

**PEACHTREE CITY WATER &
SEWERAGE AUTHORITY**

(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024**

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

FINANCIAL REPORT
SEPTEMBER 30, 2024

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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, 2024, 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, 2024, 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 – 17 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 February 19, 2025, 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
February 19, 2025

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

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2024

Profile of the Peachtree City Water and Sewerage Authority

The Peachtree City Water and Sewerage Authority (referred to as the “Authority”) is a public corporation established under the laws of the State of Georgia. It was created through an Act of the Georgia General Assembly, specifically 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. and further amended by GA. Laws 2018, HB 838). The Authority was initially formed on April 17, 1973, by the Georgia Legislature and operates as a public, nonprofit corporation under the provisions of House Bill Number 1132, Act 411, which was enacted during the 1987 legislative session.

As an independent governing entity, the Authority is tasked with delivering sewer services to the residents, businesses, and industries within Peachtree City. It is classified as a component unit of the City of Peachtree City.

Population

Fayette County, where Peachtree City is located, is among the most populated counties in Georgia, ranking as the twenty-first most populous. The county includes incorporated communities such as Fayetteville, Brooks, Tyrone, and Woolsey. Peachtree City, situated in the northwestern region of Fayette County, is home to an estimated 40,801 residents as of July 2024. The Authority provides sewer services to approximately 12,538 customers within this area.

Method of Governance

The Authority is managed by a five-member Board of Directors, composed of members from the Peachtree City Council. The mayor of Peachtree City serves as the Chairperson of the Authority Board. The Board is responsible for electing officers, approving an annual budget, setting billing rates, authorizing capital projects and debt issuance for construction and maintenance activities.

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.

Overview of the System

The Authority's main objective is to acquire, manage, and maintain facilities dedicated to the collection, treatment, and disposal of sewage. Fayette County currently operates a water system that serves the majority of the county, including customers within the Authority's service area.

The Authority is comprised of two wastewater treatment facilities and a comprehensive collection system. The Rockaway Wastewater Treatment Plant (“WWTP”) and the Larry B. Turner Water Reclamation Facility (“WRF”) have been well-preserved and remain in excellent condition despite their age.

Currently, the system operates effectively and is capable of collecting and treating wastewater in compliance with or exceeding the standards established by the Georgia Environmental Protection Division. Figure 1-1 below illustrates the types of pipe materials utilized in the gravity sewer system, detailing the total length of each material in miles.



Rockaway WWTP, constructed in 1988, underwent renovations in 1999 and 2002. Its treatment process primarily relies on four sequencing batch reactors (“SBR”), supplemented by cloth disk filters and an ultraviolet (“UV”) disinfection system to enhance effluent quality. The facility is permitted to discharge up to four million gallons per day (“MGD”) into Line Creek, with a peak daily flow capacity of 10 MGD. For a visual representation of the process flow diagram, refer to Figure 1-2.



MANAGEMENT’S DISCUSSION AND ANALYSIS

Larry B. Turner WRF

Constructed in 1980, the Larry B. Turner WRF underwent upgrades in 1985, 1999, and 2002. The facility treats wastewater using a system that includes two aeration basins, four clarifiers, cloth disk filters, and a UV disinfection system. Under its permit, it is authorized to treat up to two MGD of wastewater, which can be discharged into Line Creek and Flat Creek. The plant is designed to accommodate a peak daily flow of five MGD.

Additionally, the Larry B. Turner WRF features a septage receiving station for wastewater from septic pumping trucks. These trucks discharge septage onto a concrete pad, where it is directed to a bar screen for solid waste removal. From there, a wet well and pump transfer the wastewater to the facility’s headworks, where it joins the influent for treatment. For a visual representation of the process flow diagram, refer to Figure 1-3.

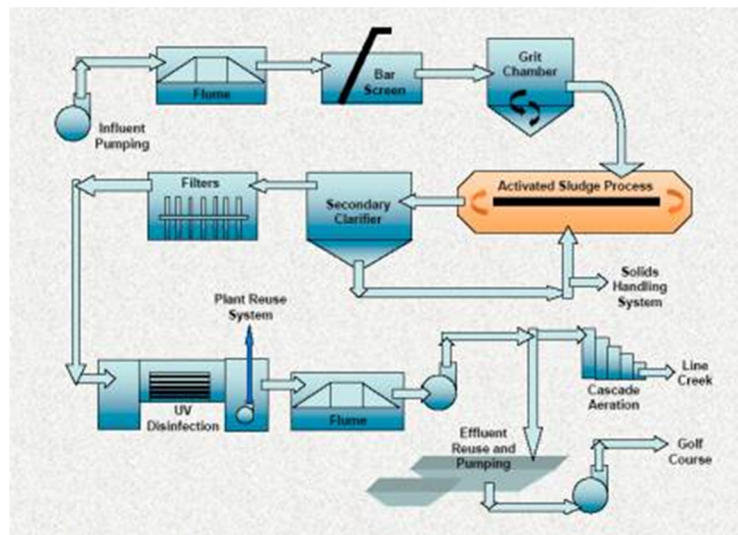


Figure 1-3: Larry B. Turner WRF process flow diagram

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

Treated Wastewater Flow						
	2019	2020	2021	2022	2023	2024
Million Gallons						
Daily (MGD)	3.36	3.73	3.47	3.57	3.58	3.662

Service Area and Fee Structure

The system provides sewer services to residential, commercial, and industrial customers within the City's jurisdiction. Billing and collection services for the Authority are managed by Fayette County, which operates on a monthly four-cycle billing system evenly distributed throughout the month.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Customer fees and charges cover all expenses, including operations, maintenance, capital improvements, and renewal and replacement projects. Monthly sewer service charges typically consist of a base rate and a usage charge, calculated based on the volume of water used. While no rate increases are currently planned, management has indicated that an independent rate analysis may be conducted in the near future, potentially leading to recommended adjustments

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

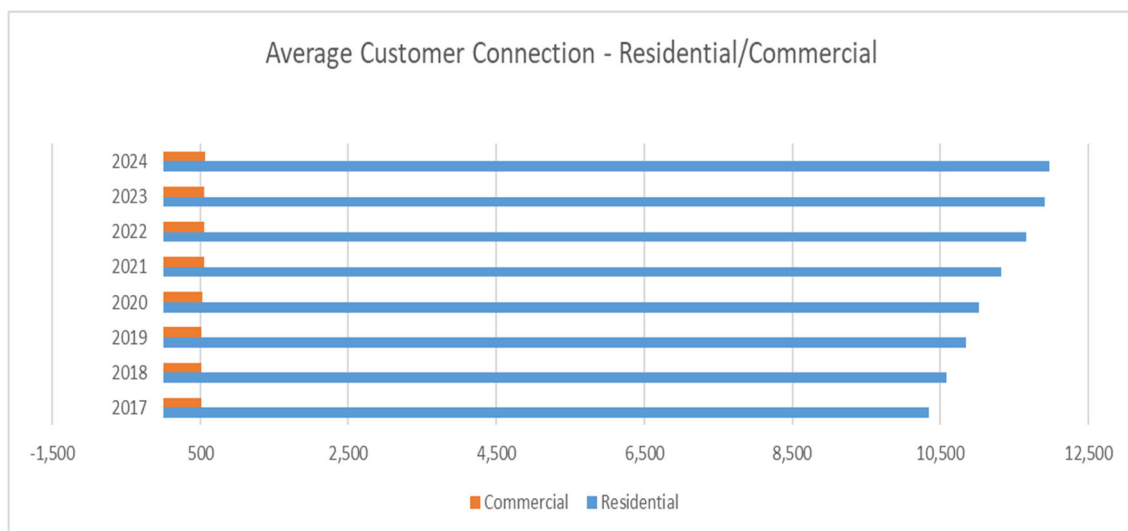
Customer Connection								
	2017	2018	2019	2020	2021	2022	2023	2024
Residential	10,347	10,589	10,846	11,021	11,324	11,664	11,911	11,978
Commercial	454	454	453	457	477	479	486	491
Industrial	39	40	41	41	43	48	42	42
Multi-Family Residential	26	27	27	27	27	27	27	27
Total	10,866	11,110	11,367	11,546		12,218	12,466	12,538

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

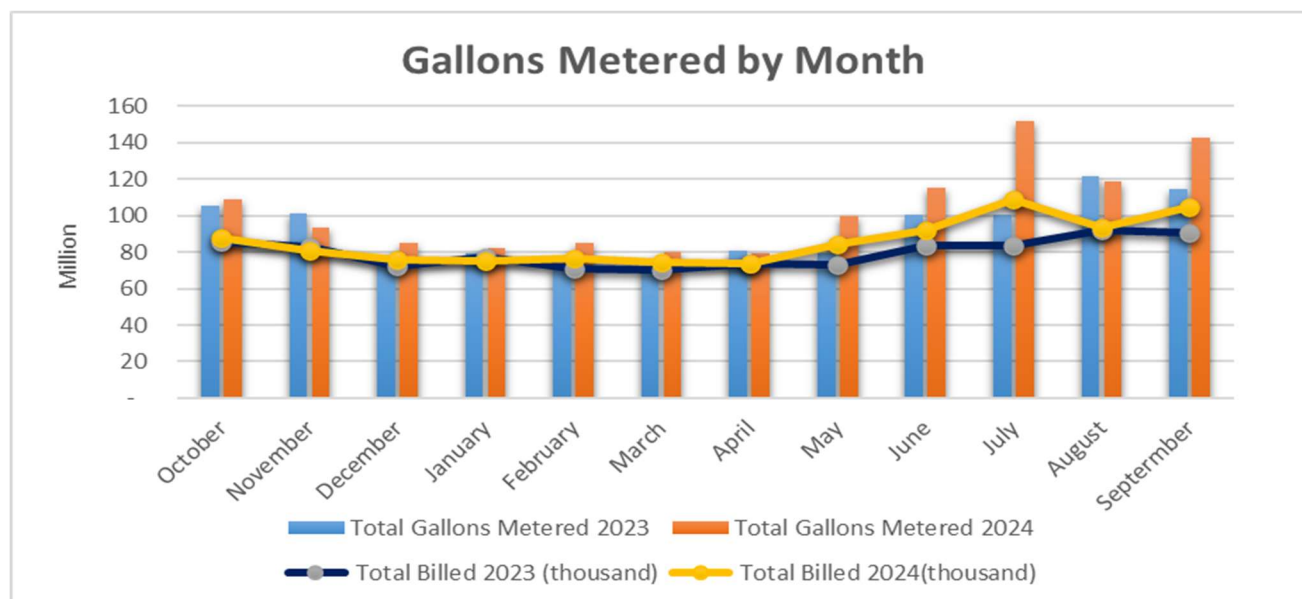
11,871

Customers and Usage

The Authority's customer base experienced a growth of less than 1% in 2024. Over the past five years, there has been a slight increase in commercial, industrial, and multi-family customers.



MANAGEMENT'S DISCUSSION AND ANALYSIS



Top Ten Customer

Customer	Gallons Metered	Sewer Fees	% of Total
UNIVERSAL ENVIRONMENTAL SERVICES	37,169,317	\$229,215.30	25%
HOSHIZAKI AMERICA	21,816,517	\$134,483.59	15%
CAMDEN APARTMENTS PEACHTREE CITY	17,531,860	\$108,444.96	12%
VR BALMORAL HOLDING LP	14,680,360	\$ 90,596.21	10%
RETREAT AT PEACHTREE CITY APARTMENTS	12,257,210	\$ 75,693.84	8%
ABERDEEN WOODS CONFERENCE CENTER	11,564,210	\$ 71,431.90	8%
THE GREENS AT BRAELINN	9,087,420	\$ 56,199.64	6%
PEACHTREE LODGING ASSOCIATES, LLC	8,853,010	\$ 53,943.47	6%
RETREAT AT PEACHTREE CITY APARTMENTS	8,749,060	\$ 54,118.71	6%
SHILOH MHP	8,397,970	\$ 51,959.52	6%
	150,106,934	\$926,087.14	100%

Long-term Financial Planning

To support long-term sustainability, the Authority maintains a five-year cash flow model that forecasts system capacity utilization, revenue growth, operating expenses, capital expenditures, and debt service obligations. The Capital Improvements Program, updated annually, identifies projects essential for system expansion and rehabilitation.

The Authority has prioritized key projects within the Capital Improvements Program, with funding primarily sourced from operating revenue and capital reserves. A ten-year financial plan has been developed by the General Manager, department managers, and Controller to ensure sufficient funding for capital improvements. This plan will be presented to the Board for approval following the full repayment of the Series 2013A Bond.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Performance and Highlights

The Authority maintained a strong financial position throughout the fiscal year ending September 30, 2024. Operating solely on sewer billings, the Authority must generate revenues that exceed its annual debt service by at least 110%, as required by bond agreements. In Fiscal Year 2024, the Authority achieved a coverage ratio of 242%.

At the end of Fiscal Year 2024, the Authority's total net position stood at \$37,961,272, reflecting an 8.7% increase of \$3,026,526 from the previous year. Total operating revenues amounted to \$10,855,125, while operating expenses reached \$8,834,613. The Authority served approximately 12,538 sewer customers and processed 1.11 billion gallons of wastewater.

Overview of the Financial Statements

The financial section of the annual report consists of four key components: the independent auditor's report, required supplementary information, basic financial statements, and supplemental information. The independent auditor's report provides a third-party review of the Authority's financial statements to ensure compliance with accounting standards. The required supplementary information includes the Management's Discussion and Analysis ("MD&A"), which offers insights into financial trends and performance. The basic financial statements present the Authority's financial position and results of operations, while the supplemental information provides additional details that support the primary financial statements.

The analysis presented in this section introduces the financial statements of the Peachtree City Water and Sewerage Authority. As a utility enterprise, the Authority follows the economic resources measurement focus and applies the full accrual basis of accounting in its financial reporting. This approach ensures that financial transactions are recorded in a manner similar to private-sector businesses, providing a comprehensive view of both short-term and long-term financial activities. The Authority's financial statements focus on its business-type activities within the Sewer Fund and adhere to U.S. generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board ("GASB").

Key Financial Statements

The Authority's financial reporting consists of several critical statements. The Statement of Net Position provides a snapshot of the Authority's financial standing by detailing assets, liabilities, and deferred inflows and outflows of resources. This statement serves as a foundation for assessing capital structure, liquidity, and overall financial stability. The Statement of Revenues, Expenses, and Changes in Net Position summarizes the Authority's financial performance by consolidating all revenues and expenses incurred during the fiscal year. This statement helps evaluate whether operating revenues, primarily derived from user fees, are sufficient to cover expenses. The Statement of Cash Flows tracks cash inflows and outflows, categorizing them into operating, investing, and financing activities.

These financial statements are accompanied by Notes to the Financial Statements, which provide additional explanations, detailed disclosures, and tabular presentations for clarity. These notes are essential for a deeper understanding of the Authority's financial condition.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position

The net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. This figure serves as a key indicator of financial health, with an increasing net position generally signifying growth and stability. Conversely, a declining net position may indicate financial challenges. While changes in net position provide insight into financial trends, external factors must also be considered, including economic conditions, population growth, weather patterns, regulatory changes, and technological advancements.

Economic conditions influence revenue from user fees and connection charges, as growth or downturns in the local economy directly impact financial performance. Population growth drives demand for sewer services, affecting both revenue and infrastructure needs. Unusual weather patterns, such as excessive rainfall, can influence system usage and operational efficiency. Changes in government regulations, including restrictions on outdoor water use and new environmental policies, may alter financial planning and compliance costs. The adoption of innovative treatment technologies can affect capital expenditure and long-term financial planning.

By evaluating both financial data and external influences, the Authority ensures effective decision-making to maintain fiscal strength and operational efficiency.

Net Position	FY2024	FY2023	\$ Chg.	% Chg.
Current Assets	\$ 13,082,794	\$ 12,454,625	\$ 628,169	5.0%
Restricted Assets	2,170,703	1,177,783	992,920	84.3%
Capital Assets, net	27,798,336	26,948,225	850,111	3.2%
Total Assets	43,051,833	40,580,633	2,471,200	6.1%
Deferred Outflow of Resources	699,999	766,666	(66,667)	-8.7%
Current Liabilities	\$ 1,158,111	\$ 307,978	850,133	276.0%
Current Liabilities- Restricted Assets	1,454,468	1,408,901	45,567	3.2%
Long Term Liabilities	3,177,981	4,695,674	(1,517,693)	-32.3%
Total Liabilities	5,790,560	6,412,553	(621,993)	-9.7%
Net Position				
Net Investment in Capital Assets	\$ 23,180,355	\$ 20,867,551	\$2,312,804	11.1%
Restricted	2,156,235	1,153,883	1,002,352	86.9%
Unrestricted	12,624,682	12,913,312	-288,630	-2.2%
Total Net Position	\$37,961,272	\$34,934,746	\$3,026,526	8.7%

The total net position of the Authority reached \$37,961,272, reflecting an increase of \$3,026,526 or 8.7% from the previous year. This growth highlights the impact of the Authority's strong financial performance, which is essential for sustaining ongoing capital projects. Net Investment in Capital Assets increased by \$2,312,804, or 11.1%, compared to the prior year. This figure is calculated by subtracting outstanding bonds of \$4,617,981 from the depreciated value of capital assets, which stands at \$27,798,336. The increase in this category is attributed to the completion of capital projects and a reduction in the outstanding bond principal. During Fiscal Year 2024, the Authority recorded \$1,764,674 in depreciation expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The restricted net position, allocated for bond covenants and future capital projects, amounted to \$2,156,235, representing an increase of \$1,002,352 or 86.9% compared to the previous fiscal year. This rise is primarily due to the use of the debt service reserve to cover the final year of bond debt service and to establish reserves for upcoming capital projects.

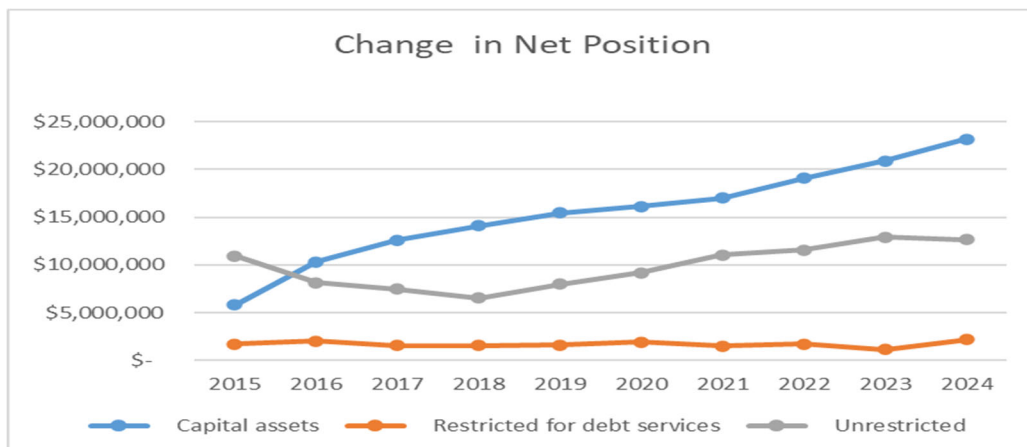
The unrestricted net position decreased by \$288,630, or 2.2%, from the previous year. This decline was largely due to an increase in cash transfers for additional funds being reserved for future capital projects. The unrestricted net position consists of assets that are not classified as "restricted" or "net investment in capital assets." However, portions of these funds have been designated for specific purposes as authorized by management. As the financial foundation of the Authority's pay-as-you-go capital plan, these funds have already been allocated for various construction projects.

Analysis of Net Investment in Capital Assets

To fully understand the Authority's financial position and its ability to provide services in the future, it is important to analyze the various components of its net position and how they relate to its operations. A significant portion of the net position is tied to Net Investment in Capital Assets, totaling \$23,180,355, which accounts for 61.1% of the total net position. These assets are essential for delivering sewer services, but they are not available for future expenditures.

While the Authority's investment in capital assets is adjusted for associated debt, the repayment of this debt must come from other revenue sources, as these assets themselves cannot be liquidated to cover financial obligations. Understanding this distinction is critical when evaluating the Authority's overall financial health and its capacity to fund future projects and maintain long-term sustainability.

Net Position	FY2024	FY2023	\$ Chg.	% Chg.	% Of Net Position
Net Investment in Capital Assets	\$ 23,180,355	\$ 20,867,551	\$2,312,804	11.1%	61.1%
Restricted	2,156,235	1,153,883	1,002,352	86.9%	5.7%
Unrestricted	12,624,682	12,913,312	-288,630	-2.2%	33.3%
Total Net Position	\$37,961,272	\$34,934,746	\$3,026,526	8.7%	100.0%



MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Assets

Current assets refer to balance sheet items that can be converted to cash within one year. They play a crucial role in financial analysis, as they provide the necessary liquidity for the Authority to fund its daily operations.

Current Asset Classification	FY2024	FY2023	\$ Chg.	% Chg.	% Current Assets
Unrestricted:					
Cash and Cash Equivalents	\$ 1,789,547	\$ 6,445,133	\$ (4,655,586)	-72.2%	11.7%
Investments	8,293,799	3,926,003	4,367,796	111.3%	54.4%
Accounts Receivable, net	2,607,751	1,763,290	844,461	47.9%	17.1%
Prepaid Expenses	108,711	183,095	(74,384)	-40.6%	0.7%
Inventory	282,986	137,104	145,882	106.4%	1.9%
	<u>\$ 13,082,794</u>	<u>\$ 12,454,625</u>	<u>\$ 628,169</u>	<u>5.0%</u>	<u>85.8%</u>
Restricted:					
Cash and Cash Equivalents	\$ 2,170,703	\$ 1,177,783	992,920	84.3%	14.2%
	<u>\$ 15,253,497</u>	<u>\$ 13,632,408</u>	<u>\$ 1,621,089</u>	<u>11.9%</u>	<u>100.00%</u>

Over the past year, Unrestricted Current Assets increased by \$628,169 (5.0%), primarily driven by an increase in Accounts Receivable and reduction in bond payments. The reduction in bond payments resulted in cash savings of \$1,080,000, though 40% of these savings were offset by higher operating expenses. Prepaid expenses declined by \$74,384, or 40.6%, while inventory saw a significant rise of \$145,882, or 106.4%, largely due to the acquisition of a spare pump as part of the capital improvement plan. Accounts Receivable increased by \$844,461, or 47.9%. In FY2023, the Board awarded Reynolds Construction, LLC a \$5,992,200 contract for **American Rescue Plan ("ARP")** project Design-Build services to improve the wastewater treatment facility. As a component unit of the City of Peachtree City, the Authority was allocated \$5,598,182 of the American Rescue Plan ("ARP") funds. In FY2024, the Authority recorded a receivable from the City of Peachtree City to reflect the awarded funds. The offsetting liability is reported under the accrued payables on the financial statements, representing the amount due to Reynolds Construction, LLC, for project-related expenses.

At the beginning of 2024, the Authority transferred an additional \$4,000,000 into Georgia Fund one to take advantage of higher interest rates. By September 30, 2024, the Authority's total investment in Georgia Fund One reached \$8,293,799. This investment is considered a secure, efficient, and liquid financial option, making it a preferred choice for counties and municipalities. Additionally, restricted cash includes funds set aside for debt service reserves, which are maintained in the Sinking Fund to ensure financial stability and compliance with debt obligations. These funds may also be used for future capital projects as needed.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Capital Assets

Capital Assets	FY2024	FY2023	\$ Chg.	% Chg.
Capital Asset Not Depreciated	\$ 3,190,941	\$ 2,219,247	\$ 971,694	43.8%
Capital Assets Depreciated	68,283,123	66,640,032	1,643,091	2.5%
Accumulated Depreciation	43,675,728	41,911,054	(1,764,674)	-4.2%
Depreciable Property, net	24,607,395	24,728,978	(121,583)	-0.5%
Total Capital Assets, net	\$ 27,798,336	\$ 26,948,225	\$ 850,111	3.2%

The majority of the Authority's net position, 61.1%, is tied to capital assets. As of September 30, 2024, the Authority's total investment in capital assets, net of accumulated depreciation, stands at \$24,607,395. These assets encompass land, land improvements, buildings, system improvements, machinery and equipment, furniture and fixtures, and construction in progress. This investment reflects the Authority's ongoing commitment to maintaining and enhancing its infrastructure to support efficient and reliable sewer services.

Analysis of Liabilities

In financial accounting, liabilities represent the Authority's obligations arising from past transactions or events. These obligations may require the transfer or use of assets, the provision of services, or other economic outflows in the future. This section examines the claims that creditors and vendors have on the Authority's assets, which are expected to be settled within the next twelve months.

Liabilities	FY2024	FY2023	\$ Chg.	% Chg.	% of Total Liabilities
Accounts Payable	\$ 1,158,111	\$ 307,979	\$ 850,132	276.0%	20.0%
Interest Payable	14,468	23,901	(9,433)	-39.5%	0.2%
Revenue Bond Payable	1,440,000	1,385,000	55,000	4.0%	24.9%
	\$ 2,612,579	\$ 1,716,880	\$ 895,699	52.2%	45.1%
Long-Term Liabilities	3,177,981	4,695,674	(1,517,693)	-32.3%	54.9%
Total Liabilities	\$ 5,790,560	\$ 6,412,554	\$ (621,994)	-9.7%	100.0%

Accounts Payable, including accrued expenses, increased by \$850,132 (276.0%) compared to the previous year. This change is primarily due to differences in vendor payment timing and the proper allocation of expenses in the year they were incurred. In FY2023, the Board awarded Reynolds Construction, LLC a \$5,992,200 contract for **American Rescue Plan ("ARP")** project Design-Build services for wastewater treatment facility improvements. The initial phase of the project was completed in FY2024, and three payments to Reynolds Construction were accrued. The offsetting receivable from the City of Peachtree City is reflected in the current assets section of the financial statements.

The Authority's debt portfolio consists of revenue bonds and bond premiums. In March 2024, the Authority made a \$1,385,000 payment toward the 2013A bond series. As of September 30, 2024, the total outstanding long-term liability was \$3,177,981, a reduction from \$4,695,674 as of September 30, 2023. This liability includes \$3,075,000 in outstanding debt and \$102,981 in bond premiums, which are amortized over the life of the bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Revenues

The Authority's billing base is diverse, with residential users comprising the majority of customers. In addition to residential accounts, the billing base includes a stable and growing segment of commercial and industrial users. The rate structure has remained unchanged since the last increase in Fiscal Year 2010.

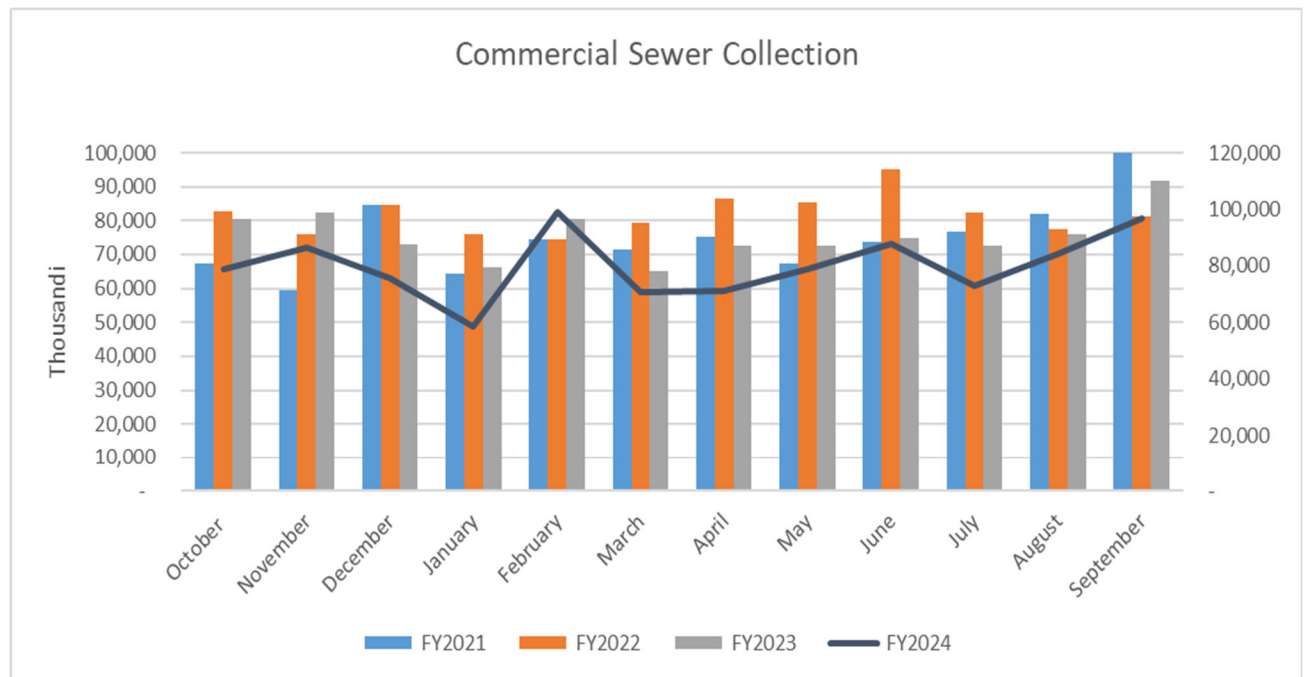
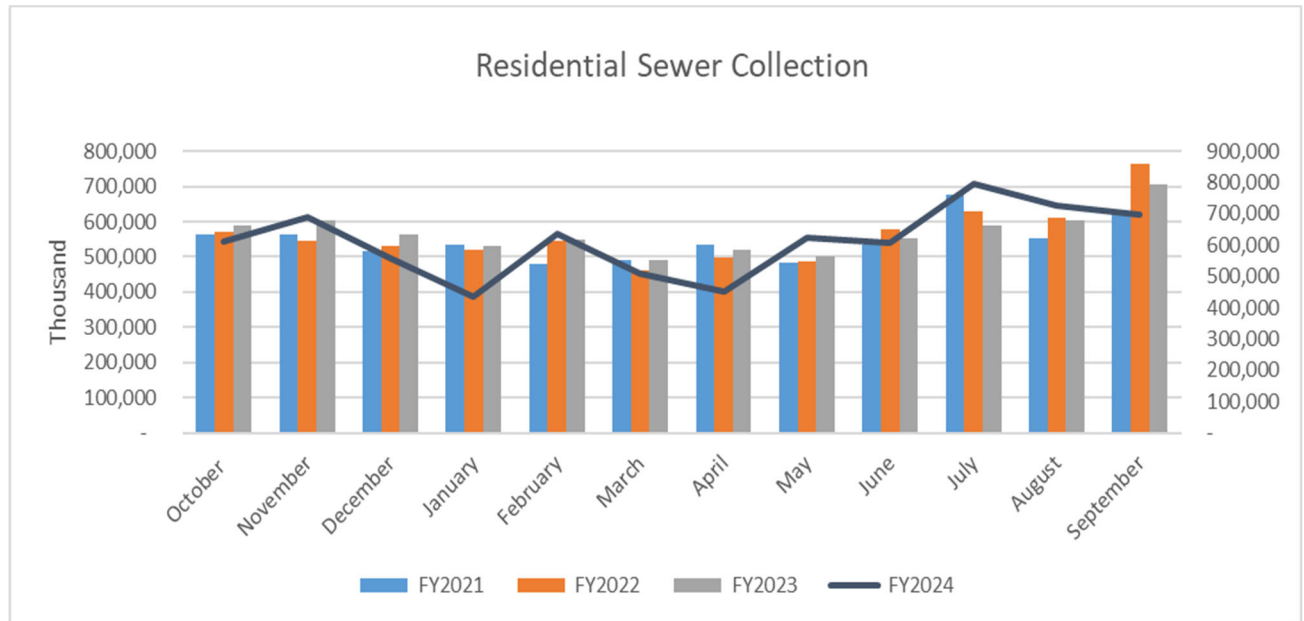
Operating Revenues	FY2024	FY2023	\$ Change	% Change	% of Revenue
Sewer Services	\$ 10,205,219	\$ 9,519,731	\$ 685,488	7.2%	85.2%
Septage	320,950	303,270	\$ 17,680	5.8%	2.7%
Other Operating Revenue	328,956	636,048	\$ (307,092)	-48.3%	2.7%
	<u>\$ 10,855,125</u>	<u>\$ 10,459,049</u>	<u>\$ 396,076</u>	<u>3.8%</u>	<u>90.6%</u>
Non-Operating Revenues	FY2024	FY2023	\$ Change	% Change	% of Revenue
Interest Income	\$ 369,926	\$ 176,943	\$ 192,983	109.1%	3.1%
Contribution from Gov Agency	748,334				
Gain on Sale of Capital Assets	8,928	31,242	(22,314)	-42.8%	0.1%
	<u>\$ 1,127,188</u>	<u>\$ 208,185</u>	<u>\$ 170,669</u>	<u>82.0%</u>	<u>9.4%</u>
	<u>\$ 11,982,313</u>	<u>\$ 10,667,234</u>	<u>\$ 396,076</u>	<u>3.71%</u>	<u>100.00%</u>

In Fiscal Year 2024, the Authority generated \$10,855,125 in operating revenues, reflecting a \$396,076 increase (3.8%) from the previous year's total of \$10,459,049. Operating revenues primarily consist of sewer service charges and other related revenues. Residential sewer service revenue increased by \$433,031, while commercial sewer service revenue increased by \$252,455. Over the past three years, commercial sewer revenue had been steadily rising but saw a decline in FY2023, particularly in the restaurant and car wash sectors. However, in FY2024, commercial revenue rebounded significantly, increasing by \$252,455 (9.4%), reflecting improved business activity and higher sewer usage.

Connection fee revenue serves as an economic indicator, reflecting the pace of property development. Developers pay these fees when submitting plans for residential, commercial, and retail construction projects to connect to the Authority's sewer system. In FY2024, connection fee revenue fell by \$325,993 due to a slowdown in residential development. However, there was significant growth in commercial connection fees, increasing by \$72,436 (54.9%). Since these fees are collected months before property is completed, there can be timing differences between when revenue is received and when water and sewer usage begin.

Investment earnings saw a significant increase during the year, primarily driven by higher Federal Reserve interest rates. Meanwhile, **septage service** income increased slightly by \$17,679 (5.8%). To address issues related to septage screen overflow, management previously limited the number of loads accepted each week. In May 2024, a new septage screen was installed; however, the daily load capacity has remained unchanged from the previous year due to nearby facilities also accepting septage, which has distributed demand across multiple locations.

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Expenses

Operating Expenses	FY2024	FY2023	\$ Change	% Change	% of Operating Expenses
Salaries, wages, and employee benefits	\$3,206,305	\$2,865,264	\$ 341,041	11.9%	45.8%
Plant Operations	2,114,443	2,063,975	50,468	2.4%	30.2%
Consulting and Legal	705,101	690,866	14,235	2.1%	10.1%
Other operating expenses	977,423	594,049	383,374	64.5%	14.0%
	<u>\$7,003,272</u>	<u>\$6,214,154</u>	<u>789,118</u>	<u>12.7%</u>	<u>100.00%</u>
Depreciation and Amortization	\$1,831,341	\$1,668,128	163,213	9.8%	
Total Operating Expenses	<u>\$8,834,613</u>	<u>\$7,882,282</u>	<u>952,331</u>	<u>12.1%</u>	<u>98.6%</u>
Non-Operating Expenses	FY2024	FY2023	\$ Change	% Change	% of Total Expenses
Interest Expense	\$ 121,174	\$ 183,971	\$ (62,797)	-34.1%	1.4%
Total Non-Operating Expenses	<u>\$ 121,174</u>	<u>\$ 183,971</u>	<u>\$ (62,797)</u>	<u>-34.1%</u>	<u>1%</u>
Total Expenses	<u>\$8,955,787</u>	<u>\$8,066,253</u>	<u>\$ 889,534</u>	<u>11.0%</u>	<u>100.0%</u>

The Authority has maintained a strong financial position by implementing responsible fiscal practices. In Fiscal Year 2024, operating expenses totaled \$7,003,272, reflecting an increase of \$789,118 (12.7%) from the previous year's expenses of \$6,214,154. To address inflationary pressures, the Board of Directors approved a 5.8% Cost-of-Living Adjustment ("COLA").

Plant operations expenses increased by \$50,468 (2.4%) compared to the prior year, primarily due to rising costs of equipment and labor as a result of inflation.

Debt Administration

The Authority utilizes revenue bonds to finance capital projects as needed. To ensure financial stability, debt obligations are structured to maintain steady debt service payments over time. Additionally, the Authority is required by bond ordinances to maintain a debt service reserve and a bond sinking fund. A portion of annual interest and principal payments is allocated to the sinking fund on a monthly basis, with interest payments made semiannually and principal payments made annually.

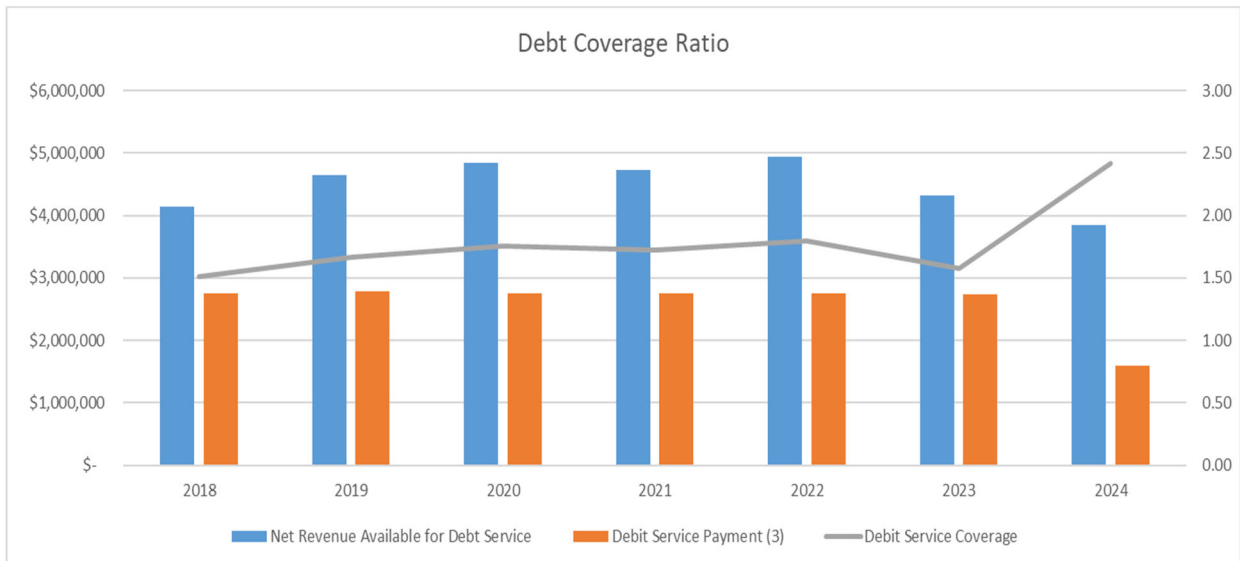
Per bond resolutions, the Authority must establish and collect sufficient fees and charges to ensure annual net earnings equal to or exceeding 110% of the total annual debt service for all outstanding bonds. Management has set a higher internal target of 150%, which the Authority has successfully exceeded for the past six fiscal years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Surplus net earnings from debt-related charges are allocated to future capital projects. To support ongoing improvements, \$178,000 is transferred monthly from the operating checking account to the capital improvements account. As of September 30, 2024, the Authority's annual debt service obligations are detailed in the following table:

2013A Series			
	Principal	Interest	Total
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
	\$ 4,515,000	\$ 276,100	\$ 4,791,100

Debt Coverage Ratio							
	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018
Revenue from Operations	\$ 10,855,125	\$ 10,459,049	\$ 10,857,358	\$ 10,374,446	\$ 10,059,012	\$ 10,078,705	\$ 9,785,607
Operating Expenses	\$ 7,003,272	\$ 6,147,487	\$ 5,925,122	\$ 5,643,511	\$ 5,224,858	\$ 5,437,946	\$ 5,642,966
Net Earning	\$ 3,851,853	\$ 4,311,562	\$ 4,932,236	\$ 4,730,935	\$ 4,834,154	\$ 4,640,759	\$ 4,142,641
Annual Debt Service	\$ 1,593,300	\$ 2,740,543	\$ 2,749,787	\$ 2,744,697	\$ 2,747,677	\$ 2,789,430	\$ 2,748,878
Debt Coverage Ratio	2.42	1.57	1.79	1.72	1.76	1.66	1.51



Requests for Information

This financial report provides an overview of the Authority's financial status. For additional details or further inquiries, please contact the 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, 2024

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,789,547
Investments	8,293,799
Accounts receivable, net	2,607,751
Prepaid expenses	108,711
Inventory	<u>282,986</u>
Total current assets	<u>13,082,794</u>
RESTRICTED ASSETS	
Cash and cash equivalents	<u>2,170,703</u>
Total restricted assets	<u>2,170,703</u>
CAPITAL ASSETS	
Non-depreciable	3,190,941
Depreciable, net of accumulated depreciation	<u>24,607,395</u>
Total capital assets, net	<u>27,798,336</u>
Total assets	<u>43,051,833</u>
DEFERRED OUTFLOWS OF RESOURCES	
DEFERRED OUTFLOWS OF RESOURCES	
Goodwill	<u>699,999</u>
Total deferred outflows of resources	<u>699,999</u>

(Continued)

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

STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

LIABILITIES

CURRENT LIABILITIES

Payable from current assets:

Accounts payable and accrued expenses	\$ 1,158,111
	<u>1,158,111</u>

Payable from restricted assets:

Interest payable	14,468
Revenue bonds payable, current	1,440,000
	<u>1,454,468</u>

Total current liabilities	<u>2,612,579</u>
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LONG-TERM LIABILITIES

Revenue bonds payable, net	<u>3,177,981</u>
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Total liabilities	<u>5,790,560</u>
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NET POSITION

NET POSITION

Net investment in capital assets	23,180,355
Restricted for debt service	2,156,235
Unrestricted	<u>12,624,682</u>

Total net position	<u>\$ 37,961,272</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, 2024**

Operating revenues:	
Charges for services	\$ 10,855,125
Operating expenses:	
Salaries, wages and employee benefits	3,206,305
Plant operations	2,114,443
Consulting and legal	705,101
Amortization expense	66,667
Depreciation expense	1,764,674
Other operating expenses	977,423
Total operating expenses	8,834,613
Operating income	2,020,512
Non-operating revenues (expenses):	
Interest income	369,926
Interest expense	(121,174)
Gain on sale of capital assets	8,928
Total non-operating revenues (expenses), net	257,680
Income before capital contributions	2,278,192
Capital contributions	748,334
Change in net position	3,026,526
Net position, beginning of year	34,934,746
Net position, end of year	\$ 37,961,272

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 10,010,664
Payments to suppliers	(3,058,959)
Payments to employees	(3,165,678)
	<u>3,786,027</u>
Net cash provided by operating activities	<u>3,786,027</u>

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

Purchases of capital assets	(2,621,672)
Proceeds from sale of capital assets	15,815
Principal payments on long-term debt	(1,385,000)
Payment of interest on bonds	(208,300)
Capital contributions	748,334
	<u>748,334</u>
Net cash used in capital and related financing activities	<u>(3,450,823)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(4,367,796)
Interest received	369,926
	<u>369,926</u>
Net cash used in investing activities	<u>(3,997,870)</u>

Net decrease in cash and cash equivalents	(3,662,666)
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Cash and cash equivalents (including restricted amounts of \$1,177,783), beginning of year	<u>7,622,916</u>
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Cash and cash equivalents (including restricted amounts of \$2,170,703), end of year	<u><u>\$ 3,960,250</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 2,020,512
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	1,831,341
Changes in assets and liabilities:	
Increase in accounts receivable	(844,461)
Decrease in prepaid expenses	74,384
Increase in inventory	(145,882)
Increase in accounts payable	809,506
Increase in accrued payroll and compensated absences	40,627
	<u>40,627</u>
Net cash provided by operating activities	<u><u>\$ 3,786,027</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, 2024

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, as amended. 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, 2024, 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 one item that qualified for reporting in this category: goodwill. 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, 2024, 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, 2024, the Authority had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Georgia Fund 1	17	\$ 8,293,799
Total Fair Value		<u>\$ 8,293,799</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, 2024 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, 2024:

Accounts receivable	\$ 2,657,031
Less allowance for uncollectibles	(49,280)
Net total receivables	<u>\$ 2,607,751</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,466,826	\$ -	\$ -	\$ 1,466,826
Construction in progress	252,421	978,581	(6,887)	1,224,115
Assets to be disposed of	500,000	-	-	500,000
Total	<u>2,219,247</u>	<u>978,581</u>	<u>(6,887)</u>	<u>3,190,941</u>
Capital assets, being depreciated:				
Land improvements	88,580	221,451	-	310,031
Buildings	1,931,821	-	-	1,931,821
Vehicles and equipment	4,895,542	281,684	-	5,177,226
Infrastructure	395,853	-	-	395,853
Sewer plants and pump stations	38,902,891	1,078,358	-	39,981,249
Pipeline	20,425,345	61,598	-	20,486,943
Total	<u>66,640,032</u>	<u>1,643,091</u>	<u>-</u>	<u>68,283,123</u>
Less accumulated depreciation for:				
Land improvements	37,660	20,659	-	58,319
Buildings	761,604	38,636	-	800,240
Vehicles and equipment	4,421,900	166,575	-	4,588,475
Infrastructure	103,753	9,683	-	113,436
Sewer plants and pump stations	29,706,479	1,117,063	-	30,823,542
Pipeline	6,879,658	412,058	-	7,291,716
Total	<u>41,911,054</u>	<u>1,764,674</u>	<u>-</u>	<u>43,675,728</u>
Depreciable property, net	<u>24,728,978</u>	<u>(121,583)</u>	<u>-</u>	<u>24,607,395</u>
Total capital assets, net	<u>\$ 26,948,225</u>	<u>\$ 856,998</u>	<u>\$ (6,887)</u>	<u>\$ 27,798,336</u>

Depreciation expense for the year ended September 30, 2024, was \$1,764,674.

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, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	\$ 5,900,000	\$ -	\$ (1,385,000)	\$ 4,515,000	\$ 1,440,000
Bond premium	180,674	-	(77,693)	102,981	-
Revenue bonds, net	6,080,674	-	(1,462,693)	4,617,981	1,440,000
Compensated absences (in accrued expenses)	62,736	119,121	(94,845)	87,012	87,012
	<u>\$ 6,143,410</u>	<u>\$ 119,121</u>	<u>\$ (1,557,538)</u>	<u>\$ 4,704,993</u>	<u>\$ 1,527,012</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
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>\$ 4,515,000</u>	<u>\$ 276,100</u>	<u>\$ 4,791,100</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 \$5,075,000 as of September 30, 2024.

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.

Retirement expense for the year ended September 30, 2024 was \$230,350. 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. CONTRACTUAL COMMITMENTS

As of September 30, 2024, the Authority had contractual commitments on uncompleted construction contracts in the amount of approximately \$5,395,012 as of September 30, 2024.

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, 2024, 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 19, 2025.

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
February 19, 2025

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

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**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, 2024 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.