

Peachtree City Water & Sewerage Authority
Regular Meeting
Agenda
Tuesday, April 20, 2021
8:30 a.m.

- I. Pledge of Allegiance
- II. Public Comment
- III. Minutes
 - March 16, 2021 - Regular Meeting Minutes
 - March 29, 2021 – Special Called Meeting Minutes
- IV. Reports
 - A. Authority Members
 - B. General Manager
- V. Audit Report
- VI. Property, Crime, General Liability, Boiler & Machinery, Umbrella, Auto, Inland Marine, Employment Practices Liability, Public Entity Liability, Flood & Earthquake and CyberFirst Liability Insurance Coverage – renewal May 1, 2021
- VII. 2021 Long-Term Monitoring Work Authorization from ISE
- VIII. Sewer Extension Evaluation Work Authorization from ISE
- IX. Quarterly Financial Update
- X. Executive Session – Real Estate, Personnel, Potential Litigation
- XI. Adjourn

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

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

A quorum of City Council will be in attendance.

Peachtree City Water and Sewerage Authority

March 16, 2021

The Peachtree City Water and Sewerage Authority held its monthly meeting on Tuesday, March 16, 2021, in the break room and conference room of the John W. Gronner Administrative Center. The following individuals were present: Chairman Vanessa Fleisch, 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. Todd Baugh (Cpak Technology Solutions), and Mr. Clint Holland. Vice-Chairman Mike King was absent. 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 8:44 am. Ms. Melissa Griffis made a statement about the delayed start of the meeting per the Open Meetings Act due to technical difficulties with the audio/visual system resulting in video being unavailable in the Board room. Because Mr. King was absent, the one public guest was invited to join the meeting in the break room, while following proper social distancing protocol.

The meeting began with the Pledge of Allegiance.

Ms. Fleisch opened the meeting up for public comment. Mr. Clint Holland (314 Loring Lane) introduced himself as a new resident. Mr. Holland stated he has Public Works experience specifically in water, stormwater, and wastewater; and would like to get involved with the Authority.

Ms. Fleisch asked for a motion to approve the October 20, 2020 regular meeting minutes and the November 3, 2020 special called meeting minutes. Mr. Ernst made the motion, seconded by Mr. Madden. Motion carried (4/0).

There were no reports from the Authority members. Mr. Dan Davis provided a General Manager update, stating various facility and property improvements were completed (landscaping, sod, irrigation, etc.), as well as shop and mezzanine organization and improvements. Mr. Dan Davis stated the process of document archive scanning is going well, with the goal of becoming paperless. Mr. Prebor asked why the fan was in the server room. Mr. McNeil stated the AC unit fails occasionally. Mr. Dan Davis stated the Authority website update is nearing completion (displayed on the screen), with information consolidated, critical information displayed clearly, and the design updated. Mr. Dan Davis discussed re-permitting of both plants, stating the team will look at copper and phosphorus limits, which could drive the infrastructure upgrades. Mr. Dan Davis stated the Line Creek Plant renewal is due in 2023, at which time the Authority will seek full-time discharge to the creek. Notice was provided to the golf course regarding the Authority discontinuing the provision of irrigation water in the future. This plan is consistent with State water policy. Mr. Dan Davis stated he will provide a SCADA update at the next Board Meeting.

Ms. Shah presented the Mauldin & Jenkins Engagement Letter for the Audit, requesting approval to proceed with the Audit. Mr. Prebor made a motion to approve the Mauldin & Jenkins Engagement Letter, seconded by Mr. Madden. Motion carried (4/0).

Ms. Shah discussed the Quarterly Financial Update dated December 31, 2020, ending the first quarter. Ms. Shah stated the budget year is at the 25% mark, with revenue at 25% and expenses at 22% of budget. Ms. Shah stated that usage is down from last year by \$200,000 for residential and \$62,000 for commercial. However, they are currently seeing improvements in usage and revenue, and anticipate meeting the budget. Ms. Fleisch asked when the next bond payment is due. Ms. Shah stated the payment was March 1, 2021 at \$2.3 million (\$14 million balance), with two years to pay off the first bond. Mr. Prebor stated that based on the information, the Authority is \$900,000 ahead for this year. Ms. Shah stated the financials are looking very good.

Mr. Dan Davis discussed the Organizational Chart amendment, reflecting changes due to removal of the SCADA position. Mr. Dan Davis stated interviews were conducted for the SCADA position, however the position was not filled due to the lack of qualified candidates. Mr. Dan Davis stated the amended organizational chart eliminates the SCADA position, and redistributes those responsibilities. The Instrumentation Technician is reclassified to a "Senior Instrumentation Technician/SCADA Administrator." The current electrician on staff will also serve as the SCADA administrator and complete the necessary training in support of these new responsibilities. These modifications will not change the number of positions/staff, and the total salary level will decrease slightly from the budgeted amount. Mr. Dan Davis stated there are currently two open positions to be filled. Ms. Griffis stated that as a result of the amended organizational chart, three job descriptions had to be revised as well, which will require two separate motions for approval. Mr. Ernst made a motion to approve the Organizational Chart as presented, seconded by Mr. Prebor. Motion carried (4/0). Mr. Ernst made a motion to approve the Job Descriptions as stated in the packet, seconded by Mr. Madden. Motion carried (4/0).

Mr. Dan Davis discussed the Memorandum of Agreement between Fayette County, Georgia and the Authority for the sale of approximately 4.7 acres of property by the Authority to the County. Mr. Dan Davis stated the Property Committee convened over the past several months, evaluating all real estate property owned by the Authority and determined the subject property was not strategic to the Authority's future endeavors. There is suitable property elsewhere if an expansion is planned in the future. Fayette County approached the Authority to purchase the subject property to relocate the Animal Shelter, at which time the Property Committee determined the use was compatible. An appraisal was completed for the parcel and the County extended an offer. We have discussed security with the County. Mr. Dan Davis referred to the map provided identifying the entrance and internal road (not currently used by the Authority), stating security will be planned carefully. Mr. Dan Davis stated the County has provided an Agreement. Ms. Griffis stated a Memorandum of Agreement and Agreement to Sell and Purchase Real Property is provided, which she reviewed and approved in form. The title insurance company has approved as well. Ms. Griffis stated supplemental documents were prepared to remove the cloud on the title from a PCDC requirement, which has been recorded and clear title can be produced. Ms. Fleisch asked for an anticipated closing date. Ms. Griffis stated the tentative closing date is March 24, 2021. Mr. Madden asked about the sewer statement in paragraph "D" of the Agreement. Mr. Dan Davis stated the property will have a grinder pump station (constructed by the Authority), with a manhole on the property line. Mr. Madden made a motion to approve the Memorandum of Agreement between Fayette County, Georgia and the Authority, seconded by Mr. Prebor. Motion carried (4/0). Mr. Ernst made a motion to approve the Agreement to Sell and Purchase Real Property with Fayette County, Georgia, seconded by Mr. Madden. Motion carried (4/0).

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. Ernst and seconded by Mr. Prebor. Motion carried (4/0). The meeting was adjourned into Executive Session at 9:15 am.

The meeting was reconvened at 10:22 am.

Ms. Fleisch asked for a motion to adjourn. The motion was made by Mr. Ernst and seconded by Mr. Madden. Motion carried. The meeting was adjourned at 10:25 am.

Chairman - Vanessa Fleisch

Treasurer/Secretary - Terry Ernst

Peachtree City Water and Sewerage Authority

March 29, 2021

The Peachtree City Water and Sewerage Authority held a Special Called meeting on Monday, March 29, 2021, 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), Ms. Leslie Baer (ISE), Ms. Millie Shah (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 typically for the meetings the Board members are located in the break room and the public is in the Board room for proper social distancing with live audio being fed into each room. However, due to the loss of internet services resulting from a recent tornado, audio/visual services were not available to provide proper live audio/video in the Board room for guests. Because Mr. Larry McNeil was absent from the meeting, the one public guest was invited to join the meeting in the break room, while following proper social distancing protocol.

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

Ms. Griffis discussed the Resolution Regarding Selling Certain Real Property, stating at the last meeting the Board approved the sale of approximately 4.7 acres of Authority property to the County. Once the closing packet was received, we discovered that the closing attorney inadvertently did not request a separate resolution. The document presented is for the property the Board already approved to sell. However, for title insurance purposes the closing attorney is requiring this Resolution and authorization for the Chairman and Secretary to execute the closing documents. Ms. Griffis stated if the Resolution is approved today, the closing documents can be executed immediately today. In summary, this is to finalize the \$71,400.00 sale with two ingress/egress easements to the Board of Commissioners of Fayette County to build an Animal Shelter next to our facility, per the exhibit attached. Mr. King made a motion to approve the Resolution Regarding Selling Certain Real Property as written and to authorize the Chairman and Secretary to sign the closing documents, seconded by Mr. Ernst. Motion carried.

Ms. Fleisch asked for a motion to adjourn. The motion was made by Mr. Prebor and seconded by Mr. Madden. Motion carried. The meeting was adjourned at 8:32 am.

Chairman - Vanessa Fleisch

Treasurer/Secretary - Terry Ernst

**PEACHTREE CITY WATER &
SEWERAGE AUTHORITY**

(A COMPONENT UNIT OF PEACHTREE CITY, GEORGIA)

FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

PEACHTREE CITY WATER & SEWERAGE AUTHORITY

FINANCIAL REPORT SEPTEMBER 30, 2020

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT	1 and 2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3 – 10

FINANCIAL STATEMENTS

Statement of Net Position.....	11 and 12
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows.....	14
Notes to Financial Statements	15 – 25

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 <i>Government Auditing Standards</i>	26 and 27
Schedule of Findings and Responses	28



INDEPENDENT AUDITOR'S REPORT

**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, 2020, 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.

Opinion

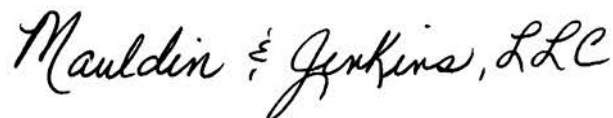
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, a component unit of Peachtree City, Georgia, as of September 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance 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 10) 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 March 17, 2021, 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
March 17, 2021

PEACHTREE CITY WATER AND SEWERAGE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2020

Authority Activities and Highlights

The overall financial condition of the Peachtree City Water and Sewerage Authority (the "Authority") remained strong during the fiscal year ended September 30, 2020, with minimal impact from the COVID-19 pandemic. 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 the Fiscal Year 2020, the Authority generated a 176% coverage.

The Authority is administered by its staff. The General Manager of the Authority is charged with the responsibility of daily operation and administration of the Authority. Beginning July 2018, Mr. L.H. (Dan) Davis, Jr., P.E. with Integrated Science & Engineering, Inc. has served as General Manager of the Authority. Since 2018, the Authority has run a lean organization, with employees performing multiple tasks and duties. The Authority employs 26 full-time and two 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.

Financial Highlights

Key financial highlights for Fiscal Year 2020 are as follows:

- The financial position continues to be strong. The Authority's assets exceeded its liabilities by \$27,237,935 (*net position*). Of this amount, \$9,173,333 (*unrestricted net position*) may be used to meet the Authority's ongoing obligations.
- The Authority's total net position at September 30, 2020, increased by \$2,224,507, or 8.89% 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 \$10,059,012, and total operating expenses were \$7,338,203.
- The Authority served approximately 11,546 sewer customers and treated approximately 1.09 billion gallons of wastewater.
- The average daily flow for the Fiscal Year 2020 was 3.727 MGD. The maximum daily flow was 6.30 MGD.

Overview of the Financial Statements

The Financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the Management's Discussion and Analysis, 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 the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recorded in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave). The Statement of Revenues, Expenses, and Changes in Net Position can be found on page 13 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 essential to a full understanding of the data provided within the financial statements.

Analysis of Net Position

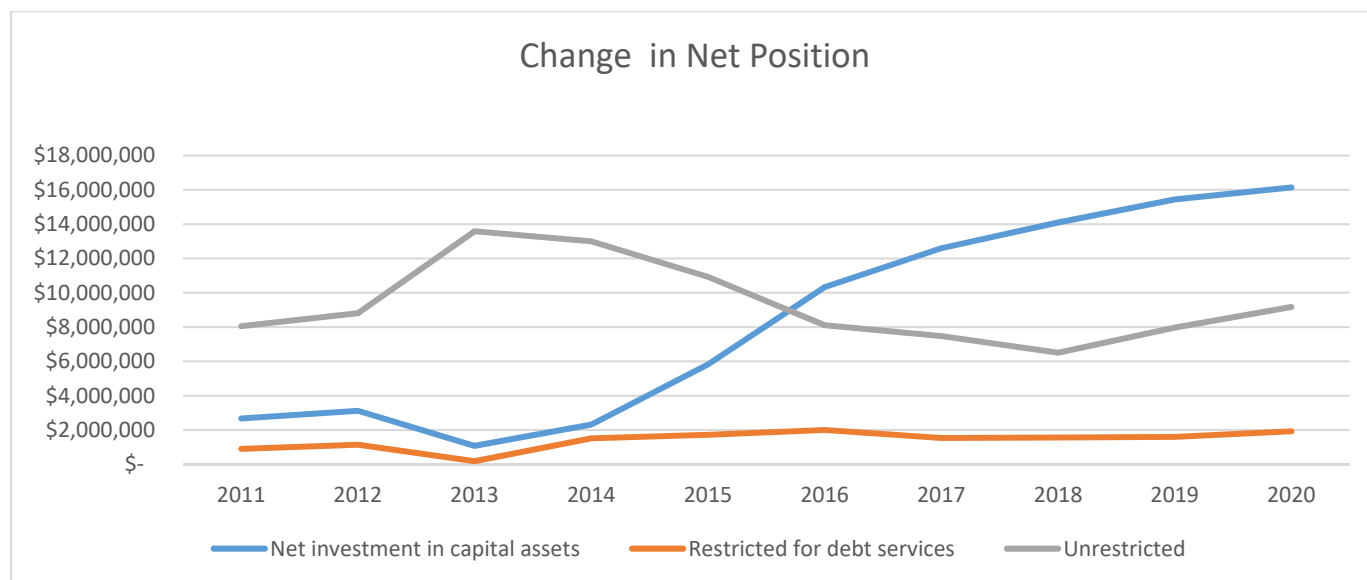
Net Position	2020	2019	\$ Chg.	% Chg.	% Net Position
Net Investment in Capital Assets					
Assets	\$ 6,141,733	\$ 15,443,376	\$ 698,357	4.5%	59.3%
Restricted	1,922,869	1,596,254	326,615	20.5%	7.1%
Unrestricted	9,173,333	7,973,798	1,199,535	15.0%	33.7%
Total Net Position	\$ 27,237,935	\$ 25,013,428	\$ 2,224,507		100.0%

The largest portion (59.3%) of the Authority's net position is invested in capital assets (land, infrastructure, plants, and equipment). These assets are used to provide service to Peachtree City residents; consequently, they are not available for future spending. While the Authority's investment in capital assets is net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Net Investment in Capital Assets increased by \$698,357, or 4.5%, compared to the previous year. The Net Investment in Capital Assets is calculated by taking the depreciated value of the capital assets \$29,565,071 and subtracting the associated outstanding bonds of \$13,423,338. In Fiscal Year 2020, the Authority recognized \$2,046,678 in depreciation expense. The overall increase in this component of net position is due to the completion of capital projects and reduction in outstanding bond principal.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The unrestricted portion of net position can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements. Unrestricted net position increased by \$1,199,535 or 15.0%, compared to the previous year.



Analysis of Current Assets

Current Asset Classification	2020	2019	\$ Chg.	% Chg.	% Current Assets
Unrestricted:					
Cash and cash equivalents	\$ 3,260,239	\$ 1,787,708	\$ 1,472,531	82.37%	30.59%
Investments	3,723,249	3,687,458	35,791	0.97%	34.93%
Accounts receivable, net	1,635,194	1,821,005	(185,811)	-10.20%	15.34%
Prepaid expenses	74,718	108,027	(33,309)	-30.83%	0.70%
Inventory	9,038	12,352	(3,314)		0.08%
	\$ 8,702,438	\$ 7,416,550	\$ 1,285,888		81.64%
Restricted:					
Cash and cash equivalents	1,956,907	1,633,735	323,172		18.36%
	\$ 10,659,345	\$ 9,050,285	\$ 1,609,060		100.00%

Unrestricted Current Assets increased by \$1,472,531 or 82.37% from the previous year due to an increase in net cash flow provided by an increase in overall revenue, savings in expenses, and a decrease in outstanding accounts receivables. As of September 30, 2020, \$3,723,249 of cash was invested with the Georgia Fund 1, which is offered by the State of Georgia to counties and municipalities as a conservative, efficient and liquid investment alternative. Restricted cash consists of cash in the Sinking Fund for the debt service reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Capital Assets

Capital Assets	2020	2019	\$ Chg.	% Chg.
Capital asset not depreciated	\$ 2,109,580	\$ 2,109,580	\$ -	0.00%
Capital assets depreciated	63,954,286	63,514,380	439,906	0.69%
Depreciation	36,498,795	34,535,823	1,962,972	5.68%
Depreciable property, net	27,455,491	28,978,557		
Total capital assets, net	\$ 29,565,071	\$ 31,088,137	\$ (1,523,066)	

The largest portion (59.3%) of the Authority's net position is invested in capital assets (land, infrastructure, building, and equipment). At September 30, 2020, the Authority invested \$29,565,071 (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 \$439,906 from September 30, 2019, which resulted from current year additions in excess of current year depreciation.

Analysis of Current Liabilities

Liabilities	2020	2019	\$ Chg.	% Chg.
Accounts payable	\$ 495,771	\$ 476,086	\$ 19,685	4.1%
Interest payable	34,039	37,481	(3,442)	-9.2%
Revenue bond payable	2,345,000	2,300,000	45,000	2.0%
	\$ 2,874,810	\$ 2,813,567	\$ 61,243	

Accounts Payable increased by \$19,685 or 4.1% 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, 2020, the Authority had outstanding long-term debt of \$13,711,629 compared to the September 30, 2019 total of \$16,198,277.

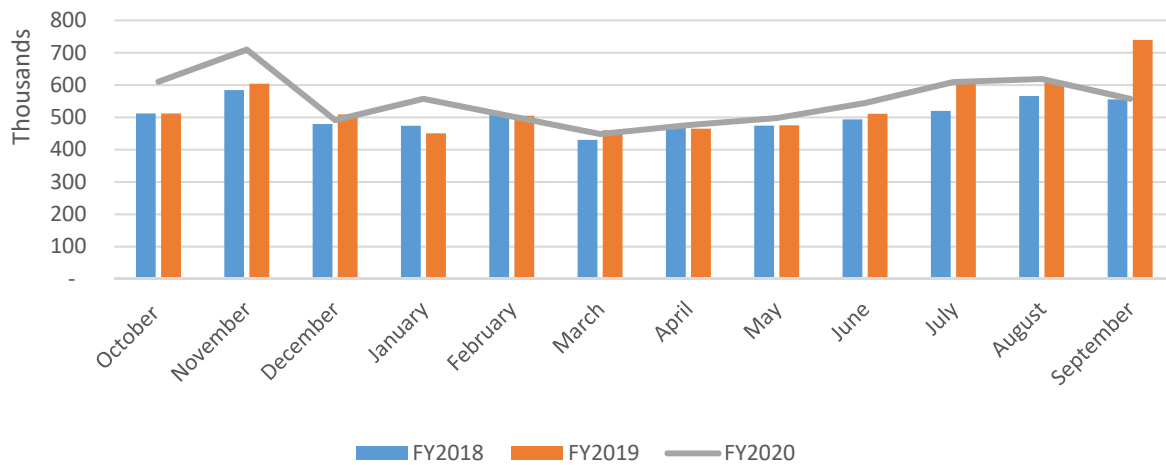
Analysis of Revenues

Operating Revenues	2020	2019	\$ Change	% Change	% of Operating Revenue
Sewer Services	\$ 9,334,974	\$ 9,257,667	\$ 77,307	55.20%	92.80%
Other operating revenue	724,038	728,508	(4,470)	-0.61%	7.20%
	\$ 10,059,012	\$ 9,986,175	\$ 72,837	0.73%	100.00%

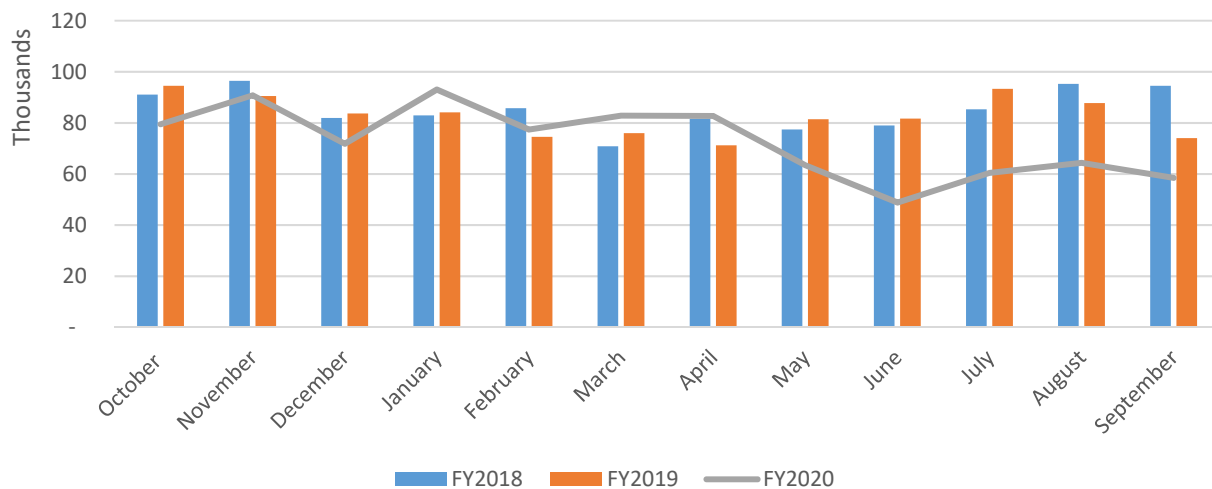
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the 2020 Fiscal Year, the operating revenues of the Authority totaled \$10,059,012, a slight increase of \$72,837 or 0.73% compared to the previous year's revenues of \$9,986,174. The operating revenues are comprised of two categories: sewer service charges and other operating revenues. The revenues from sewer services remained the same as the previous year. The residential revenue increased by \$182,243 or 2.83% from the previous year and is likely due to people working from home. The commercial sewer revenue decreased by \$118,791 or 11.97% compared to the previous year.

Monthly Revenue (\$) - Residential

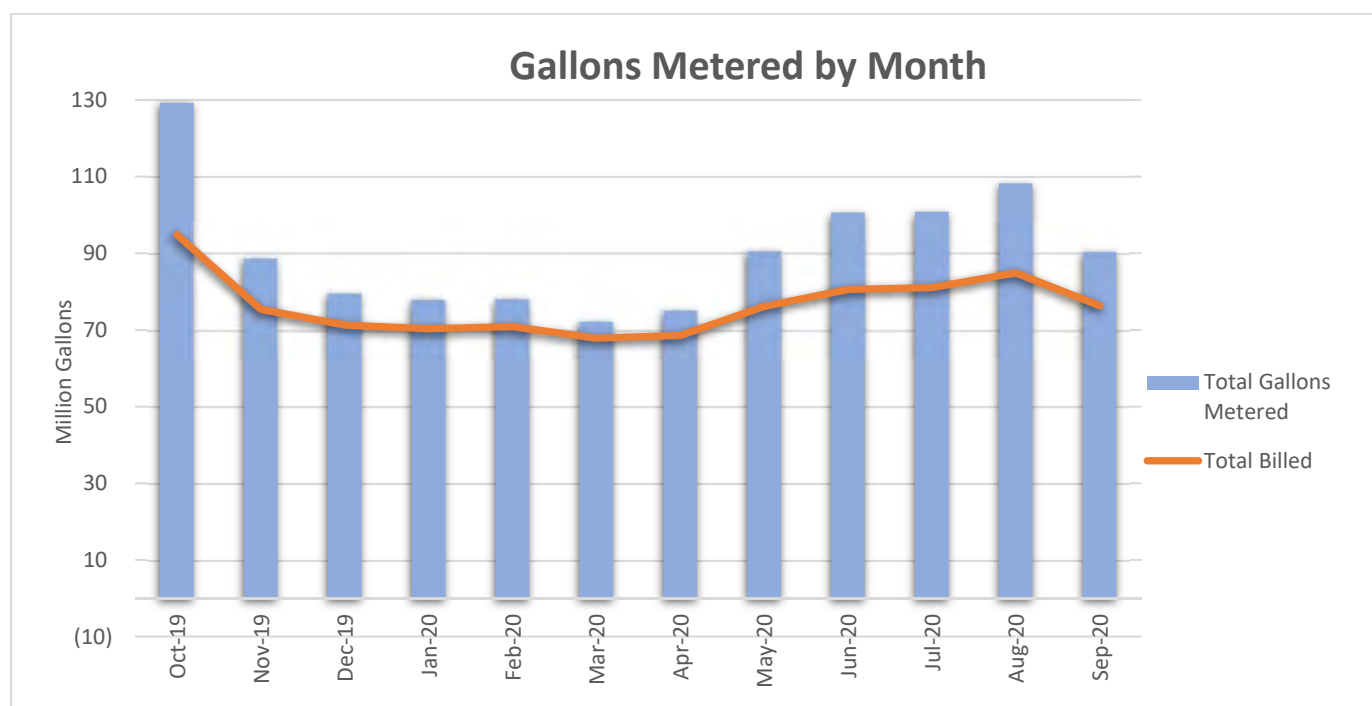


Monthly Revenue (\$) - Commercial/Industrial



MANAGEMENT'S DISCUSSION AND ANALYSIS

Towards the end of Fiscal Year 2020, the Authority noted some reduction in commercial usage and increase in residential usage, which was attributed to the COVID-19 pandemic, with the shutdown of many businesses and people spending more time at home. The commercial usage dropped 15,107,698 gallons or 11.62% compared to the previous year, where residential usage increased by 38,740,663 gallons or 5.24% compared to the previous year.



Analysis of Expenses

Operating Expenses	2020	2019	\$ Change	% Change	% of Operating Expenses
Salaries, wages, and employee benefits	\$ 2,328,967	\$ 2,240,747	\$ 88,220	3.9%	44.6%
Plant operations	1,766,314	1,750,440	15,874	0.9%	33.8%
Consulting and legal	714,492	974,872	(260,380)	-26.7%	13.7%
Other operating expenses	415,085	471,887	(56,802)	-12.0%	7.9%
	5,224,858	5,437,946	(213,088)		100.00%
Depreciation and amortization	2,113,345*	1,171,364	941,981		
Total expenses	\$ 7,338,203	\$ 6,609,310	\$728,893		

*Last year's depreciation expense decreased as a result of the Authority reevaluating and revising the estimated useful life of several capital assets during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Authority maintained its sound financial condition by exercising prudent fiscal discipline. Employment costs increased by 3.9% due to a slight increase in group medical costs and cost of living adjustment. The Authority had two vacancies during 2020, which is also reflected in cost savings. The Authority did not have any furloughs or layoffs because of COVID-19.

For the 2020 Fiscal Year, the operating expenses for the Authority totaled \$7,338,203, an increase of \$728,893 or 11.03% compared to the previous year's expenses of \$6,609,310. Administrative expenses were down by \$213,088 or 3.92% compared to the previous year's operating expenses of \$5,437,946.

Debt Administration

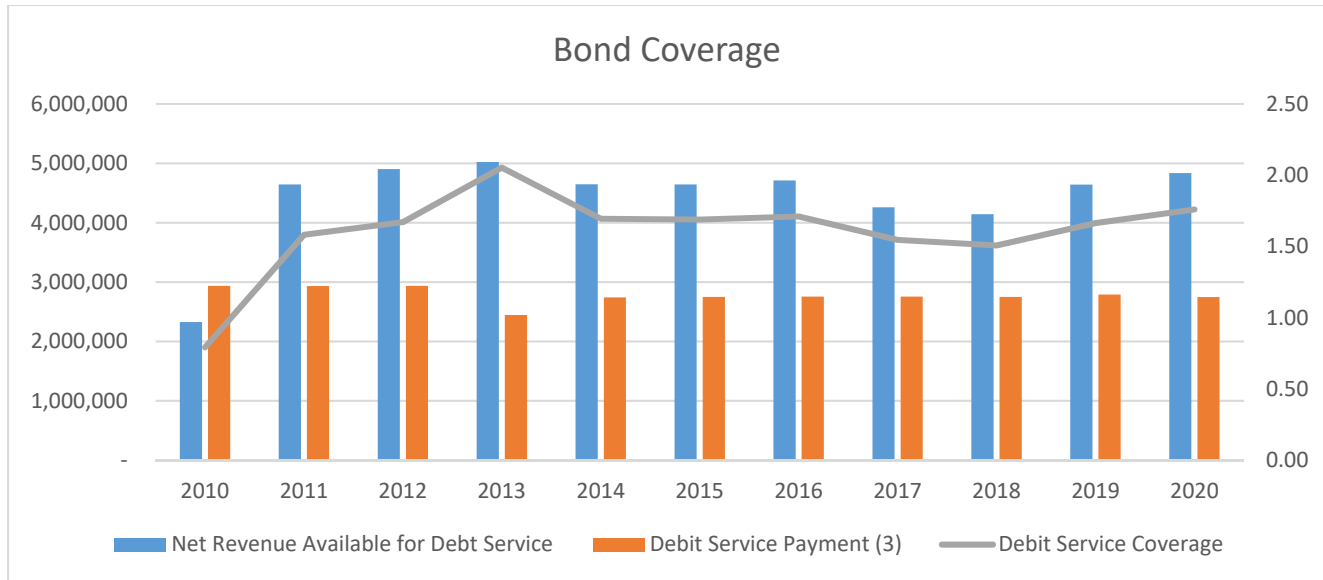
The Authority is within its debt service covenants and has not incurred long-term debt since the issuance of the Series 2005 Bonds. These bonds were refinanced/refunded in February of 2013 as series 2013A and 2013B. As of September 30, 2020, the Authority was obligated to make the annual payments in the following table:

	2013A Series		2013B Series		Total
	Principal	Interest	Principal	Interest	
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
	<u>\$ 7,800,000</u>	<u>\$ 1,352,400</u>	<u>\$ 5,315,000</u>	<u>\$ 152,028</u>	<u>\$ 14,619,428</u>

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

	Debt Coverage Ratio					
	2020	2019	2018	2017	2016	2015
Revenue from operations	\$ 10,059,012	\$ 10,078,705	\$ 9,785,607	\$ 9,843,028	\$ 9,830,018	\$ 9,513,554
Operating expenses	5,224,858	5,437,946	5,642,966	5,584,377	5,117,940	4,869,538
Net earning	4,834,154	4,640,759	4,142,641	4,258,651	4,712,078	4,644,016
Annual debt service	2,747,677	2,789,430	2,748,878	2,755,036	2,754,690	2,749,926
Debt coverage ratio	1.76	1.66	1.51	1.55	1.71	1.69

MANAGEMENT'S DISCUSSION AND ANALYSIS



Requests for Information

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

PEACHTREE CITY WATER & SEWERAGE AUTHORITY

STATEMENT OF NET POSITION SEPTEMBER 30, 2020

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,260,239
Investments	3,723,249
Accounts receivable, net	1,635,194
Prepaid expenses	74,718
Inventory	9,038
	<hr/>
Total current assets	8,702,438
	<hr/>
RESTRICTED ASSETS	
Cash and cash equivalents	1,956,907
	<hr/>
Total restricted assets	1,956,907
	<hr/>
CAPITAL ASSETS	
Non-depreciable	2,109,580
Depreciable, net of accumulated depreciation	27,455,491
Total capital assets, net	29,565,071
	<hr/>
Total assets	\$ 40,224,416
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
DEFERRED OUTFLOWS OF RESOURCES	
Deferred bond refunding loss	\$ 196,087
Goodwill	966,667
	<hr/>
Total deferred outflows of resources	\$ 1,162,754
	<hr/>

LIABILITIES

CURRENT LIABILITIES

Payable from current assets:

Accounts payable and accrued expenses	\$ 495,771
	<u>495,771</u>

Payable from restricted assets:

Interest payable	34,039
Revenue bonds payable, current	<u>2,345,000</u>
	<u>2,379,039</u>

Total current liabilities	<u>2,874,810</u>
---------------------------	------------------

LONG-TERM LIABILITIES

Revenue bonds payable, net	<u>11,274,425</u>
----------------------------	-------------------

Total liabilities	<u>\$ 14,149,235</u>
-------------------	----------------------

NET POSITION

NET POSITION

Net investment in capital assets	\$ 16,141,733
Restricted for debt service	1,922,869
Unrestricted	<u>9,173,333</u>

Total net position	<u>\$ 27,237,935</u>
--------------------	----------------------

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, 2020

Operating revenues:

Charges for services	\$ 10,018,371
----------------------	---------------

Operating expenses:

Salaries, wages and employee benefits	2,328,967
Plant operations	1,766,314
Consulting and legal	714,492
Amortization expense	66,667
Depreciation expense	2,046,678
Other operating expenses	415,085
Total operating expenses	<u>7,338,203</u>

Operating income	<u>2,680,168</u>
------------------	------------------

Non-operating revenues (expenses):

Interest income	40,641
Interest expense	(522,812)
Gain on sale of capital assets	26,510
Total non-operating expenses, net	<u>(455,661)</u>

Change in net position	2,224,507
------------------------	-----------

Net position, beginning of year	<u>25,013,428</u>
---------------------------------	-------------------

Net position, end of year	<u><u>\$ 27,237,935</u></u>
---------------------------	-----------------------------

See Notes to Financial Statements.

PEACHTREE CITY WATER & SEWERAGE AUTHORITY

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 10,204,182
Payments to suppliers	(2,752,081)
Payments to employees	(2,416,469)
Net cash provided by operating activities	<u>5,035,632</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	(523,612)
Proceeds from sale of capital assets	26,510
Principal payments on long-term debt	(2,300,000)
Payment of interest on bonds	(447,677)
Net cash used in capital and related financing activities	<u>(3,244,779)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(35,791)
Interest received	40,641
Net cash provided by investing activities	<u>4,850</u>

Net increase in cash and cash equivalents 1,795,703

Cash and cash equivalents (including restricted amounts of \$1,633,735), beginning of year 3,421,443

Cash and cash equivalents (including restricted amounts of \$1,956,907), end of year \$ 5,217,146

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 2,680,168
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	2,113,345
Changes in assets and liabilities:	
Decrease in accounts receivable	185,811
Decrease in prepaid expenses	33,309
Decrease in inventory	3,314
Increase in accounts payable	107,187
Decrease in accrued payroll and compensated absences	(87,502)
Net cash provided by operating activities	<u>\$ 5,035,632</u>

See Notes to Financial Statements.

PEACHTREE CITY WATER & SEWERAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

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 the City, 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

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, 2020, 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

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

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

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 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.

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, 2020, 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, 2020, the Authority had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Georgia Fund 1	46	\$ 3,723,249
Total Fair Value		<u>\$ 3,723,249</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, 2020, 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, 2020:

Accounts receivable	\$ 1,670,226
Less allowance for uncollectibles	35,032
Net total receivables	<u>\$ 1,635,194</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
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	49,186	-	67,486
Buildings	1,924,105	-	-	1,924,105
Vehicles and equipment	4,265,340	115,987	(83,706)	4,297,621
Infrastructure	395,853	-	-	395,853
Sewer plants and pump stations	36,683,361	358,439	-	37,041,800
Pipeline	20,227,421	-	-	20,227,421
Total	<u>63,514,380</u>	<u>523,612</u>	<u>(83,706)</u>	<u>63,954,286</u>
Less accumulated depreciation for:				
Land improvements	18,300	3,785	-	22,085
Buildings	607,522	38,482	-	646,004
Vehicles and equipment	3,830,558	254,351	(83,706)	4,001,203
Infrastructure	65,021	9,683	-	74,704
Sewer plants and pump stations	24,768,998	1,333,510	-	26,102,508
Pipeline	5,245,424	406,867	-	5,652,291
Total	<u>34,535,823</u>	<u>2,046,678</u>	<u>(83,706)</u>	<u>36,498,795</u>
Depreciable property, net	<u>28,978,557</u>	<u>(1,523,066)</u>	<u>-</u>	<u>27,455,491</u>
Total capital assets, net	<u>\$ 31,088,137</u>	<u>\$ (1,523,066)</u>	<u>\$ -</u>	<u>\$ 29,565,071</u>

Depreciation expense for the year ended September 30, 2020, was \$2,046,678.

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, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 15,415,000	\$ -	\$ (2,300,000)	\$ 13,115,000	\$ 2,345,000
Bond premium	616,321	-	(111,896)	504,425	-
Revenue bonds, net	<u>16,031,321</u>	<u>-</u>	<u>(2,411,896)</u>	<u>13,619,425</u>	<u>2,345,000</u>
Compensated absences (in accrued expenses)	<u>166,956</u>	<u>21,399</u>	<u>(96,151)</u>	<u>92,204</u>	<u>92,204</u>
	<u>\$ 16,198,277</u>	<u>\$ 21,399</u>	<u>\$ (2,508,047)</u>	<u>\$ 13,711,629</u>	<u>\$ 2,437,204</u>

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

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

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,440,000	151,800	1,591,800
2026 – 2027	<u>3,075,000</u>	<u>124,300</u>	<u>3,199,300</u>
	<u>\$ 7,800,000</u>	<u>\$ 1,352,400</u>	<u>\$ 9,152,400</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 is considered defeased and have been removed from the Authority's financial statements. The outstanding principal of the defeased bonds is \$10,880,000 as of September 30, 2020.

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

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 5,315,000</u>	<u>\$ 152,029</u>	<u>\$ 5,467,029</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

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, 2020 was \$158,990. 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

NOTE 8. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

As of September 30, 2020, 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*

**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, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 17, 2021.

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 may exist that have not been identified..

Compliance and Other Matters

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

Purpose of this Report

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

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

Macon, Georgia
March 17, 2021

PEACHTREE CITY WATER & SEWERAGE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, 2020 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.

Peachtree City Water & Sewerage Authority Insurance Summary

[illegible]

Peachtree City Water & Sewerage Authority

Insurance Summary

2020-2021 COVERAGES	20/21	21/22	2021-2022 COVERAGES
<u>Auto – Travelers</u> \$1,000,000 Liability Limit \$ 100,000 Uninsured Motorist \$ 5,000 Medical Payments * Liability only applies to these vehicles Deductibles: \$1,000 Comprehensive / \$1,000 Collision Hired Car Physical Damage: No Limit (\$100 Comp/\$1,000 Coll) <u>Vehicle Schedule:</u> 2015 Ford F150, S#0185 2015 Ford F150, S#1880 2015 Ford F150, S#6123 2016 Utility Trl, S#4605 2015 Ford F250 S#0930 2016 Freightliner S#4195 2016 Ford F150 S#7878 2003 Ford F350, S#8124 Comp Only 2016 Ford F150, S#3950 2014 Ford F150, S#2896 2017 Ford F150, S#5410 2015 Ford F150, S#3050 2011 Dodge Ram, S#5592 2011 Freightliner, S#5949 2011 Ford F750, S#4746 2011 Pace Trl, S#7076 Continued on next page	\$ 24,227	\$24,205	<u>Auto – Travelers</u> \$1,000,000 Liability Limit \$ 100,000 Uninsured Motorist \$ 5,000 Medical Payments * Liability only applies to these vehicles Deductibles: \$1,000 Comprehensive / \$1,000 Collision Hired Car Physical Damage: No Limit (\$100 Comp/\$1,000 Coll) <u>Vehicle Schedule:</u> 2015 Ford F150, S#0185 2015 Ford F150, S#1880 2015 Ford F150, S#6123 2016 Utility Trl, S#4605 2015 Ford F250 S#0930 2016 Freightliner S#4195 2016 Ford F150 S#7878 2003 Ford F350, S#8124 Comp Only 2016 Ford F150, S#3950 2014 Ford F150, S#2896 2017 Ford F150, S#5410 2015 Ford F150, S#3050 2011 Dodge Ram, S#5592 2011 Freightliner, S#5949 2011 Ford F750, S#4746 2011 Pace Trl, S#7076 Continued on next page

Peachtree City Water & Sewerage Authority

Insurance Summary

2020-2021 COVERAGES	20/21	21/22	2021-2022 COVERAGES
<u>Vehicle Schedule Continued:</u> 2012 Freightliner, S#2619 2012 Freightliner, S#2618 2012 Ford Transit, S#0729 2014 Ford F150, S#2896 2015 Gator, S#4605 2014 Ford F150, S#2897 2014 Freightliner, S#3695 2017 Gator, S#0715 2011 Pace TV Trl, S#215A 2017 Ford F350, S#3574 2017 Ford F250, S#8318 2017 Ford F150, S#0739 2000 Lawn Trl, S#1152			<u>Vehicle Schedule Continued:</u> 2012 Freightliner, S#2619 2012 Freightliner, S#2618 2012 Ford Transit, S#0729 2014 Ford F150, S#2896 2015 Gator, S#4605 2014 Ford F150, S#2897 2014 Freightliner, S#3695 2017 Gator, S#0715 2011 Pace TV Trl, S#215A 2017 Ford F350, S#3574 2017 Ford F250, S#8318 2017 Ford F150, S#0739 2000 Lawn Trl, S#1152

Peachtree City Water & Sewerage Authority

Insurance Summary

2020-2021 COVERAGES	20/21	21/22	2021-2022 COVERAGES
<u>Inland Marine— Travelers</u> Blanket Tools & Equipment: \$15,000 (\$2,500 Max Any One Item) Deductible: \$1,000 Rented & Leased Equipment - \$250,000 Limit(\$75,000 any one item) Equipment Schedule: 1987 Ram Jet Sewerage Cleaner \$ 5,000 Onen Generator \$15,000 Cat Yancy 416F2 Backhoe \$86,000 2007 New Holland Tractor \$12,570 2007 New Holland Tractor \$12,570 2012 Kawasaki Mule #5919 \$11,500 2012 Baldor Generator \$20,000 2012 Blue Phoenix Generator, S#2013 \$19,980 2012 Godwin Pump, S#7101/12 \$28,774 2012 Sullair Air Compressor, S#4088 \$11,332 2014 Bobcat E50 Excavator, S#1764 \$45,523 2014 Bobcat Track Loader, S#1626 \$46,405 1999 Grass Hopper, S#6645 \$10,000 2016 Grass Hopper, S#7105 \$11,117 2015 Grass Hopper, S#7465 \$11,928 2015 Grass Hopper, S#6120 \$10,818 2015 EZ GO Golf Cart, S#1703 \$ 7,195 2015 EZ GO Golf Cart, S#6477 \$ 7,195 2013 New Holland Tractor, S#9409 \$16,034 2013 New Holland Tractor, S#6714 \$20,940 2007 Woods Rotary Cutter, S#3212 \$ 1,884 2007 Woods Rotary Cutter, S#3213 \$ 1,884 2013 Woods Brush Cutter, S#2548 \$ 2,800 2013 Woods Brush Cutter, S#2494 \$ 2,500 2013 Dirt Dog Box Blade, S#0183 \$ 450 2013 Dirt Dog Box Blade, S#0027 \$ 550 2015 Blue Diamond, S#3010 \$ 4,970 Bobcat Grapple #0681 \$2,500 2014 Bobcat S550, S#2286 \$45,000 2014 Bobcat S550, S#2289 \$45,000 Unscheduled Equipment \$50,000	Included	Included	<u>Inland Marine— Travelers</u> Blanket Tools & Equipment: \$15,000 (\$2,500 Max Any One Item) Deductible: \$1,000 Rented & Leased Equipment - \$250,000 Limit(\$75,000 any one item) Equipment Schedule: 1987 Ram Jet Sewerage Cleaner \$ 5,000 Onen Generator \$15,000 Cat Yancy 416F2 Backhoe \$86,000 2007 New Holland Tractor \$12,570 2007 New Holland Tractor \$12,570 2012 Kawasaki Mule #5919 \$11,500 2012 Baldor Generator \$20,000 2012 Blue Phoenix Generator, S#2013 \$19,980 2012 Godwin Pump, S#7101/12 \$28,774 2012 Sullair Air Compressor, S#4088 \$11,332 2014 Bobcat E50 Excavator, S#1764 \$45,523 2014 Bobcat Track Loader, S#1626 \$46,405 1999 Grass Hopper, S#6645 \$10,000 2016 Grass Hopper, S#7105 \$11,117 2015 Grass Hopper, S#7465 \$11,928 2015 Grass Hopper, S#6120 \$10,818 2015 EZ GO Golf Cart, S#1703 \$ 3,500 2015 EZ GO Golf Cart, S#6477 \$ 3,500 2013 New Holland Tractor, S#9409 \$16,034 2013 New Holland Tractor, S#6714 \$20,940 2007 Woods Rotary Cutter, S#3212 \$ 1,884 2007 Woods Rotary Cutter, S#3213 \$ 1,884 2013 Woods Brush Cutter, S#2548 \$ 2,800 2013 Woods Brush Cutter, S#2494 \$ 2,500 2013 Dirt Dog Box Blade, S#0183 \$ 450 2013 Dirt Dog Box Blade, S#0027 \$ 550 2015 Blue Diamond, S#3010 \$ 4,970 Bobcat Grapple #0681 \$2,500 2014 Bobcat S550, S#2286 \$45,000 2014 Bobcat S550, S#2289 \$45,000 2018 Golf Cart #6095 \$ 5,700 2018 Golf Cart #6075 \$ 5,700 Unscheduled Equipment \$50,000

Insurance Summary

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



Marsh & McLennan Agency: Compensation Guide for Clients

ABOUT MARSH & MCLENNAN AGENCY

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

OUR COMMITMENT TO TRANSPARENCY AND COMPLIANCE

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

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

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

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

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

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

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

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

OUR COMPENSATION

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

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

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

RELATED PARTY TRANSACTIONS

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

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

STATEMENT REGARDING ALTERING COMPENSATION

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

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

QUESTIONS? JUST ASK.

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

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

A.M. BEST RATING SCALE

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

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

Financial Strength Ratings

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

Rating Modifiers

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

Outlooks

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

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

Not Rated Designation

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

Rating Disclosure

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

Best's Financial Strength Ratings are distributed via press release and/or the A.M. Best Web site at www.ambest.com and are published in the *Credit Rating Actions* section of *BestWeek*®. Best's Financial Strength Ratings are proprietary and may not be reproduced without permission.
Copyright © 2013 by A.M. Best Company, Inc.

Version 021712

DISCLAIMER

Proposal

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

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

Client Contracts

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

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

Compensation Disclosure (Including New York Regulation 194 Disclosure)

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

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

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

Collection Disclosure

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

AUTHORIZATION TO BIND

Named Insured: Peachtree City Water & Sewerage Authority

Choose the appropriate option:

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

Authorized Signature

Date

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

Authorized Signature

Date

Peachtree City Water & Sewerage Authority Insurance Summary (Cincinnati)

[illegible]

**Peachtree City Water & Sewerage Authority
Insurance Summary**

2020-2021 COVERAGES	20/21	21/22	2021-2022 COVERAGES
Auto— Travelers \$1,000,000 Liability Limit \$ 100,000 Uninsured Motorist \$ 5,000 Medical Payments * Liability only applies to these vehicles Deductibles: \$1,000 Comprehensive / \$1,000 Collision Hired Car Physical Damage: No Limit (\$100 Comp/\$1,000 Coll) <u>Vehicle Schedule:</u> 2015 Ford F150, S#0185 2015 Ford F150, S#1880 2015 Ford F150, S#6123 2016 Utility Trl, S#4605 2015 Ford F250 S#0930 2016 Freightliner S#4195 2016 Ford F150 S#7878 2003 Ford F350, S#8124 Comp Only 2016 Ford F150, S#3950 2014 Ford F150, S#2896 2017 Ford F150, S#5410 2015 Ford F150, S#3050 2011 Dodge Ram, S#5592 2011 Freightliner, S#5949 2011 Ford F750, S#4746 2011 Pace Trl, S#7076 Continued on next page	\$ 24,227	\$36,091	Auto— Cincinnati \$1,000,000 Liability Limit \$ 100,000 Uninsured Motorist \$ 5,000 Medical Payments * Liability only applies to these vehicles Deductibles: \$1,000 Comprehensive / \$1,000 Collision Hired Car Physical Damage: No Limit (\$100 Comp/\$1,000 Coll) <u>Vehicle Schedule:</u> 2015 Ford F150, S#0185 2015 Ford F150, S#1880 2015 Ford F150, S#6123 2016 Utility Trl, S#4605 2015 Ford F250 S#0930 2016 Freightliner S#4195 2016 Ford F150 S#7878 2003 Ford F350, S#8124 Comp Only 2016 Ford F150, S#3950 2014 Ford F150, S#2896 2017 Ford F150, S#5410 2015 Ford F150, S#3050 2011 Dodge Ram, S#5592 2011 Freightliner, S#5949 2011 Ford F750, S#4746 2011 Pace Trl, S#7076 Continued on next page

**Peachtree City Water & Sewerage Authority
Insurance Summary**

2020-2021 COVERAGES	20/21	21/22	2021-2022 COVERAGES
<u>Vehicle Schedule Continued:</u> 2012 Freightliner, S#2619 2012 Freightliner, S#2618 2012 Ford Transit, S#0729 2014 Ford F150, S#2896 2015 Gator, S#4605 2014 Ford F150, S#2897 2014 Freightliner, S#3695 2017 Gator, S#0715 2011 Pace TV Trl, S#215A 2017 Ford F350, S#3574 2017 Ford F250, S#8318 2017 Ford F150, S#0739 2000 Lawn Trl, S#1152			<u>Vehicle Schedule Continued:</u> 2012 Freightliner, S#2619 2012 Freightliner, S#2618 2012 Ford Transit, S#0729 2014 Ford F150, S#2896 2015 Gator, S#4605 2014 Ford F150, S#2897 2014 Freightliner, S#3695 2017 Gator, S#0715 2011 Pace TV Trl, S#215A 2017 Ford F350, S#3574 2017 Ford F250, S#8318 2017 Ford F150, S#0739 2000 Lawn Trl, S#1152

Peachtree City Water & Sewerage Authority

Insurance Summary

2020-2021 COVERAGES	20/21	21/22	2021-2022 COVERAGES
Inland Marine— Travelers Blanket Tools & Equipment: \$15,000 (\$2,500 Max Any One Item) Deductible: \$1,000 Rented & Leased Equipment - \$250,000 Limit(\$75,000 any one item) Equipment Schedule: 1987 Ram Jet Sewerage Cleaner \$ 5,000 Onen Generator \$15,000 Cat Yancy 416F2 Backhoe \$86,000 2007 New Holland Tractor \$12,570 2007 New Holland Tractor \$12,570 2012 Kawasaki Mule #5919 \$11,500 2012 Baldor Generator \$20,000 2012 Blue Phoenix Generator, S#2013 \$19,980 2012 Godwin Pump, S#7101/12 \$28,774 2012 Sullair Air Compressor, S#4088 \$11,332 2014 Bobcat E50 Excavator, S#1764 \$45,523 2014 Bobcat Track Loader, S#1626 \$46,405 1999 Grass Hopper, S#6645 \$10,000 2016 Grass Hopper, S#7105 \$11,117 2015 Grass Hopper, S#7465 \$11,928 2015 Grass Hopper, S#6120 \$10,818 2015 EZ GO Golf Cart, S#1703 \$ 7,195 2015 EZ GO Golf Cart, S#6477 \$ 7,195 2013 New Holland Tractor, S#9409 \$16,034 2013 New Holland Tractor, S#6714 \$20,940 2007 Woods Rotary Cutter, S#3212 \$ 1,884 2007 Woods Rotary Cutter, S#3213 \$ 1,884 2013 Woods Brush Cutter, S#2548 \$ 2,800 2013 Woods Brush Cutter, S#2494 \$ 2,500 2013 Dirt Dog Box Blade, S#0183 \$ 450 2013 Dirt Dog Box Blade, S#0027 \$ 550 2015 Blue Diamond, S#3010 \$ 4,970 Bobcat Grapple #0681 \$2,500 2014 Bobcat S550, S#2286 \$45,000 2014 Bobcat S550, S#2289 \$45,000 Unscheduled Equipment \$50,000	Included	Included	Inland Marine— Cincinnati * Blanket Tools & Equipment: \$15,000 (\$2,500 Max Any One Item) Deductible: \$1,000 Rented & Leased Equipment - \$250,000 Limit(\$75,000 any one item) Equipment Schedule: 1987 Ram Jet Sewerage Cleaner \$ 5,000 Onen Generator \$15,000 Cat Yancy 416F2 Backhoe \$86,000 2007 New Holland Tractor \$12,570 2007 New Holland Tractor \$12,570 2012 Kawasaki Mule #5919 \$11,500 2012 Baldor Generator \$20,000 2012 Blue Phoenix Generator, S#2013 \$19,980 2012 Godwin Pump, S#7101/12 \$28,774 2012 Sullair Air Compressor, S#4088 \$11,332 2014 Bobcat E50 Excavator, S#1764 \$45,523 2014 Bobcat Track Loader, S#1626 \$46,405 1999 Grass Hopper, S#6645 \$10,000 2016 Grass Hopper, S#7105 \$11,117 2015 Grass Hopper, S#7465 \$11,928 2015 Grass Hopper, S#6120 \$10,818 2015 EZ GO Golf Cart, S#1703 \$ 3,500 2015 EZ GO Golf Cart, S#6477 \$ 3,500 2013 New Holland Tractor, S#9409 \$16,034 2013 New Holland Tractor, S#6714 \$20,940 2007 Woods Rotary Cutter, S#3212 \$ 1,884 2007 Woods Rotary Cutter, S#3213 \$ 1,884 2013 Woods Brush Cutter, S#2548 \$ 2,800 2013 Woods Brush Cutter, S#2494 \$ 2,500 2013 Dirt Dog Box Blade, S#0183 \$ 450 2013 Dirt Dog Box Blade, S#0027 \$ 550 2015 Blue Diamond, S#3010 \$ 4,970 Bobcat Grapple #0681 \$2,500 2014 Bobcat S550, S#2286 \$45,000 2014 Bobcat S550, S#2289 \$45,000 2018 Golf Cart #6095 \$ 5,700 2018 Golf Cart #6075 \$ 5,700 Unscheduled Equipment \$50,000

Peachtree City Water & Sewerage Authority Insurance Summary

2020-2021 COVERAGES	20/21	21/22	2021-2022 COVERAGES
<u>Employment Practices Liability</u> – Travelers \$3,000,000 Aggregate \$1,000,000 Each Wrongful EPL offense Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts	Included	Included	<u>Employment Practices Liability</u> – Cincinnati * \$3,000,000 Aggregate \$3,000,000 Each Wrongful EPL offense Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts
<u>Public Entity Liability</u> – Travelers \$3,000,000 Total Limit \$1,000,000 Each Wrongful Act Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts	Included	Included	<u>Public Entity Liability</u> – Cincinnati * \$3,000,000 Total Limit \$3,000,000 Each Wrongful Act Claims Made Deductible: \$5,000 Retroactive Date: Full Prior Acts
<u>Flood & Earthquake</u> – Travelers \$1,000,000 Flood Limit – Excludes Zones A & B \$1,000,000 Earthquake Limit Deductible: \$25,000	Included	Included	<u>Flood & Earthquake</u> – Cincinnati * \$1,000,000 Flood Limit – Excludes Zones A & B \$1,000,000 Earthquake Limit Deductible: \$25,000
<u>CyberFirst Liability</u> - Travelers \$1,000,000 Network and Information Security \$1,000,000 Communications and Media Liability Retention: \$2,500	Included	Included	<u>Cyber Defense</u> - Cincinnati * \$1,000,000 Network and Information Security \$1,000,000 Communications and Media Liability \$1,000,000 Cyber Extortion \$1,000,000 Loss of Business Income Retention: \$5,000 *Notes Premium Rates Guaranteed for Three Years
Total Premium for 2020-2021	\$92,077	\$89,997	Total Premium for 2021-2022

A.M. Best Rating: **The Travelers** **A++** **The Cincinnati** **A+**



Marsh & McLennan Agency: Compensation Guide for Clients

ABOUT MARSH & MCLENNAN AGENCY

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

OUR COMMITMENT TO TRANSPARENCY AND COMPLIANCE

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

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

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

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

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

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

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

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

OUR COMPENSATION

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

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

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

RELATED PARTY TRANSACTIONS

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

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

STATEMENT REGARDING ALTERING COMPENSATION

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

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

QUESTIONS? JUST ASK.

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

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

A.M. BEST RATING SCALE

GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS

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

Financial Strength Ratings

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

Rating Modifiers

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

Outlooks

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

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

Not Rated Designation

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

Rating Disclosure

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

Best's Financial Strength Ratings are distributed via press release and/or the A.M. Best Web site at www.ambest.com and are published in the *Credit Rating Actions* section of *BestWeek*®. Best's Financial Strength Ratings are proprietary and may not be reproduced without permission.
Copyright © 2013 by A.M. Best Company, Inc.

Version 021712

DISCLAIMER

Proposal

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

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

Client Contracts

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

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

Compensation Disclosure (Including New York Regulation 194 Disclosure)

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

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

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

Collection Disclosure

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

AUTHORIZATION TO BIND

Named Insured: Peachtree City Water & Sewerage Authority

Choose the appropriate option:

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

Authorized Signature

Date

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

Authorized Signature

Date

To: Larry McNeil
Company: Peachtree City Water & Sewerage Authority
Address: 1127 Highway 74 South
Peachtree City, GA 30269

Date: March 16, 2021
From: Jason Ray, GISP
Copy to: File

Project: 2021 Long-Term Monitoring

Background Information:

The Peachtree City Water & Sewerage Authority (PCWASA) is required to perform annual long-term water quality monitoring to meet the requirements of its Watershed Protection Plan (WPP). This WPP was developed and approved by EPD in 2005. ISE proposes to implement the 2021 long-term monitoring activities required by PCWASA's WPP according to the scope, schedule, and fee described below.

Scope of Work:

Summary of Sampling Activities

ISE will conduct long-term water quality monitoring including sampling and analysis of physical and chemical parameters. Monitoring will be performed at five (5) locations as specified in PCWASA's existing WPP. These stations are described below:

Station ID	Station Location	Sampling Type
FC - 1	Flat Creek at Highway 74 Crossing	Water Quality, Biological
FC - 6	Flat Creek at Crabapple Road	Water Quality, Biological
FC - 7	Flat Creek at Dogwood Trail Crossing	Water Quality, Biological
LC - 1	Line Creek at Highway 85 Crossing	Water Quality
LC - 7	Line Creek at Palmetto-Tyrone Road Crossing (Castlewood Road)	Water Quality, Biological

Water samples will be collected and analyzed for the following chemical constituents:

- Temperature (*In-situ*)
- Dissolved Oxygen (*In-situ*)
- pH (*In-situ*)
- Turbidity (*In-situ*)
- Conductivity (*In-situ*)
- Fecal Coliform
- Total Kjeldahl Nitrogen (TKN)
- Hardness
- Total Suspended Solids (TSS)
- Ortho Phosphate
- Total Phosphorus
- Nitrate Nitrogen
- Nitrite Nitrogen
- Ammonia Nitrogen
- Dissolved Metals (Cadmium, Copper, Lead, Zinc)*

** Metals are sampled once per year during a wet weather sampling event.*

WORK AUTHORIZATION

Parameters identified as “*in-situ*” will be measured directly in the stream using a Horiba U-52 water quality meter. The remaining parameters will be analyzed in a laboratory.

Dry and wet weather sampling will be performed quarterly (four times per year) for all the above parameters except fecal coliform. Sampling will be conducted during one (1) dry weather event and one (1) wet weather event during the summer period from May – October and during one (1) dry weather event and one (1) wet weather event during the winter period from November – April.

ISE will perform bacteria sampling for fecal coliform to calculate quarterly (four per year) geometric means each requiring four (4) samples collected over a 30-day period (16 total sampling events).

ISE proposes to implement this work for the PCWASA according to the Scope of Work outlined below.

Task 1 – Water Quality Sampling and Analysis

ISE proposes to collect water quality data over sixteen (16) sampling events. These events will be divided into 4 distinct phases.

Task 1A – Winter Water Quality Monitoring

The initial water quality monitoring period will take place February to March and will consist of 4 separate sampling events at all five sites. The initial sampling event will focus on collecting water quality samples during a period preceded by at least 72-hours of no rainfall. This shall qualify as a “dry weather” event. This event will collect water quality samples to be tested for the aforementioned *in-situ*, chemical and bacteria parameters. Following this event, three additional sampling events will be conducted within 28 days and water quality samples will be tested for *in-situ* and bacteria parameters. These three events will be taken approximately every 7 days irrespective of the weather. Following completion of all four sampling events, ISE will submit a memo summarizing the monitoring results for this task.

Task 1B – Spring Water Quality Monitoring

The second water quality monitoring period will take place in May and will consist of 4 separate sampling events at all five sites. The initial sampling event will focus on collecting water quality samples during or immediately following a rainfall event of at least 0.2-inches of rainfall and preceded by a period of at least 72-hours of no rainfall. This shall qualify as a “wet weather” event. This event will collect water quality samples to be tested for the aforementioned *in-situ*, chemical and bacteria parameters as well as metals. Following this event, three additional sampling events will be conducted within 28 days and water quality samples will be tested for *in-situ* and bacteria parameters. These three events will be taken approximately every 7 days irrespective of the weather. Following completion of all four sampling events, ISE will submit a memo summarizing the monitoring results for this task.

Task 1C – Summer Water Quality Monitoring

The third water quality monitoring period will take place in August and will consist of 4 separate sampling events at all five sites. The initial sampling event will focus on collecting water quality samples during a period preceded by at least 72-hours of no rainfall. This shall qualify as a “dry weather” event. This event will collect water quality samples to be tested for the aforementioned *in-situ*, chemical, and bacteria parameters. Following this event, three additional sampling events will be conducted within 28 days and water quality samples will be tested for *in-situ* and bacteria parameters. These three events will be taken

WORK AUTHORIZATION

approximately every 7 days irrespective of the weather. Following completion of all four sampling events, ISE will submit a memo summarizing the monitoring results for this task.

Task 1D – Fall Water Quality Monitoring

The final water quality monitoring period will take place in November and will consist of 4 separate sampling events at all five sites. The initial sampling event will focus on collecting water quality samples during or immediately following a rainfall event of at least 0.2-inches of rainfall and proceeded by a period of at least 72-hours of no rainfall. This shall qualify as a “wet weather” event. This event will collect water quality samples to be tested for the aforementioned *in-situ*, chemical, and bacteria parameters. Following this event, three additional sampling events will be conducted within 28 days and water quality samples will be tested for *in-situ* and bacteria parameters. These three events will be taken approximately every 7 days irrespective of the weather.

Summary of Sampling Events

The following table provides a summary of the proposed water quality sampling schedule. ISE will subcontract with an EPA certified laboratory for all laboratory testing services.

Task	Event	Parameters to be Tested	Approximate Time Period	Season
Task 1A	Event #1	<i>In-situ</i> , Chemical, Bacteria (Dry Event)	February - March	Winter
	Event #2	<i>In-situ</i> , Bacteria		
	Event #3	<i>In-situ</i> , Bacteria		
	Event #4	<i>In-situ</i> , Bacteria		
Task 1B	Event #5	<i>In-situ</i> , Chemical, Bacteria, and Metals (Wet Event)	May	Summer
	Event #6	<i>In-situ</i> , Bacteria		
	Event #7	<i>In-situ</i> , Bacteria		
	Event #8	<i>In-situ</i> , Bacteria		
Task 1C	Event #9	<i>In-situ</i> , Chemical, Bacteria (Dry Event)	August	Summer
	Event #10	<i>In-situ</i> , Bacteria		
	Event #11	<i>In-situ</i> , Bacteria		
	Event #12	<i>In-situ</i> , Bacteria		
Task 1D	Event #13	<i>In-situ</i> , Chemical, Bacteria (Wet Event)	November	Winter
	Event #14	<i>In-situ</i> , Bacteria		
	Event #15	<i>In-situ</i> , Bacteria		
	Event #16	<i>In-situ</i> , Bacteria		

Task 2 – Biological Monitoring

ISE will subcontract CCR Environmental to perform macroinvertebrate and habitat assessments at all five (5) of the water quality monitoring sites and fish assessment at the four monitoring sites FC-1, FC-6, FC-7, and LC-7. This monitoring is required at least twice every five years and was last performed in 2017. All monitoring will be performed in accordance with the latest Georgia Department of Natural Resources (DNR) Standard Operating Procedures (SOPs).

Task 3 – Water Quality Evaluation and Report

Following completion of the water quality sampling activities, ISE will evaluate the data and prepare a water quality report summarizing the 2021 monitoring results. The water quality evaluation will include a

WORK AUTHORIZATION

comparison of the 2021 data with EPD or other appropriate guidelines for each parameter. If data indicate that water quality may be impacted by pollutants, potential pollutant sources will be identified. With the report, ISE will include a Certification Statement to be signed by PCWASA and the 2021 monitoring data entered into an EPD formatted spreadsheet saved to CD-ROM.

Deliverables

ISE will complete all sampling activities by December 31, 2021. ISE will prepare and submit one (1) copy of the following documents to both PCWASA and EPD prior to EPD's June 30, 2022 reporting deadline for watershed protection plans:

- Annual Water Quality Report
- Certification Statement
- EPD Spreadsheet of Water Quality Data (CD-ROM)

Schedule:

ISE will begin work following the execution of this Work Authorization. Sampling will be completed by December 31, 2021. Project deliverables will be completed and submitted to PCWASA and EPD by June 30, 2022.

Fee Estimate:

Task No.	Task Name	Contract Amount	Billing Type
1A	Winter Water Quality Monitoring	\$ 5,100	Lump sum
1B	Spring Water Quality Monitoring	\$ 5,300	Lump sum
1C	Summer Water Quality Monitoring	\$ 5,100	Lump sum
1D	Fall Water Quality Monitoring	\$ 5,100	Lump sum
2	Biological Monitoring	\$ 14,890	Lump sum
3	Water Quality Evaluation and Report	\$ 7,000	Lump sum
TOTAL		\$ 42,490	

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

Authorization:

Authorized by: _____ Title: _____

Print Name: _____ Date: _____

Terms and Conditions Included

WORK AUTHORIZATION

TERMS AND CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

WORK AUTHORIZATION

UNIT RATES – 2021 BILLING RATES Integrated Science & Engineering, Inc.

	Rate/Hour
Sr. Principal	\$ 215.00
Principal	\$ 195.00
Sr. Project Manager	\$ 170.00
Project Manager	\$ 160.00
Project Engineer III	\$ 150.00
Project Engineer II	\$ 140.00
Project Engineer I	\$ 130.00
Engineer II	\$ 115.00
Engineer I	\$ 105.00
Sr. Environmental Scientist	\$ 145.00
Environmental Scientist	\$ 115.00
Sr. Professional Land Surveyor	\$ 140.00
Survey Crew (2-person)	\$ 145.00
Survey Crew (1-person)	\$ 120.00
Planner	\$ 95.00
Technician III	\$ 115.00
Technician II	\$ 95.00
Technician I	\$ 85.00
Administrative	\$ 65.00
Subcontractor / Subconsultant	Cost + 15%
Reimbursables	Cost + 15%



To: Vanessa Fleisch, Chair
Company: Peachtree City Water & Sewerage Authority
Address: 1127 Highway 74 South
Peachtree City, GA 30269

Date: April 13, 2021
From: L.H. (Dan) Davis, Jr., P.E.
Copy to: File

Project: Sewer Extension Evaluation

Background Information:

The recent H.R. 1319 American Rescue Plan Act of 2021 includes generous local government aid that can be used for a wide variety of purposes, including building new water and wastewater infrastructure. It has been determined that the Peachtree City Water & Sewerage Authority (PCWASA) may receive funding through this program. Integrated Science & Engineering, Inc. (ISE) will investigate reasonable design alternatives and cost estimates for providing public sewer to areas along Hippocket Road, Huddleston Road, and Governors Square.

Scope of Work:

PCWASA has considered extending public sewer to areas along Hippocket Road and Huddleston Road for many years and has received inquiries for public sewer extension to areas of future and existing development on Governors Square and Peachtree Court. PCWASA now desires to proceed with several of these sewer extensions. ISE has prepared this Work Authorization to investigate the potential for extending sewer to each of these areas and provide information needed for PCWASA to make decisions on how to proceed with these projects.

Task 1 – Preliminary Design

ISE will complete schematic sewer designs for each of the three areas in consideration using available GIS data on PCWASA's collection system and topography for the city. Using the schematic designs, ISE will develop a preliminary cost estimate and evaluate any policy changes necessary for each extension.

ISE previously prepared schematic designs and cost estimates for extending public sewer to the Hippocket Road area, detailed in a technical memorandum dated April 3, 2018. The previous designs include a gravity collection system, a septic tank effluent pumping (STEP) system, and a combination of the two. As a part of this task, ISE will investigate other potential designs and provide updated cost estimates.

A gravity sewer design for the Huddleston Road area was completed by Arcadis in 1998. ISE provided a cost estimate for this design, included in the Wastewater Prioritization Plan completed in 2018. As part of this task, ISE will evaluate alternate sewer alignments and provide cost estimates for designs determined to be feasible.

WORK AUTHORIZATION

ISE will also develop a schematic sewer design to serve existing and future developments along Peachtree Court and Governors Square. This sewer extension will ultimately connect to the Shiloh Mobile Home Park pump station.

Task 2 – Technical Memorandum

ISE will prepare a technical memorandum to outline the preliminary designs and cost estimates. The memorandum will include schematics of each design and a brief description of advantages and disadvantages of each sewer extension. The memorandum will address and outline the responsibilities of the homeowners and PCWASA.

Schedule:

ISE is ready to commence this work immediately upon receipt of proper authorization. The work will be complete within four weeks of approval.

Fee Estimate:

Task No.	Task Name	Contract Amount	Billing Type
1	Preliminary Design	\$ 6,625	Lump sum
2	Technical Memorandum	\$ 5,805	Lump sum
TOTAL		\$ 12,430	

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

Authorization:

Authorized by: _____ Title: _____

Print Name: _____ Date: _____

Terms and Conditions Included

WORK AUTHORIZATION

TERMS AND CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

WORK AUTHORIZATION

UNIT RATES – 2021 BILLING RATES Integrated Science & Engineering, Inc.

	Rate/Hour
Sr. Principal	\$ 215.00
Principal	\$ 195.00
Sr. Project Manager	\$ 170.00
Project Manager	\$ 160.00
Project Engineer III	\$ 150.00
Project Engineer II	\$ 140.00
Project Engineer I	\$ 130.00
Engineer II	\$ 115.00
Engineer I	\$ 105.00
Sr. Environmental Scientist	\$ 145.00
Environmental Scientist	\$ 115.00
Sr. Professional Land Surveyor	\$ 140.00
Survey Crew (2-person)	\$ 145.00
Survey Crew (1-person)	\$ 120.00
Planner	\$ 95.00
Technician III	\$ 115.00
Technician II	\$ 95.00
Technician I	\$ 85.00
Administrative	\$ 65.00
Subcontractor / Subconsultant	Cost + 15%
Reimbursables	Cost + 15%



Quarterly Financial Report
March 31, 2021

PCWASA Cash Account Balances
March 31, 2021

1111 Revenue Operating Account	\$ 4,285,685
1112 Sinking Fund Account	\$ 548,679
1113 Renewal & Extension Account	\$ 8,982
1114 Capital Fund Account	\$ 7,555
1320 Georgia Fund One	\$ 3,723,980
	<u>\$ 8,574,880</u>

Peachtree City Water and Sewerage Authority
Financial Report
For the Fiscal Year Ending on September 30, 2021
Second Quarter Ending on March 31, 2021

	FY 2021 APPROVED BUDGET	FY 2021 ACTUAL/ ENCUMBRANCES	% Used YTD
Revenues - Rate	\$9,135,000	\$4,394,811	48.11%
Revenues - Fee	\$818,500	\$678,623	82.91%
Fund Balance	\$400,000	\$0	
Operating Fund Revenues	\$10,353,500	\$5,073,434	
Salaries, Wages, & Benefits	\$2,873,986	\$1,181,216	41.10%
Materials, Supplies, & Services	\$2,943,321	\$1,401,311	47.61%
Operation Expenditures	\$5,817,307	\$2,582,527	44.39%
Operating Surplus (Deficit)	\$4,536,193	\$2,490,907	
Oper Trfr-Sinking Fund	\$2,744,698	\$2,557,453	93.18%
Oper Trfr-Ren & Ext	\$350,000	\$0	0.00%
Oper Trfr-Capital	\$1,232,000	\$179,675	14.58%
Sub-Total	\$4,326,698	\$2,737,128	63.26%
Total All Expenditures	\$10,144,005	\$5,319,655	
Net Surplus (Deficit)	\$209,495	(\$246,221)	
Other Income (Expenditures)	\$0	\$0	
Total Surplus (Deficit)	\$209,495	(\$246,221)	

Percentage into Budget Year: 50%

** Total surplus(deficit) includes a bond payment of \$2,345,000