



CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY

CANTON, GEORGIA

Annual Comprehensive Financial Report

For the fiscal year ended August 31, 2023

Prepared by: Finance Department

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Part I

Introductory Section



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CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended August 31, 2023

	PAGE
INTRODUCTORY SECTION	
Table of Contents.....	11-12
Certificate of Achievement for Excellence in Financial Reporting.....	13
Listing of Principal Officials and Consultants.....	14
Organizational Chart.....	15
Letter of Transmittal.....	16-112
FINANCIAL SECTION	
Independent Auditor's Report.....	1-3
Management's Discussion and Analysis.....	4-8
Basic Financial Statements:	
Statement of Net Position.....	9-10
Statement of Revenues, Expenses and Changes in Net Position.....	11
Statement of Cash Flows.....	12-13
Notes to the Financial Statements.....	14-49
Required Supplementary Information:	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	50
Schedule of Pension Contributions.....	51
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	52
Schedule of OPEB Contributions.....	53
Notes to the Required Supplementary Information.....	54-56
Supplementary Information:	
Schedule of Costs of Water Purchases and Production.....	57
Schedule of Costs of Wastewater Treatment.....	58
Schedule of Distribution and Administration Expenses.....	59
Schedule of Budgeted Revenues and Expenses Compared with Actual.....	60-62
Schedule of Metered Water Sales, Wastewater Treatment Sales and Number of Customers Served.....	63
Schedule of Revenue Bond Coverage.....	64
Schedule of Water, Sewer and Irrigation Rates.....	65
Schedule of Insurance in Force.....	66
STATISTICAL SECTION	
Introduction to the Statistical Section.....	67
Financial Trends	
Net Position by Component.....	68
Changes in Net Position.....	69
Operating Revenues by Source.....	70
Operating Expenses by Function.....	71
Non-Operating Revenues (Expenses).....	72
Capital Contributions by Source.....	73

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended August 31, 2023

	PAGE
STATISTICAL SECTION (continued)	
Revenue Capacity	
Water Capacity Compared with Annual Average Daily Flow and Maximum Flow.....	74
Sewerage Treatment Capacity Compared with Annual Monthly Average Flow and Peak Day Flows.....	75
New Connections Added to the System.....	76
Number of Customers.....	77
Residential Water, Sewer and Irrigation Rates.....	78
Commercial Water, Sewer and Irrigation Rates.....	79
Top Ten Customers by Type.....	80
Debt Capacity	
Schedule of Revenue Bond Coverage.....	81
Ratios of Revenue Bond Debt Outstanding.....	82
Schedule of Revenue Bonds Payable.....	83
Demographic and Economic Information	
Principal Employers.....	84
Demographic and Economic Statistics.....	85
Operating Information	
Full-Time Water and Sewer Authority Employees by Department.....	86
Water Tank Storage Capacity.....	87
Raw Water Supply in Reservoir.....	88
OTHER REPORTING SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89-90



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cherokee County Water & Sewerage Authority
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2022

Christopher P. Morill

Executive Director/CEO

Cherokee County Water & Sewerage Authority

Listing of Principal Officials and Consultants

CCWSA Board Members

Eric Wilmarth; Chairman
Barry Mansell; Vice-Chair
Lisa Woodruff; Secretary

Nancy Martin
Becky Dabbs

Harry Johnston
John Workman

General Manager

Thomas Heard

Assistant General Manager

Dwayne Fowler

Management

Keith Allen	<i>Development Compliance Manager</i>	Beth Jones	<i>Executive Manager of Finance/Accounting</i>
Wesley Banks	<i>Executive Manager of Financial Assurance/Billing/Records</i>	David Kubala	<i>Executive Manager of Environmental Affairs</i>
Clint Blackwell	<i>Executive Manager of Water Treatment</i>	Greg Long	<i>Special Projects Manager</i>
Joey Buice	<i>IT Manager</i>	Ryan Sarks	<i>Executive Manager of Human Resources/Risk/Fleet/Safety/Admin Maintenance</i>
Sharon Clark	<i>Data Systems Analyst</i>		
Mark Cochran	<i>Reservoir Manager</i>	Mike Venters	<i>Wastewater Facilities Manager</i>
Shayne Fowler	<i>Customer Service/Meter Tech Manager</i>	Eric Wright	<i>Wastewater Collections/Lift Station Manager</i>
Corey Ghorley	<i>Capital Improvements Manager</i>		
Garry Hensley	<i>Construction Manager</i>		
Jeff Hooper	<i>GPS/GIS Manager</i>		

Consultants and Professional Services

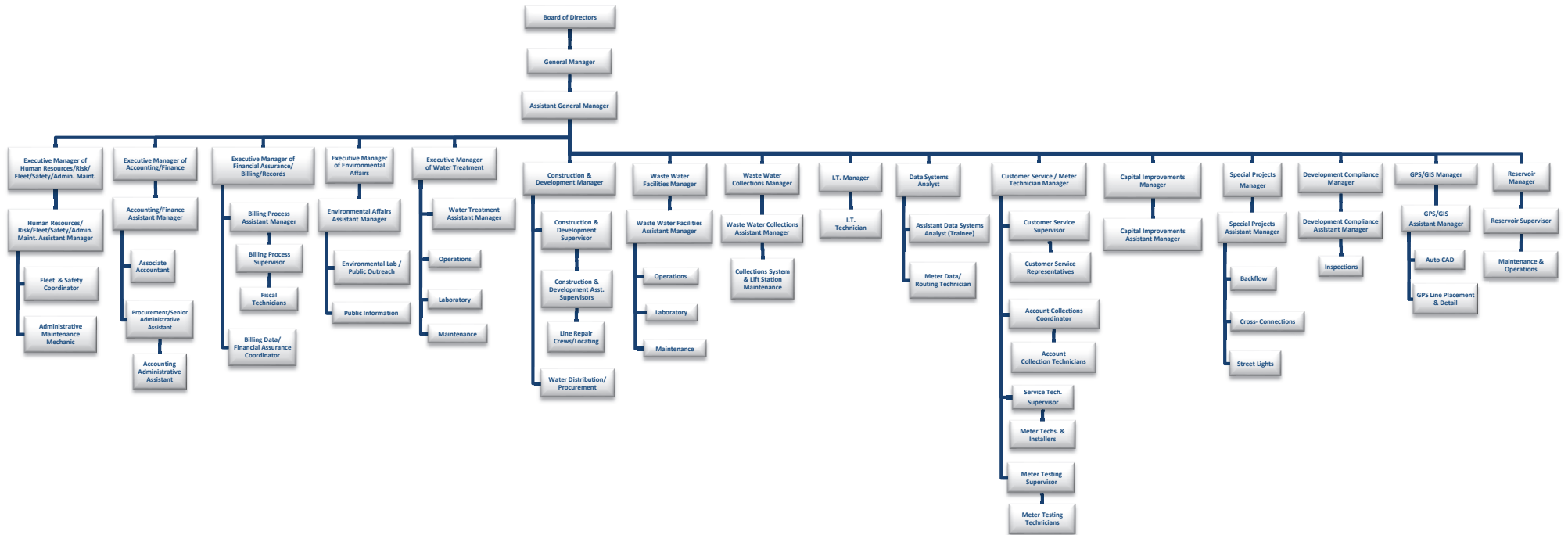
Legal Counsel:

Roach, Caudill & Frost, LLP, Canton, Georgia

Auditors:

Rushton, LLC

Cherokee County Water and Sewerage Authority



FY 2022-2023 Management Structure Chart



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Cherokee County Water & Sewerage Authority

November 10, 2023

Board of Directors, CCWSA
Customers of the Cherokee County Water & Sewerage Authority
And the Citizens of Cherokee County, Georgia

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Cherokee County Water and Sewerage Authority for the fiscal year ended August 31, 2023. Cherokee County Water and Sewerage Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

The Cherokee County Water & Sewerage Authority has established internal controls over financial reporting that provide reasonable assurance of proper recording of financial transactions and the preparation of financial statements and the accompanying information. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control network that is designed to protect its assets from theft, loss or misuse. The cost of a control should not exceed the benefits to be derived as the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

The firm Rushton, LLC, conducted an independent audit on the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Cherokee County Water and Sewerage Authority as of and for the year ended August 31, 2023 and the related notes to the financial statements, which collectively comprise Cherokee County Water and Sewerage Authority's basic financial statements. As a result, have issued a clean opinion on the financial statements of the Authority for the year ending August 31, 2023. The auditors' report is located at the front of the financial section of this report.

In accordance with Generally Accepted Accounting Principles, a narrative introduction, overview, and analysis accompany the basic financials statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the contents of the MD&A thus should be read in conjunction with it. Management's Discussion and Analysis is located immediately following the report of the independent auditors on pages 4-8.

It is anticipated that this Annual Comprehensive Financial Report (ACFR) may be read by a variety of users. The typical user of the Authority's financial report may vary greatly in terms of informational needs and expertise in governmental accounting.

P.O. Box 5000 ~ Canton, Georgia 30114 ~ (770) 479-1813

Cherokee County Water & Sewerage Authority

Profile of Cherokee County Water & Sewerage Authority

The Cherokee County Water & Sewerage Authority (CCWSA) was established as a subdivision of the government of the State of Georgia by an act of the Georgia Legislature in 1955. This Authority was created for the express purpose of providing public drinking water and sanitary sewer services to the citizens of Cherokee County. CCWSA has performed this mission since establishment, adding infrastructure and treatment systems in response to growing demands for services.

CCWSA is a public not-for-profit governmental entity tasked with the provision of drinking water and sanitary sewer services to Cherokee County. The Authority has no taxing powers, is not a part of Cherokee County government, and does not receive any tax revenue from county or city governments. CCWSA sells the services of high-quality drinking water and efficient sewage conveyance and treatment, the charges for which go to pay on-going operations and maintenance costs. New customer connections fees are designed to repay any moneys the Authority borrows for capital improvement projects such as new or expanded water and sewer lines, or new or expanded treatment facilities.

The Authority owns and operates a water supply, treatment, distribution system, sanitary sewer treatment, and collection system. Currently the Authority pumps raw water from three separate raw water pump stations located on the Etowah River to a 15-acre pre-settling reservoir at the Etowah River Water Treatment Plant. Two of the intakes are located at the Water Treatment plant site, while the third raw water intake is located at the Riverbend Environmental Complex. The Riverbend raw water intake is located approximately 2,600 feet downstream from the Etowah River Water Treatment Plant and became operational in June 2016. The Authority currently owns three raw water pump stations located at each intake on the Etowah River with an aggregate raw water pumping capacity of 50 million gallons per day (“MGD”). The Authority maintains a pre-settling reservoir, with storage capacity of approximately 15 million gallons, a raw surface water supply with a daily allotment of water of up to 40.5 MGD, one water treatment plant with a rated capacity for treatment of raw water of 38 MGD, a finished water pump station rated capacity of 45 MGD and a cumulative distribution storage tank capacity of 17.15 million gallons. The Authority has a water distribution network of approximately 1,370 miles of pipeline. The water system serves an approximate 300 square mile area containing an estimated population in excess of 227,000 and has approximately 83,959 active water connections/customer accounts.

The sewerage system consists of three active wastewater treatment plants with an aggregate treatment capacity of 13 MGD and a wastewater collection system of 89 wastewater pumping stations and approximately 600 miles of gravity mains. The sewerage system serves an approximate 100 square mile area containing an estimated population in excess of 111,000 and has approximately 41,121 active sewer connections.

Cherokee County Water & Sewerage Authority

Governance

CCWSA is governed by a seven-person board of directors. The directors serve four-year terms and there is a term limit of two consecutive terms (8 years). A director who has served the term limit is eligible for reappointment after being off the Board for at least 4 years. The Board members are representative of the citizens of Cherokee County, and must be a customer of CCWSA. Cherokee County is divided into four districts for representation. A member is appointed from each of the four districts. Those members must be a CCWSA customer and represent one of the four respective districts.

Another member must be a CCWSA customer and is deemed the “at-large” member representing the county as a whole. Another member must be a CCWSA customer in one of the cities within the county that has consolidated its water and wastewater systems with the Authority. These six board members are appointed by the Grand Jury of Cherokee County. Candidates for appointment undergo questioning, qualification review and other scrutiny by the Grand Jury during the appointment process. This appointment process is somewhat unique since water/wastewater systems are most often part of a city or county government where appointees are either elected officials or political appointees. The apolitical appointment process has allowed the CCWSA Board to make decisions about water and sanitary sewer services for the citizens of Cherokee County based on need and economic viability instead of political expediency. The Chairman of the Cherokee County Commissioners is automatically the seventh board member by virtue of his/her elected position.

Accounting and Financial Reporting

The accounting and financial reporting treatment applied to governmental entities is determined by measurement focus. The Authority’s operations are accounted for entirely as a proprietary governmental fund type with an economic resources measurement focus. The financial statements are prepared in conformity with generally accepted accounting principles on the accrual basis of accounting whereby revenue is recognized when earned, expenses are recorded when incurred and all long-term assets, receivables, debt and other obligations are recognized.

Operating Budget

The Authority is not legally required to adopt a budget. The staff of the Authority, however, prepares an annual operating budget for management control purposes. The Authority uses the accrual basis of accounting in its annual operating budget. The Authority’s Board of Directors approves the budget and any changes made thereto.

Cherokee County Water & Sewerage Authority

Current Economic Environment

Local & National Environment

Cherokee County Water & Sewerage Authority supplies water to a geographic area of approximately 300 square miles containing a population in excess of 227,000. The population of Cherokee County is estimated to be in excess of 280,000. In addition, CCWSA provides sewer services to a geographic area of approximately 100 square miles containing a population in excess of 111,000. Prior to the national economic downturn, Cherokee County experienced rapid growth. As the economic downturn became even more evident nationally and in the region there was a significant decrease of growth in the area along with minimal construction activity. In return, the number of new meters set and sold declined in years 2011 thru 2012 significantly from the amount sold prior to the downturn of the economy. However, in 2013 Cherokee County began to experience a slow return of growth and an uptick in the construction activity in the area. As a result, there was a more substantial increase of new connections beginning in 2013 and continuing through 2022. For Fiscal Year 2023 there was a decrease in new connections in comparison to prior years due to rising construction costs, economic instability and inflation. Currently, there is every indication for the near future CCWSA will continue to see growth; however, the projection is at a slower rate than in years 2013 through 2022 due to the current state of the economy with inflation on the rise.

Continuous Improvement

The staff of the Authority has developed a multi-year capital improvements program and a plan to finance the program which relies on a combination of system revenues and proceeds of debt and investment earnings on such proceeds. The capital improvements program allows the staff of the Authority to plan, on a long-term basis, for future system capital needs. The capital improvements program is updated on an annual basis. Please refer to the Management's Discussion and Analysis (MD&A) on page 7 for more detailed information.

Long Term Financial Planning & Considerations

When the need arises, the Authority incurs capital financing debt through the issuance of revenue bonds. The Authority makes sinking fund deposits monthly for all issues. Annual totals are at least equal to the principal installments of and interest payable on the bonds in the current sinking fund year.

The various resolutions providing for the revenue bonds require that the Authority

Cherokee County Water & Sewerage Authority

establish and maintain a schedule of rates, fees, and charges for services furnished by the systems to produce in each sinking fund year “net system revenues” in an amount at least equal to 1.20 times the highest annual amount of principal and interest payable on the bonds during any future sinking fund year. Effective with the issuance of the Series 2001 bonds, the Authority’s annual net system revenues exclusive of water connection and sewer tap fees must be no less than this highest annual amount of debt service payable during any future sinking fund year.

The Authority currently will continue to rely on operating revenues and connection fees contributions on a pay-as-you-go basis. In addition, proceeds from the Series 2023 Bond Issue will be used to fund certain capital improvement projects. If the need arises, the Authority’s Capital Improvement Program will be funded through issuance of new debt.

Major Initiatives

The Cherokee County Water & Sewerage Authority continues to experience growth in its customer base. Current trends indicate that this growth will continue throughout the county, thereby requiring additional wastewater treatment capacity and other upgrades or expansions.

The Authority’s capital improvement’s program has several initiatives for the wastewater treatment facilities, the collection system, distribution system and water treatment facilities.

To satisfy present and future wastewater treatment needs, the Authority completed the Riverbend Wastewater Treatment Complex in September 2018 and continues towards completion of the Fitzgerald Creek Wastewater Treatment Facility expansion to 11.75 MGD. The completion date is scheduled for November 2023. Also, the Authority is in design for a Wastewater Sludge Drying Facility consisting of a thermal drying facility that will reduce the amount of wastewater sludge that is a waste by-product of our facilities, by an approximate 4 to 1 ratio. This reduces the amount of landfill disposal, which will reduce our current disposal fees, and can potentially be a marketable product to the agricultural community. The estimated completion of the project is estimated late 2026.

The Riverbend Environmental Complex includes a 4.5 MGD fresh water withdrawal permit that has been converted from an Industrial permit to a 4.5 MGD potable water withdrawal permit. The Authority completed the raw water intake and pump station in June 2016. The intake is located approximately 2,600 feet downstream from the Authority’s other two raw water intakes on the Etowah River. The improvements included an upgrade to the pumping station in order to tie the raw water delivery pipeline into the Authority’s existing pre-settling reservoir and will provide an additional 4.5 MGD of raw water capacity. Currently, the Authority plans to upgrade the raw water intake screens at Riverbend with a completion date of 2024.

Cherokee County Water & Sewerage Authority

In addition to the expansion at Fitzgerald Creek and the Sludge Drying Facility, the Rose Creek facility continues to phase 3 of its odor control upgrades and is in the process of a UV disinfection system at the facility.

Other initiatives beginning in 2023-2024 includes the Etowah River Water Treatment Plant asset replacements of the plate settlers in multiple phases, a raw water pond expansion and a high service redundancy pumping project. The High Service Redundancy Project consists of the construction of a redundant water pumping station at the Etowah River Water Treatment Facility. The project is estimated with a completion date or early/mid 2026.

The distribution system includes initiatives involving major road and highway relocations, line extensions, and improvements. Specifically, the Highway 20 Relocation Project is driven by a 4-lane widening of State Route 20 from Canton City limits to Forsyth County line by Ga DOT. This will result in CCWSA relocating existing water mains along the route. Currently, the Authority is in the design phase of a new administrative office complex with a potential completion date of 2025.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cherokee County Water & Sewerage Authority for its annual comprehensive financial report for the fiscal year ended August 31, 2022. In order to be awarded a certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

It is our pleasure to express gratitude to the management of each department of the Authority. Gratitude should also be expressed to the staff of the Finance Department for the dedication to the financial integrity of the Authority that makes this report possible. It truly is a commitment from each staff member to assist in compiling the information and assure that each transaction is properly and accurately accounted for. Finally, an enormous amount of thanks is expressed to the Board of the Authority. The Board of Directors' leadership, vision, and professionalism is of highest integrity. The support

Cherokee County Water & Sewerage Authority

received from the Board is greatly appreciated and is of utmost importance to the financial integrity and operations of the Authority.

Respectfully,



Thomas A. Heard
General Manager



Beth Jones
Finance/Accounting Manager

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Part II

Financial Section



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Independent Auditor's Report

To the Board of Directors
Cherokee County Water and Sewerage Authority
Canton, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cherokee County Water and Sewerage Authority, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Cherokee County Water and Sewerage Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Cherokee County Water and Sewerage Authority, as of August 31, 2023, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cherokee County Water and Sewerage Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 8 and 50 through 56, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Cherokee County Water and Sewerage Authority's basic financial statements. The introductory section, schedules in the supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules in the supplementary information 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, the schedules in the supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2023, on our consideration of Cherokee County Water and Sewerage Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherokee County Water and Sewerage Authority's internal control over financial reporting and compliance.

Rushton, LLC

Certified Public Accountants
Gainesville, Georgia
November 10, 2023

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Cherokee County Water & Sewerage Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

Our discussion and analysis of Cherokee County Water and Sewerage Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended August 31, 2023. Please read it in conjunction with the Authority's financial statements that begin on page 9.

USING THIS ANNUAL REPORT

This Annual Comprehensive Financial Report is presented in three sections: Introductory, Financial, Statistical and Other Reporting Section. The basic financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and the Notes to the Financial Statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the activities of the Authority and present a long-term view of the Authority's finances.

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the fiscal year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority and about its activities in a way that helps answer this question. These two statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position using the accrual basis of accounting, which is similar to the basis that is used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and the changes in it. You can think of the Authority's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the Authority's financial health. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the Authority.

THE AUTHORITY AS A WHOLE

The Authority's net position increased in fiscal year 2023 by approximately \$27.2 million, from the beginning of the fiscal year, from \$473.2 million to \$500.4 million. Approximately \$12.2 million of the increase in the current fiscal year was donated assets attributable to contributions by developers, primarily of water and sewer lines. In addition, the increase in net position can be attributed to sewer tap and water meter connections of approximately \$11.9 million. The following tables focus on the Authority's net position (Table 1) and changes in its net position (Table 2).

Cherokee County Water & Sewerage Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

Table 1 - Condensed Statement of Net Position (in thousands)

	8/31/2023	8/31/2022	\$ Change	% Change
Current assets	\$ 158,597	\$ 67,458	\$ 91,139	135.1%
Capital assets	531,887	516,598	15,289	3.0%
Other noncurrent assets	4,807	7,272	-2,465	-33.9%
Total assets	<u>695,291</u>	<u>591,328</u>	<u>103,963</u>	<u>17.6%</u>
Deferred outflows of resources	16,894	13,639	3,255	23.9%
Current liabilities	22,770	24,722	-1,952	-7.9%
Noncurrent liabilities	182,936	95,476	87,460	91.6%
Total liabilities	<u>205,706</u>	<u>120,198</u>	<u>85,508</u>	<u>71.1%</u>
Deferred inflows of resources	6,065	11,582	-5,517	-47.6%
Net investment in capital assets	446,858	419,232	27,626	6.6%
Restricted net position	5,060	2,427	2,633	108.4%
Unrestricted net position	48,497	51,528	-3,031	-5.9%
Total net position	<u>\$ 500,415</u>	<u>\$ 473,187</u>	<u>\$ 27,228</u>	<u>5.8%</u>

Table 2 - Condensed Statement of Revenues, Expenses and Changes in Net Position (in thousands)

	8/31/2023	8/31/2022	\$ Changes	% Change
Operating revenues:				
Water sales	\$ 35,845	\$ 33,190	\$ 2,655	8.0%
Wastewater treatment sales	22,039	20,294	1,745	8.6%
Connection fees	1,190	1,163	27	2.3%
Other	2,775	2,656	119	4.4%
Non-operating revenues:				
Interest	2,148	291	1,857	638.1%
Other	2,113	2,035	78	3.8%
Total revenues	<u>66,110</u>	<u>59,629</u>	<u>6,481</u>	<u>10.9%</u>
Operating expenses:				
Water purchases and production	4,811	4,188	623	14.9%
Wastewater treatment	14,531	12,733	1,798	14.1%
Streetlights	1,229	1,216	13	1.1%
Distribution and administration	20,672	17,806	2,866	16.1%
Depreciation	14,785	14,231	554	3.9%
Non-operating expenses:				
Interest	5,217	4,539	678	14.9%
Other	1,724	714	1,010	141.5%
Total expenses	<u>62,969</u>	<u>55,427</u>	<u>7,542</u>	<u>13.6%</u>
Excess before contributions	3,141	4,202	-1,061	-25.2%
Capital contributions	24,087	23,297	790	3.4%
Increase in net position	27,228	27,499	-271	-1.0%
Net position, September 1	473,187	445,688	27,499	
Ending net position, August 31	<u>\$ 500,415</u>	<u>\$ 473,187</u>	<u>\$ 27,228</u>	

Cherokee County Water & Sewerage Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

The Authority's revenues increased in 2023 by approximately \$6.5 million, or 10.9% (\$66.1 million in 2023 compared to \$59.6 million in 2022). Total expenses increased approximately \$7.5 million to approximately \$63.0 million, or an approximate 13.6% increase in 2023 compared to the prior fiscal year. The factors driving these results include:

- The number of water customers in 2023 and 2022 grew by 3.1% and 1.9%, respectively. The wastewater customer growth rate was 3.4% in 2023 and 3.5% in 2022. The growth of the water and wastewater customers can be attributed to the consistent population growth and new construction activity and development that is occurring throughout Cherokee County specifically in the areas served by CCWSA's sewer system. In addition, the Authority also noted an increase in multi-unit/family accounts that contributed to the growth of its water customer base. The Authority's revenues as displayed in Table 2 above shows total revenues increasing by approximately \$6,481,000 or 10.9% in FY 2023. Water sales increased approximately 8.0% as compared with prior year and sewer sales revenue increased approximately 8.6% as compared with the prior year. Revenue for the Authority increased approximately 10.9% in 2023 compared to 2022 due to a revision to the Authority's water and sewer rate structure. This rate change was effective on April 1, 2023. In addition to the rate revisions, revenue increases were seen due to customer growth in the Authority's service area and base flow increases due to growth in the area. Weather patterns and environmental factors typically impact revenue results. The average daily water demand for 2023 was 19.9 MGD compared to 2022 the average daily water demand was 18.6 MGD. This represents a 6.9% increase in average daily water demand from 2022 to 2023. The most recent rate change and revision to the Water and Sewer Rate Structure was effective April 1, 2023 and prior to that date the most recent rate change and revision was January 1, 2019.
- Total expenses of the Authority increased by approximately \$7,542,000 or 13.6 % to \$63.0 million. In regard to departmental expense increases in FY 2023, distribution and administration increased 16.1%. The increase of distribution and administration expenses can be attributed primarily to an increase in employee costs. Wastewater treatment facilities expenses increased 14.1%. Wastewater treatment facilities expenses increased from the prior year primarily due to an increase in employee costs, cost of power, operating supplies and chemical increases and maintenance increases. The water treatment plant facility expenses increased approximately 14.9% in FY 2023. The increase is due to an increase in employee costs, cost of power, operating supplies and chemical increases along with maintenance increases.
- Non-operating expenses include interest on debt service, loss on disposition of capital assets-net, amortization of deferred amount on refunding and cost of issuance expenses. Non-operating expenses consists of interest expense on debt service increased 14.9% due to the issuance of new debt with the Series 2023 Bond Issue. In addition, non-operating expenses increased due to the cost of issuance fees associated with the issuance of Series 2023 Bonds. Non-operating revenues consist of a change in the fair market value of the 1993 & 1995 debt service forward delivery agreements decreased in the amount of (\$13,438) in FY 2023 and interest earnings increased compared to FY 2022 approximately 638.1%.
- The Authority has noted capital contributions revenues of approximately \$24.1 million for FY 2023. As a result of donated lines accepted by the Authority and other contributions, the Authority received donated assets valued at \$12.2 million in FY 2023. In addition to donated lines, the Authority noted sewer tap fees contributions of approximately \$9.1 million. Also, the Authority noted approximately \$2.8 million in meter connection fee contributions. The Authority notes an increase compared to prior year contributions of 3.4% primarily due to an increase in developer donated assets compared to FY 2022.

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Cherokee County Water & Sewerage Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

- Management of the Authority attributes the increase in the growth of net position in 2023 primarily to capital contributions and an increase in water and sewer revenue. Contributions include developer contributions and easement valuations valued at \$12.2 million as well as water meter connections and sewer tap fees for approximately \$11.9 million. Water revenue increased for FY 2023 approximately \$2,655,000 or 8.0% and sewer revenue increased during FY 2023 in comparison to FY 2022 by approximately \$1,745,000 or 8.6%. In addition, excess before contributions decreased 25% due to expense increases of 13.6% and non-operating expense cost of bond issuance fees of \$1,131,099.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2023 and 2022, the Authority had \$531.9 million and \$516.6 million, respectively, invested in a range of capital assets including equipment, buildings, land and water and sewer lines (see Table 3). This represents a net increase after additions and disposals of approximately \$15.3 million in 2023.

**Table 3 - Capital Assets at Fiscal Year End
(Net of Depreciation - in thousands)**

	8/31/2023	8/31/2022
Land and easements	\$ 14,039	\$ 13,660
Construction in progress, including structures, improvements & equipment not in service	51,643	39,898
Total nondepreciable	<u>65,682</u>	<u>53,558</u>
Structures and improvements	699,487	682,926
Machinery and equipment	18,345	17,648
Office furniture and equipment	379	379
Intangible right-to-use assets – software	484	0
Total depreciable/amortizable	<u>718,695</u>	<u>700,953</u>
Less accumulated depreciation/amortization	<u>(252,490)</u>	<u>(237,913)</u>
Net capital assets	<u>\$ 531,887</u>	<u>\$ 516,598</u>

The staff of the Authority has developed a multi-year capital improvements program and a plan to finance the program, which relies on a combination of system revenues and proceeds of debt and investment earnings on such proceeds. The capital improvements program allows the staff of the Authority to plan, on a long-term basis, for future system capital needs. Each year the capital improvements program is updated.

The Authority's capital improvement program approved in May 2023 calls for it to spend \$24.3 million for capital projects in 2023-2024, principally for upgrades, improvements and additions to water & wastewater treatment facilities and \$4.9 million for utility relocations within the water system. The extended capital improvement plan consists of \$245.3 million of capital improvement cost estimates including the capital projects beginning in 2024-2026. The Board approved expenditures at the time of approval in May 2023 were \$60.9 million. It should also be noted that spent amounts at the same time on active projects were \$45.3 million. The capital improvements program allows the staff of the Authority to plan, on a long-term basis, for future System capital needs. In connection with existing construction projects, the Authority has outstanding agreements with contractors for approximately \$13.8 million in future work at August 31, 2023.

P.O. Box 5000 ~ Canton, Georgia 30114 ~ 770-479-1813

Cherokee County Water & Sewerage Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2023

Capital disbursements will be financed by a combination of resources on hand, future system revenues and the proceeds from current or future revenue bonds. More detailed information about the Authority's capital assets is presented in Note 6 in the financial statements. Each year the capital improvements program is updated and reviewed on an ongoing basis throughout the year.

Debt Administration

At August 31, 2023 and 2022, the Authority had \$174.7 million and \$94.6 million (net of discounts and premiums) in revenue bonds outstanding, respectively. The net increase of \$80.1 million is due primarily to the issuance of the Series 2023 revenue bonds. Additional information is presented in Notes 7 through 9 to the financial statements.

The Authority's Revenue Bonds have been assigned ratings by Moody's Investors Service, Inc. and Standard and Poor's Rating Services of Aa1 and AA, respectively. Standard & Poor's upgraded the Authority's rating from AA- to AA in May 2011. Moody's Investors Service reviewed, upgraded and assigned a rating of Aa1 to Cherokee County Water & Sewerage Authority Revenue Refunding Bonds Series 2020A and Series 2020B in June 2020. These very high ratings reflect the rating agencies' consideration of factors such as financial liquidity, debt service coverage and the growth rate of the Authority's customer base.

The Authority's other significant obligations include customer deposits, accounts payable, accrued interest, salaries and other expenses as can be seen on the Statement of Net Position.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The 2024 budget and capital improvement program have been prepared taking into consideration that economic and population growth for the Authority's service area will continue. It is expected to continue to see growth in the area although projected at a slightly slower pace than in prior years. Other factors affecting next year's and future budgets are listed below.

- Rates are analyzed on a regular basis and will be adjusted when deemed necessary. The Authority Board passed a rate increase effective as of April 1, 2023. The Authority anticipates the customer base to increase by adding approximately 1,400 new water customers to the system during the year at tap-on fees of \$2,500 for regular residential and sprinkler meters and commercial tap-ons sold at varying rates. The Authority estimates an addition of approximately 1,000 new wastewater treatment customers to the system during the year at tap-on fees starting at \$5,000.
- The Authority's Capital Improvement Program is funded through issuance of new debt, capital contributions from tap fees and developers, and operating revenue in excess of operating expenses and debt service expenses. The Authority will continue to rely on operating revenues to fund capital improvements on a pay-as-you-go basis as well as bond proceeds from the Series 2023 Revenue Bond Issue. Management and the Board of Directors will monitor on a regular basis the need to issue new debt to fund capital improvements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the office of the Authority's Finance Department at 140 W. Main Street, Canton, Georgia 30114.

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BASIC FINANCIAL STATEMENTS

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF NET POSITION
August 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 51,291,525
Accounts receivable	8,030,520
Lease receivable	19,748
Prepaid expenses	375
Inventories	1,772,341
Restricted cash and cash equivalents	97,482,636
	158,597,145
Total current assets	158,597,145

Noncurrent assets

Lease receivable	591,888
Net OPEB asset	4,215,308
Capital assets	
Nondepreciable capital assets	65,682,396
Depreciable capital assets (net)	465,743,947
Intangible right-to-use assets (net)	460,703
	536,694,242
Total noncurrent assets	536,694,242

Total assets

695,291,387

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	3,481,720
Deferred outflows of resources - pension	11,506,495
Deferred outflows of resources - OPEB	1,905,711
	16,893,926
Total deferred outflows of resources	16,893,926

LIABILITIES

Current liabilities

Trade accounts payable	1,950,707
Construction accounts and retainage payable	3,438,792
Accrued salaries and other payroll liabilities	531,198
Compensated absences	1,272,093
Unearned revenues	423,448
Subscription liabilities	152,979
Current liabilities payable from restricted assets	
Customer deposits payable	5,279,873
Accrued interest payable	630,479
Revenue bonds payable	9,090,000
	22,769,569
Total current liabilities	22,769,569

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF NET POSITION
August 31, 2023

Noncurrent liabilities	
Compensated absences	\$ 141,344
Unearned interest revenue	8,494
Net pension liability	17,048,907
Subscription liabilities	306,615
Revenue bonds payable	165,110,705
Other noncurrent liabilities	320,013
	<u>182,936,078</u>
Total noncurrent liabilities	<u>182,936,078</u>
Total liabilities	<u>205,705,647</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amount on refunding	1,071,305
Deferred inflows of resources - leases	565,801
Deferred inflows of resources - OPEB	4,427,522
	<u>6,064,628</u>
Total deferred inflows of resources	<u>6,064,628</u>
NET POSITION	
Net investment in capital assets	446,858,239
Restricted for OPEB	4,215,308
Restricted for debt service	844,766
Restricted for bond retirement	6
Unrestricted	48,496,719
	<u>448,315,038</u>
Total net position	<u>\$ 500,415,038</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal year ended August 31, 2023

OPERATING REVENUES	
Metered water sales	\$ 35,845,056
Wastewater treatment sales	22,038,845
Street light fees	1,585,065
Water connection fees	1,189,755
Transfer fees	177,800
Forfeited discounts and penalties	702,681
Customer repairs and service charges	309,481
	<hr/>
Total operating revenues	61,848,683
OPERATING EXPENSES	
Water purchases and production	4,810,830
Wastewater treatment	14,530,893
Streetlights	1,228,888
Distribution and administration	20,672,784
Depreciation and amortization	14,784,646
	<hr/>
Total operating expenses	56,028,041
Operating income (loss)	<hr/> 5,820,642
Non-operating revenues (expenses)	
Interest revenue	
Sinking funds	104,577
Construction funds	725,205
Revenue funds	1,318,660
Interest expense	(5,217,452)
Change in fair value of derivative	13,438
Amortization of deferred amount on refunding, net	(424,075)
Amortization of bond premiums, net	1,616,738
Bond issue costs	(1,131,099)
Gain (loss) on disposition of capital assets	(168,381)
Miscellaneous revenues	482,672
	<hr/>
Total non-operating revenues (expenses)	(2,679,717)
Net income (loss) before capital contributions	<hr/> 3,140,925
Capital contributions	
Sewer tap fees	9,125,601
Water connection fees	2,805,795
Contributions of capital assets	12,156,035
	<hr/>
Total capital contributions	24,087,431
Change in net position	27,228,356
Net position, September 1	<hr/> 473,186,682
Net position, August 31	<hr/> \$ 500,415,038 <hr/>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF CASH FLOWS
For the fiscal year ended August 31, 2023

Cash flows from operating activities:	
Receipts from customers	\$ 61,742,230
Payments to suppliers	(17,495,343)
Payments to employees	(23,653,128)
	<hr/>
Net cash provided (used) by operating activities	20,593,759
Cash flows from capital and related financing activities:	
Receipts of sewer tap and water connection fees	11,931,396
Receipts of lease payments	47,676
Proceeds from sale and disposal of capital assets	85,610
Payments for acquisitions of capital assets	(14,181,741)
Payment of construction accounts and retainage payable	(6,720,881)
Proceeds from revenue bonds	105,300,929
Principal payments on revenue bonds	(22,955,000)
Principal payments on subscription liabilities	(24,264)
Interest paid on revenue bonds and subscriptions	(4,941,463)
Bond issue costs paid	(1,131,099)
	<hr/>
Net cash provided (used) by capital and related financing activities	67,411,163
Cash flows from investing activities:	
Interest received	2,097,806
Proceeds from investments	445,501
	<hr/>
Net cash provided (used) by investing activities	2,543,307
Net increase (decrease) in cash and cash equivalents	90,548,229
Cash and cash equivalents, September 1	58,225,932
	<hr/>
Cash and cash equivalents, August 31	\$ 148,774,161
	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 5,820,642
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	14,784,646
Miscellaneous revenues	482,672
(Increase) decrease in accounts receivable	(678,418)
(Increase) decrease in inventories	(355,303)
(Increase) decrease in net OPEB asset	2,445,099
(Increase) decrease in deferred outflows of resources - pension	(3,108,871)
(Increase) decrease in deferred outflows of resources - OPEB	(619,220)
Increase (decrease) in trade accounts payable	128,440
Increase (decrease) in accrued salaries and other payroll liabilities	113,218
Increase (decrease) in compensated absences	178,249
Increase (decrease) in unearned revenues	11,608
Increase (decrease) in customer deposits	116,931
Increase (decrease) in net pension liability	7,863,150
Increase (decrease) in deferred inflows of resources - leases	(39,246)
Increase (decrease) in deferred inflows of resources - pension	(3,717,529)
Increase (decrease) in deferred inflows of resources - OPEB	(2,832,309)
	<hr/>
Total adjustments	14,773,117
	<hr/>
Net cash provided (used) by operating activities	\$ 20,593,759
	<hr/>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF CASH FLOWS
For the fiscal year ended August 31, 2023

Cash and cash equivalents reconciliation:

Cash and cash equivalents	\$ 51,291,525
Restricted cash and cash equivalents	<u>97,482,636</u>
Total cash and cash equivalents	<u><u>\$ 148,774,161</u></u>

Noncash investing, capital and financing activities:

Contributions of capital assets	\$ 12,156,035
Acquisition of capital assets through accounts and retainage payable	3,506,435
Acquisition of capital assets through subscription agreements	483,858
Increase (decrease) in fair value of investment derivatives	13,438

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

1. Description of Authority

Cherokee County Water and Sewerage Authority (the Authority) is a public corporation and body, corporate and politic, an independent governmental unit created and existing under the laws of the State of Georgia. The Authority was created by an act of the General Assembly of the State of Georgia that became effective March 7, 1955. The Authority Act declared that the general purpose of the Authority is to acquire adequate sources of water supply, treat such water and distribute it to the water system throughout Cherokee and adjoining counties. The Authority Act states that this general purpose will not restrict the Authority from selling and delivering water directly to consumers in those areas where water distribution systems do not exist and where no other county or municipality deems it desirable or feasible to furnish water. The Authority Act also provides that the general purpose of the Authority includes sewerage projects.

The Authority Board is composed of seven members. Six members are appointed by the Cherokee County Grand Jury for staggered terms of four years and the seventh member is the current chair of the Cherokee County Commission. The Authority is a fiscally independent entity with self-sustaining operations. No other government is financially accountable for the Authority. The Authority has no taxing power; however, it does have the ability to establish the rates it charges customers. Thus, the Authority is considered a reporting entity in conformity with the Governmental Accounting Standards Board's (GASB) definition. The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The more significant accounting policies of the Authority are described below.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The statement of net position and the statement of revenues, expenses and changes in net position display information in the format of a business-type activity. Such activities are financed through exchange transactions in whole or in part by fees charged to each participant. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues and expenses, such as subsidies, investment earnings and interest expense, result from non-exchange transactions or ancillary activities.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity

The financial statements present the Authority as a business-type activity in accordance with Governmental Accounting Standards Board Statement No. 34.

C. Fund Financial Statements

The Authority is accounted for as an enterprise fund on a flow of economic resource measurement focus. The accounting objective is a determination of change in net position, financial position and changes in cash flows. All assets and liabilities associated with the Authority's activities are included in its Statement of Net Position.

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods and services to the general public on a continuing basis are to be financed or recovered primarily through user charges.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds 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.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less.

F. Investments

Investments are reported at fair value and may include U.S. government and agency obligations, repurchase agreements and money market funds, including investment in a local government investment pool, interest rate management agreements and other investments as permitted by the laws of the State of Georgia, the Official Code of Georgia (OCGA). Unrealized gains and losses are included in the statement of revenues, expenses, and changes in net position. The Authority has adopted an interest rate management plan meeting the requirements of OCGA §36-82-250 and approved the parameters within which interest rate swap agreements may be executed.

The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices
- Level 3: Unobservable inputs

The Authority reports investments using net asset value (NAV) when NAV is calculated in a manner consistent with fair value measurement guidelines, fair value is not readily determinable, and it is not probable for the investment to be sold at an amount other than NAV.

G. Receivables and Revenue Recognition

The Authority bills its customers on a cyclical basis throughout the month based on meter readings taken during the previous month.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

G. Receivables and Revenue Recognition, continued

The Authority records receivables at the amount it expects to collect on balances due at the end of the year. Advance deposits are obtained from customers, but the Authority does not obtain collateral or other security for any of its trade accounts or other amounts receivable. Accordingly, it is exposed to credit losses in the event of nonperformance. Management closely monitors outstanding balances and writes off uncollectible amounts as of year-end in accordance with approved policies.

Billed accounts receivable represent charges for customer water and wastewater treatment usage billed to customers and not paid at August 31. Unbilled accounts receivable represent charges billed to customers after August 31 for services provided by the Authority prior to September 1.

Metered water and wastewater treatment sales and streetlight fees are based on rates established by the Authority Board.

H. Lease Receivable

The Authority lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Authority may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

I. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid expenses using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the fiscal year in which services are consumed.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

J. Inventories

Inventories are stated at cost using specific identification.

K. Capital Assets

Capital assets include infrastructure acquired since 1959 and are stated at cost except for contributed water and sewer lines, which are recorded at acquisition value at the date they are accepted by the Authority. All acquisitions of property and equipment in excess of \$5,000 are capitalized and depreciated.

Expenses for maintenance and repairs not considered to substantially lengthen the property lives are charged to expense as incurred. The cost of incomplete construction and system improvement projects is reported as construction-in-progress and is not depreciated.

The Authority has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

Depreciation and amortization of the water and sewer systems, machinery, equipment, furnishings, and intangible assets are computed using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life in Years</u>
Structures and improvements	20-50
Machinery and equipment	5-20
Office furniture and equipment	5
Intangible right-to-use assets:	
Software	5

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

L. Capitalization of Salaries

The Authority capitalizes salaries of employees in distribution and administration who perform construction activities. The amount capitalized is based upon the portion of the respective employees' work hours that is spent performing these functions.

M. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets also represent cash and cash equivalents and investments set aside for repayment of deposits to utility customers.

N. Compensated Absences

Full time employees are granted vacation benefits in varying amounts depending on tenure with the Authority. An expense and liability are recognized for accrued vacation leave as it is earned. Unused leave is lost if not taken each year. Sick leave accrues to full-time employees to a specified maximum but does not vest and is paid only for an absence for medical-related causes. Since such future absences cannot be reasonably predicted, no liability for unused sick pay is recorded.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority reports deferred outflows of resources for deferred charges on bond refunding, defined benefit pension plan, and other postemployment benefit plan. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

O. Deferred Outflows/Inflows of Resources, continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources related to their leases, defined benefit pension plan, and other postemployment benefit plan.

P. Pension and OPEB Plans

For purposes of measuring the net pension liability (asset), net OPEB liability (asset), deferred outflows/inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Amortization

Amortization of bond premiums and discounts is computed using the effective interest method over the life of the bond issue for which the charges have been deferred. Amortization of the deferred amount on refunding is computed using the straight-line method over the shorter of the remaining life of the defeased debt had it not been refunded, or the life of the new debt.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

R. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other components of net position are reported as unrestricted.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

S. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as a capital contribution.

T. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

U. Operating Budget

The Authority is not legally required to adopt a budget. However, the staff of the Authority prepares an annual operating budget for management control purposes. The staff of the Authority uses the accrual basis of accounting in its annual operating budget, which is consistent with the basis of accounting used in the Authority's financial statements. The Authority's Board of Directors approves the budget and any changes made thereto.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

2. Summary of Significant Accounting Policies (continued)

U. Operating Budget, continued

The Authority's budget for the current fiscal year is included in the supplementary information to the accompanying financial statements. This budget is based upon certain assumptions and estimates of the staff of the Authority regarding future events, transactions and circumstances. Realization of the results projected in this budget will depend upon implementation by management of the Authority of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions or that the projected results will be achieved. Accordingly, the actual results achieved could materially vary from those projected in the budget.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned. The Authority's investment policy follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. At the end of the current fiscal year, the Authority had no uninsured or uncollateralized deposits. These deposits are collateralized with securities not held in the Authority's name. These deposits are held by the pledging financial institution's agent, the Georgia Bankers Association, in the State of Georgia Pledging Pool. The State of Georgia Pledging Pool is collateralized by securities within the pool at 111% of deposits.

Interest Rate Risk

The Authority's investment policy limits investment maturities as a means of managing its exposure to fair values from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The Authority has not adopted a formal credit risk policy.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

3. Deposit and Investment Risk (continued)

Concentration of Credit Risk

The Authority's policy does not limit the amount the Authority may invest in any one issuer, but it does require that the Authority monitor the credit worthiness of each institution at least annually.

The Authority participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA §36-83-8, which is a stable net asset investment pool that follows Fitch's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAf by Fitch. The weighted average maturity at the end of the current fiscal year was 32 days. At the end of the current fiscal year, the Authority's balance in Georgia Fund 1 was \$5,646,326.

Foreign Currency Risk

The Authority has no investments denominated in a foreign currency.

4. Accounts Receivable

Accounts receivable consists of \$3,423,356 billed and \$4,607,164 unbilled for a total receivable of \$8,030,520 at the end of the current fiscal year. All receivables are considered fully collectible. Therefore, no allowance for doubtful accounts has been established.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

5. Lease Receivable

In 2013, the Authority entered into a five year lease with a cell phone service provider to provide the tenant the right to a portion of real property, together with the right to use the tower located thereon. The lease provides for four additional, five-year terms. Under the lease, the tenant paid the Authority a monthly payment of \$3,000 per month for the first 12 months of the lease. On the annual anniversary date of the commencement date, the monthly rent amount is increased by three percent of the rent paid in the previous year. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at an imputed discount rate of 4.87%. During the current fiscal year, the Authority recognized \$39,246 of lease revenue (reported as miscellaneous revenues on the statement of revenues, expenses, and changes in net position) and \$30,258 of interest revenue under the lease.

Annual requirements to maturity are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2024	\$ 19,748	\$ 29,359	\$ 49,107
2025	22,238	28,342	50,580
2026	24,897	27,200	52,097
2027	27,735	25,925	53,660
2028	30,762	24,508	55,270
2029-2033	206,636	95,603	302,239
2034-2038	279,620	33,070	312,690
Totals	<u>\$ 611,636</u>	<u>\$ 264,007</u>	<u>\$ 875,643</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

6. Capital Assets

Capital asset activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land and easements	\$ 13,659,801	\$ 379,111	\$ 0	\$ 14,038,912
Construction in progress	39,897,690	14,320,684	(2,574,890)	51,643,484
Total non-depreciable assets	<u>53,557,491</u>	<u>14,699,795</u>	<u>(2,574,890)</u>	<u>65,682,396</u>
Depreciable/amortizable assets:				
Structures and improvements	682,926,453	16,874,364	(313,994)	699,486,823
Machinery and equipment	17,648,024	773,868	(76,440)	18,345,452
Office furniture and equipment	378,800	0	0	378,800
Intangible right-to-use assets				
Software	0	483,858	0	483,858
Total depreciable/amortizable assets	<u>700,953,277</u>	<u>18,132,090</u>	<u>(390,434)</u>	<u>718,694,933</u>
Less accumulated depreciation/amortization:				
Structures and improvements	(228,348,104)	(13,587,255)	135,517	(241,799,842)
Machinery and equipment	(9,219,476)	(1,169,787)	72,000	(10,317,263)
Office furniture and equipment	(345,574)	(4,449)	0	(350,023)
Intangible right-to-use assets				
Software	0	(23,155)	0	(23,155)
Total accumulated depreciation and amortization	<u>(237,913,154)</u>	<u>(14,784,646)</u>	<u>207,517</u>	<u>(252,490,283)</u>
Total depreciable/amortizable assets, net	<u>463,040,123</u>	<u>3,347,444</u>	<u>(182,917)</u>	<u>466,204,650</u>
Capital assets, net	<u>\$ 516,597,614</u>	<u>\$ 18,047,239</u>	<u>\$ (2,757,807)</u>	<u>\$ 531,887,046</u>

Decreases in construction in progress consist of projects placed in service in the amount of \$2,503,816 and projects abandoned in the amount of \$71,074.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt

Subscription Liabilities

The Authority has entered into subscription-based information technology arrangements (SBITAs) with vendors for software. As a result of the subscriptions, the Authority has recorded intangible right-to-use assets of \$483,858, with related accumulated amortization of \$23,155, at the end of the current fiscal year. Amortization on the assets totaled \$23,155 for the current fiscal year. Subscription liabilities are comprised of the following individual subscriptions at the end of the current fiscal year:

- \$48,868 software subscription due in monthly installments of \$1,138 through August 2026, imputed interest at 2.680%, \$38,626 outstanding
- \$66,904 software subscription due in monthly installments of \$1,558 through August 2026, imputed interest at 2.680%, \$52,882 outstanding
- \$163,208 software subscription due in annual installments of \$56,700 through September 2025, imputed interest at 3.180%, \$163,208 outstanding
- \$204,878 software subscription due in annual installments of \$70,900 through September 2025, imputed interest at 3.019%, \$204,878 outstanding

The following is a schedule of the future minimum subscription payments together with the present value of the net minimum subscription payments at the end of the current fiscal year:

Fiscal Year Ending August 31,	Principal	Interest	Total
2024	\$ 152,979	\$ 6,973	\$ 159,952
2025	151,006	8,946	159,952
2026	155,609	4,343	159,952
Totals	<u>\$ 459,594</u>	<u>\$ 20,262</u>	<u>\$ 479,856</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt (continued)

Revenue Bonds

Revenue bonds issued are comprised of the following individual issues at the end of the current fiscal year:

In December 1993, the Authority issued \$28,460,000 in Water and Sewerage Revenue Bonds, Refunding and Improvements Series 1993 maturing in 2023 with interest rates from 5.30% to 5.50%, to advance refund all of the Series 1991 revenue bonds in the principal amount of \$10,000,000 and to provide funds to make certain additions and improvements to the water and sewerage systems. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately.

In December 1995, the Authority issued \$22,460,000 in Water and Sewerage Revenue Bonds Series 1995, maturing in 2025 with an interest rate of 5.20%, to provide funds to make certain additions and improvements to the water and sewerage systems. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately. A portion of this series was refunded by the Series 2001 revenue bonds.

In May 2001, the Authority issued \$70,505,000 in Refunding and Improvement Revenue Bonds Series 2001, maturing in 2030 with interest rates ranging from 3.25% to 5.125%, to advance refund portions of the Series 1991, 1995, 1997, and 1998 revenue bonds in the principal amount of \$38,765,000, to pay a surety bond premium to fund the bond Debt Service Reserve, and to provide funds to make certain additions, extensions, and improvements to the water and sewerage systems. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately. Portions of this series were refunded by the Series 2010 and Series 2011 revenue refunding bonds, and were called and redeemed in 2011.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt (continued)

Revenue Bonds (continued)

In May 2006, the Authority issued \$25,000,000 in Revenue Bonds Series 2006 as auction rate securities maturing in 2035. The bonds were issued to provide funds to make certain additions, extensions, and improvements to the water and sewerage systems. These bonds were remarketed in April 2008 in order to convert their interest rates to long-term fixed rates that range from 3.00% to 5.00%. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately. In 2016, \$18,880,000 of the outstanding bonds were refunded by the Series 2016 Revenue Refunding Bonds.

In June 2007, the Authority issued \$25,000,000 in Revenue Bonds Series 2007 as auction rate securities maturing in 2035. The bonds were issued to provide funds to make certain additions, extensions, and improvements to the water and sewerage systems. These bonds were remarketed in April 2008 in order to convert their interest rates to long-term fixed rates that range from 3.00% to 5.00%. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately. In 2016, \$18,880,000 of the outstanding bonds were refunded by the Series 2016 Revenue Refunding Bonds.

In April 2008, because of significant disruptions to the auction rate securities market, the Authority converted the interest rates on the Series 2006 and 2007 bonds from auction rates to long-term fixed rates. The Authority paid \$456,157 in remarketing fees and other costs in connection with the conversion and remarketing of the bonds. All were successfully remarketed in April 2008, resulting in a premium of \$268,023.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt (continued)

Revenue Bonds (continued)

In January 2010, the Authority issued \$39,710,000 in Water and Sewerage Revenue Refunding Bonds, Series 2010, maturing in 2028 with interest rates ranging from 3.00% to 5.00%. The bonds were issued by the Authority for the purpose of advance refunding the Authority's remaining Series 1997 and 1998 revenue bonds and a portion of the Series 2001 revenue bonds in the aggregate principal amount of \$39,645,000. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately. In 2020, \$27,685,000 of the outstanding bonds were refunded by the Series 2020 Revenue Refunding Bonds.

In June 2011, the Authority issued \$29,310,000 in Water and Sewerage Revenue Refunding Bonds, Series 2011, maturing in 2030 with interest rates ranging from 3.00% to 5.00%. The bonds were issued by the Authority for the purpose of advance refunding the Authority's Series 2001 revenue bonds and a portion of the Series 2003 revenue bonds in the aggregate principal amount of \$30,355,000. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately. In 2020, \$4,230,000 of the outstanding bonds were refunded by the Series 2020 Revenue Refunding Bonds.

In May 2013, the Authority issued \$16,260,000 in Water and Sewerage Revenue Refunding Bonds, Series 2013, maturing in 2033 with interest rates ranging from 3.25% to 5.00%. The bonds were issued by the Authority for the purpose of advance refunding a portion of the Authority's Series 2003 revenue bonds in the aggregate principal amount of \$18,970,000. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately. In 2023, \$15,235,000 of the outstanding bonds were refunded by the Series 2023 Revenue Bonds.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt (continued)

Revenue Bonds (continued)

In February 2016, the Authority issued \$32,980,000 in Water and Sewerage Revenue Refunding Bonds, Series 2016, maturing in 2035 at 5.00% interest. The bonds were issued by the Authority for the purpose of advance refunding a portion of each of the Authority's Series 2006 and 2007 revenue bonds in the aggregate principal amount of \$37,760,000. The cash flows required to service the Series 2020 bonds are approximately \$6.5 million less than those for the refunded bonds providing an economic gain from the refunding of approximately \$5.4 million. The Authority paid \$413,838 in underwriting fees and other issuance costs in connection with the refunding. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately.

In June 2020, the Authority issued \$26,600,000 in Water and Sewerage Revenue Refunding Bonds, Series 2020A and Series 2020B, maturing in 2030 at interest rates ranging between 1.13% and 5.00%. The bonds were issued by the Authority for the purpose of advance refunding a portion of each of the Authority's Series 2010 and 2011 revenue bonds in the aggregate principal amount of \$31,915,000. The cash flows required to service the Series 2020 bonds are approximately \$6.7 million less than those for the refunded bonds providing an economic gain from the refunding of approximately \$6.4 million. The Authority paid \$417,471 in underwriting fees and other issuance costs in connection with the refunding. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt (continued)

Revenue Bonds (continued)

In May 2023, the Authority issued \$96,525,000 in Water and Sewerage Revenue Bonds, Series 2023, maturing in 2053 at interest rates ranging between 4.00% and 5.00%. The bonds were issued by the Authority to provide funds to pay or to be applied toward the cost of adding to, extending, improving and equipping the Authority's water and sewerage system, refunding all or a portion of the Authority's Series 2013 revenue refunding bonds in the principal amount of \$15,235,000, and paying costs of issuance. The cash flows required to service the Series 2023 bonds are approximately \$1,927,028 less than those for the refunded bonds providing an economic gain from the refunding of approximately \$1,579,399. The Authority paid \$1,131,099 in underwriting fees and other issuance costs in connection with the refunding. The bonds are secured by a pledge and lien on net system revenues. Upon the happening and continuance of an event of default, the holders of not less than a majority in principal amount of the bonds then outstanding may declare the principal of all bonds outstanding to be due and payable immediately.

The U.S. government securities purchased in connection with the defeased and advance refunded bonds are deposited in irrevocable trusts with escrow agents to provide for all future debt service payments of the affected bonds. As a result, the bonds are considered to be defeased and the liabilities for them have been removed from long-term debt. At the end of the current fiscal year, no outstanding principal balances remain.

The defeasance, advance refundings, and remarketing of the bonds described above resulted in differences between the reacquisition prices and the net carrying amounts of the old debt. The deferred amounts on refunding, reported in the accompanying financial statements as deferred outflows of resources and deferred inflows of resources, are being charged to operations using the straight-line method of amortization. The amounts remaining at the end of the current fiscal are deferred outflows of resources of \$3,481,720 and deferred inflows of resources of \$1,071,305.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt (continued)

Revenue Bonds (continued)

The revenue bonds are secured by a pledge of the revenues derived by the Authority from the ownership and operation of the water and sewerage systems remaining after payment of the reasonable and necessary expenses of operating, maintaining, and repairing the systems (net system revenues). Payment of the principal of and interest on the revenue bonds, when due, is guaranteed by municipal bond insurance policies issued by Financial Guaranty Insurance Company and Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance, Inc.).

The Authority makes sinking fund deposits monthly for all issues. Annual totals are at least equal to the principal installments of and interest payable on the bonds in the current sinking fund year.

Annual debt service requirements for bonds payable are as follows:

Fiscal Year Ending August 31,	Principal	Interest	Total
2024	\$ 9,090,000	\$ 7,565,759	\$ 16,655,759
2025	9,550,000	7,110,290	16,660,290
2026	11,480,000	6,631,398	18,111,398
2027	12,055,000	6,067,318	18,122,318
2028	12,630,000	5,485,493	18,115,493
2029-2033	28,400,000	21,676,690	50,076,690
2034-2038	17,335,000	15,264,563	32,599,563
2039-2043	15,185,000	11,565,313	26,750,313
2044-2048	19,140,000	7,621,025	26,761,025
2049-2053	23,820,000	2,932,800	26,752,800
Totals	<u>\$ 158,685,000</u>	<u>\$ 91,920,649</u>	<u>\$ 250,605,649</u>

The various resolutions providing for the revenue bonds require that the Authority establish and maintain a schedule of rates, fees, and charges for services furnished by the systems to produce in each sinking fund year (“net system revenues”) in an amount at least equal to 1.20 times the highest annual amount of principal and interest payable on the bonds during any future sinking fund year. The revenue bond coverage was 2.56 for the current fiscal year.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

7. Long-Term Debt (continued)

Revenue Bonds (continued)

Effective with the issuance of the Series 2001 bonds, the Authority's annual net system revenues, exclusive of water connection and sewer tap fees, must be no less than the highest annual amount of debt service payable during any future sinking fund year. For the current fiscal year, this ratio was 1.59.

The Authority is also required to maintain a reserve account in an amount equal to the lesser of a three-prong test in the Authority's Bond Resolution: 10% of the principal amount of the Authority's outstanding bonds; the Authority's maximum annual debt service; or 125% of the Authority's average annual debt service. Currently, the debt service reserve requirement is 10% of the principal amount of the Authority's outstanding bonds, or \$15,868,500. The Authority satisfies the debt service reserve requirement using a combination of funds in the reserve account and surety bonds. At the end of the current fiscal year, the balances in the reserve account and the surety bonds exceed the debt service reserve requirement.

8. Bond Refunding

On May 16, 2023, the Authority issued \$96,525,000 in Water and Sewerage Revenue Bonds, Series 2023, with interest rates ranging between 4.00% and 5.00%. The net proceeds of \$104,169,830 (\$96,525,000 original issue plus a premium of \$8,775,929 less \$1,131,099 of underwriting fees, insurance, and other issue costs) and \$1,273,747 of Authority funds were used to place \$15,441,241 into escrow to refund the Authority's Series 2013 revenue refunding bonds, deposit \$90,000,000 into the project fund for adding to, extending, improving and equipping the Authority's water and sewerage system, and provide \$2,336 for contingency.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,098,087. This difference, reported in the financial statements in deferred inflow of resources as deferred gain on refunding, is being charged to operations through the year 2033 using the straight-line method. The Authority completed the current refunding to reduce its total debt service payments over the next 10 years by \$1,927,028 and to obtain an economic gain (the difference between the present value of the old debt and new debt service payments) of \$1,579,399.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

9. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Authority for the current fiscal year:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 85,115,000	\$ 96,525,000	\$ (22,955,000)	\$ 158,685,000	\$ 9,090,000
Unamortized bond discounts	(18,259)	0	8,593	(9,666)	0
Unamortized bond premiums	9,502,494	8,775,929	(2,753,052)	15,525,371	0
Revenue bonds, net	94,599,235	105,300,929	(25,699,459)	174,200,705	9,090,000
Subscription liabilities	0	483,858	(24,264)	459,594	152,979
Compensated absences	1,235,188	1,289,918	(1,111,669)	1,413,437	1,272,093
	<u>\$ 95,834,423</u>	<u>\$ 107,074,705</u>	<u>\$ (26,835,392)</u>	<u>\$ 176,073,736</u>	<u>\$ 10,515,072</u>

Amortization of bond discounts and premiums is computed using the effective interest method over the life of the bond issue for which the charges have been deferred. The total interest incurred and charged to expense for the current fiscal year was \$5,217,452.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

10. Investment Derivative Financial Instruments

The Authority entered into two debt service forward delivery agreements with Lehman Brothers Special Financing, Inc. (Lehman), which were assigned in March 2017 to CRC Bond Opportunity Trading Fund LP (CRC BOTF). Under these contracts, CRC BOTF has the option to require the Authority to use revenue bond sinking funds to purchase qualified U.S. Treasury securities that will mature by the semi-annual debt service payment dates from a Qualified Dealer (as defined in the agreements) chosen by CRC BOTF.

In exchange for these agreements, Lehman paid the Authority \$958,600, which represented the present value of the expected interest earnings in the sinking fund over the life of the related revenue bonds. The remaining balance of this unearned revenue is \$8,494 at the end of the current fiscal year and is being recognized on the straight-line basis over the life of each respective agreement.

The forward delivery agreements relate to the following bond series:

<u>Dealer</u>	<u>Series</u>	<u>Cash Payment</u>
Lehman	1993 Refunding & Improvement Bonds	\$ 740,600
Lehman	1995 Revenue Bonds	218,000

The agreement related to the Series 1993 ended as the remaining principal balance of the Series 1993 bonds was paid in full during the current fiscal year.

As the investments purchased by the Authority are U.S. Treasury securities and are held in the Authority's revenue bond sinking fund, there is no significant credit risk. Interest rate risk is limited to the effect of a change in rate on the value of the investments from the time of purchase through the next scheduled debt service payment date, which can be no more than one year.

The Authority entered into these agreements to obtain a higher long-term than short-term yield and not for the purpose of hedging any financial risk. Accordingly, these forward delivery arrangements are investment derivative financial instruments and classified as other noncurrent liabilities in the statement of net position. The gains or losses are reported as other revenues or expenses, respectively, on the statement of revenues, expenses, and changes in net position.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

10. Investment Derivative Financial Instruments (continued)

The fair value balance and notional amount of debt service forward delivery agreements outstanding at the end of the current fiscal year and the corresponding changes in fair value of such derivative instruments for the fiscal year then ended were as follows:

Change in Fair Value		Fair Value		
Classification	Amount	Classification	Amount	Notional
Change in fair value of derivative	\$ 13,438	Other noncurrent liability	\$ (320,013)	\$ 12,261,106

11. Restricted Net Position

Net position restricted for OPEB includes the assets held for payment of post-employment benefits other pensions. Net position restricted for debt service includes the excess of assets restricted for debt service on revenue bonds over the related liabilities. Net position restricted for bond retirement represents assets set aside for that purpose as required by the revenue bond resolutions (see Note 7).

12. Net Investment in Capital Assets

The net investment in capital assets reported on the statement of net position is calculated as follows at the end of the current fiscal year:

Cost of capital assets	\$ 784,377,329
Accumulated depreciation/amortization	(252,490,283)
Book value	531,887,046
Construction accounts and retainage payable	(3,438,792)
Other capital-related accounts payable	(67,643)
Subscription liabilities	(459,594)
Revenue bonds payable	(174,200,705)
Net deferred amounts on refunding	2,410,415
Unspent bond proceeds	90,727,512
Net investment in capital assets	\$ 446,858,239

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Retirement Plans

Defined Benefit Pension Plan

Plan Description. The Authority has established the Cherokee County Water and Sewerage Authority Retirement Plan (the Plan) and participates in the Georgia Municipal Employees Benefit System (GMEBS) to provide certain retirement and death benefits to Plan members and beneficiaries. Only the Authority may amend the benefit provisions of the Plan. GMEBS is an agent multiple-employer, statewide public employee pension plan established by the Georgia legislature and administered by a board of trustees. GMEBS issues a publicly available financial report that may be obtained by contacting the administrator, Georgia Municipal Association (GMA), The Burgess Building, 201 Pryor Street, SW, Atlanta, Georgia 30303.

All qualified employees are eligible to participate in the Plan with no waiting period. Officials are not covered by the Plan. Benefits vested at 100% after five years of service. Participants become eligible for early retirement with 10 years of service and attainment of age 55. Participants become eligible for normal retirement with 5 years of service and attainment of age 65. Participants also become eligible for normal retirement with combined service and age equal to at least 80, if still employed (the Rule of 80).

Current membership is as follows:

Retired participants and beneficiaries currently receiving benefits	55
Vested terminated participants entitled to but not yet receiving benefits	28
Active participants	<u>202</u>
Total number of participants	<u><u>285</u></u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Benefits Provided. Upon eligibility for retirement at normal retirement age, the following benefit formula applies: 2.0% x Years of Credited Service (30 maximum) x Final Average Earnings (Annual average of 5 consecutive years preceding the most recent termination in which participant's earnings were the highest). Upon eligibility for retirement at early retirement age, the benefit formula above is reduced ranging from 93.3% to 50.0%. The Plan also provides benefits in the event of death before retirement and early retirement subject to certain early retirement reduction factors.

Contributions. Authority employees are not required to contribute to the Plan. The Authority is required to contribute amounts at least equal to the actuarially determined rate established by the GMEBS board of trustees. The Plan is also subject to the minimum funding standards of the OCGA, which will be met by the amount developed under the GMEBS actuarial funding policy. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority's contributions totaled \$2,644,179, or 17.18% of covered payroll, for the current fiscal year. The Authority's board of directors provides for the benefits and funding policy through Authority resolution and maintains the authority to change the policy.

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the Authority reported a net pension liability of \$17,048,907. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. For the current fiscal year, the Authority recognized pension expense of \$3,680,929.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2021	\$ 43,489,699	\$ 34,303,942	\$ 9,185,757
Changes for the year:			
Service cost	629,908	0	629,908
Interest	3,196,377	0	3,196,377
Differences between expected and actual experience	660,035	0	660,035
Contributions - employer	0	2,442,235	(2,442,235)
Net investment income (loss)	0	(5,776,260)	5,776,260
Benefit payments, including refunds of employee contributions	(1,557,798)	(1,557,798)	0
Administrative expense	0	(42,805)	42,805
Net changes	<u>2,928,522</u>	<u>(4,934,628)</u>	<u>7,863,150</u>
Balances at September 30, 2022	\$ 46,418,221	\$ 29,369,314	\$ 17,048,907
Plan fiduciary net position as a percentage of the total pension liability		63.27%	
Covered payroll		\$ 13,070,458	
Net pension liability as a percentage of covered payroll		130.44%	

At the end of the current fiscal year, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Authority contributions subsequent to the measurement date	\$ 2,644,179	\$ 0
Differences between expected and actual experience	2,990,414	0
Changes of assumptions	1,989,492	0
Net difference between projected and actual earnings on pension plan investments	<u>3,882,410</u>	<u>0</u>
Totals	<u>\$ 11,506,495</u>	<u>\$ 0</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The \$2,644,179 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending August 31	
2024	\$ 2,340,169
2025	2,033,207
2026	2,147,904
2027	2,231,030
2028	110,006
Totals	<u>\$ 8,862,316</u>

Actuarial Assumptions. The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Future salary increases	2.25% plus service based merit increases
Cost of living adjustments	N/A
Net investment rate of return	7.375%

Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The methods and assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019 conducted in November and December 2019.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

13. Retirement Plans (continued)

Defined Benefit Pension Plan, continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.375%	\$ 22,824,087
Current discount rate	7.375%	17,048,907
1% increase	8.375%	12,187,008

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Deferred Compensation Plan

The Authority provides a governmental deferred compensation Section 457 plan (the 457 Plan) authorized by the Authority Board, which covers all employees. The 457 Plan is administered by the Variable Annuity Life Insurance Company. It does not allow for employer contributions. These defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Participants self-direct the investment of their contributions. Any expenses incurred in conjunction with their investments are paid by the participants. Amounts employees defer under the 457 Plan are immediately vested and subject to statutory limits. Employee deferrals totaled \$328,860 for the current fiscal year.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

14. Postemployment Benefits Other Than Pensions

Plan Description. The Cherokee County Water and Sewerage Authority Other Postemployment Benefits Plan (the OPEB Plan) is an agent multiple-employer defined benefit medical and prescription drug plan. The OPEB Plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent-multiple employer OPEB Plan administered by the Georgia Municipal Association (GMA). The benefit levels, employee contributions, and employer contributions are governed by the Authority and can be amended by the Authority. The Authority participates in the GMEBS OPEB Trust, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The GMEBS OPEB Trust issues separate financial statements that may be obtained by contacting the administrator, Georgia Municipal Association (GMA), The Burgess Building, 201 Pryor Street, SW, Atlanta, Georgia 30303.

At July 1, 2021, there were 222 participants consisting of the following:

Retired members or beneficiaries currently receiving benefits	23
Vested terminated members entitled to but not yet receiving benefits	0
Active members	199
Total number of participants	222

Benefits Provided. The Authority provides post-retirement health insurance benefits to all employees who retire after meeting age and tenure conditions and who do not have other coverage. Eligible retirees must meet the Rule of 80 (as described in the defined benefit pension plan note disclosure) regarding their combined age and years of service and have a minimum of 15 continuous years of service with the Authority. Employees must also meet other eligibility criteria as specified by the terms of the Plan. The retiree’s spouse and dependent(s) may also receive coverage under certain circumstances. Retirees will pay 20% of the cost of their own coverage and 60% of spouse and dependent coverage. For retirees who qualify, the benefits are coordinated with Medicare.

Current Authority retirees who qualify for health benefits receive an implicit rate subsidy by participating in the active employee health care risk pool.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

14. Postemployment Benefits Other Than Pensions (continued)

Contributions. The Authority has elected to advance fund the OPEB Plan. The Authority's contributions totaled \$177,785, or 1.16% of covered payroll, for the current fiscal year. The Authority's board of directors provides for the benefits and funding policy through Authority resolution and maintains the authority to change the policy. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS.

OPEB Liability (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. At the end of the current fiscal year, the Authority reported a net OPEB asset of \$4,215,308. The net OPEB asset was measured as of August 31, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation using data as of July 1, 2022. The results as of July 1, 2022 were based on the results for this plan in the actuarial valuation and review of postretirement welfare benefits as of July 1, 2021, adjusted forward using standard actuarial techniques and also adjusted for any changes in assumptions or benefit provisions. For the current fiscal year, the Authority recognized OPEB benefit of \$828,645.

The components of the net OPEB liability (asset) are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balances at August 31, 2021	\$ 9,470,874	\$16,131,281	\$ (6,660,407)
Changes for the year:			
Service cost	175,626	0	175,626
Interest	702,824	0	702,824
Differences between expected and actual experience	(24,931)	0	(24,931)
Changes of assumptions	23,120	0	23,120
Contributions-employer	0	390,888	(390,888)
Net investment income (loss)	0	(1,928,031)	1,928,031
Benefit payments, including refunds of member contributions	(237,595)	(237,595)	0
Administrative expense	0	(31,317)	31,317
Net changes	<u>639,044</u>	<u>(1,806,055)</u>	<u>2,445,099</u>
Balances at August 31, 2022	\$ 10,109,918	\$14,325,226	\$ (4,215,308)
Plan fiduciary net position as a percentage of the total OPEB liability		141.69%	
Covered payroll		\$ 12,060,089	
Plan net OPEB liability (asset) as a percentage of covered payroll		-34.95%	

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

14. Postemployment Benefits Other Than Pensions (continued)

At the end of the current fiscal year, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Authority contributions subsequent to the measurement date	\$ 177,785	\$ 0
Differences between expected and actual experience	490,806	(141,980)
Changes of assumptions	269,560	(4,285,542)
Net difference between projected and actual earnings on OPEB plan investments	967,560	0
Totals	<u>\$ 1,905,711</u>	<u>\$ (4,427,522)</u>

The \$177,785 of deferred outflows of resources resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ending August 31	
2024	\$ (461,518)
2025	(558,818)
2026	(411,517)
2027	42,878
2028	(662,663)
Thereafter	<u>(647,958)</u>
Totals	<u>\$ (2,699,596)</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

14. Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Projected salary increases	3.00% to 8.50%, including inflation
Actuarial cost method	Entry age level percent of pay
Discount rate	7.375%
Healthcare cost trend rates	Medical: -5.00% for the 2022 plan year, 7.00% for the 2023 plan year, then 6.50% trended down to 4.50% over 8 years
Healthy mortality rates	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25
Disabled mortality rates	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25
Amortization method	Closed 20 years, level dollar
Remaining amortization period	16 years
Asset valuation method	Market value

The actuarial assumptions used in the August 31, 2022 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 to June 30, 2019.

Development of Long-Term Rate. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges 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.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

14. Postemployment Benefits Other Than Pensions (continued)

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.80%
Global fixed income	5%	2.80%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total OPEB liability was 7.375%. The projection of cash flows used to determine the discount rate assume that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all projected benefit payments of current plan members.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (6.375%) or one percentage-point higher (8.375%) than the current rate. Also shown is the net OPEB liability as if it were calculated using healthcare cost trend rates that were one percentage-point lower or one percentage-point higher than the current healthcare trend rates:

<u>Discount Rate</u>		<u>Net OPEB Liability (Asset)</u>
1% decrease	6.375%	\$ (2,644,304)
Current discount rate	7.375%	(4,215,308)
1% increase	8.375%	(5,494,875)
<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability (Asset)</u>
1% decrease		\$ (5,681,682)
Current discount rate		(4,215,308)
1% increase		(2,382,931)

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

14. Postemployment Benefits Other Than Pensions (continued)

OPEB Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

15. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; workers compensation; employee health care; errors and omissions; and natural disasters. The Authority has elected to manage its risk financing activities through the purchase of commercial insurance.

There have been no significant reductions in coverage from the prior year and there have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At the end of the current fiscal year, the Authority has no losses that are probable or estimable and, accordingly, has not recognized any liability.

16. Commitments and Contingencies

Commitments

At the end of the current fiscal year, the Authority has outstanding agreements with contractors for future work on existing construction projects in the approximate amount of \$13,787,815.

Contingencies

The Authority's legal counsel has stated there are presently no determinable lawsuits.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2023

17. Operations

The Authority produced approximately 99.8% of its customers' water needs during the current fiscal year, purchasing most of the remaining amount from the City of Waleska, Georgia and Pickens County, Georgia. The Authority provided 94.0% of sewage treatment required during the current fiscal year, purchasing the remainder primarily from the City of Canton, Georgia, Cobb County Water System, and Fulton County, Georgia.

18. New Accounting Pronouncements

The Authority implemented GASB Statement No. 91, *Conduit Debt*, effective for the Authority's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2021. The implementation of this new standard had no impact on the Authority's net position.

The Authority implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the Authority's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the Authority's net position.

The Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the Authority's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the Authority's net position.

The Authority implemented GASB Statement No. 99, *Omnibus 2022*, effective for the Authority's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2022. The implementation of this new standard had no impact on the Authority's net position.

Required Supplementary Information



CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS
August 31, 2023
(Unaudited)

	Fiscal Year								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total pension liability									
Service cost	\$ 416,262	\$ 384,036	\$ 404,668	\$ 422,034	\$ 391,796	\$ 430,777	\$ 530,782	\$ 567,331	\$ 629,908
Interest	1,374,131	1,505,560	1,688,560	1,910,997	2,041,795	2,187,243	2,690,718	2,939,988	3,196,377
Differences between expected and actual experience	565,359	1,068,153	1,539,214	357,188	591,609	1,230,725	1,520,368	1,418,321	660,035
Changes of assumptions	0	0	0	448,898	0	0	0	0	0
Benefit payments, including refunds of employee contributions	(485,554)	(557,037)	(635,902)	(888,663)	(1,041,341)	(1,208,409)	(1,331,244)	(1,465,719)	(1,557,798)
Other	(138,589)	0	0	0	0	4,642,149	0	0	0
Net change in total pension liability	1,731,609	2,400,712	2,996,540	2,250,454	1,983,859	7,282,485	3,410,624	3,459,921	2,928,522
Total pension liability - beginning	17,973,495	19,705,104	22,105,816	25,102,356	27,352,810	29,336,669	36,619,154	40,029,778	43,489,699
Total pension liability - ending (a)	\$ 19,705,104	\$ 22,105,816	\$ 25,102,356	\$ 27,352,810	\$ 29,336,669	\$ 36,619,154	\$ 40,029,778	\$ 43,489,699	\$ 46,418,221
Plan fiduciary net position									
Contributions - employer	\$ 1,232,688	\$ 1,283,819	\$ 1,305,137	\$ 1,430,342	\$ 1,587,016	\$ 1,604,041	\$ 1,632,256	\$ 2,005,997	\$ 2,442,235
Net investment income (loss)	1,421,199	135,060	1,735,345	2,696,020	2,090,459	729,308	2,391,728	6,633,039	(5,776,260)
Benefit payments, including refunds of employee contributions	(485,554)	(557,037)	(635,902)	(888,663)	(1,041,341)	(1,208,409)	(1,331,244)	(1,465,719)	(1,557,798)
Administrative expense	(16,290)	(21,095)	(19,282)	(39,074)	(37,841)	(36,848)	(39,678)	(45,936)	(42,805)
Net change in plan fiduciary net position	2,152,043	840,747	2,385,298	3,198,625	2,598,293	1,088,092	2,653,062	7,127,381	(4,934,628)
Plan fiduciary net position - beginning	12,260,401	14,412,444	15,253,191	17,638,489	20,837,114	23,435,407	24,523,499	27,176,561	34,303,942
Plan fiduciary net position - ending (b)	\$ 14,412,444	\$ 15,253,191	\$ 17,638,489	\$ 20,837,114	\$ 23,435,407	\$ 24,523,499	\$ 27,176,561	\$ 34,303,942	\$ 29,369,314
Net pension liability - ending : (a) - (b)	\$ 5,292,660	\$ 6,852,625	\$ 7,463,867	\$ 6,515,696	\$ 5,901,262	\$ 12,095,655	\$ 12,853,217	\$ 9,185,757	\$ 17,048,907
Plan fiduciary net position as a percentage of the total pension liability	73.14%	69.00%	70.27%	76.18%	79.88%	66.97%	67.89%	78.88%	63.27%
Covered payroll	\$ 8,586,584	\$ 9,276,547	\$ 9,924,068	\$ 9,667,079	\$ 10,504,974	\$ 11,072,470	\$ 11,794,708	\$ 12,691,300	\$ 13,070,458
Net pension liability as a percentage of covered payroll	61.64%	73.87%	75.21%	67.40%	56.18%	109.24%	108.97%	72.38%	130.44%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior are not reported.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
August 31, 2023
(Unaudited)

	Fiscal Year								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 1,282,799	\$ 1,295,035	\$ 1,416,256	\$ 1,585,284	\$ 1,606,072	\$ 1,581,701	\$ 2,188,360	\$ 2,442,235	\$ 2,644,179
Contributions in relation to the actuarially determined contribution	(1,232,688)	(1,283,819)	(1,305,137)	(1,585,284)	(1,606,072)	(1,581,701)	(2,188,360)	(2,442,235)	(2,644,179)
Contribution deficiency (excess)	<u>\$ 50,111</u>	<u>\$ 11,216</u>	<u>\$ 111,119</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 9,310,777	\$ 9,583,210	\$ 10,073,060	\$ 10,976,683	\$ 11,344,107	\$ 11,965,679	\$ 12,393,339	\$ 13,615,094	\$ 15,389,936
Contributions as a percentage of covered payroll	13.24%	13.40%	12.96%	14.44%	14.16%	13.22%	17.66%	17.94%	17.18%

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior are not reported.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET)
AND RELATED RATIOS
LAST TEN FISCAL YEARS
August 31, 2023
(Unaudited)

	Fiscal Year					
	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 223,365	\$ 245,329	\$ 246,623	\$ 271,737	\$ 277,513	\$ 175,626
Interest	667,586	779,412	839,393	941,438	1,011,220	702,824
Change of benefit terms	913,976	0	0	0	0	0
Differences between expected and actual experience	(178,846)	(69,876)	180,597	(119,447)	534,006	(24,931)
Changes of assumptions	0	53,321	468,189	0	(5,714,056)	23,120
Benefit payments, including refunds of member contributions	(103,568)	(208,629)	(210,835)	(165,211)	(140,990)	(237,595)
Net change in total OPEB liability	1,522,513	799,557	1,523,967	928,517	(4,032,307)	639,044
Total OPEB liability - beginning	8,728,627	10,251,140	11,050,697	12,574,664	13,503,181	9,470,874
Total OPEB liability - ending (a)	\$ 10,251,140	\$ 11,050,697	\$ 12,574,664	\$ 13,503,181	\$ 9,470,874	\$ 10,109,918
Plan fiduciary net position						
Contributions - employer	\$ 877,568	\$ 1,105,037	\$ 582,334	\$ 450,347	\$ 447,821	\$ 390,888
Net investment income (loss)	937,625	1,074,058	173,027	1,534,799	3,215,148	(1,928,031)
Benefit payments, including refunds of member contributions	(103,568)	(208,629)	(210,835)	(165,211)	(140,990)	(237,595)
Administrative expense	(14,771)	(9,244)	(26,096)	(1,197)	(52,143)	(31,317)
Net change in plan fiduciary net position	1,696,854	1,961,222	518,430	1,818,738	3,469,836	(1,806,055)
Plan fiduciary net position - beginning	6,666,201	8,363,055	10,324,277	10,842,707	12,661,445	16,131,281
Plan fiduciary net position - ending (b)	\$ 8,363,055	\$ 10,324,277	\$ 10,842,707	\$ 12,661,445	\$ 16,131,281	\$ 14,325,226
Net OPEB liability (asset) - ending : (a) - (b)	\$ 1,888,085	\$ 726,420	\$ 1,731,957	\$ 841,736	\$ (6,660,407)	\$ (4,215,308)
Plan fiduciary net position as a percentage of the total OPEB liability	81.58%	93.43%	86.23%	93.77%	170.33%	141.69%
Covered payroll	\$ 10,073,060	\$ 10,976,683	\$ 11,344,107	\$ 11,684,430	\$ 11,794,708	\$ 12,060,089
Net OPEB liability (asset) as a percentage of covered payroll	18.74%	6.62%	15.27%	7.20%	-56.47%	-34.95%

Note: Fiscal year 2018 was the first year of implementation. Therefore, fiscal years prior are not reported.

See accompanying notes to the required supplementary information.

SCHEDULE OF OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS
August 31, 2023
(Unaudited)

	Fiscal Year					
	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 977,900	\$ 450,347	\$ 447,821	\$ 390,888	\$ 177,785	\$ 182,195
Contributions in relation to the actuarially determined contribution	(1,105,037)	(582,334)	(450,347)	(447,821)	(390,888)	(177,785)
Contribution deficiency (excess)	<u>\$ (127,137)</u>	<u>\$ (131,987)</u>	<u>\$ (2,526)</u>	<u>\$ (56,933)</u>	<u>\$ (213,103)</u>	<u>\$ 4,410</u>
Covered payroll	\$ 10,976,683	\$ 11,344,107	\$ 11,965,679	\$ 12,393,339	\$ 13,615,094	\$ 15,389,936
Contributions as a percentage of covered payroll	10.07%	5.13%	3.76%	3.61%	2.87%	1.16%

Note: Fiscal year 2018 was the first year of implementation. Therefore, fiscal years prior are not reported.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2023

Pension Plan

1. Valuation Date

The actuarially determined contribution was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending August 31, 2024.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.375%

Future salary increases = 2.25% plus service based merit increases

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2023

Pension Plan (continued)

3. Changes in Benefits

Amounts reported for fiscal years ending in 2022 and later reflect that effective November 1, 2020, benefits will not be actuarially increased for late retirement for participants hired or rehired on or after November 1, 2020. This change had an immaterial impact on last year's valuation results.

4. Changes of Assumptions

There were no changes in assumptions in the last two fiscal years.

OPEB Plan

1. Valuation Date

The results as of July 1, 2022 were based on the results for this plan in the actuarial valuation and review of postretirement welfare benefits as of July 1, 2021, adjusted forward using standard actuarial techniques and also adjusted for any changes in assumptions or benefit provisions.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Entry age level percent of pay

Amortization method = Closed 20 years, level dollar

Remaining amortization period = 16 years

Asset valuation method = Market value

Projected salary increases = 3.00% to 8.50%, including inflation

Inflation = 2.25%

Discount rate = 7.375%.

Healthcare cost trend rates = Medical: -5.00% for the 2022 plan year, 7.00% for the 2023 plan year, then 6.50% trended down to 4.50% over 8 years

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2023

OPEB Plan (continued)

2. Methods and Assumptions Used to Determine Contribution Rates (continued)

Mortality = Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

3. Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

4. Changes of Assumptions

The future trend associated with starting healthcare costs was updated to reflect recent experience.

Supplementary Information



CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF COSTS OF WATER PURCHASES AND PRODUCTION
For the fiscal year ended August 31, 2023

Purchased water	<u>\$ 43,785</u>
Water production	
Salaries and wages	1,463,645
Payroll taxes	105,779
Group insurance	318,366
Retirement	265,364
Other postemployment benefits	(60,542)
Billing and accounting	18,910
Computer equipment and maintenance	14,151
Continuing education	33,834
Insurance - other than group	46,994
Lab fees and supplies	72,194
Miscellaneous	1,550
Office supplies	872
Operating supplies	426,205
Postage	366
Power	1,464,287
Professional fees	3,562
Repair and maintenance	488,828
Small tools and equipment	4,358
Stream monitoring	31,574
Telephone	38,730
Uniforms	7,379
Vehicle	<u>20,639</u>
Total water production	<u>4,767,045</u>
Total water purchases and production before depreciation	4,810,830
Depreciation and amortization	<u>1,729,126</u>
Total water purchases and production cost	<u><u>\$ 6,539,956</u></u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF COSTS OF WASTEWATER TREATMENT
For the fiscal year ended August 31, 2023

Purchased wastewater treatment	<u>\$ 919,176</u>
Wastewater treatment	
Salaries and wages	4,239,731
Payroll taxes	306,081
Group insurance	967,992
Retirement	1,028,288
Other postemployment benefits	(234,594)
Billing and accounting	18,910
Computer equipment and maintenance	3,158
Continuing education	63,354
Insurance - other than group	181,997
Lab fees and supplies	97,732
Miscellaneous	4,531
Office supplies	7,016
Operating supplies	1,342,379
Postage	423
Power	1,987,823
Professional fees	13,802
Regulatory actions	5,063
Repair and maintenance	3,376,036
Small tools and equipment	8,663
Telephone	74,966
Uniforms	28,756
Vehicle	<u>89,610</u>
Total wastewater treatment	<u>13,611,717</u>
Total purchased treatment and wastewater treatment before depreciation	14,530,893
Depreciation and amortization	<u>3,646,719</u>
Total wastewater treatment cost	<u><u>\$ 18,177,612</u></u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF DISTRIBUTION AND ADMINISTRATION EXPENSES
For the fiscal year ended August 31, 2023

Salaries and wages	\$ 10,561,906
Payroll taxes	764,534
Group insurance	2,443,349
Retirement	2,338,525
Other postemployment benefits	(533,509)
Bad debts	35,983
Billing and accounting	449,570
Computer equipment and maintenance	31,090
Continuing education	113,257
Contract meter readers	840,363
Director fees and expenses	57,813
Equipment repairs and maintenance	1,234,317
Insurance - other than group	433,288
Lab fees and supplies	27,214
Legal and audit	130,690
Line and meter repairs	647,133
Miscellaneous	28,695
Office supplies	28,734
Operating supplies	89,161
Postage	9,214
Power	273,148
Professional fees	222,905
Public outreach	15,890
Real estate taxes	16,698
Service charges	679,692
Small tools and equipment	76,589
Stream monitoring	3,570
Telephone	171,638
Uniforms	51,327
Vehicle	457,267
	<hr/>
Subtotal	21,700,051
	<hr/>
Less capitalized salaries	(1,027,267)
	<hr/>
Total distribution and administration expenses before depreciation	20,672,784
	<hr/>
Depreciation and amortization	9,408,801
	<hr/>
Total distribution and administration expenses	<u><u>\$ 30,081,585</u></u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF BUDGETED REVENUES AND EXPENSES
COMPARED WITH ACTUAL
For the fiscal year ended August 31, 2023

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Operating revenues			
Metered water sales	\$ 34,000,000	\$ 35,845,056	\$ 1,845,056
Wastewater treatment sales	20,900,000	22,038,845	1,138,845
Street light fees	1,575,000	1,585,065	10,065
Water connection fees	503,800	1,189,755	685,955
Transfer fees	197,000	177,800	(19,200)
Forfeited discounts and penalties	721,000	702,681	(18,319)
Customer repairs and service charges	235,000	309,481	74,481
Total operating revenues	<u>58,131,800</u>	<u>61,848,683</u>	<u>3,716,883</u>
Non-operating revenues			
Interest revenue			
Sinking funds	38,000	104,577	66,577
Construction funds	615,000	725,205	110,205
Revenue funds	665,000	1,318,660	653,660
Change in fair value of derivative	0	13,438	13,438
Amortization of bond premiums, net	1,616,800	1,616,738	(62)
Miscellaneous	275,000	482,672	207,672
Total non-operating revenues	<u>3,209,800</u>	<u>4,261,290</u>	<u>1,051,490</u>
TOTAL REVENUES	<u>61,341,600</u>	<u>66,109,973</u>	<u>4,768,373</u>
EXPENSES			
Operating expenses			
Water purchases and production			
Purchased water	36,000	43,785	(7,785)
Water production			
Salaries and wages	1,579,300	1,463,645	115,655
Payroll taxes	120,815	105,779	15,036
Group insurance	301,000	318,366	(17,366)
Retirement	189,620	265,364	(75,744)
Other postemployment benefits	12,989	(60,542)	73,531
Billing and accounting	22,000	18,910	3,090
Computer equipment and maintenance	28,000	14,151	13,849
Continuing education	43,500	33,834	9,666
Insurance - other than group	47,548	46,994	554
Lab fees and supplies	75,000	72,194	2,806
Miscellaneous	4,000	1,550	2,450
Office supplies	3,500	872	2,628
Operating supplies	425,000	426,205	(1,205)
Postage	2,000	366	1,634
Power	1,450,000	1,464,287	(14,287)
Professional fees	10,000	3,562	6,438
Repair and maintenance	499,500	488,828	10,672
Small tools and equipment	4,600	4,358	242
Stream monitoring	70,000	31,574	38,426
Telephone	47,500	38,730	8,770
Uniforms	7,000	7,379	(379)
Vehicle	23,000	20,639	2,361
Operating expenses before depreciation	<u>5,001,872</u>	<u>4,810,830</u>	<u>191,042</u>
Depreciation and amortization	<u>1,662,100</u>	<u>1,729,126</u>	<u>(67,026)</u>
Total water purchases and production	<u>6,663,972</u>	<u>6,539,956</u>	<u>124,016</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF BUDGETED REVENUES AND EXPENSES
COMPARED WITH ACTUAL
For the fiscal year ended August 31, 2023

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Wastewater treatment			
Purchased wastewater treatment	\$ 879,000	\$ 919,176	\$ (40,176)
Wastewater treatment			
Salaries and wages	4,424,300	4,239,731	184,569
Payroll taxes	338,460	306,081	32,379
Group insurance	987,000	967,992	19,008
Retirement	734,778	1,028,288	(293,510)
Other postemployment benefits	50,332	(234,594)	284,926
Billing and accounting	22,000	18,910	3,090
Computer equipment and maintenance	17,000	3,158	13,842
Continuing education	60,500	63,354	(2,854)
Insurance - other than group	184,250	181,997	2,253
Lab fees and supplies	97,000	97,732	(732)
Miscellaneous	10,000	4,531	5,469
Office supplies	14,500	7,016	7,484
Operating supplies	1,264,000	1,342,379	(78,379)
Postage	2,500	423	2,077
Power	1,945,000	1,987,823	(42,823)
Professional fees	25,000	13,802	11,198
Regulatory actions	20,000	5,063	14,937
Repair and maintenance	4,275,000	3,376,036	898,964
Small tools and equipment	12,500	8,663	3,837
Telephone	67,000	74,966	(7,966)
Uniforms	27,000	28,756	(1,756)
Vehicle	130,000	89,610	40,390
Operating expenses before depreciation	15,587,120	14,530,893	1,056,227
Depreciation and amortization	3,651,800	3,646,719	5,081
Total wastewater treatment	<u>19,238,920</u>	<u>18,177,612</u>	<u>1,061,308</u>
Distribution and administration			
Salaries and wages	10,742,700	10,561,906	180,794
Payroll taxes	821,816	764,534	57,282
Group insurance	2,447,000	2,443,349	3,651
Retirement	1,671,029	2,338,525	(667,496)
Other postemployment benefits	114,464	(533,509)	647,973
Bad debts	100,000	35,983	64,017
Billing and accounting	440,000	449,570	(9,570)
Computer equipment and maintenance	56,000	31,090	24,910
Continuing education	195,000	113,257	81,743
Contract meter readers	849,000	840,363	8,637
Director fees and expenses	60,000	57,813	2,187
Equipment repairs and maintenance	1,185,000	1,234,317	(49,317)
Insurance - other than group	419,025	433,288	(14,263)
Lab fees and supplies	30,000	27,214	2,786
Legal and audit	95,000	130,690	(35,690)
Line and meter repairs	640,000	647,133	(7,133)
Miscellaneous	35,000	28,695	6,305
Office supplies	43,000	28,734	14,266
Operating supplies	103,000	89,161	13,839
Postage	14,000	9,214	4,786
Power	242,000	273,148	(31,148)
Professional fees	544,000	222,905	321,095
Public outreach	14,500	15,890	(1,390)

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF BUDGETED REVENUES AND EXPENSES
COMPARED WITH ACTUAL
For the fiscal year ended August 31, 2023

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Distribution and administration (continued)			
Real estate taxes	\$ 24,000	\$ 16,698	\$ 7,302
Service charges	630,000	679,692	(49,692)
Small tools and equipment	97,000	76,589	20,411
Stream monitoring	10,000	3,570	6,430
Telephone	185,000	171,638	13,362
Toilet rebates	10,000	0	10,000
Uniforms	52,000	51,327	673
Vehicle	585,000	457,267	127,733
Less capitalized salaries	(791,656)	(1,027,267)	235,611
Operating expenses before depreciation	<u>21,662,878</u>	<u>20,672,784</u>	<u>990,094</u>
Depreciation and amortization	<u>9,336,000</u>	<u>9,408,801</u>	<u>(72,801)</u>
Total distribution and administration	<u>30,998,878</u>	<u>30,081,585</u>	<u>917,293</u>
Streetlights	<u>1,240,000</u>	<u>1,228,888</u>	<u>11,112</u>
Total operating expenses	<u>58,141,770</u>	<u>56,028,041</u>	<u>2,113,729</u>
Non-operating expenses			
Interest expense	5,217,500	5,217,452	48
Amortization of deferred amount on refunding	396,800	424,075	(27,275)
Bond issue costs	1,131,100	1,131,099	1
Loss on disposition of capital assets	0	168,381	168,381
Total non-operating expenses	<u>6,745,400</u>	<u>6,941,007</u>	<u>141,155</u>
TOTAL EXPENSES	<u>64,887,170</u>	<u>62,969,048</u>	<u>2,254,884</u>
CAPITAL CONTRIBUTIONS			
Sewer tap fees	5,800,000	9,125,601	3,325,601
Water connection fees	2,015,200	2,805,795	790,595
Contributions of capital assets	0	12,156,035	12,156,035
TOTAL CAPITAL CONTRIBUTIONS	<u>7,815,200</u>	<u>24,087,431</u>	<u>16,272,231</u>
CHANGE IN NET POSITION	<u>\$ 4,269,630</u>	<u>\$ 27,228,356</u>	<u>\$ 23,295,488</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF METERED WATER SALES, WASTEWATER TREATMENT SALES
AND NUMBER OF CUSTOMERS SERVED
For the fiscal years ended August 31,

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Metered water sales	<u>\$ 30,109,349</u>	<u>\$ 31,864,224</u>	<u>\$ 31,332,611</u>	<u>\$ 33,190,067</u>	<u>\$ 35,845,056</u>
Number of customers served	<u>75,273</u>	<u>77,916</u>	<u>79,809</u>	<u>81,365</u>	<u>83,959</u>
Sales per customer	<u>\$ 400.00</u>	<u>\$ 408.96</u>	<u>\$ 392.59</u>	<u>\$ 407.92</u>	<u>\$ 426.94</u>
Wastewater treatment sales	<u>\$ 18,318,463</u>	<u>\$ 19,420,526</u>	<u>\$ 19,475,876</u>	<u>\$ 20,293,850</u>	<u>\$ 22,038,845</u>
Number of customers served	<u>35,888</u>	<u>37,118</u>	<u>38,424</u>	<u>39,765</u>	<u>41,121</u>
Sales per customer	<u>\$ 510.43</u>	<u>\$ 523.21</u>	<u>\$ 506.87</u>	<u>\$ 510.34</u>	<u>\$ 535.95</u>

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF REVENUE BOND COVERAGE
For the fiscal years ended August 31,
(IN THOUSANDS)

	2019		2020		2021		2022		2023	
	<u>With Tap Fees</u>	<u>Without Tap Fees</u>	<u>With Tap Fees</u>	<u>Without Tap Fees</u>	<u>With Tap Fees</u>	<u>Without Tap Fees</u>	<u>With Tap Fees</u>	<u>Without Tap Fees</u>	<u>With Tap Fees</u>	<u>Without Tap Fees</u>
Net revenue available for debt service	\$ 31,579	\$ 22,690	\$ 31,341	\$ 21,229	\$ 29,910	\$ 18,543	\$ 35,200	\$ 20,837	\$ 34,443	\$ 21,321
Highest annual debt service requirements	\$ 13,997	\$ 13,997	\$ 14,000	\$ 14,000	\$ 13,181	\$ 13,181	\$ 12,973	\$ 12,973	\$ 13,447	\$ 13,447
Revenue Bond Coverage:										
Actual	<u>2.26</u>	<u>1.62</u>	<u>2.24</u>	<u>1.52</u>	<u>2.27</u>	<u>1.41</u>	<u>2.71</u>	<u>1.61</u>	<u>2.56</u>	<u>1.59</u>
Required	<u>1.20</u>	<u>1.00</u>	<u>1.20</u>	<u>1.00</u>	<u>1.20</u>	<u>1.00</u>	<u>1.20</u>	<u>1.00</u>	<u>1.20</u>	<u>1.00</u>

Note: Net revenue available for debt service equals income from operations plus depreciation and amortization and other income less interest earned on construction funds and the value of contributed capital. Required revenue bond coverage is measured both including and excluding water connection and sewer tap fees.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF WATER, SEWER AND IRRIGATION RATES
As of August 31, 2023

<u>CONSUMPTION (GALLONS)</u>	<u>WATER NET</u>	<u>SEWER NET</u>	<u>IRRIGATION NET</u>
0	\$ 12.00	\$ 14.60	\$ 15.00
1,000	13.15	14.60	20.65
2,000	14.30	14.60	26.30
3,000	19.95	22.10	31.95
4,000	25.60	29.60	37.60
5,000	31.25	37.10	43.25
6,000	36.90	44.60	48.90
7,000	42.55	52.10	54.55
8,000	48.20	59.60	60.20
9,000	53.85	67.10	65.85
10,000	59.50	74.60	71.50
Over 10,000	Additional \$6.85 per 1,000	Additional \$7.50 per 1,000	Additional \$6.85 per 1,000

Note: There is a 10% penalty added when paid after due date. These rates apply only to 3/4" meters serving a single family dwelling. A larger minimum bill will apply to larger meters. Rates effective April 1, 2023.

CHEROKEE COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF INSURANCE IN FORCE
As of August 31, 2023

TYPE OF COVERAGE	LIMITS OF LIABILITY
Public Officials E&O	\$1,000,000 Errors & Omissions - Each Wrongful Act \$3,000,000 Errors & Omissions - Aggregate
Employment Practices Legal Liability	\$1,000,000 Employment Practices - Each Offense \$3,000,000 Employment Practices - Aggregate Defense Inside Limit
Commercial Automobile	\$1,000,000 Liability Per Accident \$75,000 Uninsured/Underinsured Per Accident \$500,000 Bodily Injury Each Person \$700,000 Bodily Injury Statutory Cap Total Limit \$50,000 Property Damage Statutory Cap Total Limit
Crime	\$500,000 Employee Theft \$500,000 Forgery & Alteration \$500,000 On Premises \$500,000 In Transit \$500,000 Money Orders/Conterfeit Money \$500,000 Computer Fraud
Cyber Risk	\$1,000,000 Each Enterprise Security Event \$1,000,000 Privacy Breach Regulation \$500,000 Cyber Crime \$1,000,000 Policy Limit - Aggregate
Active Shooter	\$1,000,000 Act of Workplace Violence - Aggregate \$1,000,000 Expenses per Insured Event \$1,000,000 3rd Party Legal Liability per Insured Event
Fiduciary	\$1,000,000 Aggregate Limit of Liability
Commercial Property: Fire and Extended Coverage including boiler and machinery	\$325,949,378 Real Property - Buildings \$2,360,000 Business Personal Property \$5,318,232 Electronic Data Processing Equipment \$1,000,000 Business Income/Extra Expense
Inland Marine	\$2,385,954 Contractors Scheduled Equipment \$1,810,499 Misc. Scheduled Equipment
Workers Compensation	\$1,000,000 Bodily Injury - Each Accident \$1,000,000 Bodily Injury by Disease - Each Employee \$1,000,000 Bodily Injury by Disease - Limit
Commercial Umbrella	\$10,000,000 Each Occurrence \$10,000,000 Aggregate Limit
Commercial General Liability	\$3,000,000 for General Aggregate \$3,000,000 for Products and Completed Operations Aggregate \$1,000,000 for Personal and Advertising Injury \$1,000,000 for Damage to Premises Rented To You \$1,000,000 for Employee Benefits Liability - Each Claim \$3,000,000 for Employee Benefits Liability - Aggregate \$1,000,000 for Failure to Supply - Each Occurrence Defense Outside The Limit

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Part III

Statistical Section



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Cherokee County Water & Sewerage Authority

Introduction to the Statistical Section
(UNAUDITED)

The contents of the statistical section of the annual comprehensive financial report presents information regarding financial trends, revenue capacity, debt service and debt capacity, demographic and economic information and operating information.

Financial Trends..... 68-73

These schedules should help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity..... 74-80

These schedules contain information in order for the reader to assess the Authority's most significant revenue sources.

Debt Capacity..... 81-83

These schedules contain information in order for the reader to assess the affordability of the Authority's current levels of outstanding debt and the ability for the Authority to issue additional debt in the future.

Demographic and Economic Information..... 84-85

These schedules offer demographic and economic indicators to help thte reader understand the environment within which the Authority's financial activities take place.

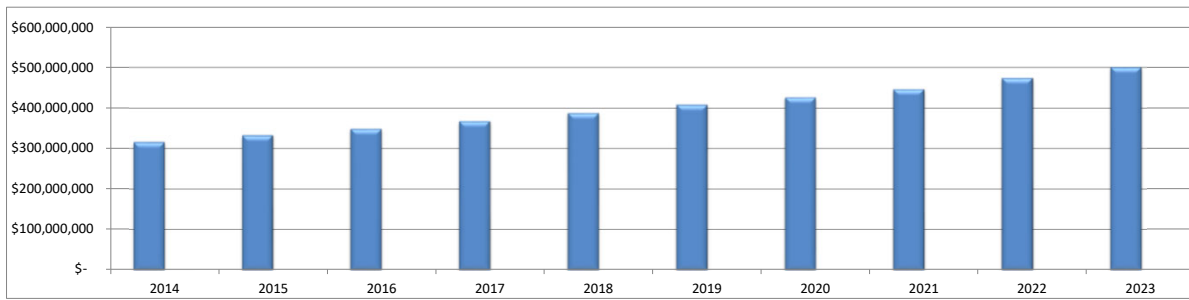
Operating Information..... 86-88

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Cherokee County Water & Sewerage Authority

Net Position by Component
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net investment in capital assets	\$ 281,151,583	\$ 291,424,715	\$ 301,934,404	\$ 322,548,060	\$ 344,442,124	\$ 353,878,057	\$ 362,691,050	\$ 376,577,752	\$ 419,232,215	\$ 446,858,239
Restricted for:										
OPEB	0	0	0	0	0	0	0	0	6,660,407	4,215,308
Debt Service	4,931,244	4,949,250	1,925,221	1,944,936	1,990,865	2,056,144	2,359,556	2,379,361	2,426,821	844,772
Capital Projects	0	0	0	0	0	0	0	0	0	0
Unrestricted	29,486,065	36,238,725	44,623,874	42,725,573	40,878,271	52,023,688	60,844,351	66,730,486	44,867,239	48,496,719
Total Net Position	\$ 315,568,892	\$ 332,612,690	\$ 348,483,499	\$ 367,218,569	\$ 387,311,260	\$ 407,957,889	\$ 425,894,957	\$ 445,687,599	\$ 473,186,682	\$ 500,415,038

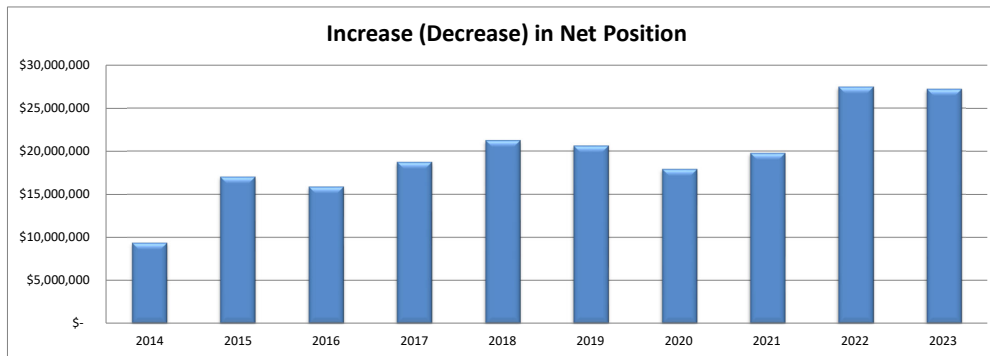


Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Changes in Net Position
Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues	\$ 41,382,200	\$ 44,442,890	\$ 47,196,424	\$ 47,948,092	\$ 47,906,897	\$ 51,727,171	\$ 54,368,446	\$ 54,367,934	\$ 57,302,851	\$ 61,848,683
Operating Expenses	35,600,188	36,947,246	38,320,683	40,017,439	42,718,664	42,175,041	47,196,084	49,377,035	50,174,307	56,028,041
Income from Operations	5,782,012	7,495,644	8,875,741	7,930,653	5,188,233	9,552,130	7,172,362	4,990,899	7,128,544	5,820,642
Non-Operating Revenues (Expenses)	(6,925,380)	(6,854,441)	(6,369,781)	(5,751,538)	(4,912,332)	(3,560,247)	(3,736,261)	(3,628,771)	(2,926,299)	(2,679,717)
Gain (Loss) Before Capital Contributions	(1,143,368)	641,203	2,505,960	2,179,115	275,901	5,991,883	3,436,101	1,362,128	4,202,245	3,140,925
Capital Contributions	10,515,135	16,402,595	13,364,849	16,555,955	21,001,692	14,654,746	14,500,967	18,430,514	23,296,838	24,087,431
Increase (decrease) in Net Position	<u>\$ 9,371,767</u>	<u>\$ 17,043,798</u>	<u>\$ 15,870,809</u>	<u>\$ 18,735,070</u>	<u>\$ 21,277,593</u>	<u>\$ 20,646,629</u>	<u>\$ 17,937,068</u>	<u>\$ 19,792,642</u>	<u>\$ 27,499,083</u>	<u>\$ 27,228,356</u>



Note:
See Operating Revenues statistical schedule for a detailed breakdown by revenue source.
See the Non-Operating Revenue (Expenses) statistical schedule for a breakdown by non-operating revenue(expense) items.

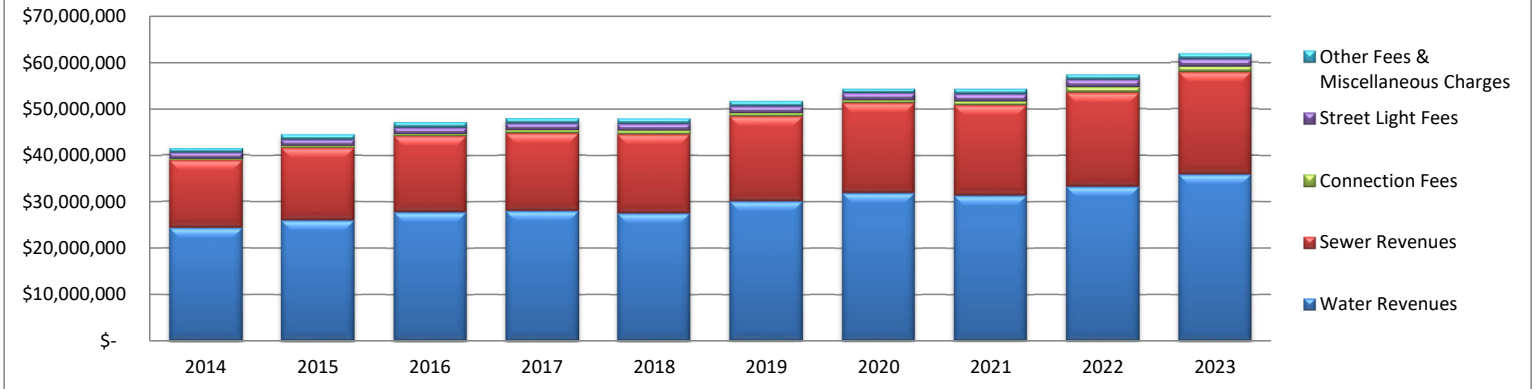
Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Operating Revenues by Source Last Ten Fiscal Years

Fiscal Year	Water Revenues	Sewer Revenues	Connection Fees	Street Light Fees	Other Fees & Miscellaneous Charges	Total
2014	\$ 24,286,454	\$ 14,538,327	\$ 291,639	\$ 1,322,783	\$ 942,997	\$ 41,382,200
2015	25,980,155	15,607,818	373,344	1,342,068	1,139,505	44,442,890
2016	27,730,410	16,435,678	467,202	1,364,046	1,199,088	47,196,424
2017	27,941,584	16,717,722	718,183	1,405,888	1,164,715	47,948,092
2018	27,494,824	17,007,346	802,464	1,447,043	1,155,220	47,906,897
2019	30,109,349	18,318,463	659,955	1,474,998	1,164,406	51,727,171
2020	31,864,224	19,420,526	663,019	1,520,113	900,564	54,368,446
2021	31,332,611	19,475,876	878,491	1,535,771	1,145,185	54,367,934
2022	33,190,067	20,293,850	1,162,979	1,548,419	1,107,536	57,302,851
2023	35,845,056	22,038,845	1,189,755	1,585,065	1,189,962	61,848,683

Operating Revenues by Source

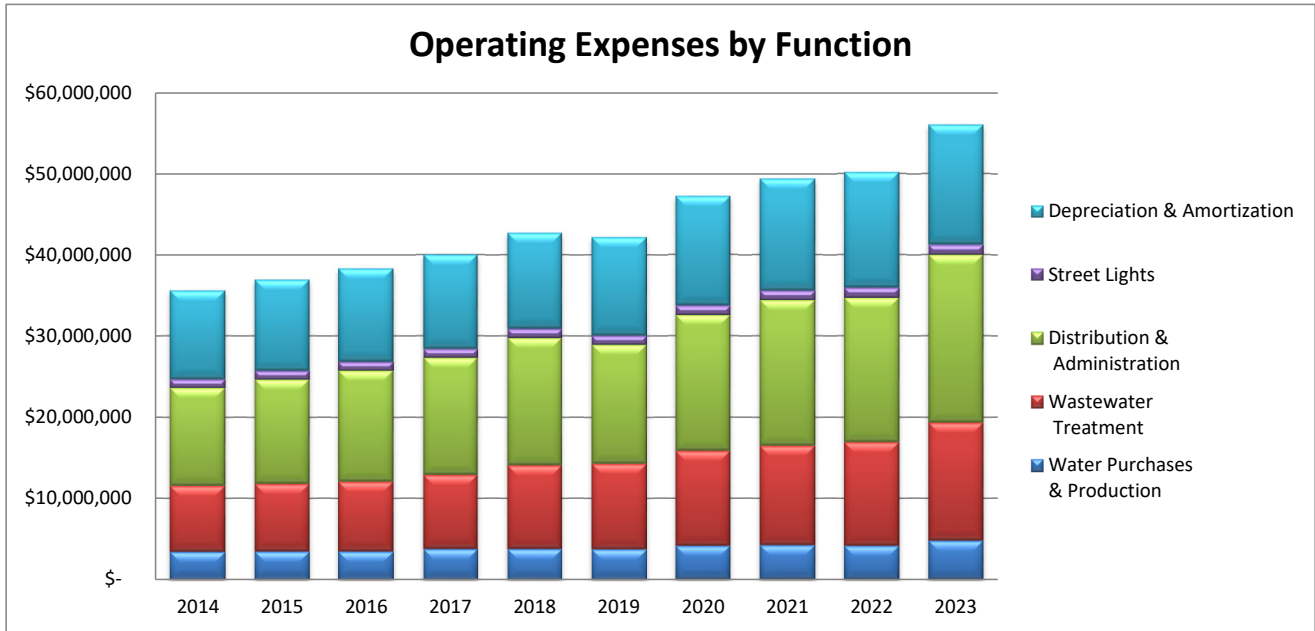


Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Operating Expenses by Function
Last Ten Fiscal Years

Fiscal Year	Water Purchases & Production	Wastewater Treatment	Distribution & Administration	Street Lights	Depreciation & Amortization	Total Operating Expenses
2014	\$ 3,415,804	\$ 8,123,714	\$ 12,101,019	\$ 1,036,563	\$ 10,923,088	\$ 35,600,188
2015	3,446,719	8,327,094	12,902,290	1,051,386	11,219,757	36,947,246
2016	3,472,663	8,594,347	13,710,183	1,063,994	11,479,496	38,320,683
2017	3,760,355	9,147,271	14,428,635	1,065,086	11,616,092	40,017,439
2018	3,782,823	10,294,946	15,721,580	1,089,476	11,829,839	42,718,664
2019	3,731,239	10,539,795	14,705,598	1,102,667	12,095,742	42,175,041
2020	4,186,772	11,672,661	16,746,825	1,141,839	13,447,987	47,196,084
2021	4,251,723	12,253,557	17,931,045	1,162,789	13,777,921	49,377,035
2022	4,187,816	12,733,034	17,805,964	1,216,385	14,231,108	50,174,307
2023	4,810,830	14,530,893	20,672,784	1,228,888	14,784,646	56,028,041



Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Non-Operating Revenues (Expenses)
Last Ten Fiscal Years

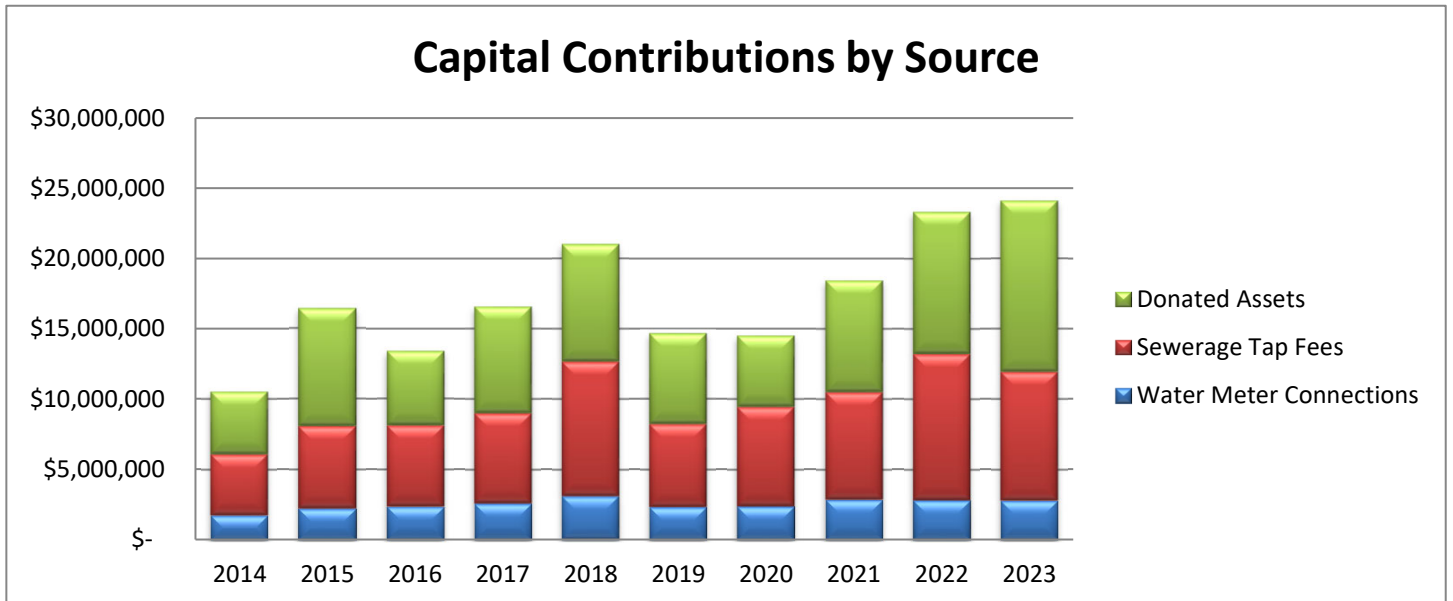
Fiscal Year	Interest Income	Change in Fair Value of Derivatives	Gain (Loss) on Disposal of Assets	Miscellaneous	Interest Expense & Other Fiscal Charges	Other	Total
2014	\$ 228,744	\$ 191,330	\$ 17,999	\$ 143,381	\$ (7,845,282)	\$ 338,448	\$ (6,925,380)
2015	146,925	178,641	(56,913)	133,766	(7,552,660)	295,800	(6,854,441)
2016	222,502	384,942	(83,118)	202,175	(7,521,999)	425,717	(6,369,781)
2017	411,959	43,590	(240,913)	192,624	(6,778,504)	619,706	(5,751,538)
2018	744,162	(181,957)	(22,940)	415,861	(6,429,880)	562,422	(4,912,332)
2019	1,151,051	205,017	81,366	551,069	(6,063,727)	514,977	(3,560,247)
2020	1,044,591	191,140	(98,391)	644,385	(5,513,158)	(4,828)	(3,736,261)
2021	155,588	(52,946)	31,601	497,050	(4,965,147)	705,083	(3,628,771)
2022	291,475	(245,183)	60,320	348,670	(4,538,860)	1,157,279	(2,926,299)
2023	2,148,442	13,438	(168,381)	482,672	(5,217,452)	61,564	(2,679,717)

Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Capital Contributions by Source Last Ten Fiscal Years

Fiscal Year	Water Meter Connections	Sewerage Tap Fees	Donated Assets	Total Capital Contributions
2014	\$ 1,743,611	\$ 4,328,898	\$ 4,442,626	\$ 10,515,135
2015	2,224,156	5,847,315	8,331,124	16,402,595
2016	2,367,398	5,734,547	5,262,904	13,364,849
2017	2,589,017	6,403,784	7,563,154	16,555,955
2018	3,122,686	9,531,338	8,347,668	21,001,692
2019	2,341,316	5,888,075	6,425,355	14,654,746
2020	2,375,381	7,073,801	5,051,785	14,500,967
2021	2,873,659	7,614,960	7,941,895	18,430,514
2022	2,811,321	10,388,603	10,096,914	23,296,838
2023	2,805,795	9,125,601	12,156,035	24,087,431



Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Water Capacity Compared with Annual Average Daily Flow and Maximum Flow
 Last Ten Fiscal Years
 (All Numbers Presented in Million Gallons Per Day)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Maximum Rated Capacity for the Plant										
<u>Treatment Plant</u>										
Etowah River Water Treatment Plant	38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00
Average Daily Flow	14.61	14.91	16.14	16.22	16.26	16.58	17.65	17.59	18.60	19.86
Maximum Daily Flow	20.74	22.40	27.17	22.45	22.84	25.43	24.86	27.26	29.96	26.76

Source: Cherokee County Water & Sewerage Authority Historical Data Records

Cherokee County Water & Sewerage Authority

Sewerage Treatment Capacity Compared with Annual Monthly Average Flow and Peak Day Flows
Last Ten Fiscal Years
(All Numbers Presented in Million Gallons Per Day)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Permit Limit on Flows										
<u>Treatment Plants</u>										
Rose Creek	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Fitzgerald Creek	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Riverbend ⁽¹⁾			1.0 ⁽¹⁾	1.0 ⁽¹⁾	1.0 ⁽¹⁾	1.0 ⁽¹⁾	1.0 ⁽¹⁾	1.0 ⁽¹⁾	1.0 ⁽¹⁾	1.0 ⁽¹⁾
Total	11.0	11.0	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0
<u>Rose Creek GA0046451</u>										
Monthly Average	2.47	2.39	2.31	2.10	2.52	2.88	2.84	2.71	2.76	2.67
Peak Day Flow	3.72	4.97	4.51	4.04	4.23	6.35	5.83	4.19	4.18	5.28
<u>Fitzgerald Creek GA0038555</u>										
Monthly Average	3.70	3.70	4.05	4.26	4.32	4.50	4.67	5.03	4.89	5.22
Peak Day Flow	5.88	5.13	6.32	5.62	5.97	8.91	9.81	7.50	8.40	8.20
<u>Riverbend GA0000728⁽¹⁾</u>										
Monthly Average	0.00	0.00	0.02	0.00	0.00	0.30	0.29	0.27	0.29	0.29
Peak Day Flow	0.00	0.00	0.21	0.00	0.00	1.07	1.23	0.57	0.73	0.85

Source: Cherokee County Water & Sewerage Authority Historical Data Records

(1) The Authority assumed the Industrial Permit for Riverbend in 2013 after the facility was purchased from a rendering plant. There were no process flows other than rain water infiltration. The domestic permit has an initial permitted treatment capacity of 1.0 MGD. September 2018 to current is under permit number GA0050242.

Cherokee County Water & Sewerage Authority
New Connections Added to the System

New Water Meters Sold

Last Ten Fiscal Years

METER SIZE	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
3/4 INCH											
<i>Residential</i>	1,081	1,352	1,492	1,642	1,684	1,585	1,480	1,736	1,729	1,416	15,335
<i>Commercial</i>	6	11	11	10	21	16	9	14	21	19	
1 INCH											
<i>Residential</i>		6	6	9	3	3	17	69	86	55	373
<i>Commercial</i>	5	9	6	9	9	19	12	14	12	24	
1.5 INCH											
<i>Residential</i>	1			1			2	1	1	2	43
<i>Commercial</i>	3	4	4	3	4	2	5	3	4	3	
2 INCH											
<i>Residential</i>	2			2	3		4	1	1	21	90
<i>Commercial</i>	5	8	2	6	8	2	5	8	7	5	
3 INCH											
<i>Residential</i>			1						1		15
<i>Commercial</i>		2		7	1	1			1	1	
4 INCH											
<i>Residential</i>					1					1	5
<i>Commercial</i>			1			1			1		
6 INCH											
<i>Residential</i>					1						3
<i>Commercial</i>					1	1					
8 INCH											
<i>Residential</i>					2				1		6
<i>Commercial</i>			1				1	1			
TOTAL	1,103	1,392	1,524	1,689	1,738	1,630	1,535	1,847	1,865	1,547	15,870

New Sewer Taps Sold

Last Ten Fiscal Years

TYPE	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Residential	905	1,037	1,149	1,244	1,292	1,106	1,005	1,349	1,455	1,172	11,714
Commercial	12	16	18	14	14	17	16	27	22	21	177
TOTAL	917	1,053	1,167	1,258	1,306	1,123	1,021	1,376	1,477	1,193	11,891

Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Number of Customers
Last Ten Fiscal Years

Number of Water Connections

<u>Customer Class</u>	<u>As of August 31</u>									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021⁽¹⁾</u>	<u>2022</u>	<u>2023</u>
Residential	61,658	62,978	64,687	66,336	67,965	69,616	71,342	77,014	78,519	80,905
Commercial & Industrial	6,307	6,324	6,206	6,265	5,645	5,657	6,574	2,795	2,846	3,054
Total	67,965	69,302	70,893	72,601	73,610	75,273	77,916	79,809	81,365	83,959

Number of Sewer Connections

<u>Customer Class</u>	<u>As of August 31</u>									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential	29,449	30,467	31,489	32,724	33,979	35,164	36,359	37,654	38,973	40,310
Commercial & Industrial	563	577	685	689	707	724	759	770	792	811
Total	30,012	31,044	32,174	33,413	34,686	35,888	37,118	38,424	39,765	41,121

Source: Cherokee County Water & Sewerage Authority Historical Financial Records

⁽¹⁾Note: Beginning in FY 2021, the Authority reclassified certain accounts from commercial to residential customer class; these accounts include multi-outlet accounts

Cherokee County Water & Sewerage Authority
Residential Water, Sewer and Irrigation Rates
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	*2019	2020	2021	2022	**2023
Water										
Base Rate	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	12.00
3/4"										
1,000	1.10	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.15	1.15
2,000	1.10	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.15	1.15
3,000-10,000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.40/1000	5.40/1000	5.40/1000	5.40/1000	5.65/1000
>10,000	6.30/1000	6.30/1000	6.30/1000	6.30/1000	6.30/1000	6.50/1000	6.50/1000	6.50/1000	6.50/1000	6.85/1000
Minimum Charge:										
1"	53.20	53.20	53.20	53.20	53.20	55.50	55.50	55.50	55.50	59.50
1.5"	105.70	105.70	105.70	105.70	105.70	109.50	109.50	109.50	109.50	116.00
2"	179.20	179.20	179.20	179.20	179.20	185.10	185.10	185.10	185.10	195.10
3"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
8"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Charge per 1,000 Gallons: Above Minimum										
	6.30	6.30	6.30	6.30	6.30	6.50	6.50	6.50	6.50	6.85
Sewerage										
Minimum Charge:	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	14.60
1"	68.20	68.20	68.20	68.20	68.20	69.80	69.80	69.80	69.80	74.60
1.5"	137.70	137.70	137.70	137.70	137.70	141.30	141.30	141.30	141.30	149.60
2"	235.00	235.00	235.00	235.00	235.00	241.40	241.40	241.40	241.40	254.60
3"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
8"	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Charge per 1,000 Gallons: Above Minimum										
	6.95	6.95	6.95	6.95	6.95	7.15	7.15	7.15	7.15	7.5
Irrigation										
Base Rate:	12.00	12.00	12.00	12.00	12.00	13.00	13.00	13.00	13.00	15.00
Minimum Charge:										
3/4"										
1,000 Gallons	1.10	1.10	1.10	1.10	5.25	5.40	5.40	5.40	5.40	5.65
2,000 Gallons	1.10	1.10	1.10	1.10	5.25	5.40	5.40	5.40	5.40	5.65
3,000-10,000 Gallons	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.40/1000	5.40/1000	5.40/1000	5.40/1000	5.65/1000
> 10,000 Gallons	6.30/1000	6.30/1000	6.30/1000	6.30/1000	6.30/1000	6.50/1000	6.50/1000	6.50/1000	6.50/1000	6.85/1000
1"	56.20	56.20	56.20	56.20	64.50	67.00	67.00	67.00	67.00	71.50
1.5"	108.70	108.70	108.70	108.70	117.00	121.00	121.00	121.00	121.00	128.00
2"	182.20	182.20	182.20	182.20	190.50	196.60	196.60	196.60	196.60	207.10
3"	245.20	245.20	245.20	245.20	n/a	n/a	n/a	n/a	n/a	n/a
4"	313.45	313.45	313.45	313.45	n/a	n/a	n/a	n/a	n/a	n/a
6"	444.70	444.70	444.70	444.70	n/a	n/a	n/a	n/a	n/a	n/a
8"	528.70	528.70	528.70	528.70	n/a	n/a	n/a	n/a	n/a	n/a
Charge per 1,000 Gallons: Above Minimum										
	6.30	6.30	6.30	6.30	6.30	6.50	6.50	6.50	6.50	6.85

Note: Rates are presented as of August 31 of each Fiscal Year, respectively

*Rate Change Effective January 1, 2019

**Rate Change Effective April 1, 2023

Source: Cherokee County Water & Sewerage Authority Historical Data

Cherokee County Water & Sewerage Authority
Commercial Water, Sewer and Irrigation Rates
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	*2019	2020	2021	2022	**2023
Water										
Base Rate	9.00	9.00	9.00	9.00	9.00	10.00	10.00	10.00	10.00	12.00
3/4"										
1,000	1.10	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.15	1.25
2,000	1.10	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.15	1.25
3,000-10,000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.40/1000	5.40/1000	5.40/1000	5.40/1000	5.65/1000
>10,000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.40/1000	5.40/1000	5.40/1000	5.40/1000	6.85/1000
Minimum Charge:										
1"	53.20	53.20	53.20	53.20	53.20	55.50	55.50	55.50	55.50	59.70
1.5"	105.70	105.70	105.70	105.70	105.70	109.50	109.50	109.50	109.50	116.20
2"	179.20	179.20	179.20	179.20	179.20	185.10	185.10	185.10	185.10	195.30
3"	242.20	242.20	242.20	242.20	242.20	249.90	249.90	249.90	249.90	263.10
4"	310.45	310.45	310.45	310.45	310.45	320.10	320.10	320.10	320.10	336.55
6"	441.70	441.70	441.70	441.70	441.70	455.10	455.10	455.10	455.10	477.80
8"	525.70	525.70	525.70	525.70	525.70	541.50	541.50	541.50	541.50	568.20
Charge per 1,000 Gallons: Above Minimum										
	5.25	5.25	5.25	5.25	5.25	5.40	5.40	5.40	5.40	6.85
Sewerage										
Minimum Charge:	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	12.60	14.60
1"	68.20	68.20	68.20	68.20	68.20	69.80	69.80	69.80	69.80	74.60
1.5"	137.70	137.70	137.70	137.70	137.70	141.30	141.30	141.30	141.30	149.60
2"	235.00	235.00	235.00	235.00	235.00	241.40	241.40	241.40	241.40	254.60
3"	318.40	318.40	318.40	318.40	318.40	327.20	327.20	327.20	327.20	344.60
4"	408.75	408.75	408.75	408.75	408.75	420.15	420.15	420.15	420.15	442.10
6"	582.50	582.50	582.50	582.50	582.50	598.90	598.90	598.90	598.90	629.60
8"	693.70	693.70	693.70	693.70	693.70	713.30	713.30	713.30	713.30	749.60
Charge per 1,000 Gallons: Above Minimum										
	6.95	6.95	6.95	6.95	6.95	7.15	7.15	7.15	7.15	7.50
Irrigation										
Base Rate:	12.00	12.00	12.00	12.00	9.00	10.00	10.00	10.00	10.00	12.00
Minimum Charge:										
3/4"										
1,000 Gallons	1.10	1.10	1.10	1.10	5.25	5.40	5.40	5.40	5.40	5.65
2,000 Gallons	1.10	1.10	1.10	1.10	5.25	5.40	5.40	5.40	5.40	5.65
3,000-10,000 Gallons	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.25/1000	5.40/1000	5.40/1000	5.40/1000	5.40/1000	5.65/1000
> 10,000 Gallons	6.30/1000	6.30/1000	6.30/1000	6.30/1000	6.30/1000	6.50/1000	6.50/1000	6.50/1000	6.50/1000	6.85/1000
1"	56.20	56.20	56.20	56.20	61.50	64.00	64.00	64.00	64.00	68.50
1.5"	108.70	108.70	108.70	108.70	114.00	118.00	118.00	118.00	118.00	125.00
2"	182.20	182.20	182.20	182.20	187.50	193.60	193.60	193.60	193.60	204.10
3"	245.20	245.20	245.20	245.20	250.50	258.40	258.40	258.40	258.40	271.90
4"	313.45	313.45	313.45	313.45	318.75	328.60	328.60	328.60	328.60	345.35
6"	444.70	444.70	444.70	444.70	450.00	463.60	463.60	463.60	463.60	486.60
8"	528.70	528.70	528.70	528.70	534.00	550.00	550.00	550.00	550.00	577.00
Charge per 1,000 Gallons: Above Minimum										
	6.30	6.30	6.30	6.30	6.30	6.50	6.50	6.50	6.50	6.85

Note: Rates are presented as of August 31 of each Fiscal Year, respectively

*Rate Change Effective January 1, 2019

**Rate Change Effective April 1, 2023

Source: Cherokee County Water & Sewerage Authority Historical Data

Cherokee County Water & Sewerage Authority

Top Ten Customers by Type
Current Year and Nine Years Ago

Fiscal Year	2023			2014			
	Gallons Metered	Water Revenue	% of Water Revenue	Water Customers	Gallons Metered	Water Revenue	% of Water Revenue
Pilgrim Pride	238,534,000	\$503,898	1.41%	Pilgrim Pride	266,226,000	\$543,141	2.24%
City of Woodstock	166,612,000	\$445,007	1.24%	Cherokee County Board of Education	51,979,000	\$316,957	1.31%
Cherokee County Board of Education	50,745,000	\$354,236	0.99%	City Of Woodstock	107,296,000	\$249,106	1.03%
Cherokee Board of Commissioner	45,950,000	\$298,449	0.83%	Yes Investors (Shadowwod MHP)	33,043,000	\$171,367	0.71%
Bartow County Water	106,824,000	\$274,317	0.77%	City Of Waleska	58,386,000	\$133,911	0.55%
Pickens County Water	96,769,000	\$264,359	0.74%	City Of Canton	56,222,000	\$131,036	0.54%
Yes Investors (Shadowwood MHP)	41,737,000	\$245,333	0.68%	Colony Homes (River Park)	22,680,000	\$122,369	0.50%
City of Waleska	76,572,000	\$197,988	0.55%	Towne Lake Apartments	23,029,000	\$120,053	0.49%
The Palmer LLC	29,603,000	\$176,267	0.49%	Bartow County Water	51,102,000	\$117,820	0.49%
City of Canton	67,754,000	\$170,061	0.47%	Georgia National Cemetery	12,421,000	\$78,791	0.32%
Total	921,100,000	\$2,929,915	8.17%		682,384,000	\$1,984,549	8.17%

Fiscal Year	2023			2014			
	Gallons Metered	Sewer Revenue	% of Sewer Revenue	Sewer Customers	Gallons Metered	Sewer Revenue	% of Sewer Revenue
Pilgrim Pride	265,471,000	\$560,627	2.54%	Pilgrim Pride	254,718,000	\$607,990	4.18%
Cherokee County Board of Education	39,276,000	\$317,149	1.44%	Cherokee County Board of Education	51,979,000	\$266,571	1.83%
Yes Investors(Shadowwood MHP)	41,737,000	\$298,835	1.36%	Yes Investors (Shadowwood MHP)	33,043,000	\$213,286	1.47%
Cherokee Board of Commissioner	30,006,000	\$232,035	1.05%	Towne Lake Apartments	22,719,000	\$148,594	1.02%
The Palmer LLC	29,244,000	\$215,653	0.98%	Colony Homes (River Park)	19,901,000	\$127,780	0.88%
City of Woodstock	45,181,000	\$197,753	0.90%	Cherokee County Sheriff's Office (Jail)	15,013,000	\$103,318	0.71%
City of Ball Ground	42,507,000	\$182,940	0.83%	Pointe Development Group (HOA)	13,082,000	\$88,328	0.61%
Colony Homes (River Park)	17,871,000	\$140,661	0.64%	Lindon Corp	12,814,000	\$79,411	0.55%
Columbia Creek Limited	15,951,000	\$113,485	0.51%	Gray Property (Brooke Mill Apts.)	12,458,000	\$78,416	0.54%
Pointe Development (HOA)	15,565,000	\$110,501	0.50%	The Peaks At Bells Ferry	11,552,000	\$73,614	0.51%
Total	542,809,000	\$2,369,639	10.75%		447,279,000	\$1,787,308	12.29%

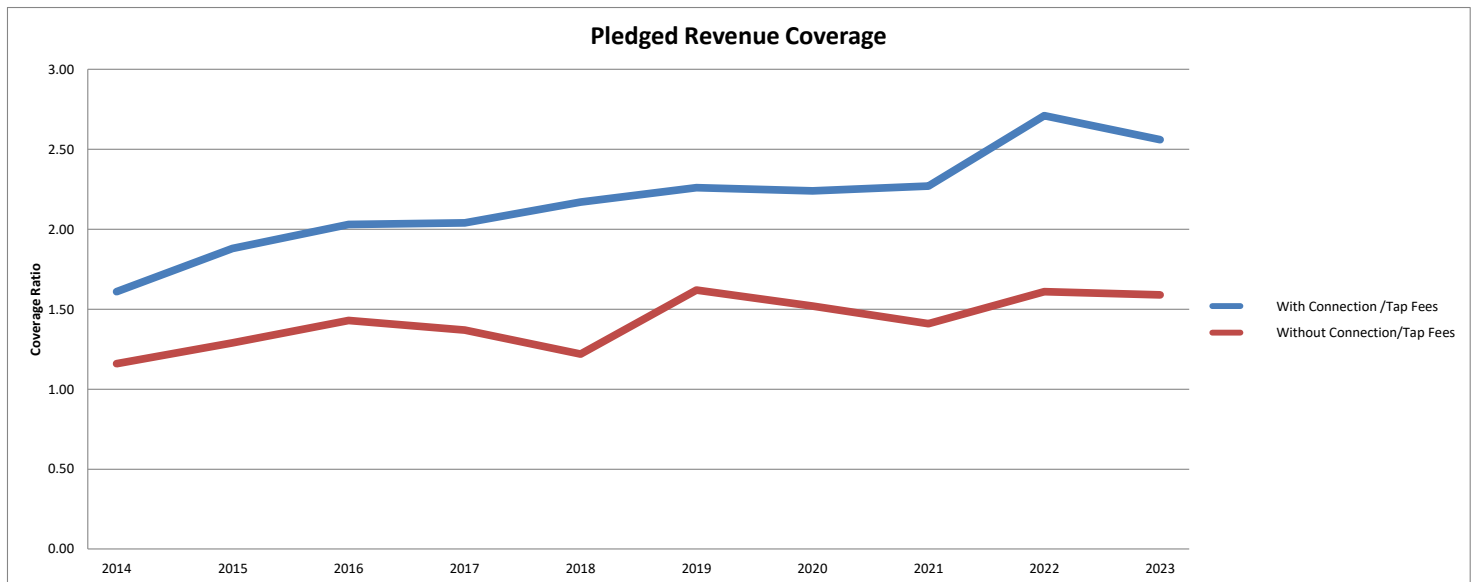
Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Schedule of Revenue Bond Coverage Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues	\$41,090,561	\$44,069,546	\$46,729,222	\$47,948,092	\$47,906,897	\$51,727,171	\$54,368,446	\$54,367,934	\$57,302,851	\$61,848,683
Connection Fees	6,364,148	8,444,815	8,569,147	8,992,801	12,654,024	8,229,391	9,449,182	10,488,619	13,199,924	11,931,396
Other Income	372,125	280,691	424,677	504,582	1,160,023	1,702,120	1,688,976	652,638	640,145	1,905,909
Gross Total Revenues	47,826,834	52,795,052	55,723,046	57,445,475	61,720,944	61,658,682	65,506,604	65,509,191	71,142,920	75,685,988
Less Operating Expenses Excluding Depreciation/Amortization	24,677,100	25,727,489	26,841,187	28,401,347	30,888,825	30,079,299	34,165,568	35,599,114	35,943,199	41,243,395
Net Revenue Available	\$23,149,734	\$27,067,563	\$28,881,859	\$29,044,128	\$30,832,119	\$31,579,383	\$31,341,036	\$29,910,077	\$35,199,721	\$34,442,593
Total Highest Annual Debt Service	\$14,421,000	\$14,421,000	\$14,237,000	\$14,210,602	\$14,214,802	\$13,997,278	\$13,999,678	\$13,180,802	\$12,972,942	\$13,446,781

Coverage Ratio										
With Connection /Tap Fees	1.61	1.88	2.03	2.04	2.17	2.26	2.24	2.27	2.71	2.56
Without Connection/Tap Fees	1.16	1.29	1.43	1.37	1.22	1.62	1.52	1.41	1.61	1.59



Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Ratios of Revenue Bond Debt Outstanding Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Total Outstanding Debt	Debt to Number of Customers	Debt Per Capita	Debt as Share of Personal Income (%)
2014	\$ 163,242,202	\$ 163,242,202	2.40	707	1.71%
2015	155,712,493	155,712,493	2.25	674	1.63%
2016	150,672,578	150,672,578	2.13	639	1.46%
2017	142,043,354	142,043,354	1.96	588	1.26%
2018	133,136,415	133,136,415	1.81	538	1.10%
2019	124,131,922	124,131,922	1.65	488	0.96%
2020	114,651,420	114,651,420	1.47	444	0.88%
2021	104,625,079	104,625,079	1.31	391	0.73%
2022	94,599,235	94,599,235	1.16	336	0.57%
2023	174,200,705	174,200,705	2.07	619 ⁽¹⁾	1.05% ⁽²⁾

(1) 2022 Population data used to calculate debt per capita

(2) Personal Income Data used from 2022 to calculate debt as share of personal income

Note: The only outstanding debt is Revenue Bond debt

Sources: US Census Bureau, US Bureau of Economic Analysis

Cherokee County Water & Sewerage Authority

Schedule of Revenue Bonds Payable

Fiscal Year Ending August 31,	Principal	Interest	Total
2024	\$ 9,090,000	\$ 7,565,759	\$ 16,655,759
2025	9,550,000	7,110,290	16,660,290
2026	11,480,000	6,631,398	18,111,398
2027	12,055,000	6,067,318	18,122,318
2028	12,630,000	5,485,493	18,115,493
2029-2033	28,400,000	21,676,690	50,076,690
2034-2038	17,335,000	15,264,563	32,599,563
2039-2043	15,185,000	11,565,313	26,750,313
2044-2048	19,140,000	7,621,025	26,761,025
2049-2053	23,820,000	2,932,800	26,752,800
Total	<u>\$ 158,685,000</u>	<u>\$ 91,920,649</u>	<u>\$ 250,605,649</u>

Source: Cherokee County Water & Sewerage Authority Historical Financial Records

Cherokee County Water & Sewerage Authority

Principal Employers Prior Year and Nine Years Ago

2022			
Employer	Employees	Rank	% of Total County Employment
Cherokee County Schools	5,134	1	3.60%
Northside-Cherokee Hospital	3,213	2	2.25%
Cherokee County Government	1,539	3	1.08%
Wal-Mart Associates, Inc.	1,535	4	1.08%
Publix Supermarkets	1,087	5	0.76%
Inalfa Roof Systems	1,000	6	0.70%
Pilgrims Pride	765	7	0.54%
Kroger	656	8	0.46%
Chart Industries	600	9	0.42%
Universal Alloy Corporation	559	10	0.39%
Totals	16,088		11.27%

2014			
Employers	Employees	Rank	% of Total County Employment
Cherokee County Schools	4,354	1	7.11%
Cherokee County Government	1,393	2	2.28%
Northside-Cherokee Hospital	1,306	3	2.13%
Wal-Mart Associates, Inc.	1,060	4	1.73%
Publix Supermarkets	932	5	1.52%
Pilgrim's Pride Corp	825	6	1.35%
Chart Inc.	562	7	0.92%
Target	387	8	0.63%
Reinhardt University	328	9	0.54%
Universal Alloy Corporation	278	10	0.45%
Totals	11,425		18.66%

Note: Most recent data available is presented in table

Source: Cherokee County Office of Economic Development

Cherokee County Water & Sewerage Authority

Demographic and Economic Statistics Last Ten Years

Year	Estimated Population	Personal Income (Amounts Expressed in Thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate %
2013	225,106	\$ 8,988,534	\$ 39,930	36.0	39,324	6.0
2014	230,985	9,544,757	41,322	37.0	40,504	5.6
2015	235,900	10,350,744	30,299	36.0	41,169	4.6
2016	241,689	11,249,864	32,002	37.0	41,769	5.4
2017	247,573	12,147,718	32,002	37.0	43,122	3.4
2018	254,149	12,996,343	51,137	38.0	42,216	2.9
2019	258,773	12,996,343	51,137	38.3	42,200	2.7
2020	267,435	14,161,486	56,278	37.7	41,230	4.1
2021	274,615	15,314,932	60,235	39.3	41,901	1.7
2022	281,278	16,541,457	*60,235	40.1	42,049	2.2

Note: Most recent data available is presented in table

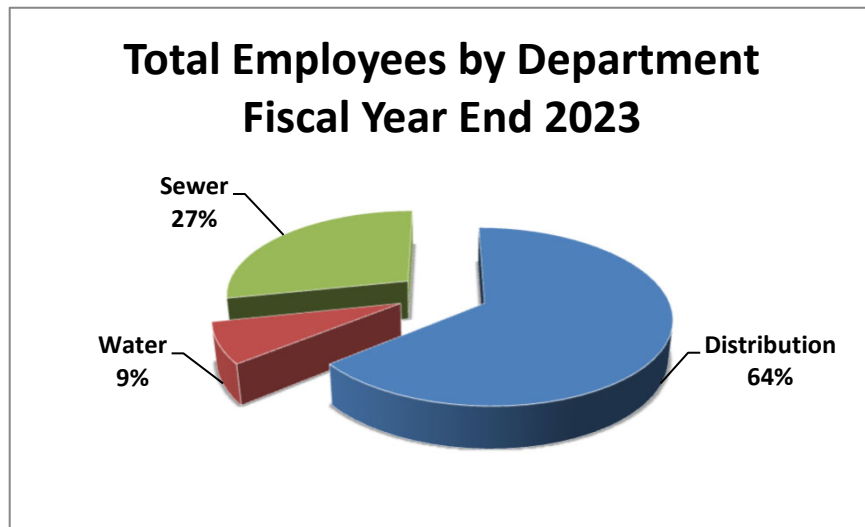
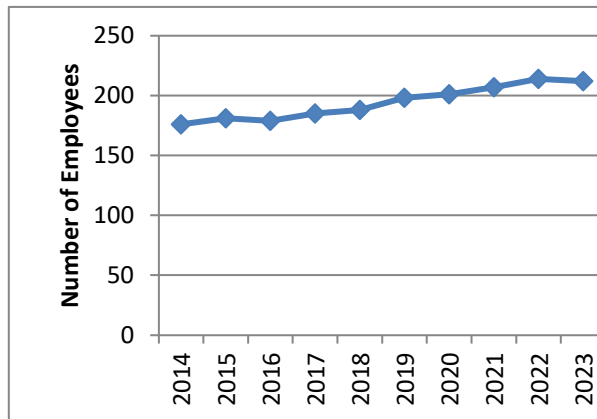
Sources: Georgia Labor Market Explorer, US Bureau of Economic Analysis, Cherokee County Chamber of Commerce

* Current Information is not yet available.

Cherokee County Water and Sewerage Authority

Full-Time Water and Sewer Authority Employees by Department
Last Ten Fiscal Years

Fiscal Year End	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
DISTRIBUTION:	113	119	118	119	123	127	128	132	139	136
WATER:	16	15	15	16	16	16	16	16	16	16
SEWER:	47	47	46	50	49	55	57	59	59	60
TOTAL EMPLOYEES:	176	181	179	185	188	198	201	207	214	212



Source: Cherokee County Water & Sewerage Authority Historical Data

Cherokee County Water & Sewerage Authority
Water Tank Storage Capacity

Last Ten Fiscal Years
(All Numbers are Presented in Million Gallons)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ground Level Tanks										
Tunnel Hill 10 MG	10	10	10	10	10	10	10	10	10	10
Tunnel Hill 2 MG	2	2	2	2	2	2	2	2	2	2
Elevated Tanks										
Clayton	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Free Home	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Holly Springs	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Macedonia	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Nelson	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Rose Creek	1	1	1	1	1	1	1	1	1	1
Tyson	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Unviter #1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Univeter #2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Yellow Creek	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Storage at Water Plant										
Clearwells 1-4	3.865	3.865	3.865	3.865	3.865	3.865	3.865	3.865	3.865	3.865
Total Finished Water Storage	21.015	21.015	21.015	21.015	21.015	21.015	21.015	21.015	21.015	21.015

Source: Cherokee County Water & Sewerage Authority Historical Data

Cherokee County Water & Sewerage Authority
Raw Water Supply in Reservoir

Last Ten Fiscal Years

(All Numbers are Presented in Million Gallons)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Drought Contingency Reservoir										
Yellow Creek	3,540	3,540	3,540	3,540	3,540	3,540	3,540	3,540	3,540	3,540
River										
Etowah	36	36	*40.5	40.5	40.5	40.5	40.5	40.5	40.5	40.5
Water Available for Use	3,576.0	3,576.0	3,540.0	3,580.5	3,580.5	3,580.5	3,580.5	3,580.5	3,580.5	3,580.5
Average Daily Flow										
Average Daily Production	14.71	14.79	16.14	16.22	16.26	16.58	17.65	17.59	18.60	19.86
Daily Release Down Stream	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Daily Flow	14.71	14.79	16.14	16.22	16.26	16.58	17.65	17.59	18.60	19.86
Number of Days Supply	243	242	222	221	220	216	203	203	193	180
Releases from Drought Contingency Reservoir⁽¹⁾										
Yellow Creek	0	0	0	728.3	0	0	0	0	0	0

Source: Cherokee County Water & Sewerage Authority Historical Data

*Riverbend intake & pump station in operation as of 6/22/2016 (permit # 028-1491-03)

⁽¹⁾ Represents the total gallons released during drought period

Part IV

Other Reporting Section



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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

To the Board of Directors
Cherokee County Water and Sewerage Authority
Canton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Cherokee County Water and Sewerage Authority, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Cherokee County Water and Sewerage Authority’s basic financial statements and have issued our report thereon dated November 10, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Rushton, LLC

Certified Public Accountants
Gainesville, Georgia
November 10, 2023