

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

WATER AND SEWER  
AUTHORITY OF  
CABARRUS COUNTY

CONCORD, NORTH CAROLINA

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# WSACC

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WATER & SEWER AUTHORITY  
OF CABARRUS COUNTY  
CONCORD, NORTH CAROLINA

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

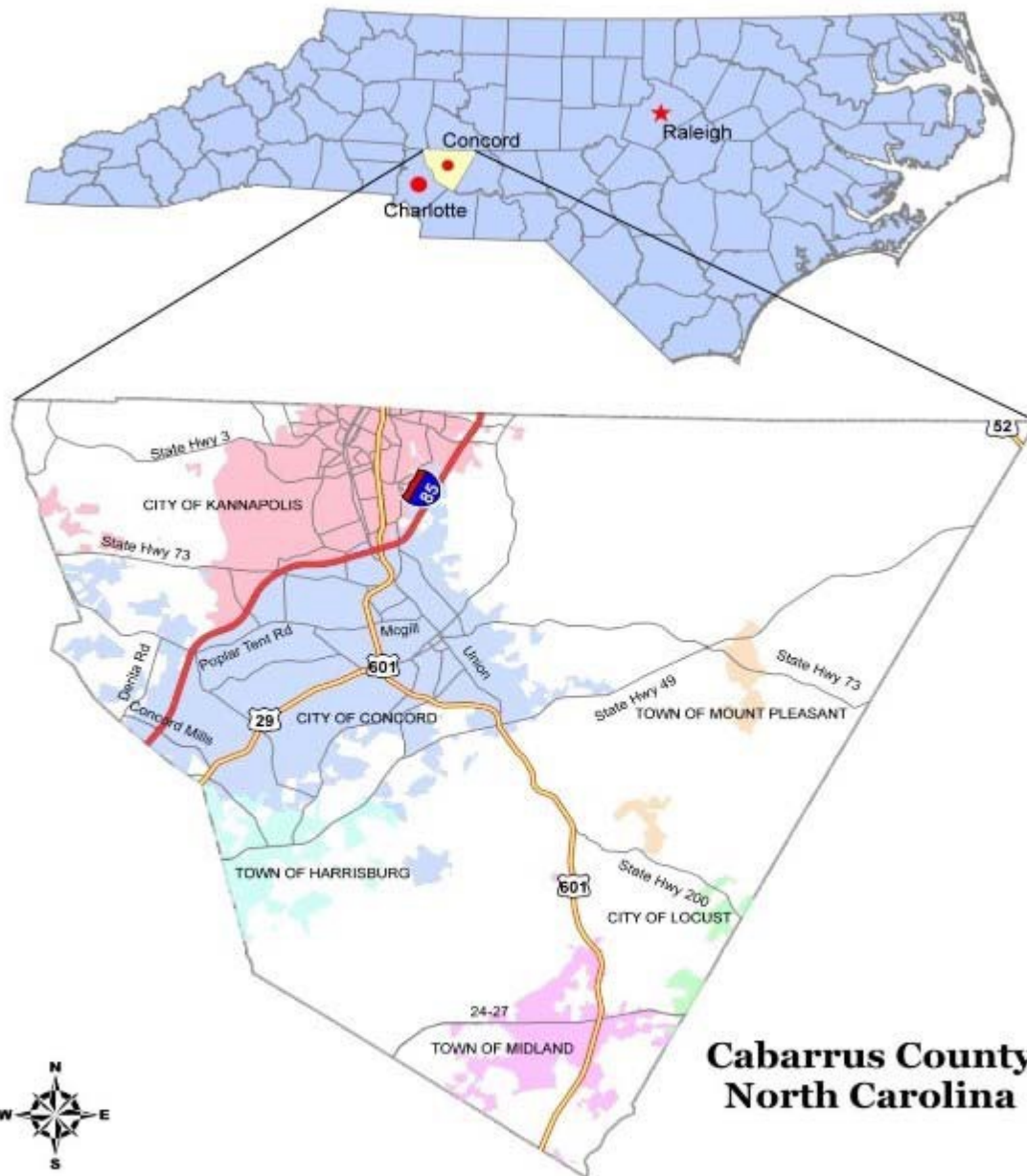
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**PREPARED BY**

FINANCE DEPARTMENT

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**Cabarrus County  
North Carolina**



Prepared by Cabarrus County GIS

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**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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# WSACC

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WATER AND SEWER AUTHORITY  
OF CABARRUS COUNTY

## Introductory Section



October 31, 2023

**The Board of Directors and Citizens of Cabarrus County  
Water and Sewer Authority of Cabarrus County  
Concord, North Carolina**

State law requires that all local governments and public authorities annually publish, within four months of the close of the fiscal year, a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby submit the Annual Comprehensive Financial Report of the Water and Sewer Authority of Cabarrus County (WSACC) for the fiscal year ended June 30, 2023.

The Annual Comprehensive Financial Report consists of management's representations concerning the finances of WSACC. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of WSACC has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of WSACC's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, WSACC's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

WSACC's financial statements have been audited by Potter and Company, CPAs, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of WSACC for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that WSACC's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. WSACC's MD&A can be found immediately following the independent auditor's report.

**Profile of the Water & Sewer Authority of Cabarrus County**

WSACC was established and organized on April 8, 1992, by an agreement of the governing bodies of the Cities of Concord and Kannapolis, the Towns of Harrisburg and Mt. Pleasant, and the County of Cabarrus. WSACC was created to operate and maintain a regional interceptor sewer system and the Rocky River Regional Wastewater Treatment Plant (RRRWTP). Assets were transferred to WSACC, and operations started as a separate entity on July 1, 1992. WSACC is a legally separate governmental entity providing no financial benefit or imposing any burden from, or to, another individual entity, and, therefore, is neither a component unit of, nor financially accountable for, any other organization.



The Bylaws of WSACC require a nine-member Board of Directors, comprised of representatives from the governing bodies of each organizing jurisdiction within Cabarrus County. The Board of Directors is made up of two members from Cabarrus County, two members from the City of Concord, two members from the City of Kannapolis, one member from the Town of Harrisburg, one member from the Town of Mt. Pleasant, and one at-large seat which is appointed by Cabarrus County upon advisement from the other political jurisdictions.

WSACC currently operates and maintains the RRRWWTP, the Muddy Creek Wastewater Treatment Plant (MCWWTP), and the Coddle Creek Reservoir/Lake Howell.

The RRRWWTP is currently a two-stage 26.5 million gallons per day (MGD), ninety-five percent pure oxygen activated sludge, biological wastewater treatment facility that provides treatment services for the represented jurisdictions. The average billable flow of the RRRWWTP in FY 2022-23 was 20.110 MGD. Functions performed by the staff consist of plant operations, maintenance, laboratory analysis, industrial and groundwater monitoring samples, and administering the industrial pretreatment program.



The MCWWTP is a 300,000 gallon/day activated sludge treatment facility that serves the Midland area. The existence and location of this treatment plant played an instrumental part in Corning, Inc.'s decision to locate a fiber optic plant in the Midland area.

The Coddle Creek Reservoir/Lake Howell is a 1,300-acre impoundment that provides a raw water supply for the Coddle Creek Water Treatment Plant and the Kannapolis Water Treatment Plant. The drainage basin for the Coddle Creek Reservoir/Lake Howell is approximately 47 square miles in parts of Cabarrus, Rowan, and Iredell counties.



The total water impounded is approximately 5 billion gallons, which allows for a daily safe yield of approximately 16.28 million gallons. Coddle Creek Reservoir/Lake Howell was constructed by Cabarrus County and was funded by the issuance of General Obligation Bonds. WSACC took ownership of the Reservoir from Cabarrus County in March 2021. Operation and maintenance responsibilities were contractually transferred to WSACC on July 1, 1996.

WSACC also operates and maintains approximately 139 miles of interceptor sewer lines, ranging in pipe sizes from 8 inches in diameter to 72 inches in diameter. Five remote pump stations are maintained to provide wastewater transportation services. Interceptor staff is responsible for new construction design, general inspections, pump station operation and maintenance, interceptor sewer inspections, manhole rehabilitation, right-of-way maintenance, and flow monitoring.

### **Economic Factors Affecting Financial Condition and Outlook**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which WSACC operates.

Cabarrus County's continues to enjoy a favorable economic environment and local indicators point to continued stability. Historically, Cabarrus County's economy was primarily dependent on agriculture and the textile industry, however, the County has experienced diversification through biotechnology, healthcare, manufacturing, industrial and business parks, warehousing and distribution, entertainment and hospitality, retail and aviation.

The County is one of 10 counties located in the Charlotte-Gastonia-Concord, NCSC Metropolitan Statistical Area (the "Charlotte MSA"), which consists of Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg,

Rowan and Union counties in North Carolina and Chester, Lancaster and York counties in South Carolina. The Charlotte MSA, anchored by the City of Charlotte, was the 22nd largest metropolitan statistical area in the United States as of the 2020 census.

The County's rapid growth, largely attributable to the County's position in the Charlotte MSA, has continued over the past years. One of the largest industrial/manufacturing parcels in the state of North Carolina, The Grounds at Concord at more than 2,100 acres, saw the county's two largest economic development announcements in its history. Red Bull, Rauch, and Ball, committed to creating more than 600 jobs to operate a beverage manufacturing, filling, and distribution campus with a capital investment of more than \$1 billion. Eli Lilly and Company, one of the world's largest pharmaceutical companies, announced plans to invest \$1 billion in a manufacturing campus that will generate nearly 600 jobs with an average wage of \$70,000. Even with these two projects, The Grounds still has acreage available for further development.

Outside of The Grounds, Kroger Co., America's largest grocery retailer, announced it will offer more American delivery through the addition of a new customer fulfillment center with an investment of \$139 million and creation of nearly 700 jobs.

The revitalization of downtown Kannapolis, approximately 50 acres and eight blocks of buildings, also continued over the past year. In December 2021, the City of Kannapolis, Temerity Capital Partners, and the Lansing Melbourne Group announced the new Stadium Lofts project with an investment of \$8.5 million. The site will include Towel City Tavern, a full-service barbecue restaurant and tavern in a seven-story mixed-use building. In August, 2021, Lansing Melbourne Group broke ground on the 200 Main mixed-use project that will include approximately 90,000 square feet with an investment of \$21 million.

In addition to a strong economy, Cabarrus recently ranked well in benchmark comparisons against North Carolina's other 99 counties. Cabarrus is North Carolina's 11th healthiest county. Nearly 90% of our residents have health insurance, food security and are not living in poverty, putting us in the top five of North Carolina counties. More than half of our residents have a postsecondary degree or credential, which is the 11th best in the state.

Local municipalities have engaged in short-range and long-range planning to provide the necessary infrastructure to accommodate future growth within Cabarrus County. Local business leaders cooperate in economic recruiting and development efforts. The Cabarrus Economic Development Commission serves as the primary recruiting and marketing entity for economic development.

### **Challenges for the Future**

WSACC continues to prioritize increasing operating revenues through minimal rate increases. While substantial progress has been made over the past several fiscal years, staff continue to search for opportunities for additional cost savings in operations. Several large maintenance projects that were deferred for many years were completed in FY 2023 and additional ones are now beginning to increase overall efficiency and reduce future repair and maintenance costs. The current system has experienced unprecedented growth from new construction throughout the County, resulting in the need for expansion from 26.5 to 34 MGD faster than anticipated. Capacity allocations are a significant challenge WSACC is facing moving forward. The expansion of the Rocky River Waste Water Treatment Plant to 30 MGD is currently under construction and the plan to expand to 34 MGD has started. The work to expand to 30 MGD is expected to be completed in the summer of 2024 to meet the demands of the County. After 20 years without any new debt issuance, WSACC issued \$65.79 million in revenue bonds in May 2022. To complete the projects, more funds were required than the system development fees and current WSACC reserves could provide. The need to issue debt came at an opportune time when WSACC was within two years of paying off all existing debt.

## **Long-Term Financial Planning**

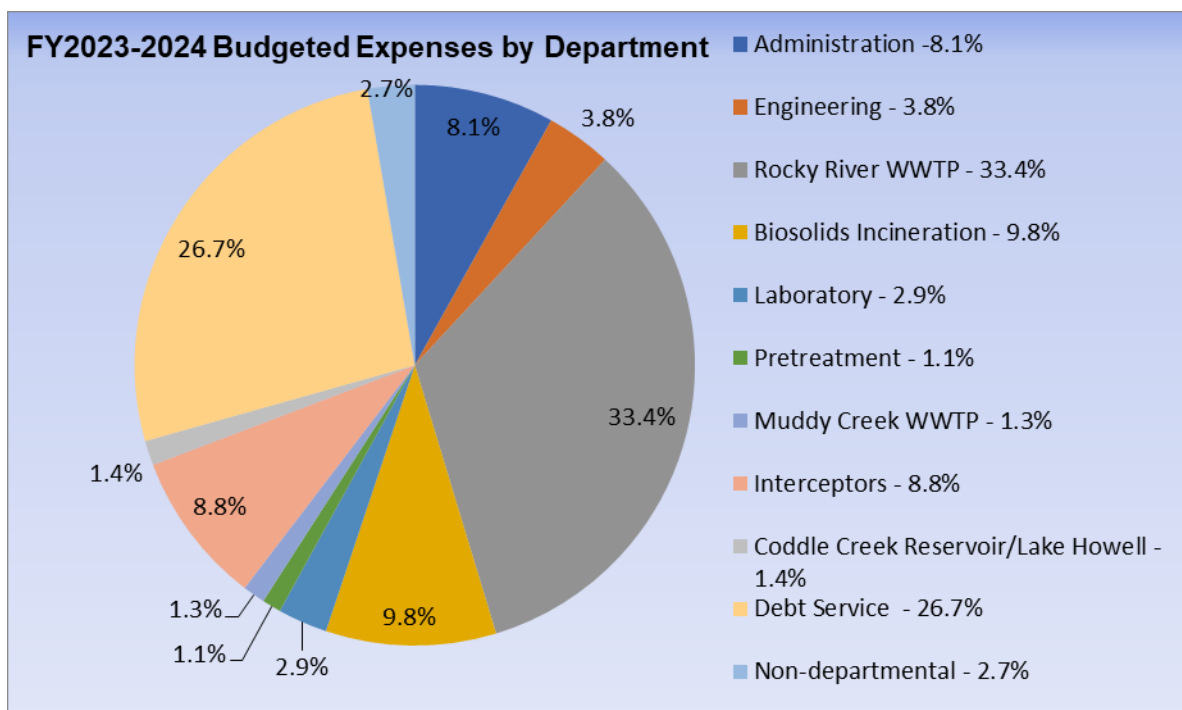
WSACC seeks to consistently maintain a strong financial position. This objective requires regular long-term planning of operating and capital requirements. As Cabarrus County has seen explosive residential growth on the west side of the County and in Kannapolis, WSACC must carefully weigh the costs of capital expansion versus the potential revenues to serve this area. A greater importance has been placed on the consistent forecast modeling of the Capital Improvement Program (CIP) as WSACC must make decisions regarding the timing of projects and prioritizing projects. The CIP looks ahead to project and plan for any capital needs in the future.

WSACC also uses a variety of inputs in the development of long-term financial planning. First, detailed records are maintained regarding wet weather and dry weather flows in each of the interceptor lines. This information is integrated into a hydraulic model which is used to forecast when interceptor lines will require paralleling or treatment plants expanded. Information from the hydraulic model is used in the development of the preliminary six-year CIP. Once the information is assembled to determine WSACC's capital needs, an evaluation is done to determine what projects can be built on a pay-as-you-go basis and what projects must be financed. A rate model that allows for the forecasting of rates ten years into the future is used to determine the affordability of the planned capital program. Final adjustments are made to the six-year CIP, and it is submitted to the Board of Directors for final approval.

## **Budget Highlights**

The fiscal year 2023-2024 Annual Budget was adopted by the WSACC Board of Directors on June 15, 2023. The budget ordinance was presented in accordance with the Local Government Budget and Fiscal Control Act (N.C.G.S. 159-8 (a)). The annual budget is the foundation for WSACC's financial planning and control. The general operating budget for the fiscal year beginning July 1, 2023 totals \$21,668,220. The vast majority of the \$1,212,944 increase in the budget was associated with utilities, chemicals, and employee salaries and benefits.

The operating budget continues to sustain WSACC's long tradition of financial strength, balanced with infrastructure and services that support increasing the economic development activity and growth of Cabarrus County.



## **Awards and Acknowledgements**

WSACC received the Government Finance Officers Association of the United States and Canada (GFOA) award for the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 25th consecutive year that WSACC has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must also satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report 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 summary, this Annual Comprehensive Financial Report provides a source of information to citizens, the Board, and other government agencies, all of whom rely upon it for decision-making and the opportunity to learn more about WSACC's financial condition.

The preparation of this report would not have been possible without the dedicated efforts of Shelley Farris, Sandy Cain, and Angela Hill whose contributions reflect the high standards we have set for ourselves. Much appreciation is also due to the accounting staff from Cabarrus County who assisted in providing portions of the statistical and economic data. We would also like to thank the Board of Directors for their continued interest in, and support of, WSACC's pursuit of financial reporting excellence.

Respectfully submitted,



Wendi Heglar, CPA  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Water and Sewer Authority of Cabarrus County  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# WSACC

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WATER AND SEWER AUTHORITY  
OF CABARRUS COUNTY

## LIST OF PRINCIPAL OFFICIALS

### **Board Members**

Michael Legg, *Chairman*  
Darrell Hinnant  
David Phillips  
Jim Sells  
Lynn Shue

Jeff Corley, *Vice-Chairman*  
Jonathan Marshall  
Robert Ritchie  
Rob Donham

### **Executive Director**

Michael Wilson

### **Secretary to the Board**

Tammy Garifo

### **Treasurer to the Board**

Wendi Heglar

### **Department Heads**

*Engineering Director*  
**Chad VonCannon**

*Deputy Executive Director-Administration*  
**Robin Moore**

*Finance Director*  
**Wendi Heglar**

*Environmental Compliance Manager*  
**Beverly Metcalf**

*Maintenance Manager*  
**Chris Carpenter**

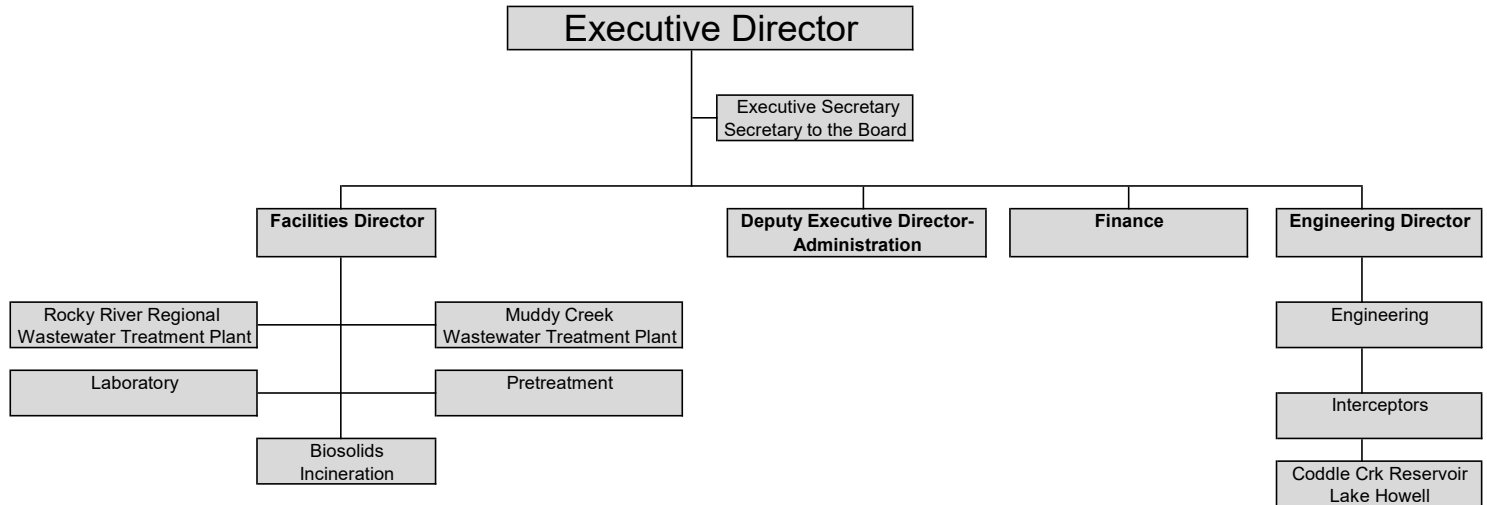
*Facilities Director*  
**Mark Fowler**

*Utility Interceptor Systems Supervisor*  
**Joseph Lyles**

*Wastewater Operations Manager*  
**James Sims**

# Water and Sewer Authority of Cabarrus County

## Organizational Structure





# WSACC

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WATER AND SEWER AUTHORITY  
OF CABARRUS COUNTY

## Financial Section



## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
**Water & Sewer Authority of Cabarrus County**  
Concord, North Carolina

### Opinion

We have audited the accompanying financial statements of the business-type activity and each major fund of the **Water & Sewer Authority of Cabarrus County** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the **Water & Sewer Authority of Cabarrus County's** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Water & Sewer Authority of Cabarrus County as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Water & Sewer Authority of Cabarrus County**, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Required Supplementary Information**

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

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Water & Sewer Authority of Cabarrus County's** basic financial statements. The budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget and actual schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

A handwritten signature in cursive script that reads "Potter & Company".

October 31, 2023  
Monroe, North Carolina

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Water and Sewer Authority of Cabarrus County (WSACC), we offer readers of WSACC's financial statements this narrative overview and analysis of the financial activities of WSACC for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with the transmittal letter at the front of this report and the additional information that we have provided in WSACC's financial statements, which follow this narrative.

### Financial Highlights

In Fiscal Year 2022-23, WSACC maintained a strong financial position for its enterprise operating fund. Key performance indicators were revenue stability and overall positive departmental budget variances.

- WSACC has revenue bond ratings of AA from Fitch and Aa2 from Moody's.
- The assets and deferred outflows of resources of WSACC exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$192,097,144 (net position).
  - To support the continued growth in Cabarrus County, WSACC is increasing capacity at Rocky River Regional Waste Water Treatment Plant (RRRWWTP). \$37,505,199 was expended on the first phase this fiscal year. The majority of the \$15,638,241 in capital contributions from Charlotte Water was for the expansion project at RRRWWTP.
  - Unrestricted net position was \$51,265,650. This amount may be used to meet any ongoing obligation and future expenditures.
  - \$9,625,176 is restricted as part of system development fees and is limited to how those funds are to be spent.
- WSACC's total net position increased by \$19,623,046 compared to an increase of \$13,399,137 in FY 22.
  - This increase is attributable to the following:
    - Additional rate increases associated with operating revenues
    - Capital contributions increased by \$12.6 million from last fiscal year
    - Interest income increased by \$3.5 million due to increased interest rates and opportunities to invest idle funds

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to WSACC's basic financial statements. WSACC's primary mission is to provide wholesale water and wastewater treatment services to the Citizens of Cabarrus County. WSACC does not provide other general government types of services or programs. Operational expenses, and debt payments are funded almost entirely through rates, fees, and other charges for water and wastewater treatment services. As such, WSACC is considered to be, and therefore presents its financial report as a stand-alone enterprise fund.

As a stand-alone enterprise fund, WSACC's basic financial statements consist of a *Statement of Net Position*; a *Statement of Revenues, Expenses, and Changes in Net Position*; a *Statement of Cash Flows*, and *notes to the financial statements*. These statements, together with the *Management's Discussion and Analysis*, provide both short-term and long-term financial information and implications for WSACC's financial position. To further illuminate the information contained in these statements, the *Statements of Revenues and Expenditures-Budget and Actual*, appear as supplementary information immediately following the required supplemental financial

data. In addition to this discussion and analysis, other required supplementary information, generally statistical and historical in nature, is presented.

The *Statement of Net Position*, similar to a balance sheet, presents WSACC's basic financial position through disclosure of information about WSACC's assets and liabilities. Net Position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. The Statement of Net Position can be found as Exhibit A of this report.

The *Statement of Revenues, Expenses, and Changes in Net Position*, similar to private sector income statements, provides information regarding WSACC's total economic resource inflow and outflow (accrual method of accounting). The difference between these inflows and outflows represents the change in Net Position which links this statement to the *Statement of Net Position*. The Statement of Revenues, Expenses, and Changes in Net Position can be found as Exhibit B of this report.

The *Statement of Cash Flows* deals specifically with the flow of cash and cash equivalents arising from operating, financing, and investing activities. Because WSACC's *Statement of Revenues, Expenses, and Changes in Net Position* is a measurement of the flow of total economic resources, operating income usually differs from net cash flow from operations. To enhance the reader's understanding of this difference, the *Statement of Cash Flows* also includes reconciliation between these two amounts. In accordance with accounting principles generally accepted in the United States of America, a reconciliation of cash and cash equivalents is also presented in this statement. The Statement of Cash Flows can be found as Exhibit C of this report.

The *Notes to the Financial Statements* provide additional information that explains some of the information in the financial statements and is considered essential to a full understanding of the data provided in the basic financial statements.

*Other Information* – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning WSACC's progress in funding its obligation to provide post-employment and pension benefits to its employees. This section includes detailed information related to Other Post-Employment Benefits (OPEB) and Local Government Employees' Retirement System (LGERS). Required Supplementary Information can be found as Exhibits D-F of this report.

## **Financial Analysis of WSACC**

As noted earlier, Net Position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of WSACC exceeded its liabilities and deferred inflows by \$192,097,144 at the close of the fiscal year as compared to \$172,474,098 at the end of the previous fiscal year. The following table reflects a condensed Statement of Net Position.

## NET POSITION

	<b>2023</b>	<b>2022</b>
Current assets and other noncurrent assets	\$ 93,054,817	\$ 111,756,167
Capital assets, net	178,483,891	139,050,441
Total assets	<u>271,538,708</u>	<u>250,806,608</u>
 Deferred outflow of resources	 <u>2,377,244</u>	 <u>1,656,478</u>
 Long-term liabilities outstanding	 71,921,796	 71,376,449
Other liabilities	8,262,509	6,071,290
Total liabilities	<u>80,184,305</u>	<u>77,447,739</u>
 Deferred inflow of resources	 <u>1,634,503</u>	 <u>2,541,249</u>
 Net position:		
Net investment in capital assets	131,206,318	129,942,283
Restricted	9,625,176	5,741,049
Unrestricted	51,265,650	36,790,766
Total Net Position	<u>\$ 192,097,144</u>	<u>\$ 172,474,098</u>

One of the largest portions of Net Position (68 percent) reflects WSACC's net investment in capital assets (e.g. land, buildings, interceptor sewer lines, treatment plants, and equipment); less any related debt still outstanding that was issued to acquire those items. WSACC uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although WSACC's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of WSACC's net position, \$9,625,176, represents resources that are subject to restrictions on how they are to be used.



## Changes in Net Position

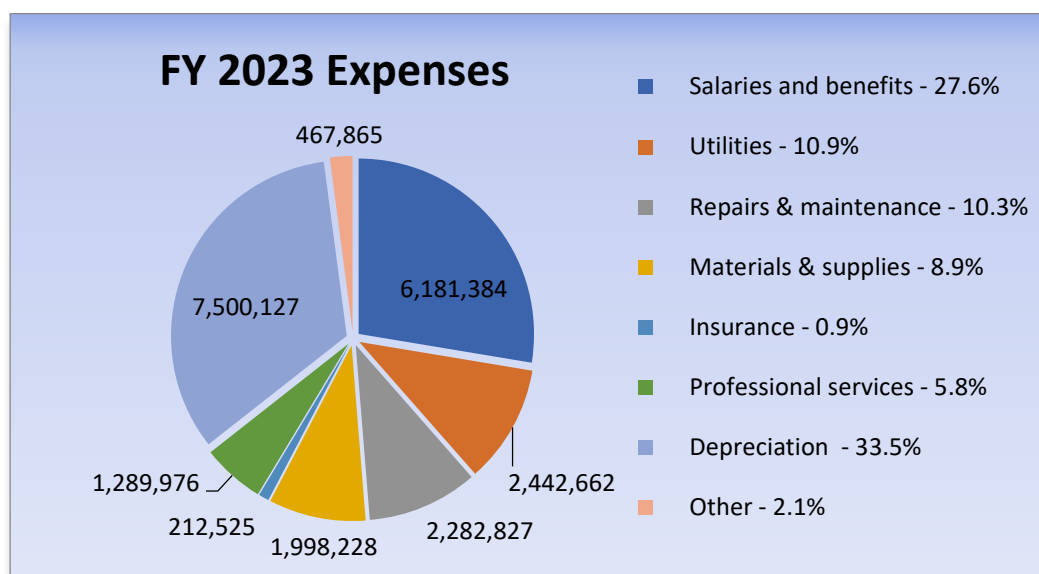
WSACC's Net Position increased by \$19,623,046 for the fiscal year ended June 30, 2023. The following table summarizes the changes in net position.

### CHANGES IN NET POSITION

	<b>2023</b>	<b>2022</b>
Operating revenues, charges for services	<u>\$ 21,126,476</u>	<u>\$ 17,456,338</u>
Operating expenses:		
Salaries and employee benefits	6,181,384	5,529,230
Utilities	2,442,662	1,883,034
Repairs and maintenance	2,282,827	1,303,529
Materials and supplies	1,998,228	1,449,444
Insurance	212,525	206,366
Professional services	1,289,976	1,691,970
Depreciation	7,500,127	7,197,452
Other	467,865	254,364
Total operating expenses	<u>22,375,594</u>	<u>19,515,389</u>
Operating income (loss)	<u>(1,249,118)</u>	<u>(2,059,051)</u>
Nonoperating revenue (expense)		
Gain on sale of capital assets	17,793	4,569
Interest expense	(2,195,553)	(308,341)
Investment earnings	3,527,556	47,598
Total nonoperating revenue (expense)	<u>1,349,796</u>	<u>(256,174)</u>
Income (loss) before capital contributions	<u>100,678</u>	<u>(2,315,225)</u>
Capital contributions:		
Capital contributions - governments	15,638,241	3,037,572
System development fees	3,884,127	4,426,790
Total capital contributions	<u>19,522,368</u>	<u>7,464,362</u>
Extraordinary item: legal settlement	<u>-</u>	<u>8,250,000</u>
Change in net position	19,623,046	13,399,137
Total net position - beginning of the year	<u>172,474,098</u>	<u>159,074,961</u>
Total net position - end of the year	<u><u>\$ 192,097,144</u></u>	<u><u>\$ 172,474,098</u></u>

WSACC's Changes in Net Position provides information concerning what contributed to the net changes reported in the schedule of Net Position. Several financial factors that positively and negatively impacted the increase in Net Position are highlighted below.

- **Total Revenues:** Total operating and non-operating revenues were \$24,671,825 or \$7,163,322 more than the \$17,508,503 reported for the prior year.
  - **Operating Revenues:** Total operating revenues (which are charges for services provided to customers) increased by 21 percent from the prior fiscal year. Rates for the jurisdictions increased this fiscal year for both variable and fixed fees. The fixed fees increased for member jurisdictions to cover the revenue bond debt payments that started this year. Operating revenues consist of fixed and variable treatment and interceptor revenues, sludge disposal, and raw water charges.
  - **Investment Earnings:** Investment earnings increased by \$3,479,958 to \$3,527,556 for the current year compared to \$47,598 in FY 2022. The Federal Reserve increased its interest rate from 1.58% in July 2022 to 5.08% in June 2023. WSACC continued to invest in commercial paper holdings and agencies in FY 2023. The Authority also started investing in the North Carolina Investment Pool during the year.
  - **Capital contributions from Charlotte Water** increased by \$12.6 million.
- **Total Expenses:** Total operating and non-operating expenses were \$24,571,147 or \$4,747,417 more than the \$19,823,730 for the prior year.
  - **Operating Expenses:** Total operating expenses increased by a net \$2,860,205 from the prior fiscal year. Repairs and maintenance saw the biggest increase of \$979,298. Several large repairs were made to the aging system during the fiscal year.
  - **Interest expense** increased by \$1,887,212 from FY 2022 due to the revenue bonds issued for the expansion project.
  - The chart below depicts how operating funds were spent for fiscal year 2023.



- System Development Fees (SDF): WSACC began implementation of SDF in FY 2019 to replace the Capital Recovery Fee. After several years of increasing receipts of SDF, WSACC received \$3,884,127 during FY 2023 representing a decrease of 12 percent from the prior year. These funds are restricted to a specific purpose and classified as a capital contribution. SDF Fees apply to only new connections and are used to help recover the capital cost of infrastructure necessary in providing water and sewer services.

## Capital Asset and Debt Administration

**Capital Assets.** WSACC's cumulative investment in capital assets as of June 30, 2023, amounted to \$178,483,891 (net of accumulated depreciation). These assets include land, buildings, improvements to land, water treatment and distribution infrastructure, sewer treatment and collection infrastructure, machinery and equipment, furniture and fixtures, and vehicles. The table below indicates the valuation of the assets by category:

<b>CAPITAL ASSETS</b>		
(Net of depreciation)		
	<b>2023</b>	<b>2022</b>
Land	\$ 7,861,153	\$ 7,861,153
Construction in progress	60,468,952	13,654,725
Sewer treatment and collection	99,361,629	105,568,353
Biosolids handling	6,035,409	6,583,475
Buildings and improvements	1,420,103	1,584,992
Improvements to land	260,932	324,042
Equipment	2,275,487	2,655,745
Furniture and fixtures	45,508	67,167
Vehicles	754,718	750,789
Total	<u>\$ 178,483,891</u>	<u>\$ 139,050,441</u>

Major capital asset transactions during the fiscal year include the following:

- Additional construction in progress expenditures were incurred for the following projects:
  - Expansion to 30 MGD Project - \$37,505,199
  - Expansion to 34 MGD Project - \$4,070,557
  - Lower Coddle Creek Interceptor Project - \$464,200
  - Lower Rocky River Additional Pump Capacity - \$440,361
  - Master Plan and Permitting - \$1,934,842
  - Lower Back Creek Rehabilitation Project - \$2,388,878

Additional information on WSACC's capital assets can be found in Note I.E.6 and II.A.4 of the basic financial statements and the supplementary schedules.

**Commitments.** WSACC has construction commitments for several projects totaling \$64,154,332 at June 30, 2023 as discussed in detail in Note II.B.6. These commitments will be funded out of current debt proceeds, cash reserves and capital contributions.

**Long-term Debt.** As of June 30, 2023, WSACC had total debt outstanding of \$67,046,589. \$65,790,000 in revenue bonds was issued in May 2022 for the plant expansion. \$1,256,589 is state revolving loan funds. Both bonds payable are secured solely by specified revenue sources.

#### **OUTSTANDING DEBT**

	<u><b>2023</b></u>	<u><b>2022</b></u>
Bonds Payable		
Revenue bonds	\$ 65,790,000	\$ 65,790,000
NC Clean Water Revolving Loan from direct borrowing	1,256,589	2,685,754
Total Bonds Payable	<u>67,046,589</u>	<u>68,475,754</u>
Compensated absences	468,852	447,787
Net pension liability (LGERS)	3,001,804	784,741
Net OPEB liability	<u>2,781,778</u>	<u>3,366,004</u>
Total	<u><u>\$ 73,299,023</u></u>	<u><u>\$ 73,074,286</u></u>

WSACC's total debt increased by \$224,727 during the past fiscal year, primarily due to the increase in the net pension liability.

WSACC has been assigned an AA bond rating from Fitch and an Aa2 from Moody's. WSACC is not a taxing authority and is not subject to any legal debt margin. Additional information regarding WSACC's long-term debt obligations can be found in Note II.B.8 - 9.

#### **Overall Financial Position**

The overall financial position of WSACC remained stable during the fiscal year ended June 30, 2023. WSACC's operating activities continued to generate positive cash flows of \$4,824,375 found in Exhibit C.

#### **Economic Factors and Next Year's Budgets and Rates**

The following key economic county indicators reflect the changing environment of WSACC's service areas. The economic climate will be the biggest factor impacting future budget recommendations.

- Cabarrus County's unemployment rate decreased from 3.70 percent in the prior year to 3.30 percent at June 30, 2023.
- Population growth experienced an increase to approximately 235,797 in Cabarrus County.
- Cabarrus County is home to a diversified business base of industries. The pace of growth within the County has increased significantly. Construction is underway to increase

capacity from 26.5 MGD to 30 MGD. The planning to increase capacity to 34 MGD is in progress.

These factors, as well as others, were considered in preparing the budget for Fiscal Year 2024. On June 15, 2023, WSACC Board of Directors approved a \$21,668,220 operating budget for FY 2024. The vast majority of the \$1,212,944 increase was associated with utilities, chemicals, and employee salaries and benefits. Appropriations were made in the 2024 fiscal year budget for various operating expenses in the amount of \$1,384,055. Management believes that increased revenues and continued restrictions on spending will maintain a solid financial position.

Budgeted sewer flows were projected at 7.045 billion gallons. The variable sewer rate was increased from \$1.636 to \$1.766 per thousand gallons of treated water. This increase is expected to generate an additional \$915,850 in revenue.

### **Requests for Information**

This financial report is designed to provide a general overview of WSACC's finances for all those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Wendi Heglar, WSACC, 232 Davidson Hwy, Concord, NC 28027, (704) 786-1783. Prior fiscal year Annual Comprehensive Financial Reports can be obtained at the following website: <http://www.wsacc.org>.

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Statement of Net Position**  
**June 30, 2023**

**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 50,718,774
Restricted cash and cash equivalents:	
System development fees	9,215,155
Unspent bond proceeds	25,782,880
Total cash and cash equivalents	<u>85,716,809</u>
Receivables:	
Accounts receivable, customers	1,816,573
Interest receivable	347,518
Restricted receivable, system development fees	412,061
Due from other governments	4,701,307
Total receivables	<u>7,277,459</u>
Prepaid items	<u>60,549</u>
 Total current assets	 <u>93,054,817</u>

## Noncurrent assets:

## Capital assets:

Land and other non-depreciable assets	68,330,105
Depreciable assets, net of depreciation	110,153,786
Total capital assets	<u>178,483,891</u>
Total noncurrent assets	<u>178,483,891</u>

**Total assets**271,538,708**DEFERRED OUTFLOWS OF RESOURCES**

Pension deferrals	2,007,284
Other post-employment benefit deferrals	369,960
Total deferred outflows of resources	<u>2,377,244</u>

**LIABILITIES**

## Current liabilities:

Accounts payable and accrued expenses	1,888,116
Liabilities to be paid from restricted assets	4,997,166
Current portion of compensated absences payable	281,311
Current portion of long-term debt	1,095,916
Total current liabilities	<u>8,262,509</u>

## Noncurrent liabilities:

Net pension liability	3,001,804
Compensated absences, net of current portion	187,541
Total postemployment benefit liability	2,781,778
Long-term debt, net of current portion	65,950,673
Total noncurrent liabilities	<u>71,921,796</u>

**Total liabilities**80,184,305**DEFERRED INFLOWS OF RESOURCES**

Pension deferrals	27,357
Other post-employment benefit deferrals	1,607,146
Total deferred inflows of resources	<u>1,634,503</u>

**NET POSITION**

Net investment in capital assets	131,206,318
Restricted-system development fees	9,625,176
Unrestricted	51,265,650
<b>Total net position</b>	<u><u>\$ 192,097,144</u></u>

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

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

Operating revenues, charges for services	<u>\$ 21,126,476</u>
Operating expenses:	
Salaries and employee benefits	6,181,384
Utilities	2,442,662
Repairs and maintenance	2,282,827
Materials and supplies	1,998,228
Insurance	212,525
Professional services	1,289,976
Depreciation	7,500,127
Other	<u>467,865</u>
Total operating expenses	<u>22,375,594</u>
Operating income (loss)	<u>(1,249,118)</u>
Nonoperating revenue (expenses):	
Gain on sale of capital assets	17,793
Interest expense	(2,195,553)
Investment earnings	<u>3,527,556</u>
Total nonoperating revenue (expenses)	<u>1,349,796</u>
Income before capital contributions	<u>100,678</u>
Capital contributions:	
Capital contributions-governments	15,638,241
System development fees	<u>3,884,127</u>
Change in net position	19,623,046
Total net position, beginning of year	<u>172,474,098</u>
Total net position, end of year	<u><u>\$ 192,097,144</u></u>

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



**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023**

**Cash flows from operating activities:**

Cash received from customers	\$ 21,156,330
Cash paid for goods and services	(8,863,533)
Cash paid to or on behalf of employees for services	(6,374,793)
Other operating expenses	<u>(1,093,629)</u>

Net cash provided by operating activities	<u>4,824,375</u>
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**Cash flows from capital and related financing activities:**

Acquisition and construction of capital assets	(44,071,998)
Principal paid on long-term debt	(1,429,165)
Interest paid on long-term debt	(2,202,305)
Proceeds from sale of capital assets	64,040
Capital contributions-governments	13,796,909
Capital contributions-system development fees	<u>4,041,230</u>

Net used by capital and related financing activities	<u>(29,801,289)</u>
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**Cash flows from investing activities:**

Interest on investments	<u>3,196,251</u>
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Net cash provided by investing activities	<u>3,196,251</u>
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Net decrease in cash and cash equivalents	(21,780,663)
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Cash and cash equivalents, beginning	<u>107,497,472</u>
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Cash and cash equivalents, ending	<u><u>\$ 85,716,809</u></u>
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**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023**

**Reconciliation of operating income (loss) to net cash provided  
by operating activities:**

Operating income (loss)	\$ (1,249,118)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	7,500,127
Changes in assets, liabilities and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	(1,063,779)
(Increase) decrease in deferred outflows of resources for pensions	(793,918)
(Increase) decrease in deferred outflows of resources for OPEB	73,152
Increase (decrease) in deferred inflows of resources for OPEB	228,958
Increase (decrease) in accounts payable and accrued expenses	(389,246)
Increase (decrease) in compensated absences payable	21,066
Increase (decrease) in net pension liability	2,217,063
Increase (decrease) in other post employment benefits liability	(584,226)
Increase (decrease) in deferred inflows of resources for pensions	(1,135,704)
Total adjustments	<u>6,073,493</u>
Net cash provided by operating activities	<u><u>\$ 4,824,375</u></u>

**Supplemental schedule of capital and related  
financing activities:**

Reconciliation of acquisition and construction of capital assets

Additions to Construction in progress	\$ 46,814,227
Regular capital outlay	165,598
Add: Prior year accounts payable	2,900,736
Add: Prior year retainage payable	205,301
Less: Current year accounts payable	(3,944,579)
Less: Current year retainage payable	(2,069,285)
Acquisition and construction of capital assets from Statement of Cash Flows	<u><u>\$ 44,071,998</u></u>

Reconciliation of capital contributions-governments

Capital contributions - governments	\$ 15,638,241
Add: Prior year accounts receivable	1,388,359
Less: Current year accounts receivable	(3,229,691)
Capital contributions-governments from Statement of Cash Flows	<u><u>\$ 13,796,909</u></u>

Reconciliation of capital contributions-system development fees

Capital contributions - system development fees	\$ 3,884,127
Add: Prior year accounts receivable	569,164
Less: Current year accounts receivable	(412,061)
Capital contributions-system development fees from Statement of Cash Flows	<u><u>\$ 4,041,230</u></u>

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

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Water and Sewer Authority of Cabarrus County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Water and Sewer Authority of Cabarrus County (WSACC) was established and organized by the governing bodies of the Cities of Concord and Kannapolis, the Towns of Harrisburg and Mount Pleasant, and the County of Cabarrus in order to operate and maintain a regional interceptor sewer system and regional wastewater treatment plant. WSACC operates and maintains the Rocky River Regional Wastewater Treatment Plant (RRRWTP), the Muddy Creek Wastewater Treatment Plant (MCWWTP), interceptor sewer lines, and auxiliary metering and pumping stations.

WSACC also owns and is responsible for the operation and maintenance of the Lake Howell Reservoir. WSACC is a public corporation of the State of North Carolina under Section 162A-3 of the North Carolina Water and Sewer Authority Act. WSACC is a jointly governed organization governed by a board appointed by the organizing bodies as follows: two members of the Cabarrus County Board of Commissioners, two members of the City of Concord City Council, two members of the City of Kannapolis City Council, one member of the Town of Harrisburg Town Council, one member of the Town of Mount Pleasant Board of Commissioners, and one member of the Cabarrus County Board of Commissioners upon advice from the other political jurisdictions.

**B. Basis of Accounting-Fund Accounting**

The accounts of WSACC are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

WSACC has the following fund category:

Enterprise Fund – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises (where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges); or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. WSACC has one Enterprise Fund, the Water and Sewer Fund. The Water and Sewer Fund (the operating fund) is consolidated with the Enterprise Capital Project Funds, and the System Development Fee Fund for financial reporting purposes.

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to the fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic resources measurement focus. With

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

this measurement focus, all assets, and all liabilities associated with the operation of this fund are included on the statement of net position. Net position is the result of deducting all the liabilities and deferred inflows of resources from all the assets and deferred outflows of resources. Total net position is segregated into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

The Water and Sewer Fund is maintained on a modified accrual basis during the year; however, the financial statements of WSACC have been reported on the accrual basis. Under this basis, 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 WSACC gives (or receives), value without directly receiving (or giving) equal value in exchange, including grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Water and Sewer Fund distinguishes between operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for sales and services. Operating expenses for the Water and Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Budgetary Data**

WSACC's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the Water and Sewer Operating Fund and the System Development Fee Fund. All annual appropriations lapse at fiscal year-end except for encumbered monies, which are carried forward into the subsequent annual budget. The budget ordinance must be adopted by July 1 of the fiscal year or the Board of Directors must adopt an interim budget that covers that time until the annual ordinance can be adopted. Project ordinances are adopted for capital projects expected to take longer than one (1) year to complete. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions.

For the Water and Sewer Operating Fund, and the System Development Fee Fund appropriations are made at the program (departmental) level. The Executive Director is authorized to transfer monies between program budgets without limitation to carry out the objectives of each program without action by the Board of Directors. Project ordinances are adopted at the project total level with allocations made between line items for internal accounting purposes only. Expenses may not legally exceed appropriations at the fund level for annual budgets and project total for multi-year project ordinances.

During the year, multiple supplementary appropriations were made to the original budgets. Material budget amendments were for: (1) \$1.3 million to carry forward purchase orders from the prior fiscal year (2) \$500,000 to budget additional utilities for RRRWWTP and (3) \$300,000 for Lake Howell Dredging.

WSACC maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end do not constitute expenditures or liabilities of the current year.

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

Funds encumbered on June 30, 2023 are authorized as part of the 2023-2024 budget appropriation by adoption of the Budget Ordinance. Encumbrances outstanding for operational expenses and construction contracts at June 30, 2023, totaled \$1,384,055.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position**

1. Deposits and Investments

All deposits of WSACC are made in board-designated official depositories and are secured as required by G.S. 159-31. WSACC may designate, as an official depository, any bank whose principal office is located in North Carolina. Also, WSACC may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [GS 159-30(c)] authorizes WSACC to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and North Carolina Investment Pool (NCIP).

WSACC's investments are reported at fair value. Non-participating interest-earning contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) is a SEC-registered money market mutual fund authorized by G.S. 159-30 (c)(8). The NCCMT Government Portfolio is a 2a-7 fund which invests in treasuries, government agencies and collateralized repurchase agreements is rated AAAM by S&P and AAAMf by Moody Investor Services. The North Carolina Investment Pool (NCIP) is a money market mutual fund authorized by G.S. 159-30 (c)(10). The portfolio is a commingled local government investment pool established to invest idle funds in various short-term investments and is rated AAAM by S&P and AAAMmf by Fitch Investor Services. The portfolios are reported at fair value.

2. Cash and Cash Equivalents

WSACC pools money to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets-Cash and Cash Equivalents

The unexpended revenue bond proceeds issued by WSACC are classified as restricted because their use is completely restricted to the purpose for which the bonds were originally issued.

System Development Fees (SDFs) are assessed by WSACC and are classified as restricted assets. This fee is assessed on builders as new permits are issued. State law places certain restrictions on how a local utility may spend this revenue.

4. Allowances for Doubtful Accounts

WSACC is a wholesale provider of services to municipal jurisdictions and approximately 45 septage and industrial customers. No allowance for doubtful accounts was made during the current fiscal year.

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**5. Inventories**

The inventories of WSACC consist of materials and supplies held for consumption and are considered immaterial for reporting on the balance sheets. The costs of these items are recorded as an expense when purchased.

**6. Capital Assets**

Capital assets are defined by WSACC as assets with an initial, individual cost of \$10,000 or more and an estimated useful life in excess of one year. Capital assets of WSACC are recorded at original cost at the time of acquisition. Donated capital assets received prior to July 1, 2015 are recorded at the estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation is recorded for each class of depreciable property utilizing the straight-line method over the estimated useful life of the asset.

The estimated useful lives are as follows:

<u>Description</u>	<u>Useful Life in Years</u>
Land improvements	10 - 30 years
Buildings & improvements	10 - 30 years
Equipment	2 - 10 years
Office furniture, fixtures and equipment	2 - 10 years
Vehicles	5 - 10 years
Sewer treatment and collection systems	10 - 40 years
Biosolids handling	10 - 30 years

**7. Long-Term Debt**

Long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Water and sewer revenues are meeting the debt service requirements for water and sewer debt. WSACC has no legal debt margin under North Carolina General Statutes.

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. WSACC currently has two items that meet the criterion for this category - pension related deferrals and OPEB related deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. WSACC has two items that meet the criterion for this category - pension related deferrals and OPEB related deferrals.

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**9. Compensated Absences**

The vacation policy of WSACC provides for the accumulation of up to thirty-six days of earned vacation leave, with such leave fully vested when earned. An expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. Accumulated earned vacation and related payroll taxes at June 30, 2023, amounted to \$468,852. See Note II.B.9, for further details.

The sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since WSACC has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**10. Net Position**

Net Position for the Enterprise Fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute. WSACC has one item that is restricted for a specific purpose – System Development Fees.

**11. Defined Benefit Pension Plans**

WSACC participates in a cost-sharing, multiple-employer, defined-benefit pension plan administered by the Local Governmental Employees' Retirement System (LGERS). 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 LGERS and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. WSACC's employer contributions are recognized when due and WSACC has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS defined benefit pension plan. Investments are reported at fair value.

**II. DETAILED NOTES**

**A. Assets**

**1. Deposits**

All of WSACC's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by WSACC's agents in WSACC's name. Under the Pooling Method, which is a collateral pool, 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 WSACC, these deposits are considered to be held by WSACC's agent in the entity'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



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uninsured deposits. The State Treasurer does not confirm this information with WSACC or with the escrow agent.

Because of the inability to measure the exact amount of collateral pledged for WSACC under the Pooling Method, the potential exists for undercollateralization, 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 depository that collateralizes public deposits under the Pooling Method. WSACC has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. WSACC complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the carrying amount of WSACC's bank deposits was \$697,925 and the bank balance was \$730,440. Of the bank balances at June 30, 2023, \$250,000 was covered by FDIC insurance and \$480,440 was collateralized under the pooling method.

## 2. Investments

As of June 30, 2023, WSACC's investments and maturities were as follows:

Investment Type	Valuation Measurement	Fair Value	Less than 6	
	Method		months	6-12 Months
Commercial Paper	Fair Value - Level 2	\$ 10,731,463	\$ 7,833,634	\$ 2,897,829
US Government Agencies	Fair Value - Level 2	19,758,290	9,928,890	9,829,400
US Treasury	Fair Value - Level 1	2,928,060	-	2,928,060
NC Capital Management Trust- Government Portfolio	Fair Value - Level 1	43,514,180	N/A	N/A
NC Investment Pool	Fair Value - Level 2	8,086,891	N/A	N/A
Total:		<u>\$ 85,018,884</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 exposure to fair value losses arising from rising interest rates, WSACC's investment policy limits maturities to five years or less. WSACC's policy also requires purchases of securities to be laddered with staggered maturity dates.

**Credit Risk.** WSACC's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of

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securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2023, WSACC's investments in commercial paper were rated A-1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. WSACC's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's AAAMf by Moody Investor Services. The North Carolina Investment Pool (NCIP) is rated AAAM by Standard & Poor's and AAAMmf by Fitch Investor Services.

*Custodial credit risk.* For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, WSACC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. WSACC's policy indicates the Authority shall utilize a third-party custodial agent for book entry transactions, all of which shall be held in WSACC's name.

*Concentration of Credit Risk.* WSACC's investment policy places a limit of no more than 50% of the total portfolio in commercial paper and 15% with any one issuer of commercial paper. Toyota, Natixis, and Credit Agricole commercial papers represent 5.63%, 3.41%, and 3.38% respectively of the total investment portfolio.

**3. Receivables**

The amounts presented in the Statement of Net Position for receivables consisted of the following for the year ended June 30, 2023:

	Customers	Interest	System Development Fees	Due from Other Governments	Total
Enterprise Fund	<u>\$1,816,573</u>	<u>\$347,518</u>	<u>\$412,061</u>	<u>\$4,701,307</u>	<u>\$7,277,459</u>

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**4. Capital Assets**

Capital assets activity consisted of the following for the year ended June 30, 2023:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ 7,861,153	\$ -	\$ -	\$ 7,861,153
Construction in progress	13,654,725	46,814,227	-	60,468,952
Total capital assets not being depreciated	21,515,878	46,814,227	-	68,330,105
<b>Capital assets being depreciated:</b>				
Water treatment and distribution				
Sewer treatment and collection	212,048,441	-	-	212,048,441
Biosolids handling	10,667,388	-	-	10,667,388
Buildings and improvements	3,112,634	-	(164,408)	2,948,226
Improvements to land	920,554	-	-	920,554
Equipment	6,492,511	23,520	(538,102)	5,977,929
Furniture and fixtures	2,597,665	-	-	2,597,665
Vehicles	1,517,745	142,078	(134,321)	1,525,502
Total capital assets being depreciated	237,356,938	165,598	(836,831)	236,685,705
<b>Less accumulated depreciation for:</b>				
Water treatment and distribution				
Sewer treatment and collection	106,480,088	6,206,724	-	112,686,812
Biosolids Handling	4,083,913	548,066	-	4,631,979
Buildings and improvements	1,527,642	164,889	(164,408)	1,528,123
Improvements to land	596,512	63,110	-	659,622
Equipment	3,836,766	357,530	(491,854)	3,702,442
Furniture and fixtures	2,530,498	21,659	-	2,552,157
Vehicles	766,956	138,149	(134,321)	770,784
Total accumulated depreciation	119,822,375	7,500,127	(790,583)	126,531,919
Total capital assets being depreciated, net	117,534,563	(7,334,529)	(46,248)	110,153,786
<b>Total capital assets, net</b>	<b>\$ 139,050,441</b>	<b>\$ 39,479,698</b>	<b>\$ (46,248)</b>	<b>\$ 178,483,891</b>

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**B. Liabilities**

**1. Accounts Payable and Accrued Expenses**

The amounts presented in the Statement of Net Position for accounts payable and accrued expenses consisted of the following for the year ended June 30, 2023:

Vendors	Accrued Expenses	Total
\$ 1,518,564	\$ 369,552	\$ 1,888,116

**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* WSACC 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 is comprised of general employees and local law enforcement officers (LEOs) of participating local government 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 House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, NC 27699-1410, or 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 (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) 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.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. WSACC employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. WSACC's contractually required contribution rate for the year ended June 30, 2023, was 12.10% for general employees, actuarially determined as an amount

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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 WSACC were \$550,007 for the year ended June 30, 2023.

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

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

At June 30, 2023, WSACC reported a liability of \$3,001,804 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. WSACC's proportion of the net pension liability was based on a projection of its long-term share of future payroll covered by the pension plan; relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measurement date), WSACC's proportion was 0.05321%, which was a decrease of 0.00204% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, WSACC recognized pension expense of \$837,450. At June 30, 2023, WSACC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 129,345	\$ 12,682
Changes of assumptions	299,513	-
Net difference between projected and actual earnings on pension plan investments	992,128	-
Changes in proportion and differences between WSACC contributions and proportionate share of contributions	36,291	14,675
WSACC contributions subsequent to the measurement date	550,007	-
Total	<u>\$ 2,007,284</u>	<u>\$ 27,357</u>

\$550,007 reported as deferred outflows of resources related to pensions resulting from WSACC's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Fiscal Year ended June 30:**

2024	\$ 443,573
2025	394,311
2026	119,367
2027	472,669
2028	-
Thereafter	-
	<u>\$ 1,429,920</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.5 percent to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through a review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

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<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

*Sensitivity of WSACC's proportionate share of the net pension liability to changes in the discount rate.* The following presents WSACC's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what WSACC'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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
WSACC's proportionate share of the net pension liability (asset)	\$ 5,417,869	\$ 3,001,804	\$ 1,010,826

*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 for the State of North Carolina.

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**3. Supplemental Retirement Income Plan 401(k)**

All permanent full-time employees of WSACC participate in the Supplemental Retirement Income 401 (k) Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan and investment earnings. NC G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the NC General Assembly. Authority to set contribution requirements have been delegated to WSACC's governing board by the Assembly. The Supplemental Retirement Income Plan is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan 401(k). That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, NC 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Each month WSACC contributes an amount equal to 4 percent of each covered employee's salary. All amounts contributed to the plan are vested immediately. Employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2023, were \$412,647 which consisted of \$178,374 from WSACC and \$234,273 from employees.

**4. Other Postemployment Benefits (OPEB)-Healthcare Benefits**

*Plan Description* - Under the terms of a WSACC resolution, WSACC administers the Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of WSACC who participate in the North Carolina Local Governmental Employees' Retirement System (System). WSACC's Board has the authority to establish and amend benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Benefits provided* – As of July 1, 2004, this plan provides postemployment healthcare benefits to retirees of WSACC, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System), elect to forfeit one to two days of annual leave each year as prescribed in the resolution, and meet the criteria listed below. WSACC's contributions are financed on a pay-as-you-go basis. WSACC pays the cost of coverage for these benefits through private insurers. Also, WSACC's retirees can purchase coverage for their dependents at WSACC's group rates. A separate report was not issued for the plan.

Employees hired prior to July 1, 2004, must meet the following requirements to receive HCB Plan benefits:

<u>Years of Service with WSACC and Membership to LGERS</u>	<u>% of Retiree Health Insurance WSACC Pays</u>
Qualified retirement with 10 or more years of service with WSACC	100%
Qualified retirement with less than 10 years of service with WSACC	50%



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Employees hired on or after July 1, 2004, must meet the following requirements to receive HCB Plan benefits:

<u>Years of Service with WSACC and Membership to LGERS</u>	<u>% of Retiree Health Insurance WSACC Pays</u>
Qualified retirement with 20 or more years of service with WSACC	100%
Qualified retirement with less than 20 years of service with WSACC	50%

WSACC's contribution will cease when the retiree becomes eligible for Medicare (or reaches the age where they would have had such benefits had they been qualified for Social Security).

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

	<u>Employees</u>
Retirees and dependents receiving benefits	10
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>53</u>
Total	<u><u>63</u></u>

*Total OPEB Liability.* WSACC's total OPEB Liability of \$2,781,778 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

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

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	3.25% - 8.41%
Municipal Bond Index Rate	
Prior Measurement Date	2.16%
Measurement Date	3.54%
Health Care cost trend rates – Pre-Medicare/Drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032

WSACC selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-Year General Obligation Bond Index published by The Bond Buyer, and the discount rate used to measure the Total OPEB Liability (TOL) is the Municipal Bond Index Rate as of the measurement date.

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*Changes in the Total OPEB Liability (TOL)*

Total OPEB Liability at July 1, 2022	\$ 3,366,004
Service Cost at the end of the year	144,822
Interest on the TOL and cash flows	74,438
Change in benefit terms	-
Difference between expected and actual experience	(414,971)
Changes of assumptions or other inputs	(258,585)
Benefit payments and implicit subsidy credit	(129,930)
Net Changes	<u>(584,226)</u>
Total OPEB Liability at June 30, 2023	<u>\$ 2,781,778</u>

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

Mortality rates were based on the RP-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of WSACC, determined using the discount rate of 3.54%, as well as what WSACC's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$3,038,001</u>	<u>\$2,781,778</u>	<u>\$2,551,650</u>

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

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	<u>\$2,503,324</u>	<u>\$2,781,778</u>	<u>\$3,111,007</u>

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*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB.* For the year ended June 30, 2023, WSACC recognized OPEB expense of \$(282,116). At June 30, 2023, WSACC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,351,903
Changes of assumptions or other inputs	256,714	255,243
Benefit payments and administrative expenses subsequent to the measurement date	113,246	-
Total	<u>\$ 369,960</u>	<u>\$ 1,607,146</u>

\$113,246 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

2024	\$ (377,234)
2025	(348,276)
2026	(198,151)
2027	(187,665)
2028	(136,360)
Thereafter	(102,746)

**5. Other Employment Benefits**

**a. Death Benefit Plan**

WSACC has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan); a multi-employer State administered cost-sharing plan funded on a one-year term cost basis. Lump sum death benefits are provided to beneficiaries of employees: 1) who die in active service after one year of contributing membership in the System, or 2) who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death. This payment is equal to the employee's twelve highest month's salary in a row during the twenty-four months prior to his/her death, but the benefit will be a minimum of \$25,000 to a maximum of \$50,000. All death benefit payments are made from the Death Benefit Plan. WSACC has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions

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are determined as a percentage of monthly payroll based upon rates established annually by the State. WSACC considers these contributions to be immaterial.

b. Life Insurance

WSACC pays the full cost of a life insurance policy for all regular full-time employees and all regular part-time employees who work a minimum of thirty hours per week. Dependent coverage is offered through payroll deduction. Employee's coverage is equivalent to the employee's previous year's salary up to a maximum of \$50,000, payable to the designated beneficiary of the employee.

6. Commitments

WSACC had several outstanding or planned construction projects as of June 30, 2023. Cash reserves and bond proceeds will fund these projects which are evidenced by contractual commitments shown below:

<u>Capital Projects</u>	<u>Remaining Commitments</u>
Master Plan Project	\$ 1,216,083
Rocky River Expansion to 30MGD	58,775,531
Rocky River Expansion to 34MGD	3,742,594
Lower Coddle Creek Interceptor Project	33,346
Back Creek Interceptor Extension Project	97,916
Lower Rocky River Additional Pump Capacity	288,862
Total Capital Project Commitments	<u>\$ 64,154,332</u>

7. Risk Management

WSACC 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. WSACC has obtained commercial property insurance coverage of \$96,543,402 and general liability coverage of \$3 million per occurrence. Excess insurance coverage is purchased by WSACC to protect against large workers compensations claims that exceed certain dollar levels. WSACC participates in a risk-financing pool administered by the North Carolina League of Municipalities for workers' compensation with coverage up to statutory limits. Specific information on the limits of the reinsurance, excess and stop loss policies purchased can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available upon request. Health and dental coverage is provided to all full-time employees through commercial coverage.

WSACC is eligible and has purchased commercial flood insurance for Flood Zone Z with a \$50,000 deductible per occurrence and a \$5 million coverage limit.

There have been no reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

In accordance with G.S. 159-29, WSACC's employees who have access to \$100 or more at any given time of WSACC's funds are performance bonded through a commercial surety bond. The Finance Director is bonded for \$1,000,000. The remaining employees who have access to funds are bonded under a blanket bond for \$100,000.

**8. Long-Term Obligations**

WSACC has contractually obligated itself to repay the following bonds payable debt as of June 30, 2023:

**a. NC Clean Water Revolving Loan from Direct Borrowing**

	<u>Principal Outstanding</u>
2003 SRF RRRWWTP Phase II Upgrade Loan for \$9,165,777 to finance the RRRWWTP Upgrade and Expansion- Phase II Project due in annual installments ranging from \$585,188 to \$590,056 through May 1, 2025; interest payable semi-annually at 2.55%.	\$ 575,384
2003 SRF Cold Water Interceptor Loan for \$5,675,313 to finance the Cold Water Interceptor Phase II Project due in annual installments ranging from \$333,593 to \$369,432 through May 1, 2025; interest payable semi-annually at 2.66%.	359,860
2005 SRF Back Creek Parallel Interceptor Loan for \$3,213,455 to finance the Back Creek Parallel Interceptor Phase II Project due in annual installments ranging from \$252,008 to \$190,993 through May 1, 2025; interest payable semi-annually at 2.42%.	<u>321,345</u>
Total NC Clean Water Revolving Loans	<u>\$ 1,256,589</u>

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,095,916	\$ 32,027	\$ 1,127,943
2025	<u>160,673</u>	<u>3,888</u>	<u>164,561</u>
Total Maturities	<u>\$ 1,256,589</u>	<u>\$ 35,915</u>	<u>\$ 1,292,504</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

b. Revenue Bonds - Direct Placement

\$65,790,000 Revenue Bonds, Series 2023 A&B, issued to finance the RRRWWTP Expansion to 30 MGD. Principal installments are due annually on June 1 with semiannual interest payments due on December 1 and June 1, at an annual interest rate of 3.35% for 2023A and 3.00% for 2023B.

\$65,790,000

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	-	\$ 2,098,685	\$ 2,098,685
2025	2,005,000	2,098,685	4,103,685
2026	2,070,000	2,038,185	4,108,185
2027	2,130,000	1,975,735	4,105,735
2028	2,195,000	1,911,485	4,106,485
2029-2033	12,005,000	8,523,925	20,528,925
2034-2038	13,930,000	6,602,375	20,532,375
2039-2043	16,315,000	4,211,620	20,526,620
2044-2047	15,140,000	1,288,912	16,428,912
Total Maturities	<u>\$ 65,790,000</u>	<u>\$30,749,607</u>	<u>\$ 96,539,607</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

WSACC has been in compliance with the covenants as to rates, fees, rentals, and charges in Section 6.6 of the Bond Order, authorizing the issuance of the Revenue Bonds, Series 2023 A&B adoption. Section 6.6 of the Bond Order requires the debt service parity coverage ratio to be no less than 120% and the total debt service coverage ratio to be no less than 100%.

WSACC believes it is in compliance with all such covenants for fiscal year ended June 30, 2023. The calculation for the various debt service coverage ratios for the year ended June 30, 2023, is as follows:

Revenues	\$ 21,126,476
20% surplus fund at June 30, 2023	10,253,130
Current Expenses	<u>14,875,467</u>
Net revenues and surplus available for debt service	<u>\$ 16,504,139</u>

Senior debt service 120%	\$ 2,560,396
Subordinate debt service	<u>1,497,807</u>
Total Debt Service Adjusted	<u>\$ 4,058,203</u>

Coverage Test 1	407%
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Revenues	\$ 21,126,476
Current Expenses	<u>14,875,467</u>
Net revenues available for debt service	<u>\$ 6,251,009</u>

Senior debt service	\$ 2,133,633
Subordinate debt service	<u>1,497,807</u>
Total Debt Service	<u>\$ 3,631,440</u>

Coverage Test 2	172%
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Note: Current expenses does not include depreciation

WSACC has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$65,790,000 million in water and sewer system revenue bonds issued in May 2022. Proceeds from the bonds will provide financing for the RRRWWTP expansion. The bonds are payable solely from water and sewer customer net revenues and are payable through 2047.

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

9. Changes in Long-Term Debt

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Bonds Payable					
Revenue bond-direct placement	\$ 65,790,000	\$ -	\$ -	\$ 65,790,000	\$ -
NC Clean Water Revolving Loan from direct borrowing	2,685,754	-	1,429,165	1,256,589	1,095,916
Total Bonds Payable	68,475,754	-	1,429,165	67,046,589	1,095,916
Compensated absences	447,787	168,079	147,014	468,852	281,311
Net pension liability (LGERS)	784,741	2,217,063	-	3,001,804	-
Net OPEB liability	3,366,004	-	584,226	2,781,778	-
Total	\$ 73,074,286	\$ 2,385,142	\$ 2,160,405	\$ 73,299,023	\$ 1,377,227

WSACC accounts for compensated absences on a LIFO basis, assuming that employees are taking leave time as it is earned.

10. Net investment in Capital Assets

WSACC's net investment in capital assets at June 30, 2023 is calculated as follows:

Net capital assets	<u>\$ 178,483,891</u>
Total debt	67,046,589
Add:	
Accounts Payable and Retainage related to capital assets	6,013,864
Less:	
Unexpended bond proceeds	<u>25,782,880</u>
Total capital debt	<u>47,277,573</u>
Net investment in capital assets	<u><u>\$ 131,206,318</u></u>



**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**III. OTHER**

**A. Transactions with Related Parties and Major Customers**

As of June 30, 2023, the Water and Sewer Authority of Cabarrus County's major customers included the Cities of Concord and Kannapolis, the Towns of Harrisburg and Mount Pleasant and Charlotte-Mecklenburg Utilities Department. Although not a user of wastewater treatment services, Cabarrus County is a related party by virtue of joint governance of WSACC (see Note I. A. *Reporting Entity*).

The City of Concord is related to WSACC as one of its governing members. Wastewater treatment charges of \$8,777,971 and raw water charges of \$233,201 are attributable to the City of Concord. A customer receivable of \$796,047 was due from the City of Concord as of June 30, 2023.

Wastewater charges of \$4,403,105 and raw water charges of \$50,533 and a customer receivable of \$389,232 are attributable to the City of Kannapolis, also a related party by virtue of joint governance, for the year ended June 30, 2023.

The Towns of Harrisburg and Mount Pleasant are also members of the joint governance. Wastewater charges and total customer receivables from the Towns of Harrisburg and Mount Pleasant were \$1,573,474 and \$210,012 and \$134,913 and \$17,916, respectively, as of June 30, 2023.

Cabarrus County (County) acts as an agent for WSACC in the collection of system development fees. These fees are collected at the time a building permit is issued by the County and remitted to WSACC on a monthly basis. Total collections remitted by the County to WSACC were \$3,884,127 including a receivable of \$412,061 at June 30, 2023.

Wastewater charges of \$3,603,685, capital contributions of \$15,638,241 and a customer receivable of \$3,544,212 are attributable to Charlotte Water as of June 30, 2023. WSACC has contracts with Charlotte Water for \$53.3 million for capital contributions to the current capital projects.

**B. Claims, Judgments, and Contingencies**

At June 30, 2023, WSACC was a defendant to various lawsuits. In the opinion of management and WSACC's attorney, the ultimate effect of these legal matters will not have a material effect on WSACC's overall net position.

**C. Subsequent Events**

In August 2023, the Board approved the first Guaranteed Maximum Price (GMP) for RRRWWTP expansion to 34MGD for \$21,039,351. In October 2023, the Board approved the second Guaranteed Maximum Price (GMP) for RRRWWTP expansion to 34MGD for \$13,107,048. WSACC plans to issue revenue bonds in fiscal year 2024 to fund to project.

Management has evaluated subsequent events through October 31, 2023, the date the financial statements were available to be issued.

# WSACC

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WATER AND SEWER AUTHORITY  
OF CABARRUS COUNTY

## Required Supplemental Financial Data

**This section contains additional information required by generally accepted accounting principles.**

- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in the Total OPEB Liability and Related Ratios

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of the Proportionate Share of the Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Required Supplementary Information**  
**Last Ten Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
WSACC's proportionate share of the net pension liability (asset) %	0.05321%	0.05117%	0.05020%	0.05354%	0.05444%	0.06030%	0.05919%	0.05817%	0.0542%	0.0542%
WSACC's proportionate share of the net pension liability (asset) \$	\$ 3,001,804	\$ 784,741	\$ 1,793,860	\$ 1,462,136	\$ 1,291,503	\$ 921,217	\$ 1,256,209	\$ 261,063	\$ (315,750)	\$ 653,318
WSACC's covered payroll	\$ 3,972,149	\$ 3,779,065	\$ 3,627,671	\$ 3,621,805	\$ 3,418,426	\$ 3,579,929	\$ 3,634,417	\$ 3,772,941	\$ 3,591,247	\$ 3,517,369
WSACC's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.57%	20.77%	49.45%	40.37%	37.78%	25.73%	34.56%	6.92%	(8.79)%	18.57%
Plan fiduciary net pension as a percentage of the total pension liability (asset)	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

\*The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Contributions**  
**Local Government Employees' Retirement System**  
**Required Supplementary Information**  
**Last Ten Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 550,007	\$ 450,839	\$ 383,575	\$ 324,677	\$ 280,690	\$ 256,382	\$ 259,545	\$ 244,597	\$ 259,811	\$ 248,678
Contributions in relation to the contractually required contribution	\$ 550,007	\$ 450,839	\$ 383,575	\$ 324,677	\$ 280,690	\$ 256,382	\$ 259,545	\$ 244,597	\$ 259,811	\$ 248,678
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WSACC's covered payroll	\$ 4,545,623	\$ 3,972,149	\$ 3,779,065	\$ 3,627,671	\$ 3,621,805	\$ 3,418,426	\$ 3,579,929	\$ 3,634,417	\$ 3,772,941	\$ 3,591,247
Contributions as a percentage of covered	12.10%	11.35%	10.15%	8.95%	7.75%	7.50%	7.25%	6.73%	6.89%	6.92%

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**Last Six Fiscal Years**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 144,822	\$ 156,614	\$ 169,568	\$ 157,648	\$ 191,823	\$ 205,506
Interest	74,438	71,638	136,187	137,874	160,580	138,957
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(414,971)	(31,490)	(949,006)	(70,802)	(1,230,131)	(51,681)
Changes of assumptions	(258,585)	137,327	134,691	114,060	95,986	(201,889)
Benefit payments	(129,930)	(105,409)	(149,951)	(172,875)	(196,277)	(197,464)
Net change in total OPEB liability	(584,226)	228,680	(658,511)	165,905	(978,019)	(106,571)
Total OPEB liability - beginning	3,366,004	3,137,324	3,795,835	3,629,930	4,607,949	4,714,520
Total OPEB liability - ending	<u>\$ 2,781,778</u>	<u>\$ 3,366,004</u>	<u>\$ 3,137,324</u>	<u>\$ 3,795,835</u>	<u>\$ 3,629,930</u>	<u>\$ 4,607,949</u>
Covered employee payroll	\$ 3,912,495	\$ 3,579,985	\$ 3,579,985	\$ 3,276,121	\$ 3,276,121	\$ 3,283,627
Total OPEB liability as a percentage of covered employee payroll	71.10%	94.02%	87.64%	115.86%	110.80%	140.33%

Notes to Schedule:

No assets are accumulated in a trust to pay related benefits that meets the criteria in paragraph 4 of GASB Statement 75.

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>Rate</u>	3.54%	2.16%	2.21%	3.50%	3.89%	3.56%
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# WSACC

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WATER AND SEWER AUTHORITY  
OF CABARRUS COUNTY

## Supplementary Schedules

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Water and Sewer Operating Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Operating revenues:				
Charges for services	\$ 20,305,276	\$ 20,305,276	\$ 21,126,476	\$ 821,200
Non-operating revenues:				
Proceeds from sale of capital assets	-	-	64,040	64,040
Investment earnings	150,000	150,000	1,915,004	1,765,004
<b>Total revenues</b>	<b>20,455,276</b>	<b>20,455,276</b>	<b>23,105,520</b>	<b>2,650,244</b>
Operating expenditures:				
Administration	1,572,733	1,912,728	1,796,628	116,100
Engineering	744,902	830,363	724,144	106,219
Rocky River Regional Treatment Plant	6,234,439	7,194,456	6,803,873	390,583
Biosolids Incineration	1,619,886	2,474,625	1,997,568	477,057
Laboratory	580,132	621,877	538,717	83,160
Pretreatment	218,366	241,524	216,923	24,601
Muddy Creek Treatment Plant	256,325	308,497	249,451	59,046
Interceptors	1,328,039	2,982,828	1,858,368	1,124,460
Coddle Creek Reservoir/Lake Howell	283,734	796,479	662,156	134,323
Nondepartmental	743,996	332,939	1,249	331,690
<b>Total operating expenditures</b>	<b>13,582,552</b>	<b>17,696,316</b>	<b>14,849,077</b>	<b>2,847,239</b>
Non-operating expenditures:				
Debt service interest	3,166,913	2,835,261	2,202,305	632,956
Debt service principal	2,633,111	1,429,166	1,429,165	1
Capital outlay	1,072,700	581,445	165,598	415,847
<b>Total non-operating expenditures</b>	<b>6,872,724</b>	<b>4,845,872</b>	<b>3,797,068</b>	<b>1,048,804</b>
<b>Total expenditures</b>	<b>20,455,276</b>	<b>22,542,188</b>	<b>18,646,145</b>	<b>3,896,043</b>
Revenues over (under) expenditures	-	(2,086,912)	4,459,375	6,546,287
Capital contributions:				
Capital contributions from governments	-	-	15,638,241	15,638,241
Revenues, and other financing sources over (under) expenditures	-	(2,086,912)	20,097,616	22,184,528
Appropriated fund balance	-	2,086,912	-	(2,086,912)
Revenues, other financing sources and appropriated fund balance over expenditures and other financing uses	\$ -	\$ -	\$ 20,097,616	\$ 20,097,616

Continued on next page

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Water and Sewer Operating Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

Reconciliation from budgetary basis (modified accrual)  
to full accrual basis:

Revenues, capital contributions, other financing sources and appropriated fund balance over expenditures and financing other uses	\$ 20,097,616
Depreciation	(7,500,127)
Interest in capital project fund	1,612,552
Decrease in accrued interest expense	6,754
Capital outlay	165,598
Book value of capital assets sold	(46,248)
System development fees	3,884,127
Increase in compensated absences accrual	(21,066)
Increase in deferred outflows of resources-pensions	793,918
Decrease in deferred outflows of resources-OPEB	(73,152)
Increase in net pension liability	(2,217,063)
Decrease in deferred inflows of resources-pensions	1,135,704
Increase in deferred inflows of resources-OPEB	(228,958)
Decrease in other post employment benefits liability	584,226
Debt principal payments	1,429,165
	<hr/>
Change in net position	<u><u>\$ 19,623,046</u></u>



**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**System Development Fee Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2023**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Non-operating revenues:				
System development fees	\$ 3,200,000	\$ 3,200,000	\$ 3,884,127	\$ 684,127
Total revenues	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,884,127</u>	<u>684,127</u>
Other financing sources (uses):				
Fund Balance Retained	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>-</u>	<u>(3,200,000)</u>
Total	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>-</u>	<u>(3,200,000)</u>
Revenues and other financing sources under other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,884,127</u>	<u>\$ 3,884,127</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**CAPITAL PROJECT # 00-21**  
**Expansion to 30 MGD Project**  
**From inception and for the fiscal year ended June 30, 2023**

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive Negative
<b>Revenues:</b>					
Interest on bond proceeds	\$ -	\$ 5,689	\$ 1,612,552	\$ 1,618,241	\$ 1,618,241
Total revenues	-	5,689	1,612,552	1,618,241	1,618,241
<b>Expenditures:</b>					
Capital outlay-public works:					
Engineering	1,997,070	997,069	-	997,069	1,000,001
Construction	102,221,180	6,745,484	37,498,868	44,244,352	57,976,828
Other	385,423	16,248	6,331	22,579	362,844
Debt issuance cost	550,000	522,771	-	522,771	27,229
Total expenditures	105,153,673	8,281,572	37,505,199	45,786,771	59,366,902
Deficiency of revenues under expenditures	(105,153,673)	(8,275,883)	(35,892,647)	(44,168,530)	60,985,143
<b>Other financing sources (uses):</b>					
Proceeds from revenue bonds	65,790,000	65,790,000	-	65,790,000	-
Contributions - Charlotte Mecklenburg Utilities	38,985,223	2,564,777	13,766,799	16,331,576	(22,653,647)
Transfer from system development fund	378,450	378,450	-	378,450	-
Total other financing sources (uses)	105,153,673	68,733,227	13,766,799	82,500,026	(22,653,647)
Excess (deficit) of revenues and other financing sources over expenditures and other financing (uses)	\$ -	\$ 60,457,344	\$ (22,125,848)	\$ 38,331,496	\$ 38,331,496

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**CAPITAL PROJECT # 00-22**  
**Expansion to 34 MGD Project**  
**From inception and for the fiscal year ended June 30, 2023**

		<u>Actual</u>			<u>Variance</u>
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
<b>Expenditures:</b>					
Capital outlay-public works:					
Engineering	\$ 7,812,250	\$ -	\$ 4,070,557	\$ 4,070,557	\$ 3,741,693
Total expenditures	<u>7,812,250</u>	<u>-</u>	<u>4,070,557</u>	<u>4,070,557</u>	<u>3,741,693</u>
Deficiency of revenues under expenditures	<u>(7,812,250)</u>	<u>-</u>	<u>(4,070,557)</u>	<u>(4,070,557)</u>	<u>3,741,693</u>
<b>Other financing sources:</b>					
Contributions - Charlotte Mecklenburg Utilities	3,124,900	-	1,478,099	1,478,099	(1,646,801)
Proceeds from revenue bonds	<u>4,687,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,687,350)</u>
Total other financing sources	<u>7,812,250</u>	<u>-</u>	<u>1,478,099</u>	<u>1,478,099</u>	<u>(6,334,151)</u>
Excess (deficit) of other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,592,458)</u>	<u>\$ (2,592,458)</u>	<u>\$ (2,592,458)</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**CAPITAL PROJECT # 82-02**  
**Lower Back Creek Rehabilitation**  
**From inception and for the fiscal year ended June 30, 2023**

		<u>Actual</u>			<u>Variance</u>
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
<b>Expenditures:</b>					
Capital outlay-public works:					
Engineering	\$ 173,000	\$ 33,567	\$ 44,748	\$ 78,315	\$ 94,685
Lines and stations	<u>3,399,112</u>	<u>45,093</u>	<u>2,344,130</u>	<u>2,389,223</u>	<u>1,009,889</u>
 Total expenditures	<u>3,572,112</u>	<u>78,660</u>	<u>2,388,878</u>	<u>2,467,538</u>	<u>1,104,574</u>
 Deficiency of revenues under expenditures	<u>(3,572,112)</u>	<u>(78,660)</u>	<u>(2,388,878)</u>	<u>(2,467,538)</u>	<u>1,104,574</u>
 <b>Other financing sources:</b>					
Transfer from operating fund	<u>3,572,112</u>	<u>3,572,112</u>	<u>-</u>	<u>3,572,112</u>	<u>-</u>
 Total other financing sources	<u>3,572,112</u>	<u>3,572,112</u>	<u>-</u>	<u>3,572,112</u>	<u>-</u>
 Excess (deficit) of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 3,493,452</u>	<u>\$ (2,388,878)</u>	<u>\$ 1,104,574</u>	<u>\$ 1,104,574</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**CAPITAL PROJECT # 19-01**  
**Lower Coddle Creek Interceptor Project**  
**From inception and for the fiscal year ended June 30, 2023**

		<u>Actual</u>			<u>Variance</u>
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
<b>Revenues:</b>					
State Fiscal Recovery Fund:					
American Rescue Plan Act	<u>\$ 35,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,000,000)</u>
Total revenues	<u>35,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000,000)</u>
<b>Expenditures:</b>					
Capital outlay-public works:					
Engineering	1,177,495	1,060,228	83,888	1,144,116	33,379
Construction	42,873,550	-	-	-	42,873,550
Right of ways	600,000	176,094	292,207	468,301	131,699
Other	<u>289,511</u>	<u>128,789</u>	<u>88,105</u>	<u>216,894</u>	<u>72,617</u>
Total expenditures	<u>44,940,556</u>	<u>1,365,111</u>	<u>464,200</u>	<u>1,829,311</u>	<u>43,111,245</u>
Deficiency of revenues under expenditures	<u>(9,940,556)</u>	<u>(1,365,111)</u>	<u>(464,200)</u>	<u>(1,829,311)</u>	<u>8,111,245</u>
<b>Other financing sources:</b>					
Transfer from system development fee fund	<u>9,940,556</u>	<u>9,867,550</u>	<u>73,006</u>	<u>9,940,556</u>	<u>-</u>
Total other financing sources	<u>9,940,556</u>	<u>9,867,550</u>	<u>73,006</u>	<u>9,940,556</u>	<u>-</u>
Excess (deficit) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 8,502,439</u>	<u>\$ (391,194)</u>	<u>\$ 8,111,245</u>	<u>\$ 8,111,245</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**CAPITAL PROJECT # 19-02**  
**Back Creek Interceptor Extension Project**  
**From inception and for the fiscal year ended June 30, 2023**

		Actual			Variance
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
<b>Expenditures:</b>					
Capital outlay-public works:					
Engineering	\$ 1,200,200	\$ 926,294	\$ 990	\$ 927,284	\$ 272,916
Lines and station	10,417,125	-	-	-	10,417,125
Right of ways	374,000	343,051	-	343,051	30,949
Other	<u>408,675</u>	<u>239,550</u>	<u>9,200</u>	<u>248,750</u>	<u>159,925</u>
Total expenditures	<u>12,400,000</u>	<u>1,508,895</u>	<u>10,190</u>	<u>1,519,085</u>	<u>10,880,915</u>
Deficiency of revenues under expenditures	<u>(12,400,000)</u>	<u>(1,508,895)</u>	<u>(10,190)</u>	<u>(1,519,085)</u>	<u>10,880,915</u>
<b>Other financing sources:</b>					
Contributions - Charlotte Mecklenburg Utilities	10,292,000	1,129,580	-	1,129,580	(9,162,420)
Transfer from system development fee fund	<u>2,108,000</u>	<u>2,108,000</u>	<u>-</u>	<u>2,108,000</u>	<u>-</u>
Total other financing sources	<u>12,400,000</u>	<u>3,237,580</u>	<u>-</u>	<u>3,237,580</u>	<u>(9,162,420)</u>
Excess (deficit) of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 1,728,685</u>	<u>\$ (10,190)</u>	<u>\$ 1,718,495</u>	<u>\$ 1,718,495</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**CAPITAL PROJECT # 19-05**  
**Lower Rocky River Additional Pump Capacity**  
**From inception and for the fiscal year ended June 30, 2023**

		<u>Actual</u>			<u>Variance</u>
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
<b>Expenditures:</b>					
Capital outlay-public works:					
Engineering	\$ 335,761	\$ 321,584	\$ 7,319	\$ 328,903	\$ 6,858
Lines and stations	2,310,448	1,585,894	428,892	2,014,786	295,662
Other	<u>25,508</u>	<u>14,126</u>	<u>4,150</u>	<u>18,276</u>	<u>7,232</u>
Total expenditures	<u>2,671,717</u>	<u>1,921,604</u>	<u>440,361</u>	<u>2,361,965</u>	<u>309,752</u>
Deficiency of revenues under expenditures	<u>(2,671,717)</u>	<u>(1,921,604)</u>	<u>(440,361)</u>	<u>(2,361,965)</u>	<u>309,752</u>
<b>Other financing sources:</b>					
Contributions - Charlotte Mecklenburg Utilities	813,399	472,795	393,343	866,138	52,739
Transfer from capital project fund	111,324	111,324	-	111,324	-
Transfer from system development fee	<u>1,746,994</u>	<u>1,820,000</u>	<u>(73,006)</u>	<u>1,746,994</u>	<u>-</u>
Total other financing sources	<u>2,671,717</u>	<u>2,404,119</u>	<u>320,337</u>	<u>2,724,456</u>	<u>52,739</u>
Excess (deficit) of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 482,515</u>	<u>\$ (120,024)</u>	<u>\$ 362,491</u>	<u>\$ 362,491</u>

**WATER AND SEWER AUTHORITY OF CABARRUS COUNTY**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**CAPITAL PROJECT # 82-03**  
**Master Plan and Permitting**  
**From inception and for the fiscal year ended June 30, 2023**

		<u>Actual</u>			Variance
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Positive</u> <u>(Negative)</u>
<b>Expenditures:</b>					
Capital outlay-public works:					
Engineering	<u>\$ 3,671,809</u>	<u>\$ 498,883</u>	<u>\$ 1,934,842</u>	<u>\$ 2,433,725</u>	<u>\$ 1,238,084</u>
Total expenditures	<u>3,671,809</u>	<u>498,883</u>	<u>1,934,842</u>	<u>2,433,725</u>	<u>1,238,084</u>
Deficiency of revenues under expenditures	<u>(3,671,809)</u>	<u>(498,883)</u>	<u>(1,934,842)</u>	<u>(2,433,725)</u>	<u>1,238,084</u>
<b>Other financing sources:</b>					
Transfer from operating fund	<u>3,671,809</u>	<u>3,671,809</u>	<u>-</u>	<u>3,671,809</u>	<u>-</u>
Total other financing sources	<u>3,671,809</u>	<u>3,671,809</u>	<u>-</u>	<u>3,671,809</u>	<u>-</u>
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 3,172,926</u>	<u>\$ (1,934,842)</u>	<u>\$ 1,238,084</u>	<u>\$ 1,238,084</u>



# WSACC

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WATER AND SEWER AUTHORITY  
OF CABARRUS COUNTY

## Statistical Section

The information presented in this section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

## **Statistical Section**

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about WSACC's overall financial health.

### **Financial Trends**

These schedules contain trend information to help the reader understand how WSACC's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position
- Operating Revenue by Source
- Operating Expenses
- Nonoperating Revenues and Expenses

### **Revenue Capacity**

These schedules contain information to help the reader assess WSACC's most significant revenue sources.

- Annual Capital Contributions by Source
- Wastewater Treated, Water Produced and Related Revenues
- Volume Based Rates and Charges
- Fixed Charges
- All Sewer Customers

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of WSACC's current levels of outstanding debt and WSACC's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Revenue Available for Debt Coverage

### **Demographic and Economic Information**

- Demographic and Economic Statistics
- Principal Employers

### **Operating Information**

- Number of Employees by Function
- Operating and Capital Indicators

Table 1

**Water and Sewer Authority of Cabarrus County**  
**Net Position by Component**  
 Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net investment in capital assets	\$ 144,437,123	\$ 144,406,452 (a.)	\$ 128,288,274 (b.)	\$ 123,226,792 (c.)	\$ 126,506,668	\$ 126,085,008	\$ 127,734,632	\$ 129,863,496 (d.)	\$ 129,942,283	\$ 131,206,318
Restricted-capital recovery fees	14,286,060	14,610,271	13,983,356	11,578,136	6,813,402	5,329,015	2,690,786	-	-	-
Restricted-system development fees	-	-	-	-	-	2,484,238	5,619,163	9,376,259	5,741,049	9,625,176
Unrestricted	10,678,912	8,279,765	9,177,618	12,555,348	10,658,726	14,834,617	17,062,510	19,835,206	36,790,766	51,265,650
Total net position	\$ 169,402,095	\$ 167,296,488	\$ 151,449,248	\$ 147,360,276	\$ 143,978,796	\$ 148,732,878	\$ 153,107,091	\$ 159,074,961	\$ 172,474,098	\$ 192,097,144

## Notes:

- (a.) Due to the implementation of GASB 68 in Fiscal Year 2015, the previously reported ending net position for 2014 was restated by a \$404,640 decrease.  
 (b.) The significant decrease in Fiscal Year 2016 net investment in capital assets is due to the impairment loss on the Biosolids Incineration power generating project.  
 (c.) The decrease in Fiscal Year 2017 is related to the transfer of assets to the Town of Mt. Pleasant as of June 30, 2017.  
 (d.) In Fiscal Year 2021, a final transfer of the restricted capital recovery fees was made for debt service. This has been replaced with restricted system development fees.

Source: WSACC Accounting Records

Table 2

**Water and Sewer Authority of Cabarrus County**  
**Changes in Net Position**  
 Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income/(Loss)	Total Nonoperating Revenues/(Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions Capital Recovery Fees	Capital Contributions System Development Fees	Capital Contributions Governments/Developers	Extraordinary/Special Items (a.)	Change in Net Position
2014	\$ 13,927,805	\$ 17,491,219	\$ (3,563,414)	\$ (496,816)	\$ (4,060,230)	\$ 1,888,011	\$ -	\$ 418,360	\$ -	\$ (1,753,859)
2015	13,644,437	18,222,814	(4,578,377)	(423,028)	(5,001,405)	2,534,701	-	735,737	-	(1,730,967)
2016	14,959,931	18,126,982	(3,167,051)	(347,535)	(3,514,586)	2,982,505	-	31,040	(15,316,199)	(15,817,240)
2017	15,237,603	17,676,149	(2,438,546)	(236,334)	(2,674,880)	2,363,166	-	31,040	(3,808,298)	(4,088,972)
2018	15,442,545	17,629,146	(2,186,601)	32,251	(2,154,350)	2,820,587	-	20,000	(780,034)	(93,797)
2019	17,769,181	18,268,877	(499,696)	256,216	(243,480)	(2,864)	5,046,788	-	(46,362)	4,754,082
2020	17,315,052	17,971,756	(656,704)	266,542	(390,162)	-	4,764,375	-	-	4,374,213
2021	18,031,899	19,808,169	(1,776,270)	(49,253)	(1,825,523)	-	6,177,096	1,616,297	-	5,967,870
2022	17,456,338	19,515,389	(2,059,051)	(256,174)	(2,315,225)	-	4,426,790	3,037,572	8,250,000	13,399,137
2023	21,126,476	22,375,594	(1,249,118)	1,349,796	100,678	-	3,884,127	15,638,241	-	19,623,046

## Note:

(a.) The special item in FY 2016, 2018 and 2019 is related to the impairment loss on the Biosolids power generating project.

The special item in FY 2017 is related to the loss on transfer of assets to Mt. Pleasant and additional losses from the Biosolids Incineration project.

The extraordinary item in FY 2022 is from a multiyear litigation settlement regarding the Biosolids Heat to Energy Project.

Source: WSACC Accounting Records

Table 3

**Water and Sewer Authority of Cabarrus County**  
**Operating Revenues by Source**  
 Last Ten Fiscal Years

Fiscal Year	Sewer Variable Charges	Fixed Sewer Charges (c.)	Import Biosolids Tipping Charges	Liquid Raw Biosolids Charges (a.)	Electric Power Sales (b.)	Industrial Surcharges	Pretreatment Program Charges	Raw Water	Treated Water	Miscellaneous (d.)	Total Operating Revenues
2014	\$ 8,465,086	\$ 3,676,930	\$ 81,232	\$ 352,523	\$ -	\$ 425,509	\$ 190,530	\$ 428,903	\$ 262,838	\$ 44,254	\$ 13,927,805
2015	7,654,482	3,676,930	372,003	369,643	138,193	521,291	187,471	428,903	275,910	19,611	13,644,437
2016	8,642,237	4,092,382	290,655	428,236	168,647	412,606	183,525	428,903	291,897	20,843	14,959,931
2017	9,024,607	4,091,564	340,218	412,867	-	407,585	187,814	274,459	237,034	261,455	15,237,603
2018	9,334,126	4,226,826	361,539	452,016	-	543,735	212,756	274,459	-	37,088	15,442,545
2019	11,708,459	4,226,798	473,615	275,005	-	586,173	201,245	274,459	-	23,427	17,769,181
2020	10,980,566	4,226,830	418,695	471,977	-	700,984	214,727	274,459	-	26,814	17,315,052
2021	11,214,155	4,449,301	398,650	615,488	-	802,633	237,691	274,459	-	39,522	18,031,899
2022	10,896,840	4,025,246	300,449	571,951	-	957,065	242,798	274,459	-	187,530	17,456,338
2023	11,730,095	6,838,152	392,114	569,073	-	1,153,354	113,403	283,734	-	46,551	21,126,476

## Notes:

Capital recovery fees, system development fees and capital contributions are shown on Table 6.

(a.) Septage haulers and liquid biosolids that require treatment before incineration.

(b.) Beginning in fiscal year 2015, WSACC began selling electrical power generated from its steam turbine generator. The power generation has been discontinued.

(c.) Beginning fiscal year 2016, interceptor variable revenues are combined with sewer treatment charges for accounting purposes.

(d.) For FY 2017, reimbursed costs from the City of Charlotte for a new scrubber is included in Miscellaneous.

For FY 2022, reimbursed costs and finance charges from Prime Beverage are included in Miscellaneous.

Source: WSACC Accounting Records

Table 4

**Water and Sewer Authority of Cabarrus County**  
**Operating Expenses**  
 Last Ten Fiscal Years

Fiscal Year	Salaries and Employee Benefits	Utilities	Repairs and Maintenance	Materials and Supplies	Insurance	Professional Services	Other	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
2014	\$ 5,387,492	\$ 1,614,880	\$ 1,800,684	\$ 802,028	\$ 371,456	\$ 800,809	\$ 360,544	\$ 11,137,893	\$ 6,353,326	\$ 17,491,219
2015	5,508,457	1,921,177	1,425,939	957,614	341,803	1,053,900	204,101	11,412,991	6,809,823	18,222,814
2016	5,507,509	1,741,359	1,845,327	791,002	275,697	649,648	297,052	11,107,594	7,019,388	18,126,982
2017	5,509,497	1,737,335	1,399,118	1,022,892	162,681	595,342	178,218	10,605,083	7,071,066	17,676,149
2018	5,205,783	1,777,464	1,677,492	1,043,178	168,256	682,384	345,074	10,899,631	6,729,515	17,629,146
2019	5,460,579	1,699,812	2,027,531	1,344,460	186,914	934,144	218,834	11,872,274	6,396,603	18,268,877
2020	5,782,108	1,967,530	1,470,114	1,331,342	191,834	817,121	399,793	11,959,842	6,011,914	17,971,756
2021	5,616,998	1,932,460	1,321,280	1,389,869	207,106	1,554,391	386,247	12,408,351	7,399,818	19,808,169
2022	5,529,230	1,883,034	1,303,529	1,449,444	206,366	1,691,970	254,364	12,317,937	7,197,452	19,515,389
2023	6,181,384	2,442,662	2,282,827	1,998,228	212,525	1,289,976	467,865	14,875,467	7,500,127	22,375,594

Source: WSACC Accounting Records

Table 5

**Water and Sewer Authority of Cabarrus County**  
**Nonoperating Revenues and Expenses**  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Interest Expense</u>	<u>Investment Earnings</u>	<u>Sale of Capital Assets</u>	<u>Total Nonoperating Revenue (Expense)</u>
2014	\$ (612,483)	\$ 115,667	\$ -	\$ (496,816)
2015	(538,802)	107,731	8,043	(423,028)
2016	(466,900)	114,092	5,273	(347,535)
2017	(402,593)	162,956	3,303	(236,334)
2018	(338,379)	321,775	48,855	32,251
2019	(279,179)	515,310	20,085	256,216
2020	(216,601)	465,592	17,551	266,542
2021	(156,882)	70,111	37,518	(49,253)
2022	(308,341)	47,598	4,569	(256,174)
2023	(2,195,553)	3,527,556	17,793	1,349,796

Source: WSACC Accounting Records

Table 6

**Water and Sewer Authority of Cabarrus County**  
**Annual Capital Contributions by Source**  
 Last Ten Fiscal Years

Fiscal Year	Capital Recovery Fees (a.)	System Development Fees (b.)	Other Governments	Total
2014	\$ 1,888,011	\$ -	\$ 418,360	\$ 2,306,371
2015	2,534,701	-	735,737	3,270,438
2016	2,982,505	-	31,040	3,013,545
2017	2,363,166	-	31,040	2,394,206
2018	2,820,587	-	20,000	2,840,587
2019	(2,864)	5,046,788	-	5,043,924
2020	-	4,764,375	-	4,764,375
2021	-	6,177,096	1,616,297	7,793,393
2022	-	4,426,790	3,037,572	7,464,362
2023	-	3,384,127	15,638,241	19,022,368

## Note:

(a.) Capital Recovery Fee collection was discontinued at the end of Fiscal Year 2018 in accordance with N.C. State Statute.

(b.) System Development Fee collection was implemented at the beginning of Fiscal Year 2019 in accordance with procedures allowed by N.C. State Statute.

Source: WSACC Accounting Records



Table 7

**Water and Sewer Authority of Cabarrus County**  
**Wastewater Treated, Water Produced and Related Revenues**  
 Last Ten Fiscal Years

Fiscal Year	Million Gallons of Wastewater Treated	Million Gallons of Raw Water Produced (a.)	Thousand Gallons of Treated Water Produced (b.)(c.)	Variable Revenue Wastewater Treated	Variable/ Fixed Revenue Raw Water Produced	Variable Revenue Treated Water Produced (c.)
2014	6,871	2,808	65,944	\$ 8,465,086	\$ 428,903	\$ 262,838
2015	6,213	2,826	71,127	7,654,482	428,903	275,910
2016	6,679	2,787	66,698	8,642,237	428,903	291,897
2017	6,641	3,072	65,741	9,024,607	274,459	237,034
2018	6,544	2,852	-	9,334,126	274,459	-
2019	7,965	2,957	-	11,708,459	274,459	-
2020	7,286	3,016	-	10,980,566	274,459	-
2021	7,266	2,744	-	11,214,155	274,459	-
2022	6,972	3,092	-	10,896,840	274,459	-
2023	7,239	2,656	-	11,730,095	283,734	-

## Notes:

- (a.) WSACC operates the Lake Howell Reservoir and sells raw water to the Cities of Concord and Kannapolis.  
 (b.) WSACC operated the Town of Mt. Pleasant's treated water operation under a contractual agreement.  
 (c.) WSACC no longer operates the Mt. Pleasant Water Treatment Plant as of June 30, 2017.

Source: WSACC Accounting Records

Table 8

**Water and Sewer Authority of Cabarrus County**  
**Volume Based Rates and Charges**  
 Last Ten Fiscal Years

		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Wastewater:</b>											
O & M Rate	(a.)	\$ 1.2320	\$ 1.2320	\$ 1.2950	\$ 1.3590	\$ 1.4270	\$ 1.4700	\$ 1.5070	\$ 1.5430	\$ 1.5630	\$ 1.6360
<b>Industrial Surcharges:</b>											
BOD	(b.)	\$ 0.0529	\$ 0.0529	\$ 0.0529	\$ 0.0529	\$ 0.0529	\$ 0.0560	\$ 0.0560	\$ 0.0560	\$ 0.0560	\$ 0.0590
COD	(b.)	\$ 0.0954	\$ 0.0954	\$ 0.0954	\$ 0.0954	\$ 0.0954	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1000	\$ 0.1050
TSS	(b.)	\$ 0.2538	\$ 0.2538	\$ 0.2538	\$ 0.2538	\$ 0.2538	\$ 0.2670	\$ 0.2670	\$ 0.2670	\$ 0.2670	\$ 0.2800
NH3-N	(b.)	\$ 0.3096	\$ 0.3096	\$ 0.3096	\$ 0.3096	\$ 0.3096	\$ 0.3250	\$ 0.3250	\$ 0.3250	\$ 0.3250	\$ 0.3410
Others	(b.)	\$ 0.3823	\$ 0.3823	\$ 0.3823	\$ 0.3823	\$ 0.3823	\$ 0.4100	\$ 0.4100	\$ 0.4100	\$ 0.4100	\$ 0.4310
<b>Water:</b>											
Treated Water	(a.)(c.)	\$ 2.8300	\$ 2.8300	\$ 3.2810	\$ 3.5100	N/A	N/A	N/A	N/A	N/A	N/A

## Notes:

(a.) Charge per 1,000 gallons.

(b.) Charge per pound of high strength industrial waste.

(c.) WSACC no longer operates the Mt. Pleasant Water Treatment Plant as of June 30, 2017.

Source: WSACC Accounting Records

Table 9

**Water and Sewer Authority of Cabarrus County**  
**Fixed Charges**  
**Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Wastewater</b>										
<b><u>Treatment Fixed Charge</u></b>										
City of Concord	\$1,111,397	\$1,111,397	\$1,108,497	\$1,106,002	\$1,086,548	\$1,086,548	\$1,086,550	\$1,189,757	\$1,139,703	\$2,741,949
Town of Harrisburg	118,245	118,245	117,935	117,670	115,601	115,601	115,600	126,582	121,260	438,746
Town of Mt. Pleasant	24,804	24,804	24,735	24,679	24,248	24,248	24,248	26,551	25,435	66,662
City of Kannapolis	469,239	469,239	468,026	466,972	458,746	458,746	458,745	502,319	481,201	1,337,202
Charlotte Water	490,310	490,310	489,020	487,730	561,715	561,715	561,715	615,070	589,210	555,185
Total	<u>\$2,213,995</u>	<u>\$2,213,995</u>	<u>\$2,208,213</u>	<u>\$2,203,053</u>	<u>\$2,246,858</u>	<u>\$2,246,858</u>	<u>\$2,246,858</u>	<u>\$2,460,279</u>	<u>\$2,356,809</u>	<u>\$5,139,744</u>
<b><u>Interceptor Fixed Charge</u></b>										
City of Concord	\$954,467	\$954,467	\$961,726	\$963,541	\$987,745	\$983,771	\$984,511	\$931,829	\$987,988	\$955,640
Town of Harrisburg	102,390	102,390	103,926	104,189	108,074	110,132	110,200	104,786	117,710	156,361
Town of Mt. Pleasant	31,409	31,409	31,024	31,027	30,563	30,540	30,517	29,686	30,786	23,369
City of Kannapolis	374,669	374,669	381,271	382,325	400,453	400,218	400,320	379,034	397,969	460,838
Charlotte Water (a.)	-	-	406,222	407,429	453,133	455,279	454,424	543,687	133,984	102,200
Total	<u>\$1,462,935</u>	<u>\$1,462,935</u>	<u>\$1,884,169</u>	<u>\$1,888,511</u>	<u>\$1,979,968</u>	<u>\$1,979,940</u>	<u>\$1,979,972</u>	<u>\$1,989,022</u>	<u>\$1,668,437</u>	<u>\$1,698,408</u>
<b>Water</b>										
<b><u>Raw Water Fixed Charges</u></b>										
City of Concord	\$ 352,523	\$ 352,523	\$ 352,523	\$ 225,583	\$ 225,583	\$ 225,583	\$ 225,583	\$ 225,583	\$ 225,583	\$ 233,201
City of Kannapolis	76,380	76,380	76,380	48,876	48,876	48,876	48,876	48,876	48,876	50,533
Total	<u>\$ 428,903</u>	<u>\$ 428,903</u>	<u>\$ 428,903</u>	<u>\$ 274,459</u>	<u>\$ 274,459</u>	<u>\$ 274,459</u>	<u>\$ 274,459</u>	<u>\$ 274,459</u>	<u>\$ 274,459</u>	<u>\$ 283,734</u>
<b><u>Treated Water Fixed Charges</u></b>										
Town of Mt. Pleasant (b.)	<u>\$ 76,215</u>	<u>\$ 74,646</u>	<u>\$ 73,078</u>	<u>\$ 6,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Notes:

Fixed charges recover debt service and certain capital outlays.

(a.) Beginning in FY 2016, new interceptor charges were collected from Charlotte-Mecklenburg to offset capital costs.

(b.) WSACC no longer operates the Mt. Pleasant Water Treatment Plant.

Source: WSACC Accounting Records

Table 10

**Water and Sewer Authority of Cabarrus County**  
**All Sewer Customers**  
Current Year and Nine Years Ago

Customer	<b>Fiscal Year 2023</b>			
	Volume Charges	Fixed Charges	Total Charges	%
City of Concord	\$ 5,080,382	\$ 3,697,589	\$ 8,777,971	47.27%
City of Kannapolis	2,605,065	1,798,040	4,403,105	23.71%
Charlotte Water	2,946,300	657,385	3,603,685	19.41%
Town of Harrisburg	978,367	595,107	1,573,474	8.47%
Town of Mt. Pleasant	119,981	90,031	210,012	1.13%
Total	<u>\$ 11,730,095</u>	<u>\$ 6,838,152</u>	<u>\$ 18,568,247</u>	<u>100.00%</u>

Customer	<b>Fiscal Year 2014</b>			
	Volume Charges	Fixed Charges	Total Charges	%
City of Concord	\$ 4,337,421	\$ 2,065,864	\$ 6,143,036	51.70%
City of Kannapolis	2,034,723	843,908	2,878,631	24.23%
Charlotte Water	1,451,253	490,310	1,941,563	16.34%
Town of Harrisburg	554,864	220,635	775,499	6.53%
Town of Mt. Pleasant	86,825	56,213	143,038	1.20%
Total	<u>\$ 8,465,086</u>	<u>\$ 3,676,930</u>	<u>\$ 11,881,766</u>	<u>100.00%</u>

Source: WSACC Accounting Records

Table 11

**Water and Sewer Authority of Cabarrus County**  
**Ratios of Outstanding Debt by Type**  
 Last Ten Fiscal Years

Fiscal Year	State Revolving Funds Loan	Revenue Bonds	Total		
			Total Debt Outstanding	Debt Per Capita	As a Share of Personal Income
2014	\$ 21,371,925	\$ -	\$ 21,371,925	114	0.2927%
2015	18,622,286	-	18,622,286	97	0.2517%
2016	16,351,367	-	16,351,367	83	0.2022%
2017	13,620,244	-	13,620,244	68	0.1538%
2018	11,312,132	-	11,312,132	55	0.1209%
2019	8,954,083	-	8,954,083	42	0.0909%
2020	6,544,814	-	6,544,814	30	0.0609%
2021	4,083,010	-	4,083,010	18	0.0335%
2022	2,685,754	65,790,000	68,475,754	296	0.0000% *
2023	1,256,589	65,790,000	67,046,589	284	0.0000% *

Source: WSACC Accounting Records

\* Information not able to be calculated

Table 12

**Water and Sewer Authority of Cabarrus County**  
**Revenue Available for Debt Coverage**  
 Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Gross Revenues	Less Operating Expenses (excluding depreciation)	Net Available Revenues	Debt Service			Coverage Ratio
					Principal	Interest	Total	
2014	\$ 13,927,805	\$ 13,927,805	\$ 11,557,893	\$ 2,369,912	\$ 2,704,519	\$ 612,503	\$ 3,317,022	0.71
2015	13,644,437	13,644,437	11,412,991	2,231,446	2,749,640	551,246	3,300,886	0.68
2016	14,959,931	14,959,931	11,107,594	3,852,337	2,270,919	476,578	2,747,497	1.40
2017	15,237,603	15,237,603	10,605,083	4,632,520	2,259,425	412,219	2,671,644	1.73
2018	15,442,545	15,442,545	10,899,631	4,542,914	2,308,112	348,210	2,656,322	1.71
2019	17,769,181	17,769,181	11,872,274	5,896,907	2,358,049	289,224	2,647,273	2.23
2020	17,315,052	17,315,052	11,959,842	5,355,210	2,409,269	228,957	2,638,226	2.03
2021	18,031,899	18,031,899	12,408,351	5,623,548	2,461,804	167,371	2,629,175	2.14
2022	17,456,338	17,456,338	12,317,937	5,138,401	1,397,256	104,438	1,501,694	3.42
2023	21,126,476	21,126,476	14,875,467	6,251,009	1,429,165	2,202,305	3,631,470	1.72

Source: WSACC Accounting Records

Table 13

**Water and Sewer Authority of Cabarrus County**  
**Demographic and Economic Statistics for Cabarrus County**  
 Last Ten Fiscal Years

Fiscal Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Per Capita Income <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>	Number of Building Inspections Performed <sup>(5)</sup>
2014	187,226	\$ 7,301,723	\$ 39,000	34,763	6.00%	42,541
2015	192,103	7,399,908	38,521	34,609	5.50%	46,267
2016	196,762	8,286,025	41,103	35,376	4.60%	55,741
2017	201,590	9,085,784	43,920	36,669	3.90%	57,485
2018	206,872	9,556,853	45,220	33,877	3.80%	61,400
2019	211,342	10,089,975	46,615	32,955	4.00%	64,131
2020	216,453	11,002,886	49,679	33,579	7.60%	71,036
2021	227,065	12,407,280	53,637	32,555	4.40%	72,520
2022	231,278	*	*	33,565	3.70%	65,142
2023	235,797	*	*	34,674	3.30%	64,470

\* Information not yet available. Information for calendar year will be made available by Cabarrus County.

Notes:

(1) United States Census Bureau

(2) Bureau of Economic Analysis, US Department of Commerce. Figures are for the prior calendar year.

(3) Public Schools of North Carolina/State Board of Education reported the County Official Statements.

(4) N.C. Employment Security Commission, Annual Average for prior calendar year.

(5) Total number of inspections performed by Cabarrus County Inspections Department. Does not include inspections by municipalities.

Table 14

**Water and Sewer Authority of Cabarrus County**  
**Principal Employers for Cabarrus County**  
 Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Percentage of Total	Rank	Employees	Percentage of Total	Rank
Atrium Health (formerly Carolinas Healthcare)	5,140	4.43%	1	4,500	5.21%	1
Cabarrus County Schools	4,410	3.80%	2	3,800	4.40%	2
Cabarrus County Government	1,345	1.16%	3	950	1.10%	4
Wal-Mart	1,225	1.06%	4	-	-	-
Amazon	1,175	1.01%	5	-	-	-
City of Concord	1,123	0.97%	6	901	1.04%	5
FedEx Ground and FedEx Smartpost	1,050	0.90%	7	-	-	-
Corning	956	0.82%	8	-	-	-
Shoe Show	811	0.70%	9	800	0.93%	7
Kannapolis City Schools	745	0.64%	10	750	0.87%	9
North Carolina Research Campus	-	-	-	1,000	1.08%	3
State of North Carolina	-	-	-	770	0.89%	8
S&D Coffee & Tea	-	-	-	625	0.72%	10
Connexations	-	-	-	900	1.04%	6
Total Employment	17,980	15.49%		14,996	17.28%	

Source: Cabarrus County Finance Department



Table 15

**Water and Sewer Authority of Cabarrus County**  
**Number of Employees by Function**  
 Last Ten Fiscal Years

	Full-Time Equivalent Positions									
	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Administration:</u>										
Executive	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Support	2.80	2.80	3.75	3.75	4.00	4.00	4.50	4.50	5.00	5.00
Finance	3.00	2.80	2.75	2.50	2.40	2.40	2.40	2.40	3.00	3.00
Total Administration	6.80	6.60	7.50	7.25	7.40	7.40	7.90	7.90	9.00	9.00
<u>Engineering:</u>										
Engineering	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50
Total Engineering	5.00	5.00	5.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50
<u>Sewer:</u>										
Administration	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00	4.00
Maintenance	14.00	14.00	14.00	14.00	14.00	14.00	14.00	12.75	13.25	13.25
Operators	11.50	11.50	11.50	11.50	10.75	10.00	10.00	12.00	12.00	14.00
Total Sewer	30.00	30.00	30.00	30.00	29.25	28.50	28.50	28.75	29.25	31.25
<u>Biosolids Incineration:</u>										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30	1.30	0.25
Operators	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.00	6.00	4.00
Total Biosolids Incin.(a.)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	8.30	9.30	6.25
<u>Laboratory:</u>										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50
Laboratory Analyst	2.75	2.75	2.75	2.75	2.50	2.50	2.50	2.50	3.50	3.50
Total Laboratory	3.75	3.75	3.75	3.75	3.50	3.50	3.50	3.50	5.00	5.00
<u>Pretreatment:</u>										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sample Technician	0.75	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50	0.50
Total Pretreatment	1.75	1.75	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.50
<u>Interceptors:</u>										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Utility Maintenance Technician	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Utility Maintenance Worker	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Interceptors	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<u>Water- Wholesale Raw:</u>										
Administration	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.50	1.50
Reservoir Maintenance Technician	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Operators	0.00	0.00	0.00	0.00	0.00	0.00	1.50	1.50	1.50	1.50
Total Water (b.)	1.15	1.15	1.15	1.15	1.15	1.15	2.65	2.65	4.00	4.00
<b>Total Employees</b>	<b>59.45</b>	<b>59.25</b>	<b>60.15</b>	<b>56.90</b>	<b>56.05</b>	<b>55.05</b>	<b>57.05</b>	<b>60.60</b>	<b>65.55</b>	<b>64.50</b>

**Note:**

(a.) The Biosolids Incineration Department was established in FY 2013. In July 2016, the Heat to Power portion of this department was discontinued.

(b.) WSACC no longer maintains operations of the Mt. Pleasant Water Treatment Plant.

Source: WSACC Personnel Records

Table 16

**Water and Sewer Authority of Cabarrus County**  
**Operating and Capital Indicators**  
 Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Wastewater:</b>										
Miles of Sewers	139	139	139	139	139	139	139	139	139	139
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2
Treatment Capacity (MGD)	26.65	26.65	26.65	26.65	26.65	26.65	26.65	26.65	26.65	26.65
Avg Yearly Treated (MGD)	18.825	17.022	18.300	18.194	17.928	21.822	19.963	19.923	19.366	20.110
Unused Capacity (MGD)	7.825	9.628	8.35	8.456	8.722	4.828	6.687	6.727	7.284	6.540
Percentage of Capacity Utilized	70.64%	63.87%	68.67%	68.27%	67.27%	81.88%	74.91%	74.76%	72.67%	75.46%
<b>Drinking Water:</b>										
Reservoir Capacity (MGD)	(a.) 16.28	16.28	16.28	16.28	16.28	16.28	16.28	16.28	16.28	16.28
Raw Water Sold (MGD)	(a.) 7.693	7.743	7.636	8.416	7.814	8.101	8.263	7.518	8.471	7.277
Unused Capacity (MGD)	(a.) 8.587	8.537	8.644	7.864	8.466	8.179	8.017	8.762	7.809	9.003
Percentage of Capacity Utilized	(a.) 47.25%	47.56%	46.90%	51.70%	48.00%	49.76%	50.76%	46.18%	52.03%	44.70%

## Notes:

(a.) 50 year drought-safe yield for Lake Howell Reservoir.

MGD = millions of gallons per day.

Source: WSACC Accounting Records