

Peachtree City Water & Sewerage Authority
Regular Meeting
Agenda
Tuesday, January 19, 2021
8:30 a.m.

- I. Pledge of Allegiance
- II. Public Comment
- III. Minutes
 - October 20, 2020 – Regular Meeting Minutes
 - November 3, 2020 – Special Called Meeting Minutes
- IV. Reports
 - A. Authority Members
 - B. General Manager
- V. Mauldin & Jenkins Engagement Letter for the Audit
- VI. Executive Session – Real Estate, Personnel, Potential Litigation
- VII. Adjourn

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

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

A quorum of City Council will be in attendance.

Peachtree City Water and Sewerage Authority

October 20, 2020

The Peachtree City Water and Sewerage Authority held its monthly meeting on Tuesday, October 20, 2020, in the break room and conference room of the John W. Gronner Administrative Center. The following individuals were present: Chairman Vanessa Fleisch, Vice-Chairman Mike King, Treasurer/Secretary Terry Ernst, Board Member Phil Prebor, Board Member Kevin Madden, Ms. Melissa Griffis (attorney with Horne & Griffis), Mr. Dan Davis (ISE), Ms. Leslie Baer (ISE), Ms. Millie Shah (WASA), Mr. Larry McNeil (WASA), Mr. Chris Miller (Cpak Technology Solutions), Mr. Todd Baugh (Cpak Technology Solutions), and Mr. John Dufresne. Due to the COVID-19 pandemic and Governor Brian Kemp's Executive Order the Board members were located in the break room and the public was in the Board room for proper social distancing with live audio being fed into each room.

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

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

Ms. Fleisch asked for a motion to approve the September 8, 2020 regular meeting minutes. Mr. King made the motion, seconded by Mr. Ernst. Mr. Prebor abstained. Motion carried.

There were no reports from the Authority members or the General Manager.

Ms. Shah discussed the financial update (Quarterly Financial Report), stating this is a preliminary draft of the year-end closing which will occur by the end of November. Ms. Shah stated the Auditors will be at the Authority in January and she does not anticipate any issues. The Auditor's report will be presented in March. Ms. Shah stated the revenue for the year was \$278,000 over budget, with the residential revenue over by \$500,000 and commercial revenue under budget by \$128,000, mainly due to the COVID-19 pandemic (\$118,000 revenue loss in the past six months). Ms. Shah stated revenues are back up from the August billing; however, Panasonic and Hoshizaki are not fully operational yet. Expenses were \$523,000 under budget, with \$281,000 utilized from the Annual Services Contract and no funds utilized from the Emergency Services Contract. Half of the Capital Project budget was expended, with most of the projects completed. Ms. Shah stated overall the budget did very well for the year. Mr. Dan Davis stated that any new equipment installed in the system will decline quickly, so the Authority is in good shape financially to maintain the infrastructure. Mr. Ernst stated he would like to thank the entire team for doing a great job.

Mr. King presented the Property Committee Report, discussing two items. Mr. King stated the Authority was approached by Fayette County to relocate the Animal Shelter from Highway 74 to Authority property, which would require the purchase of approximately seven acres from the Authority. Mr. King stated there was no advantage to the Authority other than receiving cash and for Peachtree City the purchase would move the Animal Shelter away from a residential area. Mr. King stated Peachtree City approached the Authority to purchase a small area of land near the gate beside the pole barn. Ms. Griffis stated there was nothing to vote on today regarding these items; the team and staff will continue to discuss these items. Mr. Dan Davis presented and discussed the survey (attachment), stating the property discussed serves no purpose for possible future expansion, the access road is not used by the Authority, and easements will be granted for the entrance and access road. Mr. Dan Davis stated security and fencing is to be determined.

Ms. Fleisch asked for a motion to adjourn into Executive Session for the purpose of Real Estate, Personnel and Potential Litigation. The motion was made by Mr. King and seconded by Mr. Madden. Motion carried. The meeting was adjourned into Executive Session at 8:46 am.

The meeting was reconvened at 9:54 am.

Ms. Fleisch asked for a motion to adjourn. The motion was made by Mr. King and seconded by Mr. Prebor. Motion carried. The meeting was adjourned at 9:54 am.

Chairman - Vanessa Fleisch

Treasurer/Secretary - Terry Ernst

Peachtree City Water and Sewerage Authority

November 3, 2020

The Peachtree City Water and Sewerage Authority held a Special Called meeting on Tuesday, November 3, 2020, in the break room and conference room of the John W. Gronner Administrative Center. The following individuals were present: Chairman Vanessa Fleisch, Vice-Chairman Mike King, Treasurer/Secretary Terry Ernst, Board Member Phil Prebor, Board Member Kevin Madden, Ms. Melissa Griffis (attorney with Horne & Griffis), Mr. Dan Davis (ISE), Ms. Leslie Baer (ISE), Ms. Millie Shah (WASA), Mr. Larry McNeil (WASA), Mr. Chris Miller (Cpak Technology Solutions), Mr. Todd Baugh (Cpak Technology Solutions), and Mr. Todd Browning (J. Smith Lanier & Co.). Due to the COVID-19 pandemic and Governor Brian Kemp's Executive Order the Board members were located in the break room and the public was in the Board room for proper social distancing with live audio being fed into each room.

Ms. Fleisch called the meeting to order at 1:02 pm and began with the Pledge of Allegiance.

Ms. Baer introduced Mr. Todd Browning, stating he would be presenting the Medical Insurance renewal which takes affect December 1, 2020. Mr. Browning discussed the Medical Insurance renewal information (attachment). Mr. Browning stated the current major medical plan (ACA) renewal has a 9.22% premium increase for the base (gold) plan and a 17.16% premium increase for the buy-up (platinum) plan. With ACA plans the renewal is based on the carrier's book of business and the age of employees and individuals on the plan. Mr. Browning stated the coverage was marketed, and the best alternative was a level-funded, non-ACA plan from Humana (shown on the second page), which has a 1.71% decrease in premium. The logic for this year was to go back to offering a single plan. Mr. Browning discussed the plan specifics, stating the Humana option is a better plan with regard to coverage and it also strengthens the deductible. Mr. Browning summarized by stating moving to the one-plan Humana option would provide a rate decrease/hold and strengthen the benefit. Mr. Madden inquired as to the Point-of-Sale (POS) term. Mr. Browning stated POS is similar to PPO, the participant can go inside or out of the network with some degree of coverage for services; Piedmont, Emory, and Northside are included in the Humana network. Mr. Browning stated the employees should not see a disruption in services or providers. Mr. Madden inquired regarding an additional fee for prescriptions by mail. Mr. Browning stated the number shown is the copay for a 90-day supply via home delivery or pick-up, noting that Tier 4 drugs are those advertised on TV. Ms. Fleisch stated she was pleased that the Authority was looking at alternatives for medical insurance coverage. Mr. Dan Davis stated the budget included a 15% increase for medical premiums, so we will see a savings there. Mr. Browning stated there was a rate hold for all the remaining ancillary coverages (dental, vision, life, and disability plans). Mr. Prebor made a motion to approve the Medical Insurance renewal as presented, seconded by Mr. Madden. Motion carried.

Ms. Griffis discussed the possibility of canceling the November 17, 2020 Board meeting as staff was unaware of any items that needed to be addressed on that date. Mr. King stated he preferred to cancel the meeting because of training scheduled for the same time. Mr. King made a motion to cancel the November 17, 2020 Board meeting, seconded by Mr. Ernst. Motion carried.

Ms. Fleisch asked for a motion to adjourn. The motion was made by Mr. King and seconded by Mr. Ernst. Motion carried. The meeting was adjourned at 1:16 pm.

Chairman - Vanessa Fleisch

Treasurer/Secretary - Terry Ernst



November 5, 2020

Members of the Board of Directors
Peachtree City Water and Sewerage Authority
Attn: Millie Shah, Controller
1127 Highway 74 South
Peachtree City, Georgia 30269

We are pleased to confirm our understanding of the services we are to provide the Peachtree City Water and Sewerage Authority (the "Authority"), a component unit of the City of Peachtree City, Georgia, for the year ended September 30, 2020. We will audit the basic financial statements of the Authority, including the related notes to the financial statements, as of and for the year then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis ("MD&A").

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Authority and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of Directors of the Peachtree City Water and Sewerage Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of 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 entity's internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

If, during our audit, we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with: 1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, 2) additional information that we may request for the purpose of the audit, and 3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving: 1) management, 2) employees who have significant roles in internal control, and 3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

With regard to an exempt offering document with which Mauldin & Jenkins is not involved, you agree to clearly indicate in the exempt offering document that Mauldin & Jenkins is not involved with the contents of such offering document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to oversee the non-audit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from: 1) errors, 2) fraudulent financial reporting, 3) misappropriation of assets, or 4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform these services in accordance with applicable professional standards. The other services are limited to the financial statements and related notes services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Mauldin & Jenkins and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Mauldin & Jenkins personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulatory body. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately January 4, 2021 and to issue our reports no later than March 31, 2021. David Irwin is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$13,000 for the year ended September 30, 2020. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable upon presentation. The above fees are based on anticipated cooperation from your personnel (including complete and timely receipt by us of the information on the respective client participation listings to be prepared annually) and the assumption that unexpected circumstances (including scope changes) will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests, we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

We appreciate the opportunity to be of service to the Peachtree City Water and Sewerage Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

MAULDIN & JENKINS, LLC



David Irwin

DI: kw
Enclosure

RESPONSE:

This letter correctly sets forth the understanding of the Peachtree City Water and Sewerage Authority

By: _____

Title: _____

Date: _____