REVIEWED
By SLGFD at 11:52 am, Nov 04, 2021

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY

CONCORD, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

WSACC

ISO 14001:2004 ◆ NC Star Public Sector ◆ OHSAS 18001:2007

WSACC

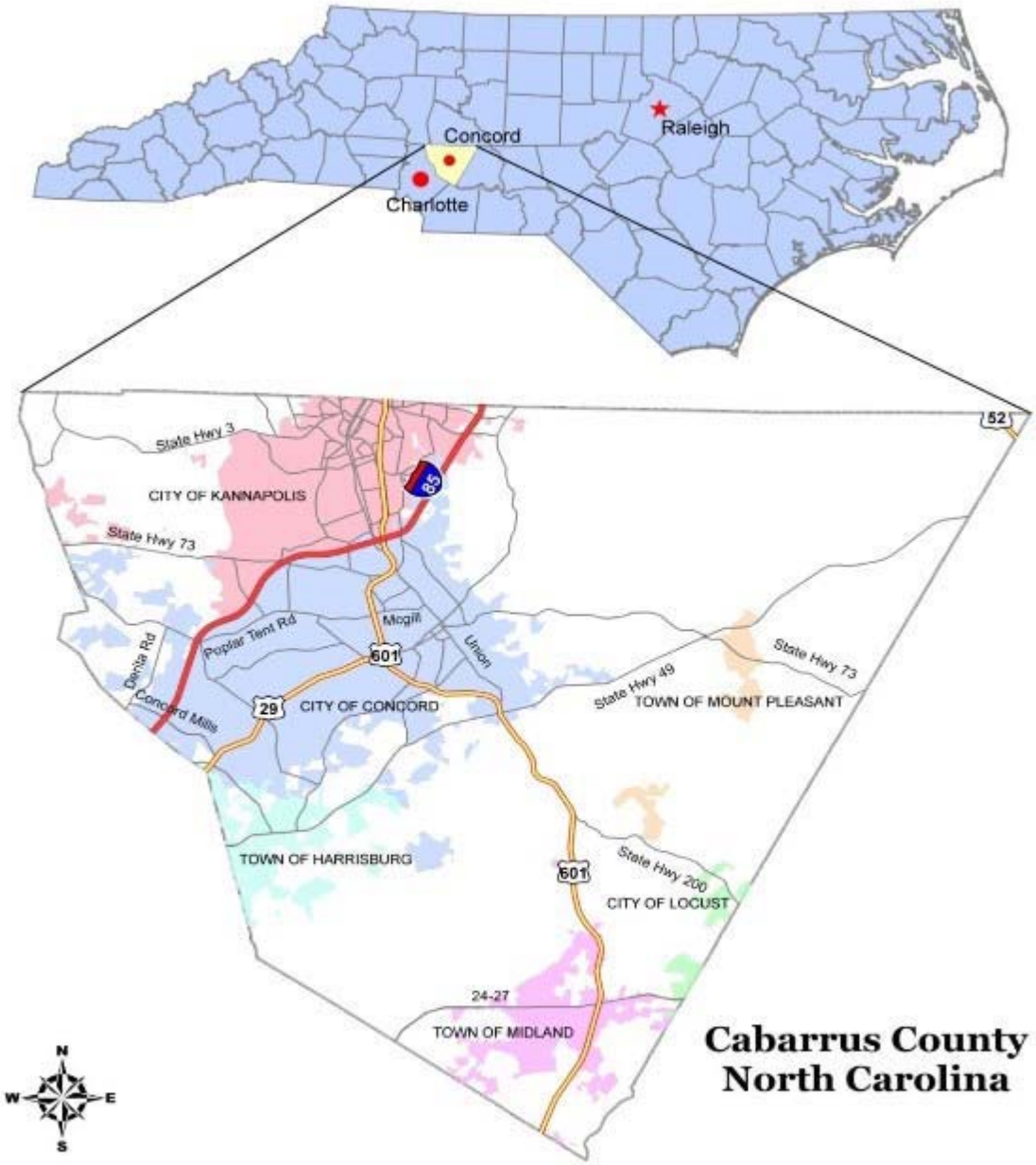
WATER & SEWER AUTHORITY
OF CABARRUS COUNTY
CONCORD, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY

FINANCE DEPARTMENT



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, 2021

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WSACC

WATER AND SEWER AUTHORITY
OF CABARRUS COUNTY

Introductory Section

WSACC
WATER & SEWER AUTHORITY
OF CABARRUS COUNTY

Office: 232 Davidson Hwy.
Concord, NC 28027

Mail to: P.O. Box 428
Concord, NC 28026-0428

Phone: 704.786.1783
Fax: 704.795.1564

October 27, 2021

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, 2021.

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, 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, 2021 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, 2021 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 (RRRWWTP). Assets were transferred to WSACC, and operations were begun 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 2020-21 was 19.923 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. Cabarrus County retains ownership of the Reservoir. 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.

One important element in the strengthening of the economy is the continuous improvement in the housing market. With so many jobs directly and indirectly tied to housing, the recent improvements in housing continue to be encouraging. Cabarrus County experienced a 3.5 percent decrease in building and trade permits, 20,084 during Fiscal Year 21 compared to 20,800 in Fiscal Year 20. Realtors indicate that

demand for single-family and multi-family housing continues to remain strong within Cabarrus County as builders work to increase available inventory. The unemployment rate was 4.40% at June 2021. This was heavily impacted by the global COVID pandemic.

Cabarrus County's economy has benefitted from the close proximity to Charlotte and access to major Interstate and US highways, as well as Charlotte-Douglas International Airport and major Norfolk-Southern Railway lines. Principal products and services of major businesses include electrical wiring devices, plastics, telecommunications, internet service, automotive products, beverages, food, gourmet coffee roasting and supply, printing and publishing, concrete products, lumber and wood, specialized coloring, fabricated metal and machinery products, motorsports, mobile and modular home components and corrugated packaging. Distribution, shipping and warehousing is a growing sector of the local economy. This can be traced to the many transportation projects to enhance accessibility. Cabarrus County has also evolved into a major tourist destination in North Carolina and now includes the NC Research Campus consisting of eight major NC universities whose research focuses on biotechnology and nutrition. Concord Mills has the highest number of visitors of any attraction in North Carolina and has added an aquarium to its offerings. Charlotte Motor Speedway, the ZMax Dragway and NASCAR team race shops bring in hundreds of thousands of people that shop and use lodging and restaurants. This has also led to the development of other facilities such as Embassy Suites/Concord Convention Center, Great Wolf Lodge and many other limited service hotels. The City of Kannapolis has seen significant growth in the uptown village area adjacent to the research campus. A master plan for downtown revitalization of the West Avenue streetscape and new Atrium Health Ballpark has been completed. In addition, that area experienced the completion of a mixed use district with VIDA apartment complex, commercial and restaurant space.

Local municipalities have engaged in short-range and long-range planning to provide the necessary infrastructure to accommodate future growth within the 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.

The City of Concord adopted a new Downtown Master Plan to rehabilitate the downtown area including Hotel Concord. There is also a City Land Use Plan that includes guidance on public and private land development proposals to provide an outline of how the community is to grow in future years. There has been a significant increase in industrial facilities and apartment complexes.

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 2021 and additional ones are now beginning to increase overall efficiency and reduce future repair and maintenance costs. The current system has experienced unprecedented rainfall and 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 to the Rocky River Waste Water Treatment Plant to 34 MGD is currently in the preconstruction design phase. Work is expected to begin in FY 2022 to begin the process to meet the demands of the County. After 20 years without any new debt issuance, the pay-as-you-go philosophy maintained by WSACC will not meet the future capital needs and demands for capacity. Several large proposed capital projects will require more funds than the system development fees and current WSACC reserves can provide. The need to issue debt comes at an opportune time when WSACC is within three years of paying off all existing debt.

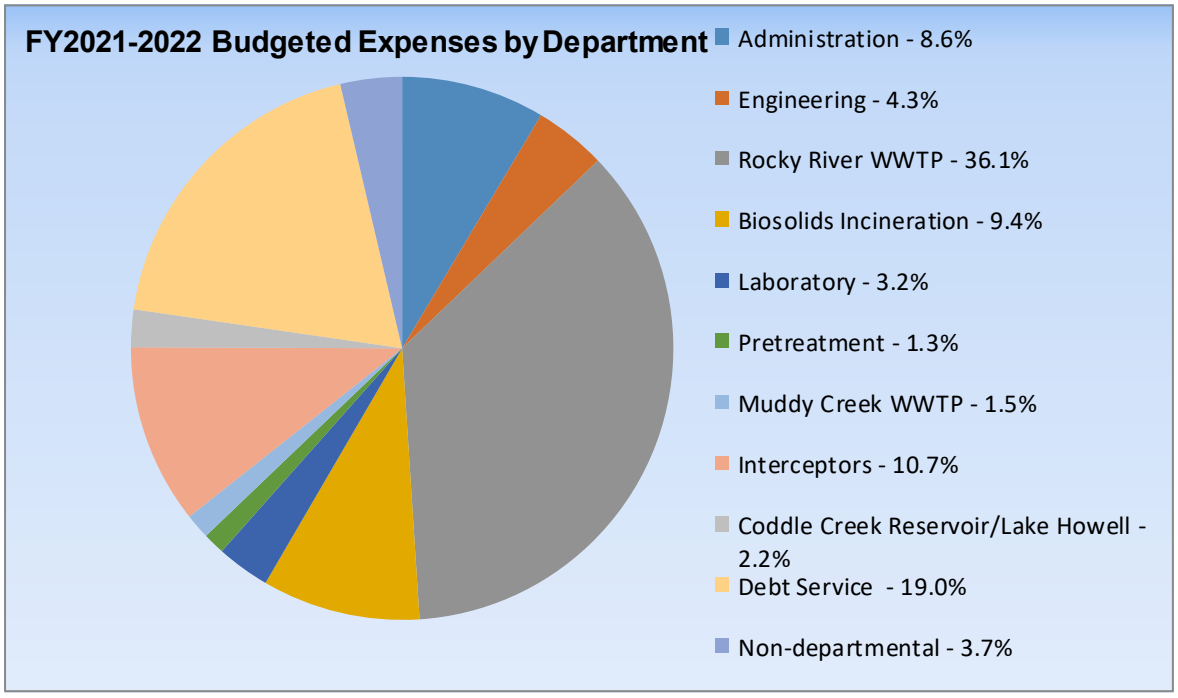
Long–Term Financial Planning

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 we 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 Capital Improvement Program. 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 Capital Improvement Program and it is submitted to the Board of Directors for final approval.

Budget Highlights

The fiscal year 2021-2022 Annual Budget was adopted by the WSACC Board of Directors on April 15, 2021. 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, 2021 totals $16,833,659, representing a less than one percent increase from the previous fiscal year.



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 is in anticipation of the Government Finance Officers Association of the United States and Canada (GFOA) award for the Certificate of Achievement for Excellence in Financial Reporting to WSACC for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This will be the 24th 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. WSACC believes all requirements have been met to receive this award.

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, 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 and Sandy Cain 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,

Christopher Tucker
Finance Director

GFOA AWARD PAGE HOLDER

WSACC

WATER AND SEWER AUTHORITY
OF CABARRUS COUNTY

LIST OF PRINCIPAL OFFICIALS

Board Members

Jeff Corley
Michael Legg, *Vice-Chairman*
David Phillips
Jim Sells
Lynn Shue
Darrell Hinnant
Jonathan Marshall
Robert Ritchie
Stephen Sciascia, *Chairman*

Executive Director

Michael Wilson

Secretary to the Board

Tammy Garifo

Treasurer to the Board

Shelley Farris

Department Heads

Engineering Director
Chad VonCannon

Deputy Executive Director-Administration
Robin Moore

Environmental Compliance Manager
Beverly Metcalf

Maintenance Manager
Chris Carpenter

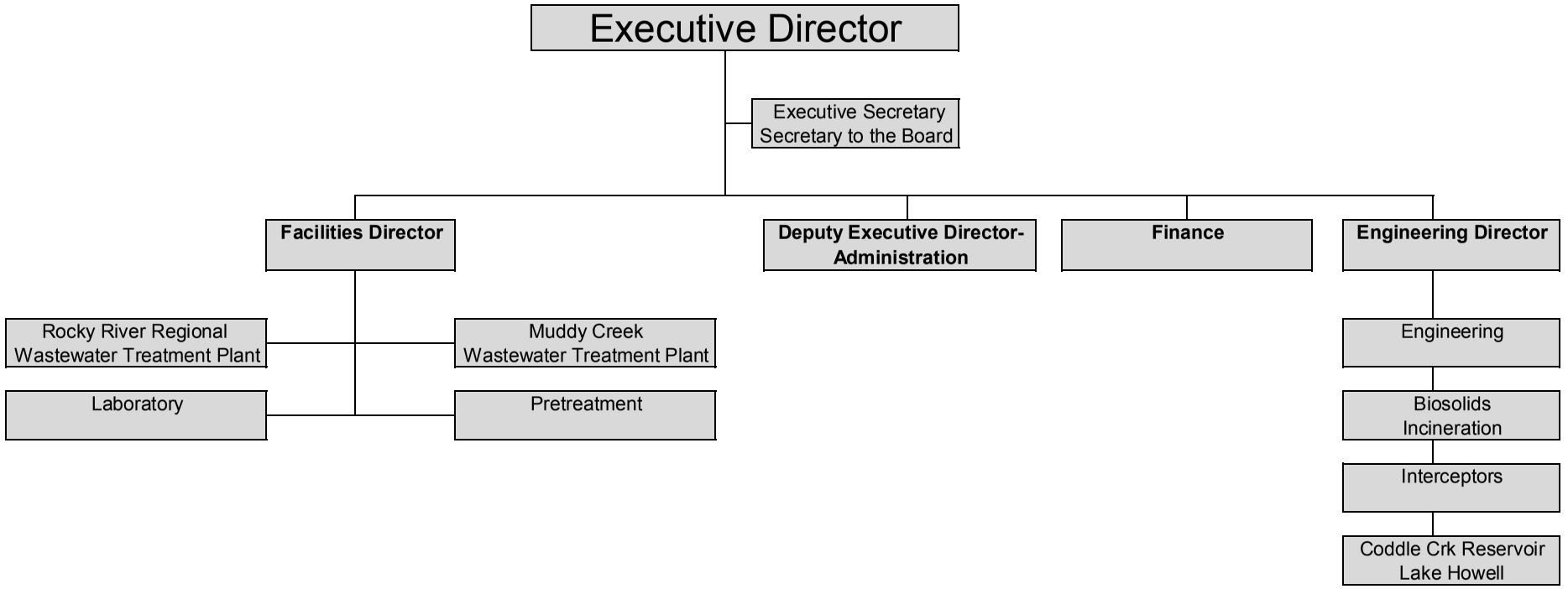
Facilities Director
Mark Fowler

Utility Interceptor Systems Supervisor
Joseph Lyles

Wastewater Operations Manager
James Sims

Water and Sewer Authority of Cabarrus County

Organizational Structure



WSACC

WATER AND SEWER AUTHORITY
OF CABARRUS COUNTY

Financial Section

POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Water & Sewer Authority of Cabarrus County** as of June 30, 2021, and the changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the 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, 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 and Other 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 introductory section, budget and actual schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget and actual schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, and the procedures performed as described above, the budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Potter & Company

October 27, 2021
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, 2021. 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 2020-21, WSACC maintained a strong financial position for its enterprise operating fund. Key performance indicators were revenue growth and overall positive departmental budget variances.

- 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 $159,074,961 (net position).
    - Of this amount, $19,835,206 (unrestricted net position) may be used to meet any ongoing obligations and future expenditures.
    - $9,376,259 is restricted as part of system development fees and is limited to how those funds are to be spent.
    - This amount also represents an increase in operating revenues from prior year of $716,847 and a increase of $1,836,413 in operating expenses.
    - Total liabilities decreased by $2,184,659 from the previous fiscal year.
- WSACC's total net position increased by $5,967,870 compared to an increase of $4,374,213 in FY 20.
    - This increase is primarily attributable to additional rate increases associated with operating revenues and a significant increase in capital contributions from other governments and system development fees.
    - At the end of the current fiscal year, unrestricted net position was $19,835,206 or 12 percent of Total Net Position compared to $17,062,510 for the previous fiscal year.
- WSACC's total net debt decreased by $2,461,804 or 38 percent during the current fiscal year.

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, capital expansion program 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*; and a *Statement of Cash Flows*. 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, *Notes to the Financial Statements* and *Statements of Revenues and Expenditures-Budget and Actual*, appear immediately following the basic financial statements. 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 it's obligation to provide postemployment 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 $159,074,961 at the close of the fiscal year as compared to $153,107,091 at the end of the previous fiscal year. The following table reflects a condensed Statement of Net Position.

NET POSITION	2021	2020
Current and other non-current assets	$ 37,394,212	$ 32,852,137
Capital assets, net	133,946,506	134,279,446
Total assets	171,340,718	167,131,583
Deferred outflows of resources	1,353,939	1,155,657
Long-term liabilities outstanding	7,793,104	9,508,576
Other liabilities	4,059,635	4,528,822
Total liabilities	11,852,739	14,037,398
Deferred inflows of resources	1,766,957	1,142,751
Net position:		
Net investment in capital assets	129,863,496	127,734,632
Restricted	9,376,259	8,309,949
Unrestricted	19,835,206	17,062,510
Total Net Position	$ 159,074,961	$ 153,107,091

One of the largest portions of Net Position (82 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, $9,376,259, represents resources that are subject to restrictions on how they are to be used. The remaining balance of Net Position totaling $19,835,206 is unrestricted and may be used to fund pay-as-you go capital projects, replacement reserves, or any other legal purpose. In accordance with GASB Statement 68, WSACC is allocated its proportionate share of the Local Government Employee's Retirement System's net pension asset or liability, deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by WSACC. WSACC's overall financial position has improved over the past several fiscal years as WSACC continues to take aggressive action to address issues impacting its overall financial health.

Changes in Net Position

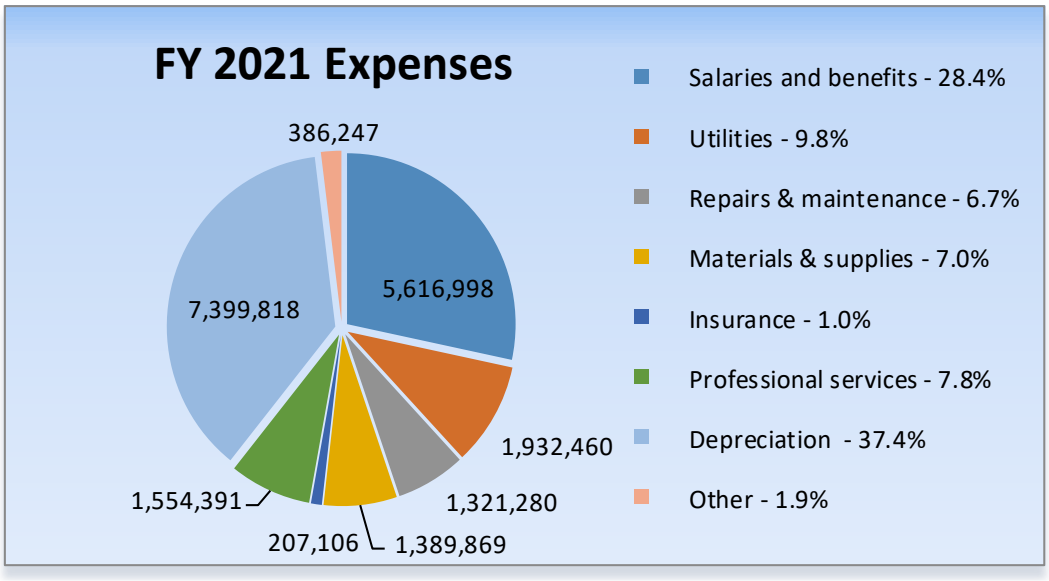
WSACC's Net Position increased by $5,967,870 for the fiscal year ended June 30, 2021. The following table summarizes the changes in net position.

CHANGES IN NET POSITION

	2021	2020
Operating revenues, charges for services	$ 18,031,899	$ 17,315,052
Operating expenses:		
Salaries and employee benefits	5,616,998	5,782,108
Utilities	1,932,460	1,967,530
Repairs and maintenance	1,321,280	1,470,114
Insurance	207,106	191,834
Materials and supplies	1,389,869	1,331,342
Professional services	1,554,391	817,121
Depreciation	7,399,818	6,011,914
Other	386,247	399,793
Total operating expenses	19,808,169	17,971,756
Operating income (loss)	(1,776,270)	(656,704)
Nonoperating revenue (expense):		
Gain on sale of capital assets	37,518	17,551
Interest expense	(156,882)	(216,601)
Investment earnings	70,111	465,592
Total nonoperating revenue (expense)	(49,253)	266,542
Income (loss) before capital contributions	(1,825,523)	(390,162)
Capital contributions:		
Capital contributions - governments	1,616,297	-
System development fees	6,177,096	4,764,375
Total capital contributions	7,793,393	4,764,375
Change in net position	5,967,870	4,374,213
Total net position - beginning of year	153,107,091	148,732,878
Total net position – end of year	$159,074,961	$153,107,091

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 positively and negatively impacted the increase in Net Position are highlighted below.

- Total Revenues: Total operating and non-operating revenues were $18,139,528 or $341,333 more than the $17,798,195 reported for the prior year.
    - Operating Revenues: Total operating revenues (which are charges for services provided to customers) increased by four percent over the prior fiscal year. This is due to an increase in rates and extreme fluctuations in water flows compared to the previous FY. Operating revenues consist of fixed and variable treatment and interceptor revenues, sludge disposal, and raw water charges.
    - Investment Earnings: Investment earnings decreased by $395,481 to $70,111 for the current year compared to $465,592 in FY 2020. WSACC continued to invest in commercial paper holdings in FY 2021. Interest earnings decreased by 85 percent from prior year due to the COVID pandemic and low interest rates being offered in the market.
- Total Expenses: Total operating and non-operating expenses were $19,965,051 or $1,776,694 more than the $18,188,357 for the prior year.
    - Operating Expenses: Total operating expenses increased by a net $1,836,413 from the prior fiscal year. This reflects significant increases in depreciation and professional legal and engineering services.
    - The chart below depicts how operating funds were spent for the FY20-21 fiscal year.



- System Development Fees (SDF): WSACC began implementation of system development fees in FY 2019 to replace the Capital Recovery Fee. Due to an increase in new development of home and apartment complexes, WSACC received $6,177,096 during FY 2021 representing an increase of 30 percent over 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, 2021, amounted to $133,946,506 (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:

CAPITAL ASSETS
(amounts shown net of depreciation)

	2021	2020
Land	$ 7,861,153	$ 7,861,153
Construction in progress	8,471,694	4,257,477
Sewer treatment and collection	104,946,244	110,921,502
Biosolids handling	7,135,615	7,695,695
Buildings and improvements	1,735,154	1,215,367
Improvements to land	389,304	433,341
Equipment	2,692,522	1,122,509
Furniture and fixtures	110,377	188,874
Vehicles	604,443	583,528
Total	$ 133,946,506	$ 134,279,446

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

- Additional construction in progress expenditures were incurred for the following projects:
  - Expansion to 34 MGD Project - $458,688
  - Inflow/Infiltration Reduction - $20,932
  - Rocky River Expansion Design Study - $690,641
  - Lower Rocky River Bar Screen Replacement - $939,223
  - Muddy Creek NPDES Permits - $1,350
  - RRRWTP Electrical Distribution Improvements - $93,300
  - Gravity Thickener - $370,066
  - Lower Coddle Creek Interceptor Project - $216,805
  - Back Creek Interceptor Extension Project - $473,738
  - Lower Rocky River Interceptor Rehab Project - $1,649,262
  - Step 2 Aeration Basin Mixers - $336,600
  - Lower Rocky River Additional Pump Capacity - $238,000

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 $4,740,263 at June 30, 2021 as discussed in detail in Note II.B.6. These commitments will be funded out of current cash reserves and capital contributions.

Long-term Debt. As of June 30, 2021, WSACC had total debt outstanding of $4,083,010. The entire $4,083,010 is state revolving loan funds secured solely by specified revenue sources.

Outstanding Long-Term Debt

	2020	Additions	Transfers	Retirements	2021
State Revolving Loans	$ 6,544,814	$ -	$ -	$ 2,461,804	$ 4,083,010

WSACC's total debt decreased by $2,461,804 or 38 percent during the past fiscal year, due to the normal debt service for the state revolving loans.

WSACC has not issued public debt and currently does not have a bond rating by the rating agencies. In addition, 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.

Overall Financial Position

The overall financial position of WSACC remained stable during the fiscal year ended June 30, 2021. WSACC's operating activities continued to generate positive cash flows of $5,008,443 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 7.60 percent in the prior year to 4.40 percent at June 30.
- Population growth experienced an increase to approximately 226,165 in Cabarrus County.
- Cabarrus County's building inspection activity reflected an increase from 71,036 inspections in the prior year to 72,520 inspections for the current year.
- Cabarrus County is home to a diversified business base of industries. The pace of growth within the County has increased significantly. WSACC will be starting several large capital projects in the next couple years to keep up with the anticipated growth.

These factors, as well as others, were considered in preparing the budget for Fiscal Year 2022. On April 15, 2021, WSACC Board of Directors approved a $16,833,659 operating budget for FY 2022, which represents less than a one percent increase from the original budget adopted for the 2020-2021 fiscal year. Appropriations were made in the 2022 fiscal year budget for various operating expenses in the amount of $818,822 and capital projects in the amount of $4,494,833. Management believes that increased revenues and continued restrictions on spending will maintain a solid financial position.

Budgeted sewer flows are projected with additional increases of 401 million gallons for FY 2022 due to the extreme fluctuations in rainfall and continued housing growth within Cabarrus County. These two indicators directly impact sewer flows. Annual sewer flows for FY 2022 are estimated at 7.040 billion gallons.

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 Shelley Farris, WSACC, 232 Davidson Hwy, Concord, NC 28026, (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, 2021

ASSETS		
Current assets:		
Cash and cash equivalents	$	25,584,320
Restricted cash and cash equivalents:		
System development fees		9,095,759
Total cash and cash equivalents		34,680,079
Receivables:		
Accounts receivable, customers		1,471,594
Interest receivable		5,384
Restricted receivable, system development fees		282,540
Other		954,615
Total receivables		2,714,133
Total current assets		37,394,212
Noncurrent assets:		
Capital assets:		
Land and other non-depreciable assets		16,332,847
Depreciable assets, net of depreciation		117,613,659
Total capital assets		133,946,506
Total noncurrent assets		133,946,506
Total assets		171,340,718
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals		996,040
Other post-employment benefit deferrals		357,899
Total deferred outflows of resources		1,353,939
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses		2,396,090
Current portion of compensated absences payable		264,249
Current portion of long-term debt		1,397,256
Payable from restricted assets		2,040
Total current liabilities		4,059,635
Noncurrent liabilities:		
Net pension liability		1,793,860
Compensated absences, net of current portion		176,166
Total postemployment benefit liability		3,137,324
Long-term debt, net of current portion		2,685,754
Total noncurrent liabilities		7,793,104
Total liabilities		11,852,739
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals		70,796
Other post-employment benefit deferrals		1,696,161
Total deferred inflows of resources		1,766,957
NET POSITION		
Net investment in capital assets		129,863,496
Restricted-system development fees		9,376,259
Unrestricted		19,835,206
Total net position	$	159,074,961

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, 2021

Operating revenues, charges for services	$ 18,031,899
Operating expenses:	
Salaries and employee benefits	5,616,998
Utilities	1,932,460
Repairs and maintenance	1,321,280
Materials and supplies	1,389,869
Insurance	207,106
Professional services	1,554,391
Depreciation	7,399,818
Other	386,247
Total operating expenses	19,808,169
Operating income (loss)	(1,776,270)
Nonoperating revenue (expenses):	
Gain on sale of capital assets	37,518
Interest expense	(156,882)
Investment earnings	70,111
Total nonoperating revenue (expenses)	(49,253)
Income (loss) before capital contributions	(1,825,523)
Capital contributions:	
Capital contributions-governments	1,616,297
System development fees	6,177,096
Total capital contributions	7,793,393
Change in net position	5,967,870
Total net position, beginning of year	153,107,091
Total net position, end of year	$ 159,074,961

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, 2021

Cash flows from operating activities:	
Cash received from customers	$ 17,454,836
Cash paid for goods and services	(6,955,563)
Cash paid to or on behalf of employees for services	(5,424,390)
Other operating expenses	(66,440)
Net cash provided by operating activities	5,008,443
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(6,381,720)
Principal paid on long-term debt	(2,461,804)
Interest paid on long-term debt	(167,371)
Proceeds from sale of capital assets	37,518
Capital contributions-governments	1,616,297
Capital contributions-system development fees	6,496,356
Net cash used in capital and related financing activities	(860,724)
Cash flows from investing activities:	
Interest on investments	111,656
Net cash provided by investing activities	111,656
Net increase in cash and cash equivalents	4,259,375
Cash and cash equivalents, beginning	30,420,704
Cash and cash equivalents, ending	$ 34,680,079

Continued on next page

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

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

Operating income (loss)	$ (1,776,270)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	7,399,818
Changes in assets, liabilities and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	(643,505)
(Increase) decrease in deferred outflows of resources for pensions	(146,050)
(Increase) decrease in deferred outflows of resources for OPEB	(52,232)
Increase (decrease) in deferred inflows of resources for OPEB	604,094
Increase (decrease) in accounts payable and accrued expenses	(92,166)
Increase (decrease) in compensated abscenses payable	21,428
Increase (decrease) in net pension liability	331,724
Increase (decrease) in other post employment benefits liability	(658,511)
Increase (decrease) in deferred inflows of resources for pensions	20,112
Total adjustments	6,784,712
Net cash provided by operating activities	$ 5,008,443

Supplemental schedule of capital and related financing activities:

Reconciliation of acquisition and construction of capital assets	
Additions to Construction in progress	$ 5,488,605
Regular capital outlay	1,578,274
Add: Prior year accounts payable	521,672
Add: Prior year retainage payable	33,085
Less: Current year accounts payable	(1,210,204)
Less: Current year retainage payable	(29,713)
Acquisition and construction of capital assets from Statement of Cash Flows	$ 6,381,720
Reconciliation of capital contributions-system development fees	
Capital contributions - system development fees	$ 6,177,096
Add: Prior year accounts receivable	601,800
Less: Current year accounts receivable	(282,540)
Capital contributions-system development fees from Statement of Cash Flows	$ 6,496,356

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, 2021

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 (RRRWWTP) and the Muddy Creek Wastewater Treatment Plant (MCWWTP), as well as interceptor sewer lines and auxiliary metering and pumping stations.

WSACC is also contractually responsible for the operation and maintenance of the County-owned 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 costs-expenses, including depreciation-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, the Capital Recovery Fee Fund, 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 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, the Capital Recovery Fee 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, the Capital Recovery Fee 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) the transfer of $2,420,000 from the System Development Fee Fund to the Capital Projects Fund for $670,000 for the RRWWTP Expansion and $1,150,000 for the Step 2 Aeration Mixture Basins (2) the final transfer of $2,690,786 from the capital recovery fee fund for debt service.

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. Funds encumbered on June 30, 2021 are authorized as part of the 2021-2022 budget appropriation by adoption of the Budget Ordinance. Encumbrances outstanding for operational expenses and construction contracts at June 30, 2021 totaled $5,313,655.

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; and the North Carolina Capital Management Trust (NCCMT).

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 and government agencies and is rated AAAm by S&P and AAmf by Moody Investor Services. The Government Portfolio is 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

System Development Fees (SDFs) are assessed by WSACC and are classified as restricted assets. This fee is assessed on the owner of a new development. 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.

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:

Description	Useful Life in Years
Land improvements	10 - 30 years
Buildings & improvements	10 - 30 years
Equipment	2 - 10 years
Office furniture, fixtures and equipment	2 - 10 years
Vehicles	3 - 5 years
Sewer treatment and collection systems	30 - 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 position 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 – contributions to the pension plan and benefit payments and administrative expenses for the other post-employment benefit plan (OPEB) made in the current fiscal year. 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 position 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.

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 the salary-related payments are recorded as the leave is earned. Accumulated earned vacation and related payroll taxes at June 30, 2021 amounted to $440,415. See Note II.B.10, 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 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 undercollaterization, 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, 2021, the carrying amount of WSACC's bank deposits was $12,955,923 and the bank balance was $13,012,925. Of the bank balances at June 30, 2021, $250,000 was covered by FDIC insurance and $12,762,925 was collateralized under the pooling method.

2. Investments

As of June 30, 2021, WSACC's investments and maturities were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Maturity	Rating
Commercial Paper:				
Credit Suisse	Fair Value - Level 2	$ 1,997,310	7/2/2021	A1,P1
Natixis	Fair Value - Level 2	1,997,459	8/31/2021	A1,P1
Collateralized	Fair Value - Level 2	1,998,917	9/27/2021	A1,P1
NC Capital Management Trust-Government Portfolio	Fair Value - Level 1	15,730,470	N/A	AAAm, AAmf
Total:		$ 21,724,156		

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. WSACC has no formal investment policy regarding interest rate risk. As a means of limiting exposure to fair value losses arising from rising interest rates, WSACC's internal investment policy limits maturities to 12 months or less. WSACC's internal policy also requires purchases of securities to be laddered with staggered maturity dates.

Credit Risk. WSACC has no formal policy regarding credit risk, but has internal management procedures that 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 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, 2021, WSACC's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's AAmf by Moody Investor Services. The Government Portfolio is reported at fair value.

Concentration of Credit Risk. WSACC's investment policy places a limit of no more than 25% of the total portfolio with any one issuer of commercial paper. Credit Suisse, Natixis, and Collateralized commercial papers each represent 9.20% 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, 2021:

	Customers	Interest	System Development Fees	Other	Total
Enterprise Fund	$ 1,471,594	$5,384	$ 282,540	$ 954,615	$2,714,133

4. Capital Assets

Capital assets activity consisted of the following for the year ended June 30, 2021:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 7,861,153	$ -	$ -	$ 7,861,153
Construction in progress	4,257,477	5,488,605	(1,274,388)	8,471,694
Total capital assets not being depreciated	12,118,630	5,488,605	(1,274,388)	16,332,847
Capital assets being depreciated:				
Sewer treatment and collection	205,247,094	277,277	-	205,524,371
Biosolids Handling	10,667,388	-	-	10,667,388
Buildings and improvements	2,429,459	669,016	-	3,098,475
Improvements to land	902,617	17,937	-	920,554
Equipment	4,456,355	1,766,404	(47,339)	6,175,420
Furniture and fixtures	3,013,889	-	-	3,013,889
Vehicles	1,303,011	122,027	(87,689)	1,337,349
Total capital assets being depreciated	228,019,813	2,852,661	(135,028)	230,737,446
Less accumulated depreciation for:				
Sewer treatment and collection	94,325,592	6,252,535	-	100,578,127
Biosolids Handling	2,971,693	560,080	-	3,531,773
Buildings and improvements	1,214,092	149,229	-	1,363,321
Improvements to land	469,276	61,974	-	531,250
Equipment	3,333,846	196,391	(47,339)	3,482,898
Furniture and fixtures	2,825,015	78,497	-	2,903,512
Vehicles	719,483	101,112	(87,689)	732,906
Total accumulated depreciation	105,858,997	7,399,818	(135,028)	113,123,787
Total capital assets being depreciated, net	122,160,816	(4,547,157)	-	117,613,659
Total capital assets, net	$ 134,279,446	$ 941,448	$ (1,274,388)	$ 133,946,506

B. Liabilities

1. Accounts Payable and Accrued Expenses

The amounts presented in the Statement of Net Position for payables consisted of the following for the year ended June 30, 2021:

Vendors	Accrued Expenses	Total
$ 2,125,234	$ 272,896	$ 2,398,130

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.

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, 2021, was 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from WSACC were $383,575 for the year ended June 30, 2021.

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, 2021, WSACC reported a liability of $1,793,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. 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, 2021, WSACC's proportion was 0.0502% (measured as of June 30, 2020, which was a decrease of 0.0033% from its proportion measured as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, WSACC recognized pension expense of $589,356. At June 30, 2021, WSACC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 226,533	$ -
Changes of assumptions	133,498	-
Net difference between projected and actual earnings on pension plan investments	252,434	-
Changes in proportion and differences between WSACC contributions and proportionate share of contributions	-	70,796
WSACC contributions subsequent to the measurement date	383,575	-
Total	$ 996,040	$ 70,796

$383,575 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, 2022.

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

Fiscal Year ended June 30:		
2022	$	143,897
2023		202,718
2024		120,351
2025		74,703
2026		-
Thereafter		-
	$	541,669

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

Inflation	3.0 percent	
Salary increases	3.5 percent to 8.10 percent, including inflation and productivity factor	
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation	

The plan currently uses mortality rates based *RP-2014 Total Data Set for Health Annuitants Mortality Table* 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, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2014. Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
WSACC's proportionate share of the net pension liability (asset)	$ 3,639,546	$ 1,793,860	$ 259,965

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.

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, 2021 were $302,006 which consisted of $141,459 from WSACC and $160,547 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:

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

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

Years of Service with WSACC and Membership to LGERS	% of Retiree Health Insurance WSACC Pays
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, 2020, the date of the latest actuarial valuation:

	Employees
Retirees and dependents receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	54
Total	65

Total OPEB Liability. WSACC's total OPEB Liability of $3,137,324 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.

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

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.50%
Measurement Date	2.21%
Health Care cost trend rates – Pre-Medicare/Drug	7.00% for 2020 decreasing to ultimate rate of 4.50% by 2030

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.

Changes in the Total OPEB Liability (TOL)

Total OPEB Liability at July 1, 2020	$ 3,795,835
Service Cost at the end of the year	169,568
Interest on the TOL and cash flows	136,187
Change in benefit terms	-
Difference between expected and actual experience	(949,006)
Changes of assumptions or other inputs	134,691
Benefit payments and implicit subsidy credit	(149,951)
Net Changes	(658,511)
Total OPEB Liability at June 30, 2021	$ 3,137,324

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, 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, 2020 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2020 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 2.21%, 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 (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	$3,406,386	$3,137,324	$2,890,048

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	$2,809,399	$3,137,324	$3,526,271

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB. For the year ended June 30, 2021, WSACC recognized OPEB expense of $8,362. At June 30, 2021, 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	$ -	$ 1,606,744
Changes of assumptions or other inputs	254,115	89,417
Benefit payments and administrative expenses subsequent to the measurement date	103,774	-
Total	$ 357,889	$ 1,696,161

$103,774 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 pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows or resources related to pensions will be recognized in pension expense as follows:

2022	$ (297,393)
2023	(297,393)
2024	(297,393)
2025	(268,435)
2026	(118,310)
Thereafter	(163,122)

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 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, 2021. Cash reserves will fund these projects which are evidenced by contractual commitments shown below:

Capital Projects		Remaining Commitments
Pipeline Condition Assessment	$	164,524
Inflow & infiltration Study		200,000
Additional Permanent Flow Meters		83,564
Rocky River Expansion to 34MGD		541,312
Lower Rocky River Bar Screen Project		534,419
Muddy Creek WWTP Expansion		43,898
Rocky River Electrical Distribution Project		247,350
Lower Coddle Creek Interceptor Project		388,859
Back Creek Interceptor Extension Project		171,132
Step 2 Aeration Basin Mixers		224,400
Lower Rocky River Pump Capacity		2,340,805
Total Capital Project Commitments	$	4,940,263

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 $95,404,492 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.

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 Executive Director and Finance Director are bonded for $100,000 each. The remaining employees who have access to funds are bonded under a blanket bond for $50,000.

8. Long-Term Obligations

WSACC has contractually obligated itself to repay the following long-term debt as of June 30, 2021:

	Principal Outstanding
2001 SRF RRRWWTP Phase I Upgrade Loan ($5,687,110) due in annual installments ranging from $389,337 to $380,287 through May 1, 2023; interest payable semi-annually at 2.55%.	$ 704,886
2003 SRF RRRWWTP Phase II Upgrade Loan ($9,165,777) due in annual installments ranging from $585,188 to $590,056 through May 1, 2025; interest payable semi-annually at 2.55%.	1,683,585
2003 SRF Cold Water Interceptor Loan ($5,675,313) due in annual installments ranging from $333,593 to $369,432 through May 1, 2025; interest payable semi-annually at 2.66%.	1,051,848
2005 SRF Back Creek Parallel Interceptor Loan ($3,213,455) due in annual installments ranging from $252,008 to $190,993 through May 1, 2025; interest payable semi-annually at 2.42%.	642,691
Total debt	4,083,010
Less: current maturities	1,397,256
Long-term debt	$ 2,685,754

The 2001 SRF Loan debt is from the WPCRLF totaling $5,687,110 to finance the RRRWWTP Upgrade and Expansion- Phase I Project.

The 2003 SRF Loan debt is from the WPCRLF totaling $9,165,777, to finance the RRRWWTP Upgrade and Expansion- Phase II Project.

The 2003 SRF Loan debt is from the WPCRLF totaling $5,675,313, to finance the Cold Water Interceptor Phase II Project.

The 2005 SRF Loan debt is from the WPCRLF totaling $3,213,455, to finance the Back Creek Parallel Interceptor Phase II Project.

All of WSACC's current long-term debt is considered subordinate to any revenue bonds that may be issued in the future. None of the debt issued by WSACC is subject to federal arbitrage regulations;

therefore, no liability has been accrued for arbitrage payments. Annual debt service requirements to maturity for WSACC's debt due to its governing municipalities and the State of North Carolina are as follows:

Year ending June 30	Principal	Interest	Total
2022	$ 1,397,256	$ 104,438	$ 1,501,694
2023	1,429,165	68,641	1,497,806
2024	1,095,916	32,027	1,127,943
2025	160,673	3,888	164,561
Total Maturities	$ 4,083,010	$208,994	$ 4,292,004

9. Changes in Long-Term Debt

Long-term debt, July 1, 2020	$ 6,544,814
Retirements:	
1999 State Revolving Loan	202,377
2000 State Revolving Loan	893,277
2001 State Revolving Loan	339,352
2003 State Revolving Loan	866,125
2005 State Revolving Loan	160,673
Less: Total Retirements	2,461,804
Total debt due, June 30, 2021	4,083,010
Less: current maturities	1,397,256
Total long-term debt, June 30, 2021	$ 2,685,754

10. Compensated Absences

Changes to the liability for compensated absences were as follows:

Compensated Absences, July 1, 2020	$418,987
Additions	179,452
Decreases	(158,024)
Compensated Absences, June 30, 2021	$440,415

WSACC accounts for compensated absences on a LIFO basis, assuming that employees are taking leave time as it is earned. For the year ended June 30, 2021, WSACC considers $264,249 as the current portion of this liability.

III. OTHER

A. Transactions with Related Parties and Major Customers

As of June 30, 2021, 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 $7,239,516 and raw water charges of $225,583 are attributable to the City of Concord. A customer receivable of $635,532 was due from the City of Concord as of June 30, 2021.

Wastewater charges of $3,126,470 and raw water charges of $48,876 and a customer receivable of $257,197 are attributable to the City of Kannapolis, also a related party by virtue of joint governance, for the year ended June 30, 2021.

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 $1,158,589 and $97,364 and $180,923 and $15,052, respectively, as of June 30, 2021.

Cabarrus County (County) acts as an agent for WSACC in the collection of system development fees and capital recovery 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 $6,177,096 including a receivable of $282,540 at June 30, 2021.

Wastewater charges of $3,957,958, a debt reimbursement payment of $1,616,297 and a customer receivable of $321,845 are attributable to the Charlotte-Mecklenburg Utilities Department as of June 30, 2021.

B. Claims, Judgments, and Contingencies

At June 30, 2021, WSACC was a defendant to various lawsuits. In the opinion of management and WSACC's attorney, the ultimate effect of certain legal matters could potentially have a material effect on WSACC's overall net position.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on WSACC's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, WSACC is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2021.

C. Subsequent Events

In August 2021, WSACC entered into a contract for the pre-construction design phase of the new Expansion Project for $4,927,447.

In September 2021, WSACC entered into a contract for the construction of the Dutch Buffalo Interceptor Rehab Project for $257,155.

In September 2021, WSACC entered in an agreement to release a matter of litigation regarding the Biosolids Incineration Project. WSACC will receive settlement proceeds in the amount of $8,250,000. This will be reported as a special item in Fiscal Year 2022.

Management has evaluated subsequent events through October 31, 2021, the date the financial statements were available to be issued.

WSACC

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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
WSACC's proportionate share of the net pension liability (asset) %	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) $	$ 1,793,860	$ 1,462,136	$ 1,291,503	$ 921,217	$ 1,256,209	$ 261,063	$ (315,750)	$ 653,318
WSACC's covered payroll	$ 3,627,671	$ 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	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)	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 Eight Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 383,575	$ 324,677	$ 280,690	$ 256,382	$ 259,545	$ 244,597	$ 259,811	$ 248,678
Contributions in relation to the contractually required contribution	$ 383,575	$ 324,677	$ 280,690	$ 256,382	$ 259,545	$ 244,597	$ 259,811	$ 248,678
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
WSACC's covered payroll	$ 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 payroll	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
For the Years Ended June 30, 2021, 2020, 2019 and 2018

	2021	2020	2019	2018
Service Cost	$ 169,568	$ 157,648	$ 191,823	$ 205,506
Interest	136,187	137,874	160,580	138,957
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(949,006)	(70,802)	(1,230,131)	(51,681)
Changes of assumptions	134,691	114,060	95,986	(201,889)
Benefit payments	(149,951)	(172,875)	(196,277)	(197,464)
Net change in total OPEB liability	(658,511)	165,905	(978,019)	(106,571)
Total OPEB liability - beginning	3,795,835	3,629,930	4,607,949	4,714,520
Total OPEB liability - ending	$ 3,137,324	$ 3,795,835	$ 3,629,930	$ 4,607,949
Covered payroll	$ 3,579,985	$ 3,276,121	$ 3,276,121	$ 3,283,627
Total OPEB liability as a percentage of covered payroll	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:

Rate	2.21%	3.50%	3.89%	3.56%

WSACC

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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating revenues:				
Charges for services	$ 16,407,544	$ 16,407,544	$ 18,031,899	$ 1,624,355
Non-operating revenues:				
Proceeds from sale of capital assets	-	-	37,518	37,518
Investment earnings	350,000	350,000	70,111	(279,889)
Total revenues	16,757,544	16,757,544	18,139,528	1,381,984
Operating expenditures:				
Administration	1,375,008	1,718,841	1,635,750	83,091
Engineering	701,242	737,549	611,710	125,839
Rocky River Regional Treatment Plant	5,589,222	5,677,657	5,526,373	151,284
Biosolids Inceration	1,446,639	1,638,155	1,489,945	148,210
Laboratory	509,388	545,753	495,363	50,390
Pretreatment	203,101	211,101	187,481	23,620
Muddy Creek Treatment Plant	255,606	334,896	296,451	38,445
Interceptors	1,204,089	1,623,715	1,305,505	318,210
Coddle Creek Reservoir/Lake Howell	274,459	286,130	254,278	31,852
Nondepartmental	608,061	1,435,666	484,929	950,737
Total operating expenditures	12,166,815	14,209,463	12,287,785	1,921,678
Non-operating expenditures:				
Debt service interest	167,375	167,375	167,371	4
Debt service principal	3,445,654	2,940,654	2,461,804	478,850
Capital outlay	977,700	1,891,266	1,578,274	312,992
Total non-operating expenditures	4,590,729	4,999,295	4,207,449	791,846
Total expenditures	16,757,544	19,208,758	16,495,234	2,713,524
Revenues over (under) expenditures	-	(2,451,214)	1,644,294	4,095,508
Capital contributions:				
Capital contributions from governments	-	-	1,616,297	1,616,297
Other financing sources (uses)				
Transfer from capital recovery fee fund	-	2,690,786	2,690,786	-
Transfers to capital projects funds	-	(3,229,400)	(3,229,397)	3
Total other financing sources (uses)	-	(538,614)	(538,611)	3
Revenues, and other financing sources (uses) over (under) expenditures and other financing uses	-	(2,989,828)	2,721,980	5,711,808
Appropriated fund balance	-	2,989,828	-	(2,989,828)
Revenues, other sources and appropirated fund balance over expenditures and other financing use	$ -	$ -	$ 2,721,980	$ 2,721,980

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, 2021

Reconciliation from budgetary basis (modified accrual) to full accrual basis:		
Revenues, capital contributions, other sources and appropriated fund balance over expenditures and other uses	$	2,721,980
Depreciation		(7,399,818)
Interfund transfers		538,611
Decrease in accrued interest expense		10,489
Capital outlay		1,578,274
System development fees		6,177,096
Increase in vacation accrual		(21,429)
Increase in deferred outflows of resources-pensions		146,050
Increase in deferred outflows of resources-OPEB		52,232
Increase in net pension liability		(331,724)
Increase in deferred inflows of resources-pensions		(20,112)
Increase in deferred inflows of resources-OPEB		(604,094)
Decrease in other post employment benefits liability		658,511
Debt principal payments		2,461,804
Change in net position	$	5,967,870

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Capital Recovery Fee Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Non-operating revenues:				
Capital recovery fees	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Other financing sources (uses):				
Appropriated fund balance	-	2,690,786	-	(2,690,786)
Transfers out:				
General Operating Fund	-	(2,690,786)	(2,690,786)	-
Total	-	-	(2,690,786)	(2,690,786)
Revenues and other financing sources over (under) other financing uses	$ -	$ -	$ (2,690,786)	$ (2,690,786)

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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Non-operating revenues:				
System development fees	$ 3,200,000	$ 3,200,000	$ 6,177,096	$ 2,977,096
Total revenues	3,200,000	3,200,000	6,177,096	2,977,096
Other financing sources (uses):				
Fund Balance Retained	(3,200,000)	(780,000)	-	(780,000)
Transfers out:				
Capital Projects Fund	-	(2,420,000)	(2,420,000)	-
Total	(3,200,000)	(3,200,000)	(2,420,000)	(780,000)
Revenues and other financing sources over other financing uses	$ -	$ -	$ 3,757,096	$ 3,757,096

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 00-21
Expansion to 34 MGD Project
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 1,000,000	$ -	$ 458,688	$ 458,688	$ 541,312
Total expenditures	1,000,000	-	458,688	458,688	541,312
Deficiency of revenues under expenditures	(1,000,000)	-	(458,688)	(458,688)	541,312
Other financing sources:					
Capital contributions	400,000	-	-	-	(400,000)
Transfer from system development fund	600,000	-	600,000	600,000	-
Total other financing sources	1,000,000	-	600,000	600,000	(400,000)
Excess (deficit) of other financing sources over expenditures	$ -	$ -	$ 141,312	$ 141,312	$ 141,312

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 10-01
Inflow/Infiltration Identification and Reduction
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 416,928	$ 389,642	$ -	$ 389,642	$ 27,286
Engineering Support	357	357	-	357	-
Interceptor Support	45,071	45,071	-	45,071	-
Construction	392,644	376,715	20,932	397,647	(5,003)
Total expenditures	855,000	811,785	20,932	832,717	22,283
Deficiency of revenues under expenditures	(855,000)	(811,785)	(20,932)	(832,717)	22,283
Other financing sources:					
Transfer from operating fund	855,000	855,000	-	855,000	-
Total other financing sources	855,000	855,000	-	855,000	-
Excess (deficit) of other financing sources over expenditures	$ -	$ 43,215	$ (20,932)	$ 22,283	$ 22,283

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 12-00
RRRWWTP Expansion Design Study
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Engineering	$ 973,124	$ 297,780	$ 674,892	$ 972,672	$ 452
Other	26,876	764	15,749	16,513	10,363
Total expenditures	1,000,000	298,544	690,641	989,185	10,815
Deficiency of revenues under expenditures	(1,000,000)	(298,544)	(690,641)	(989,185)	10,815
Other financing sources:					
Contribution from City of Charlotte	500,000	-	486,718	486,718	(13,282)
Transfer from system development fund	500,000	500,000	-	500,000	-
Total other financing sources	1,000,000	500,000	486,718	986,718	(13,282)
Excess (deficit) of other financing sources over expenditures	$ -	$ 201,456	$ (203,923)	$ (2,467)	$ (2,467)

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 12-01
Lower Rocky River Bar Screen Replacement Project
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Engineering	$ 175,000	$ 61,282	$ 85,581	$ 146,863	$ 28,137
Lines and stations	1,326,150	-	853,642	853,642	472,508
Plant and systems	172,258	-	-	-	172,258
Other	173,850	-	-	-	173,850
Total expenditures	1,847,258	61,282	939,223	1,000,505	846,753
Deficiency of revenues under expenditures	(1,847,258)	(61,282)	(939,223)	(1,000,505)	846,753
Other financing sources:					
Transfer from operating fund	1,847,258	347,260	1,499,997	1,847,257	(1)
Total other financing sources	1,847,258	347,260	1,499,997	1,847,257	(1)
Excess (deficit) of other financing sources over expenditures	$ -	$ 285,978	$ 560,774	$ 846,752	$ 846,752

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 17-00
Muddy Creek NPDES Permit Project
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 191,437	$ 79,752	$ 1,350	$ 81,102	$ 110,335
Other	9,000	8,010	-	8,010	990
Total expenditures	200,437	87,762	1,350	89,112	111,325
Deficiency of revenues under expenditures	(200,437)	(87,762)	(1,350)	(89,112)	111,325
Other financing sources:					
Transfer from capital recovery fund	200,437	200,439	-	200,439	2
Total other financing sources	200,437	200,439	-	200,439	2
Excess (deficit) of other financing sources over expenditures	$ -	$ 112,677	$ (1,350)	$ 111,327	$ 111,327

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 17-01
Rocky River WWTP Electrical Distribution Improvements
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 671,000	$ 269,640	$ 93,300	$ 362,940	$ 308,060
Other	7,000	6,099	-	6,099	901
Total expenditures	678,000	275,739	93,300	369,039	308,961
Deficiency of revenues under expenditures	(678,000)	(275,739)	(93,300)	(369,039)	308,961
Other financing sources:					
Transfer from operating fund	678,000	678,000	-	678,000	-
Total other financing sources	678,000	678,000	-	678,000	-
Excess (deficit) of other financing sources over expenditures	$ -	$ 402,261	$ (93,300)	$ 308,961	$ 308,961

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 18-01
Gravity Thickener Mechanism Project
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 87,637	$ 63,898	$ 23,739	$ 87,637	$ -
Other	1,186,751	840,424	346,327	1,186,751	-
Total expenditures	1,274,388	904,322	370,066	1,274,388	-
Deficiency of revenues under expenditures	(1,274,388)	(904,322)	(370,066)	(1,274,388)	-
Other financing sources (uses):					
Transfer from operating fund	1,274,388	1,500,000	-	1,500,000	225,612
Transfer to operating fund	-	-	(225,612)	(225,612)	(225,612)
Total other financing sources (uses)	1,274,388	1,500,000	(225,612)	1,274,388	-
Excess (deficit) of other financing sources over expenditures and other financing uses	$ -	$ 595,678	$ (595,678)	$ -	$ -

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, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 1,025,395	$ 830,141	$ 184,684	$1,014,825	$ 10,570
Right of ways	350,000	-	-	-	350,000
Other	208,605	41,879	32,121	74,000	134,605
Total expenditures	1,584,000	872,020	216,805	1,088,825	495,175
Deficiency of revenues under expenditures	(1,584,000)	(872,020)	(216,805)	(1,088,825)	495,175
Other financing sources:					
Transfer from system development fee fund	1,584,000	1,584,000	-	1,584,000	-
Total other financing sources	1,584,000	1,584,000	-	1,584,000	-
Excess (deficit) of other financing sources over expenditures	$ -	$ 711,980	$ (216,805)	$ 495,175	$ 495,175

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, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 1,200,200	$ 787,559	$ 128,697	$ 916,256	$ 283,944
Lines and station	10,441,125	-	-	-	10,441,125
Right of ways	350,000	-	208,844	208,844	141,156
Other	408,675	102,873	136,197	239,070	169,605
Total expenditures	12,400,000	890,432	473,738	1,364,170	11,035,830
Deficiency of revenues under expenditures	(12,400,000)	(890,432)	(473,738)	(1,364,170)	11,035,830
Other financing sources:					
Contribution from City of Charlotte	10,292,000	-	1,129,580	1,129,580	(9,162,420)
Transfer from system development fee fund	2,108,000	2,108,000	-	2,108,000	-
Total other financing sources	12,400,000	2,108,000	1,129,580	3,237,580	(9,162,420)
Excess (deficit) of other financing sources over expenditures	$ -	$ 1,217,568	$ 655,842	$ 1,873,410	$ 1,873,410

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 19-03
Lower Rocky River Interceptor Rehab Project
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 125,000	$ 54,861	$ 59,759	$ 114,620	$ 10,380
Lines and stations	1,955,012	-	1,589,343	1,589,343	365,669
Other	-	600	160	760	(760)
Total expenditures	2,080,012	55,461	1,649,262	1,704,723	375,289
Deficiency of revenues under expenditures	(2,080,012)	(55,461)	(1,649,262)	(1,704,723)	375,289
Other financing sources:					
Transfer from operating fund	2,080,012	125,000	1,955,012	2,080,012	-
Total other financing sources	2,080,012	125,000	1,955,012	2,080,012	-
Excess (deficit) of other financing sources over expenditures	$ -	$ 69,539	$ 305,750	$ 375,289	$ 375,289

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
CAPITAL PROJECT # 19-04
Step 2 Aeration Basin Mixer Project
From inception and for the fiscal year ended June 30, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Plant and systems	$ 603,075	$ -	$ 336,600	$ 336,600	$ 266,475
Other	60,925	132	-	132	60,793
Total expenditures	664,000	132	336,600	336,732	327,268
Deficiency of revenues under expenditures	(664,000)	(132)	(336,600)	(336,732)	327,268
Other financing sources:					
Transfer from operating fund	664,000	664,000	-	664,000	-
Total other financing sources	664,000	664,000	-	664,000	-
Excess (deficit) of other financing sources over expenditures	$ -	$ 663,868	$ (336,600)	$ 327,268	$ 327,268

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, 2021

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Expenditures:					
Capital outlay-public works:					
Engineering	$ 370,000	$ -	$ 231,736	$ 231,736	$ 138,264
Lines and stations	2,300,000	-	-	-	2,300,000
Other	30,000	-	6,264	6,264	23,736
Total expenditures	2,700,000	-	238,000	238,000	2,462,000
Deficiency of revenues under expenditures	(2,700,000)	-	(238,000)	(238,000)	2,462,000
Other financing sources:					
Capital contributions	880,000	-	-	-	(880,000)
Transfer from system development fee	1,820,000	-	1,820,000	1,820,000	-
Total other financing sources	2,700,000	-	1,820,000	1,820,000	(880,000)
Excess (deficit) of other financing sources over expenditures	$ -	$ -	$ 1,582,000	$ 1,582,000	$ 1,582,000

WSACC

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									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Net investment in capital assets	$135,218,536	$139,095,360	$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.)
Restricted-capital recovery fees	11,765,419	13,795,324	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
Unrestricted	23,395,128	18,265,290	10,678,912	8,279,765	9,177,618	12,555,348	10,658,726	14,834,617	17,062,510	19,835,206
Total net position	$170,379,083	$171,155,974	$169,402,095	$167,296,488	$151,449,248	$147,360,276	$ 143,978,796	$ 148,732,878	$ 153,107,091	$ 159,074,961

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 Inceneration 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

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	Special Items (a.)	Change in Net Position
2012	$ 12,661,951	$ 15,554,718	$ (2,892,767)	$ (591,151)	$ (3,483,918)	$ 1,273,900	$ -	$ 1,166,261	$ -	$ (1,043,757)
2013	13,023,196	16,334,748	(3,311,552)	(492,385)	(3,803,937)	2,062,036	-	2,518,792	-	776,891
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

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.

Source: WSACC Accounting Records

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

Fiscal Year	Sewer Variable Charges	Fixed Sewer Charges (d.)	Import Biosolids Tipping Charges (a.)	Liquid Raw Biosolids Charges (b.)	Electric Power Sales (c.)	Industrial Surcharges	Pretreatment Program Charges	Raw Water	Treated Water	Miscellaneous (e.)	Total Operating Revenues
2012	$ 7,438,676	$ 3,676,930	$ -	$ 229,905	$ -	$ 361,643	$ 196,868	$ 428,903	$ 294,344	$ 34,682	$ 12,661,951
2013	7,706,587	3,676,930	127,714	147,224	-	397,588	200,592	428,903	276,802	60,856	13,023,196
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

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

(a.) Beginning in fiscal year 2013, WSACC began charging a tipping fee for receiving and incinerating biosolids from other entities.
(b.) Septage haulers and liquid biosolids that require treatment before incineration.
(c.) Beginning in fiscal year 2015, WSACC began selling electrical power generated from its steam turbine generator.The power generation has been discontinued.
(d.) Beginning fiscal year 2016, interceptor variable revenues are combined with sewer treatment charges for accounting purposes.
(e.) For FY 2017, reimbursed costs from the City of Charlotte for a new scrubber is 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
2012	$ 5,201,920	$ 1,480,179	$ 1,346,145	$ 678,608	$ 221,581	$ 588,172	$ 266,137	$ 9,782,742	$ 5,771,976	$ 15,554,718
2013	5,279,975	1,689,726	1,301,478	717,848	212,748	609,159	391,614	10,202,548	6,132,200	16,334,748
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

Source: WSACC Accounting Records

Table 5

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

Fiscal Year	Interest Expense	Investment Earnings	Sale of Capital Assets	Total Nonoperating Revenue
2012	$ (756,535)	$ 165,384	$ -	$ (591,151)
2013	(685,070)	192,685	-	(492,385)
2014	(612,503)	115,667	-	(496,836)
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)

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
2012	$ 1,273,900	$ -	$ 1,166,261	$ 2,440,161
2013	2,062,036	-	2,518,792	4,580,828
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

Note:
(a.) Capital Recovery Fee collection was discontinued at the end of Fiscal Year 2018 in accordance with N.C. State
(b.) System Development Fee collection was implemented at the beginning of Fiscal Year 2019 in accordance with 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.)
2012	6,038	2,702	76,060	$ 7,438,676	$ 428,903	$ 294,344
2013	6,138	2,942	70,410	7,706,587	428,903	276,802
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	-

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

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Wastewater:											
O & M Rate	(a.)	$ 1.2320	$ 1.2320	$ 1.2320	$ 1.2320	$ 1.2950	$ 1.3590	$ 1.4270	$ 1.4700	$ 1.5070	$ 1.5430
Industrial Surcharges:											
BOD	(b.)	$ 0.0529	$ 0.0529	$ 0.0529	$ 0.0529	$ 0.0529	$ 0.0529	$ 0.0529	$ 0.0560	$ 0.0560	$ 0.0560
COD	(b.)	$ 0.0954	$ 0.0954	$ 0.0954	$ 0.0954	$ 0.0954	$ 0.0954	$ 0.0954	$ 0.1000	$ 0.1000	$ 0.1000
TSS	(b.)	$ 0.2538	$ 0.2538	$ 0.2538	$ 0.2538	$ 0.2538	$ 0.2538	$ 0.2538	$ 0.2670	$ 0.2670	$ 0.2670
NH3-N	(b.)	$ 0.3096	$ 0.3096	$ 0.3096	$ 0.3096	$ 0.3096	$ 0.3096	$ 0.3096	$ 0.3250	$ 0.3250	$ 0.3250
Others	(b.)	$ 0.3823	$ 0.3823	$ 0.3823	$ 0.3823	$ 0.3823	$ 0.3823	$ 0.3823	$ 0.4100	$ 0.4100	$ 0.4100
Water:											
Treated Water	(a.)(c.)	$ 2.8300	$ 2.8300	$ 2.8300	$ 2.8300	$ 3.2810	$ 3.5100	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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Wastewater										
Treatment Fixed Charge										
City of Concord	$1,111,397	$1,111,397	$1,111,397	$1,111,397	$1,108,497	$1,106,002	$1,086,548	$1,086,548	$1,086,550	$1,189,757
Town of Harrisburg	118,245	118,245	118,245	118,245	117,935	117,670	115,601	115,601	115,600	126,582
Town of Mt. Pleasant	24,804	24,804	24,804	24,804	24,735	24,679	24,248	24,248	24,248	26,551
City of Kannapolis	469,239	469,239	469,239	469,239	468,026	466,972	458,746	458,746	458,745	502,319
Charlotte-Mecklenburg	490,310	490,310	490,310	490,310	489,020	487,730	561,715	561,715	561,715	615,070
Total	$2,213,995	$2,213,995	$2,213,995	$2,213,995	$2,208,213	$2,203,053	$2,246,858	$2,246,858	$2,246,858	$2,460,279
Interceptor Fixed Charge										
City of Concord	$954,467	$954,467	$954,467	$954,467	$961,726	$963,541	$987,745	$983,771	$984,511	$931,829
Town of Harrisburg	102,390	102,390	102,390	102,390	103,926	104,189	108,074	110,132	110,200	104,786
Town of Mt. Pleasant	31,409	31,409	31,409	31,409	31,024	31,027	30,563	30,540	30,517	29,686
City of Kannapolis	374,669	374,669	374,669	374,669	381,271	382,325	400,453	400,218	400,320	379,034
Charlotte-Mecklenburg (a.)	-	-	-	-	406,222	407,429	453,133	455,279	454,424	543,687
Total	$1,462,935	$1,462,935	$1,462,935	$1,462,935	$1,884,169	$1,888,511	$1,979,968	$1,979,940	$1,979,972	$1,989,022
Water										
Raw Water Fixed Charges										
City of Concord	$ 352,523	$ 352,523	$ 352,523	$ 352,523	$ 352,523	$ 225,583	$ 225,583	$ 225,583	$ 225,583	$ 225,583
City of Kannapolis	76,380	76,380	76,380	76,380	76,380	48,876	48,876	48,876	48,876	48,876
Total	$ 428,903	$ 428,903	$ 428,903	$ 428,903	$ 428,903	$ 274,459	$ 274,459	$ 274,459	$ 274,459	$ 274,459
Treated Water Fixed Charges										
Town of Mt. Pleasant (b.)	$ 79,351	$ 77,783	$ 76,215	$ 74,646	$ 73,078	$ 6,274	$ -	$ -	$ -	$ -

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

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

Customer	Fiscal Year 2021 Volume Charges	Fixed Charges	Total Charges	%
City of Concord	$ 5,117,930	$ 2,121,586	$ 7,239,516	46.22%
City of Kannapolis	2,245,117	881,353	3,126,470	19.96%
Charlotte-Mecklenburg Utilities	2,799,202	1,158,756	3,957,958	25.26%
Town of Harrisburg	927,221	231,368	1,158,589	7.40%
Town of Mt. Pleasant	124,685	56,238	180,923	1.16%
Total	$ 11,214,155	$ 4,449,301	$ 15,663,456	100.00%

Customer	Fiscal Year 2012 Volume Charges	Fixed Charges	Total Charges	%
City of Concord	$ 3,683,996	$ 2,065,864	$ 5,749,860	51.73%
City of Kannapolis	1,798,148	843,908	2,642,056	23.77%
Charlotte-Mecklenburg Utilities	1,414,414	490,310	1,904,724	17.13%
Town of Harrisburg	459,716	220,635	680,351	6.12%
Town of Mt. Pleasant	82,402	56,213	138,615	1.25%
Total	$ 7,438,676	$ 3,676,930	$ 11,115,606	100.00%

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	Total Debt Outstanding	Total Debt Per Capita	Total As a Share of Personal Income
2012	$ 26,736,972	$ 26,736,972	150	0.4427%
2013	24,076,444	24,076,444	131	0.3683%
2014	21,371,925	21,371,925	115	0.3010%
2015	18,622,286	18,622,286	99	0.2550%
2016	16,351,367	16,351,367	85	0.2210%
2017	13,620,244	13,620,244	69	0.1684%
2018	11,312,132	11,312,132	56	0.1278%
2019	8,954,083	8,954,083	43	0.0957%
2020	6,544,814	6,544,814	31	0.0664% *
2021	4,083,010	4,083,010	19	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	
2012	$ 12,661,951	$ 12,661,951	$ 9,782,743	$ 2,879,208	$ 2,617,638	$ 756,535	$ 3,374,173	0.85
2013	13,023,196	13,023,196	10,202,548	2,820,648	2,660,528	685,070	3,345,598	0.84
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

Notes:
WSACC has no debt outstanding that requires a debt service coverage ratio.
Debt service coverage ratio is presented for information purposes only.

Source: WSACC Accounting Records

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

Fiscal Year	Population[1]	Personal Income [2]	Per Capita Income [2]	School Enrollment [3]	Unemployment Rate [4]	Number of Building Inspections Performed [5]
2012	183,806	6,453,148	35,561	34,588	9.20%	26,565
2013	186,446	7,025,450	38,079	35,125	8.80%	30,780
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	*	*	33,579	7.60%	71,036
2021	226,165	*	*	32,555	4.40%	72,520

* 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	2021 Employees	2021 Percentage of Total	2021 Rank	2012 Employees	2012 Percentage of Total	2012 Rank
Cabarrus County Schools	4,264	4.23%	1	3,800	4.70%	3
Atrium Health (formerly Carolinas Healthcare)	4,131	4.10%	2	4,500	5.56%	1
Amazon	2,500	2.48%	3	-	-	-
Cabarrus County Government	1,220	1.21%	4	975	1.20%	4
Wal-Mart	1,200	1.19%	5	-	-	-
City of Concord	1,106	1.10%	6	936	1.16%	5
Shoe Show	1,000	99.00%	7	700	87.00%	9
Fedex Ground and Fedex Smartpost	807	80.00%	8	-		
Kannapolis City Schools	751	74.00%	9	750	93.00%	8
Corning	650	64.00%	10	-	-	-
Concord Mills Mall	-	-	-	4,000	4.94%	2
State of North Carolina	-	-	-	771	95.00%	7
S&D Coffee & Tea				575	71.00%	10
Connexations	-	-	-	900	1.11%	6
Total Employment	17,629	17.48%		17,907	22.13%	

Source: Cabarrus County Finance Department

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

	Full-Time Equivalent Positions									
	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administration:										
Executive	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Support	3.8	3.8	4.0	4.0	4.5	4.5	5.0	5.0	5.0	5.0
Finance	2.8	2.5	2.4	2.4	2.4	2.4	3.0	3.0	3.0	3.0
Total Administration	7.5	7.3	7.4	7.4	7.9	7.9	9.0	9.0	9.0	9.0
Engineering:										
Engineering	5.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5	2.5	4.0
Total Engineering	5.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5	2.5	4.0
Sewer:										
Administration	4.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.7	4.0
Maintenance	14.0	14.0	14.0	14.0	14.0	12.8	13.2	13.2	14.0	12.5
Operators	11.5	11.5	10.8	10.0	10.0	12.0	12.0	14.0	12.0	13.9
Total Sewer	30.0	30.0	29.3	28.5	28.5	28.8	29.2	31.2	30.7	30.4
Biosolids Incineration:										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.3	-
Maintenance	0.0	0.0	0.0	0.0	0.0	1.3	1.3	0.3	0.3	-
Operators	4.0	4.0	4.0	4.0	4.0	6.0	6.0	4.0	2.0	-
Total Biosolids Incin.(a.)	5.0	5.0	5.0	5.0	5.0	8.3	9.3	6.3	3.6	-
Laboratory:										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.5
Laboratory Analyst	2.8	2.8	2.5	2.5	2.5	2.5	3.5	3.5	3.5	3.5
Total Laboratory	3.8	3.8	3.5	3.5	3.5	3.5	5.0	5.0	5.0	5.0
Pretreatment:										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sample Technician	0.75	0.75	0.75	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Pretreatment	1.75	1.75	1.75	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Interceptors:										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utility Maintenance Technician	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Utility Maintenance Worker	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total Interceptors	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Water- Wholesale Raw:										
Administration	0.15	0.15	0.15	0.15	0.15	0.15	1.5	1.5	1.5	1.5
Reservoir Maintenance Technician	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Operators	0.0	0.0	0.0	0.0	1.6	1.6	1.6	1.6	1.6	1.6
Total Water (b.)	1.15	1.15	1.15	1.15	2.8	2.7	4.1	4.1	4.1	4.1
Total Employees	**60.25**	**57.00**	**56.15**	**55.05**	**57.20**	**60.70**	**65.60**	**64.60**	**61.40**	**59.00**

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

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Wastewater:											
Miles of Sewers		138	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)		16.542	16.815	18.825	17.022	18.300	18.194	17.928	21.822	19.963	19.923
Unused Capacity (MGD)		10.108	9.835	7.825	9.628	8.35	8.456	8.722	4.828	6.687	6.727
Percentage of Capacity Utilized		62.07%	63.10%	70.64%	63.87%	68.67%	68.27%	67.27%	81.88%	74.91%	74.76%
Drinking Water:											
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.)	7.400	8.061	7.694	7.744	7.636	8.813	7.814	8.101	8.101	7.812
Unused Capacity (MGD)	(a.)	8.880	8.219	8.586	8.536	8.644	7.467	8.466	8.179	8.179	8.466
Percentage of Capacity Utilized	(a.)	45.45%	49.51%	47.26%	47.57%	46.90%	54.13%	48.00%	49.76%	49.76%	47.99%

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

MGD = millions of gallons per day.
Source: WSACC Accounting Records