

**PEACHTREE CITY WATER &
SEWERAGE AUTHORITY**

(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

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

FINANCIAL REPORT
SEPTEMBER 30, 2023

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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 Audit of the Financial Statements

Opinion

We have audited the accompanying 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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2023, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 4 – 18 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 GAAS, 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 March 22, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Peachtree City Water and Sewerage Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
March 22, 2024

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

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2023

Profile of the Peachtree City Water and Sewerage Authority

The Peachtree City Water and Sewerage Authority (the "Authority") is a public corporation of the State of Georgia, legally created and validly existing under and by virtue of an Act by the Georgia General Assembly, known as the Peachtree City Water and Sewerage Authority Act (GA. Laws 1987, pp. 5085 et seq., as amended by GA. Laws 1996 pp.3828 et seq. as amended by GA. Laws 2018, HB 838) (the "Act"). The Authority originally created April 17, 1973, by Act of the Georgia Legislature, operates under provisions of House Bill Number 1132, Act 411, enacted during the 1987 Session of the General Assembly of the State of Georgia as a public, nonprofit corporation.

The Authority functions as an independent governing body responsible for providing sewer services to the residents, businesses, and industries of Peachtree City. It is considered a component unit of the City of Peachtree City, meaning that it is a legally separate entity for which the primary government is financially accountable.

Population

Fayette County, one of the 159 counties in Georgia, ranks as the twenty-first most populated county in the state. The incorporated communities within Fayette County include Fayetteville, Brooks, Tyrone, and Woolsey. Peachtree City is situated in northwestern Georgia within Fayette County. The Authority serves an average of 12,466 customers out of the city's estimated 39,562 (July 2022) citizens.

Method of Governance

The Authority is governed by a five-member Board of Directors, consisting of members from the City of Peachtree City Council. The mayor serves as the Chairperson of the Authority Board, and the officers are elected by the members. Annually, the Board of Directors approves a balanced operating budget and sets billing rates and fees for the Authority's operations. Additionally, the Board is responsible for approving capital projects and any debt issuance to finance construction activities.

Overview of the System

The primary purpose of the Authority is to acquire, operate and maintain facilities that provide for the collection, treatment, and disposal of sewage. Fayette County currently operates a water system that serves most of the county, including customers located within the service area of the Authority.

The Authority consists of two wastewater treatment plants and a collection system. The Rockaway Wastewater Treatment Plant ("WWTP") and the Larry B. Turner Water Reclamation Facility ("WRF") have been well maintained and are in excellent condition for their age.

The collection system of the Authority consists of approximately 180 miles of gravity sewer, 37 pump stations, 18 miles of force main, and 4,000 manholes. These facilities cater to around 12,466 residential, commercial, and industrial customers. The system was constructed by developers between the late 1950s and the 1980s, adhering to non-municipal standards. Initially, reinforced plastic pipe, also known as RPM or truss pipe, was utilized during the development of what is now Peachtree City. When the

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ownership of the system was transferred from Georgia Utilities to the Authority, efforts were initiated to bring the system up to municipal standards.

Presently, the system operates efficiently and is capable of collecting and treating wastewater in accordance with or surpassing the requirements set by the Georgia Environmental Protection Division. Figure 1-1, displayed below, provides information on the pipe materials used in the gravity sewer system, including the total length of each material in miles.

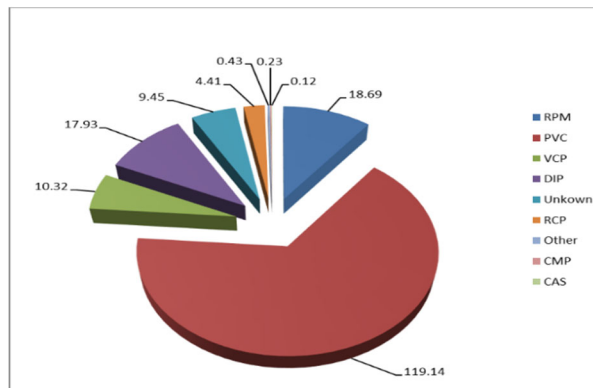


Figure 1-1: Gravity sewer system pipe material and length

Rockaway WWTP

The Rockaway WWTP was built in 1988 and underwent renovations in 1999 and 2002. It primarily employs four sequencing batch reactors ("SBR") for its treatment process, along with cloth disk filters and an ultraviolet ("UV") disinfection system to refine the effluent. Presently, the Rockaway WWTP is authorized to discharge up to four million gallons per day ("MGD") into Line Creek, although it has the capability to manage a peak daily flow of 10 MGD. Please refer to Figure 1-2 for a visual representation of the process flow diagram at the Rockaway WWTP.

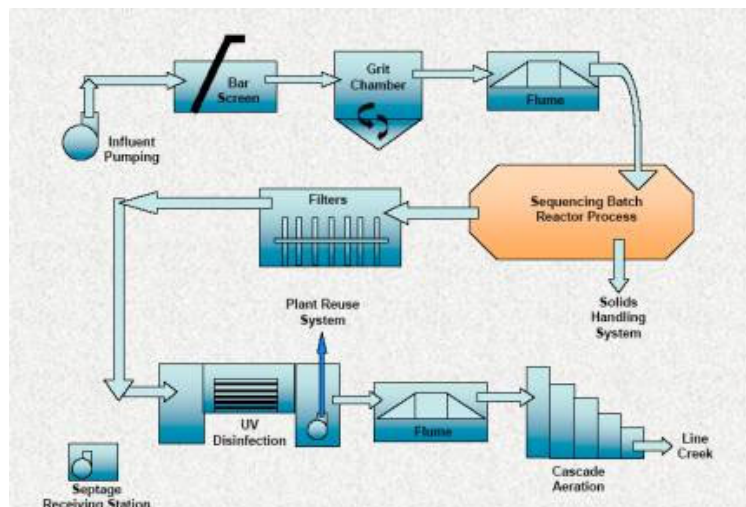


Figure 1-2: Rockaway WWTP process flow diagram

MANAGEMENT'S DISCUSSION AND ANALYSIS

Larry B. Turner WRF

The construction of the Larry B. Turner WRF took place in 1980, and the facility underwent updates in 1985, 1999, and 2002. To treat wastewater, the Larry B. Turner WRF utilizes a system consisting of two aeration basins, four clarifiers, cloth disk filters, and a UV disinfection system. Under its permit, the Larry B. Turner WRF is authorized to treat up to two million gallons per day (MGD) of wastewater, which can be discharged into Line Creek and Flat Creek. The plant was designed to manage a maximum daily flow of five MGD.

In addition, the Larry B. Turner WRF includes a septage receiving station that receives wastewater from septic pumping trucks. These trucks discharge the septage onto a concrete pad, which then directs the flow to a bar screen for the removal of solid waste. Following the bar screen, a wet well and pump are utilized to transfer the water to the headworks of the facility, where it joins the influent to be treated. Please refer to Figure 1-3 for a visual representation of the process flow diagram.

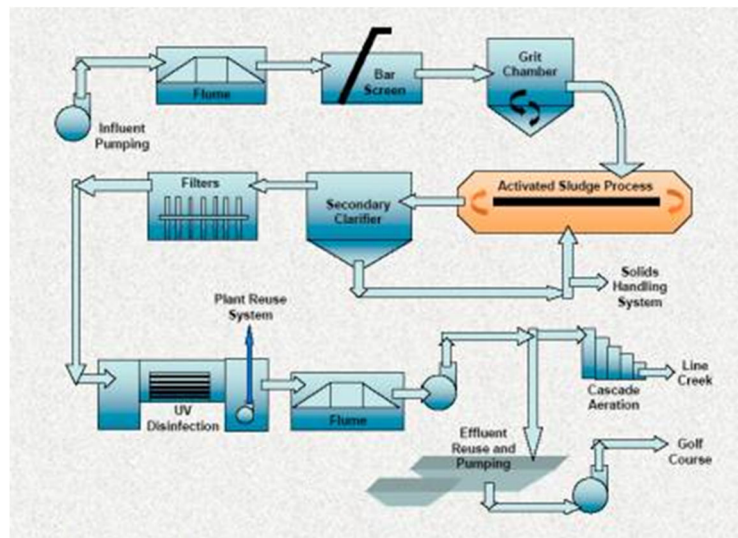


Figure 1-3: Larry B. Turner WRF process flow diagram

The average daily flows at the Rockaway WWTP and Larry B. Turner WRF has remained even over the last five years.

Treated Wastewater Flow					
	2019	2020	2021	2022	2023
Million Gallons Daily (MGD)	3.36	3.73	3.47	3.57	3.58

Service Area and Fee Structure

The system offers sewer service to residential, commercial, and industrial customers situated within the City's jurisdiction. Billing and collection services for the Authority are currently managed by Fayette County. Fayette County utilizes a billing process that includes four monthly cycles, each of which is evenly spread out across the month.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Customer fees and charges cover all expenses, such as operational and maintenance costs, capital improvements, and renewal and replacement projects. Monthly sewer service charges typically include a base rate and demand charge calculated based on the volume charge applied to monthly water usage. No additional rate increases are planned at present. However, management indicates that there is a potential independent rate analysis in the near future that may lead to recommended changes.

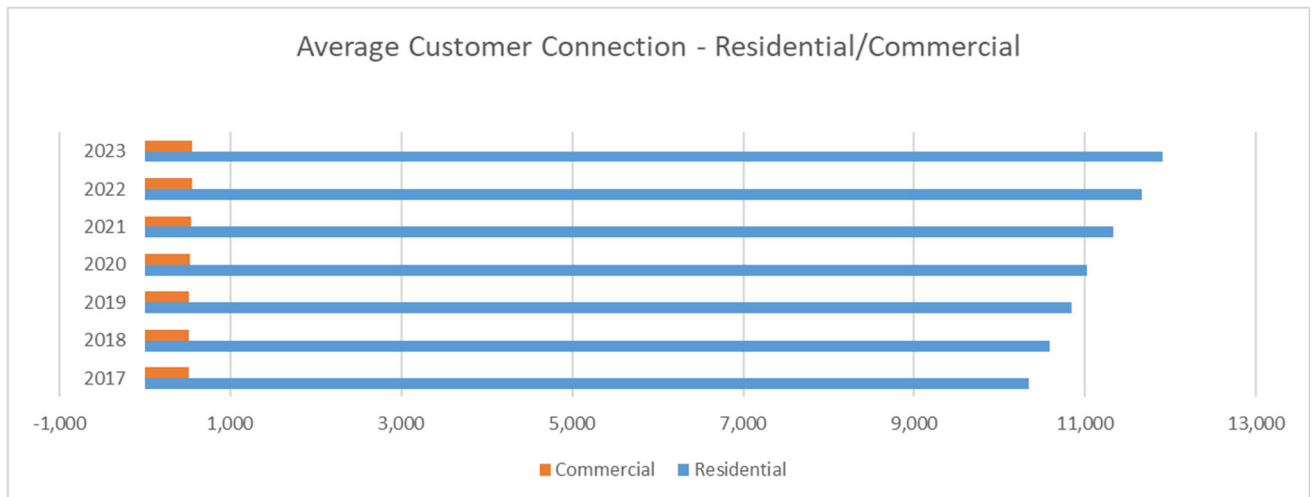
Volume Charge		
<u>Customer Class</u>	<u>Base Charge</u>	<u>(per 1,000 gallons)</u>
Residential/Single-Family	\$26.00	\$4.65
Commercial/Industrial/Multi-Family	\$26.00	\$6.15

Sewer Customers and Usage

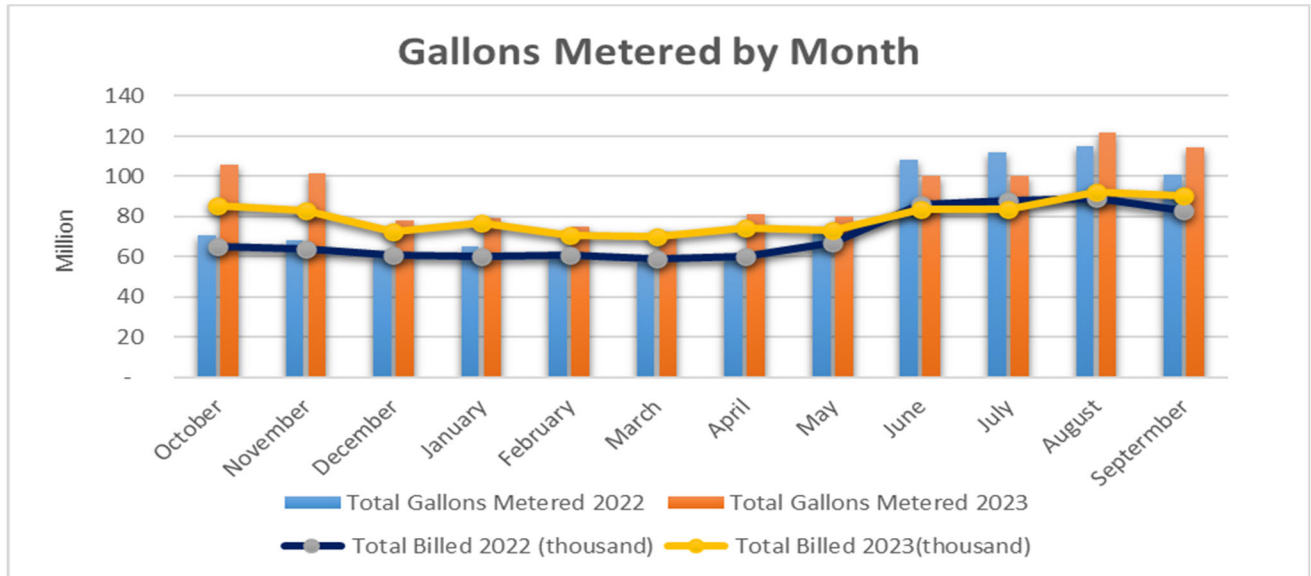
The Authority's customer base has seen an increase of 2.02% in 2023. There was a slight increase in commercial, industrial, and multi-family customers within the last five years.

Customer Connection							
	2017	2018	2019	2020	2021	2022	2023
Residential	10,347	10,589	10,846	11,021	11,324	11,664	11,911
Commercial	454	454	453	457	477	479	486
Industrial	39	40	41	41	43	48	42
Multi-Family Residential	26	27	27	27	27	27	27
Total	10,866	11,110	11,367	11,546	11,871	12,218	12,466

*Commercial includes Comm wat, restaurant and chemical as of September 30th.



MANAGEMENT'S DISCUSSION AND ANALYSIS



Top Ten Customer

Customer	Gallons Metered	Sewer Fees	% of Total
UNIVERSAL ENVIRONMENTAL SERVICES	25,450,723	\$ 157,145.95	20%
HOSHIZAKI AMERICA	20,853,030	\$ 128,558.15	16%
SUMMIT PROPERTIES	16,415,310	\$ 101,578.48	13%
VR BALMORAL HOLDING LP	14,312,130	\$ 88,331.60	11%
ABERDEEN WOODS CONFERENCE CENTER	9,536,330	\$ 58,960.45	8%
PEACHTREE CITY OWNER LLC	8,789,235	\$ 54,365.80	7%
BRAELINN APARTMENTS OWNER LLC	8,395,160	\$ 52,538.79	7%
RETREAT AT PEACHTREE CITY APARTMENTS	8,362,400	\$ 51,740.77	7%
SIGVARIS INC	7,633,870	\$ 47,260.32	6%
PEACHTREE LODGING ASSOCIATES, LLC	7,038,800	\$ 43,600.62	6%
Total Gallons Metered and Sewer Fees	126,786,988	\$ 784,080.93	100%

Long-term Financial Planning

The financial management policies implemented by the Authority establish the structure and guidance for financial reporting, planning, and decision-making by both management and the Board. These policies are crucial in ensuring that the Authority maintains its stable fiscal health. The financial accounting system employed by the Authority adheres to the full accrual basis as per generally accepted accounting principles ("GAAP") standards. It is important to note that the Authority does not possess the power to levy taxes. All financial activities of the Authority are recorded within a single proprietary (enterprise) fund. The primary objective of the governing body is to allocate the cost of providing services to the public primarily through user charges. Operational and maintenance costs, as well as certain equipment purchases, are financed through customer fees and charges. On the other hand, the acquisition and construction of capital assets are funded through capital reserves and long-term financing.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority employs a one-year operating budget procedure, supplemented by three-year cash and debt coverage projections, to guarantee a comprehensive approach to long-term planning and management. The cash projections encompass yearly expenses for system operation, capital-related expenditures, as well as principal and interest payments on debt. In accordance with the Authority's financial policies, operating cash equivalent to the annual debt service plus the amount needed to achieve a 1.10 coverage ratio must be accessible to sustain operations and meet debt obligations. The Authority's Board grants approval for the annual operating budget, encompassing recommended rates, expenses, and capital outlay.

The Authority has identified a set of projects for its Capital Improvement Program with the highest funding priority. The Authority will rely significantly on operating revenue and capital reserves to finance most capital improvement projects. To ensure adequate funding is available for these capital improvements, the Authority General Manager, department managers, and Controller have devised a ten-year financial plan. The plan will be presented to the Board for approval after the Series 2013B Bond has been paid off.

Authority Activities and Highlights

The Authority maintained a strong financial position throughout the fiscal year ending on September 30, 2023. The Authority relies solely on sewer billings to cover its day-to-day operational and maintenance costs. As per its bond agreements, the Authority must generate revenues that exceed its annual debt service by at least 110%, after subtracting operating expenses (excluding depreciation). This is known as coverage. In Fiscal Year 2023, the Authority achieved a coverage of 157%.

The operations of the Authority are overseen by its staff. The day-to-day management and running of the Authority are the responsibility of the General Manager. Mr. L.H. (Dan) Davis, Jr., P.E. from Integrated Science & Engineering, Inc. has been serving as the General Manager since July 2018. Since 2018, the Authority has maintained a streamlined organization, with employees taking on various roles and responsibilities. There are twenty-seven full-time employees at the Authority, ensuring that the facilities are operational 24/7, with additional staff available for emergencies.

Financial Highlights

Key financial highlights for the Fiscal Year 2023 ("FY2023") are as follows:

The Authority maintains a strong financial standing, with assets surpassing liabilities by \$34,934,746 (net position). Out of this total, \$12,913,312 (unrestricted net position) is available for fulfilling the Authority's current responsibilities.

The Authority's total net position on September 30, 2023, increased by \$2,600,981, or 8.0% 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 \$10,459,049 and total operating expenses were \$7,882,282.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority served approximately 12,466 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 analysis and discussion provided here are intended to introduce the basic financial statements of the Peachtree City Water and Sewerage Authority. Operating as a utility enterprise, the Authority follows the economic resources measurement focus and full accrual basis of accounting in presenting its financial statements. This approach ensures that financial information is reported using accounting methods similar to those used by private sector companies. The statements contain both short-term and long-term financial details regarding the operations of the Peachtree City Water and Sewerage Authority.

The financial statements offer details regarding the Authority's business-type activities within its Sewer Fund. These statements adhere to U.S. GAAP established by the Governmental Accounting Standards Board ("GASB").

The Authority's financial reporting for its enterprise funds consists of several key components. These include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. These statements serve to provide our users with a comprehensive overview and comparative analysis of the financial data from the previous fiscal year. Additionally, the financial statements are accompanied by notes to the financial statements, which are crucial in providing a deeper understanding of the information presented. These notes offer additional discussions, detailed disclosures, and tabular presentations to further clarify the data in the financial statements. Furthermore, they offer a more comprehensive level of detail.

The Statement of Net Position contains a comprehensive overview of the Authority's assets, liabilities, deferred outflows, and deferred inflows of resources. This financial statement discloses the types and values of resources invested (assets) and debts owed to the Authority's creditors (liabilities). Additionally, it serves as a foundation for calculating returns, analyzing the Authority's capital structure, and evaluating its liquidity and financial adaptability.

The Statement of Revenues, Expenses and Changes in Net Position consolidates all the income and costs incurred within the present year. This document acts as a measure to assess the efficiency of the Authority's activities in the preceding year and determines whether the Authority has successfully recovered its expenses through user fees and other charges. It presents crucial financial information regarding the profitability and creditworthiness of the Authority, offering users valuable perspectives.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position

Reviewing the Authority's net position, the difference between assets, deferred outflows, liabilities, and deferred inflows is one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are a general indicator of whether its financial health is improving or deteriorating. In addition to the relative change in net position, the impact on operations of other non-financial factors and external influences should be considered. These would include, but are not limited to, economic conditions, population growth, unusual rainfall patterns, changes in governmental legislation, restrictions on outdoor water use, the issuance of new regulations and the utilization of innovative technologies.

Net Position	FY2023	FY2022	\$ Chg.	% Chg.
Current Assets	\$ 12,454,625	\$ 11,098,704	\$ 1,355,921	12.2%
Restricted Assets	1,177,783	1,732,635	(554,852)	-32.0%
Capital Assets, net	26,948,225	27,725,288	(777,063)	-2.8%
Total Assets	40,580,633	40,556,627	24,006	0.1%
Deferred Outflow of Resources	766,666	843,062	(76,396)	-9.1%
Current Liabilities	\$ 307,978	\$ 395,048	(87,070)	-22.0%
Current Liabilities- Restricted Assets	1,408,901	2,490,242	(1,081,341)	-43.4%
Long Term Liabilities	4,695,674	6,180,634	(1,484,960)	-24.0%
Total Liabilities	6,412,553	9,065,924	(2,653,371)	-29.3%
Net Position				
Net Investment in Capital Assets	\$ 20,867,551	\$ 19,089,383	\$1,778,168	9.3%
Restricted	1,153,883	1,707,393	(553,510)	-32.4%
Unrestricted	12,913,312	11,536,989	1,376,323	11.9%
Total Net Position	\$34,934,746	\$32,333,765	\$2,600,981	8.0%

The total net position of \$34,934,746 experienced a \$2,600,981 or 8.0% increase from the previous year, showcasing the impact of the Authority's profitable operations that are crucial for sustaining ongoing capital projects. The Net Investment in Capital Assets surged by \$1,778,168, or 9.3% rise compared to the prior year. This calculation involves deducting the outstanding bonds of \$6,080,674 from the depreciated value of the capital assets, which stands at \$26,948,225. The growth in this particular area of net position can be attributed to the completion of capital projects and a reduction in outstanding bond principal. In Fiscal Year 2023, the Authority incurred \$1,668,128 in depreciation expenses.

The net position of \$1,153,883 was restricted for bond covenants and experienced a decline of \$553,510, or negative 32.4 percent change compared to the previous fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

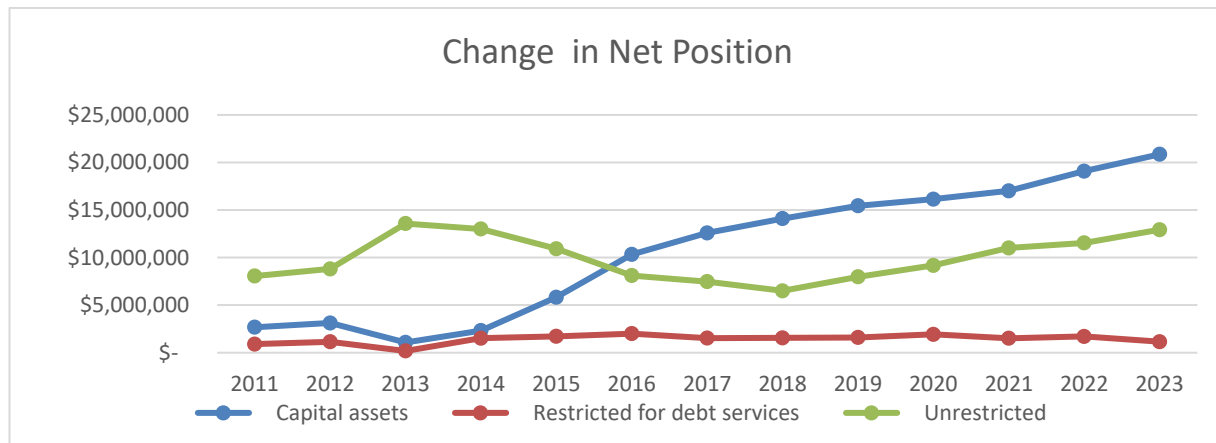
This reduction can be attributed to the utilization of the debt service reserve to cover the final year of bond debt service, instead of preserving the reserve balance and transferring the annual debt service funds from the operating budget into the sinking fund.

The unrestricted net position category saw a \$1,376,323 increase, or 11.9% growth compared to the previous year. This rise was mainly attributed to a decrease in cash transferred to the bond sinking fund for annual debt service and utilizing funds from the debt service reserve account. Unrestricted net position includes assets that do not qualify as "restricted" or "net investment in capital assets". Nonetheless, certain portions of the unrestricted net position have been designated for purposes authorized by the Management. Serving as the financial basis for the Authority's pay-as-you-go capital plan, funds have already been allocated for various construction projects.

Analysis of Net Position

In order to gain a comprehensive insight into the Authority's financial standing and its capacity to provide services in the upcoming periods, it is essential for the reader to analyze the different elements of net position and comprehend how each one is connected to the Authority's operations. For instance, a sizable portion of the net position is attributed to its Net Investment in Capital Assets amounting to \$20,867,551, which represents 59.7 percent and plays a crucial role in the provision of sewer services. However, it is important to note that these assets cannot be used for future expenditure. Even though the Authority's investment in capital assets is adjusted for associated debt, the funds needed to repay this debt must be sourced from other means since the capital assets cannot be used to settle these obligations.

Net Position	FY2023	FY2022	\$ Chg.	% Chg.
Net Investment in Capital Assets				
Assets	\$ 20,867,551	\$ 19,089,383	\$1,778,168	9.3%
Restricted	1,153,883	1,707,393	(553,510)	-32.4%
Unrestricted	12,913,312	11,536,989	1,376,323	11.9%
Total Net Position	\$34,934,746	\$32,333,765	\$2,600,981	8.0%



MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Current Assets

Current Assets are defined as balance sheet items that could be converted to cash in less than one year. Current assets are a key component to consider in a financial analysis because it is from current assets that the Authority funds its ongoing, day-to-day operation.

Current Asset Classification	FY2023	FY2022	\$ Chg.	% Chg.	% Current Assets
Unrestricted:					
Cash and Cash Equivalents	\$ 6,445,133	\$ 5,563,378	\$ 881,755	15.8%	47.3%
Investments	3,926,003	3,752,195	173,808	4.6%	28.8%
Accounts Receivable, net	1,763,290	1,733,913	29,377	1.7%	12.9%
Prepaid Expenses	183,095	34,938	148,157	424.1%	1.3%
Inventory	137,104	14,280	122,824	860.1%	1.0%
	\$ 12,454,625	\$ 11,098,704	\$ 1,355,921	12.2%	91.4%
Restricted:					
Cash and Cash Equivalents	\$ 1,177,783	\$ 1,732,635	(554,852)	-32.0%	8.6%
Total Current And Restricted Assets	\$ 13,632,408	\$ 12,831,339	\$ 801,069	6.2%	100.00%

Unrestricted Current Assets experienced a significant surge of \$1,355,921, or 12.2% compared to the previous year. This notable increase can be attributed to a boost in net cash flow resulting from reduced bond payments. The prepaid category witnessed a substantial rise of \$148,157 or 424.1%, primarily due to the downpayment requirement specified in the contract for the septage screen and SCADA systems. These expenses are directly associated with the design and construction of these systems, which necessitate scheduled completion payments. Furthermore, there was a noteworthy increase in inventory by \$122,824 or 860.1%, which was specifically allocated for the acquisition of a spare pump as part of the capital improvement planning.

By September 30, 2023, the Authority had invested a total of \$3,926,003 in the Georgia Fund 1. This investment option is known for its conservative nature, efficiency, and liquidity, making it an attractive choice for counties and municipalities. Additionally, the category of restricted cash encompasses funds that are specifically allocated for debt service reserves and are held in the Sinking Fund. At the start of 2024, an additional \$4,000,000 was transferred to Georgia Fund 1 in order to capitalize on the increased interest rate.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Capital Assets

Capital Assets	FY2023	FY2022	\$ Chg.	% Chg.
Capital Asset Not Depreciated	\$ 2,219,247	\$ 1,998,797	\$ 220,450	11.0%
Capital Assets Depreciated	66,640,032	65,990,945	649,087	1.0%
Accumulated Depreciation	(41,911,054)	(40,264,454)	(1,646,600)	4.1%
Depreciable Property, net	24,728,978	25,726,491	(997,513)	-3.9%
Total Capital Assets, net	\$ 26,948,225	\$ 27,725,288	\$ (777,063)	-2.8%

The majority (59.71%) of the Authority's net position is allocated to capital assets, which include land, infrastructure, buildings, and equipment. As of September 30, 2023, the Authority has invested a total of \$24,728,978 (net of accumulated depreciation) in various categories such as land, land improvements, buildings, system improvements, machinery and equipment, furniture and fixtures, and construction in progress.

Analysis of Liabilities

The concept of "liability" in financial accounting refers to as the Authority's responsibility that arises from previous transactions or events. The settlement of these obligations may involve the transfer or utilization of assets, provision of services, or other forms of economic benefits in the future. This section examines the different claims that creditors and vendors have on the Authority's assets, which are expected to be settled within the next months.

Liabilities	FY2023	FY2022	\$ Chg.	% Chg.	% of Total Liabilities
Accounts Payable	\$ 307,979	\$ 395,048	\$ (87,069)	-22.0%	4.8%
Interest Payable	23,901	25,242	(1,341)	-5.3%	0.4%
Revenue Bond Payable	1,385,000	2,465,000	(1,080,000)	-43.8%	21.6%
	\$ 1,716,880	\$ 2,885,290	\$ (1,168,410)	-40.5%	26.8%
Long-Term Liabilities	4,695,674	6,180,634	(1,484,960)	-24.0%	73.2%
Total Liabilities	\$ 6,412,554	\$ 9,065,924	\$ (2,653,370)	-29.3%	100.0%

Accounts Payable, which encompasses accrued expenses, witnessed a decline of \$87,069, or 22.0% compared to the previous year. This decrease can be attributed to variations in the timing of vendor payments between the two years and the appropriate allocation of expenses in the year they were accrued. The Authority's debt consists of revenue bonds and bond premium. In March 2023, a final payment of \$565,000 was made for the 2013B bond series, along with the initial payment of \$1,900,000 for Series 2013A. As of September 30, 2023, the Authority's outstanding long-term liability amounted to \$4,695,674, in contrast to the total of \$6,180,634 as of September 30, 2022. The long-term liability includes \$4,515,000 of debt and \$180,674 of bond premium, which is amortized over the bond's lifespan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Revenues

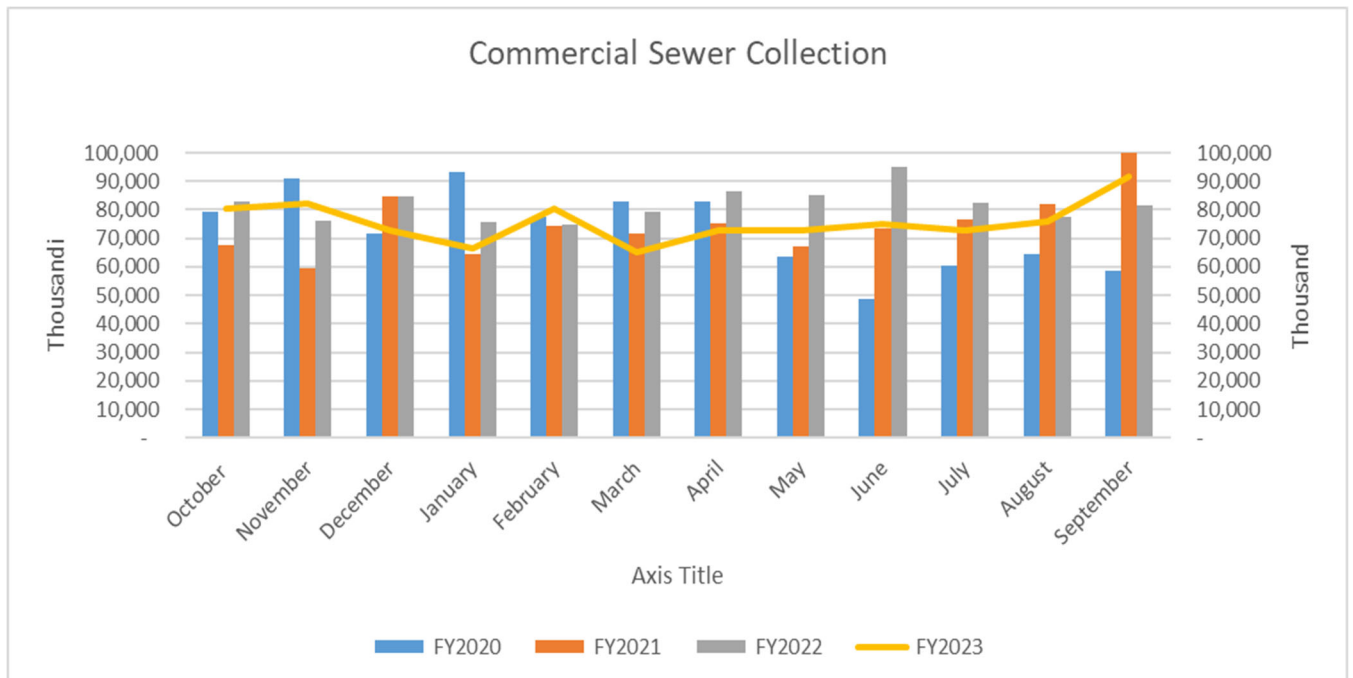
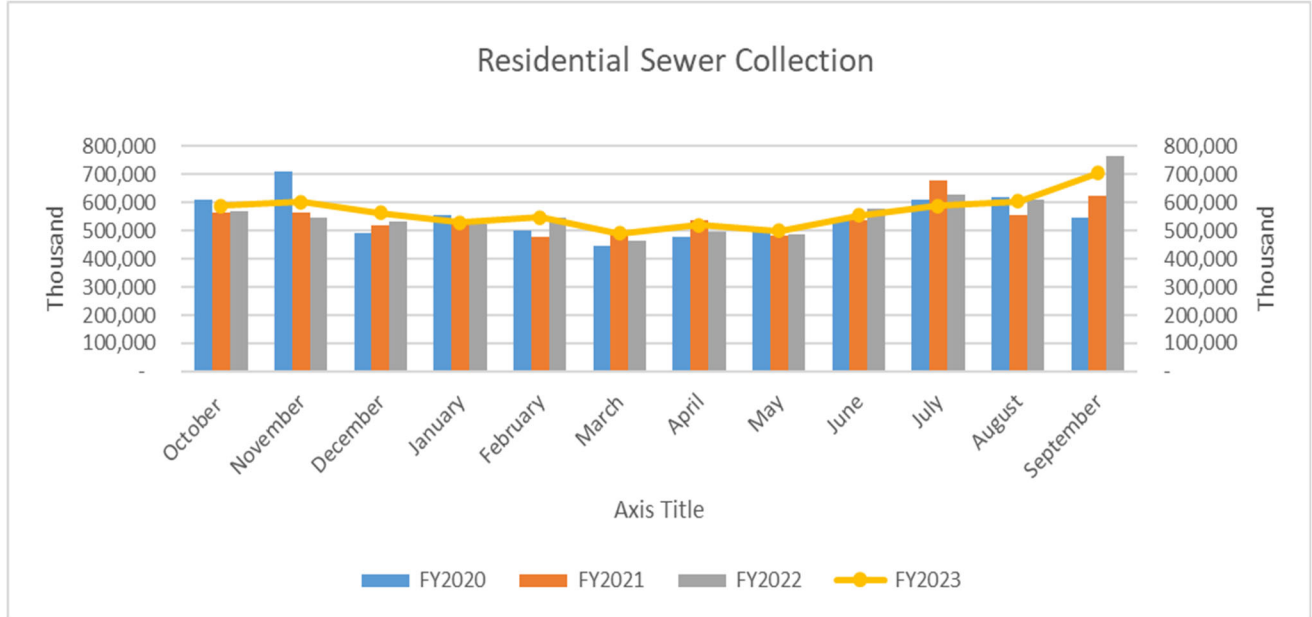
Operating Revenues	FY2023	FY2022	\$ Change	% Change	% of Revenue
Sewer Services	\$ 9,519,731	\$ 9,533,942	\$ (14,211)	-0.1%	89.2%
Septage	303,270	337,305	\$ (34,035)	-10.1%	2.8%
Other Operating Revenue	636,048	986,111	\$ (350,063)	-35.5%	6.0%
	<u>\$ 10,459,049</u>	<u>\$ 10,857,358</u>	<u>\$ (398,309)</u>	<u>-3.7%</u>	<u>98.0%</u>
Non-Operating Revenues	FY2023	FY2022	\$ Change	% Change	% of Revenue
Interest Income	\$ 176,943	\$ 29,906	\$ 147,037	491.7%	1.7%
Gain on Sale of Capital Assets	31,242	-	31,242	-	0.3%
	<u>\$ 208,185</u>	<u>\$ 29,906</u>	<u>\$ 178,279</u>	<u>596.1%</u>	<u>2.0%</u>
Total Revenues	<u>\$ 10,667,234</u>	<u>\$ 10,887,264</u>	<u>\$ (220,030)</u>	<u>-2.02%</u>	<u>100.00%</u>

The Authority's billing base is well diversified, with residential users making up the majority of its customers. There is a stable and growing segment of the billing base, consisting of residential, commercial, and a small industrial presence. The rate structure has remained stable, with a rate increase implemented in FY2010. In FY2023, the Authority generated operating revenues of \$10,459,049, indicating a decrease of \$398,309 or 3.7% from the previous year's revenues of \$10,857,358. These operating revenues are categorized into sewer service charges and other operating revenues. Residential sewer service revenue experienced a slight increase of \$46,304 in FY2023, while commercial sewer service revenue declined by \$73,313 compared to the previous year. The commercial sewer revenue had been steadily increasing over the past three years but saw a decrease in FY2023, particularly in the restaurant and car wash sectors.

Connection fee revenue serves as a key indicator of the overall economy, influencing the pace of property developers' activities. These developers adjust their speed based on the general economic trend. Upon submitting plans for constructing and connecting residential developments, commercial properties, retail shops, etc., developers pay connection fees to link them to the Authority's sewer systems. Connection fees fell by \$350,063 as residential development slowed during 2023. These fees are received from developers a few months prior to the completion of a property so there are timing differences between revenue received in this account and revenues recognized from water and sewer usage.

The investment earnings saw a significant increase over the year due to the rise in Federal Reserve Rates. Meanwhile, the income from septage services dropped by \$34,035 or 10.09% because of a decrease in the number of loads processed at the Turner Plant compared to last year. Management decided to limit the number of septage loads accepted weekly until the septage screen overflow problem is resolved. Currently, construction of the new septage screen is underway and it is expected to be operational by late March or early April.

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Expenses

Operating Expenses	FY2023	FY2022	\$ Change	% Change	% of Operating Expenses
Salaries, wages, and employee benefits	\$ 2,865,264	\$ 2,935,261	\$ (69,997)	-2.4%	46.6%
Plant Operations	2,063,975	1,855,543	208,432	11.2%	33.6%
Consulting and Legal	690,866	676,904	13,962	2.1%	11.2%
Other operating expenses	527,382	457,414	69,968	15.3%	8.6%
	<u>\$ 6,147,487</u>	<u>\$ 5,925,122</u>	<u>222,365</u>	<u>3.8%</u>	<u>100.00%</u>
Depreciation and Amortization	\$ 1,734,795	\$ 1,884,408	(149,613)	-7.9%	
Total Expenses	<u>\$ 7,882,282</u>	<u>\$ 7,809,530</u>	<u>72,752</u>	<u>0.9%</u>	

The Authority has successfully maintained its strong financial position through the implementation of responsible fiscal practices. In the 2023 Fiscal Year, the Authority's operating expenses amounted to \$6,214,154 reflecting a 4.88% increase of \$289,032 compared to the previous year's expenses of \$5,925,122. Cost-of-Living Adjustment ("COLA") of 5 percent was approved by the Board of Directors to keep pace with inflation. However, these expenses were mitigated by savings in salaries. Throughout FY2023, the Authority had four (4) to five (5) open positions and had difficulty finding qualified employees. This situation has lessened as of the beginning of FY2024 and currently have one (1) open position. There was an increase of \$208,432 or 11.2% in plant operations compared to previous years. This incline can be attributed to the increased costs of equipment and labor due to inflation.

Debt Administration

The Authority employs revenue bonds to acquire capital-financing debt as needed. In order to guarantee financial stability, the debt is structured to maintain steady debt service payments over time. Moreover, the Authority is mandated by its bond ordinances to uphold a debt service reserve and a bond sinking fund. A portion of the annual interest and principal payments is allocated to the Bond Sinking Fund monthly. Interest payments are disbursed semiannually, while principal payments are made annually.

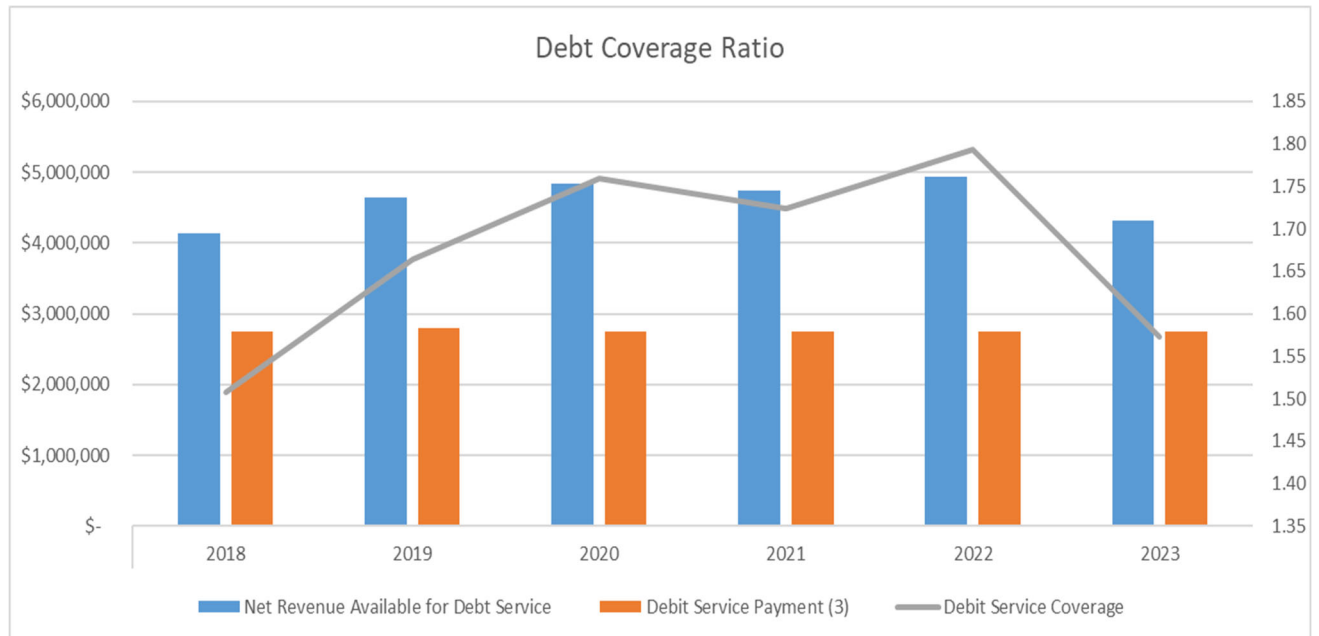
The final payment was made for the outstanding revenue bonds, the 2013B Bond Series, on March 1, 2023, signifying the retirement of the series. The Authority, in accordance with the bond resolutions, is obligated to consistently establish, maintain, and subsequently collect fees and charges for the services and facilities provided by the Authority. These fees and charges, in addition to other revenue sources, should result in annual net earnings in the fiscal year that are equal to or greater than 110% of the total annual debt service payments for all outstanding bonds. The management has established a higher target coverage factor of 150 percent of the bond debt service requirement, which the Authority has consistently surpassed for the past six fiscal years. The surplus net earnings derived from debt-related charges are allocated towards future capital projects. On a monthly basis, \$178,000 is transferred from the operating checking account to the capital improvements account.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of September 30, 2023, the Authority was obligated to make the annual payments in the following table:

	2013B Series		
	Principal	Interest	Total
FY2024	1,385,000	208,300	1,593,300
FY2025	1,440,000	151,800	1,591,800
FY2026	1,505,000	92,900	1,597,900
FY2027	1,570,000	31,400	1,601,400
	<u>\$ 5,900,000</u>	<u>\$ 484,400</u>	<u>\$ 6,384,400</u>

	Debt Coverage Ratio					
	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018
Revenue from Operations	\$ 10,459,049	\$ 10,857,358	\$ 10,374,446	\$ 10,059,012	\$ 10,078,705	\$ 9,785,607
Operating Expenses	\$ 6,147,487	\$ 5,925,122	\$ 5,643,511	\$ 5,224,858	\$ 5,437,946	\$ 5,642,966
Net Earning	\$ 4,311,562	\$ 4,932,236	\$ 4,730,935	\$ 4,834,154	\$ 4,640,759	\$ 4,142,641
Annual Debt Service	\$ 2,740,543	\$ 2,749,787	\$ 2,744,697	\$ 2,747,677	\$ 2,789,430	\$ 2,748,878
Debt Coverage Ratio	1.57	1.79	1.72	1.76	1.66	1.51



Requests for Information

This financial report has been created to offer a broad summary of the Authority's financial status. For inquiries regarding the details presented in this report or for any requests for further information, please contact Peachtree City Water and Sewerage Authority at 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, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 6,445,133
Investments	3,926,003
Accounts receivable, net	1,763,290
Prepaid expenses	183,095
Inventory	137,104
	<hr/>
Total current assets	12,454,625
	<hr/>
RESTRICTED ASSETS	
Cash and cash equivalents	1,177,783
	<hr/>
Total restricted assets	1,177,783
	<hr/>
CAPITAL ASSETS	
Non-depreciable	2,219,247
Depreciable, net of accumulated depreciation	24,728,978
Total capital assets, net	26,948,225
	<hr/>
Total assets	40,580,633
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
DEFERRED OUTFLOWS OF RESOURCES	
Goodwill	766,666
	<hr/>
Total deferred outflows of resources	766,666
	<hr/>

(Continued)

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

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

LIABILITIES

CURRENT LIABILITIES

Payable from current assets:

Accounts payable and accrued expenses	\$ 307,978
	<u>307,978</u>

Payable from restricted assets:

Interest payable	23,901
Revenue bonds payable, current	1,385,000
	<u>1,408,901</u>

Total current liabilities	<u>1,716,879</u>
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LONG-TERM LIABILITIES

Revenue bonds payable, net	<u>4,695,674</u>
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Total liabilities	<u>6,412,553</u>
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NET POSITION

NET POSITION

Net investment in capital assets	20,867,551
Restricted for debt service	1,153,883
Unrestricted	<u>12,913,312</u>

Total net position	<u>\$ 34,934,746</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, 2023**

Operating revenues:	
Charges for services	\$ 10,459,049
Operating expenses:	
Salaries, wages and employee benefits	2,865,264
Plant operations	2,063,975
Consulting and legal	690,866
Amortization expense	66,667
Depreciation expense	1,668,128
Other operating expenses	527,382
Total operating expenses	<u>7,882,282</u>
Operating income	<u>2,576,767</u>
Non-operating revenues (expenses):	
Interest income	176,943
Interest expense	(183,971)
Gain on sale of capital assets	31,242
Total non-operating revenues (expenses) net	<u>24,214</u>
Change in net position	2,600,981
Net position, beginning of year	<u>32,333,765</u>
Net position, end of year	<u><u>\$ 34,934,746</u></u>

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 10,429,672
Payments to suppliers	(3,593,428)
Payments to employees	(2,912,110)
	<u>3,924,134</u>
Net cash provided by operating activities	<u>3,924,134</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Purchases of capital assets	(891,065)
Proceeds from sale of capital assets	31,242
Principal payments on long-term debt	(2,465,000)
Payment of interest on bonds	(275,543)
	<u>(3,600,366)</u>
Net cash used in capital and related financing activities	<u>(3,600,366)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(173,808)
Interest received	176,943
	<u>3,135</u>
Net cash provided by investing activities	<u>3,135</u>

Net increase in cash and cash equivalents	326,903
Cash and cash equivalents (including restricted amounts of \$1,732,365), beginning of year	<u>7,296,013</u>
Cash and cash equivalents (including restricted amounts of \$1,177,783), end of year	<u><u>\$ 7,622,916</u></u>

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 2,576,767
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	1,734,795
Changes in assets and liabilities:	
Increase in accounts receivable	(29,377)
Increase in prepaid expenses	(148,157)
Increase in inventory	(122,824)
Decrease in accounts payable	(40,224)
Decrease in accrued payroll and compensated absences	(46,846)
	<u>3,924,134</u>
Net cash provided by operating activities	<u><u>\$ 3,924,134</u></u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

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

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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, 2023, 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, 2023, 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, 2023, the Authority had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Georgia Fund 1	30	\$ 3,926,003
Total Fair Value		<u>\$ 3,926,003</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, 2023 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, 2023:

Accounts receivable	\$ 1,812,694
Less allowance for uncollectibles	(49,404)
Net total receivables	<u>\$ 1,763,290</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,466,826	\$ -	\$ -	\$ 1,466,826
Construction in progress	31,971	220,450	-	252,421
Assets to be disposed of	500,000	-	-	500,000
Total	<u>1,998,797</u>	<u>220,450</u>	<u>-</u>	<u>2,219,247</u>
Capital assets, being depreciated:				
Land improvements	88,580	-	-	88,580
Buildings	1,924,105	7,716	-	1,931,821
Vehicles and equipment	4,739,315	177,755	(21,528)	4,895,542
Infrastructure	395,853	-	-	395,853
Sewer plants and pump stations	38,475,323	427,568	-	38,902,891
Pipeline	20,367,769	57,576	-	20,425,345
Total	<u>65,990,945</u>	<u>670,615</u>	<u>(21,528)</u>	<u>66,640,032</u>
Less accumulated depreciation for:				
Land improvements	31,765	5,895	-	37,660
Buildings	722,968	38,636	-	761,604
Vehicles and equipment	4,315,782	127,646	(21,528)	4,421,900
Infrastructure	94,070	9,683	-	103,753
Sewer plants and pump stations	28,631,037	1,075,442	-	29,706,479
Pipeline	6,468,832	410,826	-	6,879,658
Total	<u>40,264,454</u>	<u>1,668,128</u>	<u>(21,528)</u>	<u>41,911,054</u>
Depreciable property, net	<u>25,726,491</u>	<u>(997,513)</u>	<u>-</u>	<u>24,728,978</u>
Total capital assets, net	<u>\$ 27,725,288</u>	<u>\$ (777,063)</u>	<u>\$ -</u>	<u>\$ 26,948,225</u>

Depreciation expense for the year ended September 30, 2023, was \$1,668,128.

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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 8,365,000	\$ -	\$ (2,465,000)	\$ 5,900,000	\$ 1,385,000
Bond premium	280,634	-	(99,960)	180,674	-
Revenue bonds, net	8,645,634	-	(2,564,960)	6,080,674	1,385,000
Compensated absences (in accrued expenses)	62,383	93,719	(93,366)	62,736	62,736
	<u>\$ 8,708,017</u>	<u>\$ 93,719</u>	<u>\$ (2,658,326)</u>	<u>\$ 6,143,410</u>	<u>\$ 1,447,736</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:

Fiscal year ending September 30,	Principal	Interest	Total
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>\$ 5,900,000</u>	<u>\$ 484,400</u>	<u>\$ 6,384,400</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 \$6,625,000 as of September 30, 2023.

NOTES TO FINANCIAL STATEMENTS

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, 2023 was \$189,608. These plans were effective June 1, 1998.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. RISK MANAGEMENT (CONTINUED)

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, 2023, The Authority did not have any contractual commitments on uncompleted contracts.

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 22, 2024

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Mauldin & Jenkins, LLC

Macon, Georgia
March 22, 2024

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

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

**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, 2023 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**

Not applicable.

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

No prior year audit findings.