

Peachtree City Water & Sewerage Authority
Regular Meeting
Tuesday, April 18, 2023
8:30 a.m.

I. Pledge of Allegiance

II. Public Comment

III. Minutes

March 21, 2023 - Regular Meeting Minutes

IV. Reports

- A. Authority Members
- B. General Manager

V. Quarterly Financial Report

VI. Audit Report

VII. Property, Crime, General Liability, Boiler & Machinery, Umbrella, Auto, Inland Marine, Employment Practices Liability, Public Entity Liability, Flood & Earthquake and CyberFirst Liability Insurance Coverage – renewal May 1, 2023

VIII. Animal Shelter Pump Station Design Work Authorization from ISE

IX. July 18, 2023 Meeting Cancellation

X. Executive Session – Real Estate, Personnel, Potential Litigation

XI. Adjourn

** Location of meeting is Peachtree City Water & Sewerage Authority at 1127 Hwy. 74, South **

NOTE: This agenda is subject to change up to twenty-four hours prior to the scheduled meeting.

A quorum of City Council will be in attendance.

Peachtree City Water and Sewerage Authority

March 21, 2023

The Peachtree City Water and Sewerage Authority held its monthly meeting on Tuesday, March 21, 2023, in the break room of the John W. Gronner Administrative Center. The following individuals were present: Chairman Kim Learnard, Vice-Chairman Mike King, Treasurer/Secretary Frank Destadio, Board Member Phil Prebor, Board Member Clint Holland, Ms. Melissa Griffis (attorney with Horne & Griffis), Mr. Dan Davis (ISE), Ms. Leslie Baer (ISE), Ms. Millie Shah (WASA), Mr. Larry McNeil (WASA), Mr. Chris Miller (Cpak Technology Solutions), Mr. Scott Thompson (ISE), Ms. Hope Larisey (ISE), and Mr. John Dufresne.

Ms. Learnard called the meeting to order at 8:30 am. The meeting began with the Pledge of Allegiance.

Ms. Learnard opened the meeting up for public comment. There were no public comments.

Ms. Learnard asked for a motion to approve the January 19, 2023 regular meeting minutes. Mr. King made a motion to approve the January 19, 2023 regular meeting minutes, seconded by Mr. Destadio. Motion carried.

There were no reports from the Authority members.

Mr. Dan Davis provided a General Manager update. Mr. Dan Davis discussed the sewer line issue located near The Avenues, stating there is an issue with a blockage in the line. A proposal for engineering services to replace the pipe will be presented next month. Mr. Dan Davis stated he anticipates the project can be completed in the next year, and the cost could be significant (over \$750,000). Mr. Holland asked if the pipe could be relined in place. Mr. Dan Davis said the pipe is too damaged for relining to be a solution. Mr. Holland asked if the new pipe installed will be larger than the existing pipe. Mr. Dan Davis said yes, the new pipe will be larger. Mr. Dan Davis stated in the meantime the staff will be carefully watching the issue. Mr. McNeil stated the issue was discovered during an inspection with the SL-Rat device. The RedZone data did have some images of the area, and this area scored 37 in the prioritization plan. Mr. King asked if there was an option to reroute the line. Mr. McNeil stated the line can be bypassed during the repair work, but an engineer will need to determine if the line should be permanently rerouted. Mr. Dan Davis provided an update on the Animal Shelter project, stating Authority management attended a preconstruction meeting last week. Mr. Dan Davis stated the Authority is back to being fully staffed.

Mr. Prebor asked if the Authority facility might be a possible location for voting. Mr. Dan Davis stated this use would not be a good idea due to parking and the chemicals maintained onsite. Ms. Griffis stated there would be a liability associated with voter/customer flow and not having adequate staff to control the flow of voters in order to maintain restricted access/areas.

Mr. Dan Davis discussed the Line Creek Plant and Rockaway Plant SCADA upgrade proposal. Mr. Destadio made a motion to approve the Line Creek Plant and Rockaway Plant SCADA upgrade proposal, seconded by Mr. King. Motion carried. Mr. Holland asked if the proposed solution is up-to-date technology and includes the software and hardware. Mr. Dan Davis said yes, it is the newest technology and includes software and hardware. Mr. Dan Davis stated he can provide a presentation to the Board of the equipment sometime in the future. Mr. Prebor asked about the taxes listed on the proposal. Mr. Dan Davis stated the Authority does not pay taxes. Mr. Holland asked if all the equipment listed in the proposal is needed. Mr. Dan Davis stated that it is all needed.

Mr. Dan Davis discussed the Line Creek Plant Gearbox proposal, stating the equipment cannot be procured by a bid process because it is unique to the existing equipment vendor. Ms. Griffis clarified that this item

was labeled as Rockaway on the budget, but it is for the Line Creek plant. Ms. Griffis stated there are items in the proposal terms and conditions that the Authority would not normally agree to; however, this is the only vendor that can provide the specific equipment needed. Mr. King made a motion to approve the Line Creek Plant Gearbox proposal, seconded by Mr. Prebor. Motion carried. Mr. Holland asked if there are spares for this type of equipment at the Rockaway Plant. Mr. Dan Davis stated the Rockaway Plant is a different type of process and it is not needed.

Mr. Dan Davis discussed the Program Management for ARPA Projects Work Authorization from ISE. Mr. Dan Davis stated the ARPA program has significant reporting protocol, and the preferred delivery method is design/build. Mr. Dan Davis stated ISE will advance the design to a 30% level and then issue an RFP for a design/build team. The lowest qualified bidder will be selected. ISE will perform the inspection work. Mr. Thompson discussed the specifics within the Work Authorization, stating ISE will coordinate between the City and the Authority regarding the funding process/paperwork. Mr. Destadio stated this was a good approach and likes using multiple contractors and engineers. Mr. Holland discussed planning for the future with the Line Creek Headworks project. Mr. Thompson stated the work will include evaluating future conditions and incorporating those considerations. Mr. Holland asked if all the UV units planned for replacement are Trojan brand. Mr. Thompson said yes, and they are looking to possibly move to another brand. Mr. Holland stated the approach presented is the proper way to proceed. Mr. Holland made a motion to approve the Program Management for ARPA Projects Work Authorization, seconded by Mr. Destadio. Motion carried.

Ms. Larisey discussed the 2023 Long-Term Monitoring Work Authorization from ISE. Ms. Larisey stated ISE has completed this program for the Authority since 2003. The program includes collecting samples at five sites, evaluating the water quality when it enters the City and then when it leaves the City. Ms. Learnard asked why biological sampling is not performed at site LC-1. Ms. Larisey stated the site is too deep for biological sampling. Mr. Holland asked if the biological sampling goes beyond E. coli. Ms. Larisey stated this is the only biological sampling performed, and stated E. coli is the new standard for bacterial indicator, not fecal coliform. Mr. Holland asked if the Authority has determined why the water quality changes through the City. Ms. Larisey stated she suspects this is due to more septic tanks in the northern part of the City. Mr. Holland made a motion to approve the 2023 Long-Term Monitoring Work Authorization, seconded by Mr. King. Motion carried.

Ms. Learnard asked for a motion to adjourn into Executive Session for the purpose of Real Estate, Personnel, and Potential Litigation. The motion was made by Mr. King and seconded by Mr. Prebor. Motion carried. The meeting was adjourned into Executive Session at 9:08 am.

The meeting was reconvened at 10:02 am. Mr. King exited the meeting at 10:02 am.

Ms. Learnard asked for a motion to adjourn. The motion was made by Mr. Holland and seconded by Mr. Prebor. Motion carried. The meeting was adjourned at 10:02 am.

Chairman – Kim Learnard

Vice Chairman – Mike King



Quarterly Financial Report
March 31, 2023

PCWASA Cash Account Balances
March 31, 2023

1111 Revenue Operating Account	\$ 5,603,427
1112 Sinking Fund Account	\$ 494,124
1113 Renewal & Extension Account	\$ 9,060
1114 Capital Fund Account	\$ 7,588
1320 Georgia Fund One	\$ 3,826,416
	<u>\$ 9,940,615</u>

Peachtree City Water and Sewerage Authority
Financial Report
For the Fiscal Year Ending on September 30, 2023
Second Quarter Ending on March 31, 2023

	FY2023 APPROVED BUDGET	FY2023 ACTUAL/ ENCUMBRANCES	% Used YTD
Revenues - Rate	\$9,956,500	\$4,670,132	46.91%
Revenues - Fee	\$1,015,500	\$695,251	68.46%
American Rescue Plan Funding	\$5,150,000	-	
Fund Balance	\$1,946,900	-	
Operating Fund Revenues	\$18,068,900	\$5,365,383	
Salaries, Wages, & Benefits	\$3,480,299	\$1,410,218	40.52%
Materials, Supplies, & Services	\$3,579,175	\$1,618,573	45.22%
Operation Expenditures	\$7,059,474	\$3,028,791	42.90%
Operating Surplus (Deficit)	\$11,009,426	\$2,336,592	
Oper Trfr-Sinking Fund	\$2,740,543	\$2,622,543	95.69%
Oper Trfr-Ren & Ext	\$350,000	-	0.00%
Oper Trfr-Capital	\$7,789,770	\$626,268	8.04%
Sub-Total	\$10,880,313	\$3,248,811	29.86%
Total All Expenditures	\$17,939,787	\$6,277,602	
Net Surplus (Deficit)	\$129,113	(\$912,219)	
Other Income (Expenditures)	\$0	\$24,859	
Total Surplus (Deficit)	\$129,113	(\$887,360)	

Percentage into Budget Year: 50%

*Preliminary and unaudited

** Total surplus(deficit) includes a bond payment of \$2,465,000

**PEACHTREE CITY WATER &
SEWERAGE AUTHORITY**

(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022**

PEACHTREE CITY WATER & SEWERAGE AUTHORITY
(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

FINANCIAL REPORT
SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peachtree City Water & Sewerage Authority
(A Component Unit of Peachtree City, Georgia)
Peachtree City, Georgia

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the financial statements of the the **Peachtree City Water & Sewerage Authority** (the "Authority"), a blended component unit of Peachtree City, Georgia, as of and for the year ended September 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2022, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 ("MD&A") on pages 4 – 12 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 ("GASB") 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023, 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 Peachtree City Water and Sewerage Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the company name written in a professional yet personal style.

Macon, Georgia
February 16, 2023

PEACHTREE CITY WATER AND SEWERAGE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2022

Authority Activities and Highlights

The overall financial condition of the Peachtree City Water and Sewerage Authority (the "Authority") remained strong during the fiscal year ended September 30, 2022. The Authority funds its daily operation and maintenance expenses strictly from sewer billings. According to its bond covenants, the Authority is required to generate revenues that are at least equal to 110% of its annual debt service, after deducting operating expenses, excluding depreciation. This is referred to as coverage. For the Fiscal Year 2022, the Authority generated a 179% coverage.

The Authority is administered by its staff. The General Manager of the Authority is charged with the responsibility of daily operation and administration of the Authority. Beginning July 2018, Mr. L.H. (Dan) Davis, Jr., P.E. with Integrated Science & Engineering, Inc. has served as General Manager of the Authority. Since 2018, the Authority has run a lean organization, with employees performing multiple tasks and duties. The Authority employs twenty-seven full-time employees. The facilities are staffed 24 hours a day, seven days a week, with additional staff on-call for emergencies. The Authority is highly reliant on technology to maintain its efficiency.

Financial Highlights

Key financial highlights for the Fiscal Year 2022 are as follows:

- The financial position continues to be strong. The Authority's assets exceeded its liabilities by \$32,333,765 (*net position*). Of this amount, \$11,536,989 (*unrestricted net position*) may be used to meet the Authority's ongoing obligations.
- The Authority's total net position on September 30, 2022 increased by \$2,791,834, or 9.45%, from the previous year. This change is further reflected in the Authority's Statement of Revenues, Expenses and Changes in Net Position.
- Total operating revenues of the Authority were \$10,857,358 and total operating expenses were \$7,809,530.
- The Authority served approximately 12,218 sewer customers and billed approximately 1.11 billion gallons of wastewater.

Overview of the Financial Statements

The financial section of the annual report consists of four parts – independent auditor's report, required supplementary information that includes the Management's Discussion and Analysis ("MD&A"), the basic financial statements, and supplemental information.

- The MD&A is intended to serve as an introduction to the Authority's basic financial statements.
- The notes to the financial statements contain more detail on some of the information presented in the financial statements.
- The financial statements of the Authority 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 presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

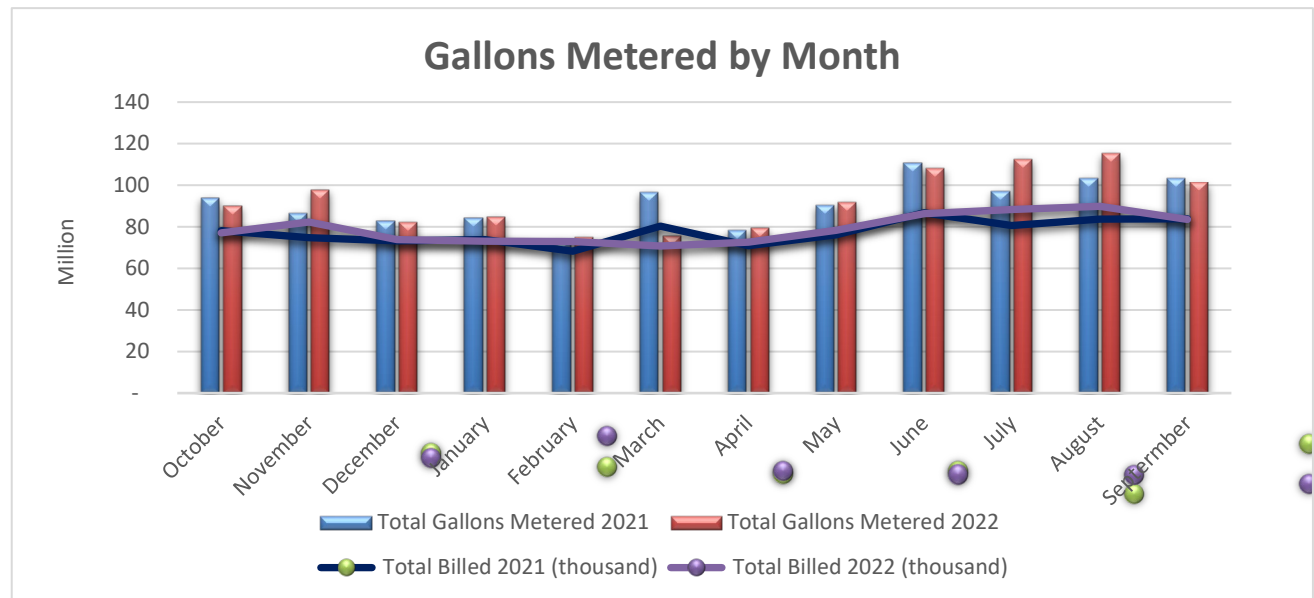
MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave). The Statement of Revenues, Expenses and Changes in Net Position can be found on page 15 of this report.
- The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

Sewer Customers and Usage

The Authority's customer base has seen an increase of 3.02% in 2022. There was a slight increase in commercial, industrial, and multi-family customers within the last five years.

Average Customer Connections						
	2017	2018	2019	2020	2021	2022
Residential	10,347	10,589	10,846	11,021	11,324	11,664
Commercial	454	454	453	457	477	479
Industrial	39	40	41	41	43	48
Multi-Family Residential	26	27	27	27	27	27
Total	10,866	11,110	11,367	11,546	11,871	12,218



MANAGEMENT'S DISCUSSION AND ANALYSIS

Top Ten Customers

Customer	Gallons Metered	Sewer Fees	% of Total
HOSHIZAKI AMERICA	20,513,500	\$126,470.83	16%
UNIVERSAL ENVIRONMENTAL HEALTH	18,975,000	\$117,008.25	15%
SUMMIT PROPERTIES	15,086,610	\$ 93,408.69	12%
VR BALMORAL HOLDING LP	14,418,570	\$ 90,728.44	12%
ABERDEEN WOODS CONFERENCE CENTER	13,904,960	\$ 85,827.51	11%
RETREAT @ PTC APARTMENTS	10,394,010	\$ 64,235.19	8%
GE APARTMENTS RETREAT	9,573,790	\$ 59,190.81	8%
SIGVARIS INC	8,246,280	\$ 51,026.62	7%
SHILOH	8,228,390	\$ 45,543.98	6%
PEACHTREE CITY OWNER LLC	7,343,682	\$ 45,501.66	6%
Total	126,684,792	\$ 778,941.98	100%

Analysis of Net Position

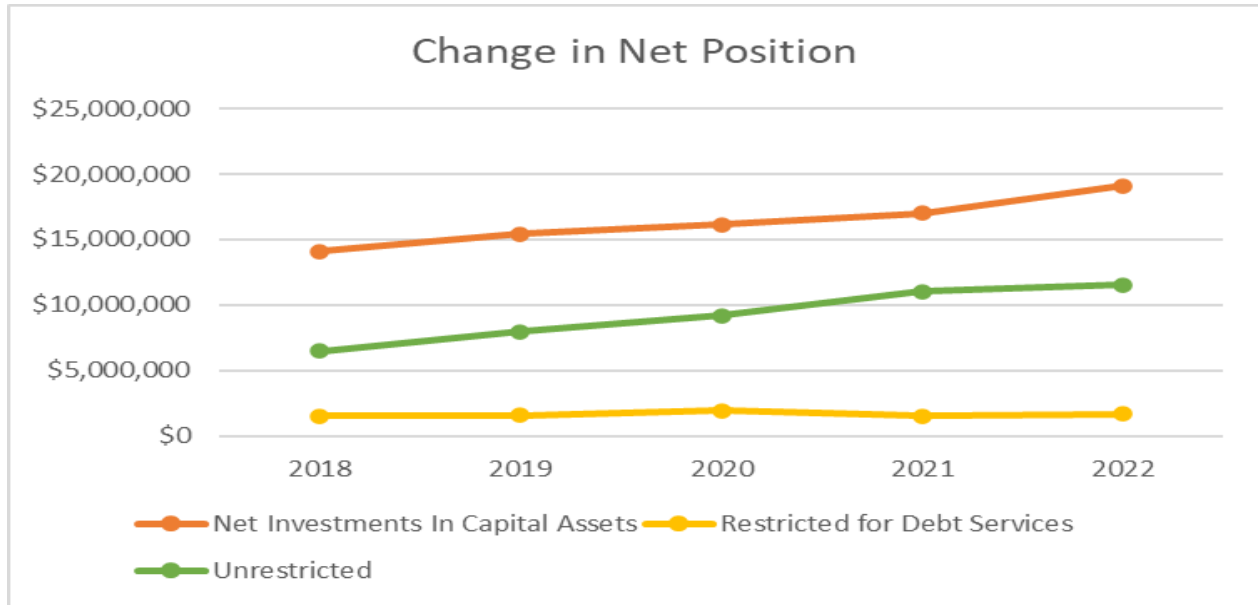
Net Position	2022	2021	\$ Chg.	% Chg.	% Net Position
Net Investment in Capital					
Assets	\$19,089,383	\$17,019,120	\$2,070,263	12.16%	59.04%
Restricted	1,707,393	1,512,131	195,262	12.91%	5.28%
Unrestricted	11,536,989	11,010,680	526,309	4.78%	35.68%
Total Net Position	\$32,333,765	\$29,541,931	\$2,791,834		100.00%

The largest portion (59.04%) of the Authority's net position is invested in capital assets (land, infrastructure, plants, and equipment). These assets are used to provide services to Peachtree City residents; consequently, they are not available for future spending. While the Authority's investment in capital assets is net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total net position of \$32,333,765 increased by \$2,791,834 compared to the previous year, reflecting the net effect of the Authority's profitable operations needed to fund ongoing capital projects. Net Investment in Capital Assets increased by \$2,070,263, or 12.16%, compared to the previous year. The Net Investment in Capital Assets is calculated by taking the depreciated value of the capital assets, \$27,725,288, and subtracting the associated outstanding bonds of \$8,635,905. The overall increase in this component of net position is due to the completion of capital projects and a reduction in outstanding bond principal. In Fiscal Year 2022, the Authority recognized \$1,817,741 in depreciation expense.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The restricted net position of \$1,707,393, was restricted for bond covenants. The unrestricted portion of net position can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements. The unrestricted net position increased by \$526,309, or 4.78%, compared to the previous year.



Analysis of Current Assets

Current Asset Classification	2022	2021	\$ Chg.	% Chg.	% Current Assets
Unrestricted:					
Cash and Cash Equivalents	\$ 5,563,378	\$ 5,270,253	\$ 293,125	5.56%	43.36%
Investments	3,752,195	3,725,218	26,977	0.72%	29.24%
Accounts Receivable, net	1,733,913	1,664,576	69,337	4.17%	13.51%
Prepaid expenses	34,938	27,001	7,937	29.40%	0.27%
Inventory	14,280	9,633	4,647	48.24%	0.12%
	11,098,704	10,696,681	402,023	3.76%	86.50%
Restricted:					
Cash and cash Equivalents	1,732,635	1,542,133	190,502	12.35%	13.50%
	<u>\$ 12,831,339</u>	<u>\$ 12,238,814</u>	<u>\$ 592,525</u>	<u>4.84%</u>	<u>100.00%</u>

Unrestricted Current Assets increased by \$402,023, or 3.75% from the previous year due to an increase in net cash flow provided by an increase in overall revenue and savings in expenses. As of September 30, 2022, \$3,752,195 of cash was invested with the Georgia Fund 1, which is offered by the State of Georgia to counties and municipalities as a conservative, efficient and liquid investment alternative. Restricted cash consists of cash in the Sinking Fund for the debt service reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Capital Assets

Capital Assets	2022	2021	\$ Chg.	% Chg.
Capital assets, not depreciated	\$ 1,998,797	\$ 1,966,826	\$ 31,971	1.63%
Capital assets, depreciated	65,990,945	64,594,040	1,396,905	2.16%
Accumulated depreciation	40,264,454	38,446,713	1,817,741	4.73%
Depreciable property, net	25,726,491	26,147,327	(420,836)	
Total Capital Assets, net	\$ 27,725,288	\$ 28,114,153	\$ (388,865)	

The largest portion (59.04%) of the Authority's net position is invested in capital assets (land, infrastructure, building, and equipment). At September 30, 2022, the Authority invested \$27,725,288 (net of accumulated depreciation) invested in land, land improvements, buildings, system improvements, machinery and equipment, furniture and fixtures, and construction in progress. In Fiscal Year 2022, filter panel and new polymer system were installed at the Rockaway Plant. Also, power was moved from old panel to new panel at the Rockaway blower building. A new bar screen and canal gate were installed at the Rockaway Plant by Crawford Grading as part of our annual contract. At the Line Creek plant, new panel was installed along with new polymer system. In Fiscal Year 2022, a much-needed jetter vac and CUES camera were purchased for the Collection Department. Several of the manhole covers and rings were replaced along with pipeline work done by Crawford Grading as part of \$723,328 capital improvements for the Collection Department. Many of the failed pumps as well as old pumps were replaced by new Grundfos pump by Goforth and Williams.

Analysis of Current Liabilities

Liabilities	2022	2021	\$ Chg.	% Chg.
Accounts payable	\$ 395,048	\$ 586,002	\$ (190,954)	-32.6%
Interest payable	25,242	30,001	(4,759)	-15.9%
Revenue bond payable	2,465,000	2,405,000	60,000	2.5%
Long-term bonds payable	\$ 2,885,290	\$ 3,021,003	\$ (135,713)	

Accounts Payable decreased by \$190,954, or 32.6% from the previous year. This is due to a timing difference of payment to vendors between years and properly recognizing expenses in the year they were incurred. The Authority's debt consists of revenue bonds and compensated absences. At September 30, 2022, the Authority had outstanding long-term debt of \$6,180,634 compared to the September 30, 2021 total of \$8,757,530.

Analysis of Revenues

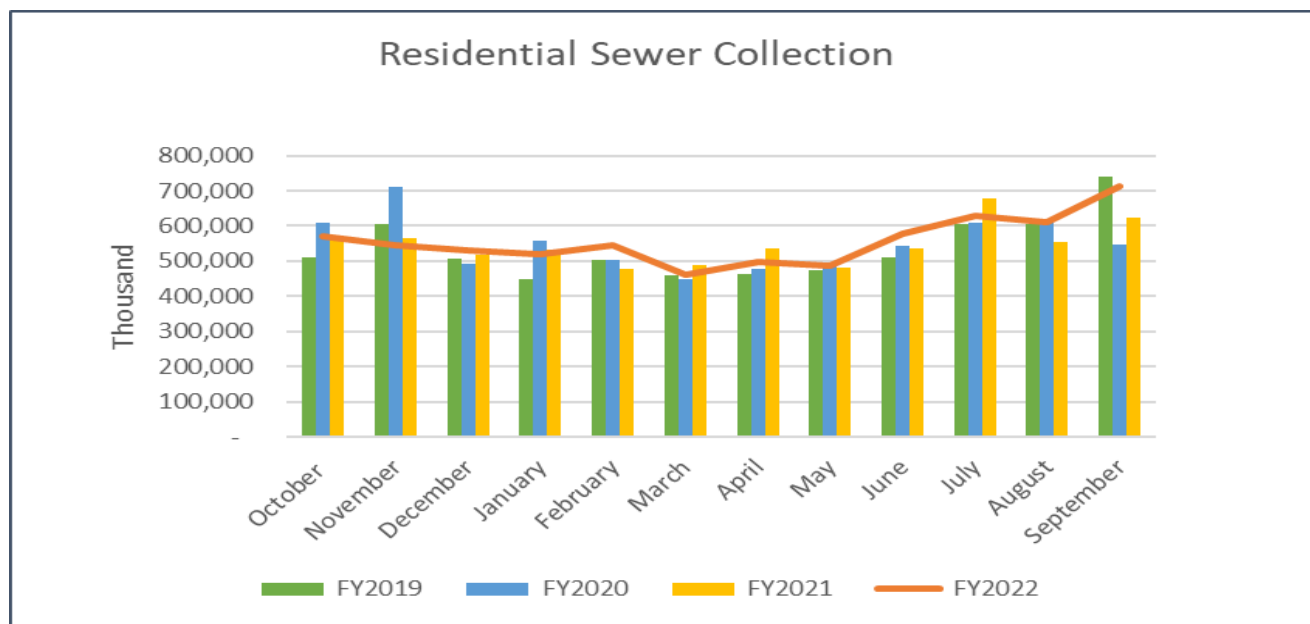
Operating Revenues	2022	2021	\$ Change	% Change	% Of Operating Revenue
Sewer Services	\$ 9,533,942	\$ 9,202,588	\$ 331,354	3.60%	87.57%
Septage	337,305	516,305	(179,000)	-34.67%	3.10%
Other Operating Revenue	1,016,017	726,528	289,489	39.85%	9.33%
	\$ 10,887,264	\$ 10,445,421	\$ 441,843	4.23%	100.00%

MANAGEMENT'S DISCUSSION AND ANALYSIS

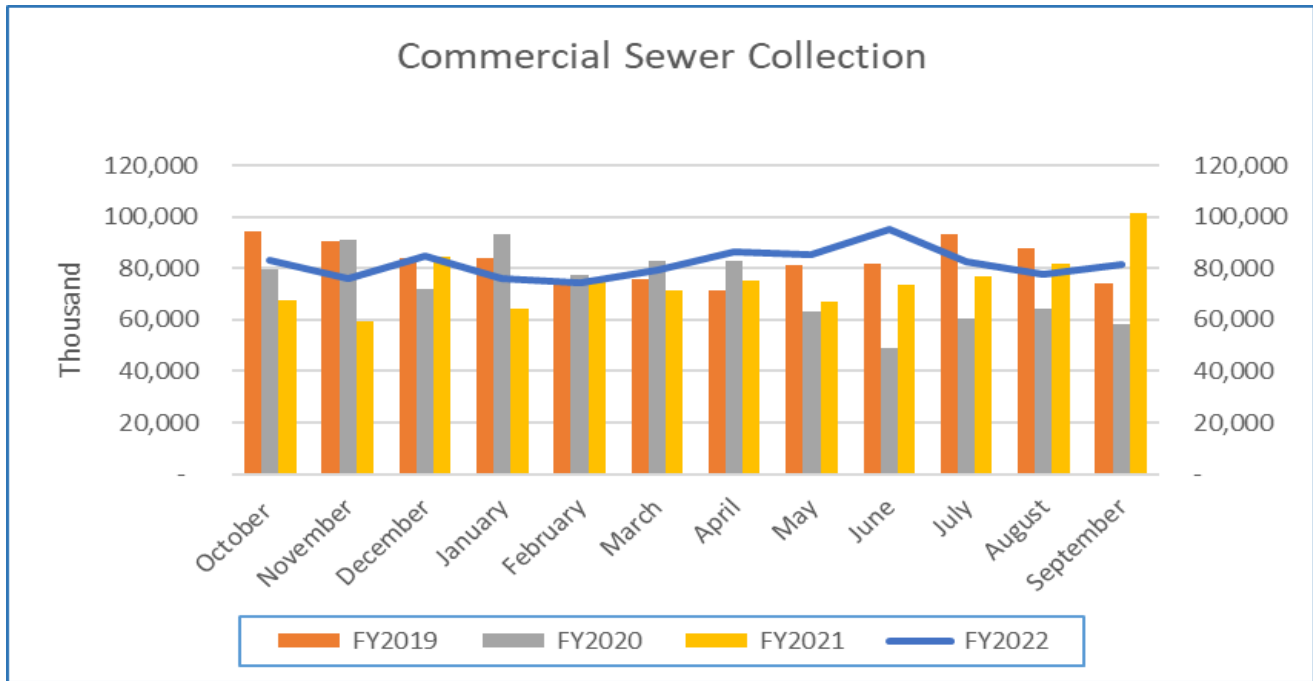
Overall, the mix of the Authority's billing base remains well diversified with residential users comprising the vast majority of its customers. There remains a stable and growing segment of the billing base made up of a residential, commercial, along with a very small industrial presence. The rate structure is stable and included a rate increase adopted in Fiscal Year 2010. For Fiscal Year 2022, the operating revenues of the Authority totaled \$10,887,264, an increase of \$441,843, or 4.23%, compared to the previous year's revenues of \$10,445,421. The operating revenues are comprised of two categories: sewer service charges and other operating revenues. The residential sewer service revenue rose modestly in Fiscal Year 2022 by \$139,966 and commercial sewer service revenue increased by \$83,594 compared to the previous year.

Connection fee revenue is an indicator of the overall economy, as property developers typically slow down or accelerate their activities based on how the economy is trending in general. Developers pay connection fee upon submittal of plans to construct and connect residential developments, commercial properties, retail shops, etc. into the Authority's sewer systems. In Fiscal Year 2022, the connection fees revenue increased by \$289,489, or 39.85%. There were 372 residential lots submitted for connection of which Cresswind submitted 113 lots, Everton 110 lots and Wilksmoor Woods 126 lots. The commercial connection fees saw a slight increase in Fiscal Year 2022. There were four restaurants, two car washes, one hair salon and one convenience store that requested sewer connection.

The investment income saw a slight increase at the end of the year due to increase in Federal Reserve Rates. The revenues from septage services saw 34.66% decline due to fewer loads taken at the Turner Plant compared to the prior year. Management made a decision to reduce the acceptance septage loads per week until septage screen overflow was resolved.



MANAGEMENT'S DISCUSSION AND ANALYSIS



Analysis of Expenses

Operating Expenses	2022	2021	\$ Change	% Change	% Of Operating Expenses
Salaries, wages, and employee benefits	\$ 2,935,261	\$ 2,481,236	\$ 454,025	18.3%	49.5%
Plant operations	1,855,543	1,997,973	(142,430)	-7.1%	31.3%
Consulting and legal	676,904	697,457	(20,553)	-2.9%	11.4%
Other operating expenses	457,414	466,845	(9,431)	-2.0%	7.7%
	5,925,122	5,643,511	281,611		100.00%
Depreciation and amortization	1,884,408	2,014,585	(130,177)		
Total Expenses	\$ 7,809,530	\$ 7,658,096	\$151,434		

The Authority maintained its sound financial condition by exercising prudent fiscal discipline. For Fiscal Year 2022, the operating expenses for the Authority totaled \$5,925,122 an increase of \$281,611, or 4.98%, compared to the previous year's expenses of \$5,643,511. The plant operations decreased by \$142,430, or 7.1%, compared to the previous years. The decrease in plant operations were due to less failed pumps and fewer needed repairs to building and equipment compared to the prior year. However, these savings were offset by increase in cost of fuel, from our disposal costs for biosolids to fuel for vehicles fleet. The bulk of the increase in employment costs of \$454,025, or 18.3%, was due to an increase in group medical costs and cost of living adjustment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

The Authority is within its debt service covenants and has not incurred long-term debt since the issuance of the Series 2005 Bonds. These bonds were refinanced/refunded in February of 2013 as series 2013A and 2013B.

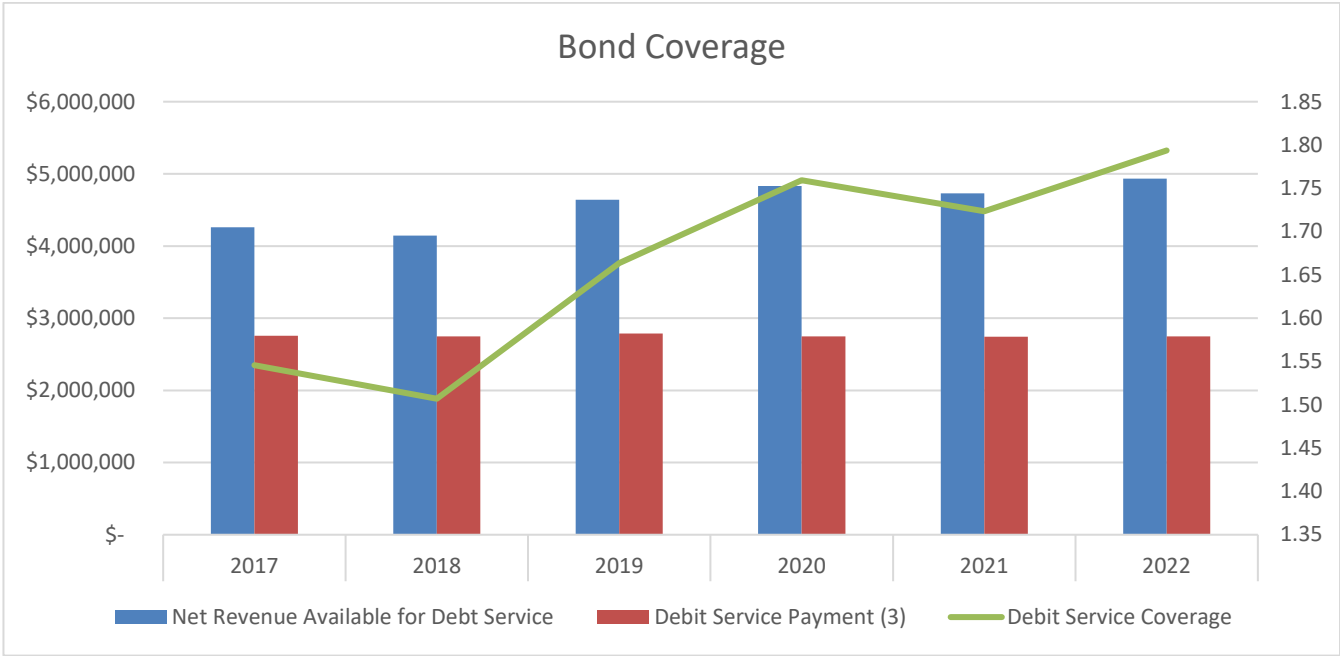
As of September 30, 2022, the Authority was obligated to make the annual payments in the following table:

	2013A Series		2013B Series		
	Principal	Interest	Principal	Interest	Total
2023	\$ 1,900,000	\$ 268,000	\$ 565,000	\$ 7,543	\$ 2,740,543
2024	1,385,000	208,300	-	-	1,593,300
2025	1,440,000	151,800	-	-	1,591,800
2026	1,505,000	92,900	-	-	1,597,900
2027	1,570,000	31,400	-	-	1,601,400
	<u>\$ 7,800,000</u>	<u>\$ 752,400</u>	<u>\$ 565,000</u>	<u>\$ 7,543</u>	<u>\$ 9,124,943</u>

In the bond resolutions, the Authority covenants and agrees that it will, at all times, prescribe, maintain, and thereafter collect rates and charges for the services and facilities furnished by the Authority, together with other income, that will yield annual net earnings in the fiscal year equal to at least one hundred ten percent (110%) of the sum of the annual debt service payments for all bonds outstanding. "Net Earnings" is defined by the bond resolution to mean, for the period in question, the net operating income of the system (i.e., the Authority) determined in accordance with GAAP, adding back depreciation, and including interest income not restricted to bond construction. In March 2023, Series 2013B was paid off with final principal payment of \$565,000.

	Debt Coverage Ratio				
	2022	2021	2020	2019	2018
Revenue from Operations	\$ 10,857,358	\$10,374,446	\$10,059,012	\$10,078,705	\$ 9,785,607
Operating Expenses	5,925,122	5,643,511	5,224,858	5,437,946	5,642,966
Net Earnings	<u>\$ 4,932,236</u>	<u>\$ 4,730,935</u>	<u>\$ 4,834,154</u>	<u>\$ 4,640,759</u>	<u>\$ 4,142,641</u>
Annual Debt Service	2,749,787	2,744,697	2,747,677	2,789,430	2,748,878
Debt Coverage Ratio	1.79	1.72	1.76	1.66	1.51

MANAGEMENT’S DISCUSSION AND ANALYSIS



Requests for Information

This financial report is designed to provide a general overview of the Authority’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Peachtree City Water and Sewerage Authority
1127 Highway 74 South
Peachtree City, Georgia 30269

FINANCIAL STATEMENTS

PEACHTREE CITY WATER & SEWERAGE AUTHORITY
(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 5,563,378
Investments	3,752,195
Accounts receivable, net	1,733,913
Prepaid expenses	34,938
Inventory	14,280
	<hr/>
Total current assets	11,098,704
	<hr/>
RESTRICTED ASSETS	
Cash and cash equivalents	1,732,635
	<hr/>
Total restricted assets	1,732,635
	<hr/>
CAPITAL ASSETS	
Non-depreciable	1,998,797
Depreciable, net of accumulated depreciation	25,726,491
Total capital assets, net	27,725,288
	<hr/>
Total assets	\$ 40,556,627
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
DEFERRED OUTFLOWS OF RESOURCES	
Deferred bond refunding loss	\$ 9,729
Goodwill	833,333
	<hr/>
Total deferred outflows of resources	\$ 843,062
	<hr/>

(Continued)

PEACHTREE CITY WATER & SEWERAGE AUTHORITY
(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

LIABILITIES

CURRENT LIABILITIES

Payable from current assets:

Accounts payable and accrued expenses	\$ 395,048
	<u>395,048</u>

Payable from restricted assets:

Interest payable	25,242
Revenue bonds payable, current	2,465,000
	<u>2,490,242</u>

Total current liabilities	<u>2,885,290</u>
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LONG-TERM LIABILITIES

Revenue bonds payable, net	<u>6,180,634</u>
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Total liabilities	<u><u>\$ 9,065,924</u></u>
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NET POSITION

NET POSITION

Net investment in capital assets	\$ 19,089,383
Restricted for debt service	1,707,393
Unrestricted	<u>11,536,989</u>

Total net position	<u><u>\$ 32,333,765</u></u>
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See Notes to Financial Statements.

PEACHTREE CITY WATER & SEWERAGE AUTHORITY
(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Operating revenues:

Charges for services	\$ 10,857,358
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Operating expenses:

Salaries, wages and employee benefits	2,935,261
Plant operations	1,855,543
Consulting and legal	676,904
Amortization expense	66,667
Depreciation expense	1,817,741
Other operating expenses	457,414
Total operating expenses	<u>7,809,530</u>

Operating income	<u>3,047,828</u>
------------------	------------------

Non-operating revenues (expenses):

Interest income	29,906
Interest expense	(285,900)
Total non-operating expenses, net	<u>(255,994)</u>

Change in net position	2,791,834
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Net position, beginning of year	<u>29,541,931</u>
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Net position, end of year	<u><u>\$ 32,333,765</u></u>
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See Notes to Financial Statements.

PEACHTREE CITY WATER & SEWERAGE AUTHORITY
(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 10,788,021
Payments to suppliers	(3,209,368)
Payments to employees	(2,919,292)
	<hr/>
Net cash provided by operating activities	4,659,361

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	(1,428,876)
Principal payments on long-term debt	(2,405,000)
Payment of interest on bonds	(344,787)
	<hr/>
Net cash used in capital and related financing activities	(4,178,663)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(26,977)
Interest received	29,906
	<hr/>
Net cash provided by investing activities	2,929

Net increase in cash and cash equivalents 483,627

Cash and cash equivalents (including restricted amounts of \$1,542,133), beginning of year 6,812,386

Cash and cash equivalents (including restricted amounts of \$1,732,635), end of year \$ 7,296,013

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 3,047,828
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	1,884,408
Changes in assets and liabilities:	
Increase in accounts receivable	(69,337)
Increase in prepaid expenses	(7,937)
Increase in inventory	(4,647)
Decrease in accounts payable	(206,923)
Increase in accrued payroll and compensated absences	15,969
	<hr/>
Net cash provided by operating activities	<u>\$ 4,659,361</u>

See Notes to Financial Statements.

PEACHTREE CITY WATER & SEWERAGE AUTHORITY
(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

On March 31, 1987, the General Assembly of the State of Georgia approved enabling legislation to create the Peachtree City Water & Sewerage Authority (the "Authority").

The purpose of the Authority is to manage the sewer systems of Peachtree City, Georgia (the "City") and they are empowered to do all things necessary to accomplish this purpose. The Authority is a utility charged with the collection and treatment of public, commercial and industrial wastewater within the City. The Authority owns and operates the entire sewer system infrastructure located in the City. The Authority's related services include waste treatment, maintenance of sewer lines and installation of new sewer lines.

The Authority is considered to be a blended component unit of the City, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and 61. The City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The Authority's governing body is the same as that of the City. The Authority and the City have entered into a sewer agreement whereby the City is obligated to make contract payments when the Authority has insufficient funds to meet the debt service requirements. The contract represents a general obligation of the City to which its full faith and credit are pledged.

Significant Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies:

Basis of Presentation

The Authority's financial statements include provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Fund Accounting

The Authority uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type – *Enterprise 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.

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on the *flow of economic resources measurement focus* and use the *accrual basis of accounting*. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net position. Net position is segregated into net investment in capital assets and restricted and unrestricted net position components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

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, and customer deposits to be cash equivalents. Investments are stated at fair value.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond September 30, 2022, are recorded as prepaid expenses.

Receivables

All receivables are reported at their gross value and are reduced by the estimated portion that is expected to be uncollectible. Unbilled revenues are recognized at the end of each fiscal year based on billings during the month following the close of the fiscal year.

Restricted Assets

The Authority, because of certain bond covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt and purchase additional equipment and improvements.

Capital Assets

Capital assets are carried at cost. Donated capital assets are recorded at acquisition value. Capital assets of the Authority are depreciated using the straight-line method over the following useful lives:

Vehicles	5 years
Equipment	10 years
Sewer plants	10 – 25 years
Pump stations	20 years
Pipeline	50 years
Buildings	50 years
Infrastructure	50 years

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Capital Assets (Continued)

Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation is eliminated from the accounts and a gain or loss is recognized.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use, either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position is those amounts, because of certain bond covenants, that can be used only to service outstanding debt and purchase additional equipment and improvements.

Bond Premium/Discount and Issuance Costs

Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums and discounts are presented as an addition and reduction, respectively, of the face amount of bonds payable. Bond issuance costs are expensed in the period incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority had two items that qualified for reporting in this category: deferred bond refunding loss and goodwill. A bond refunding loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. Goodwill results under circumstances in which an asset is acquired and the consideration provided exceeds the net position acquired. This amount is deferred and amortized over the useful life of the asset acquired, starting at the acquisition date.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority had no items that qualified for reporting in this category.

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Capital Contributions

Capital contributions consist of capital grants or contributions from developers, customers and other governmental entities.

NOTE 2. DEPOSITS AND INVESTMENTS

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 or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2022, the Authority's deposits were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

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 September 30, 2022, the Authority had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Georgia Fund 1	33	\$ 3,752,195
Total Fair Value		<u>\$ 3,752,195</u>

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 only investments held by the Authority as of September 30, 2022 are maintained in Georgia Fund 1 and are not subject to level disclosure.

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. 31. As a result, the Authority does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

NOTE 3. RECEIVABLES

Receivables, including the applicable allowances for uncollectible accounts, consisted of the following at September 30, 2022:

Accounts receivable	\$ 1,770,885
Less allowance for uncollectibles	36,972
Net total receivables	<u>\$ 1,733,913</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,466,826	\$ -	\$ -	\$ 1,466,826
Construction in progress	-	31,971	-	31,971
Assets to be disposed of	500,000	-	-	500,000
Total	<u>1,966,826</u>	<u>31,971</u>	<u>-</u>	<u>1,998,797</u>
Capital assets, being depreciated:				
Land improvements	67,486	21,094	-	88,580
Buildings	1,924,105	-	-	1,924,105
Vehicles and equipment	4,464,701	274,614	-	4,739,315
Infrastructure	395,853	-	-	395,853
Sewer plants and pump stations	37,514,474	960,849	-	38,475,323
Pipeline	20,227,421	140,348	-	20,367,769
Total	<u>64,594,040</u>	<u>1,396,905</u>	<u>-</u>	<u>65,990,945</u>
Less accumulated depreciation for:				
Land improvements	25,870	5,895	-	31,765
Buildings	684,486	38,482	-	722,968
Vehicles and equipment	4,162,923	152,859	-	4,315,782
Infrastructure	84,387	9,683	-	94,070
Sewer plants and pump stations	27,429,889	1,201,148	-	28,631,037
Pipeline	6,059,158	409,674	-	6,468,832
Total	<u>38,446,713</u>	<u>1,817,741</u>	<u>-</u>	<u>40,264,454</u>
Depreciable property, net	<u>26,147,327</u>	<u>(420,836)</u>	<u>-</u>	<u>25,726,491</u>
Total capital assets, net	<u>\$ 28,114,153</u>	<u>\$ (388,865)</u>	<u>\$ -</u>	<u>\$ 27,725,288</u>

Depreciation expense for the year ended September 30, 2022, was \$1,817,741.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

The following is a summary of long-term debt activity of the Authority as of and for the year ended September 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 10,770,000	\$ -	\$ (2,405,000)	\$ 8,365,000	\$ 2,465,000
Bond premium	392,530	-	(111,896)	280,634	-
Revenue bonds, net	11,162,530	-	(2,516,896)	8,645,634	2,465,000
Compensated absences (in accrued expenses)	74,145	81,604	(93,366)	62,383	62,383
	<u>\$ 11,236,675</u>	<u>\$ 81,604</u>	<u>\$ (2,610,262)</u>	<u>\$ 8,708,017</u>	<u>\$ 2,527,383</u>

On January 30, 2013, the Authority issued \$7,800,000 in 2013A Series sewer system revenue bonds with interest rates ranging from 2.0% to 4.0% to fully refund the 2002 Series bonds.

Annual principal installments are due on March 1 and semi-annual interest installments are due on March 1 and September 1, beginning September 1, 2013. The debt service requirements to maturity are as follows:

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,900,000	\$ 268,000	\$ 2,168,000
2024	1,385,000	208,300	1,593,300
2025	1,440,000	151,800	1,591,800
2026	1,505,000	92,900	1,597,900
2027	1,570,000	31,400	1,601,400
	<u>\$ 7,800,000</u>	<u>\$ 752,400</u>	<u>\$ 8,552,400</u>

On January 30, 2013, the Authority issued \$20,800,000 in 2013B sewer system revenue bonds with interest rates ranging from .48% to 2.67% in order to advance refund \$18,975,000 of outstanding 2005 Series bonds. The proceeds were deposited into an escrow account to provide for the future debt service payments on the 2005 Series bonds. As a result, that portion of the Series 2005 bonds is considered defeased and have been removed from the Authority's financial statements. The outstanding principal of the defeased bonds is \$8,105,000 as of September 30, 2022.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Annual principal installments are due on March 1 and semi-annual interest installments are due on March 1 and September 1, beginning September 1, 2013. The debt service requirements to maturity are as follows:

Fiscal year ending September 30,	Principal	Interest	Total
2023	\$ 565,000	\$ 7,543	\$ 572,543
	<u>\$ 565,000</u>	<u>\$ 7,543</u>	<u>\$ 572,543</u>

The Series 2013A and Series 2013B bonds are limited obligations of the Authority, payable solely from net operating revenues of the system and the contract payments. The Authority and the City have entered into a sewer system agreement whereby the City is obligated to make contract payments when the Authority has insufficient funds to meet the debt service requirements. The contract represents a general obligation of the City to which its full faith and credit are pledged.

NOTE 6. PROFIT SHARING AND SAVINGS PLANS

All employees of the Authority over 18 years of age and after completing six consecutive months of service are eligible to participate in the Peachtree City Water & Sewerage Authority Profit Sharing and Savings Plan (the "Plan"). Participants are 100% vested in profit sharing and matching accounts after five years of service.

The Authority contributes 8% of defined compensation for all eligible employees. If the employee also contributes between 4% and 8% to the Plan, the Authority matches 100% of the employee's contribution up to a max of 8% of the employee's salary.

The Authority also contributes \$10,000 annually to a Money Purchase Plan and Trust for the sole benefit of the general manager ("GM"). The GM is immediately 100% vested and does not make any voluntary contributions to this plan.

Retirement expense for the year ended September 30, 2022 was \$193,764. These plans were effective June 1, 1998.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. 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 has joined together with other governmental entities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of this risk pool, the Authority is obligated to pay all contributions and assessments as prescribed by the pool; to cooperate with the pool's agents and attorneys; to follow loss reduction procedures established by the fund; and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The Authority is also to allow the pool's agents and attorneys to represent the Authority in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Authority within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Additionally, the Authority has purchased private insurance to cover all other exposure related to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Settled claims have not exceeded the coverages in the last three fiscal years.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

As of September 30, 2022, The Authority did not have any contractual commitments on uncompleted contracts.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. IMPAIRMENT OF LONG-LIVED ASSETS

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement No. 144, *Accounting for the Impairment of Disposal of Long-lived Assets*. This statement requires that a single accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. The statement requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. Subsequent to September 30, 2003, the Authority made a decision to shut down a wastewater treatment facility. This facility had an approximate book value of \$653,000. Estimated undiscounted cash flows are expected to be approximately \$500,000; consequently, an impairment loss of approximately \$153,000 was recognized in the year ended September 30, 2003. The facility is now classified as "assets to be disposed of".

**REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL**



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

**To the Board of Directors
Peachtree City Water & Sewerage Authority
(A Component Unit of Peachtree City, Georgia)
Peachtree City, 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 Peachtree City Water & Sewerage Authority (the "Authority"), a blended component unit of Peachtree City, Georgia, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 16, 2023.

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 opinion 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.

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Peachtree City Water & Sewerage Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The script is cursive and fluid, with the ampersand being a simple cross.

Macon, Georgia
February 16, 2023

**PEACHTREE CITY WATER & SEWERAGE AUTHORITY
(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**SECTION I
SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of report the auditor issued on whether the financial statements
were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

There was not an audit of major federal award programs as of September 30, 2022 due to the total amount expended being less than \$750,000.

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS**

No prior year audit findings.

Peachtree City Water & Sewerage Authority Insurance Summary

[illegible]

Peachtree City Water & Sewerage Authority
Insurance Summary

2022-2023 COVERAGES	22/23	23/24	2023-2024 COVERAGES
<u>Auto – Travelers</u> \$1,000,000 Liability Limit \$ 100,000 Uninsured Motorist \$ 5,000 Medical Payments * Liability only applies to these vehicles Deductibles: \$1,000 Comprehensive / \$1,000 Collision Hired Car Physical Damage: No Limit (\$100 Comp/\$1,000 Coll) <u>Vehicle Schedule:</u> 2015 Ford F150, S#0185 2015 Ford F150, S#1880 2015 Ford F150, S#6123 2016 Utility Trl, S#4605 2015 Ford F250 S#0930 2016 Freightliner S#4195 2016 Ford F150 S#7878 2003 Ford F350, S#8124 Comp Only 2016 Ford F150, S#3950 2017 Ford F150, S#5410 2015 Ford F150, S#3050 2011 Dodge Ram, S#5592 2011 Freightliner, S#5949 2011 Ford F750, S#4746 2012 Freightliner, S#2619 2012 Freightliner, S#2618 2012 Ford Transit, S#0729 Continued on next page	\$ 26,622	\$28,512	<u>Auto – Travelers</u> \$1,000,000 Liability Limit \$ 100,000 Uninsured Motorist \$ 5,000 Medical Payments * Liability only applies to these vehicles Deductibles: \$1,000 Comprehensive / \$1,000 Collision Hired Car Physical Damage: No Limit (\$100 Comp/\$1,000 Coll) <u>Vehicle Schedule:</u> 2015 Ford F150, S#0185 2015 Ford F150, S#1880 2015 Ford F150, S#6123 2016 Utility Trl, S#4605 2015 Ford F250 S#0930 2016 Freightliner S#4195 2016 Ford F150 S#7878 2022 Ford F350, S#3222 2016 Ford F150, S#3950 2017 Ford F150, S#5410 2015 Ford F150, S#3050 2011 Dodge Ram, S#5592 2011 Ford F750, S#4746 2012 Freightliner, S#2619 2012 Freightliner, S#2618 2012 Ford Transit, S#0729 Continued on next page

Peachtree City Water & Sewerage Authority
Insurance Summary

2022-2023 COVERAGES	22/23	23/24	2023-2024 COVERAGES
<u>Vehicle Schedule Continued:</u> 2014 Ford F150, S#2896 2014 Ford F150, S#2897 2014 Freightliner, S#3695 2014 Ford F150, S#2762 2016 Ford F150, S#8961 2011 Freightliner, S#5876 2021 Gooseneck, S#4455 2000 Lawn Trl, S#1152 2011 Pace TV Trl, S#215A 2017 Ford F350, S#3574 2017 Ford F250, S#8318 2017 Ford F150, S#0739 2014 Gator Trl, S#0715 2014 Ford F150, S#4046 2015 Ford F250, S#0930			<u>Vehicle Schedule Continued:</u> 2014 Ford F150, S#2896 2014 Ford F150, S#2897 2014 Freightliner, S#3695 2014 Ford F150, S#2762 2016 Ford F150, S#8961 2011 Freightliner, S#5876 2021 Gooseneck, S#4455 1999 Gator Trl S#1152 (Liability) 2011 Pace TV Trl, S#215A 2017 Ford F350, S#3574 2017 Ford F250, S#8318 2017 Ford F150, S#0739 2014 Gator Trl, S#0715 (Liability) 2014 Ford F150, S#4046 2022 Ford F150, S#8322

Peachtree City Water & Sewerage Authority

Insurance Summary

2022-2023 COVERAGES	22/23	23/24	2023-2024 COVERAGES
Inland Marine – Travelers Blanket Tools & Equipment: \$15,000 (\$2,500 Max Any One Item) Deductible: \$1,000 Rented & Leased Equipment - \$250,000 Limit (\$75,000 any one item) Equipment Schedule: 1987 Ram Jet Sewerage Cleaner \$ 5,000 Onen Generator \$15,000 Cat Yancy 416F2 Backhoe \$86,000 2007 New Holland Tractor \$12,570 2007 New Holland Tractor \$12,570 2012 Kawasaki Mule #5919 \$11,500 2012 Baldor Generator \$20,000 2012 Blue Phoenix Generator, S#2013 \$19,980 2012 Godwin Pump, S#7101/12 \$28,774 2012 Sullair Air Compressor, S#4088 \$11,332 2014 Bobcat E50 Excavator, S#1764 \$45,523 2014 Bobcat Track Loader, S#1626 \$46,405 1999 Grass Hopper, S#6645 \$10,000 2016 Grass Hopper, S#7105 \$11,117 2015 Grass Hopper, S#7465 \$11,928 2015 Grass Hopper, S#6120 \$10,818 2015 EZ GO Golf Cart, S#1703 \$ 3,500 2015 EZ GO Golf Cart, S#6477 \$ 3,500 2013 New Holland Tractor, S#9409 \$16,034 2013 New Holland Tractor, S#6714 \$20,940 2007 Woods Rotary Cutter, S#3212 \$ 1,884 2007 Woods Rotary Cutter, S#3213 \$ 1,884 2013 Woods Brush Cutter, S#2548 \$ 2,800 2013 Woods Brush Cutter, S#2494 \$ 2,500 2013 Dirt Dog Box Blade, S#0183 \$ 450 2013 Dirt Dog Box Blade, S#0027 \$ 550 2015 Blue Diamond, S#3010 \$ 4,970 Bobcat Grapple #0681 \$2,500 2014 Bobcat S550, S#2286 \$45,000 2014 Bobcat S550, S#2289 \$45,000 2018 Golf Cart #6095 \$ 5,700 2018 Golf Cart #6075 \$5,700 Unscheduled Equipment \$50,000	Included	Included	Inland Marine – Travelers Blanket Tools & Equipment: \$15,000 (\$2,500 Max Any One Item) Deductible: \$1,000 Rented & Leased Equipment - \$250,000 Limit (\$75,000 any one item) Equipment Schedule: 1987 Ram Jet Sewerage Cleaner \$ 5,000 Onen Generator \$15,000 Cat Yancy 416F2 Backhoe \$86,000 2007 New Holland Tractor \$12,570 2007 New Holland Tractor \$12,570 2012 Kawasaki Mule #5919 \$11,500 2012 Baldor Generator \$20,000 2012 Blue Phoenix Generator, S#2013 \$19,980 2012 Godwin Pump, S#7101/12 \$28,774 2012 Sullair Air Compressor, S#4088 \$11,332 2014 Bobcat E50 Excavator, S#1764 \$45,523 2014 Bobcat Track Loader, S#1626 \$46,405 1999 Grass Hopper, S#6645 \$10,000 2016 Grass Hopper, S#7105 \$11,117 2015 Grass Hopper, S#7465 \$11,928 2015 Grass Hopper, S#6120 \$10,818 2015 EZ GO Golf Cart, S#1703 \$ 3,500 2015 EZ GO Golf Cart, S#6477 \$ 3,500 2013 New Holland Tractor, S#9409 \$16,034 2013 New Holland Tractor, S#6714 \$20,940 2007 Woods Rotary Cutter, S#3212 \$ 1,884 2007 Woods Rotary Cutter, S#3213 \$ 1,884 2013 Woods Brush Cutter, S#2548 \$ 2,800 2013 Woods Brush Cutter, S#2494 \$ 2,500 2013 Dirt Dog Box Blade, S#0183 \$ 450 2013 Dirt Dog Box Blade, S#0027 \$ 550 2015 Blue Diamond, S#3010 \$ 4,970 Bobcat Grapple #0681 \$2,500 2014 Bobcat S550, S#2286 \$45,000 2014 Bobcat S550, S#2289 \$45,000 2018 Golf Cart #6095 \$ 5,700 2018 Golf Cart #6075 \$ 5,700 Cues Sewer Camera #5150 \$60,000 Yancey Dramond Mower \$20,000 Camera Trailer \$32,347 Unscheduled Equipment \$50,000

Peachtree City Water & Sewerage Authority Insurance Summary

2022-2023 COVERAGES	22/23	23/24	2023-2024 COVERAGES
<u>Employment Practices Liability</u> – Travelers \$3,000,000 Aggregate \$1,000,000 Each Wrongful EPL offense Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts	Included	Included	<u>Employment Practices Liability</u> – Travelers \$3,000,000 Aggregate \$1,000,000 Each Wrongful EPL offense Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts
<u>Public Entity Liability</u> – Travelers \$3,000,000 Total Limit \$1,000,000 Each Wrongful Act Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts	Included	Included	<u>Public Entity Liability</u> – Travelers \$3,000,000 Total Limit \$1,000,000 Each Wrongful Act Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts
<u>Flood & Earthquake</u> – Travelers \$1,000,000 Flood Limit – Excludes Zones A & B \$1,000,000 Earthquake Limit Deductible: \$25,000	Included	Included	<u>Flood & Earthquake</u> – Travelers \$1,000,000 Flood Limit – Excludes Zones A & B \$1,000,000 Earthquake Limit Deductible: \$25,000
<u>Cyber & Privacy Liability</u> - BCS Insurance Company \$1,000,000 Network and Information Security \$1,000,000 Communications and Media Liability \$1,000,000 Cyber Extortion \$1,000,000 Loss of Business Income Retention: \$2,500	\$2,984	\$4,492	<u>Cyber & Privacy Liability</u> - BCS Insurance Company \$1,000,000 Network and Information Security \$1,000,000 Communications and Media Liability \$1,000,000 Cyber Extortion \$1,000,000 Loss of Business Income Retention: \$2,500
Total Premium for 2022-2023	\$98,970	\$107,410	Total Premium for 2023-2024

A.M. Best Rating: The Travelers A++ BCS Insurance Company A-



Marsh & McLennan Agency: Compensation Guide for Clients

ABOUT MARSH & MCLENNAN AGENCY

Marsh & McLennan Agency LLC (“MMA”) is dedicated to serving the insurance needs of all our clients, with a focus on local service excellence, and outstanding products and solutions that meet their unique needs.

OUR COMMITMENT TO TRANSPARENCY AND COMPLIANCE

MMA prides itself on being an industry leader including in the area of transparency and compensation disclosure. We believe you should understand how we are paid and also understand the services we are providing for the compensation we receive. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance services provider, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

We are committed to setting the industry standard for ethical business practices and client service. To fulfill that commitment, we pledge to our U.S. clients that we will:

- disclose the role(s) we perform in insurance transaction(s);
- disclose the types of compensation we may receive from insurers or others (see below);
- disclose, upon our clients’ request all quotes and premium indications we receive from insurers on our clients’ behalf;
- disclose, upon our clients’ request, the amount of our compensation from insurers and from other third parties in relation to placements made on our clients’ behalf; and
- promptly respond to client requests for additional information about our compensation.

We have reinforced this commitment with a comprehensive compliance program that includes:

- experienced compliance specialists;
- detailed compliance procedures;
- ethics and compliance training;
- regular transaction monitoring and auditing to make sure we live up to our standards;
- regular reports to our board of directors; and
- a hotline for any questions or complaints.

These initiatives translate into many benefits for our clients, including:

- a clear understanding of how much you are paying us;
- a clear understanding of what you are paying us to do; and
- the ability to evaluate our services and any potential conflicts of interest, much as you evaluate services you purchase from other professionals.

OUR COMPENSATION

We are compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. MMA may receive compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client. Retail commission rates can vary from transaction to transaction.
- **Client Fees** – Some clients may negotiate a fee for MMA’s services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA’s engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client’s placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to brokers who meet set goals for all or some of the policies the brokers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on a broker’s performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker for certain transactions. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.
- **Other Compensation** – From time to time MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally, from time to time, insurers may sponsor certain MMA training programs and/or events.
- **Other Benefits**
 - From time to time, MMA may participate in insurance company promotional events or training and development that insurers provide for MMA employees.

- MMA is sometimes reimbursed by insurers for its costs related to promotional marketing (i.e. cooperative advertising and marketing programs)
- MMA also earns interest and other income on premium accounts in financial institutions that hold insurance premiums pending remittance to the insurance company
- MMA may also be compensated for assisting its clients in obtaining premium financing.

RELATED PARTY TRANSACTIONS

Marsh & McLennan Companies, Inc. and its subsidiaries own equity interests in a number of insurers or reinsurers. For further information regarding these interests, please visit: <https://www.marsh.com/us/about-marsh/leading-the-way-in-transparency.html>

AFCO Premium Credit LLC is a joint venture between Marsh USA Inc. and AFCO Credit Corporation that provides premium financing services to insurance buyers.

STATEMENT REGARDING ALTERING COMPENSATION

MMA is prohibited by law in most states from altering the amount of compensation received from an insurer based in whole or in part on the sale of an insurance policy.

This disclosure is mandated by New York State Insurance Department Regulation No. 194 (11 NYCRR 30) §30.3(5). We interpret this provision to refer to the various anti-rebating insurance laws throughout the country, such as New York Insurance Law §2324 which prohibits insurance companies, agents and brokers from sharing or rebating commissions as an inducement to making an insurance contract. MMA makes the above statement based on that interpretation.

QUESTIONS? JUST ASK.

We encourage you to ask questions regarding any aspect of your relationship with MMA. Please feel free to ask a member of your account team.

If you wish to raise issues, express concerns, or file a complaint regarding compensation paid or payable to us by insurers or any other third parties, please contact our Ethics & Compliance line at 800-381-2105, 24 hours a day, 7 days a week.

A.M. BEST RATING SCALE

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Financial Strength Ratings

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.

Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process. (Discontinued in 2010)
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

Outlooks

Indicates potential direction of a Financial Strength Rating over an intermediate term, generally defined as 12 to 36 months.

Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

Not Rated Designation

NR: Assigned to companies that are not rated by A.M. Best.

Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's *Terms of Use* at www.ambest.com.

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Version 021712

DISCLAIMER

Proposal

J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, thanks you for the opportunity to discuss your insurance and risk management program. This summary is a brief overview of that program and is based on the exposure information you provided. Please refer to the policies for complete terms, conditions, limitations, definitions, and exclusions.

We have evaluated your exposures to loss and developed this proposal based upon the information that you have provided to us. If you are aware of other areas of potential exposure that need to be evaluated or of additional information of which we should be aware prior to binding of coverage, please bring the other areas or additional information to our attention as soon as possible. Should any of your exposures change after coverage is bound, please notify us immediately.

Client Contracts

In the event that you enter into a contract that has specific insurance requirements, J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, will review your contract, but only in regards to the insurance requirements of the contract. The scope of our review will be to determine if the current insurance program which you have placed through our agency addresses the types and amounts of insurance coverage referenced by the contract. We will identify the significant insurance obligations and will provide a summary of the changes required in your current insurance program to meet the requirements of the contract. Upon your authorization, we will make the necessary changes in your insurance program. We will also be available to discuss any insurance requirements of the contract with your attorney, if desired.

In performing a contract review J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, is not providing legal advice or a legal opinion concerning any portion of the contract. In addition, J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, is not undertaking to identify all potential liabilities that may arise under any such contracts. A contract review is provided solely for your information and should not be relied upon by third parties. Any descriptions of the insurance coverages are subject to the terms, conditions, exclusions, and other provisions of the contract and of the insurance policies and applicable regulations, rating rules or plans.

Compensation Disclosure (Including New York Regulation 194 Disclosure)

J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, is an insurance producer domiciled in the State of Georgia and licensed to sell insurance in additional states (including New York). Our licensed insurance producers are authorized by law to confer with you regarding the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. Our role in any particular insurance transaction typically involves one or more of these activities. Except in cases where J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, has a specific fee agreement to receive compensation from a client, we customarily receive compensation from insurers for our professional services in the form of a commission, which normally consists of a percentage of the premium collected by the insurers.

J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, may also receive additional compensation, under agreements with one or more insurers and/or insurance intermediaries, in the form of commission overrides or based on some combination of volume, profitability or other factors. We will receive compensation in connection with the sale of insurance products based upon the type of insurance contract that we sell and our arrangement with the insurer. Depending on the insurer and insurance contract that you select, compensation may be paid to J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, by the insurer selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract and the insurer the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

At your request, we will be pleased to provide you with information about compensation expected to be received by J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, based in whole or in part on the sale of insurance to you and (if applicable) compensation expected to be received by us based in whole or in part on any alternative quotes presented to you by J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company.

Collection Disclosure

If this proposal results in your commitment to purchase one or more of the insurance products described in this proposal, J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, will submit to you, or caused to be submitted to you, an invoice for the insurance premiums associated with such insurance products. You are responsible for payment in full of the premium amounts set forth on our invoices within the payment terms set forth on the invoices. In the event that J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, or its designee commences legal action to collect amounts due under outstanding invoices or to enforce its rights under any insurance contracts, you will be responsible for payment of all reasonable attorneys' fees, court costs and expenses incurred by J. Smith Lanier & Co., a Marsh & McLennan Agency LLC company, in collecting past due amounts pursuant to such invoices or otherwise enforcing its legal rights under such contracts.

AUTHORIZATION TO BIND

Named Insured: Peachtree City Water & Sewerage Authority

Choose the appropriate option:

☒ I hereby authorize J. Smith Lanier & Co. to bind my coverage per the terms and conditions outlined in this Proposal.

Authorized Signature

Date

☐ I hereby authorize J. Smith Lanier & Co to bind my coverage with changes as stated below. I understand these changes may result in possible additional underwriting requirements or more/less premium.

Authorized Signature

Date

To: Kim Learnard
Company: Peachtree City Water & Sewerage Authority
Address: 1174 Highway 74 South
Peachtree City, Georgia 30269

Date: April 10, 2023
From: Cary Dial, P.E.
Copy to: L.H. (Dan) Davis, Jr., P.E.
File

Project: Animal Shelter Pump Station

Background Information:

Fayette County, Georgia (County) desires to construct an Animal Shelter adjacent to the Peachtree City Water & Sewerage Authority (PCWASA) facility. In order to provide sanitary sewer service, the new Animal Shelter facility will incorporate a pump station to pump sewerage to an existing pump station located in the PCWASA parking lot. The current pump station is undersized to accommodate the flow from this new facility. Therefore, PCWASA has engaged Integrated Science & Engineering (ISE) to provide design, bid, and construction phase services to upgrade and/or replace the existing pump station. This Work Authorization outlines the Scope, Schedule, and Fee associated with performing the work outlined herein.

Scope of Work:

Task 1 – Project Management – ISE will provide project management, including coordination and correspondence with Fayette County, PCWASA, Pro Construction of Georgia, and other stakeholders.

Task 2 – Survey – ISE will provide a survey of the existing building, parking lot, and all existing features associated with accessing the existing pump station and forcemain to connect the forcemain from the proposed Animal Shelter to the existing and/or new wet well for the proposed pump station.

Task 3 – Construction Drawings – ISE will prepare a complete set of Construction Drawings for the installation of a new pump station to accommodate all existing flows from the PCWASA administration office and shop building, along with flows from the proposed Animal Shelter. This Task will include drawings for the proposed electrical and for getting building power to the pump station. Construction drawings will comply with all PCWASA requirements.

Task 4 – Contract Documents and Technical Specifications – ISE will prepare a complete set of Contract Documents and Specifications suitable for competitive bidding of the project.

Task 5 – Bid Phase Assistance – ISE will prepare and publish bid documents; prepare for and host a pre-bid conference with interested contractors; receive and answer contractor questions; prepare and execute addenda as needed; assist with the bid opening and publication; review contractor qualifications; and assist PCWASA with contract award.

Task 6 – Construction Phase Assistance – ISE will provide construction phase assistance throughout the construction of the project, including shop drawing review, pay request review, site visits, preparation of

WORK AUTHORIZATION

change orders, and contract closeout. This Task will be performed on an hourly, not to exceed (NTE) basis as outlined below.

Schedule:

- Task 1 – Project Management: Throughout the design and construction phase of the project.
- Task 2 – Survey: Completed within four weeks of Work Authorization acceptance.
- Task 3 – Construction Drawings: Completed within four weeks of survey completion.
- Task 4 – Contract Documents and Technical Specifications: Completed within four weeks of survey.
- Task 5 – Bid Phase Assistance: Submitted to the PCWASA within four weeks of survey completion and continue through the approximate 45-day bidding process.
- Task 6 – Construction Phase Assistance: Continued throughout the construction phase of the project.

Fee Estimate:

Task No.	Task Name	Contract Amount	Billing Type
1	Project Management	\$1,680	Lump Sum
2	Survey	\$3,220	Lump Sum
3	Construction Drawings	\$9,450	Lump Sum
4	Contract Documents and Technical Specifications	\$2,220	Lump Sum
5	Bid Phase Assistance	\$4,620	Lump Sum
6	Construction Phase Assistance	\$6,840	Hourly
TOTAL		\$28,030	

All work will be performed in accordance with the attached Terms and Conditions. The fees listed contain ISE labor, subconsultants, and direct project expenses previously noted in the Scope of Work section. Additional efforts, including fees and services outside the Scope of Work detailed herein will be coordinated directly with the Client prior to proceeding. Additional fees will be billed hourly and in accordance with the rate schedule herein.

If this Work Authorization is acceptable, please sign and return a copy for our records as our notice to proceed.

Authorization:

Authorized by: _____ Title: _____

Print Name: _____ Date: _____

Terms and Conditions Included

WORK AUTHORIZATION

TERMS AND CONDITIONS

Integrated Science & Engineering, Inc. (ISE) shall perform the services outlined in this agreement for the stated fee arrangement.

Access to Site: Unless otherwise stated ISE will have reasonable access to the site for activities necessary for the performance of the services. If reasonable access is not provided and consequently ISE is denied or delayed in performing their services, the associated cost may be viewed as a reimbursable expense.

Billings/Payment: Invoices for ISE's services shall be submitted, at ISE's option, either upon completion of such services or on a monthly basis (unless noted otherwise) and are due when rendered. Invoices shall be considered "Past Due" if not paid within 30 days after the invoice date. If the invoice is not paid within 30 days, ISE may, without waiving any claim or right against the Company, and without liability whatsoever to the Company, terminate the performance of the service. Unpaid accounts shall be subject to a monthly service charge of 1.5% on the unpaid balance at the sole election of ISE.

Reimbursable Expenses: Any expenses that are required beyond those identified under professional services will be billed at a multiple of 1.15 times the cost incurred.

Additional Services: Additional services include increase or change in scope of project, major revisions when such revisions are inconsistent with written approvals or instructions previously given, services after award of contract in evaluation of substitutions proposed by the construction contractor, and other services that are not included under professional services; provided, however, that additional services shall not be classified as reimbursable expenses and will be billed at ISE's cost incurred or normal prevailing rate. ISE will only perform additional services when authorized in writing by the Company.

Indemnification: ISE shall indemnify and hold harmless Company and all of Company's personnel from and against any claims, damages, losses and expenses (including attorney's fees) arising out of or resulting from the performance of the services, provided that any such claim, damage, loss or expense is caused by the negligent act, omission, and/or strict liability of ISE, anyone directly employed by ISE, or anyone for whose acts any of them may be liable.

Termination of Services: This agreement may be terminated by written notice by either the Company or ISE should the other fail to perform its obligations hereunder. In the event of termination, the Company shall pay ISE for all services rendered to the date of termination and all reimbursable expenses.

Ownership of Documents: All documents produced by ISE under this agreement shall remain the property of ISE and may not be used by the Company for any other endeavor without the written consent of ISE. Any unauthorized use or distribution shall be at Company's and Recipient's sole risk and without liability to ISE. Company further agrees that documents produced by ISE pursuant to this agreement will not be used at any location or for any project not expressly provided for in this agreement without ISE's written approval.

Discovery of Unanticipated Hazardous Materials: Hazardous materials may exist where there is no reason to believe they could or should be present. The Company acknowledges that ISE's scope of services for this project does not include any services related to hazardous wastes. ISE and the Company agree that the discovery of unanticipated hazardous materials constitutes a changed condition mandating a renegotiation of the scope of work or termination of services. ISE and the Company also agree that the discovery of unanticipated hazardous materials may make it necessary for ISE to take immediate measures to protect human health and safety, and/or the environment. ISE agrees to notify the Company as soon as practically possible should unanticipated hazardous materials or suspected hazardous materials be encountered. The Company encourages ISE to take any and all measures that in ISE professional opinion are justified to preserve and protect the health and safety of ISE personnel and the public, and/or the environment, and the Company agrees to compensate ISE for the additional cost of such work.

Site Operations: ISE field personnel will avoid hazards or utilities which are visible to them at the site. If ISE is advised or given data in writing that reveals the presence or potential presence of underground or overground obstructions, such as utilities, ISE will give special instructions to their field personnel. ISE will conduct the research that in its professional opinion is necessary to locate utility lines and other man-made objects that may exist beneath the site's surface. The Company recognizes that ISE's research may not identify all subsurface utility lines and man-made objects, and that the information upon which ISE relies may contain errors or may not be complete. ISE is not responsible for any damage or loss due to undisclosed or unknown surface or subsurface conditions, owned by Company or third parties. Evaluations of existing buildings require that certain assumptions be made regarding existing conditions, many of which are not able to be reviewed by reasonable visual observation. These assumptions cannot be verified without substantial cost of demolition. Where the detailed investigation of such a condition is not authorized, ISE shall not be responsible for the condition of the existing structure. The Company understands that actual field conditions may subsequently be found to vary from design assumptions which in turn may alter or increase the scope of the design and/or construction services. The Company is fully responsible for and assumes all risks associated with such conditions.

Construction Activities: Unless specifically stated otherwise, the Company and his contractor(s) are fully and solely liable for all means and methods of construction, temporary bracing and shoring, and construction site safety.

Integration: This agreement, the attached documents and those incorporated herein constitute the entire agreement between the parties and cannot be changed except by a written instrument signed by both parties.

Governing Law: Unless otherwise specified, this agreement shall be governed by the laws in the State of Georgia.

WORK AUTHORIZATION

UNIT RATES – 2023 BILLING RATES

Integrated Science & Engineering, Inc.

	Rate/Hour
Sr. Principal	\$ 230.00
Principal	\$ 210.00
Sr. Project Manager	\$ 185.00
Project Manager	\$ 170.00
Project Engineer III	\$ 165.00
Project Engineer II	\$ 150.00
Project Engineer I	\$ 135.00
Engineer II	\$ 125.00
Engineer I	\$ 110.00
Sr. Environmental Scientist	\$ 145.00
Environmental Scientist	\$ 115.00
Sr. Professional Land Surveyor	\$ 160.00
Survey Crew (1-person)	\$ 150.00
Survey Crew (2-person)	\$ 175.00
Planner	\$ 125.00
Technician III	\$ 125.00
Technician II	\$ 105.00
Technician I	\$ 85.00
Administrative	\$ 75.00
Subcontractor / Subconsultant	Cost + 15%
Reimbursables	Cost + 15%