions	64,311	-	-
Transfer In	(60,080,335)	(13,078,664)	-
Transfers Out	-	-	-
Change in Net Position	(54,905,166)	(11,499,445)	262,400
Total Net Position - beginning	<u>438,648,355</u>	<u>36,764,536</u>	<u>6,313,505</u>
Total Net Position - ending	<u>\$ 383,743,189</u>	<u>\$ 25,265,091</u>	<u>\$ 6,575,905</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, 2024

	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Renewable Resource 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	-	-	-
Transfer from City - Relief Fund Payment	-	-	-
Payment in lieu of taxes	-	-	-
Interest earned on investments	-	25,397	-
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest Expense	-	-	-
Interest Leases	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	<u>-</u>	<u>25,397</u>	<u>-</u>
Income loss before transfers and contributions	<u>-</u>	<u>25,397</u>	<u>-</u>
Contributions	-	-	-
Transfer In	2,158,059	-	-
Transfers Out	-	-	-
Change in Net Position	2,158,059	25,397	-
Total Net Position - beginning	<u>2,804,376</u>	<u>3,996,905</u>	<u>-</u>
Total Net Position - ending	<u>\$ 4,962,435</u>	<u>\$ 4,022,302</u>	<u>\$ -</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, 2024

	Series 2023 Electric Capital Project Fund	Total
Operating Revenues		
Residential, commercial, and industrial sales	\$ -	\$ 196,950,472
Other charges for services	-	51,384,973
Total operating revenues	-	248,335,445
Operating Expenses		
Power supply and generation	-	156,607,257
Electric operation	-	27,918,185
General and administrative	-	25,806,378
Depreciation and amortization	-	23,153,713
Total operating expenses	-	233,485,533
Operating Income	-	14,849,912
Nonoperating revenue (expense)		
Intergovernmental expense	-	-
Transfer from City - Relief Fund Payment	-	-
Payment in lieu of taxes	-	(12,243,713)
Interest earned on investments	2,039,505	7,019,935
Interest - Market Adjustment	-	3,137,508
Gain (loss) on disposal of assets	-	(442,669)
Interest Expense	-	(2,835,812)
Interest Leases	-	(27,202)
Finance costs	-	(440,580)
Total nonoperating revenue (expense)	2,039,505	(5,832,533)
Income loss before transfers and contributions	2,039,505	9,017,379
Contributions	-	64,311
Transfer In	65,834,466	(5,166,474)
Transfers Out	-	-
Change in Net Position	67,873,971	3,915,216
Total Net Position - beginning	-	488,527,677
Total Net Position - ending	\$ 67,873,971	\$ 492,442,893

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, 2024

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

	2024			2023
	Budget	Variance Positive (Negative)	Actual	Actual
Revenues				
Operating Revenues				
Electric operations				
Residential, commercial, and industrial sales	\$ 200,621,400	\$ (3,670,928)	\$ 196,950,472	\$ 181,492,006
Other sales of electric	11,862,500	140,578	12,003,078	11,732,326
Power Supply Adjustment	10,001,100	(237,342)	9,763,758	-
City services	1,859,800	(340,189)	1,519,611	1,389,167
Non-utility charges	3,341,100	593,116	3,934,216	3,112,627
Service charges	6,854,600	(460,297)	6,394,303	6,148,989
Miscellaneous	16,361,000	1,409,007	17,770,007	17,387,537
Total Operating Revenues	250,901,500	(2,566,055)	248,335,445	221,262,652
Non-operating revenues				
Interest earned on investments	2,310,000	1,130,678	3,440,678	1,949,111
Investment gain/ (loss)	-	2,810,244	2,810,244	(1,686,850)
Total non-operating revenues	2,310,000	3,940,922	6,250,922	262,261
Contributions				
Contributions	2,243,300	(2,178,989)	64,311	2,372,862
Total contributions	2,243,300	(2,178,989)	64,311	2,372,862
Transfers in				
Transfer from Electric Rate Stabilization Fund	31,374,500	(9,300,035)	22,074,465	13,798,564
Total transfer in	31,374,500	(9,300,035)	22,074,465	13,798,564
Intergovernmental Revenue				
Transfer from City - Relief Fund Repayment	-	-	-	4,000,000
Total contributions	-	-	-	4,000,000
Budgetary appropriations				
Appropriated net position	8,476,900	(8,476,900)	-	-
Accounts Receivable - City	2,666,700	237	2,666,937	1,333,063
Transfer from Capitalized Interest Fund	953,800	(2,657,680)	(1,703,880)	-
Reserve for REPS	1,380,500	(201,350)	1,179,150	2,465,936
Series 2021 COI	2,618,100	(2,261,148)	356,952	-
Series 2021 Interest	-	259,950	259,950	129,975
Transfer from Budget Carryover	491,000	(24,894)	466,106	322,200
Transfer to DOT E Raeford Rd CPF	-	-	-	123,154
Transfer from Coal Ash reserve	6,154,700	491,747	6,646,447	7,628,331
Total budgetary appropriations	22,741,700	(12,870,038)	9,871,662	12,002,659
Total Revenues	\$ 309,571,000	\$ (22,974,195)	\$ 286,596,805	\$ 253,698,998
Expenditures				
Administration	\$ 1,343,300	\$ 528,062	\$ 815,238	\$ 738,032
Apparatus repair shop	642,200	50,705	591,495	547,901
Compliance	1,067,900	658,130	409,770	248,090
Construction and maintenance	18,573,900	1,558,930	17,014,970	16,019,609
CT metering crews	524,100	67,328	456,772	479,823
Electric meter shop	128,500	184,820	(56,320)	18,503
Engineering	4,253,500	459,806	3,793,694	3,391,410
Fiber	444,100	9,789	434,311	416,953
Pole make ready project	1,966,600	1,139,200	827,400	667,451
Power supply and generation	161,289,800	4,766,480	156,523,320	150,600,356
Renewable resource energy	126,500	42,564	83,936	85,631
Substation construction	3,613,600	(17,256)	3,630,856	3,170,133
Total electric operations	193,974,000	9,448,558	184,525,442	176,383,892

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, 2024
(with comparative actual amounts for the year ended June 30, 2023)

	2024			2023
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
General and administrative				
Accounting	\$ 904,500	\$ 32,596	\$ 871,904	\$ 786,054
Accounts Receivable	208,850	18,596	190,254	201,513
Budget	131,100	6,172	124,928	115,014
Communications and community relations	1,003,100	58,367	944,733	885,598
Customer accounts call and service center	2,006,000	45,682	1,960,318	1,742,462
Customer administration	649,050	16,378	632,672	637,355
Customer billing and collection support	1,054,300	177,337	876,963	1,018,022
Development and marketing	818,350	351,030	467,320	670,033
Executive	1,394,200	41,534	1,352,666	1,187,473
Facilities maintenance	394,450	71	394,379	376,072
Financial administration	207,650	14,862	192,788	177,151
Financial planning administration	402,950	3,292	399,658	405,872
Fleet maintenance	2,144,050	478,495	1,665,555	1,433,336
Human resources	1,379,100	159,093	1,220,007	1,156,321
Information Technology	4,866,850	744,766	4,122,084	3,593,586
Information technology infrastructure	2,275,500	267,898	2,007,602	2,062,000
Internal audit	175,450	4,101	171,349	155,524
Legal	854,150	270,682	583,468	414,006
Meter data management	366,200	3,379	362,821	355,342
Payroll	98,450	10,291	88,159	89,523
Procurement	412,300	83,391	328,909	420,486
Project Management	2,754,250	922,926	1,831,324	1,712,744
Rates	276,450	36,280	240,170	151,995
Risk management	1,516,400	197,895	1,318,505	1,365,510
Support Services Administration	192,900	4,306	188,594	167,038
Utility field services	972,800	99,358	873,442	790,438
Warehouse	692,250	56,224	636,026	709,093
Medical Insurance	4,740,850	875,015	3,865,835	3,899,673
Other	7,840,850	3,954,691	3,886,159	3,771,317
Allocated rent and fiber clearing	(2,001,000)	27,177	(2,028,177)	(1,999,050)
Overhead clearing	(6,905,300)	581,949	(7,487,249)	(7,123,272)
Total general and administrative	31,827,000	9,543,834	22,283,166	21,328,229
Total operating expenditures	\$ 225,801,000	\$ 18,992,392	\$ 206,808,608	\$ 197,712,121
Non-operating expenditures				
Intergovernmental expense	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	12,243,800	87	12,243,713	12,405,712
Loss on asset disposal	-	(442,669)	442,669	604,828
Interest Expense	3,016,400	(29,892)	3,046,292	1,030,541
Interest Lease	500	90	410	526
Interest Subscription Lease	38,000	11,208	26,792	37,450
Finance costs	431,500	(9,080)	440,580	23,005
Total non-operating expenditures	15,730,200	(470,256)	16,200,456	14,102,062

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, 2024
(with comparative actual amounts for the year ended June 30, 2023)

	2024			2023
	Budget	Variance Positive (Negative)	Actual	Actual
Transfers out				
Transfer to Electric Rate Stabilization Fund	\$ 9,071,400	\$ 75,600	\$ 8,995,800	\$ 6,674,050
Transfer to Transportation Equipment Fund	2,568,500	-	2,568,500	1,728,600
Transfer to Annexation V Reserve Fund	5,166,500	26	5,166,474	5,487,705
Total transfers out	<u>16,806,400</u>	<u>75,626</u>	<u>16,730,774</u>	<u>13,890,355</u>
Budgetary appropriations				
Inventory increase (decrease)		283,791	(283,791)	630,740
Vehicle and equipment increase (decrease)		1,093,656	(1,093,656)	(962,224)
Debt principal payments	1,154,500	7	1,154,493	1,162,602
Principal payments - Leases	4,800	37	4,763	4,648
Principal payments - Subscription Leases	1,087,900	333,661	754,239	769,727
Transfer to REPS Reserve	2,380,800	66,358	2,314,442	2,310,351
BWGP Start Up cost reserve	160,000	160,000	-	664,748
Transfer to Legal Reserve Fund	250,000	-	250,000	479,700
Transfer to Legal Reserve	294,400	294,400	-	-
Capital Outlay	38,459,300	7,610,521	30,848,779	21,126,844
Budget Carryover Reserve	2,406,600	-	2,406,600	724,300
Transfer to PWC Foundation Reserve	339,800	-	339,800	-
Transfer to Capitalized Interest	-	(259,995)	259,995	(144)
Transfer to Coal Ash Reserve	4,695,300	25,903	4,669,397	4,440,376
Total budgetary appropriations	<u>51,233,400</u>	<u>9,608,339</u>	<u>41,625,061</u>	<u>31,351,668</u>
Total expenditures	<u>\$ 309,571,000</u>	<u>\$ 28,206,101</u>	<u>\$ 281,364,899</u>	<u>\$ 257,056,206</u>
Reconciliation of change in Net Position				
Total Revenues		\$ (22,974,195)	\$ 286,596,805	\$ 253,698,998
Total Expenditures		28,206,101	281,364,899	257,056,206
Subtotal		<u>\$ 5,231,906</u>	5,231,906	(3,357,208)
Reconciling items:				
Budgetary appropriations			31,753,398	19,349,009
Depreciation			(22,389,712)	(20,256,566)
Accumulated Amortization - Leases			(4,863)	(4,863)
Accumulated Amortization - Subscription Leases			(759,138)	(723,408)
Amortization for refunding			210,480	172,520
OPEB expense			(880,993)	(194,087)
LGERS expense			(2,642,219)	(2,394,443)
Transfer of assets (to)/from Electric NCDOT U-4405 Raeford Road			-	2,276,055
Transfer of assets (to)/from the Transportation and Equipment Capital Project Fund			410,441	(2,512,224)
Series 2023 Electric Bond Proceeds			(65,834,466)	-
Transfer of assets from the Substation Rebuild Capital Project Fund			-	5,948,962
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			<u>(60,137,072)</u>	<u>7,579,563</u>
Change in Net Position			<u>\$ (54,905,166)</u>	<u>\$ 4,222,356</u>

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

Schedule of Changes in the Status of Electric Rate Stabilization Fund

From Inception and for the Period Ended June 30, 2024

	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	11,328,300	8,886,929	1,579,220	10,466,149
Total Revenues	<u>15,498,025</u>	<u>13,056,654</u>	<u>1,579,220</u>	<u>14,635,874</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over Expenditures	<u>15,498,025</u>	<u>13,056,654</u>	<u>1,579,220</u>	<u>14,635,874</u>
Other Financing Sources (Uses)				
Transfer from Electric fund	88,704,226	88,204,227	250,000	88,454,227
Transfer from Electric Fund - PSA	12,683,015	3,861,615	8,745,800	12,607,415
Transfer from Electric fund - True-Up Credits	14,947,753	14,947,752	-	14,947,752
Transfer to Electric Fund	(78,102,160)	(64,654,637)	(14,858,051)	(79,512,688)
Transfer to Electric fund - Duke Energy True-Up	(6,360,911)	(14,651,075)	(7,216,414)	(21,867,489)
Transfer to Electric-City Interlocal Agreement- COVID19	(4,000,000)	(4,000,000)	-	(4,000,000)
Loan to Electric & W/WW General Fund	-	-	-	-
Appropriated net assets	(26,414,513)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources, net	<u>1,457,410</u>	<u>23,707,882</u>	<u>(13,078,665)</u>	<u>10,629,217</u>
Revenues and Other Financing Sources Over Expenditures	<u>16,955,435</u>	<u>\$ 36,764,536</u>	<u>\$ (11,499,445)</u>	<u>\$ 25,265,091</u>
Reconciling Items:				
Change in Net Position			<u>\$ (11,499,445)</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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on other investments	\$ -	\$ 299,013	\$ 262,400	\$ 561,413
Total Revenues	<u>-</u>	<u>299,013</u>	<u>262,400</u>	<u>561,413</u>
Expenditures				
Construction	-	5,311,918	1,225,786	6,537,704
Engineering	-	1,469,085	-	1,469,085
Right of Way	-	3,868,764	-	3,868,764
Other	-	35,887	-	35,887
Total Expenditures	<u>17,557,000</u>	<u>10,685,654</u>	<u>1,225,786</u>	<u>11,911,440</u>
Revenues Under Expenditures	<u>(17,557,000)</u>	<u>(10,386,641)</u>	<u>(963,386)</u>	<u>(11,350,027)</u>
Other Financing Sources (Uses)				
Transfer (to) from Electric Fund	<u>17,557,000</u>	<u>14,102,960</u>	<u>-</u>	<u>14,102,960</u>
Total Other Financing Sources	<u>17,557,000</u>	<u>14,102,960</u>	<u>-</u>	<u>14,102,960</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 3,716,319</u>	<u>\$ (963,386)</u>	<u>\$ 2,752,933</u>
Reconciling Items:				
Capital Outlay			1,225,786	
Transfer of assets (to)/from the Electric Fund			-	
Change in Net Position			<u>\$ 262,400</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, 2024

	<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	<u>(4,565,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources				
Transfer from Electric Fund	4,565,600	2,804,376	2,158,059	4,962,435
Total Other Financing Sources	<u>4,565,600</u>	<u>2,804,376</u>	<u>2,158,059</u>	<u>4,962,435</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 2,804,376</u>	<u>\$ 2,158,059</u>	<u>\$ 4,962,435</u>
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to Electric Fund			-	
Change in Net Position			<u>\$ 2,158,059</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, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned	52,049	35,906	25,397	61,303
Total Revenues	<u>\$ 52,049</u>	<u>\$ 35,906</u>	<u>\$ 25,397</u>	<u>\$ 61,303</u>
Expenditures				
Construction	-	6,443,779	-	6,443,779
Engineering	-	178,124	5,619	183,743
Other	-	178,025	35,185	213,210
Total Expenditures	<u>7,296,279</u>	<u>6,799,928</u>	<u>40,804</u>	<u>6,840,732</u>
Revenues Under Expenditures	<u>(7,244,230)</u>	<u>(6,764,022)</u>	<u>(15,407)</u>	<u>(6,779,429)</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>\$ 480,208</u>	<u>\$ (15,407)</u>	<u>\$ 464,801</u>
Reconciling Items:				
Capital Outlay			40,804	
Transfer of assets to the Electric Fund			-	
Change in net position			<u>\$ 25,397</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, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Construction	-	75,000	-	75,000
Engineering	-	810,529	7,937	818,466
Other	-	194,527	-	194,527
Total Expenditures	<u>20,500,000</u>	<u>1,080,056</u>	<u>7,937</u>	<u>1,087,993</u>
Revenues Under Expenditures	<u>(20,500,000)</u>	<u>(1,080,056)</u>	<u>(7,937)</u>	<u>1,087,993</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>
Sources Under Expenditures	<u>\$ -</u>	<u>\$ (1,080,056)</u>	<u>\$ (7,937)</u>	<u>\$ -</u>
Reconciling Items:				
Capital Outlay			7,937	
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

Schedule of Changes in Series 2023 Electrical Revenue Bond
Capital Project Fund

From Inception and for the Period Ended June 30, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,039,505</u>	<u>\$ 2,039,505</u>
Expenditures				
Construction	-	-	2,595,986	2,595,986
Engineering	-	105,800	1,694,750	1,800,550
ROW	-	-	348	348
Other	-	413	346,146	346,559
Total Expenditures	<u>65,834,466</u>	<u>106,213</u>	<u>4,637,230</u>	<u>4,743,443</u>
Revenues Under Expenditures	<u>(65,834,466)</u>	<u>(106,213)</u>	<u>(2,597,725)</u>	<u>(2,703,938)</u>
Other Financing Sources (Uses)				
Bond Proceeds	65,834,466	-	65,834,466	65,834,466
Total Other Financing Sources	<u>65,834,466</u>	<u>-</u>	<u>65,834,466</u>	<u>65,834,466</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (106,213)</u>	<u>\$ 63,236,741</u>	<u>\$ 63,130,528</u>
Reconciling Items:				
Capital Outlay			4,637,230	
Transfer of assets to the Electric Fund			-	
Change in net position			<u>\$ 67,873,971</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, 2024

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ 35,639,235	\$ -	\$ -
Investments	41,861,915	-	-
Receivables	24,189,801	-	-
Lease receivable current	-	-	-
Internal balances	9,888,396	-	-
Less allowance for doubtful accounts	(112,993)	-	-
Inventories	3,583,666	-	-
Other current assets	1,541,369	-	-
Total current unrestricted assets	116,591,389	-	-
Current restricted assets			
Cash and cash equivalents	26,034,367	2,232,445	47,345,118
Investments	5,523,261	-	-
Collateral	205,327	-	-
Receivables	3,193,750	-	-
Total current restricted assets	34,956,705	2,232,445	47,345,118
Total current assets	151,548,094	2,232,445	47,345,118
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	14,185,472	-	-
Construction in process	54,968,810	-	-
Water system	265,106,712	-	-
Sewer system	434,452,773	-	-
Building	7,872,920	-	-
Equipment and machinery	3,538,988	-	-
Computer equipment	673,312	-	-
Intangibles	1,529,611	-	-
Vehicles	6,728,315	-	-
Office equipment	-	-	-
Capital assets, net	789,056,913	-	-
Right to use leased assets, net	1,937,681	-	-
Total capital assets, net	790,994,594	-	-
Total assets	942,542,688	2,232,445	47,345,118
Deferred Outflows of Resources			
Deferred charge on refunding	530,085	-	-
OPEB deferrals	1,718,951	-	-
Pension deferrals	14,540,045	-	-
Total deferred outflows of resources	16,789,081	-	-

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2024

	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	-	(6,391,488)	57,870
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	-	(6,391,488)	57,870
Current restricted assets			
Cash and cash equivalents	31,853,645	-	1,936,999
Investments	2,919,182	-	-
Collateral	-	-	-
Receivables	4,737	1,264,141	7,582
Total current restricted assets	34,777,564	1,264,141	1,944,581
Total current assets	34,777,564	(5,127,347)	2,002,451
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	214,807	1,407,909	22,333,185
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	214,807	1,407,909	22,333,185
Right to use leased assets, net	-	-	-
Total capital assets, net	214,807	1,407,909	22,333,185
Total assets	34,992,371	(3,719,438)	24,335,636
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, 2024

	Series 2018 Water/Wastewater Capital Project Fund	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Areas 24/25 Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	213	(499,201)	(9,173)
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	<u>213</u>	<u>(499,201)</u>	<u>(9,173)</u>
Current restricted assets			
Cash and cash equivalents	-	-	21,543,950
Investments	-	-	-
Collateral	-	-	-
Receivables	-	496,924	90
Total current restricted assets	<u>-</u>	<u>496,924</u>	<u>21,544,040</u>
Total current assets	<u>213</u>	<u>(2,277)</u>	<u>21,534,867</u>
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	42,815	14,481,879	5,139,414
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	<u>42,815</u>	<u>14,481,879</u>	<u>5,139,414</u>
Right to use leased assets, net	-	-	-
Total capital assets, net	<u>42,815</u>	<u>14,481,879</u>	<u>5,139,414</u>
Total assets	<u>43,028</u>	<u>14,479,602</u>	<u>26,674,281</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, 2024

	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund	Annexation Phase V Areas 26/27 Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	(2,529,756)	(652,818)	890,919
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	<u>(2,529,756)</u>	<u>(652,818)</u>	<u>890,919</u>
Current restricted assets			
Cash and cash equivalents	-	-	7,130,251
Investments	-	-	-
Collateral	-	-	-
Receivables	5,023,742	503,017	68,685
Total current restricted assets	<u>5,023,742</u>	<u>503,017</u>	<u>7,198,936</u>
Total current assets	<u>2,493,986</u>	<u>(149,801)</u>	<u>8,089,855</u>
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	15,827,164	2,193,443	8,611,007
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	<u>15,827,164</u>	<u>2,193,443</u>	<u>8,611,007</u>
Right to use leased assets, net	-	-	-
Total capital assets, net	<u>15,827,164</u>	<u>2,193,443</u>	<u>8,611,007</u>
Total assets	<u>18,321,150</u>	<u>2,043,642</u>	<u>16,700,862</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, 2024

	Glenville-PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund	Annexation Phase V Asphalt Overlay Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	(837,804)	(3,883)	-
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	<u>(837,804)</u>	<u>(3,883)</u>	<u>-</u>
Current restricted assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Collateral	-	-	-
Receivables	3,134,990	-	-
Total current restricted assets	<u>3,134,990</u>	<u>-</u>	<u>-</u>
Total current assets	<u>2,297,186</u>	<u>(3,883)</u>	<u>-</u>
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	3,441,218	1,658,696	719,891
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	<u>3,441,218</u>	<u>1,658,696</u>	<u>719,891</u>
Right to use leased assets, net	-	-	-
Total capital assets, net	<u>3,441,218</u>	<u>1,658,696</u>	<u>719,891</u>
Total assets	<u>5,738,404</u>	<u>1,654,813</u>	<u>719,891</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, 2024

	Series 2021 Water/Wastewater Capital Project Fund	Series 2023 Water/Wastewater Capital Project Fund	Direct Grant Capital Project Fund
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	37,495	49,743	-
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	37,495	49,743	-
Current restricted assets			
Cash and cash equivalents	23,958,891	33,620,643	289,381
Investments	-	-	-
Collateral	-	-	-
Receivables	12,805	42,734	-
Total current restricted assets	23,971,696	33,663,377	289,381
Total current assets	24,009,191	33,713,120	289,381
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	28,625,520	7,848,896	-
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	28,625,520	7,848,896	-
Right to use leased assets, net	-	-	-
Total capital assets, net	28,625,520	7,848,896	-
Total assets	52,634,711	41,562,016	289,381
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, 2024

	Transportation Equipment Capital Project Fund	AIA Grant Capital Project Fund	Sewer Main Rehab ARPA Grants 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	2,085,086	17	-
Investments	-	-	-
Collateral	-	-	-
Receivables	-	-	-
Total current restricted assets	2,085,086	17	-
Total current assets	2,085,086	17	-
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	378,967	-	-
Office equipment	-	-	-
Capital assets, net	378,967	-	-
Right to use leased assets, net	-	-	-
Total capital assets, net	378,967	-	-
Total assets	2,464,053	17	-
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, 2024

	Annexation Phase V Areas 30-31 Capital Project Fund	GAC Facility Glenville Lake Water Treatment Plant	GAC Facility PO Hoffer Water Treatment Plant
ASSETS			
Current unrestricted assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables	-	-	-
Lease receivable current	-	-	-
Internal balances	(513)	-	-
Less allowance for doubtful accounts	-	-	-
Inventories	-	-	-
Other current assets	-	-	-
Total current unrestricted assets	(513)	-	-
Current restricted assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Collateral	-	-	-
Receivables	-	-	-
Total current restricted assets	-	-	-
Total current assets	(513)	-	-
Noncurrent assets			
Other assets	-	-	-
Capital Assets:			
Land and land rights	-	-	-
Construction in process	524,222	103,989	175,747
Water system	-	-	-
Sewer system	-	-	-
Building	-	-	-
Equipment and machinery	-	-	-
Computer equipment	-	-	-
Intangibles	-	-	-
Vehicles	-	-	-
Office equipment	-	-	-
Capital assets, net	524,222	103,989	175,747
Right to use leased assets, net	-	-	-
Total capital assets, net	524,222	103,989	175,747
Total assets	523,709	103,989	175,747
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, 2024

	<u>Total</u>
ASSETS	
Current unrestricted assets	
Cash and cash equivalents	\$ 35,639,235
Investments	41,861,915
Receivables	24,189,801
Lease receivable current	-
Internal balances	-
Less allowance for doubtful accounts	(112,993)
Inventories	3,583,666
Other current assets	1,541,369
Total current unrestricted assets	<u>106,702,993</u>
Current restricted assets	
Cash and cash equivalents	198,030,793
Investments	8,442,443
Collateral	205,327
Receivables	13,753,197
Total current restricted assets	<u>220,431,760</u>
Total current assets	<u>327,134,753</u>
Noncurrent assets	
Other assets	-
Capital Assets:	
Land and land rights	14,185,472
Construction in process	168,318,612
Water system	265,106,712
Sewer system	434,452,773
Building	7,872,920
Equipment and machinery	3,538,988
Computer equipment	673,312
Intangibles	1,529,611
Vehicles	7,107,282
Office equipment	-
Capital assets, net	<u>902,785,682</u>
Right to use leased assets, net	1,937,681
Total capital assets, net	<u>904,723,363</u>
Total assets	<u>1,231,858,116</u>
Deferred Outflows of Resources	
Deferred charge on refunding	530,085
OPEB deferrals	1,718,951
Pension deferrals	14,540,045
Total deferred outflows of resources	<u>16,789,081</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, 2024

	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	\$ 16,183,824	\$ -	\$ -
Accounts payable and accrued expenses	15,237,178	-	-
Total current liabilities to be paid from unrestricted current assets	31,421,002	-	-
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	4,486,705	-	-
Total current liabilities to be paid from restricted current assets	4,486,705	-	-
Total current liabilities	35,907,707	-	-
Noncurrent liabilities			
Long-term liabilities	419,260,153	-	-
Total OPEB liabilities	11,625,499	-	-
Net pension liability	21,373,984	-	-
Subscription lease liability	1,114,450	-	-
Other liabilities	102,915	-	-
Unearned deposits	29,770	-	-
Total noncurrent liabilities	453,506,771	-	-
Total liabilities	489,414,478	-	-
Deferred inflows of resources			
OPEB deferral	1,547,612	-	-
Pension deferral	108,512	-	-
Total deferred inflows of resources	1,656,124	-	-
NET POSITION			
Net Investment in capital assets	445,598,947	-	-
Restricted for -			
Capital Projects	6,448	-	47,345,118
Debt service	-	-	-
Other internal restrictions	30,123,753	2,232,445	-
Unrestricted Net Position	(7,467,981)	-	-
Total Net Position	\$ 468,261,167	\$ 2,232,445	\$ 47,345,118

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

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

June 30, 2024

	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 unrestricted current assets	-	-	-
Current liabilities to be paid from restricted current assets			
Accounts payable and accrued expenses	214,807	-	37,892
Total current liabilities to be paid from restricted current assets	214,807	-	37,892
Total current liabilities	214,807	-	37,892
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Other liabilities	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	214,807	-	37,892
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	-	1,407,909	22,295,293
Restricted for -			
Capital Projects	-	-	5,500
Debt service	-	-	-
Other internal restrictions	34,777,564	1,264,141	7,582
Unrestricted Net Position	-	(6,391,488)	1,989,369
Total Net Position	\$ 34,777,564	\$ (3,719,438)	\$ 24,297,744

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2024

	Series 2018 Water/Wastewater Capital Project Fund	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Area 24/25 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	-	-	1,480,379
Total current liabilities to be paid from			
restricted current assets	-	-	1,480,379
Total current liabilities	-	-	1,480,379
Noncurrent liabilities			
Long-term liabilities	-	14,888,684	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Other liabilities	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	14,888,684	-
Total liabilities	-	14,888,684	1,480,379
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	42,815	-	3,659,035
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions		496,924	
Unrestricted Net Position	213	(906,006)	21,534,867
Total Net Position	\$ 43,028	\$ (409,082)	\$ 25,193,902

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2024

	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund	Annexation Phase V Areas 26/27 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	3,327,582	120,892	2,203,575
Total current liabilities to be paid from restricted current assets	3,327,582	120,892	2,203,575
Total current liabilities	3,327,582	120,892	2,203,575
Noncurrent liabilities			
Long-term liabilities	14,993,568	1,922,750	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Other liabilities	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	14,993,568	1,922,750	-
Total liabilities	18,321,150	2,043,642	2,203,575
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	-	149,802	6,407,432
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	4,422,927	472,928	-
Unrestricted Net Position	(4,422,927)	(622,730)	8,089,855
Total Net Position	\$ -	\$ -	\$ 14,497,287

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2024

	Glenville - PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund	Annexation Phase V Asphalt Overlay 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	2,635,632	36,319	-
Total current liabilities to be paid from			
restricted current assets	2,635,632	36,319	-
Total current liabilities	2,635,632	36,319	-
Noncurrent liabilities			
Long-term liabilities	3,102,772	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Other liabilities	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	3,102,772	-	-
Total liabilities	5,738,404	36,319	-
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	805,585	1,622,377	719,891
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	-	-	-
Unrestricted Net Position	(805,585)	(3,883)	-
Total Net Position	\$ -	\$ 1,618,494	\$ 719,891

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2024

	Series 2021 Water/Wastewater Capital Project Fund	Series 2023 Water/Wastewater Capital Project Fund	Direct Grant 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	1,157,078	1,912,056	-
Total current liabilities to be paid from restricted current assets	1,157,078	1,912,056	-
Total current liabilities	1,157,078	1,912,056	-
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Other liabilities	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	1,157,078	1,912,056	-
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	27,468,442	5,936,840	-
Restricted for -			
Capital Projects	-	-	289,381
Debt service	-	-	-
Other internal restrictions	-	568,517	-
Unrestricted Net Position	24,009,191	33,144,603	-
Total Net Position	\$ 51,477,633	\$ 39,649,960	\$ 289,381

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

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

June 30, 2024

	Transportation Equipment Capital Project Fund	AIA Grant Capital Project Fund	Sewer Main Rehab ARPA 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	170,987	-	-
Total current liabilities to be paid from restricted current assets	170,987	-	-
Total current liabilities	170,987	-	-
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Other liabilities	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	170,987	-	-
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	207,980	-	-
Restricted for -			
Capital Projects	2,085,086	17	-
Debt service	-	-	-
Other internal restrictions	-	-	-
Unrestricted Net Position	-	-	-
Total Net Position	\$ 2,293,066	\$ 17	\$ -

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

Combining Schedule of Net Position
Water and Wastewater Utility

June 30, 2024

	Annexation Phase V Areas 30-31 Capital Project Fund	GAC Facility Glenville Lake Water Treatment Plant	GAC Facility PO Hoffer Water Treatment Plant
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	64,852	103,989	175,747
Total current liabilities to be paid from			
restricted current assets	64,852	103,989	175,747
Total current liabilities	64,852	103,989	175,747
Noncurrent liabilities			
Long-term liabilities	-	-	-
Total OPEB liabilities	-	-	-
Net pension liability	-	-	-
Subscription lease liability	-	-	-
Other liabilities	-	-	-
Unearned deposits	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	64,852	103,989	175,747
Deferred inflows of resources			
OPEB deferral	-	-	-
Pension deferral	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net Investment in capital assets	459,370	-	-
Restricted for -			
Capital Projects	-	-	-
Debt service	-	-	-
Other internal restrictions	-	-	-
Unrestricted Net Position	(513)	-	-
Total Net Position	\$ 458,857	\$ -	\$ -

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

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

June 30, 2024

	<u>Total</u>
LIABILITIES	
Current liabilities to be paid from	
unrestricted current assets	
Current portion of long-term liabilities	\$ 16,183,824
Accounts payable and accrued expenses	15,237,178
Total current liabilities to be paid from unrestricted current assets	<u>31,421,002</u>
Current liabilities to be paid from	
restricted current assets	
Accounts payable and accrued expenses	18,128,492
Total current liabilities to be paid from restricted current assets	<u>18,128,492</u>
 Total current liabilities	 <u>49,549,494</u>
Noncurrent liabilities	
Long-term liabilities	454,167,927
Total OPEB liabilities	11,625,499
Net pension liability	21,373,984
Subscription lease liability	1,114,450
Other liabilities	102,915
Unearned deposits	29,770
Total noncurrent liabilities	<u>488,414,545</u>
Total liabilities	<u>537,964,039</u>
Deferred inflows of resources	
OPEB deferral	1,547,612
Pension deferral	108,512
Total deferred inflows of resources	<u>1,656,124</u>
NET POSITION	
Net Investment in capital assets	516,781,718
Restricted for -	
Capital Projects	49,731,550
Debt service	-
Other internal restrictions	74,366,781
Unrestricted Net Position	68,146,985
Total Net Position	<u><u>\$ 709,027,034</u></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, 2024

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund
Operating revenues			
Residential, commercial, and industrial sales	\$ 125,492,665	\$ -	\$ -
Other charges for services	19,205,967	-	-
Total operating revenues	<u>144,698,632</u>	<u>-</u>	<u>-</u>
Operating expenses			
Water Operations	22,292,636	-	-
Wastewater Operations	26,025,507	-	-
General and administrative	26,323,606	-	-
Depreciation	31,245,913	-	-
Total operating expenses	<u>105,887,662</u>	<u>-</u>	<u>-</u>
Operating Income	<u>38,810,970</u>	<u>-</u>	<u>-</u>
Nonoperating revenue (expense)			
Intergovernmental revenue	1,220,198	-	-
Interest earned on investments	1,608,922	86,669	1,936,343
Interest - Market Adjustment	1,204,390	28,937	-
Gain (loss) on disposal of assets	(27,626)	-	-
Interest expense	(12,929,142)	-	-
Interest - Lease	(27,263)	-	-
Finance costs	(1,696,088)	-	-
Total nonoperating revenue (expense)	<u>(10,646,609)</u>	<u>115,606</u>	<u>1,936,343</u>
Income (loss) before transfer and contributions	<u>28,164,361</u>	<u>115,606</u>	<u>1,936,343</u>
Capital Contributions	10,635,928	-	-
Transfers in	(107,330,247)	250,000	21,161,890
Transfers out	-	-	-
Change in Net Position	<u>(68,529,958)</u>	<u>365,606</u>	<u>23,098,233</u>
Total Net Position - beginning	<u>536,791,125</u>	<u>1,866,839</u>	<u>24,246,885</u>
Total Net Position - ending	<u><u>\$ 468,261,167</u></u>	<u><u>\$ 2,232,445</u></u>	<u><u>\$ 47,345,118</u></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, 2024

	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	-	246,841	-
Interest earned on investments	1,321,024	-	77,082
Interest - Market Adjustment	225,846	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	1,546,870	246,841	77,082
Income (loss) before transfer and contributions	1,546,870	246,841	77,082
Capital Contributions	-	-	-
Transfers in	9,070,631	-	7,137,660
Transfers out	-	-	-
Change in Net Position	10,617,501	246,841	7,214,742
Total Net Position - beginning	24,160,063	(3,966,279)	17,083,002
Total Net Position - ending	\$ 34,777,564	\$ (3,719,438)	\$ 24,297,744

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, 2024

	Series 2018 Water/Wastewater Capital Project Fund	Rockfish Creek Basin Creek Flow Facilities Capital Project Fund	Annexation Phase V Area 24/25 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	-	-	704,943
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	704,943
Income (loss) before transfer and contributions	-	-	704,943
Capital Contributions	-	-	-
Transfers in	-	-	21,957,313
Transfers out	-	-	-
Change in Net Position	-	-	22,662,256
Total Net Position - beginning	43,028	(409,082)	2,531,646
Total Net Position - ending	\$ 43,028	\$ (409,082)	\$ 25,193,902

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, 2024

	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund	Annexation Phase V Areas 26/27 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	-	-	305,402
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	305,402
Income (loss) before transfer and contributions	-	-	305,402
Capital Contributions	-	-	-
Transfers in	-	-	12,934,991
Transfers out	-	-	-
Change in Net Position	-	-	13,240,393
Total Net Position - beginning	-	-	1,256,894
Total Net Position - ending	\$ -	\$ -	\$ 14,497,287

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, 2024

	Glenville - PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund	Annexation Phase V Asphalt Overlay 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	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	-
Income (loss) before transfer and contributions	-	-	-
Capital Contributions	-	-	-
Transfers in	-	372,830	-
Transfers out	-	-	-
Change in Net Position	-	372,830	-
Total Net Position - beginning	-	1,245,664	719,891
Total Net Position - ending	\$ -	\$ 1,618,494	\$ 719,891

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, 2024

	Series 2021 Water/Wastewater Capital Project Fund	Series 2023 Water/Wastewater Capital Project Fund	Direct 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	-	-	22,076
Depreciation	-	-	-
Total operating expenses	-	-	22,076
Operating Income (loss)	-	-	(22,076)
Nonoperating revenue (expense)			
Intergovernmental revenue	-	-	-
Interest earned on investments	1,291,750	1,184,828	-
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	1,291,750	1,184,828	-
Income (loss) before transfer and contributions	1,291,750	1,184,828	(22,076)
Capital Contributions	-	-	-
Transfers in	-	38,465,132	-
Transfers out	-	-	-
Change in Net Position	1,291,750	39,649,960	(22,076)
Total Net Position - beginning	50,185,883	-	311,456
Total Net Position - ending	\$ 51,477,633	\$ 39,649,960	\$ 289,380

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, 2024

	Transportation Equipment Capital Project Fund	AIA Grant Capital Project Fund	ARPA Grants 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	-	228,527	-
Depreciation	-	-	-
Total operating expenses	-	228,527	-
Operating Income (loss)	-	(228,527)	-
Nonoperating revenue (expense)			
Intergovernmental revenue	-	-	-
Interest earned on investments	-	-	-
Interest - Market Adjustment	-	-	-
Gain (loss) on disposal of assets	-	-	-
Interest expense	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	-
Income (loss) before transfer and contributions	-	(228,527)	-
Capital Contributions	-	-	-
Transfers in	449,516	237,900	-
Transfers out	-	-	-
Change in Net Position	449,516	9,373	-
Total Net Position - beginning	1,843,550	(9,356)	-
Total Net Position - ending	\$ 2,293,066	\$ 17	\$ -

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, 2024

	Annexation Phase V Areas 30-31 Capital Project Fund	GAC Facility Glenville Lake Water Treatment Plant	GAC Facility PO Hoffer Water Treatment Plant
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	-	-	-
Interest - Lease	-	-	-
Finance costs	-	-	-
Total nonoperating revenue (expense)	-	-	-
Income (loss) before transfer and contributions	-	-	-
Capital Contributions	-	-	-
Transfers in	458,857	-	-
Transfers out	-	-	-
Change in Net Position	458,857	-	-
Total Net Position - beginning	-	-	-
Total Net Position - ending	\$ 458,857	\$ -	\$ -

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, 2024

	<u>Total</u>
Operating revenues	
Residential, commercial, and industrial sales \$	125,492,665
Other charges for services	19,205,967
Total operating revenues	<u>144,698,632</u>
Operating expenses	
Water Operations	22,292,636
Wastewater Operations	26,025,507
General and administrative	26,574,209
Depreciation	31,245,913
Total operating expenses	<u>106,138,265</u>
Operating Income	<u>38,560,367</u>
Nonoperating revenue (expense)	
Intergovernmental revenue	1,467,039
Interest earned on investments	8,516,963
Interest - Market Adjustment	1,459,173
Gain (loss) on disposal of assets	(27,626)
Interest expense	(12,929,142)
Interest - Lease	(27,263)
Finance costs	(1,696,088)
Total nonoperating revenue (expense)	<u>(3,236,944)</u>
Income (loss) before transfer and contributions	<u>35,323,423</u>
Capital Contributions	10,635,928
Transfers in	5,166,474
Transfers out	<u>-</u>
Change in Net Position	51,125,825
Total Net Position - beginning	<u>657,901,209</u>
Total Net Position - ending	<u>\$ 709,027,034</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, 2024
(with comparative actual amounts for the year ended June 30, 2023)

	2024			2023
	Budget	Variance Positive (Negative)	Actual	Actual
Revenues				
Operating Revenues				
Water Operations				
Residential, commercial, and industrial sales	\$ 55,637,100	\$ 553,229	\$ 56,190,329	\$ 53,287,400
Other sales of water	4,592,300	282,514	4,874,814	4,329,528
Connection fees	490,000	244,583	734,583	857,756
City services	585,000	(84,515)	500,485	496,299
Total water operations	61,304,400	995,811	62,300,211	58,970,983
Wastewater operations				
Residential, commercial, and industrial sales	68,234,100	1,068,236	69,302,336	63,211,609
Other Sales of wastewater	596,400	534,559	1,130,959	754,465
Connection fees	265,000	31,895	296,895	391,839
City services	240,100	58,332	298,432	262,449
Total wastewater operations	69,335,600	1,693,022	71,028,622	64,620,362
Other operating revenues				
Non-utility charges	1,518,200	418,202	1,936,402	1,837,202
Service charges	9,154,000	210,426	9,364,426	6,155,483
Miscellaneous	50,000	18,970	68,970	218,058
Total other operating revenues	10,722,200	647,598	11,369,798	8,210,743
Total operating revenues	141,362,200	3,336,431	144,698,631	131,802,088
Non-operating revenues				
Intergovernmental revenue	200,000	1,020,198	1,220,198	1,249,725
Interest earned on investments	1,392,000	216,922	1,608,922	906,889
Investment loss	-	1,204,390	1,204,390	(722,936)
Total non-operating revenues	1,592,000	2,441,510	4,033,510	1,433,678
Contributions				
Contributions	4,136,500	6,499,428	10,635,928	20,109,864
Total Contributions	4,136,500	6,499,428	10,635,928	20,109,864
Transfers in				
Transfer from Annexation Phase V Reserve Fund	5,071,000	43	5,071,043	4,953,292
Total transfers in	5,071,000	43	5,071,043	4,953,292
Budgetary appropriations				
Transfer from Budget Carryover Reserve	439,500	57	439,557	1,232,229
Transfer from Capitalized Interest	1,424,400	(1,424,400)	-	-
Appropriations from W/S R/E	632,900	(632,900)	-	-
Series 2023 bond proceeds	1,953,500	(1,420,400)	533,100	-
Reserve for W/WW Capital Reserve	-	-	-	84,500
Series 2021 Interest	-	1,985,363	1,985,363	992,681
Series 2021 Interest - Annex	-	637,881	637,881	318,941
Total budgetary appropriations	4,450,300	(854,399)	3,595,901	2,628,351
Total revenues	\$ 156,612,000	\$ 11,423,014	\$ 168,035,014	\$ 160,927,273
Expenditures				
Operating expenditures				
Water operations				
Administration and engineering	2,655,500	127,585	2,527,915	2,597,282
Contract system maintenance	184,500	(346)	184,846	227,581
Environmental	125,250	931	124,319	113,700
Environmental system protection	351,750	7,958	343,792	304,844
Glennville Lake water treatment plant	4,553,000	1,017,742	3,535,258	3,751,967
Laboratory	416,100	8,082	408,018	374,212
P.O. Hoffer water treatment plant	10,084,800	1,917,702	8,167,098	8,468,739
Water maintenance and repair	7,044,600	237,793	6,806,807	7,075,822
Water meter shop	(77,600)	157,918	(235,518)	3,449
Watershead	426,100	(4,002)	430,102	359,686
Total water operations	\$ 25,764,000	\$ 3,471,363	\$ 22,292,637	\$ 23,277,282

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, 2024

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

	2024			2023
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
Operating expenditures (continued)				
Wastewater operations				
Administration and engineering	\$ 2,655,500	\$ 127,585	\$ 2,527,915	\$ 2,597,282
Contract system maintenance	123,000	(230)	123,230	151,721
Cross Creek WW treatment plant	4,912,600	310,259	4,602,341	4,744,773
Environmental	125,250	930	124,320	113,700
Environmental system protection	351,750	7,958	343,792	304,844
Laboratory	416,100	8,082	408,018	374,212
Residuals management	426,200	37,837	388,363	410,926
Rockfish Creek WW treatment plant	4,817,700	(78,205)	4,895,905	4,331,830
Sewer maintenance and repair	12,569,200	(42,423)	12,611,623	11,377,599
Total wastewater operations	26,397,300	371,793	26,025,507	24,406,887
General and administrative				
Accounting	904,500	48,375	856,125	776,814
Accounts Receivable	208,350	4,138	204,212	206,948
Budget	131,100	7,090	124,010	115,036
Communications and community relations	996,200	63,237	932,963	877,719
Corporate development	2,754,250	951,816	1,802,434	1,494,053
Corporate service administration	192,900	4,463	188,437	165,665
Customer Accounts	2,004,700	53,189	1,951,511	1,732,372
Customer billing and collections	1,054,300	178,060	876,240	1,017,893
Customer programs admin and call center	646,750	21,745	625,005	619,329
Development and marketing	385,250	46,339	338,911	292,855
Executive	811,900	85,172	726,728	603,897
Facilities maintenance	391,750	7,185	384,565	360,897
Financial Administration	207,650	14,691	192,959	177,163
Financial Planning	403,450	3,291	400,159	405,257
Fleet maintenance	3,241,550	741,081	2,500,469	2,564,002
Human resources	1,379,100	154,804	1,224,296	1,151,611
Internal audit	175,450	4,096	171,354	155,636
Legal	854,150	280,558	573,592	443,569
Meter data management	355,300	6,622	348,678	330,595
Payroll	98,450	10,519	87,931	88,692
Purchasing	414,400	86,474	327,926	419,929
Rates	173,450	5,867	167,583	238,485
Risk management	1,561,600	214,200	1,347,400	1,384,121
Utility field service	1,163,400	26	1,163,374	1,053,918
Warehouse	674,850	32,595	642,255	552,840

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, 2024
(with comparative actual amounts for the year ended June 30, 2023)

	2024			2023
	Budget	Variance Positive (Negative)	Actual	Actual
Expenditures (continued)				
Operating expenditures (continued)				
General and administrative (continued)				
Telecommunications systems	\$ 2,293,500	\$ 238,291	\$ 2,055,209	\$ 2,072,288
Information systems and admin	4,845,050	750,622	4,094,428	3,585,124
Medical Insurance	5,087,950	940,151	4,147,799	4,294,252
Other	6,660,450	4,201,884	2,458,566	3,202,920
Overhead clearing	(7,949,000)	630,164	(8,579,164)	(8,512,217)
Total general and administrative	<u>32,122,700</u>	<u>9,786,745</u>	<u>22,335,955</u>	<u>21,871,663</u>
Total operating expenditures	<u>84,284,000</u>	<u>13,629,901</u>	<u>70,654,099</u>	<u>69,555,832</u>
Non-operating expenditures				
Interest expense	13,995,500	(140,993)	14,136,493	11,596,208
Interest - Lease	500	90	410	526
Interest - Subscription Lease	38,100	11,247	26,853	37,605
Loss on asset disposal	-	(27,626)	27,626	71,329
Finance costs	1,708,300	12,212	1,696,088	29,645
Total non-operating expenditures	<u>15,742,400</u>	<u>(145,070)</u>	<u>15,887,470</u>	<u>11,735,313</u>
Transfers out				
Transfer to W/WW Rate Stabilization Fund	250,000	-	250,000	250,000
Transfer to Annexation Phase V Reserve Fund	3,868,800	(202,121)	4,070,921	3,743,591
Transfer to NCDOT Fund	9,031,000	(39,631)	9,070,631	5,793,073
Transfer to Participation Reserve	270,000	270,000	-	-
Transfer to Transportation Eq CPR - Water	1,602,500	-	1,602,500	2,113,200
Transfer to Direct Grant Project	55,000	55,000	0	200,000
Total transfers out	<u>15,077,300</u>	<u>83,248</u>	<u>14,994,052</u>	<u>12,099,864</u>
Budgetary appropriations				
Inventory increase (decrease)	-	178,548	(178,548)	(75,825)
Vehicle and equipment increase (decrease)	-	1,113,926	(1,113,926)	(1,015,462)
Debt related payments	15,262,400	334,244	14,928,156	16,219,822
Transfer to Legal Reserve	264,300	264,300	-	-
Capital outlay	22,509,000	4,773,139	17,735,861	17,300,079
Transfer to PWC Foundation Reserve	339,800	-	339,800	-
Transfer to AIA Grant Project Fund	350,000	112,100	237,900	-
Transfer to Legal Reserve	250,000	-	250,000	444,300
Transfer to Budget Carryover	2,532,800	-	2,532,800	991,600
Total Budgetary appropriations	<u>41,508,300</u>	<u>6,776,257</u>	<u>34,732,043</u>	<u>33,864,514</u>
Total expenditures	<u>\$ 156,612,000</u>	<u>\$ 20,344,336</u>	<u>\$ 136,267,664</u>	<u>\$ 127,255,523</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, 2024
(with comparative actual amounts for the year ended June 30, 2023)

	2024		
	Variance		2023
	Positive		
	(Negative)	Actual	Actual
Budget			
Reconciliation of change in Net Position			
Total revenue	11,423,014	168,035,014	160,927,273
Total expenditures	20,344,336	136,267,664	127,255,522
Subtotal	31,767,350	31,767,350	33,671,751
Reconciling items:			
Budgetary appropriations		31,136,142	31,236,163
Depreciation		(30,465,844)	(30,406,651)
Amortization - Lease		(4,863)	(4,863)
Amortization - Subscription Lease		(775,206)	(739,731)
Amortization for refunding		1,207,351	1,034,631
OPEB expenses		(758,272)	55,936
LGERS expenses		(3,229,379)	(2,720,582)
Series 2021 Annex 32 bond proceeds		-	(800,647)
Series 2021 Annex 22-23 proceeds		-	800,647
Series 2023 W/WW Bond Proceeds		(38,465,132)	-
Series 2023 Annex Area 24-25 Proceeds		(29,287,191)	-
Series 2023 Annex Area 32 Proceeds		(18,305,681)	-
Transfer of assets (to) / from NCDOT Capital Project Fund		-	489,141
Series 2023 Annex Area 26 Proceeds		(12,264,317)	-
Transfer to AIA Grant		(237,900)	-
Transfer of assets from Annexation Phase V, Areas 22-23		-	3,057
Transfer of assets from Annexation Phase V, Areas 24-25		-	7,480,011
Transfer of assets from Transportation Equipment Capital Project Fund		1,152,984	269,650
Transfer of assets (to) / from Series 2021 W/WW CPF		-	2,883,878
Transfer of assets from Series 2018 Water/WW Capital Project Fund		-	39,152
Total (to) / from reconciling items		(100,297,308)	9,619,792
Change in Net Position		\$ (68,529,958)	\$ 43,291,543

**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, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on investments	\$ 527,000	\$ 451,840	\$ 115,606	\$ 567,446
Total Revenues	<u>527,000</u>	<u>451,840</u>	<u>115,606</u>	<u>567,446</u>
Other Financing Sources (Uses)				
Transfer from Water and Wastewater fund	8,750,000	8,500,000	250,000	8,750,000
Transfer to Water and Wastewater fund	(7,085,000)	(7,085,000)	-	(7,085,000)
Appropriated net position	(2,192,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(527,000)</u>	<u>1,415,000</u>	<u>250,000</u>	<u>1,665,000</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,866,840</u>	<u>\$ 365,606</u>	<u>\$ 2,232,446</u>
Reconciling Items:				
Total reconciling items			-	
Change in Net Position			<u>\$ 365,606</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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on investments	\$ 4,507,800	\$ 2,717,929	\$ 1,936,342	\$ 4,654,271
Total Revenues	<u>4,507,800</u>	<u>2,717,929</u>	<u>1,936,342</u>	<u>4,654,271</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>4,428,444</u>	<u>2,638,573</u>	<u>1,936,342</u>	<u>4,574,915</u>
Other Financing Sources (Uses)				
Transfer from Electric Fund	40,727,899	30,861,207	5,166,474	36,027,681
Assessments transfer	27,048,200	22,393,762	1,802,152	24,195,914
Transfer from Water and Wastewater Fund	38,157,365	33,551,386	2,268,768	35,820,154
Transfer (to) Water and Wastewater Fund-Debt Svc	(48,894,201)	(35,776,133)	(5,071,044)	(40,847,177)
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)	(614,658)	-	(614,658)
Transfer to Annexation Phase V, Areas 24-25 Fund	(500,000)	(9,651,728)	7,329,879	(2,321,849)
Transfer to Annexation Phase V, Areas 26-27 Fund	(500,000)	(1,256,895)	(670,673)	(1,927,568)
Transfer to Annexation Phase V, Areas 28-29 Fund	(500,000)	(1,245,664)	(372,829)	(1,618,493)
Transfer to Annexation Phase V, Areas 30-31 Fund	(500,000)	-	(458,857)	(458,857)
Transfer to Annexation Phase V, Areas 32-34 Fund	(8,000,000)	(13,855,145)	11,168,021	(2,687,124)
Transfer to Annexation Phase V, Asphalt Overlay CPF	(8,582,138)	(977,804)	-	(977,804)
Future Project Funding Accumulations	(39,658,101)	-	-	-
Total Other Financing Sources (Uses)	<u>(4,428,444)</u>	<u>21,608,311</u>	<u>21,161,891</u>	<u>42,770,202</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 24,246,884</u>	<u>23,098,233</u>	<u>\$ 47,345,117</u>
Change in Net Position			<u>\$ 23,098,233</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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned	\$ 3,800,600	\$ 651,335	\$ 1,546,870	\$ 2,198,205
Total Revenues	<u>3,800,600</u>	<u>651,335</u>	<u>1,546,870</u>	<u>2,198,205</u>
Expenditures				
Construction	185,583,000	703,948	-	703,948
Total Expenditures	<u>185,583,000</u>	<u>703,948</u>	<u>-</u>	<u>703,948</u>
Revenues Over (Under) Expenditures	<u>(181,782,400)</u>	<u>(52,613)</u>	<u>1,546,870</u>	<u>1,494,257</u>
Other Financing Sources				
Transfer from Water/Wastewater Fund	181,782,400	23,997,871	9,070,631	33,068,502
Total Other Financing Sources	<u>181,782,400</u>	<u>23,997,871</u>	<u>9,070,631</u>	<u>33,068,502</u>
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ 23,945,258</u>	<u>10,617,501</u>	<u>\$ 34,562,759</u>
Reconciling Items:				
Capital Outlay			-	-
Transfer of assets (to)/from the Water/Wastewater Fund			-	-
Change in Net Position			<u>\$ 10,617,501</u>	<u>\$ 10,617,501</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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	10,100,917	909,448	11,010,365
Engineering	-	950,605	60,384	1,010,989
Right of Way	-	11,750	-	11,750
Other	-	52,583	-	52,583
Total Expenditures	11,887,301	11,115,855	969,832	12,085,687
Revenues Under Expenditures	(11,887,301)	(11,115,855)	(969,832)	(12,085,687)
Other Financing Sources (Uses)				
Insurance Proceeds	4,594,936	4,594,936	-	4,594,936
FEMA Proceeds	7,104,665	1,929,942	246,841	2,176,783
Transfer from W/WW Fund	187,700	186,622	-	186,622
Total Other Financing Sources	11,887,301	6,711,500	246,841	6,958,341
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (4,404,355)</u>	(722,991)	<u>\$ (5,127,346)</u>
Reconciling Items:				
Capital Outlay			969,832	
Change in Net Position			<u>\$ 246,841</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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned	\$ -	\$ 3,127	\$ -	\$ 3,127
Total Revenues	<u>-</u>	<u>3,127</u>	<u>-</u>	<u>3,127</u>
Expenditures				
Construction	-	14,085,718	-	14,085,718
Engineering	-	1,600,986	-	1,600,986
Right of Way	-	396,575	-	396,575
City reimbursement	-	(463,660)	-	(463,660)
Other	-	1,217,132	-	1,217,132
Total Expenditures	<u>16,836,751</u>	<u>16,836,751</u>	<u>-</u>	<u>16,836,751</u>
Revenues Under Expenditures	<u>(16,836,751)</u>	<u>(16,833,624)</u>	<u>-</u>	<u>(16,833,624)</u>
Other Financing Sources (Uses)				
Bond Proceeds	16,222,092	16,218,966	-	16,218,966
Transfer from(to) Annexation Reserve	614,659	614,658	-	614,658
Total Other Financing Sources	<u>16,836,751</u>	<u>16,833,624</u>	<u>-</u>	<u>16,833,624</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciling Items:				
Capital Outlay			-	
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 Annexation Phase V - Areas 32 through 34
Capital Project Fund

From Inception and for the Period Ending June 30, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned	\$ 1,200	\$ 8	\$ -	\$ 8
Expenditures				
Construction	-	12,052,871	2,197,461	14,250,332
Engineering	-	5,349,470	354,848	5,704,318
Right of Way	-	1,445,746	132,479	1,578,225
Other	-	548,517	251,802	800,319
Total Expenditures	<u>79,865,900</u>	<u>19,396,604</u>	<u>2,936,590</u>	<u>22,333,194</u>
Revenues Under Expenditures	<u>(79,864,700)</u>	<u>(19,396,596)</u>	<u>(2,936,590)</u>	<u>(22,333,186)</u>
Other Financing Sources (Uses)				
Series 2016 Bond Proceeds	1,070,481	1,070,481	-	1,070,481
Series 2018 Bond Proceeds	1,355,273	1,355,273	-	1,355,273
Series 2021 Bond Proceeds	800,647	800,647	-	800,647
Series 2023 Bond Proceeds	18,305,681	-	18,305,681	18,305,681
Bond Proceeds	50,332,618	1,457	77,081	78,538
Transfer from Annexation Reserve	8,000,000	13,855,145	(11,168,020)	2,687,125
Total Other Financing Sources	<u>79,864,700</u>	<u>17,083,003</u>	<u>7,214,742</u>	<u>24,297,745</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (2,313,593)</u>	4,278,152	<u>\$ 1,964,559</u>
Reconciling Items:				
Capital Outlay			2,936,590	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			<u>\$ 7,214,742</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 Bond
Capital Project Fund**

From Inception and the Period Ending June 30, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on invested bond proceeds	\$ 1,363,916	\$ 1,364,030	\$ -	\$ 1,364,030
Total Revenues	<u>1,363,916</u>	<u>1,364,030</u>	<u>-</u>	<u>1,364,030</u>
Expenditures				
Construction	-	54,091,719	-	54,091,719
Engineering	-	2,995,713	-	2,995,713
Right of Way	-	324,396	-	324,396
Other	-	1,913,308	900	1,914,208
Total Expenditures	<u>59,325,136</u>	<u>59,325,136</u>	<u>900</u>	<u>59,326,036</u>
Revenues Under Expenditures	<u>(57,961,220)</u>	<u>(57,961,106)</u>	<u>(900)</u>	<u>(57,962,006)</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 Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 114</u>	<u>(900)</u>	<u>\$ (786)</u>

Reconciling Items:

Capital Outlay	900
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 Rockfish Creek Basin Peak Flow Facilities
Capital Project Fund

From Inception and for the Year Ended June 30, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Construction	-	10,907,356	140,652	11,048,008
Engineering	-	3,301,273	53,631	3,354,904
Right of Way	-	409,082	-	409,082
Other	-	78,968	-	78,968
Total Expenditures	<u>17,912,000</u>	<u>14,696,679</u>	<u>194,283</u>	<u>14,890,962</u>
Revenues Under Expenditures	<u>(17,912,000)</u>	<u>(14,696,679)</u>	<u>(194,283)</u>	<u>(14,890,962)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	17,912,000	14,391,994	496,690	14,888,684
Total Other Financing Sources	<u>17,912,000</u>	<u>14,391,994</u>	<u>496,690</u>	<u>14,888,684</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (304,685)</u>	302,407	<u>\$ (2,278)</u>
Reconciling Items:				
Capital Outlay			194,283	
Loan Proceeds			(496,690)	
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, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ 151	\$ 704,943	\$ 705,094
Total Revenues	<u>-</u>	<u>151</u>	<u>704,943</u>	<u>705,094</u>
Expenditures				
Construction	-	9,935,932	2,410,173	12,346,105
Engineering	-	2,386,175	120,694	2,506,869
Right of Way	-	1,646,127	289	1,646,416
City Reimbursement	-	(60,453)	-	(60,453)
Other	-	858,331	72,143	930,474
Total Expenditures	<u>34,896,957</u>	<u>14,766,112</u>	<u>2,603,299</u>	<u>17,369,411</u>
Revenues Under Expenditures	<u>(34,896,957)</u>	<u>(14,765,961)</u>	<u>(1,898,356)</u>	<u>(16,664,317)</u>
Other Financing Sources (Uses)				
Transfer from (to) Annexation Reserve Fund	500,000	9,651,728	(7,329,880)	2,321,848
Series 2021 bond proceeds	5,109,766	5,109,766		5,109,766
Series 2023 bond proceeds	-	-	29,287,191	29,287,191
Bond Proceeds	29,287,191	-	-	-
Total Other Financing Sources	<u>34,896,957</u>	<u>14,761,494</u>	<u>21,957,311</u>	<u>36,718,805</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (4,467)</u>	<u>20,058,955</u>	<u>\$ 20,054,488</u>
Reconciling Items:				
Capital Outlay			2,603,301	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			<u>\$ 22,662,256</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, 2024

	<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	-	7,780,137	4,054,933	11,835,070
Engineering	-	2,397,277	240,304	2,637,581
Right of Way	-	1,257,831	200	1,258,031
Other	-	96,052	429	96,481
Total Expenditures	<u>26,187,999</u>	<u>11,531,297</u>	<u>4,295,866</u>	<u>15,827,163</u>
Revenues Under Expenditures	<u>(26,187,999)</u>	<u>(11,531,297)</u>	<u>(4,295,866)</u>	<u>(15,827,163)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	<u>26,187,999</u>	<u>10,249,085</u>	<u>4,744,483</u>	<u>14,993,568</u>
Total Other Financing Sources	<u>26,187,999</u>	<u>10,249,085</u>	<u>4,744,483</u>	<u>14,993,568</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (1,282,212)</u>	<u>448,617</u>	<u>\$ (833,595)</u>
Reconciling Items:				
Capital Outlay			4,295,866	
Loan proceeds			(4,744,483)	
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, 2024

	<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	-	409,461	333,965	743,426
Engineering	-	1,038,637	85,610	1,124,247
Right of Way	-	252,597	17,744	270,341
Other	-	55,429	-	55,429
Total Expenditures	<u>6,255,105</u>	<u>1,756,124</u>	<u>437,319</u>	<u>2,193,443</u>
Revenues Under Expenditures	<u>(6,255,105)</u>	<u>(1,756,124)</u>	<u>(437,319)</u>	<u>(2,193,443)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	6,255,105	1,439,637	483,114	1,922,751
Total Other Financing Sources	<u>6,255,105</u>	<u>1,439,637</u>	<u>483,114</u>	<u>1,922,751</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (316,487)</u>	45,795	<u>\$ (270,692)</u>
Reconciling Items:				
Capital Outlay			437,319	
Loan proceeds			(483,114)	
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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ -	\$ -	\$ 305,402	\$ 305,402
Total Revenues	-	-	305,402	305,402
Expenditures				
Construction	-	-	6,734,192	6,734,192
Engineering	-	1,056,260	572,170	1,628,430
Right of Way	-	141,063		141,063
Other	-	72,259	35,063	107,322
Total Expenditures	20,700,000	1,269,582	7,341,425	8,611,007
Revenues Under Expenditures	(20,700,000)	(1,269,582)	(7,036,023)	(8,305,605)
Other Financing Sources (Uses)				
Transfer from Annexation Reserve Fund	500,000	1,256,894	670,674	1,927,568
Series 2023 Bond Proceeds	12,264,317	-	12,264,317	12,264,317
Bond Proceeds	7,935,683	-	-	-
Total Other Financing Sources	20,700,000	1,256,894	12,934,991	14,191,885
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ (12,688)	5,898,968	\$ 5,886,280
Reconciling Items:				
Capital Outlay			7,341,425	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			\$ 13,240,393	

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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures				
Construction	-	-	2,837,207	2,837,207
Engineering	-	338,446	265,445	603,891
Right of Way	-	-	-	-
Other	-	-	120	120
Total Expenditures	<u>25,441,450</u>	<u>338,446</u>	<u>3,102,772</u>	<u>3,441,218</u>
Revenues Under Expenditures	<u>(25,441,450)</u>	<u>(338,446)</u>	<u>(3,102,772)</u>	<u>(3,441,218)</u>
Other Financing Sources (Uses)				
State Loan Proceeds	<u>25,441,450</u>	<u>-</u>	<u>3,102,772</u>	<u>3,102,772</u>
Total Other Financing Sources	<u>25,441,450</u>	<u>-</u>	<u>3,102,772</u>	<u>3,102,772</u>
Revenues and Other Financing Sources Under Expenditures	<u>\$ -</u>	<u>\$ (338,446)</u>	<u>-</u>	<u>\$ (338,446)</u>
Reconciling Items:				
Capital Outlay			3,102,772	
Loan Proceeds			(3,102,772)	
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, 2024

	<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	-	1,272,611	329,067	1,601,678
Other	-	43,159	13,859	57,018
Total Expenditures	<u>21,150,000</u>	<u>1,315,770</u>	<u>342,926</u>	<u>1,658,696</u>
Revenues Under Expenditures	<u>(21,150,000)</u>	<u>(1,315,770)</u>	<u>(342,926)</u>	<u>(1,658,696)</u>
Other Financing Sources (Uses)				
Transfer from Annexation Reserve Fund	500,000	1,245,664	372,830	1,618,494
Bond Proceeds	20,650,000	-	-	-
Total Other Financing Sources	<u>21,150,000</u>	<u>1,245,664</u>	<u>372,830</u>	<u>1,618,494</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (70,106)</u>	29,904	<u>\$ (40,202)</u>
Reconciling Items:				
Capital Outlay			342,926	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			<u>\$ 372,830</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, 2024

	Budget Authorization	Total Prior Years	Closed Projects	Current Year	Total
Revenues					
Interest earned on invested bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-
Expenditures					
Construction	-	719,891	-	-	719,891
Other	-	-	-	-	-
Total Expenditures	8,582,138	719,891	-	-	719,891
Revenues Under Expenditures	(8,582,138)	(719,891)	-	-	(719,891)
Other Financing Sources (Uses)					
Transfer from Annexation Reserve Fund	8,582,138	719,891	-	-	719,891
Total Other Financing Sources	8,582,138	719,891	-	-	719,891
Revenues and Other Financing Sources Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>

Reconciling Items:

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

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

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

From Inception and for the Period Ended June 30, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on invested bond proceeds	\$ 2,384,859	\$ 1,382,618	\$ 1,291,750	\$ 2,674,368
Total Revenues	<u>2,384,859</u>	<u>1,382,618</u>	<u>1,291,750</u>	<u>2,674,368</u>
Expenditures				
Construction	-	28,141,514	2,414,477	30,555,991
Engineering	-	9,661,439	202,031	9,863,470
Right of Way	-	609	56,178	56,787
Other	-	1,066,466	111,870	1,178,336
Total Expenditures	<u>64,217,188</u>	<u>38,870,028</u>	<u>2,784,556</u>	<u>41,654,584</u>
Revenues Under Expenditures	<u>(61,832,329)</u>	<u>(37,487,410)</u>	<u>(1,492,806)</u>	<u>(38,980,216)</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 Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 24,344,919</u>	<u>(1,492,806)</u>	<u>\$ 22,852,113</u>
Reconciling Items:				
Capital Outlay			2,784,556	
Transfer of assets to the Water/Wastewater Fund			-	
Change in net position			<u>\$ 1,291,750</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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues				
Interest earned on bond proceeds	\$ -	\$ -	\$ 1,184,828	\$ 1,184,828
Total Revenues	<u>-</u>	<u>-</u>	<u>1,184,828</u>	<u>1,184,828</u>
Expenditures				
Construction	-	-	7,686,972	7,686,972
Engineering	-	2,460	5,609	8,069
Right of Way	-	-	-	-
Miscellaneous Expense (pilot project-remediation)	-	-	153,855	153,855
Total Expenditures	<u>14,607,000</u>	<u>2,460</u>	<u>7,846,436</u>	<u>7,848,896</u>
Revenues Under Expenditures	<u>(14,607,000)</u>	<u>(2,460)</u>	<u>(6,661,608)</u>	<u>(6,664,068)</u>
Other Financing Sources (Uses)				
Bond Proceeds	14,607,000	-	38,465,132	38,465,132
Transfer from W/WW Fund	-	-	-	-
Total Other Financing Sources	<u>14,607,000</u>	<u>-</u>	<u>38,465,132</u>	<u>38,465,132</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (2,460)</u>	<u>31,803,524</u>	<u>\$ 31,801,064</u>
Reconciling Items:				
Capital Outlay			7,846,436	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			<u>\$ 39,649,960</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, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	-	-	-
Right of Way	-	-	-	-
Miscellaneous Expense (pilot project-remediation)	-	108,543	22,076	130,619
Total Expenditures	475,000	108,543	22,076	130,619
Revenues Under Expenditures	(475,000)	(108,543)	(22,076)	(130,619)
Other Financing Sources (Uses)				
Directed grant proceeds	220,000	220,000	-	220,000
Transfer from W/WW Fund	255,000	200,000	-	200,000
Total Other Financing Sources	475,000	420,000	-	420,000
Revenues and Other Financing Sources Over (Under) Expenditures	\$ -	\$ 311,457	(22,076)	\$ 289,381
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			\$ (22,076)	

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, 2024

	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	-	1,602,500	3,716,050
Total Other Financing Sources	3,156,200	2,113,550	-	1,602,500	3,716,050
Revenues and Other Financing Sources Over Expenditures	\$ -	\$ 2,113,550	\$ -	\$ 1,602,500	\$ 3,716,050
Reconciling Items:					
Capital Outlay					
Transfer of assets to the Water/Wastewater Fund				(1,152,984)	
Change in Net Position				\$ 449,516	

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, 2024

	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	228,527	237,883
Total Expenditures	<u>750,000</u>	<u>9,356</u>	<u>228,527</u>	<u>237,883</u>
Revenues Under Expenditures	<u>(750,000)</u>	<u>(9,356)</u>	<u>(228,527)</u>	<u>(237,883)</u>
Other Financing Sources (Uses)				
Directed grant proceeds	400,000	-	-	-
Transfer from W/WW Fund	350,000	-	237,900	237,900
Total Other Financing Sources	<u>750,000</u>	<u>-</u>	<u>237,900</u>	<u>237,900</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (9,356)</u>	<u>\$ 9,373</u>	<u>\$ 17</u>
Reconciling Items:				
Capital Outlay			-	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			<u>\$ 9,373</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, 2024

	<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	4,973,845	-	-	-
Transfer from W/WW Fund	-	-	-	-
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 Changes in the Status of Annexation Phase V - Areas 30-31
Capital Project Fund

From Inception and for the Period Ended June 30, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	-	522,459	522,459
Right of Way	-	-	1,763	1,763
Total Expenditures	61,389,891	-	524,222	524,222
Revenues Under Expenditures	(61,389,891)	-	(524,222)	(524,222)
Other Financing Sources (Uses)				
Transfer from Annexation Reserve Fund	500,000	-	458,857	458,857
Bond Proceeds	60,889,891	-	-	-
Total Other Financing Sources	61,389,891	-	458,857	458,857
Revenues and Other Financing Sources Under Expenditures	-	\$ -	(65,365)	\$ (65,365)
Reconciling Items:				
Capital Outlay			524,222	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			\$ 458,857	

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

**Schedule of Changes in the Status of Sanitary GAC Facility Glenville Lake WTP
Capital Project Fund**

From Inception and for the Period Ended June 30, 2024

	<u>Budget Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	-	103,989	-
Right of Way	-	-	-	-
Total Expenditures	60,500,000	-	103,989	-
Revenues Under Expenditures	(60,500,000)	-	(103,989)	-
Other Financing Sources (Uses)				
Transfer from W/WW Fund	60,500,000	-	-	-
Total Other Financing Sources	60,500,000	-	-	-
Revenues and Other Financing Sources Under Expenditures	-	\$ -	(103,989)	\$ -
Reconciling Items:				
Capital Outlay			103,989	
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 Changes in the Status of GAC Facility PO Hoffer WTP
Capital Project Fund

From Inception and for the Period Ended June 30, 2024

	Budget Authorization	Total Prior Years	Current Year	Total
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Construction	-	-	-	-
Engineering	-	-	175,747	175,747
Right of Way	-	-	-	-
Total Expenditures	30,000,000	-	175,747	175,747
Revenues Under Expenditures	(30,000,000)	-	(175,747)	(175,747)
Other Financing Sources (Uses)				
State Loan Proceeds	30,000,000	-	-	-
Transfer from W/WW Fund	-	-	-	-
Total Other Financing Sources	30,000,000	-	-	-
Revenues and Other Financing Sources Under Expenditures	-	\$ -	(175,747)	\$ (175,747)
Reconciling Items:				
Capital Outlay			175,747	
Transfer of assets to the Water and Wastewater fund			-	
Change in Net Position			\$ -	

PUBLIC WORKS COMMISSION
OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA

Schedule of Bonded Indebtedness

June 30, 2024

Issue Date	Fund	Original Issue	Interest Rate	Year of Maturity	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
9/11/14	2014 Electric & Water & Wastewater	111,455,000	5.00%	2024	4,280,000	-	4,280,000	-	-
			3.00%	2025	4,495,000	-	4,495,000	-	-
			3.00%	2026	4,635,000	-	4,635,000	-	-
			4.00%	2027	4,770,000	-	4,770,000	-	-
			3.50%	2028	4,960,000	-	4,960,000	-	-
			3.50%	2029	5,135,000	-	5,135,000	-	-
			3.50%	2030	5,310,000	-	5,310,000	-	-
			3.50%	2031	5,495,000	-	5,495,000	-	-
			3.50%	2032	5,695,000	-	5,695,000	-	-
			4.00%	2033	5,890,000	-	5,890,000	-	-
			4.00%	2034	6,125,000	-	6,125,000	-	-
			4.00%	2035	6,370,000	-	6,370,000	-	-
			4.00%	2036	6,625,000	-	6,625,000	-	-
			3.50%	2037	6,885,000	-	6,885,000	-	-
			4.00%	2038	7,130,000	-	7,130,000	-	-
			4.00%	2039	7,410,000	-	7,410,000	-	-
					<u>91,210,000</u>	<u>-</u>	<u>91,210,000</u>	<u>-</u>	<u>-</u>
6/29/16	2016 Electric & Water & Wastewater	114,405,000	5.00%	2024	4,785,000	-	4,785,000	-	-
			5.00%	2025	4,920,000	-	-	4,920,000	4,920,000
			5.00%	2026	5,060,000	-	-	5,060,000	-
			3.00%	2027	4,425,000	-	-	4,425,000	-
			3.00%	2028	4,475,000	-	-	4,475,000	-
			3.00%	2029	4,545,000	-	-	4,545,000	-
			3.00%	2030	4,615,000	-	-	4,615,000	-
			3.00%	2031	4,675,000	-	-	4,675,000	-
			3.00%	2032	4,735,000	-	-	4,735,000	-
			3.00%	2033	4,800,000	-	-	4,800,000	-
			3.00%	2034	4,870,000	-	-	4,870,000	-
			3.00%	2035	4,925,000	-	-	4,925,000	-
			3.00%	2036	3,635,000	-	-	3,635,000	-
			3.00%	2037	3,740,000	-	-	3,740,000	-
			3.00%	2038	3,855,000	-	-	3,855,000	-
			3.00%	2039	3,970,000	-	-	3,970,000	-
			3.00%	2040	4,085,000	-	-	4,085,000	-
			3.00%	2041	4,210,000	-	-	4,210,000	-
					<u>80,325,000</u>	<u>-</u>	<u>4,785,000</u>	<u>75,540,000</u>	<u>4,920,000</u>
12/13/19	2018 Electric & Water & Wastewater	83,645,000	5.00%	2024	3,590,000	-	3,590,000	-	-
			5.00%	2025	2,025,000	-	-	2,025,000	2,025,000
			5.00%	2026	2,125,000	-	-	2,125,000	-
			5.00%	2027	2,230,000	-	-	2,230,000	-
			5.00%	2028	2,345,000	-	-	2,345,000	-
			5.00%	2029	2,460,000	-	-	2,460,000	-
			5.00%	2030	2,585,000	-	-	2,585,000	-
			4.00%	2031	2,710,000	-	-	2,710,000	-
			4.00%	2032	2,820,000	-	-	2,820,000	-
			4.00%	2033	2,935,000	-	-	2,935,000	-
			4.00%	2034	3,050,000	-	-	3,050,000	-
			4.00%	2035	3,170,000	-	-	3,170,000	-
			4.00%	2036	3,300,000	-	-	3,300,000	-
			4.00%	2037	3,430,000	-	-	3,430,000	-
			4.00%	2038	3,570,000	-	-	3,570,000	-
			4.00%	2039	3,710,000	-	-	3,710,000	-
			4.00%	2040	3,860,000	-	-	3,860,000	-
			4.00%	2041	4,015,000	-	-	4,015,000	-
			4.00%	2042	4,175,000	-	-	4,175,000	-
			4.00%	2043	4,340,000	-	-	4,340,000	-
			4.00%	2044	4,515,000	-	-	4,515,000	-
					<u>66,960,000</u>	<u>-</u>	<u>3,590,000</u>	<u>63,370,000</u>	<u>2,025,000</u>

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

Schedule of Bonded Indebtedness

June 30, 2024

Issue Date	Fund	Original Issue	Interest Rate	Year of Maturity	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
11/4/21	2021	94,790,000	5.00%	2024	370,000	-	370,000	-	-
	Electric & Water & Wastewater		5.00%	2025	2,105,000	-	-	2,105,000	2,105,000
			5.00%	2026	2,215,000	-	-	2,215,000	-
			5.00%	2027	2,320,000	-	-	2,320,000	-
			5.00%	2028	2,435,000	-	-	2,435,000	-
			5.00%	2029	2,555,000	-	-	2,555,000	-
			5.00%	2030	2,680,000	-	-	2,680,000	-
			5.00%	2031	2,820,000	-	-	2,820,000	-
			4.00%	2032	2,960,000	-	-	2,960,000	-
			4.00%	2033	3,080,000	-	-	3,080,000	-
			4.00%	2034	3,200,000	-	-	3,200,000	-
			2.00%	2035	3,330,000	-	-	3,330,000	-
			2.00%	2036	3,395,000	-	-	3,395,000	-
			2.00%	2037	3,465,000	-	-	3,465,000	-
			2.00%	2038	3,535,000	-	-	3,535,000	-
			2.125%	2039	3,605,000	-	-	3,605,000	-
			2.125%	2040	3,680,000	-	-	3,680,000	-
			2.25%	2041	3,760,000	-	-	3,760,000	-
			2.25%	2042	3,845,000	-	-	3,845,000	-
			2.25%	2043	3,930,000	-	-	3,930,000	-
			3.00%	2044	4,020,000	-	-	4,020,000	-
			3.00%	2045	4,140,000	-	-	4,140,000	-
			3.00%	2046	4,265,000	-	-	4,265,000	-
			2.50%	2047	4,390,000	-	-	4,390,000	-
			2.50%	2048	4,500,000	-	-	4,500,000	-
			2.50%	2049	4,615,000	-	-	4,615,000	-
			2.50%	2050	4,730,000	-	-	4,730,000	-
			2.50%	2051	4,845,000	-	-	4,845,000	-
					<u>94,790,000</u>	<u>-</u>	<u>370,000</u>	<u>94,420,000</u>	<u>2,105,000</u>
11/16/23	2023	169,420,000	5.00%	2026		2,920,000	-	2,920,000	-
	Electric & Water & Wastewater		5.00%	2027		3,070,000	-	3,070,000	-
			5.00%	2028		3,220,000	-	3,220,000	-
			5.00%	2029		3,385,000	-	3,385,000	-
			5.00%	2030		3,550,000	-	3,550,000	-
			5.00%	2031		3,730,000	-	3,730,000	-
			5.00%	2032		3,910,000	-	3,910,000	-
			5.00%	2033		4,115,000	-	4,115,000	-
			5.00%	2034		4,315,000	-	4,315,000	-
			5.00%	2035		4,525,000	-	4,525,000	-
			5.00%	2036		4,760,000	-	4,760,000	-
			5.00%	2037		4,995,000	-	4,995,000	-
			5.00%	2038		5,250,000	-	5,250,000	-
			5.00%	2039		5,510,000	-	5,510,000	-
			5.00%	2040		5,785,000	-	5,785,000	-
			5.00%	2041		6,075,000	-	6,075,000	-
			5.00%	2042		6,375,000	-	6,375,000	-
			5.00%	2043		6,695,000	-	6,695,000	-
			5.00%	2044		7,030,000	-	7,030,000	-
			5.00%	2045		7,380,000	-	7,380,000	-
			5.00%	2046		7,750,000	-	7,750,000	-
			4.50%	2049		25,535,000	-	25,535,000	-
			4.00%	2051		18,945,000	-	18,945,000	-
			5.00%	2053		20,595,000	-	20,595,000	-
					<u>-</u>	<u>169,420,000</u>	<u>-</u>	<u>169,420,000</u>	<u>-</u>
2/29/24	2024	76,400,000	5.00%	2025		3,580,000	-	3,580,000	3,580,000
	Electric & Water & Wastewater		5.00%	2026		3,785,000	-	3,785,000	-
			5.00%	2027		3,970,000	-	3,970,000	-
			5.00%	2028		4,090,000	-	4,090,000	-
			5.00%	2029		4,295,000	-	4,295,000	-
			5.00%	2030		4,505,000	-	4,505,000	-
			5.00%	2031		4,730,000	-	4,730,000	-
			5.00%	2032		4,975,000	-	4,975,000	-
			5.00%	2033		5,220,000	-	5,220,000	-
			5.00%	2034		5,480,000	-	5,480,000	-
			5.00%	2035		5,750,000	-	5,750,000	-
			5.00%	2036		6,040,000	-	6,040,000	-
			5.00%	2037		6,335,000	-	6,335,000	-
			5.00%	2038		6,660,000	-	6,660,000	-
			4.00%	2039		6,985,000	-	6,985,000	-
					<u>-</u>	<u>76,400,000</u>	<u>-</u>	<u>76,400,000</u>	<u>3,580,000</u>
Total bond indebtedness					<u>\$ 333,285,000</u>	<u>\$ 245,820,000</u>	<u>\$ 99,955,000</u>	<u>\$ 479,150,000</u>	<u>\$ 12,630,000</u>

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				
	2015	2016	2017	2018	2019
Business-type activities					
Net investment in capital assets	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269	\$ 663,345,767	\$ 709,101,507
Restricted for:					
Renewable Energy	-	-	6,593,822	9,365,765	8,081,798
Capital projects	63,088,028	7,050	1,151,800	1,476,402	9,564,920
Debt service	1,920,080	2,642,117	1,995,312	6,456	3,437,495
Other internal restrictions	-	-	-	138,363,342	123,889,917
Other purposes					
Unrestricted	231,126,138	338,366,487	320,888,601	128,670,749	137,136,488
Total primary government net positions	\$ 854,707,717	\$ 877,013,393	\$ 916,791,804	\$ 941,228,481	\$ 991,212,125

	2015	2016	2017	2018	2019
Primary government					
Net investment in capital assets	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269	\$ 663,345,767	\$ 709,101,507
Restricted for:					
Renewable Energy	-	-	6,593,822	9,365,765	8,081,798
Capital projects	63,088,028	7,050	1,151,800	1,476,402	9,564,920
Debt service	1,920,080	2,642,117	1,995,312	6,456	3,437,495
Other internal restrictions	-	-	-	138,363,342	123,889,917
Other purposes					
Unrestricted	231,126,138	338,366,487	320,888,601	128,670,749	137,136,488
Total primary government net positions	\$ 854,707,717	\$ 877,013,393	\$ 916,791,804	\$ 941,228,481	\$ 991,212,125

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

Net Position by Component
Last Ten Fiscal Years

	2020	2021	2022	2023	2024
Business-type activities					
Net investment in capital assets	\$ 762,751,285	\$ 809,969,118	\$ 797,810,238	\$ 835,691,038	\$ 836,627,749
Restricted for:					
Renewable Energy	5,688,332	6,670,557	7,413,145	7,257,559	8,392,851
Capital projects	16,229,194	7,403,077	12,163,496	26,404,814	103,376,668
Debt service	-	-	-	-	-
Other internal restrictions	118,981,006	118,270,725	158,860,491	126,973,013	138,265,036
Other purposes					
Unrestricted	132,425,951	148,793,832	137,907,708	150,102,462	114,807,623
Total primary government net positions	\$ 1,036,075,768	\$ 1,091,107,309	\$ 1,114,155,078	\$ 1,146,428,886	\$ 1,201,469,927

	2020	2021	2022	2023	2024
Primary government					
Net investment in capital assets	\$ 762,751,285	\$ 809,969,118	\$ 797,810,238	\$ 835,691,038	\$ 836,627,749
Restricted for:					
Renewable Energy	5,688,332	6,670,557	7,413,145	7,257,559	8,392,851
Capital projects	16,229,194	7,403,077	12,163,496	26,404,814	103,376,668
Debt service	-	-	-	-	-
Other internal restrictions	118,981,006	118,270,725	158,860,491	126,973,013	138,265,036
Other purposes					
Unrestricted	132,425,951	148,793,832	137,907,708	150,102,462	114,807,623
Total primary government net positions	\$ 1,036,075,768	\$ 1,091,107,309	\$ 1,114,155,078	\$ 1,146,428,886	\$ 1,201,469,927

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

Change in Net Position
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Business type activities					
Operating revenue					
Charges for services	\$ 308,619,610	\$ 311,122,241	\$ 322,721,879	\$ 334,079,581	\$ 290,193,185
Misc operating revenue	334	-	-	-	71,794
Operating revenues	-	-	-	-	56,450,477
Total operating revenue	<u>308,619,944</u>	<u>311,122,241</u>	<u>322,721,879</u>	<u>334,079,581</u>	<u>346,715,456</u>
Operating expenses					
Power supply and generation	157,248,396	141,085,995	141,770,054	155,562,287	163,256,607
Electric operations	11,059,845	15,378,277	15,148,402	15,933,526	19,397,355
Water operations	12,822,428	14,225,334	14,898,419	14,724,197	16,845,418
Miscellaneous operating expense-water	-	-	-	-	-
Sanitary sewer operations	13,428,070	15,071,362	16,007,573	16,214,709	19,315,810
General and administrative	37,216,879	35,088,657	33,384,126	30,837,790	35,684,220
Depreciation	36,348,935	37,091,903	39,073,770	40,633,549	42,085,858
Fleet maintenance	7,947,859	8,528,872	8,993,274	8,745,869	8,381,602
Total operating expenses	<u>276,072,412</u>	<u>266,470,400</u>	<u>269,275,618</u>	<u>282,651,927</u>	<u>304,966,870</u>
Operating income	<u>32,547,532</u>	<u>44,651,841</u>	<u>53,446,261</u>	<u>51,427,654</u>	<u>41,748,586</u>
Nonoperating revenue (expense)					
Intergovernmental revenue	-	117,531	1,463,287	4,456,255	2,897,079
Intergovernmental expense	-	-	(1,200,000)	(1,200,000)	(1,200,000)
Payment in lieu of taxes	-	(9,547,800)	(9,966,765)	(10,428,117)	(10,938,256)
Interest earned on investments	1,490,911	2,125,856	1,739,044	2,632,993	7,233,761
Gain on Investments	-	-	-	-	-
Gain (loss) on disposal of assets	(1,142,805)	(8,877,903)	(4,719,440)	(1,044,718)	(1,054,780)
Interest expense	(8,227,011)	(7,989,038)	(8,950,190)	(9,211,341)	(9,738,164)
Amortization	(661,958)	(677,796)	(677,796)	-	-
Interest-Lease	-	-	-	-	-
Interest-Subscription Lease	-	-	-	-	-
Finance costs	(678,741)	(745,198)	(71,880)	(35,580)	(403,585)
Total nonoperating revenue (expense)	<u>(9,219,604)</u>	<u>(25,594,348)</u>	<u>(22,383,740)</u>	<u>(14,830,508)</u>	<u>(13,203,945)</u>
Income before transfers and contributions	<u>23,327,928</u>	<u>19,057,493</u>	<u>31,062,521</u>	<u>36,597,146</u>	<u>28,544,641</u>
Capital contributions	7,804,945	10,396,313	7,121,955	6,432,684	21,439,003
Special Item- Hope Mills	-	(7,148,131)	1,593,935	-	-
Special Item-DEP CCR Settlement	-	-	-	-	-
Transfers in	350,594	3,156,186	2,786,080	2,508,654	5,098,064
Transfers out	(350,594)	(3,156,186)	(2,786,080)	(2,508,654)	(5,098,064)
Transfers in -City of Fayetteville	3,596,493	-	-	-	-
Transfers out -City of Fayetteville	(12,527,760)	-	-	-	-
Change in net position	<u>\$ 22,201,606</u>	<u>\$ 22,305,675</u>	<u>\$ 39,778,411</u>	<u>\$ 43,029,830</u>	<u>\$ 49,983,644</u>

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

Change in Net Position
Last Ten Fiscal Years

	2020	2021	2022	2023	2024
Business type activities					
Operating revenue					
Charges for services	\$ 283,663,003	\$ 285,874,685	\$ 293,229,660	\$ 297,991,016	322,443,137
Misc operating revenue	45	-	-	-	-
Operating revenues	58,823,972	51,186,075	53,959,014	55,073,726	70,590,940
Total operating revenue	342,487,020	337,060,760	347,188,674	353,064,742	393,034,077
Operating expenses					
Power supply and generation	149,893,550	148,346,794	141,331,267	150,685,987	156,607,257
Electric operations	20,002,168	21,375,149	31,137,387	25,697,905	27,918,185
Water operations	18,346,817	18,171,514	18,833,481	23,277,283	22,292,636
Miscellaneous operating expense-water	-	-	-	-	-
Sanitary sewer operations	19,947,339	21,571,683	21,739,450	24,406,886	26,025,507
General and administrative	45,346,071	46,194,309	41,153,640	48,560,763	52,380,587
Depreciation	43,575,972	46,781,741	49,777,447	52,136,083	54,399,626
Fleet maintenance	3,965,808	-	-	-	-
Total operating expenses	301,077,725	302,441,190	303,972,672	324,764,907	339,623,798
Operating income (loss)	41,409,295	34,619,570	43,216,002	28,299,836	53,410,279
Nonoperating revenue (expense)					
Intergovernmental revenue	1,676,853	2,029,564	1,358,022	5,249,725	1,467,039
Intergovernmental expense	(2,200,000)	(4,200,000)	-	-	-
Payment in lieu of taxes	(11,098,087)	(11,450,867)	(11,853,127)	(12,405,712)	(12,243,713)
Interest earned on investments	5,991,103	504,726	(7,713,415)	4,895,970	15,536,898
Gain on Investments	-	-	-	-	4,596,681
Gain (loss) on disposal of assets	(1,503,448)	(1,303,792)	(306,916)	(676,157)	(470,295)
Interest expense	(10,304,772)	(9,980,406)	(11,103,479)	(11,419,598)	(15,764,954)
Amortization	-	-	-	-	-
Interest-Lease	-	-	(212)	(76,106)	(54,465)
Interest-Subscription Lease	-	-	(21,205)	-	-
Finance costs	(47,286)	(576,654)	(825,390)	(52,650)	(2,136,668)
Total nonoperating revenue (expense)	(17,485,637)	(24,977,429)	(30,465,722)	(14,484,528)	(9,069,477)
Income (loss) before transfers and contributions	23,923,658	9,642,141	12,750,280	13,815,308	44,340,802
Capital contributions	20,939,985	23,158,880	10,297,489	18,458,499	10,700,239
Special Item- Hope Mills	-	-	-	-	-
Special Item-DEP CCR Settlement	-	22,230,520	-	-	-
Transfers in	5,752,717	4,107,291	4,903,183	5,487,705	5,166,474
Transfers out	(5,752,717)	(4,107,291)	(4,903,183)	(5,487,705)	(5,166,474)
Transfers in -City of Fayetteville	-	-	-	-	-
Transfers out -City of Fayetteville	-	-	-	-	-
Change in net position	<u>\$ 44,863,643</u>	<u>\$ 55,031,541</u>	<u>\$ 23,047,769</u>	<u>\$ 32,273,807</u>	<u>\$ 55,041,041</u>

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

Fiscal Year	Residential	Commercial	Industrial	Lighting	Other
2024	\$ 881,509,360	\$ 643,185,052	\$ 334,578,937	\$ 20,201,137	\$ 64,821,286
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

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 Direct Rate		
			Electric		
	Total	Base Rate ^a	Usage Rate ^b		
			first 500 kWh	ea kWh > 500	
2024	\$ 1,944,295,772	\$ 22.00	\$ 0.1385	\$ 0.1385	
2023	1,920,187,590	22.00	0.1385	0.1385	
2022	2,006,881,544	20.00	0.1300	0.1300	
2021	1,976,198,270	20.00	0.1300	0.1300	
2020	1,945,109,148	20.00	0.1300	0.1300	
2019	1,992,522,655	20.00	0.1300	0.1300	
2018	2,052,371,331	17.50	0.1010	0.1010	
2017	1,997,334,107	15.00	0.1004	0.1004	
2016	2,031,432,035	13.50	0.0990	0.0990	
2015	2,061,314,816	13.50	0.0990	0.0990	

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
2024	\$ 3,695,047	\$ 1,817,310	\$ 948,138	\$ 1,274,235	\$ 490,611	\$ 8,225,341
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

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

Total Direct Rate							
Water							
Fiscal Year	Base Rate ^a	Usage Rate ^b					
		first 6 Mgals	ea Mgal > 6	first 2 Mgals	next 3-5Mgals	next 6-10Mgals	ea add'l Mgals
2024	\$ 21.25	\$ -	\$ -	\$ 2.18	\$ 2.60	\$ 3.53	\$ 4.22
2023	20.00	-	-	2.11	2.51	3.41	4.08
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

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
2024	\$ 3,285,095	\$ 1,697,306	\$ 589,614	\$ 178,584	\$ 469,776
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

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
2024	\$	6,220,375	\$ 22.25	\$ 5.75	\$ 45.25	\$ 79.19
2023		6,228,387	20.00	5.45	41.80	73.15
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

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

Standard Electric Rates
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Residential					
Basic	\$ 13.50	\$ 13.50	\$ 15.00	\$ 17.50	\$ 20.00
Energy, first 500 kWh	0.0990	0.0990	0.1004	0.1010	0.1300
All additional kWh	-	-	-	-	-
General service					
Basic	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00	\$ 30.00
Demand, first 10 kW	0.1013	0.0990	0.0990	0.1050	0.1350
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Lg General service					
Basic	\$ 265.00	\$ 275.00	\$ 290.00	\$ 290.00	\$ 290.00
Demand, all kW	14.00	15.25	17.00	17.25	19.63
Energy (1000kW and greater)	0.0542	0.0515	0.0515	0.0525	0.0520
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	\$ 650.00	\$ 675.00	\$ 700.00	\$ 700.00	\$ -
Demand, first 5,000 kW	-	-	-	-	-
next 5,000 kW	-	-	-	-	-
All additional kW	-	-	-	-	-
Energy, all kWh	0.0542	0.0515	0.0515	0.0525	0.0290
Traffic signal service					
Basic	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00	\$ -
Energy, all kWh	0.07250	0.07250	0.07250	0.07250	-
Church service					
Basic	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00	\$ -
Energy, first 500 kWh	-	-	-	-	-
NEXT 2,000 kWh	-	-	-	-	-
all additional kWh	0.10130	0.09900	0.10040	0.10500	-
Sports field lighting service					
Basic	\$ 24.00	\$ 27.00	\$ 30.00	\$ 35.00	\$ 37.00
Energy, all kWh	0.06790	0.06790	0.06790	0.10500	0.13500
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

	2020	2021	2022	2023	2024
Residential					
Basic	\$ 20.00	\$ 20.00	\$ 20.00	\$ 22.00	\$ 22.00
Energy, first 500 kWh	0.1300	0.1300	0.1300	0.1385	0.1385
All additional kWh	-	-	-	-	-
General service					
Basic	\$ 30.00	\$ 30.00	\$ 30.00	\$ 33.00	\$ 33.00
Demand, first 10 kW	0.1350	0.1350	0.1350	0.1438	0.1438
all additional kW	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-
all additional kW	-	-	-	-	-
Lg General service					
Basic	\$ 290.00	\$ 290.00	\$ 290.00	\$ 319.00	\$ 319.00
Demand, all kW	21.09	19.90	20.30	17.14	18.43
Energy (1000kW and greater)	0.0455	0.0455	0.0455	0.0484	0.0000
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	0.0255	0.0242	0.0242	0.0273	0.0290
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	\$ 40.70	\$ 40.70
Energy, all kWh	0.13500	0.13500	0.13500	0.14378	0.14378
Minimum, all kW	-	-	-	-	-

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

Water Rates
Last Ten Fiscal Years

	2015		2016		2017	
	<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"	\$ 9.00	\$ 14.40	\$ 10.00	\$ 16.50	\$ 10.00	\$ 16.50
3/4"	9.00	14.40	10.00	16.50	10.00	16.50
1"	14.00	22.40	16.00	26.40	18.40	31.30
1.5"	24.00	38.40	27.00	44.55	31.05	52.80
2"	39.00	62.40	45.00	74.25	51.75	88.00
3"	70.00	112.00	80.00	132.00	92.00	156.40
4"	115.00	184.00	130.00	214.50	149.50	254.15
6"	225.00	360.00	255.00	420.75	293.25	498.55
8"	360.00	576.00	400.00	660.00	460.00	782.00
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	2.26	3.62	2.34	3.86	2.36	4.01
next 3,000 gallons (3-5Mgals)	2.69	4.3	2.78	4.59	2.81	4.78
next 5,000 gallons=(6-10Mgals)	3.65	5.84	3.78	6.24	3.82	6.49
each additional gallon	4.37	6.99	4.52	7.46	4.56	7.75
Water irrigation						
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	4.69	7.5	4.86	8.02	4.9	8.33
next 30,000 gallons=(31-60Mgals)	5.75	9.2	5.96	9.83	6.01	10.22
each additional gallon	8.94	14.3	9.25	15.26	9.33	15.86
Backflow Prevention Assembly Inspection Charge	0.9	0.9	0.9	0.9	1.6	1.6
Commercial water service						
per 1,000 gallons = 1 Mgal	\$ 2.71	\$ 4.34	\$ 2.81	\$ 4.64	\$ 2.83	\$ 4.81
Large water usage						
per 1,000 gallons = 1 Mgal	\$ 2.10	\$ 2.10	\$ 2.18	\$ 2.18	\$ 2.34	\$ 2.34
Fire hydrant delivery						
Basic Facilities per Meter Set	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 51.75	\$ 51.75
per 1,000 gallons = 1 Mgal	2.71	2.71	2.81	2.81	2.83	2.83
Bulk water delivery						
Basic Facilities per Truckload	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-
Yearly permit fee	300	300	300	300	315	315
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

	2018		2019		2020	
	<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"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4"	13.00	22.75	14.50	25.40	14.50	25.40
1"	20.80	36.40	23.10	40.40	23.10	40.40
1.5"	35.10	61.45	38.30	67.00	38.30	67.00
2"	58.50	102.40	63.70	111.50	63.70	111.50
3"	104.00	182.00	149.10	260.90	149.10	260.90
4"	169.00	295.75	248.70	435.20	248.70	435.20
6"	331.50	580.15	444.00	777.00	444.00	777.00
8"	520.00	910.00	732.10	1281.20	732.10	1281.20
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	2.45	4.29	2.58	4.52	2.58	4.52
next 3,000 gallons (3-5Mgals)	2.91	5.09	3.07	5.37	3.07	5.37
next 5,000 gallons=(6-10Mgals)	3.96	6.93	4.17	7.3	4.17	7.3
each additional gallon	4.73	8.28	4.99	8.73	4.99	8.73
Water irrigation						
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	5.09	8.91	5.36	9.38	5.36	9.38
next 30,000 gallons=(31-60Mgals)	6.24	10.92	6.57	11.50	6.57	11.50
each additional gallon	9.69	16.96	10.2	17.85	10.2	17.85
Backflow Prevention Assembly Inspection Charge	1.6	1.6	1.97	2.0	1.97	2.0
Commercial water service						
per 1,000 gallons = 1 Mgal	\$ 2.94	\$ 5.15	\$ 3.10	\$ 5.43	\$ 3.10	\$ 5.43
Large water usage						
per 1,000 gallons = 1 Mgal	\$ 2.43	\$ 2.43	\$ 2.59	\$ 2.59	\$ 2.59	\$ 2.59
Fire hydrant delivery						
<i>Basic Facilities per Meter Set</i>	\$ 58.50	\$ 58.50	\$ 63.70	\$ 63.70	\$ 63.70	\$ 63.70
per 1,000 gallons = 1 Mgal	2.94	2.94	3.1	3.1	3.1	3.1
Bulk water delivery						
<i>Basic Facilities per Truckload</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-
Yearly permit fee	330	330	350	350	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

	2021		2022		2023		2024	
	<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 (<i>meter size</i>)								
5/8"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4"	16.00	28.00	18.00	31.50	21.25	37.20	22.50	39.40
1"	25.40	44.50	28.60	50.10	33.80	59.15	35.80	62.65
1.5"	41.50	72.60	46.70	81.80	55.15	96.50	58.40	102.20
2"	68.90	120.60	77.60	135.80	91.60	160.30	97.00	169.75
3"	194.20	339.90	218.50	382.40	258.00	451.50	273.20	478.10
4"	328.40	574.70	369.50	646.70	436.15	763.25	461.80	808.15
6"	556.50	973.90	626.10	1095.70	739.20	1293.60	782.70	1369.75
8"	944.20	1652.40	1062.30	1859.10	1254.05	2194.60	1327.80	2323.65
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	2.68	4.69	2.40	4.20	2.18	3.82	2.26	3.96
next 3,000 gallons (3-5Mgals)	3.19	5.58	2.86	5.01	2.60	4.55	2.69	4.71
next 5,000 gallons=(6-10Mgals)	4.33	7.58	3.88	6.79	3.53	6.18	3.65	6.39
each additional gallon	5.18	9.07	4.64	8.12	4.22	7.39	4.37	7.65
Water irrigation								
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	5.57	9.75	5.85	10.24	6.94	12.15	7.95	13.92
next 30,000 gallons=(31-60Mgals)	6.82	11.90	7.16	12.53	8.50	14.87	9.74	17.04
each additional gallon	10.6	18.55	11.13	19.48	13.21	23.12	15.14	26.49
Backflow Prevention Assembly Inspection Charge	2.2	2.2	2.25	2.25	2.25	2.25	3.65	3.65
Commercial water service								
per 1,000 gallons = 1 Mgal	\$ 3.22	\$ 5.64	\$ 3.17	\$ 5.55	\$ 3.35	\$ 5.86	\$ 3.70	\$ 6.48
Large water usage								
per 1,000 gallons = 1 Mgal	\$ 2.69	\$ 2.69	\$ 2.90	\$ 2.90	\$ 3.48	\$ 3.48	\$ 3.84	\$ 3.84
Fire hydrant delivery								
<i>Basic Facilities per Meter Set</i>	\$ 68.90	\$ 68.90	\$ 77.60	\$ 77.60	\$ 91.60	\$ 91.60	\$ 97.00	\$ 97.00
per 1,000 gallons = 1 Mgal	3.22	3.22	3.17	3.17	3.35	3.35	3.70	3.70
Bulk water delivery								
<i>Basic Facilities per Truckload</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-	-	-
Yearly permit fee	362	362	390	390	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

	2015		2016		2017	
	<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"	\$ 9.00	\$ 14.40	\$ 10.00	\$ 10.00	\$ 11.50	\$ 19.55
3/4"	9.00	14.40	10.00	10.00	11.50	19.55
1"	14.00	22.40	16.00	26.40	18.40	31.30
1.5"	24.00	38.40	27.00	44.55	31.05	52.80
2"	39.00	62.40	45.00	74.25	51.75	88.00
3"	70.00	112.00	80.00	132.00	92.00	156.40
4"	115.00	184.00	130.00	214.50	149.50	254.15
6"	225.00	360.00	255.00	420.75	293.25	498.55
8"	360.00	576.00	400.00	660.00	460.00	782.00
Usage rate						
Sanitary sewer service						
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.89	7.82	5.00	8.25	5.25	8.93
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.89	7.82	5.00	8.25	5.25	8.93
Sewer only						
Flat monthly	\$ 32.96	\$ 52.74	\$ 34.50	\$ 56.93	\$ 34.60	\$ 58.82
Large user sanitary sewer service						
per 1,000 gallons = 1 Mgal	\$ 3.75	\$ 3.75	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94
Bulk liquid waste service						
<i>Basic Facilities</i>	\$ 14.00	\$ 14.00	\$ 16.00	\$ 16.00	\$ 18.40	\$ 18.40
per 1,000 gallons = 1 Mgal	33.00	53.00	35.00	57.00	35.00	58.82

Note: Increases in wastewater rates must be approved by the Faye

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

Wastewater Rates
Last Ten Fiscal Years

	2018		2019		2020	
	<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"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4"	13.00	22.75	14.50	25.40	14.50	25.40
1"	20.80	36.40	23.10	40.40	23.10	40.40
1.5"	35.10	61.45	38.30	67.00	38.30	67.00
2"	58.50	102.40	63.70	111.50	63.70	111.50
3"	104.00	182.00	149.10	260.90	149.10	260.90
4"	169.00	295.75	248.70	435.20	248.70	435.20
6"	331.50	580.15	444.00	777.00	444.00	777.00
8"	520.00	910.00	732.10	1,281.20	732.10	1,281.20
Usage rate						
Sanitary sewer service						
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.25	9.19	5.28	9.24	5.28	9.24
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.25	9.19	5.28	9.24	5.28	9.24
Sewer only						
Flat monthly	\$ 35.05	\$ 61.34	\$ 35.62	\$ 62.34	\$ 35.62	\$ 62.34
Large user sanitary sewer service						
per 1,000 gallons = 1 Mgal	\$ 3.94	\$ 3.94	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96
Bulk liquid waste service						
<i>Basic Facilities</i>	\$ 20.80	\$ 20.80	\$ 23.10	\$ 23.10	\$ 23.10	\$ 23.10
per 1,000 gallons = 1 Mgal	35.10	61.34	35.62	62.34	35.62	62.34

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

Wastewater Rates
Last Ten Fiscal Years

	2021		2022		2023		2024	
	<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"	16.00	28.00	18.00	31.50	22.25	38.95	24.50	24.50
1"	25.40	44.50	28.60	50.10	35.40	61.95	38.95	68.15
1.5"	41.50	72.60	46.70	81.80	57.75	101.05	63.60	111.30
2"	68.90	120.60	77.60	135.80	95.90	167.85	105.60	184.80
3"	194.20	339.90	218.50	382.40	270.10	472.70	297.45	520.55
4"	328.40	574.70	369.50	646.70	456.70	799.25	502.85	880.00
6"	556.50	973.90	626.10	1,095.70	773.95	1,354.40	852.25	1,494.45
8"	944.20	1,652.40	1,062.30	1,859.10	1,313.10	2,297.95	1,445.85	2,530.25
Usage rate								
Sanitary sewer service								
Basic Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.28	9.24	5.35	9.36	5.75	10.06	6.18	10.82
Commercial wastewater service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.28	9.24	5.76	10.08	7.16	12.53	8.15	14.26
Sewer only								
Flat monthly	\$ 37.12	\$ 64.94	\$ 39.40	\$ 68.95	\$ 45.25	\$ 79.19	\$ 49.22	\$ 86.14
Large user sanitary sewer service								
per 1,000 gallons = 1 Mgal	\$ 3.96	\$ 3.96	\$ 4.34	\$ 4.34	\$ 5.53	\$ 5.53	\$ 6.41	\$ 6.41
Bulk liquid waste service								
Basic Facilities	\$ 25.40	\$ 25.40	\$ 28.60	\$ 28.60	\$ 35.40	\$ 35.40	\$ 38.95	\$ 38.95
per 1,000 gallons = 1 Mgal	37.12	64.96	39.40	68.95	45.25	79.19	49.22	86.14

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 2015	Fiscal Year 2024
Cape Fear Valley Hospital	Goodyear Tire
Cargill	Cape Fear Valley Hospital
CBL Associates	Cargill
Fayetteville State University	Mann+Hummel (Purolator)
Fayetteville Technical Community College	Walmart
Goodyear Tire	Fayetteville State University
Mann+Hummel (Purolator)	Momentive Specialty Chemicals
Momentive Specialty Chemicals	Fayetteville Technical Community College
Nitta Gelatin	Food Lion
Walmart	VA Hospital

These customers represented kWh sales for 2015 and 2024 391,752,068 and 40,208,712 respectively; and revenue of \$25,980,477 and \$31,284,334. The aggregate sum of the ten largest electric customers' revenue received compared to the total electric sales revenue is 13.09% and 15.12%. No individual customer comprised more than 4.85% and 5.0% of total electric sales revenue.

Water Revenue

Fiscal Year 2015	Fiscal Year 2024
Aqua Water	Ft Liberty
Cape Fear Valley Hospital	Hoke County
Cargill	Town of Spring Lake
Carolina By Products	DAK Resins (Monsanto)
DAK Resins	Carolina By Products
Ft Bragg	Goodyear Tire
Goodyear Tire	Cargill
Hoke County	Cape Fear Valley Hospital
Momentive Specialty Chemicals	Momentive Specialty Chemicals
Town of Spring Lake	Aqua Water

These customers represented sales for 2015 and 2024 of 1,897,577,325 and 2,076,265 gallons, respectively; and revenues of \$4,372,785 and \$7,426,270. The aggregate sum of the ten largest water customers' revenue received compared to the overall total water sales revenue is 12.25% and 12.03%. No individual customer comprised more than 4.61% and 2.9% of total water sales revenue.

Wastewater Revenue

Fiscal Year 2015	Fiscal Year 2024
Carolina By Products	Carolina By Products
Cape Fear Valley Hospital	Cape Fear Valley Hospital
Hoke County	Cargill
Nitta Gelatin	Norcross
Cargill	Town of Stedman
Norcross	Nitta Gelatin
Town of Stedman	Eastover Sanitary District
Goodyear Tire	Goodyear Tire
Mann+Hummel (Purolator)	Fayetteville State University
Momentive Specialty Chemicals	VA Hospital

These customers represented sales for 2015 and 2024 of 669,967,250 and 718,879 gallons, respectively; and revenues of \$2,569,212 and \$4,484,072. The aggregate sum of the ten largest wastewater customers' revenue is 6.47% and 6.33%. No individual customer comprised more than 1.53% and 1.9% 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
2024	-	\$ 501,668,747	\$ 45,071,582	\$ 546,740,329	\$ 1,618.10	5.45%
2023	-	357,057,022	42,745,344	399,802,366	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%

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⁾			Coverage Ratio ⁽³⁾
				Principal	Interest ⁽²⁾	Total	
2024	\$ 393,057,352	\$ 338,663,084	\$ 54,394,268	\$ 14,041,158	\$ 7,778,384	\$ 21,819,542	\$ 2.49
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

(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
2024	337,890	\$ 10,028,913,090	\$ 29,681	5.40%
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%

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>2024</u>			<u>2015</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⁾	14,036	9.82%	1	8,757	6.19%	1
Cape Fear Valley Health System	7,400 +	5.17%	2	6,530	4.62%	3
Cumberland County Schools	6,000	4.20%	3	4,900	3.47%	2
Wal-Mart Associates, Inc.	4,500	3.15%	4	2,860	2.02%	4
Goodyear Tire & Rubber Inc	2,000 +	1.40%	5	2,500	1.77%	5
Cumberland County	2,000 +	1.40%	6	2,350	1.66%	6
Veterans Administration	1,950	1.36%	7	1,000 +	0.71%	9
City of Fayetteville	1,500 +	1.05%	8	2,055	1.45%	7
Fayetteville Technical Community College	1,500	1.05%	9	1,390	0.98%	8
US Postal Service	1,000	0.70%	10	-	0.00%	-
 Total Employment (Ten Largest Civilian Employers)	 <u>41,886</u>	 <u>29.30%</u>		 <u>32,342</u>	 <u>22.87%</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									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Electric:										
Electric Substation	14	14	12	15	13	14	13	14	14	13
Electric Power Supply	2	1	1	3	3	3	3	3	3	3
Electric Generation	28	30	27	29	30	29	25	25	25	23
Electric Engineering	23	22	22	23	22	21	22	22	21	22
Electric Construction	84	81	71	82	81	79	74	73	76	68
Water/Wastewater:										
Water Plant Operations	18	17	19	17	17	16	15	15	15	15
Wastewater Plant Operations	20	20	21	19	19	18	16	16	17	17
Water/Wastewater Systems Maintenance	23	25	25	25	25	25	21	22	21	21
Water Resources Engineering	39	39	36	36	34	32	34	34	33	31
Water Resources Construction	97	101	100	105	99	99	97	93	100	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	6	5
Environmental System Protection	4	4	4	4	4	4	4	4	4	4
Watersheds	3	3	2	2	2	1	1	1	1	1
Administration:										
Billing/Customer Service	61	64	58	62	64	63	56	57	55	56
Meter Reading	6	6	6	9	8	4	5	5	5	5
Utility Field Services	18	18	16	15	18	17	19	18	21	21
Human Resources	10	11	11	9	9	9	8	7	7	6
Finance and Accounting	31	42	43	41	39	28	30	30	33	30
Management Information Systems	42	36	34	31	34	16	13	13	11	11
Executive Administration	128	111	106	117	119	143	141	148	147	150
Total Employees:	<u>660</u>	<u>654</u>	<u>623</u>	<u>653</u>	<u>649</u>	<u>630</u>	<u>606</u>	<u>609</u>	<u>618</u>	<u>602</u>

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

	2015	2016	2017	2018	2019
Water System:					
Water main breaks	113	110	115	174	98
Average daily consumption (Mgals) (1)	25,011	24,908	24,592	25,738	23,747
Peaks (MGD) (2) (3)	34.2	35.1	34.8	33.0	34.7
Total sold (Mgals) (1)	8,023,949	8,161,023	8,095,333	8,053,788	8,000,383
Sewer System:					
Main breaks	148	141	97	168	144
Average daily consumption (Mgals) (1)	25,800	27,800	27,400	23,700	31,800
Peaks (MGD) (3)	28.9	32.6	41.4	24.8	46.4
Total sold (Mgals) (1)	6,039,262	6,137,196	6,078,380	6,003,473	6,168,784
Electric System:					
Electric outages (minutes)	8,143,105	8,624,299	# 1,622,358	1,313,228	19,433,184
Peaks (MW) (4)	490.3	424.0	453.0	461.4	404.0
Total kWh sold (5)	2,055,323,594	2,025,935,664	1,991,911,083	2,047,248,575	1,987,145,590
Average daily consumption (kWh)	5,631,024	5,550,509	5,457,291	5,608,900	5,444,235

(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

	2020	2021	2022	2023	2024
Water System:					
Water main breaks	92	123	126	111	100
Average daily consumption (Mgals) (1)	23,551	25,033	23,581	24,399	26,107
Peaks (MGD) (2) (3)	33.5	38.0	33.7	42.1	45.2
Total sold (Mgals) (1)	8,023,008	7,959,268	8,141,902	8,331,763	8,225,341
Sewer System:					
Main breaks	96	150	168	185	193
Average daily consumption (Mgals) (1)	30,000	31,700	26,200	25,200	24,900
Peaks (MGD) (3)	56.6	55.5	28.6	42.1	27.3
Total sold (Mgals) (1)	6,095,255	6,138,459	6,152,720	6,228,387	6,220,374
Electric System:					
Electric outages (minutes)	10,062,025	8,638,836	5,211,977	8,952,305	8,527,532
Peaks (MW) (4)	424.0	427.0	416.9	427.6	407.6
Total kWh sold (5)	1,939,893,315	1,970,727,350	2,001,319	1,914,173	1,033,685
Average daily consumption (kWh)	5,314,776	5,399,253	5,483,066	5,244,309	2,832,014

(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

	2015	2016	2017	2018	2019
Water System:					
Miles of water main	1,384.6	1,375.0	1,385.0	1,383.2	1,395.0
Number of new service connections	1,778	1,128	222	425	180
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	2,635	1,072	262	899	737
Miles of sanitary sewer mains	1,293.0	1,318.0	1,333.0	1,345.0	1,333.0
Maximum daily capacity of treatment plant (MGD) ⁽¹⁾	46.0	46.0	46.0	46.0	46.0
Electric System:					
Number of new service connections	1,456	965	388	352	546
Distribution line circuit miles	1,323.97	1,337.16	1,339.41	1,349.19	1,346.62

(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

	2020	2021	2022	2023	2024
Water System:					
Miles of water main	1,398.6	1,408.5	1,414.2	1,423.0	1,432.0
Number of new service connections	992	807	37	1,538	365
Maximum daily capacity of treatment plant (MGD) ⁽¹⁾	57.5	50.0	57.5	50.0	5.0
Storage capacity (MGD) ⁽¹⁾	36.6	36.5	36.5	36.5	36.5
Sewer System:					
Number of new service connections	1,189	1,275	305	1,591	567
Miles of sanitary sewer mains	1,339.9	1,350.5	1,366.5	1,373.4	1,322.0
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	542	674	169	1,317	230
Distribution line circuit miles	1,347.77	1,351.70	1,356.90	1,359.71	1,360.53

(1) Includes all vehicles assigned to Police Department

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

COMPLIANCE SECTION



**REPORT OF INDEPENDENT AUDITOR 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***

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 (*Government Auditing Standards*), 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, 2024, 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 31, 2024.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002 to be a significant deficiency.

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*.

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Fayetteville Public Works Commission's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Fayetteville Public Works Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 31, 2024



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Fayetteville Public Works Commission
Fayetteville, NC

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fayetteville Public Works Commission (the "Commission")'s, a component unit of the City of Fayetteville, North Carolina, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Commission's major federal programs for the year ended June 30, 2024. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
October 31, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE SINGLE AUDIT
IMPLEMENTATION ACT**

INDEPENDENT AUDITOR'S REPORT

Board Commissioners
Fayetteville Public Works Commission
Fayetteville, NC

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Fayetteville Public Works Commission's (Commission), a component unit of the City of Fayetteville, North Carolina, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Commission's major State programs for the year ended June 30, 2024. The Commission's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act (Act). Our responsibilities under those standards, the Uniform Guidance and the audit guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Act, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Morehead City, North Carolina
October 31, 2024

Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

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

Noncompliance material to financial statements noted?

<u> </u>	Yes	<u>X</u>	No
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Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

<u> </u>	Yes	<u>X</u>	No
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Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I. Summary of Auditor's Results (Continued)

Identification of major federal programs:

Federal Assistance	
Listing #	Program Name
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish
between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

State Awards

Internal control over major state programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with
The State Single Audit Act?

_____ Yes X No

Identification of major State programs:

Clean Water State Revolving Fund

Drinking Water State Revolving Fund

Auditee qualified as low-risk auditee?

_____ Yes X No

Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II. Financial Statement Findings

Finding: 2024-001: Material Weakness in Internal Control – Identification of Federal and State Awards and Recognition of State Revolving Loans and Receivables

Criteria: Accounting principles generally accepted in the United States (GAAP) require receivables and corresponding payables be recorded for grant-funded State Revolving Fund Loan programs in the period in which the allowable costs were incurred. Additionally, 2 CFR 200 (Uniform Guidance) and the State Single Audit Implementation Act require expenses to be reported on the Schedule of Expenditures of Federal and State Awards (SESFA) in the period in which all material compliance requirements have been met.

Condition: The Commission did not record the receivable and long-term payable for the Clean Water State Revolving Funds (CWSRF) or Drinking Water State Revolving Funds (DWSRF) on the June 30, 2023 and June 30, 2024 balance sheets appropriately. Federal and State expenditures were not appropriately reported in the CWSRF for the fiscal year ending June 30, 2023. Federal and State expenditures for the CWSRF and DWSRF were not appropriately reported on the original SESFA provided. Additionally, expenditures for grants where not all material compliance requirements were met were included.

Cause: Lack of review of the debt footnote disclosures by someone with the appropriate skills, knowledge, and experience to ensure that grant-funded loan programs are appropriately reflected in the disclosures. Lack of sufficient review of the SESFA by someone with the appropriate skills, knowledge and experience of federal and state grants to ensure proper inclusion or exclusion from the schedule. Additionally, this was the first year in which the Commission elected to have separate Single Audits from the City of Fayetteville, NC.

Effect: The errors resulted in an adjusting journal entry to the June 30, 2024 general ledger to increase loans payable and accounts receivable \$220,691 and \$3,102,772 related to the CWSRF and DWSRF respectively. Additionally, a prior period passed adjustment was identified in the amount of \$586,072 related to under-reported accounts receivable and CWSRF loan payable from the June 30, 2023 fiscal year. The June 30, 2024 SESFA as originally presented was adjusted to increase the CWSRF expenditures by \$786,820, decrease DWSRF expenditures by \$873,433 and remove FEMA expenditures of \$969,832.

Recommendation: We recommend the Commission assign appropriate senior-level staff with the appropriate skills, knowledge and experience related to federal and state grant programs to review the year-end debt footnote schedules and the SESFA schedule.

Management's response: See Corrective Action Plan

Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II. Financial Statement Findings (continued)

Finding: 2024-002: Significant Deficiency in Internal Control – Tracking of Renewable Energy Certificate Inventory

Criteria: Accounting principles generally accepted in the United States (GAAP) require inventory assets that have been retired be removed from the general ledger at their cost or carrying value.

Condition: The Commission did not remove Renewable Energy Certificates (RECs) from the general ledger of the Electric Utility fund when those certificates had been retired by the North Carolina Utilities Commission in accordance with the North Carolina Renewable Energy and Energy Efficiency Portfolio Standards.

Cause: Staff turnover and communication of retirement requirements between the compliance and finance departments.

Effect: The RECs Inventory balance at June 30, 2024 is overstated and compliance expense is understated by \$1,677,459 in the Electric Utility fund. The removal of the value from the balance sheet does not constitute a compliance violation with the North Carolina Renewable Energy and Energy Efficiency Portfolio Standards.

Recommendation: We recommend the Commission implement a communication strategy specific to the RECs to ensure retirements on the general ledger are performed timely and accurately.

Management's response: See Corrective Action Plan

Section III. Federal Awards Findings and Questioned Costs

None reported.

Section IV – State Awards Findings and Questioned Costs

None reported

**Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Summary Schedule of Prior Year Audit Findings
For the Fiscal Year Ended June 30, 2024**

None.

RONNA ROWE GARRETT, COMMISSIONER
DONALD L. PORTER, COMMISSIONER
CHRISTOPHER G. DAVIS, COMMISSIONER
RICHARD W. KING, COMMISSIONER
TIMOTHY L. BRYANT, CEO/GENERAL MANAGER



FAYETTEVILLE PUBLIC WORKS COMMISSION
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P.O. BOX 1089
FAYETTEVILLE, NORTH CAROLINA 28302-1089
TELEPHONE (910) 483-1401
WWW.FAYPWC.COM

Finding: 2024-001: Material Weakness in Internal Control – Identification of Federal and State Awards and Recognition of State Revolving Loans and Receivables

Corrective Action:

Standard operating procedures over grant accounting will be reviewed and revised to include monthly monitoring by the Financial Planning & Analysis Manager, Director of Financial Planning and Controller to ensure that entries are made timely.

Given that FY24 was the first year that PWC has submitted a separate SEFSA from the City, PWC staff involved in the reporting process will obtain additional training in grant reporting to ensure that the schedules and resulting disclosures meet compliance requirements.

Responsible Party:

Additional focus will be placed on the debt disclosures and SEFSA and will be reviewed by the Chief Financial Officer.

Implementation Date:

Training and reviews will be completed by fiscal year end FY25.

Finding: 2024-002: Significant Deficiency in Internal Control – Tracking of Renewable Energy Certificate Inventory

Corrective Action:

Standard operating procedures over existing RECs program will be reviewed and revised to include monthly monitoring and compliance website review by the Financial Reporting Manager and the Controller. PWC will implement a communication strategy specific to the RECs to ensure retirements on the general ledger are performed timely and accurately.

Responsible Party:

The Financial Reporting Manager, the Controller and the Power Supply and Compliance Manager.

Implementation Date:

December 31, 2024.

Sincerely,

By:

A handwritten signature in black ink, appearing to read 'Rhonda Graham'.

Rhonda Graham
Deputy Finance Officer

By:

A handwritten signature in black ink, appearing to read 'Timothy Bryant'.

Timothy Bryant
CEO/General Manager

BUILDING COMMUNITY CONNECTIONS SINCE 1905

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Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

<u>GRANTOR/PASS-THROUGH Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Identification Grant Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Total Expenditures</u>
FEDERAL GRANTS					
<u>US ENVIRONMENTAL PROTECTION AGENCY</u>					
Passed-through NC Department of Environmental Quality					
Division of Water Infrastructure					
Capitalization Grants for Clean Water State Revolving Fund					
Clean Water State Revolving Funds	66.458	CS370434-14	\$ 397,352	\$ 99,338	\$ 496,690
Clean Water State Revolving Funds	66.458	CS370434-15	-	483,113	483,113
Clean Water State Revolving Funds	66.458	CS370434-16	4,744,483	-	4,744,483
Total Capitalization Grants for Clean Water State Revolving Fund			5,141,835	582,451	5,724,286
Capitalization Grants for Drinking Water State Revolving Fund					
Drinking Water State Revolving Funds	66.468	H-SRF-F-21-1998	2,482,218	620,554	3,102,772
COVID-19 ARPA AIA Asset Infrastructure Grant	66.468	AIA--ARP-0050	228,527	-	228,527
Total Capitalization Grants for Drinking Water State Revolving Fund			2,710,745	620,554	3,331,299
Total US Environmental Protection Agency			7,852,580	1,203,005	9,055,585
Total Expenditures			\$ 7,852,580	\$ 1,203,005	\$ 9,055,585

Fayetteville Public Works Commission
(A Component Unit of the City of Fayetteville, North Carolina)
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the Federal and State grant activity of the Fayetteville Public Works Commission (the Commission) under the programs of the federal government and the State and the State of North Carolina. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of the Commission, it is not intended and does not present the financial position, changes in net position or cash flows of the Commission.

Note 2 - Summary of Significant Accounting Policies

Expenditures are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Commission has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Loans Outstanding

The Commission has outstanding loan balances from Federal and State funding sources that are not required to be presented in the SEFSA as there are no continuing compliance requirements beyond repayment of the loan balances in accordance with the provisions of the loan agreements.

	Federal Assistance Listing Number	Amount Outstanding
All Loans Outstanding		
Clean Water State Revolving Fund	66.458	33,150,297
Drinking Water State Revolving Fund	66.468	11,921,285
Current Loans Outstanding		
Clean Water State Revolving Fund	66.458	29,793,112
Past Loans Outstanding		
Clean Water State Revolving Fund	66.458	3,357,185
Drinking Water State Revolving Fund	66.468	11,921,285



PWC
Fayetteville's
HOME TOWN UTILITY

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