

**PEACHTREE CITY WATER &  
SEWERAGE AUTHORITY**

**(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)**

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## FINANCIAL REPORT SEPTEMBER 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors  
Peachtree City Water & Sewerage Authority  
Peachtree City, Georgia**

### **Report on the Financial Statements**

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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility 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; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

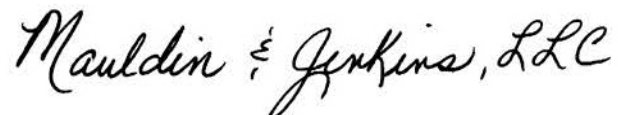
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, a component unit of Peachtree City, Georgia, as of September 30, 2019, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 3 through 13) be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Macon, Georgia  
January 27, 2020

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2019

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As management of the Peachtree City Water and Sewerage Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2019. We encourage readers to read the information presented in conjunction with the financial statements.

This discussion and analysis is designed to: 1) assist the readers in focusing on significant financial issues; 2) provide an overview of the Authority's financial activities; 3) identify changes in the Authority's financial position; and 4) identify any material deviation from the financial plan (the approved budget).

### Profile of Peachtree City Water and Sewerage Authority

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

The Authority is an autonomous governing body to provide sewer services for the residents, businesses and industry of the City of Peachtree City.

### Method of Governance

The Authority is governed by a five-member board made up of the members of the City Council of the City of Peachtree City. The mayor shall be the chairman and the members shall elect the other officers.

### Overview of the System

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

The Authority consists of a sewage and wastewater treatment and collection system, including two wastewater treatment plants. The Line Creek WWTF was renamed in August 2010, in memory of the previous General Manger of the Authority, Larry B. Turner. The condition of the Rockaway WWTP and the Larry B. Turner WRF is excellent.

The Authority collection system includes roughly 180 miles of gravity sewer, 37 pump stations, 18 miles of force mains, and 4,000 manholes to serve approximately 11,500 residences, commercial, and industrial buildings. The original system was installed in the 1950s by developers to non-municipal standards. During the initial development of what became Peachtree City, reinforced plastic pipe (also referred to as RPM or truss pipe) was primarily used. More recent additions to the sewer system by the Authority have primarily used polyvinyl chloride ("PVC"), which now makes up the majority of the pipes in the system. Figure 1-1, below shows pipe materials used in the gravity sewer system, along with the total length, in miles, of each material.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

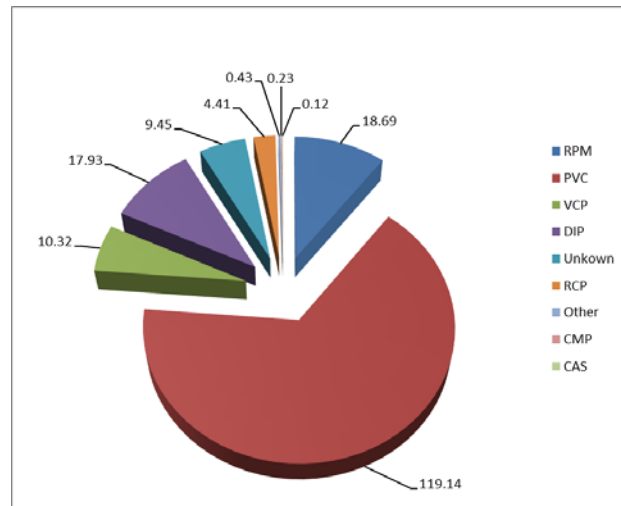


Figure 1-1: Gravity sewer system pipe material and length

## Rockaway WPCP

The Rockaway WPCP was constructed in 1988, with updates to the facility made in 1999 and 2002. The facility utilizes four sequencing batch reactors (“SBR”) for the majority of its treatment, with cloth disk filters and an ultraviolet (“UV”) disinfection system for polishing of the effluent. The Rockaway WPCP currently operates with a permit allowing discharge of 4 million gallons per day (“MGD”) to Line Creek, while the plant has a peak daily flow capacity of 10 MGD.

A process flow diagram for Rockaway WPCP is provided in Figure 1-2.

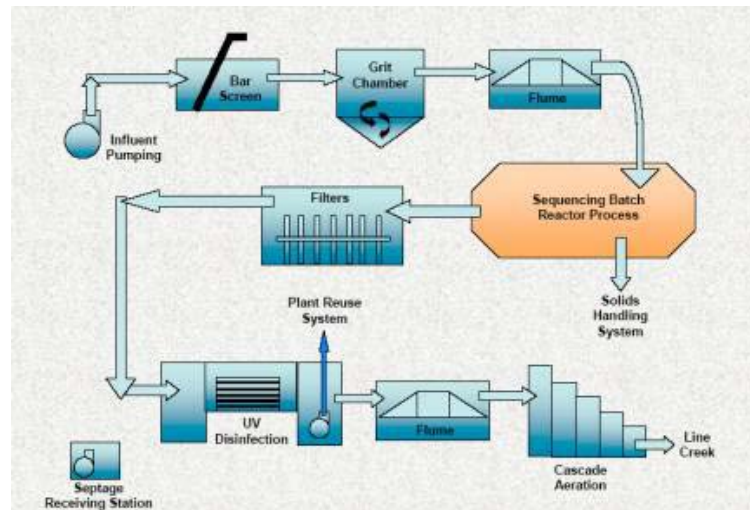


Figure 1-2: Rockaway WPCP process flow diagram<sup>1</sup>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## LBTWRF

The LBTWRF was constructed in 1980, with updates made to the facility in 1985, 1999, and 2002. The LBTWRF uses a system of two aeration basins and four clarifiers, along with cloth disk filters and a UV disinfection system to treat wastewater. The facility is permitted for discharge into Flat Creek, Line Creek, and for land application of reuse effluent at Planterra Golf Course, for a total of 2 MGD. LBTWRF was designed to handle a peak daily flow of 5 MGD.

LBTWRF also has a septage receiving station to receive wastewater from septic pumping trucks. The trucks discharge the septage onto a concrete pad that directs flow to a bar screen to remove solid waste. After the bar screen, a wet well and pump is used to transfer the water to the headworks of the facility to join the main stream of influent to be treated. A process flow diagram is provided below in Figure 1-3.

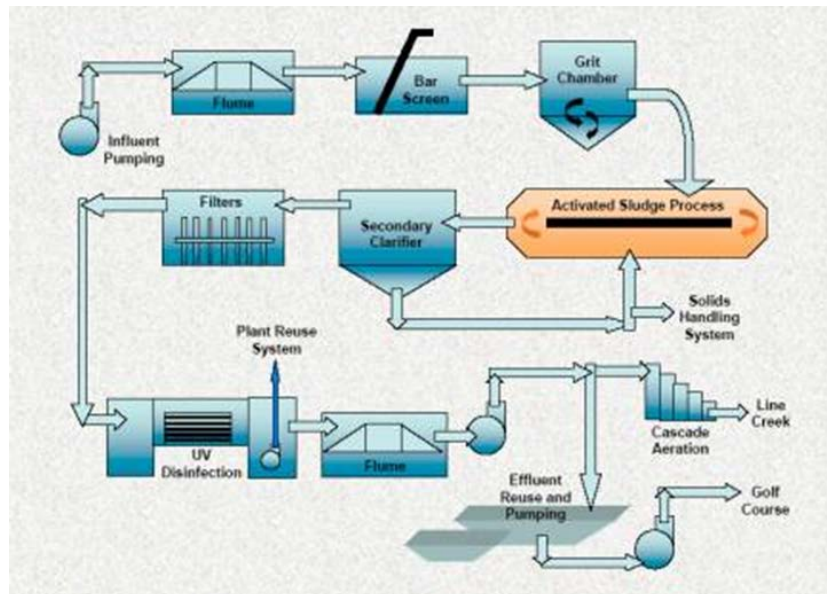


Figure1-3: LBTWRF process flow diagram

Average daily flow at the Rockaway WWTP and Larry B. Turner WRF has remained the same as the previous year.

	Treated Water Flow				
	2015	2016	2017	2018	<b>2019</b>
Avg. Daily (MGD)	3.130	2.887	3.300	3.467	<b>3.489</b>

## Service Area and Fee Structure

The system provides sewer services to residential, commercial, and industrial customers located within the City's corporate limits. Fayette County currently provides billing and collection services for the Authority. Fayette County uses a cycle billing method consisting of four cycles. The cycles are relatively evenly distributed throughout each month. The Authority has no taxing ability.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

All expenses and costs, including operational and maintenance costs, as well as, Capital Improvements, and Renewal and Replacement Projects, are funded from customer fees and charges. Monthly service charges for sewer services generally consist of a base rate and demand charge based upon a volume charge applied to the monthly water consumption.

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

### Customer

The Authority's customer base has seen an increase of 4.6% in the last two years. There is a slight increase in commercial, industrial and multi-family customers within the last five years.

<u>Type of Customer</u>	<b>Number of Sewer Connections</b>				
	<b>2019</b>	2018	2017	2016	2015
Residential	<b>10,846</b>	10,589	10,347	10,204	10,168
Multi-Family Residential	<b>27</b>	27	26	26	26
Commercial	<b>453</b>	454	454	446	439
Industrial	<b>41</b>	40	39	39	39
<b>Total Customers</b>	<b>11,367</b>	11,110	10,866	10,715	10,672

### Top Ten Sewer Customers

<u>Customer</u>	<b>Gallons Metered</b>	<b>Sewer Fees</b>	<b>% of Total</b>
Hoshizaki	25,704,820	\$ 163,149.51	21%
VR Balmoral Holding LP	15,897,570	\$ 98,082.07	13%
Bo Trammell	14,434,000	\$ 89,081.09	11%
Summit Properties (2 Properties)	14,242,600	\$ 92,487.29	11%
KRC Property Management	13,968,540	\$ 93,173.72	11%
Aberdeen Woods Conference Cntr	10,933,870	\$ 67,555.32	8%
1600 Barberrry Lane, LLC	8,607,780	\$ 57,296.04	7%
Universal Environmental Systems	8,595,000	\$ 53,171.25	6%
Renew Peachtree City of Apartments	8,579,830	\$ 53,128.97	6%
The Fairways @ PTC	8,486,860	\$ 52,506.20	6%
<b>Total</b>	<b>129,450,870</b>	<b>\$ 819,631.46</b>	<b>100%</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Authority Activities and Highlights

Management believes the financial position of the Authority remains stable. The Authority funds its daily operation and maintenance expenses strictly from sewer billings. According to its bond covenants, the Authority is required to generate revenues that are at least equal to 110% of its annual debt services, after deducting operating expenses. This is referred to as coverage. For fiscal year 2019, the Authority generated a 184% coverage.

There were 257 new residential and new commercial connections in fiscal year 2019. By comparison, the Authority had 244 new connections in fiscal year 2018, 151 in fiscal year 2017, and 43 in fiscal year 2016.

The Authority is administered by the Authority through its staff. The General Manger of the Authority is charged with the responsibility of daily operation and administration of the Authority. Mr. L.H. (Dan) Davis, Jr. P.E. from Integrated Science and Engineering, Inc. has served as General Manager of the Authority since July 2018. Two key positions were filled as of September 2019. Mr. Lawrence McNeil now serves as a Deputy General Manager and Ms. Hetal Millie Shah serves as the Authority's Controller. The Authority continues to run a lean organization, with employees performing multiple tasks and duties. The Authority employs 26 full-time and 2 part-time employees. The facilities are staffed 24 hours a day, seven days a week, with additional staff on-call for emergencies. The Authority is highly reliant on technology to maintain its efficiency.

The Authority began a \$1.2 million, three-year project in 2011 to evaluate the entire collection system. All field data has been gathered on the 200 miles of pipe and 4,079 manholes. The Authority has conducted approximately \$3.9 million in repairs and rehabilitation as a result of the evaluation.

### Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- The assets of the Authority exceeded its liabilities by \$25,013,428 (*net position*). Of this amount, \$7,973,798 (*unrestricted net position*) may be used to meet the Authority's ongoing obligations.
- The Authority's total net position at September 30, 2019 increased by \$2,853,115, or 12.8%, compared to the previous year. This change is further reflected in the Authority's Statement of Revenues, Expenses and Changes in Net Position.
- Total operating revenues of the Authority were \$9,986,174 and total operating expenses were \$6,609,310.
- The Authority served approximately 11,367 sewer customers and treated approximately 1.07 billion gallons of wastewater.
- The average daily flow for fiscal year 2019 was 3.489 MGD (ADF). The maximum daily flow was 6.30 MGD (ADF).

### Overview of the Financial Statements

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information, which includes the Management's Discussion and Analysis ("MD&A"), the basic financial statements and supplemental information. This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The notes to the financial statements contain more detail on some of the information presented in the financial statements. The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position presents information on

## MANAGEMENT'S DISCUSSION AND ANALYSIS

all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave). The Statement of Revenues, Expenses and Changes in Net Position can be found on page 16 of this report.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the financial statements.

### Analysis of Net Position

Net Position	2019	2018	\$ Chg.	% Chg.	% Net Position
Net Investment in Capital Assets	<b>\$ 15,443,376</b>	\$ 14,097,987	\$ 1,345,389	9.5%	61.7%
Restricted	<b>1,596,254</b>	1,557,586	38,668	2.5%	6.4%
Unrestricted	<b>7,973,798</b>	6,504,740	1,469,058	22.6%	31.9%
Total Net Position	<b>\$ 25,013,428</b>	\$ 22,160,313	\$ 2,853,115		100.0%

Net Investment in Capital Assets increased by \$1,345,389, or 9.5%, compared to the previous year. The Authority recognized approximately \$993,238 reversal of depreciation expenses from prior years. An increase of \$38,668, or 2.5%, in restricted net position was due to a slight increase in the amount of current revenue bonds compared to the previous year.

Unrestricted net position increased by \$1,469,058, or 22.6%, compared to the previous year. The increase was due to a combination of revising the estimated useful life of several capital assets during the year and an increase in net operating income of \$371,154.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Analysis of Current Assets

Current Asset Classification	2019	2018	\$ Chg.	% Chg.	% Current Assets
Unrestricted:					
Cash and cash equivalents	\$ 1,787,708	\$ 912,264	\$ 875,444	95.96%	19.75%
Investments	3,687,458	3,282,012	405,446	12.35%	40.74%
Accounts receivable, net	1,821,005	1,551,425	269,580	17.38%	20.12%
Prepaid expenses	108,027	62,269	45,758	73.48%	1.19%
Inventory	12,352	-	12,352		0.14%
	<b>\$ 7,416,550</b>	<b>\$ 5,807,970</b>	<b>\$ 1,608,580</b>		<b>81.94%</b>
Restricted:					
Cash and cash equivalents	1,633,735	1,600,648	33,087		18.06%
	<b>\$ 9,050,285</b>	<b>\$ 7,408,618</b>	<b>\$ 1,641,667</b>		<b>100.00%</b>

Unrestricted current assets increased by \$1,608,580, or 95.96%, from the previous year due to an increase in net cash flow provided by operating activities and an increase in outstanding accounts receivables. In April 2019, investments held at Morgan Stanley were sold at a gain of \$45,307 and reinvested with the Georgia Fund 1 with the State of Georgia. Georgia Fund 1 offered by the State of Georgia to counties and municipality entities is a conservative, efficient and liquid investment alternative. Restricted cash consists of cash in the Sinking Fund for the debt service reserves.

### Analysis of Capital Assets

Capital Assets	2019	2018	\$ Chg.	% Chg.
Capital assets, not depreciated	\$ 2,109,580	\$ 2,109,580	\$ -	0.00%
Capital assets, depreciated	63,514,380	63,191,863	322,517	0.51%
Depreciation	34,535,823	33,431,126	1,104,697	3.30%
Depreciable property net	28,978,557	29,760,737		
Total Capital Assets, net	<b>\$ 31,088,137</b>	<b>\$ 31,870,317</b>	<b>\$ (782,180)</b>	

The largest portion (61.74%) of the Authority's net position is invested in capital assets (land, infrastructure, building and equipment). At September 30, 2019, the Authority had capital assets of \$31,088,137 (net of accumulated depreciation) invested in land, land improvements, buildings, system improvements, machinery and equipment, furniture and fixtures, and construction in progress. Capital assets increased \$322,517 from September 30, 2018, which was the result of current year additions in excess of current year depreciation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Analysis of Liabilities

Liabilities	2019	2018	\$ Chg.	% Chg.
Accounts payable	\$ 476,086	\$ 403,231	\$ 72,855	18.1%
Interest Payable	37,481	43,062	(5,581)	13.0%
Revenue bond Payable	2,300,000	2,260,000	40,000	1.8%
Long-term Bonds Payable	<b>\$ 2,813,567</b>	<b>\$ 2,706,293</b>	<b>\$ 107,274</b>	

Accounts Payable increased by \$72,855, or 18.1% from the previous year. This is due to a timing difference of payment to vendors between years and properly recognizing expenses in the year they were incurred. The Authority's debt consists of revenue bonds and compensated absences. At September 30, 2019, the Authority had outstanding long-term debt of \$16,031,321 compared to the September 30, 2018 total of \$18,403,217.

### Analysis of Revenues

Operating Revenues	2019	2018	\$ Change	% Change	% of Operating Revenue
Sewer services	\$ 9,123,445	\$ 8,836,437	\$ 287,009	3.20%	91.40%
Septage	134,221	199,501	(65,280)	-32.70%	1.30%
Other operating revenue	728,508	717,435	11,073	1.50%	7.30%
	<b>\$ 9,986,174</b>	<b>\$ 9,753,373</b>	<b>\$ 232,801</b>		100.00%

For the 2019 fiscal year, the operating revenues of the Authority totaled \$9,986,174, an increase of \$232,801, or 2.38%, compared to the previous year revenues of \$9,753,373. The operating revenues are made up of two categories: sewer charges and other operating revenues. Reve Solutions, Authority's septage processor, saw a slight decline in septage haulers in 2019 resulting in a decrease in septage revenue by \$65,280.

### Analysis of Expenses

Operating Expenses	2019	2018	\$ Change	% Change	% of Operating Expenses
Salaries, wages, and employee benefits	\$ 2,240,747	\$ 2,392,536	\$ (151,789)	-6.3%	41.2%
Plant operations	1,750,440	2,197,793	(447,353)	-20.4%	32.2%
Consulting and legal	974,872	546,558	428,314	78.4%	17.9%
Other operating expenses	471,887	439,412	32,475	7.4%	8.7%
	<b>\$ 5,437,946</b>	<b>\$ 5,576,299</b>	<b>\$ (138,353)</b>		100.00%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the 2019 fiscal year, the operating expenses for the Authority totaled \$6,609,310, a decrease of \$2,521,557, or 27.61%, compared to previous year expenses of \$9,130,867. Administrative expenses were down by \$138,353, or 2.4%, compared to the previous year operating expenses of \$5,576,299. Depreciation expense decreased by \$1,954,890 as a result of the Authority reevaluating and revising the estimated useful life of several capital assets during the year. Consulting and legal fees increased by \$428,314, or 78.4%, compared to the last year due to pending litigations. The \$151,789, or 6.3%, decrease in salaries were offset by an increase in consulting fees. In 2019 fiscal year, two key positions were vacant – General Manger and Controller. Integrated Science and Engineering was hired in July 2018 to take over day-to-day operations.

### Debt Administration

The Authority is within its debt service covenants and has not incurred long-term debt since the issuance of the Series 2005 Bonds. These bonds were refinanced/refunded in February of 2013 as series 2013A and 2013B. The resulting savings over the remaining 10-year life of the bonds, in the amount of \$2,859,393 (NPV), will be used to fund rehabilitation projects within the system and delay the need for future rate adjustments.

As of September 30, 2019, the Authority was obligated to make the following annual payments on:

	2013A Series		2013B Series		Total
	Principal	Interest	Principal	Interest	
2020	\$ -	\$ 300,000	\$ 2,300,000	\$ 147,677	\$ 2,747,677
2021	-	300,000	2,345,000	99,698	2,744,698
2022	-	300,000	2,405,000	44,787	2,749,787
2023	1,900,000	268,000	565,000	7,543	2,740,543
2024	1,385,000	208,300	-	-	1,593,300
2025	1,440,000	151,800	-	-	1,591,800
2026	1,505,000	92,900	-	-	1,597,900
2027	1,570,000	31,400	-	-	1,601,400
	<b>\$ 7,800,000</b>	<b>\$ 1,652,400</b>	<b>\$ 7,615,000</b>	<b>\$ 299,705</b>	<b>\$ 17,367,105</b>

In 2010, a rate study was performed and as a result of the findings, the Authority's new rate structure was put into place in December 2010. This new rate structure charges, as a base rate for Authority customers, an amount that is calculated to be equal to the Authority's annual debt service requirement plus the amounts necessary to meet 1.10 coverage ratio. This newly imposed rate structure has produced a strong debt service coverage of 1.84 for fiscal year 2019.

	2015	2016	2017	2018	2019
Net Revenue Available for Debt Services *	5,054,682	4,712,078	4,258,651	4,142,641	5,045,979
Debt Service on Bonds **	2,749,926	2,754,689	2,755,036	2,748,878	2,749,431
Debt Service Coverage Ratio	1.84	1.71	1.55	1.51	<b>1.84</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Statements

**Net Position:** The following table summarizes the changes in net position for the fiscal years ended September 30, 2019 and 2018.

	2019	2018
Current assets	\$ 7,416,550	\$ 5,807,970
Restricted assets	1,633,735	1,600,648
Capital assets, net of accumulated depreciation	31,088,137	31,870,317
Total assets	\$ 40,138,422	\$ 39,278,935
Deferred outflows of resources	\$ 1,419,894	\$ 1,730,888
Current liabilities, payable from current assets	\$ 476,086	\$ 403,231
Current liabilities, payable from restricted assets	2,337,481	2,303,062
Long-term liabilities	13,731,321	16,143,217
Total liabilities	\$ 16,544,888	\$ 18,849,510
Net position:		
Net investment in capital assets	\$ 15,443,376	\$ 14,097,987
Restricted for debt service	1,596,254	1,557,586
Unrestricted	7,973,798	6,504,740
Total net position	\$ 25,013,428	\$ 22,160,313

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Statements (Continued)

**Revenues, Expenses and Changes in Net Position:** The following table illustrates the history of revenues, expenses and changes in net position for the year ended September 30, 2019 and the previous year ended September 30, 2018.

	2019	2018
<b>Operating revenues:</b>		
Charges for services:	\$ 9,986,174	\$ 9,753,373
Total operating revenues	9,986,174	9,753,373
<b>Operating expenses:</b>		
Salaries and related benefits	2,240,747	2,392,536
Plant operations	1,750,440	2,197,793
Consulting and legal	974,872	546,558
Depreciation and amortization	1,171,364	3,554,568
Other operating expenses	471,887	439,412
Total operating expenses	6,609,310	9,130,867
Operating income	3,376,864	622,506
<b>Non-operating revenues (expenses):</b>		
Interest income	92,531	32,234
Interest expense and fiscal charges	(616,280)	(700,596)
Total non-operating expenses, net	(523,749)	(668,362)
Income (loss) before capital contributions	2,853,115	(45,856)
<b>Capital contributions</b>	-	1,608,560
Change in net position	2,853,115	1,562,704
<b>Net position, beginning of year</b>	22,160,313	21,597,608
<b>Prior period adjustment</b>	-	(999,999)
<b>Net position, beginning of year, as restated</b>	22,160,313	20,597,609
<b>Net position, end of year</b>	\$ 25,013,428	\$ 22,160,313

### Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Peachtree City Water & Sewerage Authority, 1127 Highway 74 South, Peachtree City, Georgia 30269.

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## STATEMENT OF NET POSITION SEPTEMBER 30, 2019

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<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 1,787,708
Investments	3,687,458
Accounts receivable, net	1,821,005
Prepaid expenses	108,027
Inventory	<u>12,352</u>
Total current assets	<u>7,416,550</u>
<b>RESTRICTED ASSETS</b>	
Cash and cash equivalents	<u>1,633,735</u>
Total restricted assets	<u>1,633,735</u>
<b>CAPITAL ASSETS</b>	
Non-depreciable	2,109,580
Depreciable, net of accumulated depreciation	<u>28,978,557</u>
Total capital assets, net	<u>31,088,137</u>
Total assets	<u><u>\$ 40,138,422</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred bond refunding loss	\$ 386,560
Goodwill	<u>1,033,334</u>
Total deferred outflows of resources	<u><u>\$ 1,419,894</u></u>



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**CURRENT LIABILITIES**

Payable from current assets:

Accounts payable and accrued expenses	\$ 476,086
	<u>476,086</u>

Payable from restricted assets:

Interest payable	37,481
Revenue bonds payable, current	<u>2,300,000</u>
	<u>2,337,481</u>

Total current liabilities	<u>2,813,567</u>
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**LONG-TERM LIABILITIES**

Revenue bonds payable, net	<u>13,731,321</u>
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Total liabilities	<u>16,544,888</u>
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**NET POSITION****NET POSITION**

Net investment in capital assets	15,443,376
Restricted for debt service	1,596,254
Unrestricted	<u>7,973,798</u>

Total net position	<u>\$ 25,013,428</u>
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**See Notes to Financial Statements.**

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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<b>Operating revenues:</b>	
Charges for services	\$ 9,986,174
<b>Operating expenses:</b>	
Salaries, wages, and employee benefits	2,240,747
Plant operations	1,750,440
Consulting and legal	974,872
Amortization expense	66,667
Depreciation expense	1,104,697
Other operating expenses	471,887
Total operating expenses	<u>6,609,310</u>
Operating income	<u>3,376,864</u>
<b>Non-operating revenues (expenses):</b>	
Interest income	92,531
Interest expense	(616,280)
Total non-operating expenses, net	<u>(523,749)</u>
Change in net position	2,853,115
<b>Net position, beginning of year</b>	<u>22,160,313</u>
<b>Net position, end of year</b>	<u><u>\$ 25,013,428</u></u>

See Notes to Financial Statements.

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 9,716,594
Payments to suppliers	(3,302,687)
Payments to employees	(2,120,514)
	<hr/>
Net cash provided by operating activities	4,293,393
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(322,517)
Principal payments on long-term debt	(2,260,000)
Payment of interest on bonds	(489,430)
	<hr/>
Net cash used in capital and related financing activities	(3,071,947)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(405,446)
Interest received	92,531
	<hr/>
Net cash used in investing activities	(312,915)
 Net increase in cash and cash equivalents	
	908,531
 Cash and cash equivalents (including restricted amounts of \$1,600,648), beginning of year	
	<hr/> 2,512,912
 Cash and cash equivalents (including restricted amounts of \$1,633,735), end of year	
	<hr/> <hr/> \$ 3,421,443
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 3,376,864
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	1,171,364
Changes in assets and liabilities:	
Increase in accounts receivable	(269,580)
Increase in prepaid expenses	(45,758)
Increase in inventory	(12,352)
Decrease in accounts payable	(47,378)
Increase in accrued payroll and compensated absences	120,233
	<hr/>
Net cash provided by operating activities	<hr/> <hr/> \$ 4,293,393

See Notes to Financial Statements.

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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

#### Significant Accounting Policies

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

#### Basis of Presentation

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

## NOTES TO FINANCIAL STATEMENTS

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### 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

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### 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, 2019, 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant Accounting Policies (Continued)

##### 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

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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant Accounting Policies (Continued)

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

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 position that applies to 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 nonexchange 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.



## NOTES TO FINANCIAL STATEMENTS

### 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, 2019, the Authority's deposits were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

**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, 2019, the Authority had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Georgia Fund 1	26	\$ 3,687,458
Total Fair Value		<u>\$ 3,687,458</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, 2019, 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, 2019:

Accounts receivable	\$ 1,865,995
Less allowance for uncollectibles	44,990
Net total receivables	<u>\$ 1,821,005</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 1,609,580	\$ -	\$ -	\$ 1,609,580
Assets to be disposed of	500,000	-	-	500,000
Total	<u>2,109,580</u>	<u>-</u>	<u>-</u>	<u>2,109,580</u>
Capital assets, being depreciated:				
Land improvements	18,300	-	-	18,300
Buildings	1,924,105	-	-	1,924,105
Vehicles and equipment	4,219,754	45,586	-	4,265,340
Infrastructure	373,776	22,077	-	395,853
Sewer plants and pump stations	36,529,725	153,636	-	36,683,361
Pipeline	20,126,203	101,218	-	20,227,421
Total	<u>63,191,863</u>	<u>322,517</u>	<u>-</u>	<u>63,514,380</u>
Less accumulated depreciation for:				
Land improvements	18,300	-	-	18,300
Buildings	568,323	39,199	-	607,522
Vehicles and equipment	3,653,844	176,714	-	3,830,558
Infrastructure	46,090	18,931	-	65,021
Sewer plants and pump stations	24,513,489	255,509	-	24,768,998
Pipeline	4,631,080	614,344	-	5,245,424
Total	<u>33,431,126</u>	<u>1,104,697</u>	<u>-</u>	<u>34,535,823</u>
Depreciable property, net	<u>29,760,737</u>	<u>(782,180)</u>	<u>-</u>	<u>28,978,557</u>
Total capital assets, net	<u>\$ 31,870,317</u>	<u>\$ (782,180)</u>	<u>\$ -</u>	<u>\$ 31,088,137</u>

Depreciation expense for the year ended September 30, 2019, was \$1,104,697.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT

The following is a summary of long-term debt activity of the Water & Sewerage Authority as of and for the year ended September 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 17,675,000	\$ -	\$ (2,260,000)	\$ 15,415,000	\$ 2,300,000
Bond premium	728,217	-	(111,896)	616,321	-
Revenue bonds, net	<u>18,403,217</u>	-	<u>(2,371,896)</u>	<u>16,031,321</u>	<u>2,300,000</u>
Compensated absences (in accrued expenses)	<u>122,850</u>	<u>107,900</u>	<u>(63,794)</u>	<u>166,956</u>	<u>166,956</u>
	<u>\$ 18,526,067</u>	<u>\$ 107,900</u>	<u>\$ (2,435,690)</u>	<u>\$ 16,198,277</u>	<u>\$ 2,466,956</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:

<b>Fiscal year ending September 30,</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 300,000	\$ 300,000
2021	-	300,000	300,000
2022	-	300,000	300,000
2023	1,900,000	268,000	2,168,000
2024	1,385,000	208,300	1,593,300
2025-2027	<u>4,515,000</u>	<u>276,100</u>	<u>4,791,100</u>
	<u>\$ 7,800,000</u>	<u>\$ 1,652,400</u>	<u>\$ 9,452,400</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT (CONTINUED)

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 are considered defeased and have been removed from the Authority's financial statements. The outstanding principal of the defeased bonds is \$8,105,000 as of September 30, 2019.

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:

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 2,300,000	\$ 147,676	\$ 2,447,676
2021	2,345,000	99,698	2,444,698
2022	2,405,000	44,788	2,449,788
2023	565,000	7,543	572,543
	<u>\$ 7,615,000</u>	<u>\$ 299,705</u>	<u>\$ 7,914,705</u>

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

### NOTE 6. PROFIT SHARING AND SAVINGS PLANS

All employees of the Authority over 18 years of age and after completing six consecutive months of service are eligible to participate in the Peachtree City Water & Sewerage Authority Profit Sharing and Savings Plan. 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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 6. PROFIT SHARING AND SAVINGS PLANS (CONTINUED)**

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

Retirement expense for the year ended September 30, 2019 was \$168,321. 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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8. COMMITMENTS AND CONTINGENCIES**

#### **Contractual Commitments**

As of September 30, 2019, The Authority did not have any contractual commitments on uncompleted contracts.

### **NOTE 9. IMPAIRMENT OF LONG-LIVED ASSETS**

In August 2001, the Financial Accounting Standards Board 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".



## 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*

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**To the Board of Directors  
Peachtree City Water & Sewerage Authority  
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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 27, 2020.

### **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) to determine the 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 may exist that have not been identified.

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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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
January 27, 2020



# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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### SECTION I SUMMARY OF AUDIT RESULTS

#### Financial Statements

Type of auditor's report issued

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, 2019 due to the total amount expended being less than \$750,000.

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

### SECTION III STATUS OF PRIOR YEAR FINDINGS

None reported

