

**COBB COUNTY-MARIETTA WATER AUTHORITY
MARIETTA, GEORGIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**



**COBB COUNTY-MARIETTA WATER AUTHORITY
MARIETTA, GEORGIA**

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FOR THE YEAR ENDED DECEMBER 31, 2023

**Prepared by:
Finance Division**

**Allison Clements
Director of Finance**

INTRODUCTORY SECTION

COBB COUNTY-MARIETTA WATER AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT DECEMBER 31, 2023

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COBB COUNTY-MARIETTA WATER AUTHORITY

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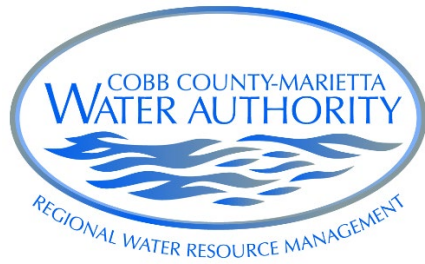
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April 8, 2024

Cobb County-Marietta Water Authority Board
Customers and Stakeholders
Marietta, Georgia

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the Cobb County-Marietta Water Authority (CCMWA) for the fiscal and calendar year ended December 31, 2023. This report is the responsibility of CCMWA's management and has been prepared in accordance with Generally Accepted Accounting Principles (GAAP), and in conformance with current accounting and financial reporting requirements and principles promulgated by the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, the enclosed financial data is accurate in all material respects and represents the financial position, results of operations, and cash flows of CCMWA for the period then ended. All disclosures for the reader to gain an understanding of CCMWA's financial activities have been included.

CCMWA's management believes it has established internal controls that adequately protect assets and provide reasonable assurance of proper recording of financial transactions and presentation of financial reports and accompanying information. No matter how well-designed and -operated, internal controls cannot guarantee that an entity's objectives will be met because of inherent limitations in all internal control systems. However, management maintains a commitment to developing, implementing, and monitoring internal controls to ensure accurate, responsible, and transparent financial management.

Mauldin and Jenkins, LLC, Certified Public Accountants, conducted an independent audit of these financial statements in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. As a result of their audit procedures, Mauldin and Jenkins have issued an unmodified opinion on the financial statements of CCMWA for the fiscal year ended December 31, 2023. The auditor's report is located at the front of the financial section of this report.

In accordance with GAAP, a narrative introduction, overview, and analysis accompany the basic financial statements, in the form of Management's Discussion and Analysis (MD&A). The MD&A is located immediately following the independent auditor's report.

Organization of the Annual Comprehensive Financial Report

This Annual Comprehensive Financial Report may be read by a wide variety of people. Therefore, useful information has been provided, even to those who may not be familiar with CCMWA. Toward that end, this report is presented in the three major sections: Introductory, Financial, and Statistical.

The introductory section is meant to familiarize the reader with CCMWA's organizational structure, as well as the nature and scope of services provided. This transmittal letter, a list of CCMWA Board members, and an organizational chart comprise the introductory section.

The financial section includes the independent auditor's report on the basic financial statements; Management's Discussion and Analysis (MD&A) of CCMWA's financial position results of operations; and the audited financial statements, including accompanying note disclosures and required supplementary information.

The statistical section includes information regarding CCMWA's economic condition and environment and is divided into five sections: financial trends, revenue capacity, debt capacity, demographic and economic information, and other operating information.

Profile of Cobb County-Marietta Water Authority

General

The Cobb County-Marietta Water Authority was created in 1951 by an act of the General Assembly of the State of Georgia and is a political subdivision of the state. CCMWA is unique because it has one primary mission: to supply drinking water to its wholesale customers. CCMWA's service area includes customers in Cobb County, Cherokee County, Douglas County, Fulton County, and Paulding County. CCMWA's customers are all governmental water purveyors with the exception of Lockheed Martin Corporation, which shares its location and water system with the Dobbins Air Reserve Base complex in Marietta.

CCMWA has award-winning water treatment and testing facilities, which include the James E. Quarles Water Treatment Plant (WTP), the Hugh A. Wyckoff WTP, and the Calvin F. Simmons Microbiological Laboratory. Each facility is staffed with certified professionals, and the treatment facilities operate 24 hours a day, seven days a week. The two WTPs, which obtain water from separate river basins, provide production flexibility and reliability for the CCMWA service area.

The laboratory ensures drinking water safety and regulatory compliance, while also providing data helpful to operators and engineers for current and future treatment needs.

The Quarles WTP was the first CCMWA water treatment plant, with the first phase built in 1952. Since that time, it has undergone many system improvements and expansions to meet the growing water needs of the region and is currently permitted to produce 87 million gallons per day. The original water treatment facility built on the Quarles WTP campus was replaced by a multi-year project that was completed in 2021. Source water for the Quarles WTP comes from the Chattahoochee River, which is part of the Apalachicola-Chattahoochee-Flint (ACF) River Basin.

The Quarles WTP staff monitor, execute, and manage every aspect of the water treatment process using conventional treatment processes.

Originally built in the early 1960s, the Wyckoff WTP has expanded and enhanced its treatment capabilities over the years and is currently permitted to produce 86 million gallons of water per day. Source water for the Wyckoff WTP comes from Allatoona Lake, a U.S. Army Corps of Engineers impoundment on the Etowah River, which is part of the Alabama-Coosa-Tallapoosa (ACT) River Basin. The team of industry professionals at Wyckoff manage all aspects of the water treatment process, including advanced treatment using granular activated carbon, to ensure the highest standards.

CCMWA's Laboratory Division is responsible for testing the water that CCMWA provides to its wholesale customers to ensure that it meets state and federal drinking water standards. Certified Laboratory Analysts test approximately 600 regulatory water samples each month from raw water sources, the two drinking water plants, CCMWA's water transmission pipeline system, and wholesale customers' distribution systems. The Laboratory Division also provides, for a fee, microbiological water testing services to residents who have wells, and for various other purposes. The Microbiological Lab is certified by the State of Georgia Environmental Protection Division. Facilities include a research lab, chemistry lab, microbiology lab, level II microbiology lab, media prep lab, and incubator lab.

In addition to water treatment and testing facilities, a transmission pipeline network, including over two hundred miles of pipe, conveys drinking water to CCMWA's ten wholesale customers. The system includes pipes of diameters ranging from 16 to 64 inches, with most at least 36 inches in diameter. To provide additional water supply, CCMWA operates the Hickory Log Creek Reservoir, a pumped storage project located upstream of the Wyckoff WTP in the Etowah River Basin. Hickory Log Creek Reservoir covers approximately 411 acres and impounds about 5.7 billion gallons of water. The reservoir is jointly owned and operated by CCMWA and the City of Canton, with CCMWA owning 75% of the project and the City of Canton owning 25%. The reservoir was constructed with a designed yield of 44 million gallons per day, with 75% of the storage allocated to CCMWA.

Governance

CCMWA is governed by a seven-member board. CCMWA was created as a body corporate and politic which is deemed to be a political subdivision of the State of Georgia and a public corporation. The board of CCMWA is composed of:

- The Chair of the Cobb County Board of Commissioners.
- One member selected by the governing authority of the City of Marietta.
- One member selected by the governing authority of the City of Smyrna.
- Four members selected by a caucus consisting of all members of the General Assembly whose districts are wholly or partially within Cobb County. The four members selected by the caucus include: one member from Cobb Commission District 1 or 4, excluding residents of Marietta and Smyrna; one member from Cobb Commission District 2 or 3, excluding residents of Marietta and Smyrna; and two members from unincorporated Cobb County.

Accounting and Financial Reporting

CCMWA is operated as a single enterprise fund. CCMWA is accounted for as a separate accounting entity with a separate self-balancing set of accounts. CCMWA utilizes the accrual basis of accounting; revenues are recorded when earned and expenses are recorded when liabilities are incurred. CCMWA's accounting procedures comply with the Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).

Budgetary Controls

CCMWA believes annual budget preparation, adoption, implementation, and continual monitoring is essential to fiscal responsibility, accountability, and transparency of operations. Accordingly, CCMWA develops and adopts an operating budget annually and updates its 5-year Capital Improvement Plan (CIP) budget each year. The purpose of the budget process is to authorize and control expenditures, project revenues, develop pro-forma financial statements, project cash flows, and meet obligations of bond covenants.

Other Relevant Information

General

CCMWA's core purpose is to provide sustainable and reliable drinking water that supports public health, public safety, and the economic vitality of the region. Core values inherent at CCMWA include service, stewardship, and professionalism. CCMWA strives to employ a culture of safety, innovation, and transparency. At a minimum, CCMWA staff are expected to act with integrity, inspire trust, and apply the highest levels of technical expertise. CCMWA aims to acquire and treat sufficient sources of water for the customers and communities served, while leaving a legacy of sustainable water supplies for generations to come.

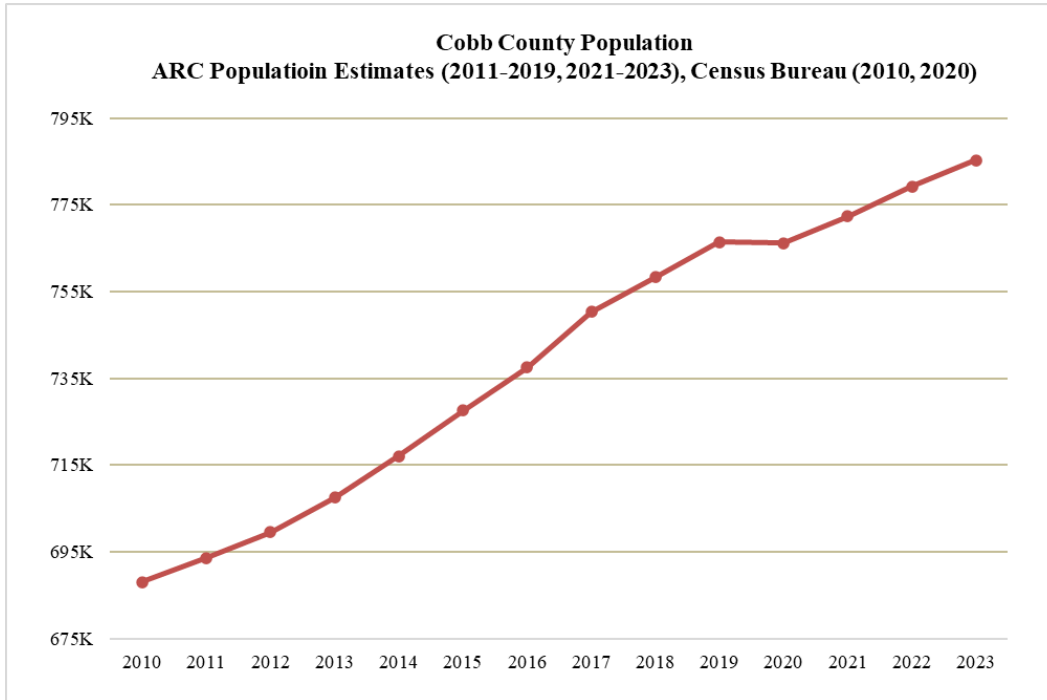
Through 2023, both of CCMWA's WTPs maintained full regulatory compliance with state and federal regulations and permit requirements. CCMWA's water transmission system, laboratories and water supply reservoir also remained in full compliance throughout the year. In 2023, both water treatment plants received the Georgia Association of Water Professionals (GAWP) Platinum Award for the fifteenth year in a row, recognizing a minimum of 5 consecutive years of total compliance of water quality, monitoring, and reporting requirements. The Transmission Division received the GAWP Water Distribution System of the Year Gold Award for the fifth year in a row, and the Laboratory Division received the GAWP Gold Award for Laboratory Quality Assurance and Quality Control.

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

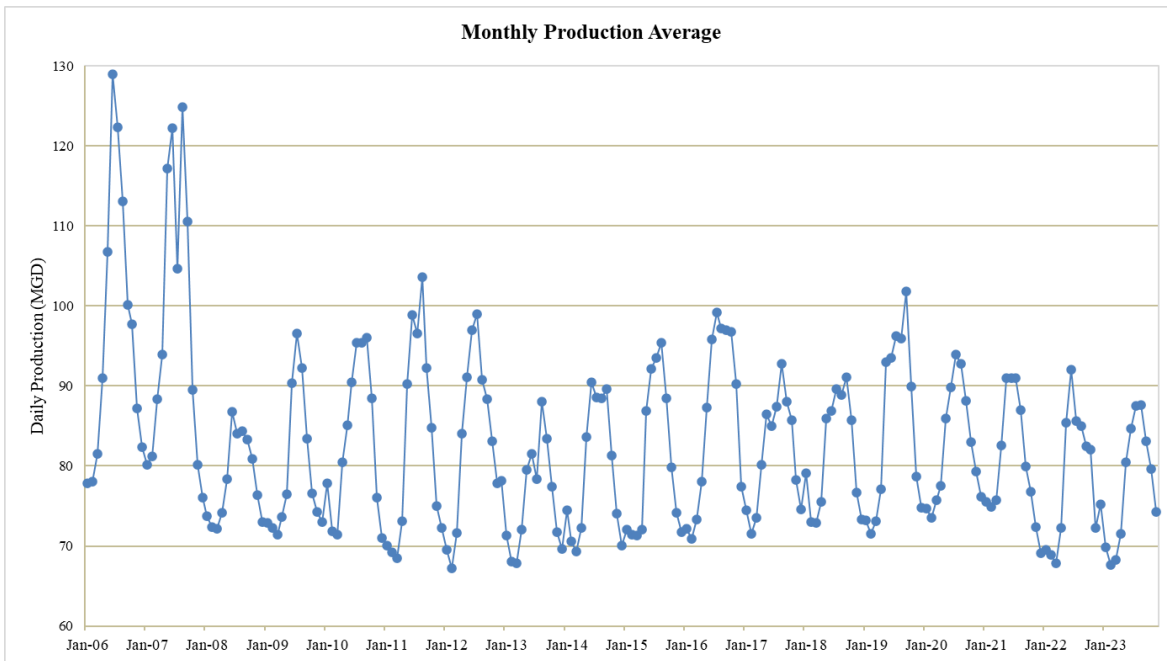
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Current Economic Environment

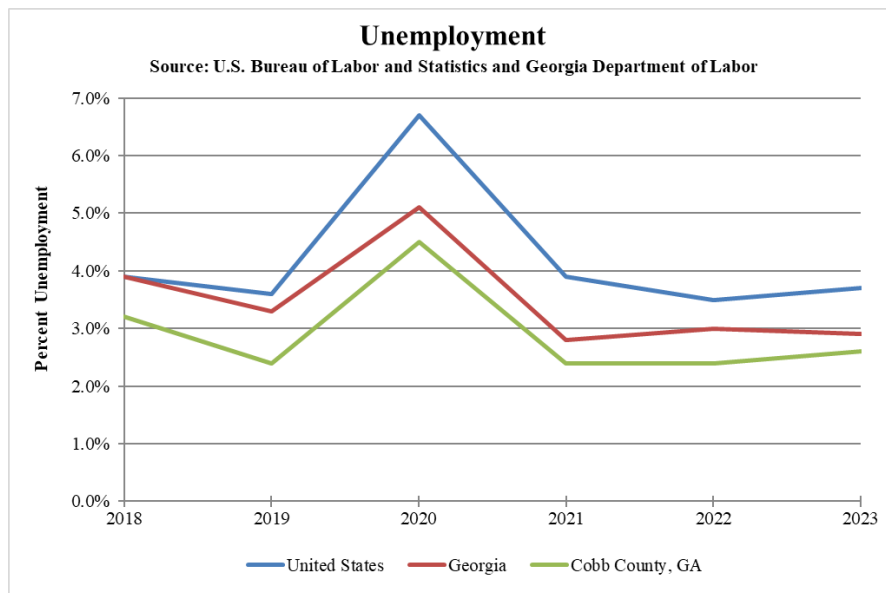
The population of Cobb County, the largest area served by CCMWA, has grown by more than 97,000 residents since 2010. The Atlanta Regional Commission estimates Cobb County’s population grew by 6,100 people in the last year and the county is ranked third in the 10-county Atlanta region for population growth between 2010 and 2023.



However, despite the rapid population growth in our service area, CCMWA has experienced a downward trend in monthly water production. Since 2008, CCMWA has only experienced two months with average production of over 100 million gallons per day, both due to hot and dry weather conditions.



Unemployment in Georgia remained lower than the national average in 2023 and has returned to pre-2020 levels. Unemployment in CCMWA’s primary service area, Cobb County, is still significantly lower than the national average, as depicted in the graph below.



As previously mentioned, CCMWA has experienced reduced water sales over the last several years. Water conservation efforts, including tiered retail rate structures, have resulted in decreased consumer demand; however, demand is still impacted by weather conditions and customer changes. Over the last three years, CCMWA has seen a reduction in purchases from a larger customer, Paulding County. In August 2022, Paulding County's contract was modified due to the completion and operation of their own water treatment plant. The new contract includes a monthly base charge and a volumetric charge which allows Paulding County to purchase up to 5.25 MGD per month without surcharges. This contract modification provides CCMWA with regular monthly revenue regardless of how much water is purchased by Paulding County. At the end of 2021, water sales to Paulding County made up approximately 12.7% of CCMWA's annual revenue, but the percentage has averaged closer to 6% for the last two years. The percentage of sales to Paulding County may reduce to near zero or be on an emergency only basis by 2032 as their water treatment plant is expanded to meet their full system demand.

CCMWA's water sales averaged 77.5 million gallons per day (MGD) in 2023, a decrease from water sales of 78.4 MGD in 2022. Management reevaluates long-term water sales forecasts during the annual budgeting process and adjusts the Capital Improvement Plan accordingly. Unforeseen changes in water sales have less financial impact on CCMWA than on utilities with a higher debt ratio, because CCMWA is not highly leveraged. Detailed information on debt held by CCMWA can be found in the Notes to Financial Statements section.

CCMWA's operating expenses have increased due to inflation since 2022 and this is expected to continue into 2024. The CPI-U (Consumer Price Index for All Urban Consumers) for the Atlanta metro-region that includes CCMWA's service area increased 3.6% from the prior year as of December 31, 2023. While this is lower than the 8.1% change from 2021 to 2022, the cost of goods purchased by CCMWA has not started to trend downwards. Total operating expenses for 2023 were 1.6% higher than the prior year and for 2024, operating expenses are anticipated to increase 3.4%.

CCMWA has been actively engaged in the tri-state dispute between Georgia, Florida, and Alabama over use of water in both the ACT and ACF river basins since 1990, as CCMWA has water treatment plants in each of these basins. CCMWA, the Atlanta Regional Commission, and the State of Georgia entered a lawsuit with the United States Army Corps of Engineers (USACE) in 2014 over USACE's failure to render a decision on reallocation of storage in Allatoona Lake for the purpose of water supply. CCMWA had requested USACE to reallocate storage in Allatoona Lake for water supply in 1981 but had yet to receive a decision from USACE. In September 2017, the U.S. District Court for the Northern District of Georgia agreed that USACE had unreasonably delayed making a decision regarding reallocation of Allatoona and ordered USACE to complete a reallocation study. The Final Environmental Impact Statement (FEIS) for the Allatoona Lake Water Supply Storage Reallocation Study was issued on November 13, 2020; it recommends reallocating the entire amount of storage requested by the State of Georgia for water supply through 2050.

In 2016, the State of Alabama challenged the USACE 2015 Alabama-Coosa-Tallapoosa (ACT) Master Water Control Manual in federal court in Washington, D.C. CCMWA in cooperation with the Atlanta Regional Commission (ARC) intervened and filed motions for summary judgment in 2017, but the court did not rule on them. In 2021, CCMWA in cooperation with ARC again filed a supplemental motion for summary judgment, arguing that Judge Thrash’s decision in the Apalachicola-Chattahoochee-Flint (ACF) litigation barred Alabama from relitigating the same issues in the ACT case. This motion was granted on November 9, 2023, dismissing all claims by all parties in the original complaint.

Before summary judgment was granted, however, the USACE in 2021 issued a record of decision authorizing a new water supply contract for the City of Cartersville and Bartow County, Georgia, and adopting a new “storage accounting” method to determine how much each water supply user (including CCMWA) is entitled to withdraw under its storage contract. This decision by USACE gives CCMWA full credit for “return flows” and “made inflows” from the Hickory Log Creek Reservoir. CCMWA had sued USACE to challenge its prior storage accounting methodology, and USACE agreed to reconsider its storage accounting methodology in a settlement agreement resolving that lawsuit. Under the new methodology, CCMWA’s existing storage contract at Allatoona Lake should be sufficient to meet the needs of CCMWA’s water supply customers through at least 2050.

The state of Alabama filed a “supplement” to its 2016 complaint challenging USACE’s adoption of the new storage accounting methodology. This challenge is still pending and will likely be resolved in 2024 or 2025. The State of Georgia, CCMWA, and ARC will vigorously defend the new storage accounting methodology.

Outlook

CCMWA has no debt issuance plans in the next five years and will fund its 2024 – 2028 Capital Improvement Plan projects via use of a pay-as-you-go funding plan. However, if rates become favorable, refinancing of existing debt may occur. CCMWA has one debt issue outstanding: a revenue bond issued in 2015 used to refinance previously issued debt.

CCMWA’s current Capital Improvement Plan takes into consideration the expectation of modest economic growth in its service area in the next five years, along with the loss of most of its sales to Paulding County. Reduced capital spending, particularly on projects previously anticipated to meet a growing need for water in Paulding County, will also offset the revenue loss as Paulding County continues to increase its operating capacity within its own system.

CCMWA implemented its first multi-year rate program in January 2014, which set annual rate increases at 4% through 2018. However, due to CCMWA’s strong financial position and higher than anticipated net income year-over-year, a revised 5-year rate program was introduced beginning in January 2017, which set annual rate increases at 3% through 2021. At the request of CCMWA’s board, the rate program is reviewed and, if needed, revised each year during the budget process. This review process resulted in a 2% annual rate increase for 2018 through 2020. During the development of the 2020 budget, a new planning estimate was set of 2.5% annual rate increases for the 4-year period through 2024. This rate program was not modified during the 2024 budget development process and the planned 2.5% increase was adopted. However, the planning estimate

for future years was increased to 4.0% for 2025, 4.25% for 2026, 4.5% for 2027, and 4.75% for 2028. These increases will be evaluated annually during the budget process; however, these increases may be necessary to accommodate recent increases in the Consumer Price Index and the Construction Cost Index. By utilizing integrated long-term capital improvement planning, correlated rate adjustments, appropriate use of net position, and a continued focus on operational efficiency, CCMWA expects a positive financial future.

Long Term Financial Considerations

The largest impact on cash flow, and consequently on revenue needs for CCMWA, is the Capital Improvement Plan. Below is a snapshot of anticipated cash flows through 2028:

Year	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Projected Water Demand (MGD)	75.4	75.9	76.4	76.9	77.4
Anticipated Rate Increase	2.50%	4.00%	4.25%	4.50%	4.75%
Revenues	\$ 102.1	\$ 103.3	\$ 106.1	\$ 111.0	\$ 116.3
Expenses (Without Depreciation)	39.3	39.2	40.6	42.0	43.5
Net Income (After Depreciation)	40.3	40.0	40.6	43.2	46.1
Total CIP Spending	73.9	94.8	85.6	97.7	93.9
Ending Cash Balance	<u>\$ 302.5</u>	<u>\$ 268.5</u>	<u>\$ 245.3</u>	<u>\$ 213.3</u>	<u>\$ 189.0</u>
Minimum Ending Cash Balance	<u>\$ 92.0</u>	<u>\$ 91.0</u>	<u>\$ 100.5</u>	<u>\$ 108.2</u>	<u>\$ 118.4</u>

All Dollar Figures are in Millions

It should be noted that if projected water demand is revised downward, there is still enough projected positive cash flow for CCMWA to maintain its targeted minimum ending cash balances through 2028. Furthermore, CCMWA has ample debt capacity—\$400 million approved by the Georgia General Assembly—should financial considerations warrant funding of capital improvements with sources other than cash reserves.

Major Initiatives

CCMWA will continue replacing transmission system water mains, defined as Aged Pipe Replacement (APR) projects, during the 2024-2028 timeframe. These projects were identified as part of the Engineering Division’s pipe replacement prioritization program and will replace aging pre-stressed concrete cylinder pipe with ductile iron pipe. So far, five APR projects have been completed, totaling 76,300 feet of pre-stressed concrete cylinder pipe replaced with ductile iron pipe. Over the next five years, \$103.6 million is budgeted for pipe replacements as part of this program. The replacement of blow-off and critical valves has also been prioritized in the capital program, with \$16.3 million budgeted over the next five years. The largest project in the five-year Capital Improvement Plan is the replacement of the Quarles Water Treatment Plant chemical building which is currently anticipated to have a budget close to \$91.8 million and is expected to be completed by 2029. Total capital spending is estimated to be \$73.9 million in 2024, with \$446.1 million estimated for the five-year Capital Improvement Plan.

A significant challenge to CCMWA's ongoing success is an increase in retirements of long-tenured staff, specifically in management and specialized roles. Twenty-five employees, out of 119 full-time equivalent positions, have retired from CCMWA in the last five years, with six retirements in 2023 including one management role and three specialized positions. An additional retirement occurred in the first quarter of 2024. CCMWA began to prepare for this challenge as part of the 2015 Strategic Plan and implemented a program of leadership and management training to prepare new leaders within the organization. CCMWA's Strategic Plan, adopted in 2022, outlines a plan to implement formal succession planning efforts to prepare for retirements.

Climate change is and has always been a constant. According to the National Oceanic and Atmospheric Administration (NOAA), global temperatures rose about 1.98° Fahrenheit from 1901 to 2020 and the amount of carbon dioxide in the atmosphere has risen by 25% since 1958. Flooding is an increasing issue as our climate is changing and conversely drought is also becoming more common, especially in the western United States. To help ensure sustainability of CCMWA's water supply, Hickory Log Creek Reservoir was commissioned in 2007. The reservoir impounds 4.3 billion gallons of source water to supplement CCMWA's water storage account in Allatoona Lake. In addition, CCMWA has secured credit from the U.S. Army Corps of Engineers for treated wastewater return flows into Allatoona Lake. Since the 1980s, CCMWA has accumulated property along Sharp Mountain Creek in the upper Etowah River basin for a water supply reservoir to further supplement CCMWA's water storage account in Allatoona Lake. CCMWA has secured approximately 90% of all property necessary for a water supply reservoir on Sharp Mountain Creek, which will provide billions more gallons of source water storage when constructed.

In 2023, CCMWA implemented dynamic pump optimization software. Dynamic pump optimization uses models of individual pumps, learned through periodic, automatic tests, to simulate all pump combinations and calculate the optimal energy efficiency for each combination. The dynamic pump optimization software then recommends to CCMWA operators the pump combination that delivers the required flow at the lowest possible kilowatt-hours (kWh) consumed per million gallons (MG) pumped. From solar panels, variable frequency drives, real-time energy monitoring, and utilization of multiple rate structures for optimization of electrical rates, CCMWA is not only working to reduce the cost of energy, but we are also looking to reduce the amount of energy used and make the energy we use more sustainable.

Diversity in an organization yields access to a greater range of talent and helps provide insight into the needs and motivations of your customer base. At CCMWA we believe diversity makes our organization more effective, more successful, more efficient. CCMWA continues to improve the diversity of its workforce through implementation of initiatives, such as expanding recruiting efforts beyond industry-specific job boards to include minority organizations and diverse applicant pools; diversifying interview and hiring panels for all positions; expanded diversity training to include more opportunities for team building, group discussions, and diversity appreciation; and reviewing/rephrasing position titles to attract a larger applicant pool. These efforts have resulted in much more diversity at CCMWA. In 2023, CCMWA earned the Georgia Section of the American Water Works Association Champion of Diversity of Award. The diversity of CCMWA's staff reflects the diverse population we serve.

CCMWA's capital improvement plan aims to provide an equivalent level of service across the service area. Historically, southern Cobb County has been less affluent than the northern half of Cobb County. However, CCMWA makes no differentiation in the level of service provided

throughout Cobb County. Currently, CCMWA is constructing multiple pipeline replacement projects as well as a ground storage tank rehabilitation project in southern Cobb County to ensure drinking water storage and supply resiliency. CCMWA provides drinking water through a looped transmission system, which gives a dual water supply throughout its primary service area as well as a source of water from two river basins and two drinking water treatment plants. Even if one water treatment plant is out of service, the other plant can sustain average daily demands for drinking water.

Cobb County-Marietta Water Authority is fortunate that our predecessors took the long view from its creation. A strong foundation was laid to meet the region's long-term water needs, as CCMWA continues to strive to provide a sustainable system of water resources, treatment facilities, and transmission lines for today and tomorrow. Today's CCMWA Board and staff continue to incorporate this long view into the capital and financial planning processes.

While CCMWA is well-positioned for the future, it will not be without challenges that will require change. Battles over water rights will continue for the foreseeable future. Threats to water quality, both natural and manmade, are real and deserve proactive attention to mitigate and control. Variability in weather patterns, including drought, and uncertainty about future water demands from our customers add to the mix. Increasing regulation of drinking water contaminants, including some that currently have limited means of identifying and quantifying, will require advanced treatment technologies which will increase costs. Facilities will continue to age and deteriorate, requiring an ongoing commitment to responsibly fund depreciation and stay ahead of the failure curve. One of our greatest challenges will be to ensure that the depth of knowledge and commitment within our workforce can be sustained as we face retirements and stiff competition for talent.

Acknowledgments

We express our thanks to each division of CCMWA, all of whom have adhered to sound stewardship and financial practices, contributing significantly toward the fiscal stability of CCMWA. Thanks, must also be expressed to the CCMWA Board, who diligently consider each decision brought before it and keeps the best interests of both CCMWA and its customers in mind. The responsible and sound direction of the Board has been and will continue to be, the single most important attribute of CCMWA's financial stability.

Respectfully Submitted,

Cole E. Blackwell

Cole E. Blackwell
General Manager

Allison C. Clements

Allison C. Clements
Director of Finance

CCMWA Board

Seven members make up CCMWA's Board. Members are selected by virtue of their office or by appointment.

By Virtue of their Office:

- Chairman of the Cobb County Commission

Appointed by the Governing Authority of the:

- City of Marietta
- City of Smyrna

Appointed by the Cobb County Delegation to the Georgia General Assembly:

- One member from Cobb County Commission District 2 or 3, excluding residents of Marietta and Smyrna
- One member from Cobb County Commission District 1 or 4, excluding residents of Marietta and Smyrna
- Two members from unincorporated Cobb County



**James Scott
Chairman**



**T. Daniel Buyers
Vice Chairman**



**Charlie N. Crowder
Secretary**



**Lisa Cupid
Member**



**James Balli
Member**



Charles A. Welch



Griffin L. Chalfant

Our core purpose is to provide sustainable and reliable drinking water that supports public health, public safety and economic vitality of the region.





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Cobb County-Marietta Water Authority
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Cobb County-Marietta Water Authority
Marietta, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the remaining fund information of the **Cobb County-Marietta Water Authority** (the "Authority"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the Authority, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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, the Schedule of Changes in the Authority's Net Pension Liability and Related Ratios, the Schedule of Authority Contributions, and the Schedule of Pension Investment Returns 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.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 8, 2024

COBB COUNTY-MARIETTA WATER AUTHORITY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

Overview of the Financial Report

Our discussion and analysis of the Cobb County-Marietta Water Authority's (CCMWA) financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2023. Readers should review it in conjunction with the Authority's audited Financial Report to enhance their understanding of the Authority's financial performance.

Financial Highlights

Key financial highlights are as follows:

- Operating revenues increased 1.2% from \$94 million in 2022 to \$95.1 million in 2023, an increase of \$1.1 million. Gallons sold decreased 1.7% from 28.6 billion gallons sold in 2022 to 28.1 billion gallons sold in 2023.
- Operating expenses increased 1.6% from \$56.1 million in 2022 to \$57 million in 2023, an increase of \$900,000.
- Operating income for 2023 was \$38 million, compared to \$37.9 million in 2022, representing an increase of \$100,000 or 0.3%.
- Interest income increased 161% from \$3.1 million in 2022 to \$8.1 million in 2023, an increase of \$5 million.
- Revenue bond debt decreased from \$40.2 million in 2022 to \$38.5 million in 2023, representing a decrease of \$1.7 million due to the scheduled repayment of principal.
- CCMWA's Series 2015 bond issue was assigned AAA bond ratings from Standard & Poor's and Fitch. Moody's assigned a bond rating of Aaa to CCMWA's Series 2015 bond issue. CCMWA's AAA bond rating was reaffirmed by Fitch in May 2023.
- CCMWA's pension fund experienced a net investment gain of 15.6% for 2023, which was greater than the actuarially presumed net investment return of 7.0%. As a result, CCMWA's net pension liability decreased by \$4.0 million to a reported net pension liability of \$1.2 million.
- Total net position increased from \$817.2 million in 2022 to \$864.9 million in 2023, an increase of 5.8% or \$47.7 million.
- At December 31, 2023, the Authority reported an unrestricted net position of \$306.3 million, compared to \$274.2 million in 2022, which is an increase of \$32.1 million.

Authority Highlights

Highlights for 2023

Construction in Progress:

Projects awarded for construction in 2023:

- Factory Shoals 36" and Six Flags 24" Water Main Replacements – Aged Pipe Replacement
- Mars Hill Church Road to Pine Mountain 36" Water Main – Aged Pipe Replacement
- 2023 Critical Valve Replacements
- Blow Off and Critical Valve Replacements (Round 7)
- Maner Road 36" Water Main Replacement
- Corrosion Control Feed System
- Quarles Plant 2 SCADA Replacement

COBB COUNTY-MARIETTA WATER AUTHORITY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

Projects under construction in 2023:

- Wyckoff 6MG Clearwell Addition
- 2023 Blow-Off Replacements
- Quarles Plant 2 Filter Valve and Actuator Replacements
- Wyckoff Filter Underdrain Replacements (Filters 1 – 8)
- Blackjack Mountain Tank Replacement

Projects completed in 2023:

- Blackjack Tank Supply 36" Water Main – Aged Pipe Replacement
- Wyckoff 42" Raw Water Pipeline Improvements
- 2022 Critical Valve Replacements
- Quarles Taste and Odor Process Improvements
- CDOT Project – Callaway Road 24" Water Main Relocation

Other Items:

- Cobb County-Marietta Water Authority's average daily demand decreased 1.5% from 78.4 million gallons per day (MGD) in 2022 to 77.5 MGD in 2023. Rainfall decreased 2.2% in CCMWA's service area during 2023 with a total of 57.6 inches compared to 58.9 inches in the prior year.
- The Capital Improvement Plan (CIP) and Financial Model were revised to reflect needs over the next 50 years, reduced demand projections, anticipated regulatory requirements, and increased construction costs. The total value of the revised CIP is \$446.1 million for the 5-year period, 2024 through 2028, an increase of \$138.8 million from the prior 5-year period due to increased construction cost projections.
- The Authority's Finance Division was awarded the Distinguished Budget Presentation Award for its 2023 budget document and the Certificate of Achievement for Excellence in Financial Reporting for its 2022 Annual Comprehensive Financial Report, both by the Government Finance Officers Association.
- The Laboratory Division performed 33,592 tests of chemical and bacteriological samples and received a Gold Award for quality assurance and quality control from the Georgia Association of Water Professionals (GAWP) for the fourth year in a row.
- GAWP conducted "Best Operated Plant of the Year" inspections at the Wyckoff and Quarles Treatment Divisions in 2022. Both the Wyckoff and Quarles water treatment plants received achievement awards for ranking in the 90th percentile. Both plants also received the GAWP Platinum Award in 2023, recognizing fourteen consecutive years of full compliance with all water quality, monitoring, and reporting requirements.
- The Transmission Division received and reviewed 10,709 pipeline location inquiries through the Utilities Protection Center. The division responded to 2,134 of the inquiries by providing field locations of Authority facilities. The division also received a Platinum Award in the GAWP Water Distribution System Excellence Award program, recognizing six consecutive years of extraordinary efforts to manage, operate, and maintain CCMWA's water transmission system.
- The Authority reviews its outlook for proposed rate increases on an annual basis. CCMWA adopted a rate increase of 2.5% for 2023 and 2024 as part of a multi-year rate program. However, in response to increasing operating expenses, capital needs, and projected revenues, CCMWA anticipates higher annual increases will be needed in future years.

Financial Statements

Cobb-County Marietta Water Authority's financial statements report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position reports the Authority's assets, deferred outflows, liabilities, deferred inflows, and components of net position. This report provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and creditworthiness.

COBB COUNTY-MARIETTA WATER AUTHORITY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

Finally, the Statement of Cash Flows provides information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operations, investing, capital and noncapital financing activities.

Financial Analysis of the Authority

The Statements of Net Position for 2023 and 2022 are summarized in a Condensed Statement of Net Position. (See Table I). The Authority's net position increased by 5.8% in 2023, due primarily to an increase in unrestricted net position which holds net income in anticipation of investment in future capital projects.

Deferred inflows and outflows of resources reported in the Authority's Statement of Net Position are related to changes in the actuarial valuation of the Authority's pension plan. Deferred inflows of resources increased approximately \$5.9 million to \$6.6 in 2023 and can be mainly attributed to the difference between expected and actual plan experience and changes in plan assumptions. Deferred outflows of resources increased approximately \$1.5 million to \$9.5 million in 2023 due to the difference between projected and actual earnings on pension plan investments. The rate of return on pension plan investments also contributed to a \$4.0 million reduction in the recorded net pension liability, which is approximately \$1.2 million in 2023 compared to a net pension liability of \$5.2 million in 2022. A net pension liability is the liability of the Authority for benefits provided under the pension plan and is calculated as the difference between the plan's total pension liability and the plan fiduciary net position.

More detailed information about the Authority's deferred inflows and outflows can be found in Note 1 of the Notes to Financial Statements. More detailed information about the Authority's pension plan can be found in Note 6 of the Notes to Financial Statements.

Table I
Condensed Statement of Net Position
(Amounts Expressed in Millions of Dollars)

	2023	2022
<u>Assets:</u>		
Current and Other Assets	\$315.4	\$279.7
Capital Assets	<u>601.0</u>	<u>586.1</u>
Total Assets	<u>916.4</u>	<u>865.8</u>
<u>Deferred Outflows</u>	<u>9.5</u>	<u>8.0</u>
<u>Liabilities:</u>		
Current Liabilities	14.5	10.2
Long-Term Debt Outstanding	37.0	38.8
Net Pension Liability	1.2	5.2
Other Liabilities	<u>1.7</u>	<u>1.8</u>
Total Liabilities	<u>54.4</u>	<u>56.0</u>
<u>Deferred Inflows</u>	<u>6.6</u>	<u>0.6</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	558.1	542.5
Restricted	0.5	0.4
Unrestricted	<u>306.3</u>	<u>274.3</u>
Total Net Position	<u>\$864.9</u>	<u>\$817.2</u>

COBB COUNTY-MARIETTA WATER AUTHORITY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

The Statements of Revenues, Expenses and Changes in Net Position for 2023 and 2022 are summarized in a Condensed Statement of Changes in Net Position (See Table II). The Authority achieved an increase in net position of \$47.7 million for the year ended December 31, 2023, which was \$14.6 million more than the \$33.1 million increase achieved in 2022.

Table II Condensed Statement of Changes in Net Position
(Amounts Expressed in Millions of Dollars)

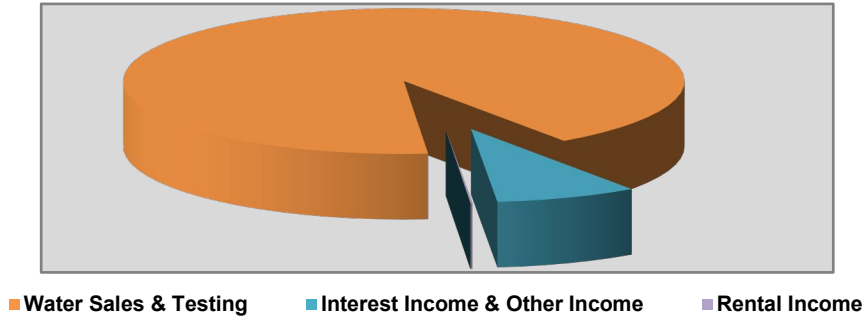
	2023	2022
Revenues:		
Operating Revenue	\$95.1	\$94.1
Interest Income	8.1	3.2
Non-Operating Revenue:		
Rental Income	0.1	0.1
Other Income & Gain on Disposal of Assets	0.3	0.2
Gain (Loss) on Market Value of Investments	<u>2.4</u>	<u>(6.8)</u>
Total Revenue	<u>106.0</u>	<u>90.8</u>
Expenses:		
Operating Expenses:		
General Expenses	2.5	3.1
Administration	0.9	0.8
Administration and Rental Buildings	0.2	0.2
Finance	0.5	0.5
Engineering Division	1.9	1.7
Human Resources	0.5	0.4
Information Technology	1.1	0.8
Research and Development	1.1	0.9
Hickory Log Creek Division	0.5	0.5
Wyckoff Plant Division	9.0	8.5
Quarles Plant Division	9.4	8.6
Maintenance	3.5	3.3
Laboratory	1.5	1.4
Transmission	2.7	3.8
Depreciation	21.6	21.7
Interest Expense	<u>1.4</u>	<u>1.5</u>
Total Expenses	<u>58.3</u>	<u>57.7</u>
Increase in Net Position	\$47.7	\$33.1
Net Position, Beginning of Year	<u>\$817.2</u>	<u>\$784.1</u>
Net Position, End of Year	<u>\$864.9</u>	<u>\$817.2</u>

COBB COUNTY-MARIETTA WATER AUTHORITY
Management’s Discussion and Analysis
Fiscal Year Ended December 31, 2023

Revenues

The Authority’s total revenue of approximately \$106 million reflects an increase of \$15.2 million compared to 2022. (See Condensed Statement of Changes in Net Position – Table II). Revenue from water sales and testing increased by \$1.0 million in 2023 to \$95.1 million. Interest income increased by \$5 million to \$8.1 million in 2023, compared to \$3.1 million in the prior year. Other income increased \$200,000 compared to the prior year and rental income remained constant. Changes in the fair market value of investments in 2023 resulted in an unrealized gain of \$2.4 million.

2023 Total Revenue by Source

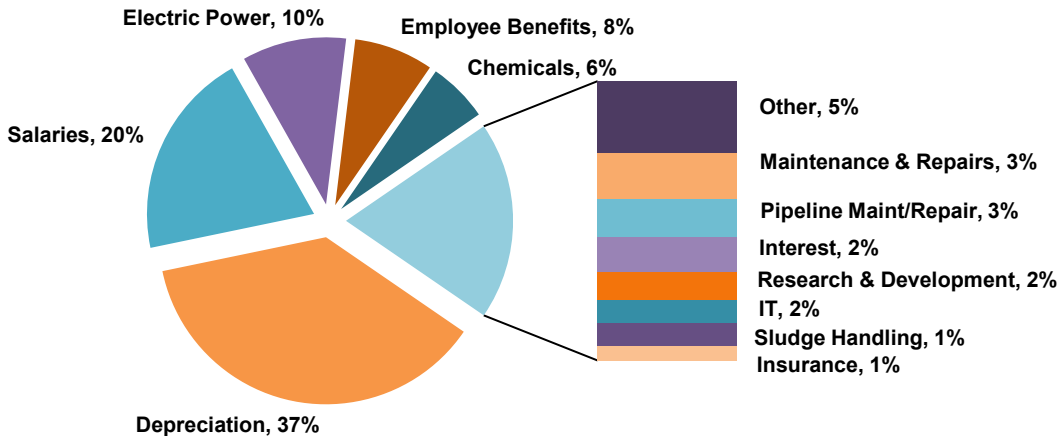


Expenses

The Authority’s total expenses for 2023 were approximately \$58.3 million, a \$600,000 increase over 2022 total expenses of \$57.7 million (See Condensed Statement of Changes in Net Position – Table II). The Authority’s top five expense categories each year are depreciation expense, salaries and benefits, electricity, chemicals, and repair and maintenance expenses. Depreciation expense decreased 0.5% in 2023 due to fewer projects being completed during the year. Salaries and overtime increased 13.2% year-over-year to \$11.6 million, while employee benefits decreased by 27% to \$4.4 million due to lower pension plan expenses. In 2023, the Authority’s net pension expense journal entry adjustment was \$414,275 compared to an adjustment of approximately \$1.1 million in 2022.

Electricity expenses increased 6.7% in 2023 to \$5.8 million due to supplier price increases. Chemical expenses increased 11.2% year-over-year to \$3.4 million due to increases in the per ton cost of several chemicals used for water treatment. Pipeline maintenance and repair expenses decreased 59.5% from \$2.6 million in 2022 to \$1.5 million in 2023 due to one-time expenses incurred in the prior year. General maintenance and repair expenses increased 5.8% in 2023 to \$1.8 million due to increases in the cost of supplier maintenance agreements.

2023 Expenses by Type



COBB COUNTY-MARIETTA WATER AUTHORITY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

Interest expenses related to the Authority's outstanding revenue bonds decreased by \$62,000 in accordance with the debt repayment schedule. Research and Development expenses, which include studies, business case evaluations, and internal development were approximately \$1.1 million, representing a 26.6% increase over 2022.

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, the Authority had \$600.1 million invested in a broad range of capital assets, a \$14.9 million increase (net of depreciation) over the prior year. During 2023, the Authority invested \$36.5 million in capital assets, but accumulated \$21.6 million in additional depreciation expense (See Capital Assets as of December 31 – Table III). More detailed information about capital assets can be found in Note 4 of the Notes to Financial Statements.

Table III
Capital Assets as of December 31
(Net of Accumulated Depreciation)

	2023	2022
Land and Easements	\$33,005,258	\$32,863,538
Buildings	\$24,990,487	\$25,766,990
Furniture & Fixtures	104,791	89,008
Vehicles	1,084,999	664,148
Machinery & Equipment	52,013,864	56,859,088
Distribution Lines	200,180,525	201,406,277
Pumping Stations	11,057,566	11,724,993
Treatment Plants	173,939,246	157,570,392
Water Tanks	6,768,696	7,194,155
Water Resources	<u>31,809,296</u>	<u>32,733,511</u>
	534,954,728	526,872,100
Construction in Progress	61,707,299	55,930,353
Retainage on Construction Contracts	<u>4,328,591</u>	<u>3,316,670</u>
Net Capital Assets	<u>\$600,990,618</u>	<u>\$586,119,123</u>

Debt Administration

CCMWA's debt ceiling is \$400 million. The Authority has no current plans to increase its level of debt, but continues to analyze all available funding options including, but not limited to, bond issuance and/or low interest loans.

The Authority had \$38.5 million in outstanding long-term revenue bond debt (net of unamortized premium) at the end of 2023 (See Outstanding Long-Term Debt - Table IV). Total long-term liabilities are comprised of three components – Revenue Bonds Payable, Net Pension Liability, and Compensated Absences payable. More detailed information about long-term debt can be found in Note 5 of the Notes to Financial Statements.

On June 15, 2015 the Authority issued Revenue Bonds, Series 2015 for the purpose of refunding \$51,013,580 in aggregate principle of two (Phase 1 and 2) loans made by the Georgia Environmental Finance Authority (GEFA). These bonds were issued in the amount of \$47,315,000, with interest rates ranging from 2.00% to 5.00%, interest payments due semiannually on May 1 and November 1, and principal payments due annually on November 1 with the bonds maturing on November 1, 2042.

COBB COUNTY-MARIETTA WATER AUTHORITY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

Table IV
Outstanding Long-Term Debt

	2023	2022
Revenue Bonds Payable - Principal	\$36,435,000	\$37,945,000
Unamortized Premium	<u>2,087,904</u>	<u>2,315,962</u>
Less Current Bonds Payable	<u>(1,585,000)</u>	<u>(1,510,000)</u>
Total Revenue Bonds, Long Term	<u>36,927,904</u>	<u>38,750,962</u>
Net Pension Liability	1,151,754	5,194,398
Compensated Absences Payable	<u>2,790,697</u>	<u>2,671,297</u>
Less Current Compensated Absences Payable	<u>(1,016,508)</u>	<u>(891,132)</u>
Total Long-Term Liabilities	<u>\$39,853,847</u>	<u>\$45,725,525</u>

Looking forward to 2024

Water Sales and Testing:

- Production forecast – 75.4 MGD, a 1.8 MGD decrease from 2023 actual production
- In-county rate \$3.37 per 1000 gallons
- Out-of-county rate \$3.72 per 1000 gallons
- Water testing fee of \$80 per sample, an increase of \$15 per sample from the prior year

Construction in Progress:

Projects scheduled to begin design in 2024:

- Stilesboro/White Circle/Old Hwy 41 Water Main – Aged Pipe Replacement
- Quarles Critical Valve Replacements
- Blow Off and Critical Valve Replacements (Round 8)
- Quarles 2MG Clearwell Repairs
- Wyckoff Press Filtrate Discharge Pre-Treatment
- Wyckoff Electrical Switchgear 2 Replacement
- Pine Mountain Tank Replacement

Projects scheduled to begin construction in 2024:

- Factory Shoals 30" and Six Flags 24" Water Mains – Aged Pipe Replacement
- Cedarcrest Road New 16" Water Main
- Quarles Reservoir Cleaning
- Quarles Chemical Building Replacement
- Wyckoff Maintenance Facility Improvements

Projects scheduled for completion in 2024:

- 2023 Critical Valve Replacements
- Blow Off and Critical Valve Replacements (Round 7)
- Corrosion Control Feed System
- Quarles Plant 2 Filter Valve and Actuator Replacements
- Wyckoff 6MG Clearwell Addition
- Wyckoff Filter Underdrain Replacements (Filters 1 – 8)
- Blackjack Mountain Tank Replacements (5MG)
- Sixty-one (61) small capital projects and purchases scheduled for design, construction, and completion at a cost of \$7.4 million

COBB COUNTY-MARIETTA WATER AUTHORITY
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

The Authority's 2024 Capital Improvement Program budget is \$73.9 million, including \$70.4 million in capital projects, a \$1.5 million reservation for Department of Transportation led projects, and a \$2 million general contingency. The Authority plans to fund all 2024 capital improvements with 2024 net income and capital reserves.

Other Items:

- The Capital Improvement Plan and Financial Model will continue to be revised to reflect changing demand projections and increasing regulatory requirements. Construction costs for capital projects were updated during development of the 2024-2028 Capital Improvement Plan to better reflect market conditions. In addition, a 4% per year inflation factor was applied to all capital cost estimates and a 3% per year inflation factor was applied to all operational cost estimates. The 2024 budget includes a 3.4% increase in operating costs over the prior year's budget. If the impact of inflation continues to outpace the inflation drivers used for long-term planning, adjustments will be made during the 2025 budgeting process.

Requests for Information

This financial report is designed to provide a general overview of the Cobb County-Marietta Water Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cobb County-Marietta Water Authority, 1170 Atlanta Industrial Drive, Marietta, GA 30066.

COBB COUNTY-MARIETTA WATER AUTHORITY
BUSINESS-TYPE ACTIVITIES
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 115,539,838
Receivables:	
Accounts	7,614,164
Accrued interest receivable	1,043,318
Investments	188,994,581
Restricted cash and cash equivalents	697,813
Prepaid items	75,033
Inventory	<u>1,410,528</u>
Total current assets	<u>315,375,275</u>
NON-CURRENT ASSETS	
Capital assets:	
Land	33,005,258
Buildings	33,334,134
Utility plant & distribution lines	687,731,802
Furniture and fixtures	175,205
Machinery and equipment	123,763,462
Vehicles	2,900,541
Construction in progress	<u>66,035,890</u>
	946,946,292
Less accumulated depreciation	<u>345,955,674</u>
Total capital assets, net of accumulated depreciation	<u>600,990,618</u>
Total non-current assets	<u>600,990,618</u>
Total assets	<u>916,365,893</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	<u>9,500,411</u>

See Notes to Financial Statements.

LIABILITIES	
CURRENT LIABILITIES	
Payable from current assets:	
Accounts payable	\$ 6,813,311
Accrued expenses and other liabilities	497,984
Retainage payable	4,328,592
Compensated absences payable	1,016,508
	<u>12,656,395</u>
 Payable from restricted assets:	
Revenue bonds payable	1,585,000
Accrued interest payable	258,479
	<u>1,843,479</u>
 Total current liabilities	 <u>14,499,874</u>
 LONG-TERM LIABILITIES	
Compensated absences payable	1,774,189
Revenue bonds payable, net	36,937,904
Net pension liability	1,151,754
Total long-term liabilities	<u>39,863,847</u>
 Total liabilities	 <u>54,363,721</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related items	<u>6,627,129</u>
 NET POSITION	
Net investment in capital assets	558,139,122
Restricted for debt service	439,334
Unrestricted	<u>306,296,998</u>
 Total net position	 <u>\$ 864,875,454</u>

COBB COUNTY-MARIETTA WATER AUTHORITY
BUSINESS-TYPE ACTIVITIES
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023

Operating revenues:

Charges for services:	
Water sales and testing	\$ 95,114,351
Total operating revenues	95,114,351

Operating expenses:

General expenses	2,543,848
Administration	855,248
Administration and rental buildings	199,311
Finance	546,761
Engineering	1,901,480
Human resources	495,631
Information technology	1,079,641
Research and development	1,103,796
Hickory Log Creek division	499,608
Wyckoff Plant division	8,964,294
Quarles Plant division	9,480,487
Maintenance	3,518,913
Laboratory	1,517,439
Transmission	2,784,710
Depreciation	21,576,779
Total operating expenses	57,067,946

Operating income	38,046,405
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Non-operating revenues (expenses):

Interest income	8,134,266
Net increase in the fair value of investments	2,424,369
Interest expense and fiscal charges	(1,390,835)
Rental income	109,212
Gain on disposal of capital assets	180,418
Other income	164,501
Total non-operating revenues (expenses), net	9,621,931

Change in net position	47,668,336
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Net position, beginning of year	817,207,118
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Net position, end of year	\$ 864,875,454
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See Notes to Financial Statements.

COBB COUNTY-MARIETTA WATER AUTHORITY
BUSINESS-TYPE ACTIVITIES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 95,303,863
Payments for goods and services	(20,554,250)
Payments to employees	(11,134,034)
Net cash provided by operating activities	63,615,579
 CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Rent payments received	109,212
Net cash provided by noncapital financing activities	109,212
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for purchases and construction of capital assets	(35,436,352)
Proceeds from sales of capital assets	180,418
Principal payments on long-term borrowings	(1,510,000)
Interest paid on long-term borrowings	(1,631,477)
Net cash used in capital and related financing activities	(38,397,411)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(100,138,303)
Proceeds from sales of investments	109,101,174
Interest received	7,892,059
Net cash provided by investing activities	16,854,930
Net increase in cash and cash equivalents	42,182,310
 Cash and cash equivalents:	
Beginning of year	74,055,341
End of year	\$ 116,237,651
 Classified as:	
Cash and cash equivalents	\$ 115,539,838
Restricted cash and cash equivalents	697,813
	\$ 116,237,651

Continued

COBB COUNTY-MARIETTA WATER AUTHORITY
BUSINESS-TYPE ACTIVITIES
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$	38,046,405
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense		21,576,779
Changes in assets and liabilities:		
Decrease in customer accounts receivable		189,512
Decrease in other receivables		164,501
Decrease in inventory		95,023
Increase in prepaid items		(75,033)
Increase in deferred outflows of resources - pension items		(1,482,383)
Increase in accounts payable		3,088,153
Increase in compensated absences		119,400
Decrease in accrued expenses and other liabilities		(517)
Decrease in net pension liability		(4,042,644)
Increase in deferred inflows of resources - pension items		5,936,383
Net cash provided by operating activities	\$	<u><u>63,615,579</u></u>

NONCASH INVESTING ACTIVITIES

Increase in fair value of investments	\$	<u><u>2,424,369</u></u>
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See Notes to Financial Statements.

COBB COUNTY-MARIETTA WATER AUTHORITY
FIDUCIARY ACTIVITIES
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

ASSETS	<u>Pension Trust Fund</u>
Cash	\$ 406,339
Investments:	
U.S. government and agency bonds	4,900,384
Exchange-traded funds invested in equity securities	9,326,777
Mutual funds invested in equity securities	7,984,633
Real estate investment trust funds invested in equity securities	120,834
Proprietary funds invested in fixed income securities	2,962,414
Domestic equities	7,418,583
International equities	3,913,098
Corporate obligations	8,682,052
State and local obligations	2,583,989
Accrued interest receivable	<u>152,092</u>
Total assets	<u>48,451,195</u>
NET POSITION	
Net position restricted for pension benefits	<u><u>\$ 48,451,195</u></u>

The accompanying notes are an integral part of these financial statements.

COBB COUNTY-MARIETTA WATER AUTHORITY
FIDUCIARY ACTIVITIES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2023

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer contributions	\$ 944,000
Total contributions	944,000
Investment earnings	
Net increase in fair value of investments	5,821,573
Interest and dividends	995,844
Total investment gain	6,817,417
Investment expenses	3,990
Net investment gain	6,813,427
Total additions	7,757,427
DEDUCTIONS	
Benefit payments	2,288,290
Administrative expenses	183,787
Total deductions	2,472,077
Change in net position	5,285,350
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of year	43,165,845
End of year	\$ 48,451,195

The accompanying notes are an integral part of these financial statements.

COBB COUNTY-MARIETTA WATER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Cobb County-Marietta Water Authority (the “Authority”) was created by Act No. 319 of the General Assembly of the State of Georgia in 1951 and has been amended from time to time by other Acts of the General Assembly. The Act provides that the general purpose of the Authority is to acquire an adequate source or sources of water supply, treatment of such water, and distribution of water to the Cobb County Water system and the various municipalities in the County and environs, including adjoining counties and municipalities located therein.

The Authority consists of seven members who are selected as follows (1) one member is the chairperson of the Board of Commissioners of Cobb County, Georgia; (2) one member is selected by the governing board of the City of Marietta, Georgia; (3) one member is selected by the governing body of the City of Smyrna, Georgia; (4) four members are selected by a caucus consisting of all members of the General Assembly of the State of Georgia whose districts are wholly or partially within Cobb County. The four members selected by a caucus shall include one member from the Cobb County Commission District 1 or 4 and one member from the Cobb County Commission District 2 or 3, excluding residents of Marietta and Smyrna; and two members from unincorporated Cobb County.

Fiduciary Component Unit

The Authority has appointed a Pension Committee to manage and administer the Retirement Plan. The Committee consists of not less than three members, nor more than nine, who may, but need not be, Members of the Board of Directors of the Authority, officers or employees of the Authority, or retired participants of the Retirement Plan. The members of the Committee serve at the pleasure of the Authority and any or all members may be removed by the Authority at any time and successor members of the Committee shall be named by the Authority.

The Committee has the power and duty to do all things necessary or convenient to affect the intent and purposes of the Retirement Plan. However, the authority to amend or terminate the Retirement Plan as well as the authority to direct the trustee in the investment of the trust fund remains with the Cobb County-Marietta Water Authority. The Retirement Plan is reported as a fiduciary component unit in accordance with Governmental Accounting Standards Board Statement Number 84.

Fund Accounting

The Authority uses one fund to report on its financial position and the results of its operations and a second fund to account for and provide separate information for the Authority’s Retirement Plan. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The funds presented in this report are a Proprietary Fund Type - Enterprise Fund and a Fiduciary Fund. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. Fiduciary Funds are used to account for resources held for the benefit of parties outside the Authority. The accounting used for the fiduciary fund is much like that used for proprietary funds.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to the funds is determined by their measurement focus and basis of accounting. The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

In accounting and reporting for its proprietary operations, the Authority applies all Governmental Accounting Standards Board (GASB) pronouncements. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The Authority's principal operating revenue is water sales while the operating expenses include direct general and administrative expenses, distribution, laboratory, water plant, depreciation and other operating expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority.

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity date of three months or less, to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. 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 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year end and the Authority's investment in the Georgia Fund 1 is reported at fair value. The Authority considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

The Authority's nonparticipating interest-earning investment contracts are recorded at cost. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of interest income.

Restricted Assets

Certain resources set aside for the repayment of the Authority's revenue bonds are classified as restricted assets on the statement of net position because their use is limited by applicable covenants.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Authority's financial statements.

Inventories

Inventories of materials and supplies are stated at cost using the first-in, first-out (FIFO) method. The Authority uses the consumption method of accounting for inventory in that as items are purchased they are added to inventory then as subsequently used are recorded to expense.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

The Authority has deferred outflows of resources and deferred inflows of resources related to the recording of changes in its net pension liability (asset). Certain changes in the net pension liability (asset) are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Authority's actuary which adjust the net pension liability (asset) for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions, which adjust the net pension liability (asset), are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

Bond Premiums, Discounts, and Issuance Costs

Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Additionally, bond premiums and discounts are presented as an addition and reduction, respectively, of the face amount of bonds payable in the statement of net position. Issuance costs are expensed when paid in the statement of revenues, expenses, and changes in net position.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., bond proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The Authority has established minimum capitalization thresholds for its various classes of capital assets. These assets are depreciated using the straight-line method according to the following estimated ranges of useful lives:

<u>Capital Asset Class</u>	<u>Threshold</u>	<u>Estimated Useful Life</u>
Computer Hardware and Software	> \$5,000	3 Years
Furniture, Fixtures and Other Equipment	> \$5,000	5-7 Years
Laboratory and Monitoring Equipment	> \$5,000	10 Years
Building and Building Improvements	> \$10,000	25-50 Years
Infrastructure	> \$10,000	10-50 Years
Machinery and Equipment	> \$10,000	5-25 Years
Vehicles	> \$10,000	5 Years
Intangible Assets	> \$25,000	3-50 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Construction in progress and the related retainage consist of costs associated with distribution lines, pumping stations, water storage and plant construction which were not completed as of year end. Because these projects are incomplete and not ready for their intended use, no depreciation is recorded.

Compensated Absences

Annual leave hours are available to employees after the first pay period of employment in a full time position. The maximum annual leave accruals for employees who work 40-hour weeks and 12-hour shifts are 400 hours and 600 hours, respectively.

Employees hired after February 29, 2004 earn sick leave for each pay period up to a maximum of 65 days (520 hours for 40-hour week employees and 780 hours for 12-hour shift employees). Employees hired prior to February 29, 2004 earn sick leave for each pay period up to a maximum of 90 days (720 hours for 40-hour week employees and 1080 hours for 12-hour shift employees). Accumulated sick leave over 65 days in both cases is allowed as "Earned Time". Earned time may be taken as time off.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

Cobb County-Marietta Water Authority uses a single fiduciary fund to maintain its financial records. The fiduciary fund is accounted for on a flow of economic resources measurement focus. Revenues are recognized when earned and expenses are recognized at the time they are incurred. Employer contributions are recognized when due and employee contributions are recognized when due and payable in accordance with the terms of the Plan. Contribution refunds are recognized when due and payable in accordance with the terms of the Plan and Authority procedures for termination.

NOTE 2. DEPOSITS AND INVESTMENTS

Primary Government

Total deposits and investments as of December 31, 2023, are summarized as follows:

<u>As reported in the Statement of Net Position</u>	
Cash and cash equivalents	\$ 115,539,838
Investments	188,994,581
Restricted:	
Cash and cash equivalents	697,813
	<u>\$ 305,232,232</u>
Deposits with financial institutions	\$ 106,316,313
Georgia Fund 1	9,921,338
U.S. Government Agency Securities	144,065,032
Municipal Bonds	965,570
U.S. Treasury Notes	43,963,979
	<u>\$ 305,232,232</u>

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2023, all of the financial institutions holding the Authority's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of December 31, 2023, all of the Authority's bank balances were insured and/or collateralized as defined by GASB and required by state statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government (Continued)

Credit risk. State statutes authorize the Authority to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled-investment programs sponsored by the State of Georgia for the investment of local government funds.

Operating funds of the Authority are currently invested in the Georgia Fund 1; U.S. Treasuries and U.S Government agencies; municipal bonds; or certificates of deposit.

Interest Rate Risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2023, the Authority held the following investments:

Investment	Weighted Average Maturity (Years)	Credit Rating	Balance
United States Treasury Notes	0.74	AA+	\$ 43,963,979
United States Government Agency Securities	1.00	AA+	144,065,032
Municipal Bonds	0.84	AA+	965,570
Georgia Fund 1	0.06	AAAf	9,921,338
			<u>\$ 198,915,919</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government (Continued)

Fair Value Measurements. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority has the following recurring fair value measurements as of December 31, 2023:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
United States Treasury Notes	\$ 40,836,479	\$ 3,127,500	\$ 43,963,979
Municipal Bonds	-	965,570	965,570
United States Government Agency Securities	<u>64,474,795</u>	<u>79,590,237</u>	<u>144,065,032</u>
 Total investments measured at fair value	 <u>\$ 105,311,274</u>	 <u>\$ 83,683,307</u>	 <u>188,994,581</u>
 Investments not subject to level disclosure: Georgia Fund 1			 <u>9,921,338</u>
 Total Investments			 <u>\$ 198,915,919</u>

The United States Treasury Notes and United States Government Agency Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The United States Government Agency Securities, United States Treasury Notes, and Municipal Bonds classified as Level 2 of the fair value hierarchy are valued using option-adjusted and present value of expected future cash flow models.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 39. As a result, the Authority does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

The Authority's certificates of deposit are considered nonparticipating interest-earning investment contracts and, accordingly, are recorded at cost.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Retirement Plan

The Authority's Retirement Plan investment policy stipulates that equity investments should be high in overall quality, reasonably diversified, and show strong or improving financial position. With regard to fixed income investments, the investment policy stipulates that they should be primarily investment grade corporate debt securities, U.S. Treasury obligations, assets and mortgage-backed securities.

Credit Risk – The Retirement Plan's investment policy establishes a long-term strategic asset allocation that mitigates overall expected portfolio risk (volatility) and maximizes expected return. The Retirement Plan seeks to achieve a long-term rate of return (net of investment related fees) which meets or exceeds the assumed actuarial rate of the Retirement Plan as stated in the most recent actuarial report (currently, 7.00%). As such, the current target allocation percentages by asset class are as follows: Domestic Equities – 47.5%; International Equities – 10.0%; and Domestic Fixed Income – 42.5%.

To achieve these objectives, the trustee for the Retirement Plan has invested its funds in U.S. Government and agency bonds, corporate obligations, state and local obligations, exchange-traded funds (ETFs) in equity securities, real estate investment trusts in equity securities, domestic equities, international equities, mutual funds in equity securities and proprietary fund investments in fixed income securities. The U.S. Government and agency bonds have a credit rating of Aaa, and the corporate obligations and state and local obligations have a credit rating ranging from Baa1 – AAA. The remaining investments are not rated by any of the major credit ratings agencies. The Retirement Plan's weighted-average maturities (in years) as of December 31, 2023, are as follows: Corporate obligations – 5.09; State and local obligations – 6.49; U.S. Agency Bonds – 4.67; U.S. Government Bonds – 14.75; Proprietary Funds invested in Fixed Income Securities – 4.74.

Rate of return – For the year ended December 31, 2023, the annual money-weighted rate of return on Retirement Plan investments, net of pension plan investment expense, was 15.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term expected rate of return – 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Retirement Plan (Continued)

Fair value measurements – The Retirement Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority Retirement Plan has the following recurring fair value measurements as of December 31, 2023:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
United States government and agency bonds	\$ -	\$ 4,900,384	\$ 4,900,384
Exchange-traded funds in equity securities	-	9,326,777	9,326,777
Mutual funds in equity securities	-	7,984,633	7,984,633
Real estate investment trust funds in equity securities	120,834	-	120,834
Proprietary funds in equity securities	-	2,962,414	2,962,414
Domestic equities	7,418,583	-	7,418,583
International equities	3,913,098	-	3,913,098
Corporate obligations	-	8,682,052	8,682,052
State and local obligations	-	2,583,989	2,583,989
Total investments measured at fair value	<u>\$ 11,452,515</u>	<u>\$ 36,440,249</u>	<u>\$ 47,892,764</u>

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2023, the Authority's Retirement Plan had deposits with one (1) financial institution collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State.

NOTE 3. RECEIVABLES

Receivables consisted of the following at December 31, 2023:

Receivables:	
Accounts	\$ 7,614,164
Accrued interest	1,043,318
Total receivables	<u>\$ 8,657,482</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 32,863,538	\$ -	\$ -	\$ 141,720	\$ 33,005,258
Construction in progress	59,247,023	36,448,274	-	(29,659,407)	66,035,890
Total	<u>92,110,561</u>	<u>36,448,274</u>	<u>-</u>	<u>(29,517,687)</u>	<u>99,041,148</u>
Capital assets, being depreciated:					
Buildings	33,334,134	-	-	-	33,334,134
Utility plants/distribution lines	660,276,394	-	(130,524)	27,585,932	687,731,802
Machinery and equipment	122,546,637	-	(27,332)	1,244,157	123,763,462
Furniture and fixtures	138,828	-	-	36,377	175,205
Vehicles	2,565,733	-	(316,413)	651,221	2,900,541
Total	<u>818,861,726</u>	<u>-</u>	<u>(474,269)</u>	<u>29,517,687</u>	<u>847,905,144</u>
Less accumulated depreciation for:					
Buildings	(7,567,145)	(776,502)	-	-	(8,343,647)
Utility plants/distribution lines	(249,647,064)	(14,459,933)	130,524	-	(263,976,473)
Machinery and equipment	(65,687,548)	(6,089,382)	27,332	-	(71,749,598)
Furniture and fixtures	(49,820)	(20,594)	-	-	(70,414)
Vehicles	(1,901,587)	(230,368)	316,413	-	(1,815,542)
Total	<u>(324,853,164)</u>	<u>(21,576,779)</u>	<u>474,269</u>	<u>-</u>	<u>(345,955,674)</u>
Total capital assets, being depreciated, net	<u>494,008,562</u>	<u>(21,576,779)</u>	<u>-</u>	<u>29,517,687</u>	<u>501,949,470</u>
Total capital assets, net	<u>\$ 586,119,123</u>	<u>\$ 14,871,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600,990,618</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Series 2015 Revenue Bonds	\$ 37,945,000	\$ -	\$ (1,510,000)	\$ 36,435,000	\$ 1,585,000
Plus unamortized premium	2,315,962	-	(228,058)	2,087,904	-
Revenue Bonds, net	40,260,962	-	(1,738,058)	38,522,904	1,585,000
Net pension liability	5,194,398	5,644,599	(9,687,243)	1,151,754	-
Compensated absences	2,671,297	1,286,586	(1,167,186)	2,790,697	1,016,508
Total long-term liabilities	<u>\$ 48,126,657</u>	<u>\$ 6,931,185</u>	<u>\$ (12,592,487)</u>	<u>\$ 42,465,355</u>	<u>\$ 2,601,508</u>

Revenue Bonds

In June 2015, the Authority issued Revenue Bonds, Series 2015 for the purpose of retiring \$51,717,789 in notes payable to the Georgia Environmental Finance Authority. The bonds were issued in the principal amount of \$47,315,000 with interest rates ranging from 2.00% to 5.00%, interest payments due semiannually on May 1 and November 1, and principal payments due annually on November 1 with the bonds maturing on November 1, 2042.

Debt service requirements to maturity on the revenue bonds are as follows:

Fiscal year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,585,000	\$ 1,550,875	\$ 3,135,875
2025	1,665,000	1,471,625	3,136,625
2026	1,745,000	1,388,375	3,133,375
2027	1,815,000	1,318,575	3,133,575
2028	1,890,000	1,245,975	3,135,975
2029-2033	10,710,000	4,972,263	15,682,263
2034-2038	12,945,000	2,730,700	15,675,700
2039-2042	4,080,000	357,375	4,437,375
Total	<u>\$ 36,435,000</u>	<u>\$ 15,035,763</u>	<u>\$ 51,470,763</u>

The Authority's revenue bonds are special limited obligations of the Authority payable solely from and secured by a pledge of and lien on all operating revenues derived by the Authority from the ownership and operation of its water system, remaining after the payment of expenses of operating, maintaining, and repairing the system. These revenues are pledged to secure the revenue bonds of the Authority until such time that all outstanding principal has been satisfied on the bonds.

Net revenues include operating revenues less operating expenses, excluding depreciation. For the fiscal year ended December 31, 2023, net revenues totaled \$59,623,184 and debt service related to the revenue bonds totaled \$3,136,375.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN

Plan Description

Plan administration. The Authority's pension plan, the Cobb County-Marietta Water Authority Retirement Plan (the "Retirement Plan") is a single-employer, defined benefit pension plan, and is overseen by a Pension Committee and administered by a third-party. The Pension Committee consists of not less than three members, nor more than nine who may, but need not be, Members of the Board of Directors of the Authority, officers or employees of the Authority, or retired participants of the Retirement Plan. The members of the Committee serve at the pleasure of the Authority and any or all members may be removed by the Authority at any time and successor members of the Committee will be named by the Authority. The Committee has the power and duty to do all things necessary to affect the intent and purposes of the Retirement Plan. However, the authority to amend or terminate the Retirement Plan as well as the authority to direct the trustee in the investment of the trust fund remains with the Authority. For the year ended December 31, 2023, the Retirement Plan did not issue separate financial statements.

Plan membership. The Retirement Plan covers all full-time employees who are employed by and receive compensation from the Authority. At December 31, 2023, Retirement Plan membership consisted of the following:

Inactive participants currently receiving benefits	72
Inactive participants entitled to, but not receiving benefits	8
Active plan members	113
Total	<u>193</u>

Benefits provided. The Retirement Plan provides retirement, disability, and death benefits. The normal retirement benefits begin at age 65 for participants who have completed five (5) years of credited service. At that time, the participant becomes eligible to receive basic annual benefits. The basic benefit is equal to 2% of the participant's average monthly compensation (those thirty-six consecutive months of credited service that produce the highest average) multiplied by the years of credited service accumulated to date, up to thirty (30) years, plus 1% of the participant's average monthly compensation (as defined above) to date multiplied by credited service in excess of thirty (30) years. These benefits are payable in the normal form—that is, a monthly annuity payable for the life of the participant. Early retirement is allowed on the last day of any month in which a participant's employment terminates and the participant has attained age fifty-five (55) and has completed at least ten (10) years of credited service. The early retirement benefit is calculated in the same manner as the normal retirement benefit and is then reduced by 1.5% for each year by which the participant's benefit commences prior to his or her normal retirement date.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

Benefits provided (continued). A participant who becomes totally and permanently disabled after ten (10) years of service will receive a monthly accrued benefit commencing on the first day of the month following his or her normal retirement date. The monthly accrued benefit is calculated based upon credited service only up to inception of disability. The average monthly plan compensation for the period of disability will be determined based upon the assumption that the participant's compensation will continue at the same rate as during the last full calendar year preceding inception of disability. To be considered totally and permanently disabled, a participant must qualify for Social Security disability benefits.

If a participant dies before his or her normal retirement date and has ten or more years of credited service, his or her beneficiary will receive 120 guaranteed monthly payments, commencing immediately. If a participant dies on or after his or her normal retirement date, his or her beneficiary will receive the benefit payable under the normal form elected by the participant, commencing immediately.

Contributions. A resolution by the Board of Directors of the Authority grants the authority to establish and amend the contribution requirements of the Authority to the Pension Committee, subject to the approval of the Board. The Board establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Retirement Plan members during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. Currently, employees of the Authority do not contribute to the Retirement Plan. For the year ended December 31, 2023, the Authority's contribution rate was 9.13% of annual payroll.

Net Pension Liability of the Authority

The Authority's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of that date.

Actuarial assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	5.25% compounded annually, including inflation
Investment rate of return	7.00%, net of investment expenses, including inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Authority (Continued)

Mortality rates were based on the RP-2014 Mortality for Healthy Lives with fully generational using 1/2 of scale MP-2018 (for healthy annuitants) and the RP-2014 Mortality for Disabled Lives with fully generational using 1/2 of scale MP-2018 (for disabled lives).

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2008 through December 31, 2016.

The long-term expected rate of return on Retirement Plan investments was determined using a building-block method in which best-estimates of expected future nominal rates of return (expected returns, net of investment expenses) are developed for each major asset class. Multiplying the weights by the target asset allocation percentage and adding expected inflation produces the long-term expected rate of return. Best estimates of arithmetic nominal rates of return for each major asset class included in the Retirement Plan's target asset allocation as of December 31, 2023 are:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	47.5%	9.04%
International Equity	10.0%	9.46%
Domestic Fixed Income	42.5%	3.95%

* The nominal rates of return are increased by a 2.50% inflation assumption to arrive at Expected Real Rate of Return

Discount rate. The discount rate used to measure the total pension liability was 7.00%, which was the same as the prior year rate. The projection of cash flows used to determine the discount rate assumed that Authority contributions will continue to be made at the current rates. Based on those assumptions, the Retirement Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Retirement Plan members.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Authority (Continued)

Changes in the Net Pension Liability of the Authority. The changes in the components of the net pension liability (asset) of the Authority for the year ended December 31, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/22	\$ 48,360,243	\$ 43,165,845	\$ 5,194,398
Changes for the year:			
Service cost	1,149,220	-	1,149,220
Interest	3,386,927	-	3,386,927
Differences between expected and actual experience	1,108,452	-	1,108,452
Contributions—employer	-	944,000	(944,000)
Net investment income	-	6,813,427	(6,813,427)
Benefit payments, including refunds of employee contributions	(2,288,290)	(2,288,290)	-
Change in actuarial assumptions	(2,112,697)	-	(2,112,697)
Change in benefit terms	(906)	-	(906)
Administrative expenses	-	(183,787)	183,787
Net changes	1,242,706	5,285,350	(4,042,644)
Balances at 12/31/23	\$ 49,602,949	\$ 48,451,195	\$ 1,151,754

The required schedule of changes in the Authority's net pension liability (asset) and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability. The fiduciary net position as a percentage of the total pension liability was 97.7%.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 7.00%, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's net pension liability (asset)	\$ 6,790,517	\$ 1,151,754	\$ (3,631,909)

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Authority (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2023 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the Authority recognized pension expense of \$1,349,415. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,760,931	\$ 418,184
Changes in assumptions	386,031	1,772,581
Net difference between projected and actual earnings on pension plan investments	6,353,449	4,436,364
Total	\$ 9,500,411	\$ 6,627,129

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

Fiscal year ending December 31:	
2024	\$ 723,097
2025	1,157,814
2026	1,713,001
2027	(562,306)
2028	(124,099)
2029	(34,225)
Total	\$ 2,873,282

NOTES TO FINANCIAL STATEMENTS

NOTE 7. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

For the year ended December 31, 2023, contractual commitments on uncompleted contracts were \$102,167,842.

Contingencies and Claims

The Authority has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenses previously reimbursed by those agencies. Based upon prior experience, management of the Authority believes such disallowances, if any, will not be significant.

The Authority is a defendant in a contractual dispute in which various claims have been brought against the Authority. Authority management believes that there is modest, though reasonably possible, financial exposure related to the claims. The Authority estimates that the monetary exposure from such claims to be in the range of approximately \$1,500,000 to \$7,900,000 for which \$1,500,000 has been accrued as a liability.

NOTE 8. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries insurance for all risks of loss, including general liability and errors and omission coverage through a private insurance company. The Authority carries commercial insurance for risks of loss related to property, general liability, equipment, automobiles and crime to cover torts, theft of and damage to assets, injuries, errors and omissions, and natural disaster. Significant losses are covered by the commercial insurance underlying these programs.

There have been no significant reductions of insurance coverage from coverage in the prior year, and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 9. JOINT VENTURES

On May 2, 2000, Cobb-County Marietta Water Authority (the "Authority") and the City of Canton entered into a joint project agreement for the construction of the Hickory Log Creek Reservoir. This project includes the construction of a dam, approximately 411 acre reservoir with approximately 15 miles of shoreline, pump station and intake facility, and a pipeline connecting the Reservoir with the Etowah River. The City of Canton's entitlement share or ownership of the project is 25% while the Authority's share is 75%. The term of the agreement between both parties is fifty (50) years from its beginning date. Both the City of Canton and the Authority have decided it would be wasteful and a needless expense to create a separate entity to construct, administer and operate the project. Therefore, there are no separate financial statements prepared other than the annual audited financial statements of both entities and monthly settlement statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. ECONOMIC DEPENDENCY

The Cobb County-Marietta Water Authority has ten customers for which the Authority is the source of water supply. However, one of these customers account for a significant portion of the Authority's overall operating revenues.

Cobb County, Georgia purchases its water supply from the Authority pursuant to a long-term contract that expires on May 15, 2032. For the year ended December 31, 2023, revenues from Cobb County amounted to \$69,537,104 or 73.11% of the Authority's operating revenues.

REQUIRED SUPPLEMENTARY INFORMATION

COBB COUNTY-MARIETTA WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S
NET PENSION LIABILITY AND RELATED RATIOS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability					
Service cost	\$ 1,149,220	\$ 974,082	\$ 890,251	\$ 778,678	\$ 755,949
Interest on total pension liability	3,386,927	3,102,455	2,899,478	2,860,753	2,717,409
Differences between expected and actual experience	1,108,452	2,008,510	1,145,791	(1,215,248)	-
Changes in assumptions	(2,112,697)	-	-	1,192,315	(152,063)
Changes in benefit terms	(906)	-	-	-	-
Benefit payments	(2,288,290)	(2,107,363)	(2,131,587)	(1,411,012)	(1,324,250)
Net change in total pension liability	<u>1,242,706</u>	<u>3,977,684</u>	<u>2,803,933</u>	<u>2,205,486</u>	<u>1,997,045</u>
Total pension liability - beginning	<u>48,360,243</u>	<u>44,382,559</u>	<u>41,578,626</u>	<u>39,373,140</u>	<u>37,376,095</u>
Total pension liability - ending (a)	<u>\$ 49,602,949</u>	<u>\$ 48,360,243</u>	<u>\$ 44,382,559</u>	<u>\$ 41,578,626</u>	<u>\$ 39,373,140</u>
Plan fiduciary net position					
Contributions - employer	\$ 944,000	\$ 936,000	\$ 936,000	\$ 926,000	\$ 912,500
Net investment income (loss)	6,813,427	(6,882,252)	5,968,323	5,066,268	6,998,923
Administrative expenses	(183,787)	-	-	-	-
Benefit payments	(2,288,290)	(2,107,363)	(2,131,587)	(1,411,012)	(1,324,250)
Net change in plan fiduciary net position	<u>5,285,350</u>	<u>(8,053,615)</u>	<u>4,772,736</u>	<u>4,581,256</u>	<u>6,587,173</u>
Plan fiduciary net position - beginning	<u>43,165,845</u>	<u>51,219,460</u>	<u>46,446,724</u>	<u>41,865,468</u>	<u>35,278,295</u>
Plan fiduciary net position - ending (b)	<u>\$ 48,451,195</u>	<u>\$ 43,165,845</u>	<u>\$ 51,219,460</u>	<u>\$ 46,446,724</u>	<u>\$ 41,865,468</u>
Authority's net pension liability (asset) - ending (a) - (b)	<u>\$ 1,151,754</u>	<u>\$ 5,194,398</u>	<u>\$ (6,836,901)</u>	<u>\$ (4,868,098)</u>	<u>\$ (2,492,328)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.7%	89.3%	115.4%	111.7%	106.3%
Covered payroll	\$ 10,340,696	\$ 8,885,646	\$ 8,197,791	\$ 8,188,674	\$ 7,878,930
Net pension liability (asset) as a percentage of covered payroll	11.1%	58.5%	-83.4%	-59.4%	-31.6%

2018	2017	2016	2015	2014
\$ 713,658	\$ 716,431	\$ 620,318	\$ 613,728	\$ 563,408
2,589,156	2,442,341	2,352,652	2,220,010	1,981,839
(176,554)	26,445	168,602	(130,274)	(102,464)
(117,313)	-	105,001	-	1,557,332
-	-	-	(3,926)	-
<u>(1,241,649)</u>	<u>(1,076,086)</u>	<u>(972,975)</u>	<u>(903,430)</u>	<u>(847,216)</u>
1,767,298	2,109,131	2,273,598	1,796,108	3,152,899
<u>35,608,797</u>	<u>33,499,666</u>	<u>31,226,068</u>	<u>29,429,960</u>	<u>26,277,061</u>
<u>\$ 37,376,095</u>	<u>\$ 35,608,797</u>	<u>\$ 33,499,666</u>	<u>\$ 31,226,068</u>	<u>\$ 29,429,960</u>
\$ 902,000	\$ 891,500	\$ 881,500	\$ 855,000	\$ 840,000
(1,532,574)	5,357,129	1,887,368	154,130	2,252,513
-	-	-	-	-
<u>(1,241,649)</u>	<u>(1,076,086)</u>	<u>(972,975)</u>	<u>(903,430)</u>	<u>(847,216)</u>
(1,872,223)	5,172,543	1,795,893	105,700	2,245,297
<u>37,150,518</u>	<u>31,977,975</u>	<u>30,182,082</u>	<u>30,076,382</u>	<u>27,831,085</u>
<u>\$ 35,278,295</u>	<u>\$ 37,150,518</u>	<u>\$ 31,977,975</u>	<u>\$ 30,182,082</u>	<u>\$ 30,076,382</u>
<u>\$ 2,097,800</u>	<u>\$ (1,541,721)</u>	<u>\$ 1,521,691</u>	<u>\$ 1,043,986</u>	<u>\$ (646,422)</u>
94.4%	104.3%	95.5%	96.7%	102.2%
\$ 7,840,847	\$ 7,729,785	\$ 7,271,634	\$ 7,179,574	\$ 6,899,710
26.8%	-19.9%	20.9%	14.5%	-9.4%

COBB COUNTY-MARIETTA WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 823,120	\$ 781,937	\$ 768,953	\$ 772,136	\$ 772,136
Contributions in relation to the actuarially determined contribution	944,000	936,000	936,000	926,000	912,500
Contribution deficiency (excess)	<u>\$ (120,880)</u>	<u>\$ (154,063)</u>	<u>\$ (167,047)</u>	<u>\$ (153,864)</u>	<u>\$ (140,364)</u>
Covered payroll	\$ 10,340,696	\$ 8,885,646	\$ 8,197,791	\$ 8,188,674	\$ 7,878,930
Contributions as a percentage of covered payroll	9.13%	10.53%	11.42%	11.31%	11.58%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 809,176	\$ 752,109	\$ 866,779	\$ 769,650	\$ 739,780
Contributions in relation to the actuarially determined contribution	902,000	891,500	881,500	855,000	840,000
Contribution deficiency (excess)	<u>\$ (92,824)</u>	<u>\$ (139,391)</u>	<u>\$ (14,721)</u>	<u>\$ (85,350)</u>	<u>\$ (100,220)</u>
Covered payroll	\$ 7,840,847	\$ 7,729,785	\$ 7,271,634	\$ 7,179,574	\$ 6,899,710
Contributions as a percentage of covered payroll	11.50%	11.53%	12.12%	11.91%	12.17%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	January 1, 2024
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	The difference in the expected return and the actual return are spread evenly over five (5) years, adjusted if necessary to within 20% of Market Value
Assumed Rate of Return on Investments	7.00% compounded annually net of investment expenses
Projected Salary Increases	5.25% compounded annually
Cost-of-living Adjustment	Liabilities are loaded 5.0% to account for future ad hoc COLAs
Amortization Method	Closed level percentage of pay
Remaining Amortization Period	10 years (closed)

COBB COUNTY-MARIETTA WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION INVESTMENT RETURNS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expenses	15.6%	-13.6%	13.0%	12.2%	20.0%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses	-4.1%	16.8%	6.3%	0.5%	8.1%

STATISTICAL SECTION

This part of the Cobb County-Marietta Water Authority’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority’s overall financial health.

Financial Trends	<u>Page</u> 43
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These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.

Revenue Capacity	50
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These schedules contain information to help the reader assess the Authority’s most significant revenue source – water sales and testing revenues.

Debt Capacity	54
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These schedules present information to help the reader assess the affordability of the Authority’s current levels of outstanding debt and the Authority’s ability to issue additional debt in the future.

Demographic and Economic Information	56
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.

Operating Information	58
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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.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

COBB COUNTY-MARIETTA WATER AUTHORITY
NET POSITION BY COMPONENT
LAST TEN YEARS

Unaudited

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Investment in Capital Assets	\$558,139,122	\$542,541,491	\$533,840,041	\$507,328,882	\$467,442,390
Restricted for Debt Service	439,334	426,833	414,334	407,667	396,834
Unrestricted	<u>306,296,998</u>	<u>274,238,794</u>	<u>249,913,171</u>	<u>230,932,254</u>	<u>218,783,782</u>
Total Net Position	<u><u>\$864,875,454</u></u>	<u><u>\$817,207,118</u></u>	<u><u>\$784,167,546</u></u>	<u><u>\$738,668,803</u></u>	<u><u>\$686,623,006</u></u>

*Source: Cobb County-Marietta Water Authority historical financial records

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$424,485,679	\$409,392,434	\$381,028,358	\$323,777,529	\$303,122,478
1,223,500	1,189,333	1,151,833	1,107,667	1,132,336
<u>209,286,900</u>	<u>181,532,594</u>	<u>170,543,951</u>	<u>185,069,454</u>	<u>172,275,047</u>
<u><u>\$634,996,079</u></u>	<u><u>\$592,114,361</u></u>	<u><u>\$552,724,142</u></u>	<u><u>\$509,954,650</u></u>	<u><u>\$476,529,861</u></u>

COBB COUNTY-MARIETTA WATER AUTHORITY
CHANGES IN NET POSITION
LAST TEN YEARS

Unaudited

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues	\$95,114,351	\$94,082,282	\$94,853,735	\$95,455,151	\$96,051,075
Operating Expenses	<u>57,067,946</u>	<u>56,173,074</u>	<u>48,582,789</u>	<u>48,490,645</u>	<u>48,309,734</u>
Operating Income	<u>38,046,405</u>	<u>37,909,208</u>	<u>46,270,946</u>	<u>46,964,506</u>	<u>47,741,341</u>
Non-Operating Revenue (Expense)	9,621,931	(4,869,636)	(772,203)	5,081,291	3,885,586
Change in Net Position	47,668,336	33,039,572	45,498,743	52,045,797	51,626,927
Net Position - Beginning	<u>817,207,118</u>	<u>784,167,546</u>	<u>738,668,803</u>	<u>686,623,006</u>	<u>634,996,079</u>
Net Position - Ending	<u><u>\$864,875,454</u></u>	<u><u>\$817,207,118</u></u>	<u><u>\$784,167,546</u></u>	<u><u>\$738,668,803</u></u>	<u><u>\$686,623,006</u></u>

*Note: Additional detail for Operating Revenues, Operating Expenses and Non-Operating Revenue (Expense) as shown above can be found in the schedules that immediately follow.

(1) Beginning net position for 2015 was restated by (\$499,279) resulting from the implementation of GASB Statement No. 67 and 68.

*Source: Cobb County-Marietta Water Authority historical financial records

2018	2017	2016	2015	2014
\$90,478,252	\$86,582,223	\$89,655,464	\$80,356,367	\$75,661,819
<u>48,964,073</u>	<u>46,093,835</u>	<u>46,224,169</u>	<u>45,099,147</u>	<u>44,474,605</u>
<u>41,514,179</u>	<u>40,488,388</u>	<u>43,431,295</u>	<u>35,257,220</u>	<u>31,187,214</u>
1,367,539	(1,098,169)	(661,803)	(1,333,152)	3,334,385
42,881,718	39,390,219	42,769,492	33,924,068	34,521,599
<u>592,114,361</u>	<u>552,724,142</u>	<u>509,954,650</u>	<u>476,030,582</u> (1)	<u>442,008,262</u>
<u><u>\$634,996,079</u></u>	<u><u>\$592,114,361</u></u>	<u><u>\$552,724,142</u></u>	<u><u>\$509,954,650</u></u>	<u><u>\$476,529,861</u></u>

COBB COUNTY-MARIETTA WATER AUTHORITY
OPERATING REVENUES BY SOURCE
LAST TEN YEARS
Unaudited

<u>FISCAL YEAR</u>	<u>WATER AND LABORATORY REVENUES</u>		<u>TOTAL</u>	
2014	\$	75,661,819	\$	75,661,819
2015		80,356,367		80,356,367
2016		89,655,464		89,655,464
2017		86,582,223		86,582,223
2018		90,478,252		90,478,252
2019		96,051,075		96,051,075
2020		95,455,151		95,455,151
2021		94,853,735		94,853,735
2022		94,082,282		94,082,282
2023		95,114,351		95,114,351

*Source: Cobb County-Marietta Water Authority historical financial records

COBB COUNTY-MARIETTA WATER AUTHORITY
OPERATING EXPENSES BY FUNCTION
LAST TEN YEARS
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General and Administration (1)	\$ 3,188,620	\$ 3,573,643	\$ 3,861,947	\$ 3,432,161	\$ 4,836,136	\$ 4,107,007	\$ 2,787,557	\$ 2,803,293	\$ 5,747,204	\$ 5,720,440
Engineering Division	1,047,869	1,095,825	1,137,137	1,178,530	1,311,121	1,336,931	1,525,894	1,551,020	1,688,897	1,901,480
Research and Development	1,167,698	1,306,390	1,413,167	905,015	939,966	1,164,539	1,365,021	798,599	891,085	1,103,796
Hickory Log Creek Reservoir	344,821	407,793	409,310	438,619	371,783	409,057	381,711	470,710	544,259	499,608
Wyckoff Treatment Division	8,372,891	8,396,900	8,440,087	7,336,272 (2)	7,429,745	7,988,668	8,496,854	7,928,961	8,476,394	8,964,294
Quarles Treatment Division	7,965,241	7,897,152	8,079,773	6,449,373 (2)	7,068,289	6,992,325	7,290,587	7,837,154	8,593,495	9,480,487
Maintenance	-	-	-	2,516,400 (2)	2,904,182	2,959,008	3,055,743	3,110,378	3,375,364	3,518,913
Laboratory Division	1,010,305	1,038,148	1,038,546	1,035,550	1,044,719	1,131,117	1,179,088	1,206,994	1,396,126	1,517,439
Transmission Division	1,847,542	1,913,257	1,717,536	1,825,471	2,237,226	2,797,248	2,933,330	2,934,333	3,767,750	2,784,710
Depreciation	19,529,618	19,470,039	20,126,666	20,976,444	20,820,906	19,423,834	19,474,860	19,941,347	21,692,500	21,576,779
	<u>\$ 44,474,605</u>	<u>\$ 45,099,147</u>	<u>\$ 46,224,169</u>	<u>\$ 46,093,835</u>	<u>\$ 48,964,073</u>	<u>\$ 48,309,734</u>	<u>\$ 48,490,645</u>	<u>\$ 48,582,789</u>	<u>\$ 56,173,074</u>	<u>\$ 57,067,946</u>

*Source: Cobb County-Marietta Water Authority historical financial records

- (1) General and Administration expense includes General, Administration, Administration and Rental Buildings, Finance, Information Technology, and Human Resources.
(2) In 2017, the Authority created the Maintenance Division through reclassification of current employees from the Quarles and Wyckoff Divisions.

COBB COUNTY-MARIETTA WATER AUTHORITY
NON-OPERATING REVENUES (EXPENSES)
LAST TEN YEARS
Unaudited

	<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>
Interest Income	\$ 1,566,250	\$ 1,558,881	\$ 1,553,449	\$ 1,699,327	\$ 2,871,370	\$ 4,222,543	\$ 3,876,258	\$ 2,748,223	\$ 3,143,167	\$ 8,134,266
Gain (Loss) on Fair Value of Investments (1)	3,316,553	648,014	327,490	(640,113)	329,979	2,182,538	2,326,543	(2,843,842)	(6,772,609)	2,424,369
Interest Expense and Fiscal Charges	(3,593,125)	(3,689,056)	(2,832,098)	(2,610,302)	(2,416,357)	(2,052,593)	(1,549,417)	(1,494,197)	(1,452,983)	(1,390,835)
Intergovernmental	377,117	-	-	-	-	-	167,595	-	-	-
Rental Income	119,904	142,511	177,238	96,394	95,648	76,373	107,174	114,291	117,089	109,212
Gain (Loss) on Disposal of Capital Assets	-	(74,684)	37,303	13,865	(11,462)	(81,043)	22,021	159,549	(41,707)	180,418
Loss on defeasance of debt (2)	-	-	-	-	-	(571,790)	-	-	-	-
Other Income	1,547,686	81,182	74,815	342,660	498,361	109,558	131,117	543,773	137,407	164,501
Total Nonoperating Revenues (Expenses), Net	<u>\$ 3,334,385</u>	<u>\$ (1,333,152)</u>	<u>\$ (661,803)</u>	<u>\$ (1,098,169)</u>	<u>\$ 1,367,539</u>	<u>\$ 3,885,586</u>	<u>\$ 5,081,291</u>	<u>\$ (772,203)</u>	<u>\$ (4,869,636)</u>	<u>\$ 9,621,931</u>

(1) The gain (loss) reported on the fair value of the Authority's investments will vary based upon market conditions each reporting period.

(2) The outstanding Series 2009 Revenue Bonds were defeased in 2019.

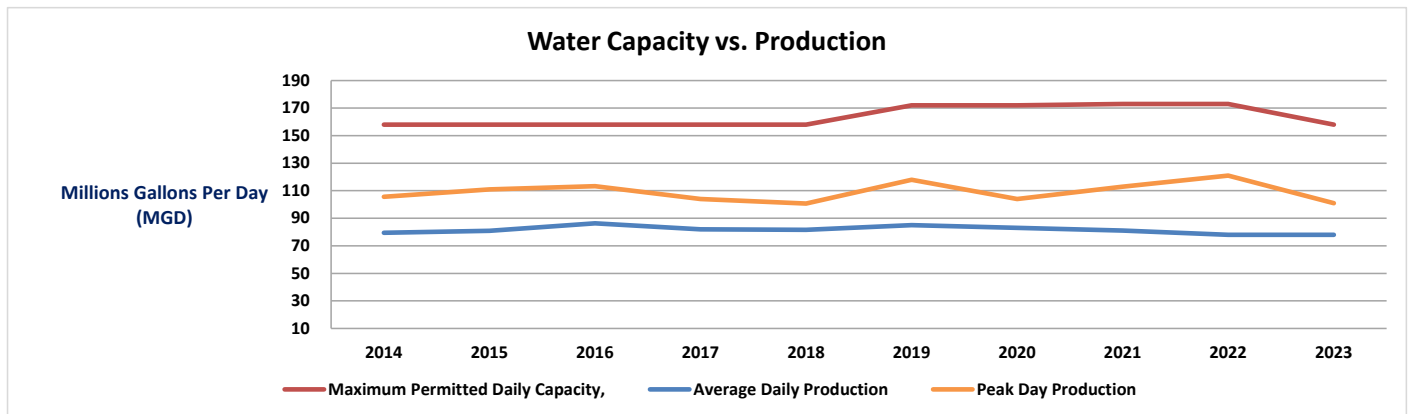
*Source: Cobb County-Marietta Water Authority historical financial records

COBB COUNTY-MARIETTA WATER AUTHORITY
WATER CAPACITY COMPARED WITH ANNUAL AVERAGE DAILY FLOW
LAST TEN YEARS
(ALL NUMBERS EXPRESSED IN MILLIONS OF GALLONS)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Maximum Permitted Daily Capacity, MGD of Water Treatment Plants (WTPs):										
Quarles WTP	86	86	86	86	86	86	86	87	87	86
Wyckoff WTP (1)	72	72	72	72	72	86	86	86	86	72
	158	158	158	158	158	172	172	173	173	158
Average Daily Production	79	81	86	82	82	85	83	81	78	78
Percent of Capacity Used	50.25	51.15	54.65	51.90	51.66	53.80	52.27	51.02	49.41	49.06
Peak Day Production	106	111	113	104	101	118	104	113	121	101
Percent of Capacity Used	66.88	70.19	71.75	65.82	63.73	74.78	65.57	71.52	76.34	63.61

(1) Wyckoff Water Treatment Plant's permitted capacity was increased to 86 million gallons per day by the Georgia Environmental Protection Division in February 2019 to match the Plant's permitted withdrawals from Lake Allatoona.

*Source: Cobb County-Marietta Water Authority Historical Records



COBB COUNTY-MARIETTA WATER AUTHORITY
NUMBER OF CUSTOMERS
LAST TEN YEARS
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Wholesale Water Customers										
In-County Governmental Customers (2)	5	5	5	5	5	4	4	4	4	4
In-County Industrial/Private Customers	1	1	1	1	1	1	1	1	1	1
Out-of-County Governmental Customers (1)	6	6	6	6	6	6	6	6	6	5
	12	12	12	12	12	11	11	11	11	10

***Source:** Cobb County-Marietta Water Authority Historical Records

- (1) Although six out-of-county governmental customers are listed, one of those customers, Fulton County, has not purchased water in over 10 years.
(2) During 2019, the City of Powder Springs sold its water system to Cobb County Water System, thereby voiding its contract with CCMWA. Sales to Cobb County Water System now includes water usage for the City of Powder Springs.

COBB COUNTY-MARIETTA WATER AUTHORITY

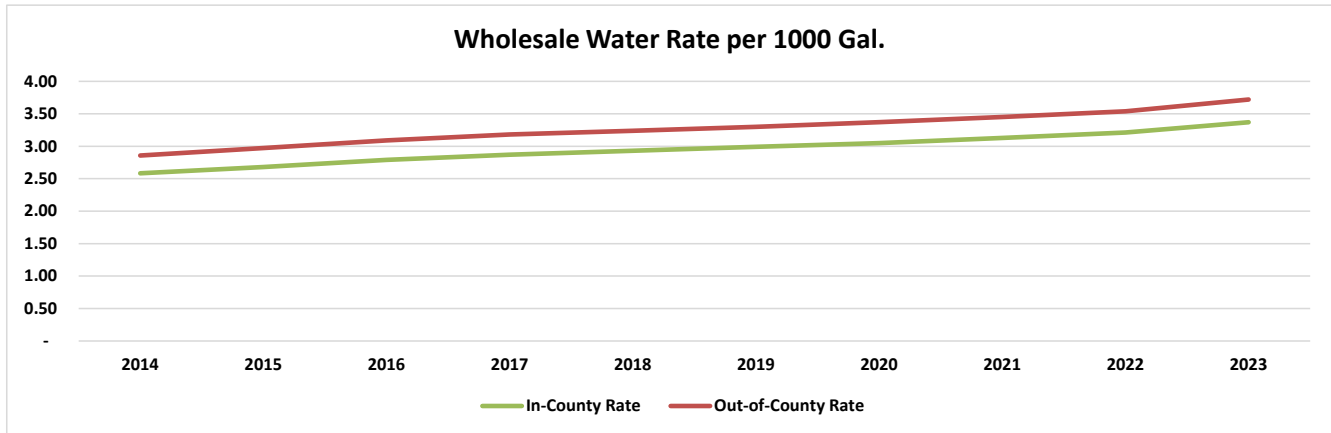
WHOLESALE WATER RATES

LAST TEN YEARS

Unaudited

Wholesale Water Price Per Thousand Gallons	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Base Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
In-County Rate	2.58	2.68	2.79	2.87	2.93	2.99	3.05	3.13	3.21	3.37
Out-of-County Rate	2.86	2.97	3.09	3.18	3.24	3.30	3.37	3.45	3.54	3.72

*Source: Cobb County-Marietta Water Authority historical financial records



COBB COUNTY-MARIETTA WATER AUTHORITY

LIST OF CUSTOMERS BY DEMAND CURRENT YEAR AND NINE YEARS AGO

Unaudited

	2023			2014		
	Demand in Thousands of Gallons	Revenue	Percentage of Sales	Demand in Thousands of Gallons	Revenue	Percentage of Sales
Cobb County Water System	21,116,058	\$ 69,537,104	75.0%	19,500,612	\$ 50,515,235	67.9%
Paulding County (1)	1,644,164	5,807,913	5.8%	3,654,182	10,450,961	12.7%
Marietta Board of Lights and Water	2,763,273	9,108,315	9.8%	2,762,680	7,127,715	9.6%
City of Smyrna	1,517,962	4,995,177	5.4%	1,300,370	3,354,955	4.5%
City of Woodstock	515,395	1,919,782	1.8%	534,561	1,529,936	1.9%
City of Powder Springs (2)	-	-	-%	405,990	1,047,454	1.4%
City of Austell	323,840	1,065,434	1.2%	263,782	680,559	0.9%
Lockheed-Martin Corporation	262,057	862,168	0.9%	218,844	564,618	0.8%
Douglasville/Douglas County Water Water Authority (3)	968	1,624,392	-%	60,809	283,539	0.2%
City of Mountain Park	15,428	56,004	0.1%	23,757	69,611	0.1%
Cherokee County Water & Sewerage Authority	1	4	-%	2,452	7,037	-%
	28,159,146	\$ 94,976,293		28,728,039	\$ 75,631,620	

***Source:** Cobb County-Marietta Water Authority historical records

(1) Paulding County has informed the Cobb County-Marietta Water Authority that the county is building its own reservoir and water treatment facility. Paulding County expects to stop purchasing water from the Authority around mid-2021.

(2) The City of Powder Springs sold its water system to Cobb County Water System in June 2019, thereby voiding its contract with CCMWA. Sales to Cobb County Water System now includes water usage for the City of Powder Springs.

(3) Douglasville/Douglas County Water Authority renewed their contract with Cobb County-Marietta Water Authority in December, 2017. The new contract recognizes Douglasville's need for water on an emergency basis only and is based on a reserved daily allocation that is charged monthly and a volumetric charge when water is purchased. This contract resulted in monthly revenue from Douglasville not related to direct water sales.

COBB COUNTY-MARIETTA WATER AUTHORITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
Unaudited

Fiscal Year	Senior Lien Revenue Bonds	Georgia Environmental Finance Authority Notes	Total Outstanding Debt	Percentage of Personal Income	Population	Debt per Capita
2014	\$ 36,504,284	\$ 51,717,789	\$ 88,222,073	0.256%	729,150	\$ 120.99
2015	82,707,667	-	82,707,667	0.227%	741,060	111.61
2016	76,301,219	-	76,301,219	0.203%	750,730	101.64
2017	69,725,480	-	69,725,480	0.177%	755,650	92.27
2018	63,005,964	-	63,005,964	0.156%	759,750	82.93
2019	45,157,874	-	45,157,874	0.108%	764,000	59.11
2020	43,574,153	-	43,574,153	0.100%	766,210	56.87
2021	41,934,248	-	41,934,248	0.094%	766,800	54.69
2022	40,260,962	-	40,260,962	0.088%	773,340	52.06
2023	38,522,904	-	38,522,904	0.082%	779,330	49.43

***Source:** Cobb County-Marietta Water Authority historical records

***Note:** Debt listed above does not include accrued compensated absences

***Note 2:** Population and personal income used in this table only represents Cobb County, Georgia. Source information for those items are found in the Demographic and Economic Statistics Table.

COBB COUNTY-MARIETTA WATER AUTHORITY
PLEDGED REVENUE COVERAGE
LAST TEN YEARS
Unaudited

Fiscal Year	Operating Revenues	Other Income (Expense)	Operating Expenses (Excluding Depreciation)	Net Available Revenues	Principal	Interest	Total	Coverage Ratio
2014	\$ 75,661,819	\$ 6,927,510	\$ 24,944,987	\$ 57,644,342	\$ 7,760,707	\$ 3,829,349	\$ 11,590,056	4.97
2015	80,356,367	2,430,588	25,629,108	57,157,847	4,630,000	3,365,293	7,995,293	7.15
2016	89,655,464	2,170,295	26,097,503	65,728,256	5,595,000	3,298,072	8,893,072	7.39
2017	86,582,223	1,512,133	25,117,391	62,976,965	5,860,000	3,041,240	8,901,240	7.08
2018	90,478,252	3,783,896	28,143,167	66,118,981	6,085,000	2,812,863	8,897,863	7.43
2019	96,051,075	3,885,586	28,885,900	71,050,761	6,290,000	2,611,840	8,901,840	7.98
2020	95,455,151	5,081,291	29,015,785	71,520,657	1,330,000	1,814,222	3,144,222	22.75
2021	94,853,735	(772,203)	28,641,442	65,440,090	1,395,000	1,746,077	3,141,077	20.83
2022	94,082,282	(4,869,636)	34,480,574	54,732,072	1,435,000	1,703,227	3,138,227	17.44
2023	95,114,351	9,621,931	35,491,167	69,245,115	1,510,000	1,631,477	3,141,477	22.04

*Source: Cobb County-Marietta Water Authority historical records

*Note: Cobb County-Marietta Water Authority does not receive funding from property taxes or impact fees.

COBB COUNTY-MARIETTA WATER AUTHORITY
EMPLOYMENT BY SECTOR
CURRENT YEAR AND NINE YEARS AGO
Unaudited

<u>Industry Sector</u>	<u>2023</u>		<u>2014</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
Professional and Technical Services	64,570	10.88%	48,140	10.10%
Administrative and Waste Services	59,590	10.04%	46,310	9.72%
Miscellaneous	57,710	9.73%	45,870	9.62%
Healthcare and Social Services	52,580	8.86%	40,670	8.53%
Retail Trade	50,100	8.44%	48,280	10.13%
Construction	46,800	7.89%	32,690	6.86%
Accommodation and Food Service	42,560	7.17%	33,170	6.96%
State and Local Government	34,010	5.73%	33,270	6.98%
Real Estate, Rent and Leasing	33,910	5.71%	25,870	5.43%
Finance and Insurance	33,950	5.72%	26,320	5.52%
Transportation and Utilities	32,720	5.51%	15,790	3.31%
Other Services	31,730	5.35%	26,610	5.58%
Wholesale Trade	27,810	4.69%	29,380	6.16%
Manufacturing	20,540	3.46%	19,470	4.08%
Federal Government	4,820	0.81%	4,820	1.01%

Note: Information for Principal Employers for fiscal year 2023 was unavailable. The statistic reported above was derived from the Cobb County, Georgia fiscal year 2023 Annual Comprehensive Financial Report

COBB COUNTY-MARIETTA WATER AUTHORITY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
Unaudited

Fiscal Year	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	County Unemployment Rate (2)
2014	729,150	\$ 34,438,290,000	\$ 47,231	6.00%
2015	741,060	36,388,150,000	49,103	4.90%
2016	750,730	37,571,860,000	50,047	4.50%
2017	755,650	39,388,930,000	52,126	3.60%
2018	759,750	40,375,110,000	53,143	3.20%
2019	764,000	41,806,910,000	54,721	3.20%
2020	766,210	43,361,730,000	56,592	5.70%
2021	766,800	44,444,180,000	57,961	2.90%
2022	773,340	45,683,990,000	59,074	2.40%
2023	779,330	47,081,920,000	60,413	3.10%

City	Population (2)
Acworth	22,155
Austell	7,985
Kennesaw	33,645
Marietta	62,699
Mableton	41,647
Powder Springs	18,225
Smyrna	56,160

***Sources:**

- (1) Woods and Poole Economics 2023 Data Pamphlet.
- (2) Cobb County Chamber of Commerce and City Economic Development Departments.

COBB COUNTY-MARIETTA WATER AUTHORITY
FULL-TIME EMPLOYEES BY FUNCTION
LAST TEN YEARS
Unaudited

Division	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Treatment and Water Resources	72	71	71	46	42	44	44	43	43	43
Maintenance	-	-	-	25	26	26	26	27	27	27
Transmission	11	11	11	11	11	10	10	10	10	10
Laboratory	10	10	10	10	10	10	10	10	10	10
Engineering	9	8	8	8	9	9	9	9	9	10
Administration and Information Systems	12	12	12	12	14	15	15	15	16	16
	<u>113</u>	<u>112</u>	<u>112</u>	<u>112</u>	<u>112</u>	<u>114</u>	<u>114</u>	<u>114</u>	<u>115</u>	<u>116</u>

***Source:** Cobb County-Marietta Water Authority historical records

Note: Revisions were made to fiscal years 2019 - 2021 by Authority management.

COBB COUNTY-MARIETTA WATER AUTHORITY
WATER TANK STORAGE CAPACITY
LAST TEN YEARS

Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ground Level Tanks:										
Blackjack Mountain (1)	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	-	-
Brush Mountain	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Pine Mountain No. 1	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Pine Mountain No. 2	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Pete Shaw	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Pete Shaw No. 2	-	-	-	-	-	-	-	5,000	5,000	5,000
Factory Shoals	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Groover Mountain	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Lost Mountain No. 1	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Lost Mountain No. 2	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Quarles Washwater	500	500	500	500	500	500	500	500	500	500
	<u>36,100</u>	<u>40,100</u>	<u>40,100</u>	<u>40,100</u>	<u>40,100</u>	<u>40,100</u>	<u>40,100</u>	<u>45,100</u>	<u>40,900</u>	<u>40,900</u>
Elevated Tanks:										
Wyckoff Washwater	400	400	400	400	400	400	400	400	400	400
Storage at Water Plants:										
Quarles Treatment Division	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Wyckoff Treatment Division	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
Total Water Tank Storage Capacity:										
	<u>56,500</u>	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>60,500</u>	<u>65,500</u>	<u>61,300</u>	<u>61,300</u>

(1) Blackjack Mountain storage tank was demolished during 2022 and a new storage tank is under construction in the same location. The new water storage tank will go into operation during 2024.

*Source: Cobb County-Marietta Water Authority historical records.

Note: All storage capacity figures expressed in thousands.

COBB COUNTY-MARIETTA WATER AUTHORITY
RAW WATER RESERVOIR STORAGE CAPACITY
LAST TEN YEARS
Unaudited

	<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>
Raw Water Reservoirs										
Hickory Log Creek Reservoir {% Ownership}	4,327,500	4,327,500	4,327,500	4,327,500	4,327,500	4,327,500	4,327,500	4,327,500	4,327,500	4,327,500
Allatoona Reservoir {% Ownership}	4,281,688	4,281,688	4,281,688	4,281,688	4,281,688	4,281,688	4,281,688	4,281,688	4,281,688	4,281,688
Quarles Treatment Division Reservoir	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>	<u>8,634,188</u>
Average Daily Flow										
Average Daily Production	<u>79,000</u>	<u>81,000</u>	<u>81,000</u>	<u>81,000</u>	<u>82,000</u>	<u>85,000</u>	<u>83,000</u>	<u>81,000</u>	<u>78,000</u>	<u>78,000</u>
Number of Days Supply	<u>109</u>	<u>107</u>	<u>107</u>	<u>107</u>	<u>105</u>	<u>102</u>	<u>104</u>	<u>107</u>	<u>111</u>	<u>111</u>

*Source: Cobb County-Marietta Water Authority historical records

Note: All storage capacity figures expressed in thousands.

COMPLIANCE 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 *GOVERNMENT AUDITING STANDARDS*

**To the Members of the Board of the
Cobb County-Marietta Water Authority
Marietta, 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 the business-type activities and the aggregate remaining fund information of the Cobb County-Marietta Water Authority (the “Authority”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated April 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
April 8, 2024