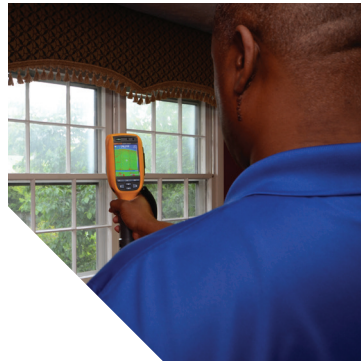


# Service Strong



**Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021  
(Component Unit of the City of Fayetteville, NC)**



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

**Annual Comprehensive Financial Report**

**June 30, 2021**

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

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*Annual Comprehensive Financial Report*  
*For the Year Ended June 30, 2021*

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**Commissioners**

Wade R. Fowler, Jr., *Chair*  
Evelyn O. Shaw, *Vice-Chair*  
Ronna Rowe Garrett, *Treasurer*  
Darsweil Rogers, *Secretary*

**Chief Executive Officer**

Elaina Ball

**Chief Financial Officer**

Rhonda Haskins, CPA, CGMA

*Prepared by the Finance Division*

This Report Was Prepared By:

PWC Finance Division  
955 Old Wilmington Road  
Fayetteville, North Carolina 28301

### **Chief Financial Officer**

Rhonda Haskins, CPA, CGMA

### **Directors**

Rhonda Graham, *Controller*  
Jason Alban, *Director of Financial Planning*

### **Finance Division Staff**

Marsha Krings, CPA, *Accounting Manager/Payroll Supervisor*  
Lisa Buffaloe, *Financial Planning & Analysis Manager*  
Sherrilynn Chess, *Budget Manager*  
Carla Supples, *Financial Rates Manager*  
Sabrina King, *Financial Reporting Manager*

Karen Aippersbach, CPA, CGMA, *Finance & Accounting Analyst*  
Jenna Riglick, CPA, *Finance & Accounting Analyst*  
Lisa Barbee, *Rates Analyst*  
Martin Cunningham, *AP/AR Supervisor*  
Lawanna Currie, *Revenue Analyst*  
Lakisha Figaro, *Payroll Administrator*  
Anna Gray, *Budget Analyst*  
Karen Shotwell, *Financial Analyst*  
Aaran Quincey, *Financial Analyst*  
Alaina Herring, *Accountant*  
Darlisha Warren, *Accountant*

Starr Bridges ♦ Franny Gerald ♦ Jessica Barefoot ♦ Pam Owens ♦ Joyce  
Thrash ♦ Christina Waters ♦ Deborah Williams ♦ Janet Wing ♦ Josie  
Titus ♦ Joy Haddock ♦ Kristen Kingsley

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

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

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

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DARSWEIL L. ROGERS, COMMISSIONER  
WADE R. FOWLER, JR., COMMISSIONER  
EVELYN O. SHAW, COMMISSIONER  
RONNA ROWE GARRETT, COMMISSIONER  
ELAINA BALL, CEO/GENERAL MANAGER

**PUBLIC WORKS COMMISSION**  
OF THE CITY OF FAYETTEVILLE

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***ELECTRIC & WATER UTILITIES***

October 11, 2021

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, 2021.

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, 2021. 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.

**BUILDING COMMUNITY CONNECTIONS SINCE 1905**

**AN EQUAL EMPLOYMENT OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER**



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

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

PWC's electric system involves the transmission and distribution of electric energy, which is purchased from Duke Energy Progress (DEP) and the Southeastern Power Administration (SEPA). In June 2009, PWC and DEP entered into a 20 year full requirements agreement effective July 1, 2012. Subsequent amendments extended the term to 30 years. In November 2019, PWC and DEP amended the contract, with modification expected to save PWC \$313 million (net present value savings) compared to the current agreement, including \$33 million savings prior to 2024 when the terms of the current agreement end. The terms of the amended agreement run through 2042 and PWC has the option to end the contract in 2032 with a three-year notice. In a separate agreement, DEP agreed to extend its contract to lease PWC's Butler Warner Generation Plant. New terms extend the contract through June 2024 for additional \$5 million in PWC revenue. PWC may be able to achieve additional savings beyond 2024 if operational requirements are met. PWC provides electric service to approximately 60 percent of the Fayetteville/Cumberland County area. During fiscal year 2021, electric service was provided to more than 84,600 customers.

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

PWC works to accommodate wastewater utility needs as a result 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 90,900 wastewater customers throughout the Fayetteville/Cumberland County area. PWC also provides wastewater treatment and collection services under wholesale contracts to the Town of Stedman, Eastover Sanitary District, Kelly Hills Sanitary District, Hoke County and the NORCRESS system, which is comprised of the Towns of Wade, Godwin and Falcon.

## ***Local Economy***

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

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

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

During the past five years, annual unemployment rates for Cumberland County have ranged from a low of 4.7% to a high of 10.1%, the current rate. The lowest unemployment rate for our County in nearly a decade (US. Bureau of Labor Statistics) was 4.7% in 2018. Additionally, approximately 143,200 citizens are currently employed, which represents a 6% increase since August of 2014. The Fayetteville Metro area also has one of the youngest workforces in the Carolinas, with a median age of 30.7 years.

The City of Fayetteville is a major regional trade center in eastern North Carolina, with a significant 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 2022 budget based on moderate growth. The City is undertaking major investments in facilities to grow local quality of life to support future economic growth, as evidenced by the passage of a \$35 million parks and recreation bond referendum and securing a 30-year agreement with the Houston Astros to bring Minor League Baseball back to Fayetteville with the construction of the \$33 million state-of-the

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

### ***Long-term Financial Planning***

PWC's long-term goal has been to provide reliable services at reasonable rates while maintaining excellent operations and customer service. Utilizing new 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 FY2021, PWC accomplished or continued to work on several financial, operational and economic development initiatives including:

- PWC managed unprecedented conditions from COVID-19, transitioning operations to provide a safe work environment and virtual work options, while continuing to provide essential utility services to our customers. PWC followed state mandates, suspended utility disconnects and delinquent fees for four months. Over 30,000 residential and commercial customers were provided six-month payment plans for past-due accounts accumulated during the suspension period. Through the payment plans and assistance funds, PWC collected 99.95% of past due funds and minimized the potential financial impact of the COVID-19 utility mandates.
- Elaina Ball was named PWC's 6<sup>th</sup> CEO/General Manager in its 116-year history. Ball succeeded David Trego who had served as PWC CEO/General Manager since 2015.
- PWC played a key role in the community partnership with fiber optic service provider MetroNet who is investing \$70 million of infrastructure in the Fayetteville/Cumberland County community. MetroNet will attach to over 13,000 of PWC's electric system distribution poles.
- PWC completed the first major upgrade to its Oracle platform as it updated its Customer Care & Billing application with Oracle's C2M application. C2M combines CCB and Meter Data Management functions to provide advanced functions for using information from PWC's 180,000 meters that are collecting information for PWC's 273,000 services.
- PWC began plans for expansion of its battery storage project and Community Solar offerings. PWC's existing farm and battery storage project is used to lower PWC peak system demand. The one MW, 3,000+ solar panel farm and 500 kW battery storage is the first of its kind for a municipal electric system in North Carolina.
- Over 37,000 neighborhood, thoroughfare and area lights have been converted to Light-Emitting Diode (LED) lights as part of PWC's system-wide light conversion. PWC has completed 99% of its conversion. LEDs have a longer life, use less energy than traditional streetlights, and help PWC meet State mandates for Renewable Energy. The approximate annual energy savings from the LED conversion is 6 million kWh.
- PWC customer conservation incentive programs continued to encourage efficiency and increase customer awareness of their utility usage. PWC now offers 13 incentive programs that help customers better understand and manage their

utility use, including a Smart Wi-Fi thermostat program and Peak Savings Pilot Program that helps customers save with Time-of-Use electric rates and PWC reduce peak energy demand. The average annual projected energy savings for customers who participated is 388,000 kWh and water savings of 709,000 gallons.

- PWC's commitment to the environment and sustainability continued with retro-commissioning of buildings that has reduced energy use by over 30%, utilizing AMI technology and LED lighting to reduce annual mileage of meter service /field vehicles by 100,000 miles and annual service calls associated with street lighting by 25%. PWC also continued providing free charging at four Electric Vehicle Charging Stations, initially installed in 2015 by using a grant received from the NC Clean Energy Technology Center.
- Progress continued on sanitary sewer service installation as part of the City of Fayetteville's Annexation Phase V utility retrofitting project. Over 5,900 services have been installed since 2007.
- On-going rehabilitation and replacement of aging electric, water and sanitary sewer system infrastructure continued in FY21. The electric system is rebuilding substations and has replaced 12 of its 32 substations and currently has three more in the process of being replaced. Plans for adding two additional Points of Delivery from Duke Energy Progress is in process. PWC invested \$3 million in FY21 in its on-going replacement of aging underground cable and \$1.5 million in replacing aging wooden poles throughout the electric system with steel 69KV poles with a 50-year life expectancy. The water systems are replacing and re-lining existing water and sewer mains to improve the quality of services, reduce losses and unaccounted for volumes, and extend the life of the distribution and collection systems. Throughout the system, PWC expects to spend over \$64 million on next year's rehabilitation and upgrade efforts.

### ***Awards and Acknowledgements***

PWC was the recipient of the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This was the fourteenth consecutive year that PWC applied and received this prestigious award. To receive a Certificate of Achievement, an entity must publish an easily readable and efficiently organized ACFR. This report satisfied 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 2021 annual budget. PWC has received this award for the past 26 years. In order to qualify for the Distinguished Budget Presentation Award, PWC's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

During FY21, 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 with its Sue Kelly Community Service Award in 2021. The Award recognized ‘good neighbor’ activities that demonstrate PWC’s commitment to our local community.
- PWC was recognized by Business North Carolina magazine for the second consecutive year as one of the 20 Best Employers in North Carolina for organizations with 250+ employees.
- PWC earned a Certificate of Excellence in Reliability from the APPA. PWC ranked in the top 25% of utilities nationally for System Average Interruption Duration Index (27.15 minutes) well below the top quartile average of 55.04 minutes.
- PWC is a five-time winner of the American Public Power Association’s highest honor for reliability, having earned its 5<sup>th</sup> Reliable Public Power Provider (RP<sup>3</sup>) Diamond Level designation for 2019-2022. PWC is one of just a few Public Power utilities in the country to earn Diamond Level five or more times.
- PWC has maintained the standards of the national Director’s Award from the Partnership for Safe Water Program for 19 consecutive years, an accomplishment achieved by less than one percent of water utilities in the country. The award recognizes utilities that have completed the highest level of operations for providing drinking water quality that surpasses the required federal standards.
- The North Carolina Department of Environmental Quality awarded PWC’s P.O. Hoffer Water Treatment Facility its Area Wide Optimization Program Award for successively meeting more stringent regulations and achieving higher levels of water quality.
- Water Treatment Plant Operator David Faircloth was recognized as the North Carolina Waterworks Operators Association A-Surface Operator of the Year.
- ElectriCities of NC honored PWC with four Public Power Awards of Excellence. PWC received the Grid Modernization Award, Value of Public Power Award, Workforce Planning and Development Award and the Continuous Improvement Award. The honors demonstrate PWC’s investing in its systems, efforts of communicating the value of public power, attracting, developing and retaining talented employees and for constantly reviewing and enhancing all aspects of public power.
- PWC received two APPA Mutual Aid Commendations for providing mutual aid assistance to neighboring communities on two occasions in FY2021 following Tropical Storm and Winter storm damage to their electric systems.
- The United Way of North Carolina presented PWC the Excellence in Community Spirit Award for outstanding support and recognition in earning the Spirit of NC award for the 15<sup>th</sup> time. Locally, the United Way of Cumberland County recognized PWC for having the highest number of Leadership givers and the highest total campaign of any local organization.


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

Respectfully submitted,



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Elaina Ball  
Chief Executive Officer



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Rhonda Haskins, CPA, CGMA  
Chief Finance Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Fayetteville Public Works Commission  
North Carolina**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# FAYETTEVILLE PUBLIC WORKS COMMISSION

FAYETTEVILLE, NORTH CAROLINA

FAYETTEVILLE CITY COUNCIL

BOARD OF COMMISSIONERS



**ELAINA BALL**  
*Chief Executive Officer and  
General Manager*



**SUSAN FRITZEN**  
*Chief Corporate Services  
Officer*



**RHONDA HASKINS**  
*Chief Financial Officer*



**MARK LAWLER**  
*Chief Information Officer*



**MICK NOLAND**  
*Chief Operations Officer  
Water Resources*



**JON RYNNE**  
*Chief Operations Officer  
Electric Systems*



**JAMES WEST**  
*Chief Legal Officer &  
General Counsel*



**MARK BROWN**  
*Sr. Customer Programs  
Officer*



**CAROLYN JUSTICE-HINSON**  
*Communications/  
Community Relations Officer*



**BOBBY RUSSELL**  
*Human Resources Officer*



**VENUS DURANT**  
*Sr. Executive Assistant/  
Clerk to the Board*



## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Fayetteville Public Works Commission

### **Report on the Financial Statements**

We have audited the accompanying 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, 2021 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund information of Fayetteville Public Works Commission as of June 30, 2021, 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.

## **Other Matters**

### ***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 B16, the Other Postemployment Benefits Schedules of Changes in the Total OPEB Liability and Related Ratios, and the Local Governmental Employees' Retirement System Schedules of the Commission's Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages D1 through D3, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining and individual fund financial statements and schedules of budgetary comparison information, and other financial data listed in the table of contents as "Supplementary Information," and the introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The "Supplementary Information" is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplemental financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables of the Annual Comprehensive Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Prior Year Comparative Information***

The basic financial statements of the Fayetteville Public Works Commission, as of and for the year ended June 30, 2020, were audited by other auditors, whose report, dated October 20 2020, expressed an unmodified opinion on the business-type activities and each major fund.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*PBMares, LLP*

Morehead City, North Carolina  
October 11, 2021

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **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, 2021 (FY21). 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 \$1,091.1 million, an increase of \$55.0 million, or 5.3%, up from \$1,036.1 million in FY20.
- Total unrestricted and undesignated operating reserves were 136 days at June 30, 2021, up from 131 in the prior year.
- Income before Capital Contributions and Transfers was \$9.6 million compared to \$23.9 million in FY20, down \$14.3 million or 59.8%.
- In March of 2020, electric rate adjustments were approved effective May 1, 2020. Effective May 1, 2020, all new Medium Power Customers were moved to a Time of Use Rate Structure along with the addition of an opt-in Medium Power Coincident Peak effective January 1, 2021.
- In March of 2019, water/wastewater rate adjustments were approved for a May 1, 2020 effective date, but due to the COVID-19 pandemic, the effective date was delayed by the Commission until July 1, 2020. In June of 2021, water/wastewater rate adjustments were approved for August 1, 2021 and July 1, 2022 effective dates.
- The Electric Rate Stabilization Fund net position was \$40.6 million at June 30, 2021, down from \$46.0 million in the prior year.
- The Water and Wastewater Rate Stabilization Fund net position was \$1.4 million at June 30, 2021, up from \$1.1 million in the prior year.
- Power Supply and Generation Expenses decreased by \$1.6 million to \$148.3 million in FY21, down from \$149.9 million in FY20.
- Coal Ash Charges decreased by \$7.4 million to \$9.9 million in FY21, down from \$17.3 million in FY20.
- During FY21, PWC maintained its Aa2/AA/AA rating from Moody's, Standard and Poor's, and Fitch, respectively.
- PWC's senior lien debt coverage ratio is 3.4, exceeding the minimum requirement of 1.1.
- In October and November 2020, the Fayetteville City Council approved assessments totaling \$1.7 million for sanitary sewer improvements made in the Emerald Gardens area referenced as Area 22 and the Hackney Hills, Lake Point, Robin Hill Estates and Robinwood Estates areas referenced as Area 20 in the Annexation Phase V utility installation plan.
- Developer contributions were \$10.3 million at June 30, 2021, up from \$1.8 million in the prior year.
- In June 2021, PWC received a settlement for prior coal ash expenses that resulted in a receivable of \$22.2 million booked as a Special Item.

## **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.

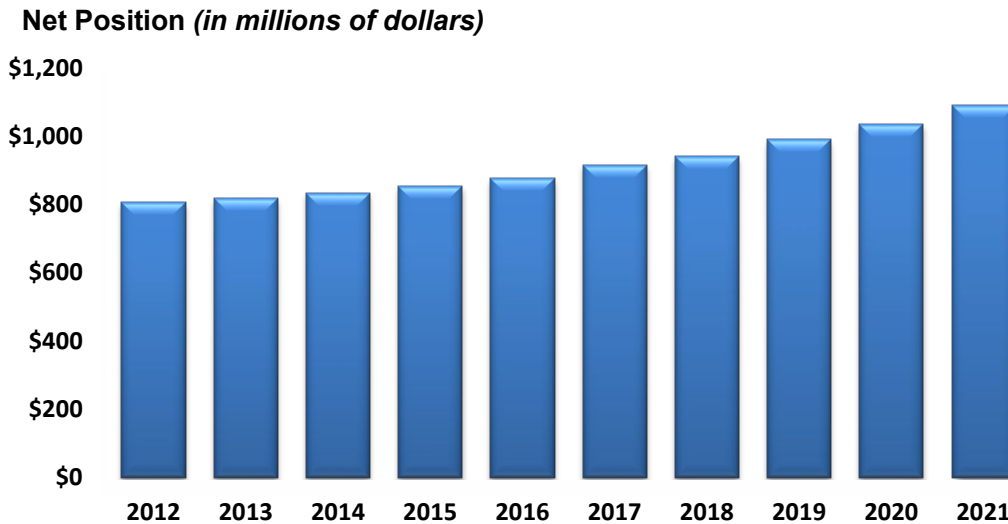
### **FINANCIAL ANALYSIS OF PWC**

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 FY21. A summary of PWC’s Statement of Net Position is presented in Figure A-2. Net position increased \$55.0 million to \$1,091.1 million in FY21, up from \$1,036.1 million in FY20. By far, the largest portion of PWC’s net position, \$809.9 million (74.2%) reflects the investment in capital assets less any related debt still outstanding that was issued to acquire those assets.

PWC’s total assets were \$1.5 billion at the end of FY21. PWC’s total assets increased by 3.5%, primarily due to the increase in capital assets of \$51.5 million or 4.8% over prior year and the decrease in current and other assets of \$1.0 million or 0.3% over prior year. The increase in capital assets, net of accumulated depreciation, is \$51.5 million and is the result of an increase in additions to capital assets of \$90.6 million (see figure A-10), offset by an increase in accumulated depreciation of \$39.1 million. Operating cash reserves increased from 131 days to 136 days. PWC’s operating cash reserves policy is to have a minimum of 90 days and a target of 120 days cash in reserve.

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

	FY 2020	FY 2021	Total Dollar Change	Total Percentage Change
Current and Other Assets	\$ 373.7	\$ 372.7	\$ (1.0)	(0.3%)
Capital Assets	1,065.2	1,116.7	51.5	4.8%
<b>Total Assets</b>	<b>1,438.9</b>	<b>1,489.4</b>	<b>50.5</b>	<b>3.5%</b>
Deferred Charge on Refunding	1.3	1.1	(0.2)	(15.4%)
OPEB Deferrals	10.2	9.1	(1.1)	(10.8%)
Resources Related to Pensions	16.5	17.3	0.8	4.8%
<b>Deferred Outflows of Resources</b>	<b>28.0</b>	<b>27.5</b>	<b>(0.5)</b>	<b>(1.8%)</b>
Long-term Liabilities Outstanding	361.0	353.3	(7.7)	(2.1%)
Other Liabilities	68.5	70.5	2.0	2.9%
<b>Total Liabilities</b>	<b>429.5</b>	<b>423.8</b>	<b>(5.7)</b>	<b>(1.3%)</b>
OPEB Deferrals	1.2	2.0	0.8	66.7%
<b>Deferred Inflows of Resources</b>	<b>1.2</b>	<b>2.0</b>	<b>0.8</b>	<b>66.7%</b>
Net Investment in Capital Assets	762.8	809.9	47.1	6.2%
Restricted	140.9	132.4	(8.5)	(6.0%)
Unrestricted	132.4	148.8	16.4	12.4%
<b>Total Net Position</b>	<b>\$ 1,036.1</b>	<b>\$ 1,091.1</b>	<b>\$ 55.0</b>	<b>5.3%</b>

Deferred Outflows of Resources decreased by \$0.5 million or 1.8%. This is primarily due to a decrease in OPEB Deferrals, offset by Resources Related to Pensions.

Restricted Net Position of \$132.4 million includes externally restricted net position of \$14.1 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 \$118.3 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 \$148.8 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 decreased by \$10.5 million, or 3.0%, while total expenses increased by \$3.8 million, or 1.2%. The increase in expenses is primarily due to the MetroNet broadband fiber project, an increase in chemical prices and usage, and other services related to treatment of water and wastewater. Intergovernmental Expense also increased by \$2 million for the State of Emergency Assistance to the City. This resulted in a \$9.6 million Income before Capital Contributions and Transfers, decreasing \$14.3 million compared to last year. Looking more closely at revenues, the \$10.5 million decrease arises from a decrease in other operating revenue of \$4.3 million, an increase in charges for utility services of \$2.3 million, a decrease in charges for fleet services of \$3.3 million and a decrease in non-operating revenue of \$5.2 million. 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 on July 1, 2012 (see Note 13D to the financial statements). The ERSF has a net position of \$40.6 million, of which approximately \$27.7 million will be used over the next several years to supplement the Electric Fund as rates are adjusted to meet its ongoing obligations. The remaining \$12.9 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 \$2.5 million was transferred in FY21. The transfer of \$2.2 million over the minimum was for an \$1.4 million energy true-up and a \$0.8 million demand adjustment and true-up from Duke Energy Progress (DEP).

In addition to the ERSF, PWC has a coal ash reserve for the purposes of paying coal ash cost from its purchased power provider, DEP. In anticipation of Duke Energy's coal ash recovery, the PWC's governing board took proactive measures to ensure that any FERC-approved recovery would not have a material adverse impact on the PWC's financial position. This reserve fund coupled with funds from the existing ERSF will be used to pay coal ash costs over the period to 2024. The remaining costs will continue to be passed on to customers through a fixed charge, effective with May 1, 2018, customer billings. In FY21, PWC collected \$2.7 million in revenue in addition to receiving a \$3.5 million true-up credit for Coal Combustion Residual (CCR) cost and Beneficial Reuse (BR). Coal Ash expenses excluding the true-up credit totaled \$9.9 million. Coupled with the Coal Ash Reserve, the ERSF transferred \$4.1 million to fund coal ash expenses. The FY21 Coal Ash Reserve balance is \$0.2 million and remains unchanged from FY20 (see Note 13-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 FY21, leaving an accumulated balance of \$1.4 million at June 30, 2021.

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

	FY 2020	FY 2021	Total Dollar Change	Total Percentage Change
Operating Revenues				
Charges for Utility Services	\$ 297.3	\$ 299.6	\$ 2.3	0.8%
Other Operating Revenue	41.8	37.5	(4.3)	(10.3%)
Charges for Fleet Services	3.3	-	(3.3)	(100.0%)
Non-operating Revenues				
Intergovernmental	1.7	2.0	0.3	17.6%
Interest on Investments	6.0	0.5	(5.5)	(91.7%)
<b>Total Revenue</b>	<b>\$ 350.1</b>	<b>\$ 339.6</b>	<b>\$ (10.5)</b>	<b>(3.0%)</b>
Power Supply and Generation Expense	149.9	148.3	(1.6)	(1.1%)
Electric Operating Expense	20.0	21.4	1.4	7.0%
Water/Wastewater Operating Expense	38.3	39.7	1.4	3.7%
General & Administrative	45.3	46.2	0.9	2.0%
Fleet Maintenance Expense	4.0	-	(4.0)	(100.0%)
Depreciation Expense	43.6	46.8	3.2	7.3%
Non-Operating Expense				
Loss on Sale of Assets	1.5	1.3	(0.2)	(13.3%)
Payment in lieu of taxes	11.1	11.5	0.4	3.6%
Intergovernmental Expense	2.2	4.2	2.0	90.9%
Interest Expense	10.3	10.0	(0.3)	(2.9%)
Amortization Expense	-	0.6	0.6	100.0%
<b>Total Expenses</b>	<b>\$ 326.2</b>	<b>\$ 330.0</b>	<b>\$ 3.8</b>	<b>1.2%</b>
<b>Income before Capital Contributions and Transfers</b>	<b>23.9</b>	<b>9.6</b>	<b>(14.3)</b>	<b>(59.8%)</b>
<b>Capital Contributions</b>	<b>21.0</b>	<b>23.2</b>	<b>2.2</b>	<b>10.5%</b>
<b>Special Item - DEP CCR Settlement</b>	<b>-</b>	<b>22.2</b>	<b>22.2</b>	<b>100.0%</b>
<b>Change in Net Position</b>	<b>44.9</b>	<b>55.0</b>	<b>10.1</b>	<b>22.5%</b>
<b>Beginning Net Position</b>	<b>991.2</b>	<b>1,036.1</b>	<b>44.9</b>	<b>4.5%</b>
<b>Ending Net Position</b>	<b>\$ 1,036.1</b>	<b>\$ 1,091.1</b>	<b>\$ 55.0</b>	<b>5.3%</b>

Electric operating revenues decreased \$4.9 million, or 2.1 %, to \$224.3 million. On May 1, 2020, an electric rate adjustment (decrease) of 4.3%, or \$9.0 million went into effect. Although the rate adjustment had projected a larger decrease, it was offset by an increase in kWh sales in the residential sector. This increase is attributed to 6.2% more heating degree days along with a growth of residential customer base. Non-residential customers continued to experience decreased kWh sales by 4.6%, due largely to shifting operations in response to COVID-19. The residential class represents 54.5% of electric sales revenue with an increase of \$0.25 million, or approximately 0.2% revenue. FY21 was a similar year in weather as compared to FY20. There was a 2.7% increase in degree days with the increase being from more heating degree days. Overall, sales increased 31,089 MWh from 1,945,109 to 1,976,198 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**

	Average		Sales	
	Customers	kWh/cust	kWh Sales	Revenue
Residential	1.2%	3.5%	4.7%	0.2%
Non-Residential	1.4%	(5.9%)	(4.6%)	(7.6%)
Large Users	3.2%	1.4%	5.9%	(0.1%)

Water and wastewater operating revenues collectively increased \$2.8 million, or 2.5%, to \$112.8 million, and is attributable to increases in water and wastewater sales revenues of \$6.7 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 \$3.6 million, or 7.5%, to \$51.7 million. The residential class represents over 68% of water sales revenue in total. The revenue increase is due to the rate adjustments effective July 1, 2020, of 6.9% per year. The rate adjustments incorporated a Basic Facility Charge (BFC) increase and rate per gallon increases for all customers, as well as a rate differential for customers outside the City corporate limits remaining at 175%. Gallon sales per customer for the residential class increased 1.9% and the non-residential gallon sales saw a decline per customer of 0.7%, with large users also realizing a decline in gallon sales of 1.3%. COVID-19 pandemic continued to be a driver in these shifts. The number of irrigation customers declined by 1.5%, revenues decreased by 7.6%, this is due to an increase in seasonal disconnections in FY20 but no subsequent reconnection in FY21. Year to date rainfall in FY21 was 48.3", a decrease of 9" over 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**

	<b>Customers</b>	<b>Average gal/cust</b>	<b>Gallon Sales</b>	<b>Sales Revenue</b>
Residential	1.1%	0.7%	1.9%	9.4%
Non-Residential	1.8%	(2.4%)	(0.7%)	6.4%
Large Users	0.0%	(2.9%)	(1.3%)	4.8%
Wholesale	0.0%	(3.4%)	0.8%	11.0%
Irrigation	(1.5%)	(21.2%)	(22.4%)	(7.6%)

Wastewater System: Wastewater sales revenue increased \$3.1 million, or 6.2%, to \$53.6 million. By far, the revenue increase is due to the rate adjustments effective on July 1, 2020, of 3.4%. The residential class represents 73.2% of wastewater sales revenue in total. Wastewater sales trend closely to water with an increase in gallon sales per customer of 2.3% for residential. There was a decrease due to COVID-19 pandemic in non-residential gallon sales per customer of 10.6% and a slight decrease in large user gallon sales per customer of 1.2%. Wholesale customers had a rate adjustment over previous year and excessive amounts of runoff flow during the months of November, January and February contributed to the increase in gallon sales. Figure A-5-B illustrates the percentage changes by major customer classes.

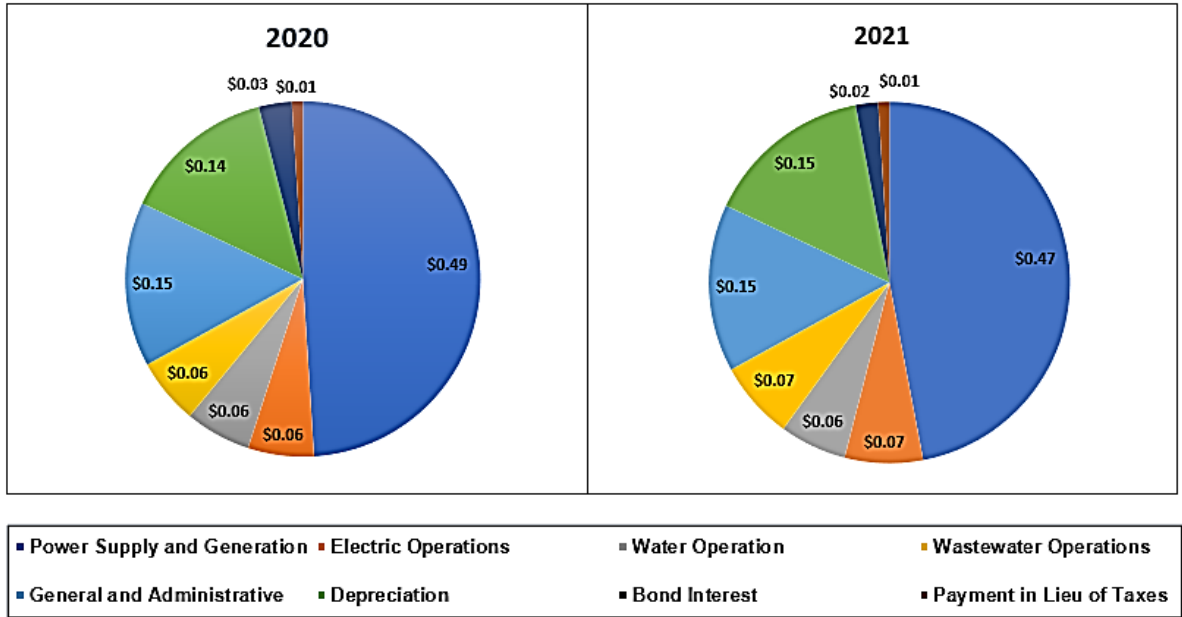
**FIGURE A-5-B**  
**Percent Change by Major Customer Class**  
**Wastewater**

	<b>Customers</b>	<b>Average gal/cust</b>	<b>Gallon Sales</b>	<b>Sales Revenue</b>
Residential	1.4%	2.3%	2.2%	6.7%
Non-Residential	2.3%	(10.6%)	(2.9%)	2.4%
Large Users	0.0%	(1.2%)	(4.4%)	(1.3%)
Wholesale	0.0%	34.0%	21.9%	22.8%

Electric Operating Expenses, excluding Power Supply and Generation Expenses, increased by \$1.4 million or 7.0% and Water and Wastewater Operating Expenses increased by \$1.4 million or 3.7%. Electric increases are due to the Metronet fiber infrastructure make ready project, and water and wastewater increases are for chemicals and contractual services.

Figure A-6 provides the dollar breakdown of expenses in 2020 and 2021 to better illustrate the changes.

**FIGURE A-6  
Dollar Breakdown of Expenses**



Power Supply and Generation Expenses decreased by \$1.6 million to \$148.3 million in FY21 down from \$149.9 million in FY20. The decrease consists of a combined \$6.5 million increase in purchased power cost and a \$7.4 million decrease in coal ash costs along with a \$3.5 million decrease in contractual true up costs with a slight increase in generation expense of \$2.8 million. Of the \$6.5 million increase in purchase power, \$3.5 million is DEP price driven, and with a slight rebound from the COVID-19 pandemic in the previous fiscal year. The total year increase related to usage was \$0.4 million. DEP coal ash charges were lower this year by \$7.4 million, and PWC recognized \$9.9 million in the current year. As mentioned previously, a reserve had been established in anticipation of these charges as well as a flat charge passed on through customer billings. Total power purchased was 2.08 billion kWh, a 2.8% increase from the prior year. PWC's system peak demand for FY21 of 419 mW occurred in July and it is very similar to FY 20 peak demand of 418 mW, 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 2020	FY 2021	Total Dollar Change	Total Percent Change
Purchased Power -DEP	\$ 127.5	\$ 124.3	\$ (3.2)	(2.5%)
Purchased Power-True-up	1.2	2.1	0.9	74.2%
Purchased Power-Adjustment	(5.6)	0.2	5.8	(103.4%)
Purchased Power-SEPA	0.5	0.7	0.2	30.8%
Transmission	6.3	6.5	0.2	3.2%
Coal Ash	17.3	9.9	(7.4)	(42.7%)
Coal Ash-True-up	(2.7)	(3.6)	(0.9)	31.8%
Other Generation Expenses	5.4	8.2	2.8	50.6%
<b>Total</b>	<b>\$ 149.9</b>	<b>\$ 148.3</b>	<b>\$ (1.6)</b>	<b>(15.9%)</b>

**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 2020	FY 2021	Total Dollar Change	Total Percent Change
Developers	\$ 1.8	\$ 10.3	\$ 8.5	472.2%
NCDOT	9.1	8.5	(0.6)	(6.6%)
Federal & State- FEMA	8.7	3.3	(5.4)	(62.1%)
Facility Investment Fee (SDF)	1.2	1.0	(0.2)	(16.7%)
FIF Credits Awarded/Applied/Expired	0.1	0.1	(0.0)	0.0%
<b>Total</b>	<b>\$ 20.9</b>	<b>\$ 23.2</b>	<b>\$ 2.3</b>	<b>10.6%</b>

At June 30, 2021, capital contributions were \$23.2 million, up \$2.3 million from FY20. There was an increase in contributions from developers of \$8.5 million. However, a decrease in contributions from NCDOT of \$0.6 million and a decrease in FEMA of \$5.4 million resulted in a net increase in total contributions of only \$2.3 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 FY21 by \$2.1 million primarily due to a \$2.0 million increase in intergovernmental expense attributable to the State of Emergency Assistance to the City as discussed below.

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

	FY 2020	FY 2021	Total Dollar Change	Total Percent Change
<b>Payment in lieu of taxes (PILOT)</b>	\$ 11.1	\$ 11.5	\$ 0.4	3.6%
<b>Intergovernmental Expense</b>				
Economic Development - City	1.2	1.2	-	0.0%
State of Emergency Assistance - City	1.0	3.0	2.0	200.0%
Total Transfers to the City	<u>13.3</u>	<u>15.7</u>	<u>2.4</u>	<u>18.0%</u>
<b>Intergovernmental Revenues</b>				
Additional -				
Assessments	1.3	1.7	0.4	30.8%
Assessment Interest	0.4	0.3	(0.1)	(25.0%)
Total Intergovernmental Revenue	<u>1.7</u>	<u>2.0</u>	<u>0.3</u>	<u>17.6%</u>
<b>Net PILOT and Intergovernmental Activity</b>	<u><u>\$ 11.6</u></u>	<u><u>\$ 13.7</u></u>	<u><u>\$ 2.1</u></u>	<u><u>18.1%</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.
- Economic Development – Pursuant to a mutual 5-year agreement approved June 29, 2016, and effective July 1, 2016, PWC will transfer \$6.0 million to the City for Economic Development in \$1.2 million annual amounts over 5 years payable in equal monthly installments.
- State of Emergency Assistance to the City – Pursuant to the State of Emergency issued by the Mayor due to COVID-19, the PWC transferred \$3.0 million under Section 6A.16 of the PWC Charter.



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The following is a summary of some of the major improvements to the system during FY21:

Major capital asset expenditures include:
\$ 16.4 million Water and Sewer Rehabilitation
\$ 15.2 million Installation of Water and Wastewater Mains and Laterals in Annexed Areas
\$ 13.1 million Water and Wastewater System Improvements
\$ 5.6 million NCDOT U-4405 Raeford Road Widening - Electric
\$ 5.0 million Electric Underground Infrastructure Replacement
\$ 3.7 million Substation Rebuild
\$ 3.4 million Transportation Equipment
\$ 3.2 million CCB Upgrade
\$ 2.4 million Sub-Transmission Pole Replacement
\$ 2.3 million Electric Underground Distribution Infrastructure Installations – New
\$ 1.9 million NCDOT Water and Wastewater Relocations
\$ 1.6 million Purchase of Padmount and Overhead Transformers
\$ 1.6 million Hurricane Matthew System Improvements
\$ 1.5 million Electric Overhead Infrastructure Improvements
\$ 1.4 million Substation Transformer
\$ 1.3 million LED Conversions and New Installations
\$ 1.2 million Fleet Bay Expansion

Capital spending for the Electric System was \$31.7 million, down \$6.2 million from FY20. The decrease is attributable to a \$3.7 million decrease on LED conversions as this project nears completion and a \$3.8 decrease on NCDOT-related projects as the largest one nears completion (U-4405 Raeford Road Widening), offset by a \$1.2 million increase in spending on various underground distribution projects.

Capital spending for the Water and Wastewater System was \$57.2 million, a decrease of \$20.4 million from FY20. The decrease is primarily attributable to \$2.8 million as a result of the completion of most of the Hurricane Matthew -related projects, \$8.4 million from the completion of large water and wastewater plant improvements and \$9.1 million due to the completion of the replacement of the 20-in North Fayetteville Force Main project.

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At June 30, 2021, PWC has a net investment of \$1.1 billion in a broad range of infrastructure as shown in Figure A-10.

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

	FY 2020	FY 2021	Total Dollar Change	Total Percent Change
Land	\$ 19.3	\$ 20.8	\$ 1.5	7.8%
Buildings	59.3	68.9	9.6	16.2%
Machinery, Equipment and Vehicles	54.8	57.0	2.2	4.0%
Electric System	478.6	502.3	23.7	5.0%
Water System	425.4	439.5	14.1	3.3%
Wastewater System	598.7	676.2	77.5	12.9%
Office Equipment and Intangibles	55.0	56.2	1.2	2.2%
Construction in Progress	154.7	115.5	(39.2)	(25.3%)
Subtotal	<b>1,845.8</b>	<b>1,936.4</b>	<b>90.6</b>	<b>4.9%</b>
Accumulated Depreciation	(780.6)	(819.7)	(39.1)	5.0%
Net Property, Plant and Equipment	<b>\$ 1,065.2</b>	<b>\$ 1,116.7</b>	<b>\$ 51.5</b>	<b>4.8%</b>

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

The \$39.2 million decrease in Construction in Progress can predominantly be explained by the completion of various large, multi-year projects, including the replacement of the North Fayetteville Force Main, several substation rebuilds, improvements to the Cross Creek Water Reclamation Facility and several water and wastewater infrastructure rehabilitations, replacements and improvements totaling \$43.5 million, offset by additional spending on other large, multi-year projects to include the relocation of electric infrastructure associated with the NCDOT U-4405 Raeford Road widening and installation of mains and laterals in annexed areas, totaling \$8.3 million.

### **LONG TERM DEBT**

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

At year-end, PWC had \$289.6 million in long-term debt (before loss on defeasance and reacquired debt, premiums, and discounts, see Note 9D in the financial statements). This is a decrease of \$11.6 million or 3.9% from \$301.2 million in FY20 which is attributed to principal payments of \$15.2 million offset by proceeds received from a state revolving loan of \$3.6 million.

As can be seen in Figure A-11, the PWC's total weighted average coupon rate and true interest cost on its outstanding debt is 3.63% and 2.86%, respectively, as of June 30, 2021. The Commission constantly monitors market conditions and opportunities to lower its borrowing costs. Over the past several years, the PWC has taken advantage of refunding opportunities and low interest NC State Revolving Loans (NCSRL) to achieve the best possible interest rates on its outstanding debt.

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

<b>Issue Name</b>	<b>Principal Outstanding</b>	<b>Weighted Average Coupon Rate</b>	<b>Weighted Average True Interest Cost</b>
Revenue Bonds, Series 2014	\$ 99.2	3.86%	3.27%
Revenue Refunding Bonds, Series 2016	93.4	3.60%	2.47%
Revenue Refunding Bonds, Series 2018	74.0	4.33%	3.51%
2013 NCSRL - Hoffer Construction Phase 1	11.9	0.00%	0.00%
2021 NCSRL - Rockfish Creek Basin Peak Flow Facilities	3.6	1.11%	1.11%
2012 NCSRL - Clearwell/Ferric Conversion	3.2	0.00%	0.00%
2013 NCSRL - Outfall Rehab (Large Diameter Rehab)	2.5	2.00%	2.00%
2014 NCSRL - Person Street Sanitary Sewer	1.6	2.00%	2.00%
2012 NCSRL - Edgewater Project	0.2	2.00%	2.00%
<b>Total</b>	<b>\$ 289.6</b>	<b>3.63%</b>	<b>2.86%</b>

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One area that demonstrates PWC's financial strength is its ability to maintain strong debt coverage ratios, with its revenue bond coverage at 3.4 exceeding the minimum requirement of 1.1 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 2020	FY 2021	Percent Change
<b>Change in Net Position (Figure A-3)</b>	\$ 46.6	\$ 55.0	18.0%
<b>Adjustments</b>			
Bond Interest Expense	10.3	10.0	(2.9%)
Depreciation and Amortization	43.4	46.8	7.8%
Payment of Lieu of Taxes	11.1	11.5	3.6%
Intergovernmental Expense	2.2	4.2	90.9%
Intergovernmental Revenue	(1.3)	(1.7)	(30.8%)
Capital Contributions	(20.9)	(23.2)	(11.0%)
(Gain)/Loss on Investment Valuation	1.5	1.3	(13.3%)
Facility Investment Fees	1.2	1.1	(8.3%)
Assessments Collected	0.1	-	(100.0%)
(Gain)/Loss on Investment Valuation	(2.0)	1.1	(155.0%)
Special Item - DEP CCR Settlement	-	(22.2)	(100.0%)
Capital Transfer to Fleet	2.7	-	(100.0%)
<b>Income Available for Debt Service</b>	<b>\$ 94.9</b>	<b>\$ 83.9</b>	<b>11.8%</b>
<b>Senior Lien Debt Coverage</b>			
Revenue Bond Debt Service <sup>1</sup>	26.1	24.7	(5.4%)
<b>Senior Lien Debt Service Coverage</b>	<b>3.64</b>	<b>3.40</b>	<b>18.1%</b>
<b>Total System Debt Coverage</b>			
Total System Debt Service <sup>1</sup>	27.8	26.4	(2.1%)
<b>Total System Debt Service Coverage</b>	<b>3.42</b>	<b>3.18</b>	<b>8.6%</b>

<sup>1</sup> Net of capitalized interest from bond proceeds of \$2.2 million in FY20 and \$0 in FY21

In addition to long-term debt, PWC's long-term obligations include the total OPEB Liability of \$34.9 million and the total Net Pension Liability of \$20.5 million. Additional information on PWC's long-term liabilities can be found in Note 9 of the financial statements.

#### **SPECIAL ITEM**

In June 2021, PWC received a settlement from DEP for prior coal ash expenses and booked it as a Special Item and accounts receivable to be received over a 12 month period. Please refer to Note 18 for more details.

## **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, 2021

	Electric Utility Major Fund	Water and Wastewater Utility Major Fund	Total Business-Type Activities PWC
<b>ASSETS</b>			
<b>Current unrestricted assets</b>			
Cash and cash equivalents	\$ 22,547,566	\$ 179,206	\$ 22,726,772
Investments	75,220,708	29,950,457	105,171,165
Receivables	48,736,114	20,660,710	69,396,824
Less allowance for doubtful accounts	(219,611)	(127,614)	(347,225)
<b>Net receivables</b>	<b>48,516,503</b>	<b>20,533,096</b>	<b>69,049,599</b>
Inventories	14,805,615	2,791,689	17,597,304
Other current assets	4,048,593	1,117,043	5,165,636
<b>Total current unrestricted assets</b>	<b>165,138,985</b>	<b>54,571,491</b>	<b>219,710,476</b>
<b>Current restricted assets</b>			
Cash and cash equivalents	47,775,236	35,437,030	83,212,266
Investments	39,933,585	17,583,404	57,516,989
Collateral pledged in lieu of deposits	427,406	183,174	610,580
Receivables	2,578,010	9,006,100	11,584,110
<b>Total current restricted assets</b>	<b>90,714,237</b>	<b>62,209,708</b>	<b>152,923,945</b>
<b>Total current assets</b>	<b>255,853,222</b>	<b>116,781,199</b>	<b>372,634,421</b>
<b>Noncurrent assets</b>			
Other assets	-	114,908	114,908
<b>Capital assets:</b>			
Land and land rights	8,167,922	12,653,765	20,821,687
Construction in process	43,298,415	72,247,736	115,546,151
Electric utility system	224,080,894	-	224,080,894
Water system	-	261,112,006	261,112,006
Wastewater system	-	430,407,068	430,407,068
Buildings	27,008,597	8,169,752	35,178,349
Equipment and machinery	7,659,161	2,711,332	10,370,493
Computer equipment	739,885	1,288,382	2,028,267
Intangibles	4,018,381	2,626,052	6,644,433
Vehicles	5,536,747	4,820,802	10,357,549
Office equipment	84,493	16,544	101,037
<b>Capital assets, net</b>	<b>320,594,495</b>	<b>796,053,439</b>	<b>1,116,647,934</b>
<b>Total noncurrent assets</b>	<b>320,594,495</b>	<b>796,168,347</b>	<b>1,116,762,842</b>
<b>Total assets</b>	<b>576,447,717</b>	<b>912,949,546</b>	<b>1,489,397,263</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized bond refunding charges	7,418	1,087,044	1,094,462
OPEB deferrals	4,161,963	4,927,270	9,089,233
Pension deferrals	7,903,553	9,382,116	17,285,669
<b>Total deferred outflows of resources</b>	<b>12,072,934</b>	<b>15,396,430</b>	<b>27,469,364</b>

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

**FAYETTEVILLE PUBLIC WORKS COMMISSION**  
**COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**  
**Statement of Net Position**

June 30, 2021

	<b>Electric Utility Major Fund</b>	<b>Water and Wastewater Utility Major Fund</b>	<b>Total Business-Type Activities PWC</b>
<b>LIABILITIES</b>			
<b>Current liabilities to be paid from unrestricted current assets</b>			
Current portion of long-term liabilities	\$ 2,714,040	\$ 15,507,450	\$ 18,221,490
Accounts payable and accrued expenses	16,364,252	16,510,827	32,875,079
<b>Total current liabilities to be paid from unrestricted current assets</b>	<b>19,078,292</b>	<b>32,018,277</b>	<b>51,096,569</b>
<b>Current liabilities to be paid from restricted current assets</b>			
Accounts payable and accrued expenses	12,000,325	7,361,882	19,362,207
<b>Total current liabilities to be paid from restricted current assets</b>	<b>12,000,325</b>	<b>7,361,882</b>	<b>19,362,207</b>
<b>Total current liabilities</b>	<b>31,078,617</b>	<b>39,380,159</b>	<b>70,458,776</b>
<b>Noncurrent liabilities</b>			
Long-term liabilities	23,247,315	272,685,975	295,933,290
Total OPEB liability	15,975,765	18,884,196	34,859,961
Net pension liability	9,263,754	11,199,122	20,462,876
Other liabilities	3,465	-	3,465
Unearned deposits - Metronet	1,700,748	-	1,700,748
Unearned deposits	7,602	371,421	379,023
<b>Total noncurrent liabilities</b>	<b>50,198,649</b>	<b>303,140,714</b>	<b>353,339,363</b>
<b>Total liabilities</b>	<b>81,277,266</b>	<b>342,520,873</b>	<b>423,798,139</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB deferral	887,791	1,073,388	1,961,179
<b>Total deferred inflows of resources</b>	<b>887,791</b>	<b>1,073,388</b>	<b>1,961,179</b>
<b>NET POSITION</b>			
Net investment in capital assets	296,146,521	513,822,597	809,969,118
Restricted for -			
Capital projects	36	7,403,041	7,403,077
Renewable energy	6,670,557	-	6,670,557
Other internal restrictions	72,072,391	46,198,334	118,270,725
Unrestricted Net Position	131,466,089	17,327,743	148,793,832
<b>Total Net Position</b>	<b>\$ 506,355,594</b>	<b>\$ 584,751,715</b>	<b>\$ 1,091,107,309</b>

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



**FAYETTEVILLE PUBLIC WORKS COMMISSION**  
**COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**  
**Statement of Revenues, Expenses and Changes in Net Position**

Year ended June 30, 2021

	<b>Electric Utility Major Fund</b>	<b>Water and Wastewater Utility Major Fund</b>	<b>Total Business-Type Activities PWC</b>
<b>Operating revenues</b>			
Residential, commercial and industrial sales	\$ 185,378,864	\$ 100,495,821	\$ 285,874,685
Other charges for services	38,902,765	12,283,310	51,186,075
<b>Total operating revenues</b>	<u>224,281,629</u>	<u>112,779,131</u>	<u>337,060,760</u>
<b>Operating expenses</b>			
Power supply and generation	148,346,794	-	148,346,794
Electric operation	21,375,149	-	21,375,149
Water operations	-	18,171,514	18,171,514
Wastewater operations	-	21,571,683	21,571,683
General and administrative	23,014,894	23,179,415	46,194,309
Depreciation	18,375,081	28,406,660	46,781,741
<b>Total operating expenses</b>	<u>211,111,918</u>	<u>91,329,272</u>	<u>302,441,190</u>
<b>Operating income (loss)</b>	<u>13,169,711</u>	<u>21,449,859</u>	<u>34,619,570</u>
<b>Nonoperating revenue (expense)</b>			
Intergovernmental revenue	-	2,029,564	2,029,564
Intergovernmental expense	(4,200,000)	-	(4,200,000)
Payment in lieu of taxes	(11,450,867)	-	(11,450,867)
Interest earned on investments	344,319	160,407	504,726
Gain (loss) on disposal of assets	(1,343,468)	39,676	(1,303,792)
Interest expense	(794,190)	(9,186,216)	(9,980,406)
Finance costs	(20,897)	(555,757)	(576,654)
<b>Total nonoperating revenue (expense)</b>	<u>(17,465,103)</u>	<u>(7,512,326)</u>	<u>(24,977,429)</u>
<b>Income (loss) before transfers and contributions</b>	<u>(4,295,392)</u>	<u>13,937,533</u>	<u>9,642,141</u>
Contributions	8,726,668	14,432,212	23,158,880
Special Item - DEP CCR Settlement	22,230,520	-	22,230,520
Transfers in	-	4,107,291	4,107,291
Transfers out	(4,107,291)	-	(4,107,291)
<b>Change in Net Position</b>	<u>22,554,505</u>	<u>32,477,036</u>	<u>55,031,541</u>
<b>Total Net Position - beginning</b>	<u>483,801,089</u>	<u>552,274,679</u>	<u>1,036,075,768</u>
<b>Total Net Position - ending</b>	<u>\$ 506,355,594</u>	<u>\$ 584,751,715</u>	<u>\$ 1,091,107,309</u>

*Note: The transfers within funds have been eliminated for FY 2021; \$21,904,495 for Electric & \$104,928,424 for Water/Wastewater.*

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

**FAYETTEVILLE PUBLIC WORKS COMMISSION**  
**COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**  
**Statement of Cash Flows**

Year ended June 30, 2021

	<b>Electric Utility Major Fund</b>	<b>Water and Wastewater Utility Major Fund</b>	<b>Total Business-Type Activities PWC</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 231,790,501	\$ 110,915,381	\$ 342,705,882
Cash paid for goods and services	(17,664,258)	(38,047,742)	(55,712,000)
Cash paid to or on behalf of employees for services	(22,165,599)	(23,896,065)	(46,061,664)
Cash paid for power supply and generation	(148,346,794)	-	(148,346,794)
<b>Net cash provided (used) by operating activities</b>	<b>43,613,850</b>	<b>48,971,574</b>	<b>92,585,424</b>
<b>Cash flows from noncapital financing activities</b>			
Cash (paid) received from intergovernmental agreements	(15,650,867)	2,029,564	(13,621,303)
Transfers in	-	4,107,291	4,107,291
Transfers out	(4,107,291)	-	(4,107,291)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(19,758,158)</b>	<b>6,136,855</b>	<b>(13,621,303)</b>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sale of capital assets	462,351	321,728	784,079
Payment of finance costs on long-term debt	(20,897)	(555,757)	(576,654)
Contributed capital received	8,726,668	4,155,771	12,882,439
Acquisition and construction of capital assets	(33,576,874)	(59,437,026)	(93,013,900)
Principal payments on long-term debt	(1,220,926)	(14,021,139)	(15,242,065)
Other capital asset transactions	3,401,557	2,333,403	5,734,960
Interest payments	(794,190)	(9,186,216)	(9,980,406)
<b>Net cash used by capital and related financing activities</b>	<b>(23,022,311)</b>	<b>(76,389,236)</b>	<b>(99,411,547)</b>
<b>Cash flows from investing activities</b>			
Interest earned on investments	344,319	160,407	504,726
Net change in investments	(6,393,482)	4,327,457	(2,066,025)
<b>Net cash provided (used) by investing activities</b>	<b>(6,049,163)</b>	<b>4,487,864</b>	<b>(1,561,299)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,215,782)</b>	<b>(16,792,943)</b>	<b>(22,008,725)</b>
<b>Cash and cash equivalents</b>			
<b>Beginning of year</b>	<b>75,538,584</b>	<b>52,409,179</b>	<b>127,947,763</b>
<b>End of year</b>	<b>\$ 70,322,802</b>	<b>\$ 35,616,236</b>	<b>\$ 105,939,038</b>

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

**FAYETTEVILLE PUBLIC WORKS COMMISSION**  
**COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Year ended June 30, 2021**

	<b>Electric Utility Major Fund</b>	<b>Water and Wastewater Utility Major Fund</b>	<b>Total Business-Type Activities PWC</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 13,169,711	\$ 21,449,859	\$ 34,619,570
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	18,375,081	28,406,660	46,781,741
Allowance for uncollectible accounts	(243,739)	(147,091)	(390,830)
Change in assets, liabilities and deferred inflows/outflows			
(Increase) decrease in receivables	6,016,973	(1,726,156)	4,290,817
(Increase) decrease in inventories	560,576	104,497	665,073
(Increase) decrease in deferred outflows-other	2,781	606,749	609,530
(Increase) decrease in deferred outflows-OPEB	503,652	234,163	737,815
(Increase) decrease in deferred outflows-pension related	(369,776)	(451,949)	(821,725)
(Increase) decrease in other current assets	(1,177,540)	(290,318)	(1,467,858)
(Increase) decrease in other assets	36,599	89,303	125,902
Increase (decrease) in OPEB liability	(585,151)	(704,931)	(1,290,082)
Increase (decrease) in pension liability	2,065,062	2,662,796	4,727,858
Increase (decrease) in unearned deposits	-	(5,834)	(5,834)
Increase (decrease) in accounts payable and accrued expenses	3,449,502	(1,707,132)	1,742,370
Increase (decrease) in deferred revenues	1,699,039	-	1,699,039
(Increase) decrease in deferred inflows-OPEB	327,461	394,492	721,953
Increase (decrease) in accrued vacation	(190,107)	105,387	(84,720)
Increase (decrease) in accrued sick leave	(26,274)	(48,921)	(75,195)
<b>Total adjustments</b>	<b>30,444,139</b>	<b>27,521,715</b>	<b>57,965,854</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 43,613,850</b>	<b>\$ 48,971,574</b>	<b>\$ 92,585,424</b>
<b>Noncash investing, capital, and financing activities:</b>			
Contributed capital assets	\$ -	\$ 10,216,513	\$ 10,216,513
FIF credits applied	\$ -	\$ (54,422)	\$ (54,422)
Adjustment to market for long term investments	\$ (85,533)	\$ 355,264	\$ 269,731
<b>Reconciliation to cash and cash equivalents</b>			
Unrestricted	\$ 22,547,566	\$ 179,206	\$ 22,726,772
Restricted	47,775,236	35,437,030	83,212,266
<b>Total</b>	<b>\$ 70,322,802</b>	<b>\$ 35,616,236</b>	<b>\$ 105,939,038</b>

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

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

**Notes to the Financial Statements**

**June 30, 2021**

**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, 2021**

**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. The NCCMT-Term Portfolio is a bond fund, has no rating and 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.

**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.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items.

**Capital Assets**

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

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

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

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

**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 position 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 10), Other Post-Employment Benefits (OPEB) deferrals (See note 15) and unamortized bond refunding charges for Electric, Water and Wastewater Refunding bonds (See note 11). 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 position that applies to a future period and so will not be recognized as revenue until then. The Commission has two 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, and deferrals of OPEB expense that result from the implementation of GASB 75, Accounting and Financial Reporting for Other Post-Employment Benefits.

**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.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Pensions**

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

**Compensated Absences**

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

**Unearned Deposits**

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

**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 9D). 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, 2021, the Electric Fund had restricted assets of \$90,714,237 related to debt service, renewable energy and other internally restricted assets offset by \$11,971,253 of other internally restricted liabilities related to those assets (see note 6), resulting in restricted net position of \$78,742,984. The Water/Wastewater Fund had restricted assets of \$62,209,709 related to debt service, capital projects and other internally restricted assets offset by \$3,449,606 of unspent bond proceeds and \$5,158,728 of internally restricted liabilities related to those assets (see note 6), resulting in restricted net position of \$53,601,375.



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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Upcoming Pronouncements**

The Commission is currently in the process of determining the effect of these statements on the financial statements.

**GASB issued Statement No. 87, “Leases.”** The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

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

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

**GASB issued Statement No. 92, “Omnibus 2020.”** The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for reporting periods beginning after June 15, 2021.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Upcoming Pronouncements (continued)**

**GASB issued Statement No. 96, “Subscription-Based Information Technology Arrangements.”**

The primary objectives of this statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

**GASB issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation –An Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No. 32.”**

The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

**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 the modified accrual basis as required by North Carolina state law.

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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, 2021**

**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, 2021, the Commission had deposits in pooling method banks with a carrying amount of \$56,873,046 and a bank balance of \$41,631,843. Of the total bank balance, \$504,856 was covered by federal depository insurance and \$41,126,987 was covered by collateral under the pooling method.

At June 30, 2021, the Commission had \$26,979,494 in Certificate of Deposits.

At June 30, 2021, the Commission had \$4,550 in petty cash.

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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, 2021**

**Note 4 - Cash and Investments (continued)**

**B - Investments**

At June 30, 2021, the Commission had the following investments and maturities.

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Reported Value</u>				
			<u>Less than 6 Months</u>	<u>6 Mos - 1 Yr</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
U.S. Government agencies	Fair Value-Level 2	\$ 104,716,801	\$ -	\$ -	\$ 61,082,685	\$ 43,634,116
Commercial paper	Fair Value-Level 2	35,841,859	35,841,859	-	-	-
NC Capital Management Trust - Term Portfolio*	Fair Value-Level 1	663,111	663,111	-	-	-
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	43,548,331	43,548,331	-	-	-
<b>Total</b>		<u>\$ 184,770,102</u>	<u>\$ 80,053,301</u>	<u>\$ -</u>	<u>\$ 61,082,685</u>	<u>\$ 43,634,116</u>

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, 2021.

**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.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 4 - Cash and Investments (continued)**

**B-Investments (continued)**

**Concentration of Credit Risk.** The Commission limits investments to avoid over-concentration in securities from a specific issuer or business sector. More than 5% of the Commission's investments are in Federal Home Loan Bank, Federal Farm Credit Bank, Freddie Mac and Credit Suisse. These investments are 39%, 22%, 8% and 7%, respectively, of the Commission's total investments.

**Reconciliation to cash and cash equivalents:**

Total per Footnote:

	Reported
Total investments	\$ 184,770,102
Cash	56,873,046
Plus Certificates of Deposit	26,979,494
Petty cash	<u>4,550</u>
Total cash and investments	<u>268,627,192</u>
Less: Investments with maturities of more than 3 months	 (162,688,154)
Total cash and cash equivalents	 <u>\$ 105,939,038</u>

Total per Statement of Net Position:

Cash and cash equivalents - unrestricted	22,726,772
Cash and cash equivalents - restricted	<u>83,212,266</u>
Total cash and cash equivalents	<u>\$ 105,939,038</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, 2021**

**Note 5 – Accounts Receivable**

At June 30, 2021, the Commission's unrestricted receivable balances were as follows:

Unrestricted	<b>Water and Wastewater</b>		<b>Total</b>
	<b>Electric Fund</b>	<b>Fund</b>	
Accounts	\$ 21,473,593	\$ 12,669,129	\$ 34,142,722
Sales taxes	2,012,761	174,665	2,187,426
Due from City-Assessments	-	6,484,396	6,484,396
Due from City-Assessments Interest	-	453,942	453,942
Accrued Interest	259,558	107,965	367,523
Other	24,990,202	770,613	25,760,815
<b>Total</b>	<b>\$ 48,736,114</b>	<b>\$ 20,660,710</b>	<b>\$ 69,396,824</b>

**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.

	<b>Internally Restricted</b>		<b>Externally Restricted</b>	
	<b>Electric</b>	<b>Water</b>	<b>Electric</b>	<b>Water</b>
<b>Restricted Assets and Restricted Liabilities: \$</b>		\$	\$	\$
<b>Cash and Cash Equivalents</b>				
Annexation Phase V Fund Cash	-	10,252,965	-	-
Rate Stabilization Fund Cash	14,656,839	1,355,599	-	-
NC Renewable Rider	-	-	6,670,557	-
Customer Deposits	9,727,504	4,168,930	-	-
Debt Service	816,557	9,611,061	36	76
TPA - Cash	83,622	8,512	-	-
Health Insurance Reserve	1,500,000	1,500,000	-	-
Coal Ash Reserve	229,635	-	-	-
BWGP Startup Costs	1,692,659	-	-	-
CPF - Cash	7,283,129	3,790,281	-	-
Construction Fund	-	-	-	3,449,606
Generation Fuel Reserve	206,690	-	-	-
Meter Reserve	3,700,000	1,300,000	-	-
Metronet	-	-	1,208,008	-
Total restricted cash and cash equivalents	<u>\$ 39,896,635</u>	<u>\$ 31,987,348</u>	<u>\$ 7,878,601</u>	<u>\$ 3,449,682</u>
<b>Investments</b>	<u>\$ 39,933,585</u>	<u>\$ 17,583,404</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Collateral pledges in lieu of deposits</b>	<u>\$ 427,406</u>	<u>\$ 183,174</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Receivables</b>				
Grants	\$ 711,329	\$ 1,458,676	\$ -	\$ -
Sales Taxes	-	2,174,348	-	-
Other	1,865,001	5,368,453	-	-
Accrued Interest	1,680	4,623	-	-
Total restricted receivables	<u>\$ 2,578,010</u>	<u>\$ 9,006,100</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Accounts payable and accrued expenses</b>				
Trade	\$ -	\$ 1,802,867	\$ -	\$ -
Meter Deposits	10,081,786	4,411,512	-	-
Other	1,918,539	1,147,503	-	-
Total restricted accounts payable and accrued expenses	<u>\$ 12,000,325</u>	<u>\$ 7,361,882</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, 2021**

**Note 7 – Capital Assets**

The following is a summary of changes in capital assets:

<b>Description</b>	<b>Balance June 30, 2020</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Balance June 30, 2021</b>
<b>Electric Fund:</b>					
Capital assets not being depreciated:					
Land & land rights	7,074,781	-	-	1,093,141	8,167,922
Construction in progress	52,487,326	29,579,387	(3,008,907)	(35,759,391)	43,298,415
Capital assets being depreciated:					
Electric utility system	478,630,835	1,570,960	(6,255,463)	28,399,374	502,345,706
Buildings	50,258,133	22,374	-	5,305,386	55,585,893
Equipment and machinery	19,858,434	720,861	(449,937)	433,308	20,562,666
Intangibles	22,635,229	15,808	-	110,555	22,761,592
Computer equipment	5,931,376	90,821	(59,417)	313,432	6,276,212
Vehicles	11,272,596	1,576,663	(1,196,369)	(210,447)	11,442,443
Office equipment	1,278,960	-	(13,633)	(117)	1,265,210
Total Capital assets being depreciated	<u>589,865,563</u>	<u>3,997,487</u>	<u>(7,974,819)</u>	<u>34,351,491</u>	<u>620,239,722</u>
Less accumulated depreciation for:					
Electric utility system	(268,735,559)	(14,082,639)	4,553,386	-	(278,264,812)
Buildings	(27,242,850)	(1,335,187)	-	741	(28,577,296)
Equipment and machinery	(12,609,514)	(692,167)	397,915	261	(12,903,505)
Intangibles	(17,546,703)	(1,195,177)	-	(1,331)	(18,743,211)
Computer equipment	(5,264,063)	(342,202)	59,417	10,521	(5,536,327)
Vehicles	(6,601,602)	(701,815)	1,190,663	207,058	(5,905,696)
Office equipment	(1,168,576)	(25,894)	13,636	117	(1,180,717)
Total accumulated depreciation for:	<u>(339,168,867)</u>	<u>(18,375,081)</u>	<u>6,215,017</u>	<u>217,367</u>	<u>(351,111,564)</u>
Electric fund capital assets, net	<u>310,258,803</u>	<u>15,201,793</u>	<u>(4,768,709)</u>	<u>(97,392)</u>	<u>320,594,495</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, 2021**

**Note 7 – Capital Assets (continued)**

<u>Description</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
<b>Water and Sewer Fund:</b>					
Capital assets not being depreciated:					
Land and land rights	12,180,177	-	-	473,588	12,653,765
Construction in progress	102,169,071	67,284,086	-	(97,205,421)	72,247,736
Capital assets being depreciated:					
Water system	425,396,294	30,923	(341,576)	14,404,543	439,490,184
Sewer system	598,756,972	7,902	-	77,374,702	676,139,576
Buildings	9,013,437	79,176	-	4,194,672	13,287,285
Equipment and machinery	13,753,019	373,953	(342,336)	227,829	14,012,465
Intangibles	18,837,451	15,808	-	202,219	19,055,478
Computer equipment	5,844,638	90,825	(21,304)	479,262	6,393,421
Vehicles	9,961,077	1,774,808	(960,224)	163,247	10,938,908
Office equipment	474,388	-	(2,882)	117	471,623
Total Capital assets being depreciated	<u>1,082,037,276</u>	<u>2,373,395</u>	<u>(1,668,322)</u>	<u>97,046,591</u>	<u>1,179,788,940</u>
Less accumulated depreciation for:					
Water system	(167,465,919)	(11,119,700)	207,441	-	(178,378,178)
Sewer system	(231,329,975)	(14,402,533)	-	-	(245,732,508)
Buildings	(4,849,384)	(267,408)	-	(741)	(5,117,533)
Equipment and machinery	(11,067,712)	(535,736)	302,575	(260)	(11,301,133)
Intangibles	(15,349,064)	(1,078,995)	-	(1,367)	(16,429,426)
Computer equipment	(4,796,633)	(321,887)	21,304	(7,823)	(5,105,039)
Vehicles	(6,155,895)	(678,921)	923,768	(207,058)	(6,118,106)
Office equipment	(456,357)	(1,480)	2,875	(117)	(455,079)
Total Capital assets being depreciated	<u>(441,470,939)</u>	<u>(28,406,660)</u>	<u>1,457,963</u>	<u>(217,366)</u>	<u>(468,637,002)</u>
Water and Sewer capital assets, net	<u>754,915,585</u>	<u>41,250,821</u>	<u>(210,359)</u>	<u>97,392</u>	<u>796,053,439</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, 2021**

**Note 8 – Accounts Payable and Accrued Expenses**

At June 30, 2021, the Commission’s unrestricted accounts payable and accrued expenses balances were as follows:

Unrestricted:	<b>Electric Fund</b>	<b>Water and Wastewater Fund</b>	<b>Total</b>
Trade	\$ 3,872,055	\$ 8,511,836	\$ 12,383,891
Purchased power	11,662,183	-	11,662,183
Power supply true up adjustment	(1,454,152)	-	(1,454,152)
Payroll related	1,660,026	1,904,657	3,564,683
Interest	281,890	3,196,748	3,478,638
Incurred but not reported claims	1,265,338	1,265,338	2,530,676
Other	(923,088)	1,632,248	709,160
	<u>\$ 16,364,252</u>	<u>\$ 16,510,827</u>	<u>\$ 32,875,079</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, 2021**

**Note 9 - 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, 2021 were as follows:

	<u>June 30, 2021</u>
\$111,455,000 Series 2014 Revenue Bonds due in various annual installments through March 1, 2039; interest at various rates between 3.0% and 5.0%.	\$ 99,165,000
\$114,405,000 Series 2016 Revenue Refunding Bonds due in various annual installments through March 1, 2041; interest at various rates between 3.0% and 5.0%.	93,365,000
\$83,645,000 Series 2018 Revenue and Refunding Bonds due in various annual installments through March 1, 2044; interest at various rates between 3.0% and 5.0%.	<u>74,025,000</u>
Total Revenue Bonds	266,555,000
Add: Unamortized Premium	19,897,200
Total	<u>\$ 286,452,200</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, 2021**

**Note 9 - 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
2022	\$ 1,114,065	\$ 845,671
2023	1,162,602	789,967
2024	1,104,493	731,837
2025	1,013,234	676,613
2026	1,044,253	641,647
2027-2031	5,539,251	2,646,159
2032-2036	6,428,612	1,604,644
2037-2041	4,664,673	381,676
	22,071,183	8,318,214
Add: Unamortized premium	1,476,901	
Total Electric	\$ 23,548,084 \$ 8,318,214	

Water/Wastewater Fund

Year ending June 30	Revenue Bonds	
	Principal	Interest
2022	\$ 12,635,935	\$ 9,546,879
2023	13,147,398	8,915,082
2024	11,550,507	8,257,713
2025	10,426,766	7,680,187
2026	10,775,747	7,233,053
2027-2031	55,195,749	29,888,641
2032-2036	62,516,388	19,445,356
2037-2041	55,205,326	8,035,999
2042-2044	13,030,001	1,056,000
	244,483,817	100,058,910
Add: Unamortized premium	18,420,299	
Total Water/Wastewater	\$ 262,904,116 \$ 100,058,910	
Total Electric & Water/Wastewater	\$ 286,452,200 \$ 108,377,124	

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 9 - 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 \$309,505,000 in revenue and revenue refunding bonds issued at various times from 2014 through 2018. 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 2044. The total principal and interest remaining to be paid on the bonds is \$374,932,124. Principal and interest paid for the current year and total customer revenues were \$24,697,500 and \$337,060,760.

Interest expense related to the revenue and general obligation bonds totaled \$10,810,408 for the year ended June 30, 2021.

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, 2021.

**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 and General Obligation Bonds of the Commission and the City of Fayetteville. Notes payables outstanding for the year ended June 30, 2021 were as follows:

	<u><b>June, 30 2021</b></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.	\$ 229,673
\$5,299,942 Direct Placement State Revolving Loan due in annual installments through May 1, 2033; no interest.	3,182,614
\$3,901,648 Direct Placement State Revolving Loan due in annual installments through May 1, 2034; interest at 2.0% paid semi-annually on May 1 and November 1.	2,536,071

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 9 - Long-Term Debt (continued)**

**B – Direct Placement Notes Payable (continued)**

\$15,890,541 Direct Placement State Revolving Loan due in annual installments through May 1, 2036; no interest.	11,917,906
\$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.	1,570,681
\$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	<u>3,574,060</u>
	<u><u>\$ 23,011,005</u></u>

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
2022	\$ 1,386,158	\$ 86,729
2023	1,386,158	80,200
2024	1,386,158	73,672
2025	1,386,158	67,144
2026	1,386,158	60,615
2027-2031	6,930,791	205,153
2032-2036	5,575,364	46,997
	<u>\$ 19,436,945</u>	<u>\$ 620,510</u>

Total interest expense related to the notes payable obligations totaled \$92,169 for the year ended June 30, 2021.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 9 - Long-Term Debt (continued)**

**B – Direct Placement Notes Payable (continued)**

The Commission expects the estimated schedule of maturity for the \$17,912,000 notes payable to be as follows:

Year Ending	Water/Wastewater	
	Principal	Interest
2022	\$ -	\$ -
2023	178,703	42,552
2024	178,703	37,688
2025	178,703	35,705
2026	178,703	33,721
2027-2031	893,515	138,852
2032-2036	893,515	89,262
2037-2041	893,515	39,672
2042	178,703	1,985
	\$ 3,574,060	\$ 419,437

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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, 2021**

**Note 9 - Long-Term Debt (continued)**

**C – Changes in Long-Term Liabilities**

	Balance 6/30/2020	Increases	Decreases	Balance 6/30/2021	Current Portion
<b>Electric Fund</b>					
Revenue Bonds*	\$ 23,292,109	\$ -	\$ 1,220,926	\$ 22,071,183	\$ 1,114,065
Unearned deposits	9,312	18,603	20,313	7,602	-
Compensated Absences	2,226,932	2,413,270	2,226,932	2,413,270	1,599,974
Total OPEB liability	16,560,916	-	585,151	15,975,765	-
Net pension liability (LGERS)	7,085,103	2,178,651	-	9,263,754	-
	<u>49,174,372</u>	<u>\$ 4,610,524</u>	<u>\$ 4,053,322</u>	<u>49,731,574</u>	<u>2,714,039</u>
Add: Unamortized premium	1,568,389			1,476,901	-
Total Electric long-term liabilities	<u>\$ 50,742,761</u>			<u>\$ 51,208,475</u>	<u>\$ 2,714,039</u>
<b>Water &amp; Wastewater Fund</b>					
GO bonds	170,907	-	170,907	-	-
Revenue Bonds	256,947,891	-	12,464,074	244,483,817	12,635,935
Notes Payable	20,823,103	3,574,060	1,386,158	23,011,005	1,386,158
Unearned deposits	437,183	2,214	67,976	371,421	-
Compensated Absences	2,191,797	2,278,306	2,191,791	2,278,306	1,485,359
Total OPEB liability	19,589,127	-	704,931	18,884,196	-
Net pension liability (LGERS)	8,536,326	2,662,796	-	11,199,122	-
	<u>308,696,334</u>	<u>\$ 8,517,376</u>	<u>\$ 16,985,837</u>	<u>300,227,867</u>	<u>15,507,452</u>
Add: Unamortized premium	19,487,927			18,420,299	-
Total Water/Wastewater long-term liabilities	<u>\$ 328,184,261</u>			<u>\$ 318,648,166</u>	<u>\$ 15,507,452</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, 2021**

**Note 9 - Long-Term Debt (continued)**

**D – Net Investment in Capital Assets**

	Electric Fund	Water Fund
Capital Assets, Net	\$ 320,594,495	\$ 796,053,439
Less: Outstanding debt related to capital assets	(22,071,183)	(267,494,822)
Less: Premium on outstanding debt	(1,476,901)	(18,420,299)
Less: Deferred loss related to unspent bond proceeds	-	(18,884)
Less: Retainage related to capital asset	(907,308)	(833,487)
Add: Deferred loss on bond refunding	7,418	1,087,044
Add: Refunding premium related to unspent bond proceeds	-	-
Add: Outstanding unspent bond proceeds	-	3,449,606
Net Investment in Capital Assets	\$ 296,146,521	\$ 513,822,597

**Note 10 – 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](http://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.



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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 10 – 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, 2021, was 15.38% 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 \$7,185,803 for the year ended June 30, 2021.

*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, 2021, the Commission reported a liability of \$20,462,876 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the Commission's proportion was 0.573%, which was an increase of 0.001% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Commission recognized pension expense of \$8,875,880. At June 30, 2021, 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	\$ 2,584,101	\$ -
Changes of assumptions	1,522,839	-
Net Difference between projected and actual earning on pension plans investments	2,879,600	-
Changes in proportion and differences between Commission contributions and proportionate share of contributions	3,113,326	-
Commission contributions subsequent to the measurement date	7,185,803	-
	\$ 17,285,669	\$ -

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 10 – Retirement Plans: Local Governmental Employees' Retirement System (continued)**

\$7,185,803 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 ended June 30, 2022. Other amounts reported as outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 3,443,910
2022	3,650,639
2023	2,153,103
2024	852,214
Thereafter	-
	<u>\$ 10,099,866</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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 RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA. 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. 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, 2020 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, 2021**

**Note 10 – Retirement Plans: Local Governmental Employees' Retirement System (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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 7.00%. 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Commission's proportionate share of the net pension liability (asset)	\$41,516,927	\$20,462,876	\$2,965,462

*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.

**Note 11 – 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 \$1,094,462. These deferred inflows and outflows of resources are included as unamortized bond refunding charges in the statement of net position.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 12 - Risk Management**

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

**A – Property and Casualty**

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

**B – Health Insurance Claims**

The Commission uses a third-party administrator to process health insurance claims. At June 30, 2021 and 2020, a liability for incurred but not reported claims of \$2,530,676 is included in accounts payable and accrued expenses on the accompanying financial statements. An analysis of claims for the Commission is presented below:

	<b>2021</b>	<b>2020</b>
Liability as of beginning of the year	\$ 1,792,201	\$ 1,413,025
Current year claims and changes in estimates	9,457,657	7,230,894
Actual claim payments	(8,719,183)	(6,851,718)
Liability as of end of the year	\$ 2,530,675	\$ 1,792,201

**C – Commercial Crime Policy Insurance**

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

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

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

**E – Flood Insurance**

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

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 12 - Risk Management (continued)**

**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 13 - Commitments and Contingencies**

**A – Arbitrage**

During the year ended June 30, 2021 the following bonds were subject to arbitrage regulations:

- 2016 Electric, Water and Wastewater Revenue
- 2018 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.

**B – Capital Expenditures**

The Commission has authorized expenditures totaling approximately \$549.4 million for capital additions and construction of various electric, water and wastewater projects. At June 30, 2021, cumulative expenditures to date totaled approximately \$200.3 million leaving an unexpended balance of \$349.1 million for projects that are expected to be completed at various dates through the year ending June 30, 2031.

**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.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 13 - Commitments and Contingencies (continued)**

**D – Power Supply Contracts (continued)**

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 2019 and 2020 are open for challenges and are 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, 2021, the purchased power cost from DEP was \$141,405,137, including transmission costs, coal ash costs (see Note 13E), and contractual true up and challenge net (credits)/charges of (\$1,274,019).

**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 2021 coal ash costs of \$9,910,124 are included in the purchased power costs above. This amount was \$17,327,024 in fiscal year 2020. In June 2021, PWC received an adjustment for prior coal ash expenses and booked it as a non-recurring extraordinary item and accounts receivable to be received over a 12 month period.

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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, 2021**

**Note 13 - Commitments and Contingencies (continued)**

**F – Leases**

The Commission leases office space to others in the Robert C. Williams Business Center at Lafayette Plaza and the Administration Building on Old Wilmington Road. These lease agreements provide for minimum rental, have terms of 3 to 10 years and are due to expire at various dates from 2022 to 2026. Minimum lease provisions at June 30, 2021 will result in rental income for future years as follows:

<u>Year ending June 30</u>	<u>Rent</u>
2022	\$ 984,170
2023	644,169
2024	377,884
2025	345,540
2026	371,455
<b>Total</b>	<u><u>\$ 2,723,218</u></u>

**Note 14 - Related Party Transactions/Transfers Out**

The Commission operates as a component unit of the City of Fayetteville, North Carolina. As such, the Commission provides electric and water/wastewater services to the City. Services, which are billed and paid monthly, totaled \$1,836,090 in 2021. In addition, intergovernmental transactions are made in amounts as determined by the respective governing Boards. Net intergovernmental transactions to/from the City amounted to \$13,621,303 in 2021. Balances due to/from the Commission were as follows:

	<u>June 30, 2021</u>
Receivables (due from the City of Fayetteville)	\$ 217,355
Assessments (due from the City of Fayetteville)	6,484,396
Assessments interest (due from the City of Fayetteville)	453,942
	<u><u>\$ 7,155,693</u></u>
 Payables (due to the City of Fayetteville)	 <u><u>\$ 207,349</u></u>

**Note 15 - 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.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 15 - Other Post-Employment Benefits (continued)**

Membership of the health benefits plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	<b>Employees:</b>
Retirees and dependents receiving benefits	97
Active plan members and covered spouses	500
<b>Total</b>	<u><b>597</b></u>

**Total OPEB Liability**

The Commission's total OPEB liability of \$34,859,961 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent, average
Discount rate	2.21 percent
Healthcare cost trend rates	Composite - Medical & Rx – 4.50 - 7.40% Admin Rate – 3.00%

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

<b>Changes in the Total OPEB Liability</b>	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2020</b>	<b>\$ 36,150,043</b>
Changes for the year	
Service Cost	591,679
Interest	1,261,273
Changes of benefit terms	
Differences between expected and actual experience	(385,318)
Changes in assumptions or other inputs	(1,127,566)
Benefit payments	<u>(1,630,150)</u>
<b>Net changes</b>	<u><b>(1,290,082)</b></u>
 <b>Balance at June 30, 2021</b>	 <b>\$ <u><u>34,859,961</u></u></b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.51% to 2.21%.

Mortality rates were based on the PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 2019 through June 30, 2020.



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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 15 - Other Post-Employment Benefits (continued)**

**Total OPEB Liability (continued)**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Total OPEB liability	\$37,415,570	\$34,859,961	\$32,513,176

*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:

	<b>1% Decrease (6.40% decreasing to 3.5% ultimate)</b>	<b>Trend Rate (7.40% decreasing to 4.5% ultimate)</b>	<b>1% Increase (8.40% decreasing to 5.5% ultimate)</b>
Total OPEB liability	\$31,872,249	\$34,859,961	\$38,251,869

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

For the year ended June 30, 2021, the Commission recognized OPEB expense of \$3,119,569. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,199,883	\$ 284,449
Changes of Assumptions	4,413,910	1,510,116
Commission contributions subsequent to the measurement date	2,475,440	-
Retiree contributions subsequent to the measurement date	-	166,614
<b>Total</b>	<b>\$ 9,089,233</b>	<b>\$ 1,961,179</b>

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 15 - Other Post-Employment Benefits (continued)**

**Total OPEB Liability (continued)**

\$2,475,440 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 ended June 30, 2022. \$166,614 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 30,2022. Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2022	\$ 1,266,617
2023	1,289,468
2024	1,338,733
2025	924,410
Thereafter	-
	<u><u>\$ 4,819,228</u></u>

**Note 16 – Interfund Activity**

	DUE FROM/(TO)			
	ELECTRIC	WATER	CAPITAL PROJECT FUNDS	TOTAL
<b>ELECTRIC FUND:</b>				
Substation Rebuild CPF	\$ 33,302	\$ -	\$ (33,302)	\$ -
Electric NCDOT U-4405 Raeford Rd CPF	1,023,537	-	(1,023,537)	-
Series 2021 Electric CPF	449,617	-	(449,617)	-
<b>WATER FUND:</b>				
Annex V, 22-23 CPF	-	107,234	(107,234)	-
Annex V, 24-25 CPF	-	111,125	(111,125)	-
Annex V, 26-27 CPF	-	1,678	(1,678)	-
Annex V, 28-29	-	542	(542)	-
Annex V, 32-34 CPF	-	15,607	(15,607)	-
Series 2018 Water/Wastewater CPF	-	173,887	(173,887)	-
Hurricane Matthew CPF	-	5,296,013	(5,296,013)	-
Rockfish Creek Basin Peak Flow Facilities CPF	-	1,717,666	(1,717,666)	-
20" N Fayetteville Force Main CPF	-	7,075,221	(7,075,221)	-
Big Rockfish - SS Outfall CPF	-	2,548,647	(2,548,647)	-
Big Rockfish - SS Outfall Lift Station Elim CPF	-	1,084,483	(1,084,483)	-
Glenville-PO Hoffer Reliability Improvements	-	344,849	(344,849)	-
Series 2021 W/WW CPF	-	1,586,481	(1,586,481)	-
	<u>-</u>	<u>1,586,481</u>	<u>(1,586,481)</u>	<u>-</u>
<b>TOTAL PER FUNDS</b>	<b>\$ 1,506,456</b>	<b>\$ 20,063,433</b>	<b>\$ (21,569,889)</b>	<b>\$ -</b>
LESS ELIMINATIONS	<u>(1,506,456)</u>	<u>(20,063,433)</u>	<u>21,569,889</u>	<u>-</u>
<b>TOTAL AFTER ELIMINATIONS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The interfund balances are a result of the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

**Notes to the Financial Statements (continued)**

**June 30, 2021**

**Note 16 – 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
<b>ELECTRIC FUND:</b>				
transfer to Annexation Ph V Reserve Fund	\$ (4,107,291)	\$ -	\$ 4,107,291	\$ -
transfer to Electric Rate Stabilization Fund	(2,459,865)	-	-	2,459,865
transfer to Transportation Equipment CPF	(455,000)	-	-	455,000
transfer to Substation Rebuild CPF	(4,000,000)	-	-	4,000,000
transfer to NCDOT U-4405 Raeford Rd CPF	(670,000)	-	-	670,000
transfer to Electric (from Electric Rate Stabilization)	7,970,771	-	-	(7,970,771)
transfer to Electric (from Transportation Equipment)	900,879	-	-	(900,879)
transfer to Electric (from Substation Rebuild CPF)	5,354,921	-	-	(5,354,921)
transfer to Electric (from NCDOT U-4405 Raeford Rd)	93,059	-	-	(93,059)
<b>WATER FUND:</b>				
transfer to Water Rate Stabilization Fund	-	(250,000)	-	250,000
transfer to Annexation V Area Fund	-	(4,729,818)	4,729,818	-
transfer to Hurricane Matthew CPF	-	(106,622)	-	106,622
transfer to Annex V Reserve 32-34 Fund	-	(1,494,254)	-	1,494,254
transfer to NCDOT Project Fund	-	(5,450,000)	-	5,450,000
transfer to Water (from Annexation Ph V Reserve)	-	4,902,356	(4,902,356)	-
transfer to Water (from NCDOT Project )	-	1,282,869	-	(1,282,869)
transfer to Water (from 2018 Water Wastewater)	-	32,674,553	-	(32,674,553)
transfer to Water (from 2016 Water Wastewater)	-	8,529,810	-	(8,529,810)
transfer to Water (from Repl of 20" N. Fay Force)	-	12,043,182	-	(12,043,182)
transfer to Water (from Annexation V, 20 & 21)	-	7,730,212	-	(7,730,212)
transfer to Water (from Annexation V, 22 & 23)	-	6,139,653	-	(6,139,653)
transfer to Water (from Hurricane Matthew)	-	1,662,620	-	(1,662,620)
transfer to Annex V Areas 20-21 (from Annex V Reserve)	-	-	(20,492)	20,492
transfer to Annex V Areas 22-23 (from Annex V Reserve)	-	-	(6,826,362)	6,826,362
transfer to Annex V Areas 24-25 (from Annex V Reserve)	-	-	(4,727,833)	4,727,833
transfer to Annex V Areas 26-27 (from Annex V Reserve)	-	-	(778,114)	778,114
transfer to Annex V Areas 32-34 (from Annex V Reserve)	-	-	(579,675)	579,675
<b>TOTAL PER FUNDS</b>	<b>\$ 2,627,474</b>	<b>\$ 62,934,560</b>	<b>\$ (8,997,724)</b>	<b>\$ (56,564,311)</b>
LESS ELIMINATIONS	(6,734,765)	(62,934,560)	13,105,015	56,564,311
<b>TOTAL AFTER ELIMINATIONS</b>	<b>\$ (4,107,291)</b>	<b>\$ -</b>	<b>\$ 4,107,291</b>	<b>\$ -</b>

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

**Notes to the Financial Statements (concluded)**

**June 30, 2021**

**Note 17 – Impact of Coronavirus State Mandate on PWC**

Pursuant to the applicable executive orders (EO) issued by Governor Cooper, and in response to the challenges caused by COVID-19, in March 2020, the PWC suspended the termination of utility services to residential customers for nonpayment and discontinued the assessment of any late payment interest, fees, penalties, and charges. On August 10, 2020, the CEO/General Manager of PWC issued General Manager Directive 2020-03. Pursuant to that directive, all residential customers with an unpaid balance accrued during the effective time periods of the EO, were placed automatically on a six (6) month payment plan starting two (2) days before the customer's August 2020 invoice issuance date. Customers were provided the option to request from PWC other reasonable limited modifications of the repayment plan based on any applicable relevant circumstances. PWC did not assess any additional charges for a customer's placement on a repayment plan. As of June 30, 2021, PWC has collected 99.95% of past due balances incurred since March 2020.

In addition, on March 16, 2020, City of Fayetteville Mayor Mitch Colvin issued a State of Emergency Declaration due to the COVID-19 pandemic. Mayor Colvin thereafter requested that the PWC consider providing additional funds to the City pursuant to the City Charter to help the City with the tax revenue shortfalls that were anticipated due to the COVID-19 pandemic. PWC and the City entered into an interlocal agreement on June 29, 2020, in which the PWC agreed to provide an additional cash contribution totaling \$4 million to the City. PWC transferred \$1 million in FY20 and \$3 million in FY21.

**Note 18 – Special Item**

Duke Energy Progress, LLC, Duke Energy Carolinas, LLC, the Public Staff – North Carolina Utilities Commission ("NCUC"), the Attorney Generals' Office, and the Sierra Club ("CCR Settling Parties") entered into the Coal Combustion Residuals Settlement Agreement ("CCR Settlement"). On April 16, 2021, the NCUC issued the Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice, in Docket Nos. E-2, Sub 1219 *et al.*, ("Order"). On page 68, the NCUC concluded "that the CCR Settlement is in the public interest and should be approved."

Under the Tenth Amended and Restated Power Supply and Coordination Agreement between Duke Energy Progress, LLC ("Duke") and The Fayetteville Public Works Commission ("Buyer"), this Order requires Duke to refund to PWC the Buyer's Allocable Share of CCR Disallowances.

The CCR Settlement applies to North Carolina retail customers and sets forth the retail plan for recovery of costs, less (a) a stated reduction in recovery of incurred costs during September 1, 2017 through February 29, 2020, (b) a stated reduction in recovery of costs to be incurred from March 1, 2020 through February 28, 2030; and, (c) a waiver of rights by the CCR Settling Parties to assert certain claims relating to recovery of incurred costs specified in Section III.D.i of the CCR Settlement. Pursuant to the Rate Schedule, a system-level CCR Disallowance based on the CCR Settlement was communicated to the Fayetteville Public Works Commission and the amount of the Buyer's Allocable Share of CCR Disallowances, along with the underlying calculation.

This CCR Refund will comprise the totality of Buyer's Allocable Share of CCR Disallowances payable pursuant to the CCR Settlement in compliance with the Rate Schedule. PWC elected to receive the \$22,230,520 settlement plus interest over a 12 month period.

**Note 19 – Subsequent Events**

The Commission has evaluated events subsequent to October 11, 2021 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements.

**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 Four Fiscal Years\*

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

**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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Discount Rate</b>	2.21%	3.51%	3.87%	2.85%

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

\* Information is not available for years prior to 2018.

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

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

**Last Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PWC'S proportion of the net pension liability (asset) (%)	0.5726%	0.5720%	0.5575%	0.5727%	0.5647%	0.5617%	0.5597%	0.5439%
PWC's proportion of the net pension liability (asset) (\$)	\$ 20,462,876	\$ 15,621,420	\$ 13,227,467	\$ 8,749,736	\$ 11,984,401	\$ 2,521,055	\$ (3,301,280)	\$ 6,556,084
PWC's covered payroll	\$ 44,357,862	\$ 42,079,777	\$ 38,860,875	\$ 38,396,209	\$ 36,757,085	\$ 36,012,022	\$ 35,553,227	\$ 34,013,831
PWC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.13%	37.12%	34.04%	22.79%	32.60%	7.00%	-9.29%	19.27%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

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

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

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

**Last Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,185,803	\$ 6,289,945	\$ 5,461,958	\$ 4,946,988	\$ 4,791,848	\$ 4,374,095	\$ 4,429,479	\$ 2,513,615
Contributions in relation to the contractually required contribution	<u>7,185,803</u>	<u>6,289,945</u>	<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>	<u>2,513,615</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PWC's covered payroll	\$ 46,721,733	\$ 44,357,862	\$ 42,079,777	\$ 38,860,875	\$ 38,396,209	\$ 36,757,085	\$ 36,012,022	\$ 35,553,227
Contributions as a percentage of covered payroll	15.38%	14.18%	12.98%	12.73%	12.48%	11.90%	12.30%	7.07%

\* Information is not available for years prior to 2014.



## **Supplementary Information**

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

**Combining Schedule of Net Position**  
**Electric Utility**  
**June 30, 2021**

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund	Electric NCDOT U-4405 Raeford Rd Fund	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Total
<b>ASSETS</b>							
<b>Current unrestricted assets</b>							
Cash and cash equivalents	\$ 22,547,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,547,566
Investments	75,220,708	-	-	-	-	-	75,220,708
Receivables	48,736,114	-	-	-	-	-	48,736,114
Internal balances	1,506,456	-	(33,302)	(1,023,538)	-	(449,616)	-
Less allowance for doubtful accounts	(219,611)	-	-	-	-	-	(219,611)
Inventories	14,805,615	-	-	-	-	-	14,805,615
Other current assets	4,048,593	-	-	-	-	-	4,048,593
<b>Total current unrestricted assets</b>	<u>166,645,441</u>	<u>-</u>	<u>(33,302)</u>	<u>(1,023,538)</u>	<u>-</u>	<u>(449,616)</u>	<u>165,138,985</u>
<b>Current restricted assets</b>							
Cash and cash equivalents	25,835,268	14,656,839	6,240,646	-	1,042,483	-	47,775,236
Investments	13,960,627	25,972,958	-	-	-	-	39,933,585
Collateral	427,406	-	-	-	-	-	427,406
Receivables	711,329	1,680	-	1,865,001	-	-	2,578,010
<b>Total current restricted assets</b>	<u>40,934,630</u>	<u>40,631,477</u>	<u>6,240,646</u>	<u>1,865,001</u>	<u>1,042,483</u>	<u>-</u>	<u>90,714,237</u>
<b>Total current assets</b>	<u>207,580,071</u>	<u>40,631,477</u>	<u>6,207,344</u>	<u>841,463</u>	<u>1,042,483</u>	<u>(449,616)</u>	<u>255,853,222</u>
<b>Noncurrent assets</b>							
Other assets	-	-	-	-	-	-	-
<b>Capital assets:</b>							
Land and land rights	8,167,922	-	-	-	-	-	8,167,922
Construction in process	17,137,860	-	4,088,211	21,602,719	-	469,625	43,298,415
Electric utility systems	224,080,894	-	-	-	-	-	224,080,894
Buildings	27,008,597	-	-	-	-	-	27,008,597
Equipment and machinery	7,659,161	-	-	-	-	-	7,659,161
Computer programs	739,885	-	-	-	-	-	739,885
Intangibles	4,018,381	-	-	-	-	-	4,018,381
Vehicles	5,536,747	-	-	-	-	-	5,536,747
Office equipment	84,493	-	-	-	-	-	84,493
<b>Capital assets, net</b>	<u>294,433,940</u>	<u>-</u>	<u>4,088,211</u>	<u>21,602,719</u>	<u>-</u>	<u>469,625</u>	<u>320,594,495</u>
<b>Total noncurrent assets</b>	<u>294,433,940</u>	<u>-</u>	<u>4,088,211</u>	<u>21,602,719</u>	<u>-</u>	<u>469,625</u>	<u>320,594,495</u>
<b>Total assets</b>	<u>502,014,011</u>	<u>40,631,477</u>	<u>10,295,555</u>	<u>22,444,182</u>	<u>1,042,483</u>	<u>20,009</u>	<u>576,447,717</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	7,418	-	-	-	-	-	7,418
OPEB deferrals	4,161,963	-	-	-	-	-	4,161,963
Pension deferrals	7,903,553	-	-	-	-	-	7,903,553
<b>Total deferred outflows of resources</b>	<u>12,072,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,072,934</u>
<b>LIABILITIES</b>							
<b>Current liabilities to be paid from unrestricted current assets</b>							
Current portion of long-term liabilities	2,714,040	-	-	-	-	-	2,714,040
Accounts payable and accrued expenses	16,364,252	-	-	-	-	-	16,364,252
<b>Total current liabilities to be paid from unrestricted current assets</b>	<u>19,078,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,078,292</u>
<b>Current liabilities to be paid from restricted current assets</b>							
Accounts payable and accrued expenses	10,247,220	-	42,770	1,690,326	-	20,009	12,000,325
<b>Total current liabilities to be paid from restricted current assets</b>	<u>10,247,220</u>	<u>-</u>	<u>42,770</u>	<u>1,690,326</u>	<u>-</u>	<u>20,009</u>	<u>12,000,325</u>
<b>Total current liabilities</b>	<u>29,325,512</u>	<u>-</u>	<u>42,770</u>	<u>1,690,326</u>	<u>-</u>	<u>20,009</u>	<u>31,078,617</u>
<b>Noncurrent liabilities</b>							
Long-term liabilities	23,247,315	-	-	-	-	-	23,247,315
Total OPEB liability	15,975,765	-	-	-	-	-	15,975,765
Net pension liability	9,263,754	-	-	-	-	-	9,263,754
Other liabilities	3,465	-	-	-	-	-	3,465
Unearned deposits - Metronet	1,700,748	-	-	-	-	-	1,700,748
Unearned deposits	7,602	-	-	-	-	-	7,602
<b>Total noncurrent liabilities</b>	<u>50,198,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,198,649</u>
<b>Total liabilities</b>	<u>79,524,161</u>	<u>-</u>	<u>42,770</u>	<u>1,690,326</u>	<u>-</u>	<u>20,009</u>	<u>81,277,266</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
OPEB deferral	887,791	-	-	-	-	-	887,791
<b>Total deferred inflows of resources</b>	<u>887,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,791</u>
<b>NET POSITION</b>							
Net investment in capital assets	270,766,828	-	4,045,845	20,864,223	-	469,625	296,146,521
Restricted for -							
Capital Projects	36	-	-	-	-	-	36
Renewable energy	6,670,557	-	-	-	-	-	6,670,557
Other internal restrictions	24,016,816	40,631,477	6,206,940	174,675	1,042,483	-	72,072,391
Unrestricted Net Position	132,220,756	-	-	(285,042)	-	(469,625)	131,466,089
<b>Total Net Position</b>	<u>\$ 433,674,993</u>	<u>\$ 40,631,477</u>	<u>\$ 10,252,785</u>	<u>\$ 20,753,856</u>	<u>\$ 1,042,483</u>	<u>\$ -</u>	<u>\$ 506,355,594</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, 2021**

	Electric Fund	Electric Rate Stabilization Fund	Substation Rebuild Capital Project Fund	Electric NCDOT U-4405 Raeford Rd Fund	Transportation Equipment Capital Project Fund	Series 2021 Electric Capital Project Fund	Total
<b>Operating revenues</b>							
Residential, commercial, and industrial sales	\$ 185,378,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,378,864
Other charges for services	38,902,765	-	-	-	-	-	38,902,765
<b>Total operating revenues</b>	<u>224,281,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,281,629</u>
<b>Operating expenses</b>							
Power supply and generation	148,346,794	-	-	-	-	-	148,346,794
Electric operation	21,375,149	-	-	-	-	-	21,375,149
General and administrative	23,014,894	-	-	-	-	-	23,014,894
Depreciation	18,375,081	-	-	-	-	-	18,375,081
<b>Total operating expenses</b>	<u>211,111,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,111,918</u>
<b>Operating income</b>	<u>13,169,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,169,711</u>
<b>Nonoperating revenue (expense)</b>							
Intergovernmental expense	(4,200,000)	-	-	-	-	-	(4,200,000)
Payment in lieu of taxes	(11,450,867)	-	-	-	-	-	(11,450,867)
Interest earned on investments	241,005	102,021	1,293	-	-	-	344,319
Gain (loss) on disposal of assets	(1,343,468)	-	-	-	-	-	(1,343,468)
Interest expense	(794,190)	-	-	-	-	-	(794,190)
Finance costs	(20,897)	-	-	-	-	-	(20,897)
<b>Total nonoperating revenue (expense)</b>	<u>(17,568,417)</u>	<u>102,021</u>	<u>1,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,465,103)</u>
<b>Income (loss) before transfers and contributions</b>	<u>(4,398,706)</u>	<u>102,021</u>	<u>1,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,295,392)</u>
Contributions	2,790,733	-	-	5,935,935	-	-	8,726,668
Special Item - DEP CCR Settlement	22,230,520	-	-	-	-	-	22,230,520
Transfers in	14,319,630	2,459,865	4,000,000	670,000	455,000	-	21,904,495
Transfers out	(11,692,156)	(7,970,771)	(5,354,921)	(93,059)	(900,879)	-	(26,011,786)
<b>Change in Net Position</b>	<u>23,250,021</u>	<u>(5,408,885)</u>	<u>(1,353,628)</u>	<u>6,512,876</u>	<u>(445,879)</u>	<u>-</u>	<u>22,554,505</u>
<b>Total Net Position - beginning</b>	<u>410,424,972</u>	<u>46,040,362</u>	<u>11,606,413</u>	<u>14,240,980</u>	<u>1,488,362</u>	<u>-</u>	<u>483,801,089</u>
<b>Total Net Position - ending</b>	<u>\$ 433,674,993</u>	<u>\$ 40,631,477</u>	<u>\$ 10,252,785</u>	<u>\$ 20,753,856</u>	<u>\$ 1,042,483</u>	<u>\$ -</u>	<u>\$ 506,355,594</u>

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

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

**Year ended June 30, 2021  
(with comparative actual amounts for the year ended June 30, 2020)**

	<b>2021</b>			<b>2020 Actual</b>
	<b>Budget</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>	
<b>Revenues</b>				
<b>Operating revenues</b>				
<b>Electric operations</b>				
Residential, commercial, and industrial sales	\$ 187,927,700	\$ (2,548,836)	\$ 185,378,864	\$ 189,415,003
Other sales of electric	11,971,900	(160,907)	11,810,993	11,707,387
Wholesale power cost adjustment	-	-	-	(55)
City Services	1,229,700	14,192	1,243,892	1,398,366
Non-utility charges	4,319,000	(59,055)	4,259,945	4,036,045
Service charges	5,494,400	(541,728)	4,952,672	5,711,623
Miscellaneous	16,598,500	36,763	16,635,263	16,868,795
<b>Total operating revenues</b>	<u>227,541,200</u>	<u>(3,259,571)</u>	<u>224,281,629</u>	<u>229,137,164</u>
<b>Non-operating revenues</b>				
Interest earned on investments	1,449,000	(1,207,995)	241,005	3,034,681
<b>Total non-operating revenues</b>	<u>1,449,000</u>	<u>(1,207,995)</u>	<u>241,005</u>	<u>3,034,681</u>
<b>Contributions</b>				
Contributions	2,820,300	(29,567)	2,790,733	3,248,524
<b>Total contributions</b>	<u>2,820,300</u>	<u>(29,567)</u>	<u>2,790,733</u>	<u>3,248,524</u>
<b>Transfers in</b>				
Transfer from Electric Rate Stabilization Fund	7,973,700	(2,929)	7,970,771	8,856,255
Transfer from Fleet Maintenance Fund	-	-	-	806,516
Transfer from Series 2014 LED Lighting Fund	-	-	-	-
<b>Total transfers in</b>	<u>7,973,700</u>	<u>(2,929)</u>	<u>7,970,771</u>	<u>9,662,771</u>
<b>Budgetary appropriations</b>				
Reserve for REPS	1,663,100	(362,812)	1,300,288	4,647,525
Reserve for Electric capital project	4,719,700	(3,944,153)	775,547	-
Transfer from Budget Carryover	90,000	-	90,000	259,180
Transfer from BWGP Startup Cost Reserve	817,000	(817,000)	-	-
Transfer from Coal Ash reserve	5,448,700	(4,703)	5,443,997	8,391,146
Appropriated net position	20,550,300	(20,550,300)	-	-
<b>Total budgetary appropriations</b>	<u>33,288,800</u>	<u>(25,678,968)</u>	<u>7,609,832</u>	<u>13,297,851</u>
<b>Total revenues</b>	<u>\$ 273,073,000</u>	<u>\$ (30,179,030)</u>	<u>\$ 242,893,970</u>	<u>\$ 258,380,991</u>
<b>Expenditures</b>				
<b>Operating expenditures</b>				
<b>Electric operations</b>				
Power supply and generation	\$ 151,423,800	\$ 3,077,006	\$ 148,346,794	\$ 149,893,550
Administration	683,600	128,803	554,797	629,267
Apparatus repair shop	502,600	9,322	493,278	462,521
Electric meter shop	113,100	5	113,095	53,448
Construction and maintenance	12,175,900	365,335	11,810,565	11,295,860
Substation construction	2,874,000	24,025	2,849,975	2,715,431
Engineering	3,479,200	218,552	3,260,648	3,145,225
Renewable resource Energy	56,200	31,935	24,265	77,005
Fiber	306,600	51,802	254,798	301,650
CT metering crews	425,300	40,252	385,048	378,248
Pole Make Ready Project	2,650,000	1,610,619	1,039,381	-
Compliance	1,593,100	1,003,801	589,299	943,513
<b>Total electric operations</b>	<u>176,283,400</u>	<u>6,561,457</u>	<u>169,721,943</u>	<u>169,895,718</u>

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

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

Year ended June 30, 2021  
(with comparative actual amounts for the year ended June 30, 2020)

	2021			2020 Actual
	Budget	Variance Positive (Negative)	Actual	
<b>Expenditures (continued)</b>				
<b>General and administrative</b>				
Executive	\$ 1,453,150	\$ 188,310	\$ 1,264,840	\$ 1,155,108
Legal	75,400	155	75,245	-
Internal audit	105,100	15,406	89,694	59,653
Communications and community relations	866,900	93,710	773,190	768,825
Financial administration	305,150	145,813	159,337	157,977
Financial planning administration	332,750	2,000	330,750	300,937
Human resources	1,115,350	150,394	964,956	888,657
Accounting	704,750	28,779	675,971	665,979
Accounts receivable	192,600	66	192,534	118,210
Payroll	105,050	74	104,976	83,129
Customer accounts	1,854,450	106,304	1,748,146	1,845,486
Customer billing and collection support	873,550	41,282	832,268	703,437
Utility field services	801,700	43,028	758,672	772,055
Meter data management	320,200	80	320,120	279,866
Corporate development	1,778,750	353,802	1,424,948	1,200,525
Risk management	1,516,250	147,990	1,368,260	1,371,303
Rates	193,550	22,451	171,099	278,073
Budget	123,400	10,196	113,204	111,114
Purchasing	453,600	36,131	417,469	327,089
Warehouse	554,200	8,550	545,650	541,810
Fleet maintenance	2,027,050	589,853	1,437,197	1,042,810
Facilities maintenance	389,300	10,330	378,970	335,944
Customer programs and call center	722,600	128,819	593,781	595,158
Corporate services administration	173,500	39,165	134,335	142,948
Development and marketing	483,100	5	483,095	514,990
Telecommunications systems	1,932,750	113,552	1,819,198	2,623,213
Information systems and admin	3,948,250	943,837	3,004,413	2,200,085
Medical insurance	4,190,100	333,344	3,856,756	3,939,782
Other	5,591,500	1,833,357	3,758,143	5,198,320
Allocated rent and fiber clearing	(2,060,600)	68,712	(2,129,312)	(2,026,483)
Overhead clearing	(6,020,300)	(289,841)	(5,730,459)	(5,217,399)
<b>Total general and administrative</b>	<b>25,103,100</b>	<b>5,165,654</b>	<b>19,937,446</b>	<b>20,978,601</b>
<b>Total operating expenditures</b>	<b>201,386,500</b>	<b>11,727,111</b>	<b>189,659,389</b>	<b>190,874,319</b>
<b>Non-operating expenditures</b>				
Intergovernmental expense	\$ 4,200,000	-	\$ 4,200,000	\$ 2,200,000
Payment in lieu of taxes	11,450,900	33	11,450,867	11,098,087
Loss on asset disposal	-	(1,343,468)	1,343,468	1,452,062
Interest expense	882,900	4	882,896	960,617
Finance costs	23,700	2,803	20,897	20,613
<b>Total non-operating expenditures</b>	<b>16,557,500</b>	<b>(1,340,628)</b>	<b>17,898,128</b>	<b>15,731,379</b>
<b>Special Item</b>				
DEP CCR Settlement	\$ -	\$ 22,230,520	\$ 22,230,520	\$ -
<b>Total Special Item</b>	<b>-</b>	<b>22,230,520</b>	<b>22,230,520</b>	<b>-</b>

**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, 2021  
(with comparative actual amounts for the year ended June 30, 2020)**

	<b>2021</b>			<b>2020 Actual</b>
	<b>Budget</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>	
<b>Transfers out</b>				
Transfers to Electric Rate Stabilization Fund	\$ 2,460,000	\$ 135	\$ 2,459,865	\$ 2,858,992
Transfers to Transportation Equipment Fund	455,000	-	455,000	1,480,000
Transfers to Annexation V Reserve Fund	4,107,300	9	4,107,291	3,772,412
Transfers to Substation Rebuild Fund	4,000,000	-	4,000,000	5,000,000
Transfers to NDOT E Raeford Rd Fund	670,000	-	670,000	1,300,000
<b>Total transfers out</b>	<u>11,692,300</u>	<u>144</u>	<u>11,692,156</u>	<u>14,411,404</u>
<b>Budgetary appropriations</b>				
Inventory increase (decrease)	-	(139,587)	139,587	(208,089)
Vehicle and equipment increase (decrease)	-	647,077	(647,077)	(1,028,018)
Debt principal payments	1,221,000	74	1,220,926	1,764,868
Transfer to REPS Reserve	2,288,400	5,887	2,282,513	2,254,057
BWGP Start up Cost Reserve	290,000	290,000	-	193,734
Capital outlay	34,185,200	14,034,934	20,150,266	27,147,685
Budget Carryover Reserve	-	-	-	90,000
Transfer to Coal Ash Reserve	5,452,100	6,778	5,445,322	6,006,776
<b>Total budgetary appropriations</b>	<u>43,436,700</u>	<u>14,845,163</u>	<u>28,591,537</u>	<u>36,221,013</u>
<b>Total expenditures</b>	<u>\$ 273,073,000</u>	<u>\$ 25,231,790</u>	<u>\$ 225,610,690</u>	<u>\$ 257,238,115</u>
<b>Reconciliation of change in Net Position</b>				
Total revenues		\$ (30,179,030)	\$ 242,893,970	\$ 258,380,991
Total expenditures		25,231,790	225,610,690	257,238,115
<b>Subtotal</b>		<u>\$ (4,947,240)</u>	17,283,280	1,142,876
<b>Reconciling items:</b>				
Budgetary appropriations			20,981,705	22,923,162
Depreciation			(18,375,082)	(17,559,924)
Amortization for refunding			88,706	193,744
OPEB expense			(1,268,572)	(850,474)
LGERS expense			(1,808,875)	(1,250,530)
Transfer of assets (to)/from Electric NCDOT U-4405 Raeford Rd CPF			93,059	-
Transfer of assets from the Transportation and Equipment Capital Project Fund			900,879	821,638
Transfer of assets from the Fleet Maintenance Fund			-	190,345
Transfer of assets from the Substation Rebuild Capital Project Fund			5,354,921	3,379,462
<b>Total reconciling items</b>			<u>5,966,741</u>	<u>7,847,423</u>
<b>Change in Net Position</b>			<u>\$ 23,250,021</u>	<u>\$ 8,990,299</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 Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
Rate stabilization transfer	\$ 4,169,725	\$ 4,169,725	\$ -	\$ 4,169,725
Interest earned on investments	8,300,000	8,052,953	102,021	8,154,974
<b>Total revenues</b>	<u>12,469,725</u>	<u>12,222,678</u>	<u>102,021</u>	<u>12,324,699</u>
<b>Expenditures</b>				
	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues over expenditures</b>	<u>12,469,725</u>	<u>12,222,678</u>	<u>102,021</u>	<u>12,324,699</u>
<b>Other financing sources (uses)</b>				
Transfer from Electric Fund	74,877,200	74,627,200	250,000	74,877,200
Transfer from Electric Fund - WPCA	3,861,615	3,861,615	-	3,861,615
Transfer from Electric Fund - True-up credits	9,413,492	7,132,976	2,209,865	9,342,841
Transfer to Electric Fund	(52,016,300)	(47,042,507)	(4,970,771)	(52,013,278)
Transfer to Electric Fund - Duke Energy True-up	(3,761,600)	(3,761,600)	-	(3,761,600)
Transfer to Electric-City Interlocal Agreement-COVID19	(4,000,000)	(1,000,000)	(3,000,000)	(4,000,000)
Loan to Electric & W/WW General Fund	(9,800,000)	-	-	-
Appropriated Net Position	(31,044,132)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(12,469,725)</u>	<u>33,817,684</u>	<u>(5,510,906)</u>	<u>28,306,778</u>
<b>Revenues and other financing sources (uses) over expenditures</b>	<u>\$ -</u>	<u>\$ 46,040,362</u>	<u>(5,408,885)</u>	<u>\$ 40,631,477</u>
<b>Reconciling items:</b>				
Change in Net Position			<u>\$ (5,408,885)</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, 2021**

	Project Authorization	Total Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Interest earned on other investments	-	75,875	-	1,293	77,168
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ 75,875</u>	<u>\$ -</u>	<u>\$ 1,293</u>	<u>\$ 77,168</u>
<b>Expenditures</b>					
Construction	-	3,038,159	-	3,573,655	6,611,814
Engineering	-	961,713	-	100,425	1,062,138
Right of Way	-	1,381,641	-	-	1,381,641
Other	-	387,540	-	-	387,540
<b>Total expenditures</b>	<u>44,799,000</u>	<u>5,769,053</u>	<u>-</u>	<u>3,674,080</u>	<u>9,443,133</u>
<b>Revenues under expenditures</b>	<u>(44,799,000)</u>	<u>(5,693,178)</u>	<u>-</u>	<u>(3,672,787)</u>	<u>(9,365,965)</u>
<b>Other financing sources</b>					
Transfer (to) from Electric Fund	44,799,000	11,530,538	-	4,000,000	15,530,538
<b>Total other financing sources</b>	<u>44,799,000</u>	<u>11,530,538</u>	<u>-</u>	<u>4,000,000</u>	<u>15,530,538</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 5,837,360</u>	<u>\$ -</u>	<u>327,213</u>	<u>\$ 6,164,573</u>
<b>Reconciling items:</b>					
Capital outlay				3,674,080	
Transfer of assets (to)/from the Electric Fund				(5,354,921)	
Change in Net Position				<u>\$ (1,353,628)</u>	



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

**Schedule of Changes in the Status of Electric NCDOT U-4405 Raeford Road  
Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	10,044,579	6,272,279	16,316,858
Engineering	-	371,598	278,916	650,514
Right of way	-	3,379,799	95	3,379,894
Other	-	1,391,586	(43,074)	1,348,512
<b>Total expenditures</b>	<u>24,200,000</u>	<u>15,187,562</u>	<u>6,508,216</u>	<u>21,695,778</u>
<b>Revenues under expenditures</b>	<u>(24,200,000)</u>	<u>(15,187,562)</u>	<u>(6,508,216)</u>	<u>(21,695,778)</u>
<b>Other financing sources</b>				
Transfer from Electric Fund	2,400,000	1,300,000	670,000	1,970,000
NCDOT proceeds	21,800,000	12,940,980	5,935,935	18,876,915
<b>Total other financing sources</b>	<u>24,200,000</u>	<u>14,240,980</u>	<u>6,605,935</u>	<u>20,846,915</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (946,582)</u>	97,719	<u>\$ (848,863)</u>
<b>Reconciling items:</b>				
Capital outlay			6,508,216	
Transfer of assets (to)/from the Electric Fund			(93,059)	
Change in Net Position			<u>\$ 6,512,876</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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>					
Equipment Purchases	1,696,000	-	(689,685)	900,879	211,194
<b>Total expenditures</b>	1,696,000	-	(689,685)	900,879	211,194
<b>Revenues under expenditures</b>	(1,696,000)	-	689,685	(900,879)	(211,194)
<b>Other financing sources</b>					
Transfer (to) from Electric Fund	1,696,000	1,488,362	(689,685)	455,000	1,253,677
<b>Total other financing sources</b>	1,696,000	1,488,362	(689,685)	455,000	1,253,677
<b>Revenues and other financing sources     over expenditures</b>	<u>\$ -</u>	<u>\$ 1,488,362</u>	<u>-</u>	(445,879)	<u>\$ 1,042,483</u>
<b>Reconciling items:</b>					
Capital outlay				900,879	
Transfer of assets to the Electric Fund				(900,879)	
Change in Net Position				<u>\$ (445,879)</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  
Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	Project Authorization	Total Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>					
Construction		-	-	400,177	400,177
Engineering	-	-	-	69,449	69,449
<b>Total expenditures</b>	<u>5,700,000</u>	<u>-</u>	<u>-</u>	<u>469,626</u>	<u>469,626</u>
<b>Revenues under expenditures</b>	<u>(5,700,000)</u>	<u>-</u>	<u>-</u>	<u>(469,626)</u>	<u>(469,626)</u>
<b>Other financing sources</b>					
Bond proceeds	5,700,000	-	-	-	-
<b>Total other financing sources</b>	<u>5,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(469,626)</u>	<u>\$ (469,626)</u>
<b>Reconciling items:</b>					
Capital outlay				469,626	
Transfer of assets to the Electric Fund				-	
Change in Net Position				<u>\$ -</u>	

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

Combining Schedule of Net Position  
Water and Wastewater Utility  
June 30, 2021

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund	NCDOT Capital Project Fund	Series 2016 Water/Wastewater Capital Project Fund
<b>ASSETS</b>					
<b>Current unrestricted assets</b>					
Cash and cash equivalents	\$ 179,206	\$ -	\$ -	\$ -	\$ -
Investments	29,950,457	-	-	-	-
Receivables	20,660,710	-	-	-	-
Internal balances	20,063,435	-	-	-	-
Less Allowance for doubtful accounts	(127,614)	-	-	-	-
Inventories	2,791,689	-	-	-	-
Other current assets	1,117,043	-	-	-	-
<b>Total current unrestricted assets</b>	<b>74,634,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current restricted assets</b>					
Cash and cash equivalents	16,588,579	1,355,599	10,252,965	3,790,281	-
Investments	5,607,761	-	2,034,490	9,941,153	-
Collateral	183,174	-	-	-	-
Receivables	1,458,676	-	-	4,623	-
<b>Total current restricted assets</b>	<b>23,838,190</b>	<b>1,355,599</b>	<b>12,287,455</b>	<b>13,736,057</b>	<b>-</b>
<b>Total current assets</b>	<b>98,473,116</b>	<b>1,355,599</b>	<b>12,287,455</b>	<b>13,736,057</b>	<b>-</b>
<b>Noncurrent assets</b>					
Other assets	114,908	-	-	-	-
<b>Capital Assets:</b>					
Land and land rights	12,653,765	-	-	-	-
Construction in process	42,485,761	-	-	-	-
Water system	261,112,006	-	-	-	-
Sewer system	430,407,068	-	-	-	-
Buildings	8,169,752	-	-	-	-
Equipment and machinery	2,711,332	-	-	-	-
Computer equipment	1,288,382	-	-	-	-
Intangibles	2,626,052	-	-	-	-
Vehicles	4,820,802	-	-	-	-
Office equipment	16,544	-	-	-	-
<b>Capital assets, net</b>	<b>766,291,464</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>766,406,372</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>864,879,488</b>	<b>1,355,599</b>	<b>12,287,455</b>	<b>13,736,057</b>	<b>-</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	1,087,044	-	-	-	-
OPEB deferrals	4,927,270	-	-	-	-
Pension deferrals	9,382,116	-	-	-	-
<b>Total deferred outflows of resources</b>	<b>15,396,430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Combining Schedule of Net Position  
Water and Wastewater Utility  
June 30, 2021

	Annexation Phase V Areas 20/21 Capital Project Fund	Hurricane Matthew Capital Project Fund	Annexation Phase V Areas 22/23 Capital Project Fund	Annexation Phase V Areas 32/33/34 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund
<b>ASSETS</b>					
<b>Current unrestricted assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Internal balances	-	(5,296,013)	(107,234)	(15,607)	(173,888)
Less Allowance for doubtful accounts	-	-	-	-	-
Inventories	-	-	-	-	-
Other current assets	-	-	-	-	-
<b>Total current unrestricted assets</b>	<u>-</u>	<u>(5,296,013)</u>	<u>(107,234)</u>	<u>(15,607)</u>	<u>(173,888)</u>
<b>Current restricted assets</b>					
Cash and cash equivalents	-	-	-	-	3,449,606
Investments	-	-	-	-	-
Collateral	-	-	-	-	-
Receivables	-	5,385,455	84,204	111	86,705
<b>Total current restricted assets</b>	<u>-</u>	<u>5,385,455</u>	<u>84,204</u>	<u>111</u>	<u>3,536,311</u>
<b>Total current assets</b>	<u>-</u>	<u>89,442</u>	<u>(23,030)</u>	<u>(15,496)</u>	<u>3,362,423</u>
<b>Noncurrent assets</b>					
Other assets	-	-	-	-	-
<b>Capital Assets:</b>					
Land and land rights	-	-	-	-	-
Construction in process	-	66,372	4,546,725	4,984,155	2,319,317
Water system	-	-	-	-	-
Sewer system	-	-	-	-	-
Buildings	-	-	-	-	-
Equipment and machinery	-	-	-	-	-
Computer equipment	-	-	-	-	-
Intangibles	-	-	-	-	-
Vehicles	-	-	-	-	-
Office equipment	-	-	-	-	-
<b>Capital assets, net</b>	<u>-</u>	<u>66,372</u>	<u>4,546,725</u>	<u>4,984,155</u>	<u>2,319,317</u>
<b>Total noncurrent assets</b>	<u>-</u>	<u>66,372</u>	<u>4,546,725</u>	<u>4,984,155</u>	<u>2,319,317</u>
<b>Total assets</b>	<u>-</u>	<u>155,814</u>	<u>4,523,695</u>	<u>4,968,659</u>	<u>5,681,740</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	-	-	-	-	-
OPEB deferrals	-	-	-	-	-
Pension deferrals	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Combining Schedule of Net Position  
Water and Wastewater Utility  
June 30, 2021

	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Areas 24/25 Capital Project Fund	Replacement of 20" N Fayetteville Force Main Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund
<b>ASSETS</b>					
<b>Current unrestricted assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Receivables	-	-	-	-	-
Internal balances	(1,717,666)	(111,125)	(7,075,222)	(2,548,648)	(1,084,483)
Less Allowance for doubtful accounts	-	-	-	-	-
Inventories	-	-	-	-	-
Other current assets	-	-	-	-	-
<b>Total current unrestricted assets</b>	<u>(1,717,666)</u>	<u>(111,125)</u>	<u>(7,075,222)</u>	<u>(2,548,648)</u>	<u>(1,084,483)</u>
<b>Current restricted assets</b>					
Cash and cash equivalents	-	-	-	-	-
Investments	-	-	-	-	-
Collateral	-	-	-	-	-
Receivables	1,889,072	31,878	32,040	32,964	372
<b>Total current restricted assets</b>	<u>1,889,072</u>	<u>31,878</u>	<u>32,040</u>	<u>32,964</u>	<u>372</u>
<b>Total current assets</b>	<u>171,406</u>	<u>(79,247)</u>	<u>(7,043,182)</u>	<u>(2,515,684)</u>	<u>(1,084,111)</u>
<b>Noncurrent assets</b>					
Other assets	-	-	-	-	-
<b>Capital Assets:</b>					
Land and land rights	-	-	-	-	-
Construction in process	3,652,567	7,135,861	-	3,179,654	1,097,180
Water system	-	-	-	-	-
Sewer system	-	-	-	-	-
Buildings	-	-	-	-	-
Equipment and machinery	-	-	-	-	-
Computer equipment	-	-	-	-	-
Intangibles	-	-	-	-	-
Vehicles	-	-	-	-	-
Office equipment	-	-	-	-	-
<b>Capital assets, net</b>	<u>3,652,567</u>	<u>7,135,861</u>	<u>-</u>	<u>3,179,654</u>	<u>1,097,180</u>
<b>Total noncurrent assets</b>	<u>3,652,567</u>	<u>7,135,861</u>	<u>-</u>	<u>3,179,654</u>	<u>1,097,180</u>
<b>Total assets</b>	<u>3,823,973</u>	<u>7,056,614</u>	<u>(7,043,182)</u>	<u>663,970</u>	<u>13,069</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	-	-	-	-	-
OPEB deferrals	-	-	-	-	-
Pension deferrals	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Combining Schedule of Net Position  
Water and Wastewater Utility  
June 30, 2021

	Annexation Phase V Areas 26/27 Capital Project Fund	Glennville-PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund	Annexation Phase V Ashpalt Capital Project Fund	Series 2021 W/WW Capital Project Fund	Total
<b>ASSETS</b>						
<b>Current unrestricted assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	179,206
Investments	-	-	-	-	-	29,950,457
Receivables	-	-	-	-	-	20,660,710
Internal balances	(1,677)	(344,849)	(542)	-	(1,586,481)	-
Less Allowance for doubtful accounts	-	-	-	-	-	(127,614)
Inventories	-	-	-	-	-	2,791,689
Other current assets	-	-	-	-	-	1,117,043
<b>Total current unrestricted assets</b>	<b>(1,677)</b>	<b>(344,849)</b>	<b>(542)</b>	<b>-</b>	<b>(1,586,481)</b>	<b>54,571,491</b>
<b>Current restricted assets</b>						
Cash and cash equivalents	-	-	-	-	-	35,437,030
Investments	-	-	-	-	-	17,583,404
Collateral	-	-	-	-	-	183,174
Receivables	-	-	-	-	-	9,006,100
<b>Total current restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,209,708</b>
<b>Total current assets</b>	<b>(1,677)</b>	<b>(344,849)</b>	<b>(542)</b>	<b>-</b>	<b>(1,586,481)</b>	<b>116,781,199</b>
<b>Noncurrent assets</b>						
Other assets	-	-	-	-	-	114,908
<b>Capital Assets:</b>						
Land and land rights	-	-	-	-	-	12,653,765
Construction in process	843,347	344,849	542	-	1,591,406	72,247,736
Water system	-	-	-	-	-	261,112,006
Sewer system	-	-	-	-	-	430,407,068
Buildings	-	-	-	-	-	8,169,752
Equipment and machinery	-	-	-	-	-	2,711,332
Computer equipment	-	-	-	-	-	1,288,382
Intangibles	-	-	-	-	-	2,626,052
Vehicles	-	-	-	-	-	4,820,802
Office equipment	-	-	-	-	-	16,544
<b>Capital assets, net</b>	<b>843,347</b>	<b>344,849</b>	<b>542</b>	<b>-</b>	<b>1,591,406</b>	<b>796,053,439</b>
<b>Total noncurrent assets</b>	<b>843,347</b>	<b>344,849</b>	<b>542</b>	<b>-</b>	<b>1,591,406</b>	<b>796,168,347</b>
<b>Total assets</b>	<b>841,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,925</b>	<b>912,949,546</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred charge on refunding	-	-	-	-	-	1,087,044
OPEB deferrals	-	-	-	-	-	4,927,270
Pension deferrals	-	-	-	-	-	9,382,116
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,396,430</b>

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

Combining Schedule of Net Position  
 Water and Wastewater Utility  
 June 30, 2021

	Water and Wastewater Fund	Water and Wastewater Rate Stabilization Fund	Annexation Phase V Reserve Fund	NCDOT Capital Project Fund	Series 2016 Water/Wastewater Capital Project Fund
<b>LIABILITIES</b>					
<b>Current liabilities to be paid from unrestricted current assets</b>					
Current portion of long-term liabilities	\$ 15,507,450	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	16,510,827	-	-	-	-
<b>Total current liabilities to be paid from unrestricted current assets</b>	<b>32,018,277</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities to be paid from restricted current assets</b>					
Accounts payable and accrued expenses	4,658,907	-	-	-	-
<b>Total current liabilities to be paid from restricted current assets</b>	<b>4,658,907</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total current liabilities</b>	<b>36,677,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Noncurrent liabilities</b>					
Long-term liabilities	269,111,915	-	-	-	-
Total OPEB liability	18,884,196	-	-	-	-
Net pension liability	11,199,122	-	-	-	-
Unearned deposits	371,421	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>299,566,654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>336,243,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB deferral	1,073,388	-	-	-	-
Pension deferral	0	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>1,073,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	488,369,014	-	-	-	-
Restricted for -					
Capital Projects	76	-	7,402,965	-	-
Debt service	-	-	-	-	-
Other internal restrictions	19,179,207	1,355,599	4,884,490	13,736,057	-
Unrestricted Net Position	35,410,395	-	-	-	-
<b>Total Net Position</b>	<b>\$ 542,958,692</b>	<b>\$ 1,355,599</b>	<b>\$ 12,287,455</b>	<b>13,736,057</b>	<b>\$ -</b>



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

Combining Schedule of Net Position  
Water and Wastewater Utility  
June 30, 2021

	Annexation Phase V Areas 20/21 Capital Project Fund	Hurricane Matthew Capital Project Fund	Annexation Phase V Areas 22/23 Capital Project Fund	Annexation Phase V Areas 32/33/34 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund
<b>LIABILITIES</b>					
<b>Current liabilities to be paid from unrestricted current assets</b>					
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	-	-	-	-	-
<b>Total current liabilities to be paid from unrestricted current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities to be paid from restricted current assets</b>					
Accounts payable and accrued expenses	-	13,673	721,946	48,900	210,165
<b>Total current liabilities to be paid from restricted current assets</b>	<b>-</b>	<b>13,673</b>	<b>721,946</b>	<b>48,900</b>	<b>210,165</b>
<b>Total current liabilities</b>	<b>-</b>	<b>13,673</b>	<b>721,946</b>	<b>48,900</b>	<b>210,165</b>
<b>Noncurrent liabilities</b>					
Long-term liabilities	-	-	-	-	-
Total OPEB liability	-	-	-	-	-
Net pension liability	-	-	-	-	-
Unearned deposits	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>-</b>	<b>13,673</b>	<b>721,946</b>	<b>48,900</b>	<b>210,165</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB deferral	-	-	-	-	-
Pension deferral	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	-	66,372	4,301,294	4,984,155	2,136,073
Restricted for -					
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	-
Other internal restrictions	-	5,371,782	-	-	-
Unrestricted Net Position	-	(5,296,013)	(499,545)	(64,396)	3,335,502
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 142,141</b>	<b>\$ 3,801,749</b>	<b>\$ 4,919,759</b>	<b>\$ 5,471,575</b>

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

**Combining Schedule of Net Position**  
**Water and Wastewater Utility**  
**June 30, 2021**

	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Areas 24/25 Capital Project Fund	Replacement of 20" N Fayetteville Force Main Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund
<b>LIABILITIES</b>					
<b>Current liabilities to be paid from unrestricted current assets</b>					
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	-	-	-	-	-
<b>Total current liabilities to be paid from unrestricted current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities to be paid from restricted current assets</b>					
Accounts payable and accrued expenses	249,913	739,121	-	663,970	13,069
<b>Total current liabilities to be paid from restricted current assets</b>	<b>249,913</b>	<b>739,121</b>	<b>-</b>	<b>663,970</b>	<b>13,069</b>
<b>Total current liabilities</b>	<b>249,913</b>	<b>739,121</b>	<b>-</b>	<b>663,970</b>	<b>13,069</b>
<b>Noncurrent liabilities</b>					
Long-term liabilities	3,574,060	-	-	-	-
Total OPEB liability	-	-	-	-	-
Net pension liability	-	-	-	-	-
Unearned deposits	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>3,574,060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,823,973</b>	<b>739,121</b>	<b>-</b>	<b>663,970</b>	<b>13,069</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB deferral	-	-	-	-	-
Pension deferral	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	18,739	6,972,257	-	3,097,719	1,096,830
Restricted for -					
Capital Projects	-	-	-	-	-
Debt service	-	-	-	-	-
Other internal restrictions	1,639,159	-	32,040	-	-
Unrestricted Net Position	(1,657,898)	(654,764)	(7,075,222)	(3,097,719)	(1,096,830)
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 6,317,493</b>	<b>\$ (7,043,182)</b>	<b>\$ -</b>	<b>\$ -</b>

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

Combining Schedule of Net Position  
Water and Wastewater Utility  
June 30, 2021

	Annexation Phase V Areas 26/27 Capital Project Fund	Glenville-PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund	Annexation Phase V Asphalt Overlay Capital Project Fund	Series 2021 W/WW Capital Project Fund	Total
<b>LIABILITIES</b>						
<b>Current liabilities to be paid from unrestricted current assets</b>						
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,507,450
Accounts payable and accrued expenses	-	-	-	-	-	16,510,827
<b>Total current liabilities to be paid from unrestricted current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,018,277</b>
<b>Current liabilities to be paid from restricted current assets</b>						
Accounts payable and accrued expenses	37,293	-	-	-	4,925	7,361,882
<b>Total current liabilities to be paid from restricted current assets</b>	<b>37,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,925</b>	<b>7,361,882</b>
<b>Total current liabilities</b>	<b>37,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,925</b>	<b>39,380,159</b>
<b>Noncurrent liabilities</b>						
Long-term liabilities	-	-	-	-	-	272,685,975
Total OPEB liability	-	-	-	-	-	18,884,196
Net pension liability	-	-	-	-	-	11,199,122
Unearned deposits	-	-	-	-	-	371,421
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303,140,714</b>
<b>Total liabilities</b>	<b>37,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,925</b>	<b>342,520,873</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
OPEB deferral	-	-	-	-	-	1,073,388
Pension deferral	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,073,388</b>
<b>NET POSITION</b>						
Net investment in capital assets	843,347	344,849	542	-	1,591,406	513,822,597
Restricted for -						
Capital Projects	-	-	-	-	-	7,403,041
Debt service	-	-	-	-	-	-
Other internal restrictions	-	-	-	-	-	46,198,334
Unrestricted Net Position	(38,970)	(344,849)	(542)	-	(1,591,406)	17,327,743
<b>Total Net Position</b>	<b>\$ 804,377</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 584,751,715</b>

**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, 2021**

	<b>Water and Wastewater Fund</b>	<b>Water and Wastewater Rate Stablization Fund</b>	<b>Annexation Phase V Reserve Fund</b>	<b>NCDOT Capital Project Fund</b>	<b>Series 2016 Water/Wastewater Capital Project Fund</b>
<b>Operating revenues</b>					
Residential, commercial, and industrial sales	\$ 100,495,821	\$ -	\$ -	\$ -	\$ -
Other charges for services	12,283,310	-	-	-	-
<b>Total operating revenues</b>	<u>112,779,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating expenses</b>					
Water operations	18,171,514	-	-	-	-
Wastewater operations	21,571,683	-	-	-	-
General and administrative	23,179,415	-	-	-	-
Depreciation	28,406,660	-	-	-	-
<b>Total operating expenses</b>	<u>91,329,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating income</b>	<u>21,449,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Nonoperating revenue (expense)</b>					
Intergovernmental revenue	2,029,564	-	-	-	-
Interest earned on investments	132,674	226	56,355	(32,742)	-
Gain (loss) on disposal of assets	39,676	-	-	-	-
Interest expense	(9,186,216)	-	-	-	-
Finance costs	(555,757)	-	-	-	-
<b>Total nonoperating revenue (expense)</b>	<u>(7,540,059)</u>	<u>226</u>	<u>56,355</u>	<u>(32,742)</u>	<u>-</u>
<b>Income (loss) before transfers and contributions</b>	<u>13,909,800</u>	<u>226</u>	<u>56,355</u>	<u>(32,742)</u>	<u>-</u>
Capital Contributions	12,840,531	-	-	-	-
Transfers in	74,965,254	250,000	8,837,109	5,450,000	-
Transfers out	(12,030,693)	-	(17,834,833)	(1,282,869)	(8,529,810)
<b>Change in Net Position</b>	89,684,892	250,226	(8,941,369)	4,134,389	(8,529,810)
<b>Total Net Position - beginning</b>	<u>453,273,800</u>	<u>1,105,373</u>	<u>21,228,824</u>	<u>9,601,668</u>	<u>8,529,810</u>
<b>Total Net Position - ending</b>	<u>\$ 542,958,692</u>	<u>\$ 1,355,599</u>	<u>\$ 12,287,455</u>	<u>\$ 13,736,057</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  
Water and Wastewater Utility  
Year ended June 30, 2021**

	Annexation Phase V Areas 20/21 Capital Project Fund	Hurricane Matthew Capital Project Fund	Annexation Phase V Areas 22/23 Capital Project Fund	Annexation Phase V Areas 32/33/34 Capital Project Fund	Series 2018 Water/Wastewater Capital Project Fund
<b>Operating revenues</b>					
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-	-
<b>Total operating revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating expenses</b>					
Water operations	-	-	-	-	-
Wastewater operations	-	-	-	-	-
General and administrative	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total operating expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Nonoperating revenue (expense)</b>					
Intergovernmental revenue	-	-	-	-	-
Interest earned on investments	-	-	-	-	3,894
Gain (loss) on disposal of assets	-	-	-	-	-
Interest expense	-	-	-	-	-
Finance costs	-	-	-	-	-
<b>Total nonoperating revenue (expense)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,894</u>
<b>Income (loss) before transfers and contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,894</u>
Capital Contributions	-	1,591,681	-	-	-
Transfers in	20,493	106,622	6,826,362	2,073,929	-
Transfers out	(7,730,212)	(1,662,620)	(6,139,653)	-	(37,674,553)
<b>Change in Net Position</b>	<u>(7,709,719)</u>	<u>35,683</u>	<u>686,709</u>	<u>2,073,929</u>	<u>(37,670,659)</u>
<b>Total Net Position - beginning</b>	<u>7,709,719</u>	<u>106,458</u>	<u>3,115,040</u>	<u>2,845,830</u>	<u>43,142,234</u>
<b>Total Net Position - ending</b>	<u>\$ -</u>	<u>\$ 142,141</u>	<u>\$ 3,801,749</u>	<u>\$ 4,919,759</u>	<u>\$ 5,471,575</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, 2021**

	Rockfish Creek Basin Peak Flow Facilities Capital Project Fund	Annexation Phase V Areas 24/25 Capital Project Fund	Replacement of 20" N Fayetteville Force Main Capital Project Fund	Big Rockfish SS Outfall Capital Project Fund	Big Rockfish SS Outfall Lift Station Elim Capital Project Fund
<b>Operating revenues</b>					
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -	\$ -	\$ -
Other charges for services	-	-	-	-	-
<b>Total operating revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating expenses</b>					
Water operations	-	-	-	-	-
Wastewater operations	-	-	-	-	-
General and administrative	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total operating expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Nonoperating revenue (expense)</b>					
Intergovernmental revenue	-	-	-	-	-
Interest earned on investments	-	-	-	-	-
Gain (loss) on disposal of assets	-	-	-	-	-
Interest expense	-	-	-	-	-
Finance costs	-	-	-	-	-
<b>Total nonoperating revenue (expense)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Income (loss) before transfers and contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Contributions	-	-	-	-	-
Transfers in	-	4,727,833	5,000,000	-	-
Transfers out	-	-	(12,043,182)	-	-
<b>Change in Net Position</b>	<u>-</u>	<u>4,727,833</u>	<u>(7,043,182)</u>	<u>-</u>	<u>-</u>
<b>Total Net Position - beginning</b>	<u>-</u>	<u>1,589,660</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Net Position - ending</b>	<u>\$ -</u>	<u>\$ 6,317,493</u>	<u>\$ (7,043,182)</u>	<u>\$ -</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**  
**Water and Wastewater Utility**  
**Year ended June 30, 2021**

	Annexation Phase V Areas 26/27 Capital Project Fund	Glenville-PO Hoffer Reliability Capital Project Fund	Annexation Phase V Areas 28/29 Capital Project Fund	Annexation Phase V Asphalt Overlay Capital Project Fund	Series 2021 W/WW Capital Project Fund	Total
<b>Operating revenues</b>						
Residential, commercial, and industrial sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,495,821
Other charges for services	-	-	-	-	-	12,283,310
<b>Total operating revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,779,131</u>
<b>Operating expenses</b>						
Water operations	-	-	-	-	-	18,171,514
Wastewater operations	-	-	-	-	-	21,571,683
General and administrative	-	-	-	-	-	23,179,415
Depreciation	-	-	-	-	-	28,406,660
<b>Total operating expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,329,272</u>
<b>Operating income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,449,859</u>
<b>Nonoperating revenue (expense)</b>						
Intergovernmental revenue	-	-	-	-	-	2,029,564
Interest earned on investments	-	-	-	-	-	160,407
Gain (loss) on disposal of assets	-	-	-	-	-	39,676
Interest expense	-	-	-	-	-	(9,186,216)
Finance costs	-	-	-	-	-	(555,757)
<b>Total nonoperating revenue (expense)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,512,326)</u>
<b>Income (loss) before transfers and contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,937,533</u>
Capital Contributions	-	-	-	-	-	14,432,212
Transfers in	778,114	-	-	-	-	109,035,716
Transfers out	-	-	-	-	-	(104,928,425)
<b>Change in Net Position</b>	<u>778,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,477,036</u>
<b>Total Net Position - beginning</b>	<u>26,263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>552,274,679</u>
<b>Total Net Position - ending</b>	<u>\$ 804,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 584,751,715</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, 2021  
(with comparative actual amounts for the year ended June 30, 2020)**

	<b>2021</b>			<b>2020 Actual</b>
	<b>Budget</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>	
<b>Revenues</b>				
<b>Operating revenues</b>				
<b>Water operations</b>				
Residential, commercial, and industrial sales	\$ 47,368,400	\$ 361,931	\$ 47,730,331	\$ 44,461,573
Other sales of water	3,202,400	540,958	3,743,358	3,383,223
Connection fees	360,000	161,767	521,767	403,197
City services	286,800	107,827	394,627	408,830
<b>Total water operations</b>	<u>51,217,600</u>	<u>1,172,483</u>	<u>52,390,083</u>	<u>48,656,823</u>
<b>Wastewater operations</b>				
Residential, commercial, and industrial sales	52,107,800	657,690	52,765,490	49,786,427
Other sales of wastewater	653,500	204,562	858,062	594,142
Connection fees	190,000	114,999	304,999	215,575
City services	138,700	58,871	197,571	172,960
<b>Total wastewater operations</b>	<u>53,090,000</u>	<u>1,036,122</u>	<u>54,126,122</u>	<u>50,769,104</u>
<b>Other operating revenues</b>				
Non-utility charges	1,450,300	(63,782)	1,386,518	2,141,202
Service charges	4,770,400	(42,201)	4,728,199	4,856,358
Miscellaneous	61,000	87,209	148,209	991,528
<b>Total other operating revenues</b>	<u>6,281,700</u>	<u>(18,774)</u>	<u>6,262,926</u>	<u>7,989,088</u>
<b>Total operating revenues</b>	<u>110,589,300</u>	<u>2,189,831</u>	<u>112,779,131</u>	<u>107,415,015</u>
<b>Non-operating revenues</b>				
Intergovernmental revenue	2,891,200	(861,636)	2,029,564	1,676,853
Gain on asset disposal	-	-	-	-
Interest earned on investments	524,000	(391,326)	132,674	1,499,850
<b>Total non-operating revenues</b>	<u>3,415,200</u>	<u>(1,252,962)</u>	<u>2,162,238</u>	<u>3,176,703</u>
<b>Contributions</b>				
Contributions	2,584,000	10,256,531	12,840,531	3,294,140
<b>Total contributions</b>	<u>2,584,000</u>	<u>10,256,531</u>	<u>12,840,531</u>	<u>3,294,140</u>
<b>Transfers in</b>				
Transfer from Annexation Phase V Reserve Fund	4,711,600	(67,156)	4,644,444	4,671,143
Transfer from Fleet	-	-	-	697,928
<b>Total transfers in</b>	<u>4,711,600</u>	<u>(67,156)</u>	<u>4,644,444</u>	<u>5,369,071</u>
<b>Budgetary appropriations</b>				
Transfer from Budget Carryover Reserve	494,000	-	494,000	-
Transfer from capitalized interest	-	-	-	2,211,000
Appropriation from Water/Wastewater Net Position	17,155,500	(17,155,500)	-	-
<b>Total budgetary appropriations</b>	<u>17,649,500</u>	<u>(17,155,500)</u>	<u>494,000</u>	<u>2,211,000</u>
<b>Total revenues</b>	<u>\$ 138,949,600</u>	<u>\$ (6,029,256)</u>	<u>\$ 132,920,344</u>	<u>\$ 121,465,929</u>
<b>Expenditures</b>				
<b>Operating expenditures</b>				
<b>Water operations</b>				
Administration and engineering	\$ 2,319,750	\$ 183,176	\$ 2,136,574	\$ 1,895,708
Water meter shop	5,800	37,830	(32,030)	(95,469)
Water maintenance and repair	5,847,500	(15,200)	5,862,700	5,758,605
Contract system maintenance	109,260	21	109,239	149,769
P. O. Hoffer water treatment plant	6,485,000	279,834	6,205,166	6,844,349
Glennville Lake water treatment plant	3,320,800	387,099	2,933,701	2,891,693
Environmental system protection	243,100	16,508	226,592	227,360
Laboratory	315,750	45	315,705	305,485
Environmental	139,300	12	139,288	124,084
Watersheds	274,600	22	274,578	245,233
<b>Total water operations</b>	<u>19,060,860</u>	<u>889,347</u>	<u>18,171,513</u>	<u>18,346,817</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, 2021  
(with comparative actual amounts for the year ended June 30, 2020)**

	<u>Budget</u>	<u>2021 Variance Positive (Negative)</u>	<u>Actual</u>	<u>2020 Actual</u>
<b>Expenditures (continued)</b>				
<b>Operating expenditures (continued)</b>				
<b>Wastewater operations</b>				
Administration and engineering	\$ 2,319,750	\$ 183,176	\$ 2,136,574	\$ 1,895,708
Sewer maintenance and repair	9,485,800	101,008	9,384,792	9,194,137
Contract system maintenance	72,840	14	72,826	99,846
Cross Creek WW treatment plant	4,275,400	25,057	4,250,343	3,531,421
Rockfish Creek WW treatment plant	4,760,000	2,106	4,757,894	4,261,047
Residuals management	287,700	32	287,668	308,251
Environmental system protection	243,100	16,508	226,592	227,360
Laboratory	315,750	45	315,705	305,485
Environmental	139,300	12	139,288	124,084
<b>Total wastewater operations</b>	<u>21,899,640</u>	<u>327,958</u>	<u>21,571,682</u>	<u>19,947,339</u>
<b>General and administrative</b>				
Executive	1,023,350	280,050	743,300	627,132
Legal	75,400	155	75,245	-
Internal audit	99,300	10,523	88,777	59,504
Communications and community relations	865,500	88,730	776,770	786,783
Financial administration	167,450	11,005	156,445	156,993
Financial planning administration	328,950	5,042	323,908	299,285
Human resources	1,115,350	153,946	961,404	852,545
Accounting	698,850	30,290	668,560	655,813
Accounts receivable	192,500	61	192,439	117,816
Payroll	104,650	65	104,585	82,903
Customer accounts	1,822,850	88,303	1,734,547	1,825,231
Customer billing and collection support	868,750	41,361	827,389	701,065
Utility field service	837,200	42,205	794,995	803,401
Meter data management	276,500	16	276,484	242,054
Corporate development	1,870,450	587,877	1,282,573	1,201,153
Risk management	1,516,250	155,433	1,360,817	1,540,256
Rates	286,550	13,619	272,931	141,098
Budget	121,900	11,017	110,883	108,963
Purchasing	453,600	46,215	407,385	317,327
Warehouse	544,400	1,378	543,022	528,630
Fleet maintenance	3,029,850	726,842	2,303,008	2,129,230
Facilities maintenance	389,800	15,563	374,237	331,624
Customer programs administration and call center	617,500	40,005	577,495	561,640
Corporate services administration	173,500	41,909	131,591	140,837
Development and marketing	302,800	162,489	140,311	102,896

**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, 2021**  
**(with comparative actual amounts for the year ended June 30, 2020)**

	2021			2020 Actual
	Budget	Variance Positive (Negative)	Actual	
<b>Expenditures (continued)</b>				
<b>Operating expenditures (continued)</b>				
<b>General and administrative (continued)</b>				
Telecommunications systems	\$ 1,932,750	\$ 140,426	\$ 1,792,324	\$ 2,564,515
Information systems and admin	3,948,250	980,233	2,968,017	2,198,682
Medical insurance	4,541,700	270,881	4,270,819	4,347,421
Other	3,979,500	1,587,985	2,391,515	3,047,966
Overhead clearing	(7,023,900)	(63,954)	(6,959,946)	(6,507,473)
<b>Total general and administrative</b>	<u>25,161,500</u>	<u>5,469,670</u>	<u>19,691,830</u>	<u>19,965,290</u>
<b>Total operating expenditures</b>	<u>66,122,000</u>	<u>6,686,975</u>	<u>59,435,025</u>	<u>58,259,446</u>
<b>Non-operating expenditures</b>				
Interest expense	10,020,000	320	10,019,680	10,710,974
Loss on asset disposal	-	39,676	(39,676)	51,386
Finance costs	837,500	281,743	555,757	26,673
<b>Total non-operating expenditures</b>	<u>10,857,500</u>	<u>321,739</u>	<u>10,535,761</u>	<u>10,789,033</u>
<b>Transfers out</b>				
Transfer to W/WW Rate Stabilization Fund	250,000	-	250,000	250,000
Transfer to Annexation Phase V Reserve Fund	4,533,900	(195,918)	4,729,818	4,355,040
Transfer to NCDOT Fund	5,423,600	(26,400)	5,450,000	5,184,463
Transfer to Hurricane Matthew Fund	107,700	1,079	106,621	-
<b>Total transfers out</b>	<u>10,315,200</u>	<u>(221,239)</u>	<u>10,536,439</u>	<u>9,789,503</u>
<b>Budgetary appropriations</b>				
Inventory increase (decrease)	-	249	(249)	429,353
Vehicle and equipment increase (decrease)	-	972,361	(972,361)	(1,112,921)
Debt principal payments	14,021,400	260	14,021,140	16,262,197
Capital outlay	37,633,500	14,951,435	22,682,065	27,893,266
Transfer to Budget Carryover Reserve	-	-	-	494,000
<b>Total budgetary appropriations</b>	<u>51,654,900</u>	<u>15,924,305</u>	<u>35,730,595</u>	<u>43,965,895</u>
<b>Total expenditures</b>	<u>\$ 138,949,600</u>	<u>\$ 22,711,779</u>	<u>\$ 116,237,821</u>	<u>\$ 122,803,877</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, 2021  
(with comparative actual amounts for the year ended June 30, 2020)

	2021		2020 Actual
	Budget	Variance Positive (Negative)	
<b>Reconciliation of change in Net Position</b>			
Total revenue	\$ (6,029,256)	\$ 132,920,344	\$ 121,465,929
Total expenditures	22,711,779	116,237,821	122,803,877
<b>Subtotal</b>	<u>\$ 16,682,523</u>	16,682,523	(1,337,948)
<b>Reconciling items:</b>			
Budgetary appropriations		35,236,595	41,754,895
Depreciation		(28,406,660)	(25,875,770)
Amortization for refunding		833,465	1,173,075
OPEB expense		(1,276,741)	(851,696)
LGERS expense		(2,210,847)	(1,449,479)
Developer and FIF credits		-	1,626,944
Series 2016 Annex 20 & 21 bond proceeds		138,981	931,500
Series 2018 Annex 20 & 21 bond proceeds		1,355,273	-
Series 2016 Annex 32 bond proceeds		(138,981)	(931,500)
Series 2018 Annex 32 bond proceeds		(1,355,273)	-
Series 2018 Water & Wastewater bond proceeds		5,000,000	(16,220)
Replacement of 20" N Fay Force Main bond proceeds		(5,000,000)	-
Transfer of assets from Annexation Phase V, Areas 20-21		6,235,958	5,456,267
Transfer of assets from Annexation Phase V, Areas 22-23		6,139,653	3,043,313
Transfer of assets from Hurricane Matthew Capital Project Fund		1,662,620	9,015,159
Transfer of assets (to) / from NCDOT Capital Project Fund		1,282,868	1,339,710
Transfer of assets (to) / from Replacement of 20" N Fay Force		12,043,182	-
Transfer of assets (to) / from Annexation Phase V, Asphalt Overlay		257,913	-
Transfer of assets from Series 2014 Water/WW Capital Project Fund		2,561,949	-
Transfer of assets from Series 2016 Water/WW Capital Project Fund		5,967,861	2,059,590
Transfer of assets from Series 2018 Water/WW Capital Project Fund		32,674,553	13,354,419
Transfer of assets (to) / from the Fleet Maintenance Fund		-	285,514
<b>Total reconciling items</b>		<u>73,002,369</u>	<u>50,915,721</u>
<b>Change in Net Position</b>		<u>\$ 89,684,892</u>	<u>\$ 49,577,773</u>

**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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
Interest earned on investments	\$ 455,000	\$ 440,373	\$ 226	\$ 440,599
<b>Total revenues</b>	<u>455,000</u>	<u>440,373</u>	<u>226</u>	<u>440,599</u>
<b>Other financing sources</b>				
Transfer from Water and Wastewater Fund	7,750,000	7,750,000	250,000	8,000,000
Transfer to Water and Wastewater Fund	(7,085,000)	(7,085,000)	-	(7,085,000)
Appropriated Net Position	<u>(1,120,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources</b>	<u>(455,000)</u>	<u>665,000</u>	<u>250,000</u>	<u>915,000</u>
<b>Revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ 1,105,373</u>	<u>250,226</u>	<u>\$ 1,355,599</u>
Change in Net Position			<u>\$ 250,226</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 Year Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
Interest earned on investments	\$ 1,800,000	\$ 1,600,070	\$ 56,356	\$ 1,656,426
<b>Total revenues</b>	<u>1,800,000</u>	<u>1,600,070</u>	<u>56,356</u>	<u>1,656,426</u>
<b>Expenditures</b>				
Interest	79,356	79,356	-	79,356
<b>Total expenditures</b>	<u>79,356</u>	<u>79,356</u>	<u>-</u>	<u>79,356</u>
<b>Revenues over (under) expenditures</b>	<u>1,720,644</u>	<u>1,520,714</u>	<u>56,356</u>	<u>1,577,070</u>
<b>Other financing sources (uses)</b>				
Transfer from Electric Fund	20,470,416	16,363,028	4,107,291	20,470,319
Assessments transfer	19,284,200	15,960,829	2,653,572	18,614,401
Transfer from Water and Wastewater Fund	20,560,323	18,483,919	2,076,245	20,560,164
Transfer (to) Water and Wastewater Fund-Debt Service	(24,256,000)	(19,611,537)	(4,644,443)	(24,255,980)
Transfer (to) Water and Wastewater Fund	(811,600)	-	-	-
Transfer from the City	11,261,179	11,242,372	-	11,242,372
Transfer from Annexation Phase V, Project 1 Fund	727,903	727,903	-	727,903
Transfer from to Annexation Phase V, Areas 8-13 Fund	(729,548)	(729,549)	-	(729,549)
Transfer from to Annexation Phase V, Areas 14-15 Fund	(198,512)	(198,512)	-	(198,512)
Transfer from to Annexation Phase V, Areas 16-17 Fund	(1,212,013)	(1,212,013)	-	(1,212,013)
Transfer from to Annexation Phase V, Areas 18-19 Fund	(11,098,122)	(11,098,122)	-	(11,098,122)
Transfer from to Annexation Phase V, Areas 20-21 Fund	(552,096)	(531,603)	(20,493)	(552,096)
Transfer from to Annexation Phase V, Areas 22-23 Fund	(19,000,000)	(6,158,353)	(6,826,362)	(12,984,715)
Transfer from to Annexation Phase V, Areas 24-25 Fund	(500,000)	(1,589,660)	(4,727,833)	(6,317,493)
Transfer from to Annexation Phase V, Areas 26-27 Fund	(500,000)	(26,263)	(778,114)	(804,377)
Transfer from to Annexation Phase V, Areas 28-29 Fund	(500,000)	-	-	-
Transfer from to Annexation Phase V, Areas 32-34 Fund	(8,000,000)	(1,914,330)	(579,675)	(2,494,005)
Transfer from to Annexation Phase V, Asphalt Overlay CPF	(5,875,700)	-	(257,913)	(257,913)
Future Project Funding Accumulations	(791,074)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(1,720,644)</u>	<u>19,708,109</u>	<u>(8,997,725)</u>	<u>10,710,384</u>
<b>Revenues and other financing sources (uses) over(under) expenditures</b>	<u>\$ -</u>	<u>\$ 21,228,823</u>	<u>(8,941,369)</u>	<u>\$ 12,287,454</u>
<b>Reconciling items:</b>				
Change in Net Position			<u>\$ (8,941,369)</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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
<b>Total revenues</b>	\$ 3,800,600	\$ 288,242	\$ -	\$ (32,742)	\$ 255,500
<b>Expenditures</b>					
Construction	73,523,000	179,503	(1,462,371)	1,282,868	-
<b>Total expenditures</b>	73,523,000	179,503	(1,462,371)	1,282,868	-
<b>Revenues under expenditures</b>	(69,722,400)	108,739	1,462,371	(1,315,610)	255,500
<b>Other financing sources</b>					
Transfer from Water/Wastewater Fund	69,722,400	9,492,929	(1,462,371)	5,450,000	13,480,558
<b>Total other financing sources</b>	69,722,400	9,492,929	(1,462,371)	5,450,000	13,480,558
<b>Revenues and other financing sources     over (under) expenditures</b>	\$ -	\$ 9,601,668	-	4,134,390	\$ 13,736,058
<b>Reconciling items:</b>					
Capital outlay				1,282,868	
Transfer of assets to the Water/Wastewater Fund				(1,282,869)	
Change in Net Position				<u>\$ 4,134,389</u>	

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

**Schedule of Changes in the Status of Series 2016 Water and Wastewater Revenue Bond  
Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
Interest earned on bond proceeds	\$ -	\$ 491,523	\$ -	\$ 491,523
<b>Total revenues</b>	<u>-</u>	<u>491,523</u>	<u>-</u>	<u>491,523</u>
<b>Expenditures</b>				
Construction	-	35,446,996	-	35,446,996
Engineering	-	1,436,343	-	1,436,343
ROW	-	159,394	-	159,394
Other	-	1,644,256	-	1,644,256
<b>Total expenditures</b>	<u>38,195,466</u>	<u>38,686,989</u>	<u>-</u>	<u>38,686,989</u>
<b>Revenues under expenditures</b>	<u>(38,195,466)</u>	<u>(38,195,466)</u>	<u>-</u>	<u>(38,195,466)</u>
<b>Other financing sources</b>				
2016 Revenue Bond Proceeds	38,195,466	38,195,466	-	38,195,466
<b>Total other financing sources</b>	<u>38,195,466</u>	<u>38,195,466</u>	<u>-</u>	<u>38,195,466</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Reconciling items:</b>				
Capital outlay			-	
Transfer of assets to the Water and Wastewater Fund			(8,529,810)	
Change in Net Position			<u>\$ (8,529,810)</u>	

*\* Budget was prepared net, this is shown gross as such all expenditures were within the budget ordinance*

*Capital Project Fund closed at June 30, 2021*

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

**Schedule of Changes in the Status of Annexation Phase V - Areas 20 through 21 Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
Interest earned on invested bond proceeds	\$ -	\$ 229,410	\$ 395	\$ 229,805
<b>Total revenues</b>	<u>-</u>	<u>229,410</u>	<u>395</u>	<u>229,805</u>
<b>Expenditures</b>				
Construction	-	10,592,000	(12,154)	10,579,846
Engineering	-	987,600	4,730	992,330
Right of way	-	113,351	-	113,351
City Participation	-	(300,292)	-	(300,292)
Other	-	634,915	15,231	650,146
<b>Total expenditures</b>	<u>13,409,062</u>	<u>12,027,574</u>	<u>7,807</u>	<u>12,035,381</u>
<b>Revenues under expenditures</b>	<u>(13,409,062)</u>	<u>(11,798,164)</u>	<u>(7,412)</u>	<u>(11,805,576)</u>
<b>Other financing sources</b>				
Transfer from Annexation Phase V Reserve Fund	800,309	531,603	20,493	552,096
Series 2016 bond proceeds	5,153,753	5,292,734	(138,981)	5,153,753
Series 2018 bond proceeds	7,455,000	7,455,000	(1,355,273)	6,099,727
<b>Total other financing sources</b>	<u>13,409,062</u>	<u>13,279,337</u>	<u>(1,473,761)</u>	<u>11,805,576</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 1,481,173</u>	<u>(1,481,173)</u>	<u>\$ -</u>
<b>Reconciling items:</b>				
Capital outlay			7,412	
Transfer of assets to the Water and Wastewater Fund			(6,235,958)	
Change in Net Position			<u>\$ (7,709,719)</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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	8,254,224	1,504,509	9,758,733
Engineering	-	857,894	63,190	921,084
Right of Way	-	12,250	(500)	11,750
Other	-	52,583	-	52,583
<b>Total expenditures</b>	<u>11,399,316</u>	<u>9,176,951</u>	<u>1,567,199</u>	<u>10,744,150</u>
<b>Revenues under expenditures</b>	<u>(11,399,316)</u>	<u>(9,176,951)</u>	<u>(1,567,199)</u>	<u>(10,744,150)</u>
<b>Other financing sources</b>				
Insurance proceeds	4,594,936	4,594,936	-	4,594,936
FEMA proceeds	6,616,680	4,446,681	1,591,681	6,038,362
Transfer from Water/Wastewater Fund	187,700	80,000	106,622	186,622
<b>Total other financing sources</b>	<u>11,399,316</u>	<u>9,121,617</u>	<u>1,698,303</u>	<u>10,819,920</u>
<b>Revenues and other financing sources     over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (55,334)</u>	131,104	<u>\$ 75,770</u>
<b>Reconciling items:</b>				
Capital outlay			1,567,199	
Transfer of assets to the Water/Wastewater Fund			(1,662,620)	
Change in Net Position			<u>\$ 35,683</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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	4,765,925	6,415,840	11,181,765
Engineering	-	1,332,930	139,474	1,472,404
Right of Way	-	436,200	103,804	540,004
City reimbursement	-	(128,814)	(143,042)	(271,856)
Other	-	362,106	445,267	807,373
<b>Total expenditures</b>	<u>19,000,000</u>	<u>6,768,347</u>	<u>6,961,343</u>	<u>13,729,690</u>
<b>Revenues under expenditures</b>	<u>(19,000,000)</u>	<u>(6,768,347)</u>	<u>(6,961,343)</u>	<u>(13,729,690)</u>
<b>Other financing sources</b>				
Transfer from Annexation Phase V Reserve Fund	19,000,000	6,158,353	6,826,361	12,984,714
<b>Total other financing sources</b>	<u>19,000,000</u>	<u>6,158,353</u>	<u>6,826,361</u>	<u>12,984,714</u>
<b>Revenues and other financing sources     over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (609,994)</u>	<u>(134,982)</u>	<u>\$ (744,976)</u>
<b>Reconciling items:</b>				
Capital outlay			6,961,343	
Transfer of assets to the Water and Wastewater Fund			(6,139,652)	
Change in Net Position			<u>\$ 686,709</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 Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ 8	\$ 8
<b>Expenditures</b>				
Construction	-	328,890	37,421	366,311
Engineering	-	2,742,627	918,936	3,661,563
Right of Way	-	32,585	777,447	810,032
Other	-	56,042	90,215	146,257
<b>Total expenditures</b>	<u>79,865,900</u>	<u>3,160,144</u>	<u>1,824,019</u>	<u>4,984,163</u>
<b>Revenues under expenditures</b>	<u>(79,865,900)</u>	<u>(3,160,144)</u>	<u>(1,824,011)</u>	<u>(4,984,155)</u>
<b>Other financing sources</b>				
Series 2016 Bond Proceeds	1,070,481	931,500	138,981	1,070,481
Series 2018 Bond Proceeds	1,355,273	-	1,355,273	1,355,273
Bond Proceeds	69,440,146	-	-	-
Transfer from Annexation Reserve	8,000,000	1,914,330	579,675	2,494,005
<b>Total other financing sources</b>	<u>79,865,900</u>	<u>2,845,830</u>	<u>2,073,929</u>	<u>4,919,759</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (314,314)</u>	249,918	<u>\$ (64,396)</u>
<b>Reconciling items:</b>				
Capital outlay			<u>1,824,011</u>	
Change in Net Position			<u>\$ 2,073,929</u>	

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

**Schedule of Changes in the Status of Series 2018 Water/Wastewater Revenue Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	<b>Project Authorization</b>	<b>Total Prior Years</b>	<b>Current Year</b>	<b>Total</b>
<b>Revenues</b>				
Interest earned on invested bond proceeds	\$ 1,806,367	\$ 1,355,786	\$ 3,894	\$ 1,359,680
<b>Total revenues</b>	<u>1,806,367</u>	<u>1,355,786</u>	<u>3,894</u>	<u>1,359,680</u>
<b>Expenditures</b>				
Construction	-	44,898,994	6,237,847	51,136,841
Engineering	-	2,756,270	152,925	2,909,195
Right of Way	-	310,993	13,403	324,396
Other	-	1,707,296	90,913	1,798,209
<b>Total expenditures</b>	<u>59,767,587</u>	<u>49,673,553</u>	<u>6,495,088</u>	<u>56,168,641</u>
<b>Revenues under expenditures</b>	<u>(57,961,220)</u>	<u>(48,317,767)</u>	<u>(6,491,194)</u>	<u>(54,808,961)</u>
<b>Other financing sources</b>				
2018 Revenue Bond Proceeds	57,961,220	62,961,220	(5,000,000)	57,961,220
<b>Total other financing sources</b>	<u>57,961,220</u>	<u>62,961,220</u>	<u>(5,000,000)</u>	<u>57,961,220</u>
<b>Revenues and other financing sources under expenditures</b>	<u>\$ -</u>	<u>\$ 14,643,453</u>	<u>(11,491,194)</u>	<u>\$ 3,152,259</u>
<b>Reconciling items:</b>				
Capital outlay			6,495,088	
Transfer of assets to the Water and Wastewater Fund			(32,674,553)	
Change in Net Position			<u>(37,670,659)</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 Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	-	1,174,193	1,174,193
Engineering	-	1,606,390	439,230	2,045,620
Right of Way	-	275,274	133,808	409,082
Other	-	-	23,672	23,672
<b>Total expenditures</b>	<u>17,912,000</u>	<u>1,881,664</u>	<u>1,770,903</u>	<u>3,652,567</u>
<b>Revenues under expenditures</b>	<u>(17,912,000)</u>	<u>(1,881,664)</u>	<u>(1,770,903)</u>	<u>(3,652,567)</u>
<b>Other financing sources</b>				
State Loan proceeds	17,912,000	-	3,574,060	3,574,060
<b>Total other financing sources</b>	<u>17,912,000</u>	<u>-</u>	<u>3,574,060</u>	<u>3,574,060</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (1,881,664)</u>	1,803,157	<u>\$ (78,507)</u>
<b>Reconciling items:</b>				
Capital outlay			1,770,903	
Loan Proceeds			(3,574,060)	
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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	-	3,132,309	3,132,309
Engineering	-	1,573,763	461,252	2,035,015
Right of Way	-	10,750	1,611,103	1,621,853
City Reimbursement	-	-	(4,030)	(4,030)
Other	-	70,903	279,811	350,714
<b>Total expenditures</b>	<u>18,775,000</u>	<u>1,655,416</u>	<u>5,480,445</u>	<u>7,135,861</u>
<b>Revenues under expenditures</b>	<u>(18,775,000)</u>	<u>(1,655,416)</u>	<u>(5,480,445)</u>	<u>(7,135,861)</u>
<b>Other financing sources</b>				
Transfer from Annexation Phase V Reserve Fund	500,000	1,589,660	4,727,833	6,317,493
Bond proceeds	18,275,000	-	-	-
<b>Total other financing sources</b>	<u>18,775,000</u>	<u>1,589,660</u>	<u>4,727,833</u>	<u>6,317,493</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (65,756)</u>	<u>(752,612)</u>	<u>\$ (818,368)</u>
<b>Reconciling items:</b>				
Capital outlay			5,480,445	
Change in Net Position			<u>\$ 4,727,833</u>	

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

**Schedule of Changes in the Status of Replacement of 20" N Fayetteville Force Main Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	9,130,584	2,537,206	11,667,790
Engineering	-	147,876	1	147,877
Right of Way	-	2,561	-	2,561
Other	-	132,398	92,556	224,954
<b>Total expenditures</b>	<u>12,500,000</u>	<u>9,413,419</u>	<u>2,629,763</u>	<u>12,043,182</u>
<b>Revenues under expenditures</b>	<u>(12,500,000)</u>	<u>(9,413,419)</u>	<u>(2,629,763)</u>	<u>(12,043,182)</u>
<b>Other financing sources</b>				
Series 2018 Bond Proceeds	5,000,000		5,000,000	5,000,000
Bond proceeds	7,500,000	-	-	-
<b>Total other financing sources</b>	<u>12,500,000</u>	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (9,413,419)</u>	2,370,237	<u>\$ (7,043,182)</u>
<b>Reconciling items:</b>				
Capital outlay			2,629,763	
Transfer of assets (to)/from the Water and Wastewater Fund			(12,043,182)	
Change in Net Position			<u>\$ (7,043,182)</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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	-	586,603	586,603
Engineering	-	402,862	1,301,094	1,703,956
Right of Way	-	24,017	816,053	840,070
Other	-	-	49,025	49,025
<b>Total expenditures</b>	<u>26,187,999</u>	<u>426,879</u>	<u>2,752,775</u>	<u>3,179,654</u>
<b>Revenues under expenditures</b>	<u>(26,187,999)</u>	<u>(426,879)</u>	<u>(2,752,775)</u>	<u>(3,179,654)</u>
<b>Other financing sources</b>				
State loan proceeds	26,187,999	-	-	-
<b>Total other financing sources</b>	<u>26,187,999</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (426,879)</u>	<u>(2,752,775)</u>	<u>\$ (3,179,654)</u>
<b>Reconciling items:</b>				
Capital outlay			<u>2,752,775</u>	
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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	-	6,628	6,628
Engineering	-	231,836	631,937	863,773
Right of Way	-	23,497	148,137	171,634
Other	-	-	55,145	55,145
<b>Total expenditures</b>	<u>6,255,105</u>	<u>255,333</u>	<u>841,847</u>	<u>1,097,180</u>
<b>Revenues under expenditures</b>	<u>(6,255,105)</u>	<u>(255,333)</u>	<u>(841,847)</u>	<u>(1,097,180)</u>
<b>Other financing sources</b>				
State loan proceeds	6,255,105	-	-	-
<b>Total other financing sources</b>	<u>6,255,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (255,333)</u>	<u>(841,847)</u>	<u>\$ (1,097,180)</u>
<b>Reconciling items:</b>				
Capital outlay			841,847	
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 26 through 27 Capital Project Fund  
 From Inception and for the Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Engineering	-	115,044	703,609	818,653
Other	-	3,980	20,714	24,694
<b>Total expenditures</b>	<u>20,700,000</u>	<u>119,024</u>	<u>724,323</u>	<u>843,347</u>
<b>Revenues under expenditures</b>	<u>(20,700,000)</u>	<u>(119,024)</u>	<u>(724,323)</u>	<u>(843,347)</u>
<b>Other financing sources</b>				
Transfer from Annexation Phase V Reserve Fund	500,000	26,263	778,114	804,377
Bond proceeds	20,200,000	-	-	-
<b>Total other financing sources</b>	<u>20,700,000</u>	<u>26,263</u>	<u>778,114</u>	<u>804,377</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ (92,761)</u>	53,791	<u>\$ (38,970)</u>
<b>Reconciling items:</b>				
Capital outlay			724,323	
Change in Net Position			<u>\$ 778,114</u>	

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

**Schedule of Changes in the Status of PO Hoffer and Glenville Water Treatment Facilities Reliability Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Engineering	-		344,849	344,849
<b>Total expenditures</b>	<u>10,719,300</u>	<u>-</u>	<u>344,849</u>	<u>344,849</u>
<b>Revenues under expenditures</b>	<u>(10,719,300)</u>	<u>-</u>	<u>(344,849)</u>	<u>(344,849)</u>
<b>Other financing sources</b>				
State Loan Proceeds	10,719,300		-	-
<b>Total other financing sources</b>	<u>10,719,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(344,849)</u>	<u>\$ (344,849)</u>
<b>Reconciling items:</b>				
Capital outlay			344,849	
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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Other	-	-	542	542
<b>Total expenditures</b>	<u>21,150,000</u>	<u>-</u>	<u>542</u>	<u>542</u>
<b>Revenues under expenditures</b>	<u>(21,150,000)</u>	<u>-</u>	<u>(542)</u>	<u>(542)</u>
<b>Other financing sources</b>				
Transfer from Annexation Phase V Reserve Fund	500,000	-	-	-
Bond proceeds	20,650,000	-	-	-
<b>Total other financing sources</b>	<u>21,150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(542)</u>	<u>\$ (542)</u>
<b>Reconciling items:</b>				
Capital outlay			542	
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 - Asphalt Overlay Capital Project Fund  
From Inception and for the Period Ended June 30, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Construction	-	-	257,913	257,913
<b>Total expenditures</b>	<u>5,875,700</u>	<u>-</u>	<u>257,913</u>	<u>257,913</u>
<b>Revenues under expenditures</b>	<u>(5,875,700)</u>	<u>-</u>	<u>(257,913)</u>	<u>(257,913)</u>
<b>Other financing sources</b>				
Transfer from Annexation Phase V Reserve Fund	5,875,700	-	257,913	257,913
Bond proceeds	-	-	-	-
<b>Total other financing sources</b>	<u>5,875,700</u>	<u>-</u>	<u>257,913</u>	<u>257,913</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Reconciling items:</b>				
Capital outlay			257,913	
Transfer of assets (to)/from the Water and Wastewater Fund			<u>(257,913)</u>	
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, 2021**

	<u>Project Authorization</u>	<u>Total Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>				
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
Engineering	-	-	1,539,114	1,539,114
Other	-	-	52,292	52,292
<b>Total expenditures</b>	<u>37,781,765</u>	<u>-</u>	<u>1,591,406</u>	<u>1,591,406</u>
<b>Revenues under expenditures</b>	<u>(37,781,765)</u>	<u>-</u>	<u>(1,591,406)</u>	<u>(1,591,406)</u>
<b>Other financing sources</b>				
Bond proceeds	37,781,765	-	-	-
<b>Total other financing sources</b>	<u>37,781,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources     under expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,591,406)</u>	<u>\$ (1,591,406)</u>
<b>Reconciling items:</b>				
Capital outlay			1,591,406	
Change in Net Position			<u>\$ -</u>	

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

**Schedule of Bonded Indebtedness**

**June 30, 2021**

<b>Issue Date</b>	<b>Fund</b>	<b>Original Issue</b>	<b>Interest Rate</b>	<b>Year of Maturity</b>	<b>Balance June 30, 2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2021</b>	<b>Current Portion</b>
9/11/14	2014 Electric & Water & Wastewater	111,455,000	5.00%	2021	3,700,000	-	3,700,000	-	-
			5.00%	2022	3,885,000	-	-	3,885,000	3,885,000
			5.00%	2023	4,070,000	-	-	4,070,000	-
			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>102,865,000</u>	<u>-</u>	<u>3,700,000</u>	<u>99,165,000</u>	<u>3,885,000</u>
10/22/09	G.O. Water & Wastewater	4,403,885	4.00%	2021	170,907	-	170,907	-	-
					<u>170,907</u>	<u>-</u>	<u>170,907</u>	<u>-</u>	<u>-</u>
6/29/16	2016 Electric & Water & Wastewater	114,405,000	5.00%	2021	6,770,000	-	6,770,000	-	-
			5.00%	2022	6,405,000	-	-	6,405,000	6,405,000
			5.00%	2023	6,635,000	-	-	6,635,000	-
			5.00%	2024	4,785,000	-	-	4,785,000	-
			5.00%	2025	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	-

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

**Schedule of Bonded Indebtedness**

**June 30, 2021**

<u>Issue Date</u>	<u>Fund</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>
12/13/19	2018	83,645,000	5.00%	2021	3,215,000	-	3,215,000	-	-
	Electric &		5.00%	2022	3,460,000	-	-	3,460,000	3,460,000
	Water & Wastewater		5.00%	2023	3,605,000	-	-	3,605,000	-
			5.00%	2024	3,590,000	-	-	3,590,000	-
			5.00%	2025	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>77,240,000</u>	<u>-</u>	<u>3,215,000</u>	<u>74,025,000</u>	<u>3,460,000</u>
	<b>Total bond indebtedness</b>				<u>\$ 280,410,907</u>	<u>\$ -</u>	<u>\$ 13,855,907</u>	<u>\$ 266,555,000</u>	<u>\$ 13,750,000</u>



**STATISTICAL SECTION**  
**(UNAUDITED)**

# 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.

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Commission's financial performance has changed over time.	<b>F2–F11</b>
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the Commission's most significant local revenue source.	<b>F12</b>
<b>Debt Capacity</b> 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.	<b>F13–F14</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.	<b>F15–F17</b>
<b>Operating Information</b> 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.	<b>F18–F19</b>

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities										
Net investment in capital assets	\$ 570,473,290	\$ 593,295,534	\$ 630,452,261	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269	\$ 663,345,767	709,101,507	762,751,285	809,969,118
Restricted for:										
Renewable Energy	-	-	-	-	-	6,593,822	9,365,765	8,081,798	5,688,332	6,670,557
Capital projects	9,758	9,758	9,758	63,088,028	7,050	1,151,800	1,476,402	9,564,920	16,229,194	7,403,077
Debt service	40,952	60,723	108,014	1,920,080	2,642,117	1,995,312	6,456	3,437,495	-	-
Other internal restrictions	-	-	-	-	-	-	138,363,342	123,889,917	118,981,006	118,270,725
Unrestricted	239,939,338	228,590,763	205,978,548	231,126,138	338,366,487	320,888,601	128,670,749	137,136,488	132,425,951	148,793,832
Total primary government net positions	<u>\$ 810,463,338</u>	<u>\$ 821,956,778</u>	<u>\$ 836,548,581</u>	<u>\$ 854,707,717</u>	<u>\$ 877,013,393</u>	<u>\$ 916,791,804</u>	<u>\$ 941,228,481</u>	<u>991,212,125</u>	<u>1,036,075,768</u>	<u>1,091,107,309</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary government										
Net investment in capital assets	\$ 570,473,290	\$ 593,295,534	\$ 630,452,261	\$ 558,573,471	\$ 535,997,739	\$ 586,162,269	\$ 663,345,767	709,101,507	762,751,285	809,969,118
Restricted for:										
Renewable Energy	-	-	-	-	-	6,593,822	9,365,765	8,081,798	5,688,332	6,670,557
Capital projects	9,758	9,758	9,758	63,088,028	7,050	1,151,800	1,476,402	9,564,920	16,229,194	7,403,077
Debt service	40,952	60,723	108,014	1,920,080	2,642,117	1,995,312	6,456	3,437,495	-	-
Other internal restrictions	-	-	-	-	-	-	138,363,342	123,889,917	118,981,006	118,270,725
Unrestricted	239,939,338	228,590,763	205,978,548	231,126,138	338,366,487	320,888,601	128,670,749	137,136,488	132,425,951	148,793,832
Total primary government net positions	<u>\$ 810,463,338</u>	<u>\$ 821,956,778</u>	<u>\$ 836,548,581</u>	<u>\$ 854,707,717</u>	<u>\$ 877,013,393</u>	<u>\$ 916,791,804</u>	<u>\$ 941,228,481</u>	<u>991,212,125</u>	<u>1,036,075,768</u>	<u>1,091,107,309</u>

**FAYETTEVILLE PUBLIC WORKS COMMISSION**  
**COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**  
**Change in Net Position**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Business type activities</b>										
<b>Operating revenue</b>										
Charges for services	\$ 276,016,274	\$ 291,114,342	\$ 300,781,049	\$ 308,619,610	\$ 311,122,241	\$ 322,721,879	\$ 334,079,581	\$ 290,193,185	\$ 283,663,003	\$ 285,874,685
Misc operating revenue	16,400	5,021	1,104	334	-	-	-	71,794	45	51,186,075
Operating revenues	-	-	-	-	-	-	-	56,450,477	58,823,972	-
Total operating revenue	<u>276,032,674</u>	<u>291,119,363</u>	<u>300,782,153</u>	<u>308,619,944</u>	<u>311,122,241</u>	<u>322,721,879</u>	<u>334,079,581</u>	<u>346,715,456</u>	<u>342,487,020</u>	<u>337,060,760</u>
<b>Operating expenses</b>										
Power supply and generation	103,619,819	148,520,775	163,175,003	157,248,396	141,085,995	141,770,054	155,562,287	163,256,607	149,893,550	148,346,794
Electric operations	12,501,170	14,276,714	15,475,385	11,059,845	15,378,277	15,148,402	15,933,526	19,397,355	20,002,168	21,375,149
Water operations	14,059,094	14,562,693	14,575,051	12,822,428	14,225,334	14,898,419	14,724,197	16,845,418	18,346,817	18,171,514
Miscellaneous operating expense-water	15,010	-	-	-	-	-	-	-	-	-
Sanitary sewer operations	12,743,659	13,016,609	13,615,899	13,428,070	15,071,362	16,007,573	16,214,709	19,315,810	19,947,339	21,571,683
General and administrative	26,259,839	31,067,333	33,002,023	37,216,879	35,088,657	33,384,126	30,837,790	35,684,220	45,346,071	46,194,309
Depreciation	31,529,852	36,754,827	34,671,469	36,348,935	37,091,903	39,073,770	40,633,549	42,085,858	43,575,972	46,781,741
Fleet maintenance	7,337,737	7,826,061	8,253,426	7,947,859	8,528,872	8,993,274	8,745,869	8,381,602	3,965,808	-
Total operating expenses	<u>208,066,180</u>	<u>266,025,012</u>	<u>282,768,256</u>	<u>276,072,412</u>	<u>266,470,400</u>	<u>269,275,618</u>	<u>282,651,927</u>	<u>304,966,870</u>	<u>301,077,725</u>	<u>302,441,190</u>
<b>Operating income (loss)</b>	<u>67,966,494</u>	<u>25,094,351</u>	<u>18,013,897</u>	<u>32,547,532</u>	<u>44,651,842</u>	<u>53,446,261</u>	<u>51,427,654</u>	<u>41,748,586</u>	<u>41,409,295</u>	<u>34,619,570</u>
<b>Nonoperating revenue (expense)</b>										
Intergovernmental revenue	-	-	-	-	117,531	1,463,287	4,456,255	2,897,079	1,676,853	2,029,564
Intergovernmental expense	-	-	-	-	-	(1,200,000)	(1,200,000)	(1,200,000)	(2,200,000)	(4,200,000)
Payment in lieu of taxes	-	-	-	-	(9,547,800)	(9,966,765)	(10,428,117)	(10,938,256)	(11,098,087)	(11,450,867)
Interest earned on investments	2,984,481	1,463,337	2,902,109	1,490,911	2,125,856	1,739,044	2,632,993	7,233,761	5,991,103	504,726
Gain (loss) on disposal of assets	(142,064)	1,961,214	(462,840)	(1,142,805)	(8,877,903)	(4,719,440)	(1,044,718)	(1,054,780)	(1,503,448)	(1,303,792)
Interest expense	(7,489,731)	(7,270,893)	(6,601,453)	(8,227,011)	(7,989,038)	(8,950,190)	(9,211,341)	(9,738,164)	(10,304,772)	(9,980,406)
Amortization	(1,480,623)	(1,004,424)	(714,299)	(661,958)	(677,796)	(677,796)	-	-	-	-
Finance costs	(19,425)	(100,162)	(62,588)	(678,741)	(745,198)	(71,880)	(35,580)	(403,585)	(47,286)	(576,654)
Total nonoperating revenue (expense)	<u>(6,147,362)</u>	<u>(4,950,928)</u>	<u>(4,939,071)</u>	<u>(9,219,604)</u>	<u>(25,594,348)</u>	<u>(22,383,740)</u>	<u>(14,830,508)</u>	<u>(13,203,945)</u>	<u>(17,485,637)</u>	<u>(24,977,429)</u>
<b>Income (loss) before transfers and contributions</b>	<u>61,819,132</u>	<u>20,143,423</u>	<u>13,074,826</u>	<u>23,327,928</u>	<u>19,057,494</u>	<u>31,062,521</u>	<u>36,597,146</u>	<u>28,544,641</u>	<u>23,923,658</u>	<u>9,642,141</u>
<b>Capital contributions</b>										
Capital contributions	11,152,573	3,803,969	9,440,775	7,804,945	10,396,313	7,121,955	6,432,684	21,439,003	20,939,985	23,158,880
Special Item- Hope Mills	-	-	-	-	(7,148,131)	1,593,935	-	-	-	-
Special Item-DEP CCR Settlement	-	-	-	-	-	-	-	-	-	22,230,520
Transfers in	594,334	28,461,707	44,565,331	350,594	3,156,186	2,786,080	2,508,654	5,098,064	5,752,717	4,107,291
Transfers out	(594,334)	(28,461,707)	(44,565,331)	(350,594)	(3,156,186)	(2,786,080)	(2,508,654)	(5,098,064)	(5,752,717)	(4,107,291)
Transfers in -City of Fayetteville	1,332,077	2,934,498	4,379,817	3,596,493	-	-	-	-	-	-
Transfers out -City of Fayetteville	(9,820,653)	(10,961,399)	(12,303,615)	(12,527,760)	-	-	-	-	-	-
<b>Change in net position</b>	<u>\$ 64,483,129</u>	<u>\$ 15,920,491</u>	<u>\$ 14,591,803</u>	<u>\$ 22,201,606</u>	<u>\$ 22,305,676</u>	<u>\$ 39,778,411</u>	<u>\$ 43,029,830</u>	<u>\$ 49,983,644</u>	<u>\$ 44,863,643</u>	<u>\$ 55,031,541</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	Total	Total Direct Rate			
							Electric			
							Base Rate <sup>a</sup>	Usage Rate <sup>b</sup>		
			first 500 kWh	ea kWh > 500						
2021	918,708,050	621,854,933	353,217,595	21,329,410	61,088,282	1,976,198,270	\$ 20.00	\$	0.1300	\$ 0.1300
2020	877,632,568	652,150,477	333,679,175	22,013,726	59,633,202	1,945,109,148	20.00		0.1300	0.1300
2019	904,232,137	653,345,453	351,432,824	23,049,017	60,463,224	1,992,522,655	20.00		0.1300	0.1300
2018	913,765,977	652,143,703	397,416,709	23,924,437	65,120,505	2,052,371,331	17.50		0.1010	0.1010
2017	871,261,877	639,983,403	395,652,590	29,345,656	61,090,581	1,997,334,107	15.00		0.1004	0.1004
2016	870,089,226	647,621,655	416,245,591	33,878,389	63,597,174	2,031,432,035	13.50		0.0990	0.0990
2015	912,997,829	635,745,697	411,868,420	37,092,085	63,610,785	2,061,314,816	13.50		0.0990	0.0990
2014	933,550,479	755,446,906	297,474,309	36,909,744	62,356,003	2,085,737,441	11.80		0.0964	0.0964
2013	912,090,576	746,303,677	281,595,874	35,189,619	62,223,142	2,037,402,888	10.80		0.0946	0.0946
2012	897,373,380	760,894,124	299,989,818	35,420,886	59,706,692	2,053,384,900	10.80		0.0946	0.0946

**Notes:**

<sup>a</sup> Rate shown is for Residential Service- basic facilities charge. See Schedule 6 for additional customer category rates.

<sup>b</sup> 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**  
**Water Mgals Sold**  
**Last Ten Fiscal Years**

Fiscal Year	Residential	Commercial	Industrial	Wholesale	Other	Total	Total Direct Rate						
							Water						
							Base Rate <sup>a</sup>	Usage Rate <sup>b</sup>			ea add'l Mgals		
first 6 Mgals	ea Mgal > 6	first 2 Mgals	next 3-5Mgals	next 5-10Mgals									
2021	3,738,387	1,672,231	916,629	1,197,177	434,844	7,959,268	\$ 16.00			\$ 2.68	\$ 3.19	\$ 4.33	\$ 5.18
2020	3,670,402	1,683,616	928,701	1,187,772	552,518	8,023,009	14.50	\$ -	\$ -	2.58	3.07	4.17	4.99
2019	3,544,544	1,743,063	994,892	1,224,276	773,277	8,280,052	14.50	-	-	2.58	3.07	4.17	4.99
2018	3,573,103	1,735,985	976,535	1,228,020	854,158	8,367,801	13.00	-	-	2.45	2.91	3.96	4.73
2017	3,596,178	1,709,864	1,006,967	1,241,483	816,849	8,371,341	11.50	-	-	2.36	2.81	3.82	4.56
2016	3,679,770	1,657,998	985,208	1,278,857	835,982	8,437,815	10.00	-	-	2.34	2.78	3.78	4.52
2015	3,693,708	1,602,583	914,301	1,211,695	897,337	8,319,624	9.00	-	-	2.26	2.69	3.65	4.37
2014	3,719,832	1,610,970	829,204	1,166,850	842,321	8,169,177	7.75	-	-	2.22	2.64	3.59	4.29
2013	3,761,361	1,867,535	608,837	1,371,392	845,782	8,454,907	7.00	-	-	2.22	2.64	3.59	4.29
2012	3,916,053	1,868,417	677,498	1,400,959	1,097,494	8,960,421	6.27	-	-	2.22	2.64	3.59	4.29

Notes: Mgal = 1,000 gallons

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

<sup>b</sup> 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**  
**Wastewater MGALS Treated**  
**Last Ten Fiscal Years**

Fiscal Year	Residential	Commercial	Industrial	Wholesale	Other	Total	Total Direct Rate Wastewater			
							Base Rate <sup>a</sup>	Usage Rate per Mgal <sup>b</sup>	Sewer Only Flat Rate	
									Inside	Outside
2021	3,347,571	1,544,659	636,263	168,838	441,127	6,138,458	\$ 16.00	\$ 5.28	\$ 37.12	\$ 64.94
2020	3,276,441	1,585,272	663,070	138,145	432,326	6,095,255	14.50	5.28	35.62	62.34
2019	3,154,180	1,704,928	690,129	168,757	450,789	6,168,783	14.50	5.28	35.62	62.34
2018	3,166,639	1,623,932	650,239	123,128	439,535	6,003,473	13.00	5.25	35.05	61.34
2017	3,179,056	1,587,572	694,893	144,252	472,606	6,078,379	11.50	5.25	34.60	58.82
2016	3,245,044	1,533,267	694,225	176,163	488,497	6,137,196	10.00	5.00	34.50	56.93
2015	3,242,175	1,482,458	636,480	194,606	483,543	6,039,262	9.00	4.89	32.96	52.74
2014	3,252,419	1,498,619	615,777	187,458	473,640	6,027,916	7.75	4.87	32.10	49.74
2013	3,245,769	1,707,549	387,928	133,323	459,421	5,933,990	7.00	4.87	31.35	47.05
2012	3,326,474	1,718,225	373,945	94,442	459,677	5,972,763	6.40	4.87	30.75	44.58

**Notes:** Mgal = 1,000 gallons

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

<sup>b</sup> 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**  
**Standard Electric Rates**  
**Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Residential</b>										
Basic	\$ 10.80	\$ 10.80	\$ 11.80	\$ 13.50	\$ 13.50	\$ 15.00	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00
Energy, first 500 kWh	0.0946	0.0946	0.0964	0.0990	0.0990	0.1004	0.1010	0.1300	0.1300	0.1300
All additional kWh	-	-	-	-	-	-	-	-	-	-
<b>General service</b>										
Basic	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00	\$ 30.00	\$ 30.00	\$ 30.00
Demand, first 10 kW	0.1013	0.1013	0.1013	0.1013	0.0990	0.0990	0.1050	0.1350	0.1350	0.1350
<b>Lg General service</b>										
Basic	\$ 240.00	\$ 240.00	\$ 250.00	\$ 265.00	\$ 275.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00
Demand, all kW	12.10	12.10	13.00	14.00	15.25	17.00	17.25	19.63	21.09	19.90
Energy (1000kW and greater)	0.0504	0.0504	0.0523	0.0542	0.0515	0.0515	0.0525	0.0520	0.0455	0.0455
<b>Small industrial service</b>										
Basic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand, first 10 kW	-	-	-	-	-	-	-	-	-	-
all additional kW	-	-	-	-	-	-	-	-	-	-
Energy, first 2,000 kWh	-	-	-	-	-	-	-	-	-	-
all additional kW	-	-	-	-	-	-	-	-	-	-
<b>Medium industrial service</b>										
Basic	\$ 60.00		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Demand, kW	6.95		-	-	-	-	-	-	-	-
Energy, first 200 kWh/kW	0.0727		-	-	-	-	-	-	-	-
Next 150 kWh/kW	0.0513		-	-	-	-	-	-	-	-
Next 150 kWh/kW	0.0480		-	-	-	-	-	-	-	-
All above 500 kWh/kW	0.0474		-	-	-	-	-	-	-	-
<b>Lg Industrial service</b>										
Basic	\$ 600.00	\$ 600.00	\$ 625.00	\$ 650.00	\$ 675.00	\$ 700.00	\$ 700.00	\$ -	\$ -	\$ -
Demand, first 5,000 kW	-	-	-	-	-	-	-	-	-	-
next 5,000 kW	-	-	-	-	-	-	-	-	-	-
All additional kW	-	-	-	-	-	-	-	-	-	-
Energy, all kWh	0.0504	0.0504	0.0523	0.0542	0.0515	0.0515	0.0525	0.0290	0.0255	0.0242
<b>Traffic signal service</b>										
Basic	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00	\$ -	\$ -	\$ -
Energy, all kWh	0.06350	0.06350	0.06790	0.07250	0.07250	0.07250	0.07250	-	-	-
<b>Church service</b>										
Basic	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 21.00	\$ 23.00	\$ 27.00	\$ -	\$ -	\$ -
Energy, first 500 kWh	-	-	-	-	-	-	-	-	-	-
NEXT 2,000 kWh	-	-	-	-	-	-	-	-	-	-
all additional kWh	0.09960	0.09960	0.10130	0.10130	0.09900	0.10040	0.10500	-	-	-
<b>Sports field lighting service</b>										
Basic	\$ 18.00	\$ 18.00	\$ 21.00	\$ 24.00	\$ 27.00	\$ 30.00	\$ 35.00	\$ 37.00	\$ 37.00	\$ 37.00
Energy, all kWh	0.06790	0.06790	0.06790	0.06790	0.06790	0.06790	0.10500	0.13500	0.13500	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**  
**Water Rates**  
**Last Ten Fiscal Years**

	2012		2013		2014		2015		2016	
	inside city	outside city	inside city	outside city	inside city	outside city	inside city	outside city	inside city	outside city
<b>Base rate (meter size)</b>										
5/8"	\$ 6.27	\$ 9.09	\$ 7.00	\$ 10.50	\$ 7.75	\$ 12.00	\$ 9.00	\$ 14.40	\$ 10.00	\$ 16.50
3/4"	6.27	9.09	7.00	10.50	7.75	12.00	9.00	14.40	10.00	16.50
1"	9.52	13.80	11.00	16.50	12.00	18.60	14.00	22.40	16.00	26.40
1.5"	16.94	24.56	19.00	28.50	21.00	32.55	24.00	38.40	27.00	44.55
2"	26.22	38.02	30.00	45.00	33.00	51.15	39.00	62.40	45.00	74.25
3"	48.00	69.64	55.00	82.50	60.00	93.00	70.00	112.00	80.00	132.00
4"	79.12	114.72	90.00	135.00	100.00	155.00	115.00	184.00	130.00	214.50
6"	156.14	226.40	175.00	262.50	195.00	302.25	225.00	360.00	255.00	420.75
8"	248.94	360.96	280.00	420.00	310.00	480.50	360.00	576.00	400.00	660.00
<b>Usage rate</b>										
1,000 gallons										
<b>Residential</b>										
first 5,000 gallons=5Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
next 5,000 gallons=(6-10Mgals)	-	-	-	-	-	-	-	-	-	-
first 6,000 gallons = 6 Mgal	-	-	-	-	-	-	-	-	-	-
each additional 1,000 gallons	-	-	-	-	-	-	-	-	-	-
first 2,000 gallons=2Mgal	2.22	3.22	2.22	3.33	2.22	3.44	2.26	3.62	2.34	3.86
next 3,000 gallons (3-5Mgals)	2.64	3.83	2.64	3.96	2.64	4.09	2.69	4.3	2.78	4.59
next 5,000 gallons=(6-10Mgals)	3.59	5.21	3.59	5.39	3.59	5.56	3.65	5.84	3.78	6.24
each additional gallon	4.29	6.22	4.29	6.44	4.29	6.65	4.37	6.99	4.52	7.46
<b>Water irrigation</b>										
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	4.61	6.68	4.61	6.92	4.61	7.15	4.69	7.5	4.86	8.02
next 30,000 gallons=(31-60Mgals)	5.65	8.19	5.65	8.48	5.65	8.76	5.75	9.2	5.96	9.83
each additional gallon	8.78	12.73	8.78	13.17	8.78	13.61	8.94	14.3	9.25	15.26
Backflow Prevention Assembly Inspection Charge	0.90	0.90	0.90	0.90	0.90	0.90	0.9	0.9	0.9	0.9
<b>Commercial water service</b>										
per 1,000 gallons = 1 Mgal	\$ 2.67	\$ 3.87	\$ 2.67	\$ 4.01	\$ 2.67	\$ 4.14	\$ 2.71	\$ 4.34	\$ 2.81	\$ 4.64
<b>Large water usage</b>										
per 1,000 gallons = 1 Mgal	\$ 2.06	\$ 2.06	\$ 2.06	\$ 2.06	\$ 2.03	\$ 2.06	\$ 2.10	\$ 2.10	\$ 2.18	\$ 2.18
<b>Fire hydrant delivery</b>										
Basic Facilities per Meter Set	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
per 1,000 gallons = 1 Mgal	2.67	2.67	2.67	2.67	2.67	2.67	2.71	2.71	2.81	2.81
<b>Bulk water delivery</b>										
Basic Facilities per Truckload	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-	-	-	-	-
Yearly permit fee	275.00	275.00	275.00	275.00	275.00	275.00	300	300	300	300
Temporary Permit=1 Month	-	-	-	-	-	-	-	-	-	-
each additional month <3 months	-	-	-	-	-	-	-	-	-	-

<sup>a</sup> Rate structure in this category was based on first 1mgals in 2008.

FAYETTEVILLE PUBLIC WORKS COMMISSION  
 COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA  
 Water Rates  
 Last Ten Fiscal Years

	2017		2018		2019		2020		2021	
	inside city	outside city	inside city	outside city	inside city	outside city	inside city	outside city	inside city	outside city
Base rate (meter size)										
5/8"	\$ 10.00	\$ 16.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4"	10.00	16.50	13.00	22.75	14.50	25.40	14.50	25.40	16.00	28.00
1"	18.40	31.30	20.80	36.40	23.10	40.40	23.10	40.40	25.40	44.50
1.5"	31.05	52.80	35.10	61.45	38.30	67.00	38.30	67.00	41.50	72.60
2"	51.75	88.00	58.50	102.40	63.70	111.50	63.70	111.50	68.90	120.60
3"	92.00	156.40	104.00	182.00	149.10	260.90	149.10	260.90	194.20	339.90
4"	149.50	254.15	169.00	295.75	248.70	435.20	248.70	435.20	328.40	574.70
6"	293.25	498.55	331.50	580.15	444.00	777.00	444.00	777.00	556.50	973.90
8"	460.00	782.00	520.00	910.00	732.10	1281.20	732.10	1281.20	944.20	1652.40
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	2.36	4.01	2.45	4.29	2.58	4.52	2.58	4.52	2.68	4.69
next 3,000 gallons (3-5Mgals)	2.81	4.78	2.91	5.09	3.07	5.37	3.07	5.37	3.19	5.58
next 5,000 gallons=(6-10Mgals)	3.82	6.49	3.96	6.93	4.17	7.3	4.17	7.3	4.33	7.58
each additional gallon	4.56	7.75	4.73	8.28	4.99	8.73	4.99	8.73	5.18	9.07
Water irrigation										
per 1,000 gallons = 1 Mgal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
first 30,000 gallons=30Mgal	4.9	8.33	5.09	8.91	5.36	9.38	5.36	9.38	5.57	9.75
next 30,000 gallons=(31-60Mgals)	6.01	10.22	6.24	10.92	6.57	11.50	6.57	11.50	6.82	11.90
each additional gallon	9.33	15.86	9.69	16.96	10.2	17.85	10.2	17.85	10.6	18.55
Backflow Prevention Assembly Inspection Char	1.6	1.6	1.6	1.6	1.97	2.0	1.97	2.0	2.2	2.2
Commercial water service										
per 1,000 gallons = 1 Mgal	\$ 2.83	\$ 4.81	\$ 2.94	\$ 5.15	\$ 3.10	\$ 5.43	\$ 3.10	\$ 5.43	\$ 3.22	\$ 5.64
Large water usage										
per 1,000 gallons = 1 Mgal	\$ 2.34	\$ 2.34	\$ 2.43	\$ 2.43	\$ 2.59	\$ 2.59	\$ 2.59	\$ 2.59	\$ 2.69	\$ 2.69
Fire hydrant delivery										
Basic Facilities per Meter Set	\$ 51.75	\$ 51.75	\$ 58.50	\$ 58.50	\$ 63.70	\$ 63.70	\$ 63.70	\$ 63.70	\$ 68.90	\$ 68.90
per 1,000 gallons = 1 Mgal	2.83	2.83	2.94	2.94	3.1	3.1	3.1	3.1	3.22	3.22
Bulk water delivery										
Basic Facilities per Truckload	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	-	-	-	-	-	-	-	-	-	-
Yearly permit fee	315	315	330	330	350	350	350	350	362	362
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**

	2012		2013		2014		2015		2016	
	<i>inside city</i>	<i>outside city</i>	<i>inside city</i>	<i>outside city</i>	<i>inside city</i>	<i>outside city</i>	<i>inside city</i>	<i>outside city</i>	<i>inside city</i>	<i>outside city</i>
Base rate ( <i>meter size</i> )										
5/8"	\$ 6.40	\$ 9.28	\$ 7.00	\$ 10.50	\$ 7.75	\$ 12.00	\$ 9.00	\$ 14.40	\$ 10.00	\$ 10.00
3/4"	6.40	9.28	7.00	10.50	7.75	12.00	9.00	14.40	10.00	10.00
1"	9.81	14.22	11.00	16.50	12.00	18.60	14.00	22.40	16.00	26.40
1.5"	17.60	25.52	19.00	28.50	21.00	32.55	24.00	38.40	27.00	44.55
2"	27.34	39.64	30.00	45.00	33.00	51.15	39.00	62.40	45.00	74.25
3"	50.23	72.83	55.00	82.50	60.00	93.00	70.00	112.00	80.00	132.00
4"	82.86	120.15	90.00	135.00	100.00	155.00	115.00	184.00	130.00	214.50
6"	163.70	237.37	175.00	262.50	195.00	302.25	225.00	360.00	255.00	420.75
8"	261.10	378.60	280.00	420.00	310.00	480.50	360.00	576.00	400.00	660.00
Usage rate										
Sanitary sewer service										
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.87	7.06	4.87	7.31	4.87	7.55	4.89	7.82	5.00	8.25
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	4.87	7.06	4.87	7.31	4.87	7.55	4.89	7.82	5.00	8.25
Sewer only										
Flat monthly	\$ 30.75	\$ 44.58	\$ 31.35	\$ 47.05	\$ 32.10	\$ 49.74	\$ 32.96	\$ 52.74	\$ 34.50	\$ 56.93
Large user sanitary sewer service										
per 1,000 gallons = 1 Mgal	\$ 3.52	\$ 3.52	\$ 3.52	\$ 3.52	\$ 3.52	\$ 3.52	\$ 3.75	\$ 3.75	\$ 3.94	\$ 3.94
Bulk liquid waste service										
<i>Basic Facilities</i>	\$ 9.81	\$ 9.81	\$ 11.00	\$ 11.00	\$ 12.00	\$ 12.00	\$ 14.00	\$ 14.00	\$ 16.00	\$ 16.00
per 1,000 gallons = 1 Mgal	31.00	44.95	31.35	47.05	32.10	49.74	33.00	53.00	35.00	57.00

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

**FAYETTEVILLE PUBLIC WORKS COMMISSION**  
**COMPONENT UNIT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA**  
**Wastewater Rates**  
**Last Ten Fiscal Years**

	2017		2018		2019		2020		2021	
	<u>inside city</u>	<u>outside city</u>	<u>inside city</u>	<u>outside city</u>	<u>inside city</u>	<u>outside city</u>	<u>inside city</u>	<u>outside city</u>	<u>inside city</u>	<u>outside city</u>
Base rate (meter size)										
5/8"	\$ 11.50	\$ 19.55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3/4"	11.50	19.55	13.00	22.75	14.50	25.40	14.50	25.40	16.00	28.00
1"	18.40	31.30	20.80	36.40	23.10	40.40	23.10	40.40	25.40	44.50
1.5"	31.05	52.80	35.10	61.45	38.30	67.00	38.30	67.00	41.50	72.60
2"	51.75	88.00	58.50	102.40	63.70	111.50	63.70	111.50	68.90	120.60
3"	92.00	156.40	104.00	182.00	149.10	260.90	149.10	260.90	194.20	339.90
4"	149.50	254.15	169.00	295.75	248.70	435.20	248.70	435.20	328.40	574.70
6"	293.25	498.55	331.50	580.15	444.00	777.00	444.00	777.00	556.50	973.90
8"	460.00	782.00	520.00	910.00	732.10	1,281.20	732.10	1,281.20	944.20	1,652.40
Usage rate										
Sanitary sewer service										
<i>Basic Facilities</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.25	8.93	5.25	9.19	5.28	9.24	5.28	9.24	5.28	9.24
<i>Commercial wastewater service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
per 1,000 gallons = 1 Mgal	5.25	8.93	5.25	9.19	5.28	9.24	5.28	9.24	5.28	9.24
Sewer only										
Flat monthly	\$ 34.60	\$ 58.82	\$ 35.05	\$ 61.34	\$ 35.62	\$ 62.34	\$ 35.62	\$ 62.34	\$ 37.12	\$ 64.94
Large user sanitary sewer service										
per 1,000 gallons = 1 Mgal	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.94	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96	\$ 3.96
Bulk liquid waste service										
<i>Basic Facilities</i>	\$ 18.40	\$ 18.40	\$ 20.80	\$ 20.80	\$ 23.10	\$ 23.10	\$ 23.10	\$ 23.10	\$ 25.40	\$ 25.40
per 1,000 gallons = 1 Mgal	35.00	58.82	35.10	61.34	35.62	62.34	35.62	62.34	37.12	64.96

**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 2012	Fiscal Year 2021
Cape Fear Valley Medical Center	Goodyear Tire & Rubber
Cargill	Cape Fear Valley Medical Center
CBL Associates	Cargill
Fayetteville State University	Mann+Hummel (Purolator)
Food Lion	Walmart
Goodyear Tire & Rubber	Fayetteville State University
Momentive Specialty Chemicals (Hexion)	Momentive Specialty Chemicals
Nitta Gelatin	Fayetteville Technical Community College
Purolator Totalized	Nitta Gelatin
Walmart Totalized	Food Lion

*These customers represented kWh sales for 2012 and 2021 of 394,140,819 and 412,731,444, respectively; and revenue of \$22,187,637 and \$28,965,232. The aggregate sum of the ten largest electric customers' revenue received compared to the total electric sales revenue is 11.83% and 14.82%.*

*No individual customer comprised more than 4.82% and 5.08% of total electric sales revenue.*

**Water Revenue**

Fiscal Year 2012	Fiscal Year 2021
Aqua Water	Ft Bragg
Cape Fear Valley Medical Center	Town of Spring Lake
Cargill	Hoke County
DAK Resins	DAK Resins (Monsanto)
Ft Bragg/Harnett	Carolina By Products
Goodyear Tire & Rubber	Goodyear Tire & Rubber
Hoke County	Cape Fear Valley Medical Center
Momentive Specialty Chemicals (Hexion)	Cargill
Town of Spring Lake	Aqua Water
Town of Stedman	Momentive Specialty Chemicals

*These customers represented sales for 2012 and 2021 of 2,030,144 and 1,961,061 gallons, respectively; and revenues of \$4,122,758 and \$5,314,704. The aggregate sum of the ten largest water customers' revenue received compared to the overall total water sales revenue is 12.57% and 10.29%. No individual customer comprised more than 5.25% and 3% of total water sales revenue.*

**Wastewater Revenue**

Fiscal Year 2012	Fiscal Year 2021
Cape Fear Valley Medical Center	Carolina By Products
Cargill	Cape Fear Valley Medical Center
Carolina By Products	Town of Stedman
Fayetteville Technical Community College	Nitta Gelatin
Goodyear Tire & Rubber	Cargill
Hoke County	Goodyear Tire & Rubber
Nitta Gelatin	Norcross
Norcross	Eastover Sanitary District
Purolator Totalized	Fayetteville State University
Town of Stedman	Mann+Hummel (Purolator)

*These customers represented sales for 2012 and 2021 of 520,113,432 and 743,295,857 gallons, respectively; and revenues of \$1,754,919 and \$3,224,457. The aggregate sum of the ten largest wastewater customers' revenue is 4.90% and 6.01%. No individual customer comprised more than 1.49% and 3.83% 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 <sup>(1)</sup>	As a Share of Personal Income
2021	\$ -	\$ 286,452,200	\$ 23,011,005	\$ 309,463,205	920.02	3.69%
2020	182,873	301,284,350	20,823,103	322,290,326	960.60	3.95%
2019	371,730	318,971,707	22,209,261	341,552,698	1,027.75	4.35%
2018	565,206	266,932,257	23,704,287	291,201,750	893.69	3.97%
2017	758,682	286,712,408	25,036,011	312,507,101	978.32	4.10%
2016	1,162,500	305,949,298	25,241,350	332,353,148	1,026.29	4.38%
2015	2,741,682	233,551,959	33,792,073	270,085,714	818.87	3.58%
2014	3,411,254	127,467,576	25,874,625	156,753,455	473.40	2.13%
2013	4,270,372	140,451,030	22,224,936	166,946,338	522.64	2.38%
2012	5,051,325	142,065,254	15,415,501	162,532,080	434.24	2.12%

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 <sup>(1)</sup>	Net Available Revenues	Debt Service <sup>(4)</sup>			Coverage Ratio <sup>(3)</sup>
				Principal	Interest <sup>(2)</sup>	Total	
2021	\$ 337,060,760	\$ 233,428,929	\$ 103,631,831	\$ 15,071,158	\$ 10,898,019	\$ 25,969,177	3.99
2020	342,481,407	255,759,866	86,721,541	17,856,158	11,660,197	29,516,355	2.94
2019	346,715,456	262,881,012	83,834,444	18,275,026	9,216,917	27,491,943	3.05
2018	334,079,581	244,545,630	89,533,951	19,096,724	10,491,337	29,588,061	3.03
2017	322,721,879	230,201,848	92,520,031	18,540,882	10,228,444	28,769,326	3.22
2016	302,408,510	220,849,625	81,558,885	15,470,721	8,805,529	24,276,250	3.36
2015	300,484,378	231,775,618	68,708,760	13,892,288	8,875,916	22,768,204	3.02
2014	292,346,282	239,483,361	52,862,921	13,332,792	6,017,667	19,350,459	2.73
2013	283,193,071	221,444,124	61,748,947	12,492,849	6,076,168	18,569,017	3.33
2012	268,571,535	169,183,581	99,387,954	11,832,848	7,312,245	19,145,093	5.19

(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 <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Unemployment Rate <sup>3</sup> County
2021	336,364	\$ 8,387,572,704	\$ 24,936	6.90%
2020	335,509	8,153,204,209	24,301	10.10%
2019	332,330	7,851,960,910	23,627	5.80%
2018	325,841	7,325,892,978	22,483	4.70%
2017	319,431	7,616,193,333	23,843	5.30%
2016	323,838	7,582,019,094	23,413	5.10%
2015	329,827	7,540,834,701	22,863	7.50%
2014	331,126	7,354,639,586	22,211	7.60%
2013	319,431	7,013,107,605	21,955	9.50%
2012	374,295	7,667,807,370	20,486	9.80%

**Sources:**

1. Fayetteville, NC Website.
2. Census Quick Facts - Population and Per capita income for Cumberland County.
3. Bureau of Labor Statistics, US Department of Labor. Calendar year unemployment statistics for Cumberland County  
Data for 2021 as of June 2021.



**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>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Rank</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Rank</u>
U.S. Dept. of Defense (Civil Service) <sup>(1)</sup>	14,036	10.24%	1	8,700	6.65%	1
Cape Fear Valley Health System	7,100	5.18%	2	5,800	4.44%	3
Cumberland County Schools	6,800	4.96%	3	6,600	5.05%	2
Cumberland County	2,466	1.80%	4	2,400	1.84%	6
Wal-Mart Stores	2,656	1.94%	5	2,542	1.94%	5
Goodyear Tire & Rubber Co.	2,500	1.82%	6	3,000	2.29%	4
City of Fayetteville	1,760	1.28%	7	1,723	1.32%	7
Mann-Hummel (Purolator)	1,236	0.90%	8	746	0.57%	10
Fayetteville Technical Community College	1,387	1.01%	9	1,070	0.82%	9
Wal-Mart Distribution Center	1,500	1.09%	10	-	-	-
US Postal Service	-	-	-	1,300	0.99%	8
<b>Total Employment (Ten Largest Civilian Employers)</b>	<b>41,441</b>	<b>30.23%</b>		<b>33,881</b>	<b>25.92%</b>	

(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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Electric:										
Electric Substation	15	13	14	13	14	14	13	12	13	15
Electric Power Supply	3	3	3	3	3	3	3	3	2	2
Electric Generation	29	30	29	25	25	25	23	23	26	26
Electric Engineering	23	22	21	22	22	21	22	19	21	20
Electric Construction	82	81	79	74	73	76	68	72	68	67
Water/Wastewater:										
Water Plant Operations	17	17	16	15	15	15	15	14	14	14
Wastewater Plant Operations	19	19	18	16	16	17	17	17	17	17
Water/Wastewater Systems Maintenance	25	25	25	21	22	21	21	22	23	22
Water Resources Engineering	36	34	32	34	34	33	31	31	33	28
Water Resources Construction	105	99	99	97	93	100	97	97	96	96
Residual Management	2	2	2	2	2	2	2	2	2	2
Environmental Services	1	1	1	1	1	1	1	1	1	1
Laboratory	6	6	6	6	6	6	5	6	6	6
Environmental System Protection	4	4	4	4	4	4	4	4	4	4
Watersheds	2	2	1	1	1	1	1	1	3	1
Administration:										
Billing/Customer Service	62	64	63	56	57	55	56	56	54	50
Meter Reading	9	8	4	5	5	5	5	4	4	4
Utility Field Services	15	18	17	19	18	21	21	23	28	29
Human Resources	9	9	9	8	7	7	6	5	6	6
Finance and Accounting	41	39	28	30	30	33	30	31	32	42
Management Information Systems	31	34	16	13	13	11	11	13	13	19
Executive Administration	117	119	143	141	148	147	150	146	130	111
<b>Total Employees:</b>	<b>653</b>	<b>649</b>	<b>630</b>	<b>606</b>	<b>609</b>	<b>618</b>	<b>602</b>	<b>602</b>	<b>596</b>	<b>582</b>

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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Water System:</b>										
Water main breaks	165	104	137	113	110	115	174	98	92	123
Average daily consumption (Mgals) (1)	26,724	24,648	24,815	25,011	24,908	24,592	25,738	23,747	23,551	25,033
Peaks (MGD) (2) (3)	37.9	35.6	33.7	34.2	35.1	34.8	33.0	34.7	33.5	38.0
Total sold (Mgals) (1)	8,960,423	9,009,524	7,836,927	8,023,949	8,161,023	8,095,333	8,053,788	8,000,383	8,023,008	7,959,268
<b>Sewer System:</b>										
Main breaks	342	344	294	148	141	97	168	144	96	150
Average daily consumption (Mgals) (1)	24,720	24,400	27,000	25,800	27,800	27,400	23,700	31,800	30,000	31,700
Peaks (MGD) (3)	35.9	27.7	45.0	28.9	32.6	41.4	24.8	46.4	56.6	55.5
Total sold (Mgals) (1)	5,972,764	5,933,990	6,027,916	6,039,262	6,137,196	6,078,380	6,003,473	6,168,784	6,095,255	6,138,459
<b>Electric System:</b>										
Electric outages (minutes)	2,807,700	3,821,940	4,677,182	8,143,105	8,624,299	1,622,358	1,313,228	19,433,184	10,062,025	8,638,836
Peaks (MW) (4)	459.1	446.0	454.0	490.3	424.0	453.0	461.4	404.0	424.0	427.0
Total kWh sold (5)	2,053,384,900	2,037,402,888	2,079,806,749	2,055,323,594	2,025,935,664	1,991,911,083	2,047,248,575	1,987,145,590	1,939,893,315	1,970,727,350
Average daily consumption (kWh)	5,917,385	5,581,926	5,698,101	5,631,024	5,550,509	5,457,291	5,608,900	5,444,235	5,314,776	5,399,253

(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**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Water System:</b>										
Miles of water main	1,351.5	1,364.3	1,374.4	1,384.6	1,375.0	1,385.0	1,383.2	1,395.0	1,398.6	1,408.5
Number of new service connections	2,649	1,375	1,258	1,778	1,128	222	425	180	992	807
Maximum daily capacity of treatment plant (MGD) <sup>(1)</sup>	57.5	57.5	57.5	57.5	57.5	57.5	57.5	57.5	57.5	50.0
Storage capacity (MGD) <sup>(1)</sup>	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.1	36.6	36.5
<b>Sewer System:</b>										
Number of new service connections	1,612	1,375	1,358	2,635	1,072	262	899	737	1,189	1,275
Miles of sanitary sewer mains	1,272.0	1,219.0	1,281.0	1,293.0	1,318.0	1,333.0	1,345.0	1,333.0	1,339.9	1,350.5
Maximum daily capacity of treatment plant (MGD) <sup>(1)</sup>	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0
<b>Electric System:</b>										
Number of new service connections	1,359	64	432	1,456	965	388	352	546	542	674
Distribution line circuit miles	1,316.73	1,316.48	1,323.60	1,323.97	1,337.16	1,339.41	1,349.19	1,346.62	1,347.77	1,351.70

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

## **COMPLIANCE SECTION**



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

**INDEPENDENT AUDITOR'S REPORT**

Board Commissioners  
Fayetteville Public Works Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Fayetteville Public Works Commission (the "Commission"), a component unit of the City of Fayetteville, North Carolina, as of and for the year ended June 30, 2021, 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 11, 2021.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of This Report**

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

*PBMares, LLP*

Morehead City, North Carolina  
October 11, 2021

**Fayetteville Public Works Commission  
 (A Component Unit of the City of Fayetteville, North Carolina)  
 Schedule of Findings and Responses  
 For the Fiscal Year Ended June 30, 2021**

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**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:

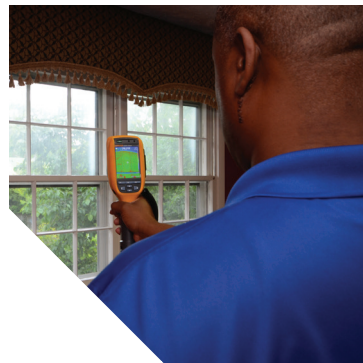
- Material weakness(es) identified? \_\_\_\_\_ Yes          X     No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes          X     None

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes          X     No

**Section II Financial Statement Findings**

None reported.





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 HOME TOWN UTILITY

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