

Peachtree City Water & Sewerage Authority  
Regular Meeting  
Agenda  
Tuesday, March 15, 2022  
8:30 a.m.

- I. Pledge of Allegiance
- II. Public Comment
- III. Minutes  

January 18, 2022 - Regular Meeting Minutes
- IV. Reports
  - A. Authority Members
  - B. General Manager
- V. Quarterly Financial Report
- VI. Audit Report
- VII. Industrial Pre-Treatment Renewal Permit Appeal
- VIII. Executive Session – Real Estate, Personnel, Potential Litigation
- IX. 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

January 18, 2022

The Peachtree City Water and Sewerage Authority held its monthly meeting on Tuesday, January 18, 2022, in the break room and conference room of the John W. Gronner Administrative Center. The following individuals were present: Chairman Kim Learnard, Vice-Chairman Mike King, Treasurer/Secretary Gretchen Caola, Board Member Phil Prebor, Board Member Frank Destadio, Ms. Melissa Griffis (attorney with Horne & Griffis), Mr. Dan Davis (ISE), Ms. Leslie Baer (ISE), Ms. Millie Shah (WASA), Mr. Larry McNeil (WASA), Mr. Josh Thomas (Cpak Technology Solutions), and Mr. John Dufresne. Due to the COVID-19 pandemic and Governor Brian Kemp's Executive Order the Board members were located in the break room and the public was in the Board room for proper social distancing with live video and audio being fed into each room.

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

Ms. Griffis administered the Oath of Office to board members Ms. Learnard, Mr. King, Ms. Caola, Mr. Prebor, and Mr. Destadio. Ms. Learnard asked for nominations for the Vice-Chairman position. Mr. Prebor nominated Mr. King for the Vice-Chairman position, seconded by Ms. Caola. Motion carried. Ms. Learnard asked for nominations for the Treasurer/Secretary position. Mr. King nominated Mr. Prebor for the Treasurer/Secretary position, seconded by Ms. Caola. Ms. Caola withdrew her second, and Mr. King withdrew his nomination. Mr. Prebor nominated Ms. Caola for the Treasurer/Secretary position, seconded by Mr. Destadio. Motion carried.

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

Ms. Learnard asked for a motion to approve the December 14, 2021 regular meeting minutes. Mr. Destadio asked for clarification of a few items in the meeting minutes. There was some discussion regarding these items. Mr. King made a motion to approve the December 14, 2021 regular meeting minutes, seconded by Mr. Destadio. Motion carried.

There were no reports from the Authority members. Mr. Dan Davis provided a General Manager report, stating one employee recently retired and the open position will be advertised. Mr. Destadio asked how open positions are advertised. Ms. Baer responded positions are posted on Indeed, the Authority website and internally. Ms. Shah stated the Auditor has completed their work, the final audit will be presented in April, and a first quarter financial update will be presented next month.

Mr. Dan Davis discussed Property Committee appointments. Mr. Prebor nominated Ms. Learnard to serve on the Property Committee, seconded by Mr. King. Motion carried. Mr. Prebor nominated Mr. King to serve on the Property Committee, seconded by Ms. Caola. Motion carried. Ms. Caola made a motion to appoint Mr. Dan Davis and Mr. Larry McNeil to serve on the Property Committee, seconded by Mr. King. Motion carried.

Ms. Learnard asked for a motion to adjourn into Executive Session for the purpose of Real Estate, Personnel, and Potential Litigation. The motion was made by Mr. King and seconded by Mr. Prebor. Motion carried. The meeting was adjourned into Executive Session at 8:48 am.

The meeting was reconvened at 9:57 am.

Ms. Learnard asked for a motion to adjourn. The motion was made by Mr. King and seconded by Mr. Prebor. Motion carried. The meeting was adjourned at 9:57 am.

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Chairman – Kim Learnard

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Vice Chairman – Mike King



**Quarterly Financial Report  
December 31, 2021**

**PCWASA Cash Account Balances  
December 31, 2021**

|                                  |                      |
|----------------------------------|----------------------|
| 1111 Revenue Operating Account   | \$ 5,841,898         |
| 1112 Sinking Fund Account        | \$ 1,535,309         |
| 1113 Renewal & Extension Account | \$ 9,040             |
| 1114 Capital Fund Account        | \$ 7,571             |
| 1320 Georgia Fund One            | \$ 3,725,684         |
|                                  | <u>\$ 11,119,502</u> |

Peachtree City Water and Sewerage Authority  
 Financial Report  
 For the Fiscal Year Ending on September 30, 2022  
 First Quarter Ending on December 31, 2021

|                                    | <b>FY 2022<br/>APPROVED<br/>BUDGET</b> | <b>FY 2022<br/>ACTUAL/<br/>ENCUMBRANCES</b> | <b>% Used YTD</b> |
|------------------------------------|--|---|-------------------|
| Revenues - Rate                    | \$9,380,470                            | \$2,357,109                                 | 25.13%            |
| Revenues - Fee                     | \$866,750                              | \$328,000                                   | 37.84%            |
| Fund Balance                       | \$1,100,000                            | \$0   |                   |
| <b>Operating Fund Revenues</b>     | <b>\$11,347,220</b>                    | <b>\$2,685,109</b>                          |                   |
| Salaries, Wages, & Benefits        | \$3,052,352                            | \$730,648                                   | 23.94%            |
| Materials, Supplies, & Services    | \$3,595,642                            | \$906,502                                   | 25.21%            |
| <b>Operation Expenditures</b>      | <b>\$6,647,994</b>                     | <b>\$1,637,150</b>                          | <b>24.63%</b>     |
| <b>Operating Surplus (Deficit)</b> | <b>\$4,699,226</b>                     | <b>\$1,047,959</b>                          |                   |
| Oper Trfr-Sinking Fund             | \$2,749,787                            | \$0   | 0.00%             |
| Oper Trfr-Ren & Ext                | \$350,000                              | \$0   | 0.00%             |
| Oper Trfr-Capital                  | \$1,418,865                            | \$198,748                                   | 14.01%            |
| <b>Sub-Total</b>                   | <b>\$4,518,652</b>                     | <b>\$198,748</b>                            | <b>4.40%</b>      |
| <b>Total All Expenditures</b>      | <b>\$11,166,646</b>                    | <b>\$1,835,898</b>                          |                   |
| <b>Net Surplus (Deficit)</b>       | <b>\$180,574</b>                       | <b>\$849,211</b>                            |                   |
| <b>Other Income (Expenditures)</b> | <b>\$0</b>                             | <b>\$0</b>                                  |                   |
| <b>Total Surplus (Deficit)</b>     | <b>\$180,574</b>                       | <b>\$849,211</b>                            |                   |

Percentage into Budget Year: 25%

\*Preliminary and unaudited

**PEACHTREE CITY WATER &  
SEWERAGE AUTHORITY**

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

**FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2021**

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## FINANCIAL REPORT SEPTEMBER 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the **Peachtree City Water & Sewerage Authority** (the "Authority"), a blended component unit of Peachtree City, Georgia, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, a component unit of Peachtree City, Georgia, as of September 30, 2021, 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 February 8, 2022, 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  
February 8, 2022

# PEACHTREE CITY WATER AND SEWERAGE AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2021

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### 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, 2021, 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 2021, the Authority generated a 172% 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 27 full-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 the Fiscal Year 2021 are as follows:

- The financial position continues to be strong. The Authority's assets exceeded its liabilities by \$29,541,931 (*net position*). Of this amount, \$11,010,680 (*unrestricted net position*) may be used to meet the Authority's ongoing obligations.
- The Authority's total net position at September 30, 2021, increased by \$2,303,996, or 8.45% from the previous year. This change is further reflected in the Authority's Statement of Revenues, Expenses, and Changes in Net Position.
- Total operating revenues of the Authority were \$10,438,793, and total operating expenses were \$7,658,096.
- The Authority served approximately 11,565 sewer customers and billed approximately 1.10 billion gallons of wastewater.

### Overview of the Financial Statements

The Financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the Management's Discussion and Analysis, 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

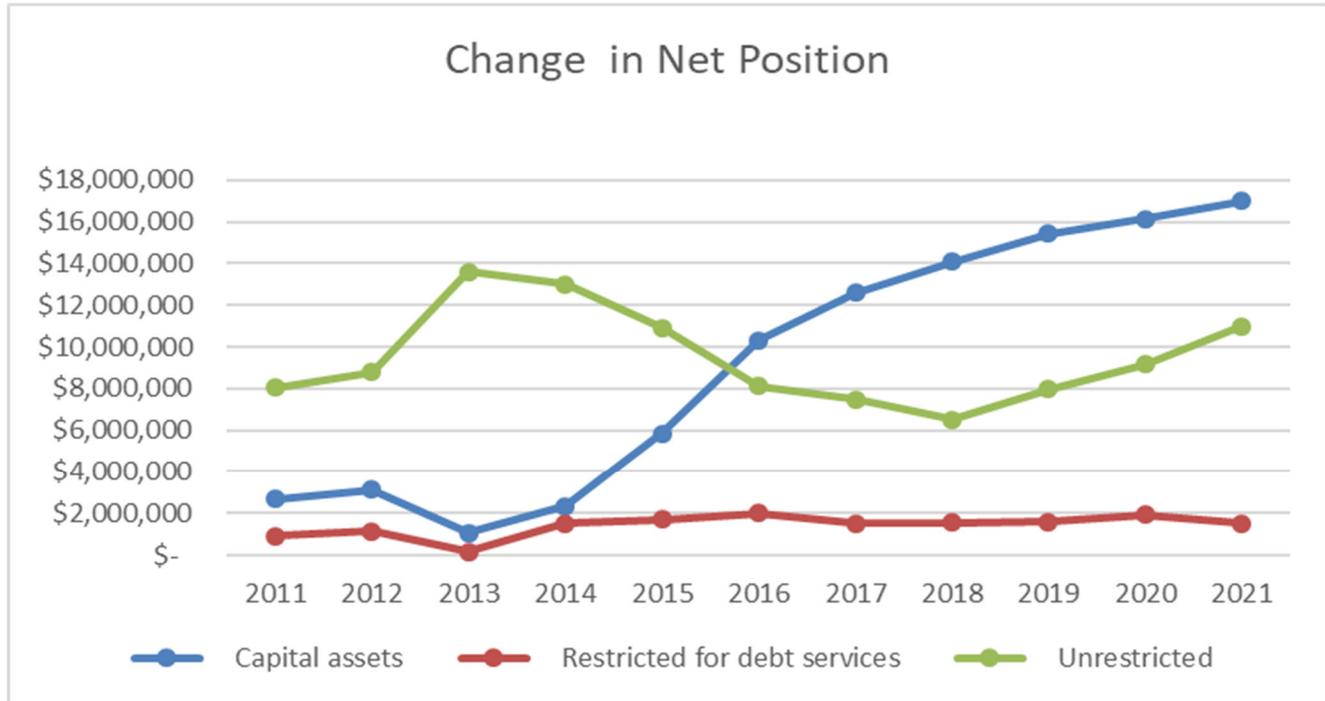
| Net Position                     | 2021                | 2020                | \$ Chg.            | % Chg.  | % Net Position |
|----------------------------------|---------------------|---------------------|--------------------|---------|----------------|
| Net Investment in Capital Assets |                     |                     |                    |         |                |
| Assets                           | \$17,019,120        | \$16,141,733        | \$877,387          | 5.44%   | 57.61%         |
| Restricted                       | 1,512,131           | 1,922,869           | -410,738           | -21.36% | 5.12%          |
| Unrestricted                     | 11,010,680          | 9,173,333           | 1,837,347          | 20.03%  | 37.27%         |
| Total Net Position               | <u>\$29,541,931</u> | <u>\$27,237,935</u> | <u>\$2,303,996</u> |         | <u>100.00%</u> |

The largest portion (57.61%) 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 \$877,387, or 5.44%, compared to the previous year. The Net Investment in Capital Assets is calculated by taking the depreciated value of the capital assets \$28,114,153 and subtracting the associated outstanding bonds of \$11,095,034. In Fiscal Year 2021, the Authority recognized \$1,947,918 in depreciation expense. The overall increase in this component of net position is due to the completion of capital projects and a 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 \$1,837,347 or 20.03%, compared to the previous year.



### Analysis of Current Assets

| Current Asset Classification | 2021                 | 2020                 | \$ Chg.             | % Chg.        | % Current Assets |
|------------------------------|----------------------|----------------------|---------------------|---------------|------------------|
| <b>Unrestricted:</b>         |                      |                      |                     |               |                  |
| Cash and Cash Equivalents    | \$ 5,270,253         | \$ 3,260,239         | \$ 2,010,014        | 61.65%        | 43.06%           |
| Investments                  | 3,725,218            | 3,723,249            | 1,969               | 0.05%         | 30.44%           |
| Accounts Receivable, net     | 1,664,576            | 1,635,194            | 29,382              | 1.80%         | 13.60%           |
| Prepaid expenses             | 27,001               | 74,718               | (47,717)            | -63.86%       | 0.22%            |
| Inventory                    | 9,633                | 9,038                | 595                 | 6.58%         | 0.08%            |
|                              | <b>\$ 10,696,681</b> | <b>\$ 8,702,438</b>  | <b>\$ 1,994,243</b> | <b>22.92%</b> | <b>87.40%</b>    |
| <b>Restricted:</b>           |                      |                      |                     |               |                  |
| Cash and cash Equivalents    | 1,542,133            | 1,956,907            | (414,774)           | -21.20%       | 12.60%           |
|                              | <b>\$ 12,238,814</b> | <b>\$ 10,659,345</b> | <b>\$ 1,579,469</b> | <b>14.82%</b> | <b>100.00%</b>   |

Unrestricted Current Assets increased by \$2,010,014 or 61.65% 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, 2021, \$3,725,218 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Restricted cash consists of cash in the Sinking Fund for the debt service reserves.

### Analysis of Capital Assets

| Capital Assets                | 2021          | 2020          | \$ Chg.        | % Chg. |
|-------------------------------|---------------|---------------|----------------|--------|
| Capital asset not depreciated | \$ 1,966,826  | \$ 2,109,580  | \$ (142,754)   | -6.77% |
| Capital assets depreciated    | 64,594,040    | 63,954,286    | 639,754        | 1.00%  |
| Depreciation                  | 38,446,713    | 36,498,795    | 1,947,918      | 5.34%  |
| Depreciable property net      | 26,147,327    | 27,455,491    |                |        |
| Total Capital Assets, net     | \$ 28,114,153 | \$ 29,565,071 | \$ (1,450,918) |        |

The largest portion (57.61%) of the Authority's net position is invested in capital assets (land, infrastructure, building, and equipment). At September 30, 2021, the Authority invested \$28,114,153 (net of accumulated depreciation) invested in land, land improvements, buildings, system improvements, machinery and equipment, furniture and fixtures, and construction in progress. The capital assets increased by \$639,754 from September 30, 2020, which resulted from current year additions in excess of current year depreciation. The decrease of \$142,754, in capital assets not depreciated is resulted from a sale of land adjacent to the main office building to Fayette County.

### Analysis of Current Liabilities

| Liabilities             | 2021         | 2020         | \$ Chg.    | % Chg. |
|-------------------------|--------------|--------------|------------|--------|
| Accounts payable        | \$ 586,002   | \$ 495,771   | \$ 90,231  | 18.2%  |
| Interest Payable        | 30,001       | 34,039       | (4,038)    | -11.9% |
| Revenue bond Payable    | 2,405,000    | 2,345,000    | 60,000     | 2.6%   |
| Long-term Bonds Payable | \$ 3,021,003 | \$ 2,874,810 | \$ 146,193 |        |

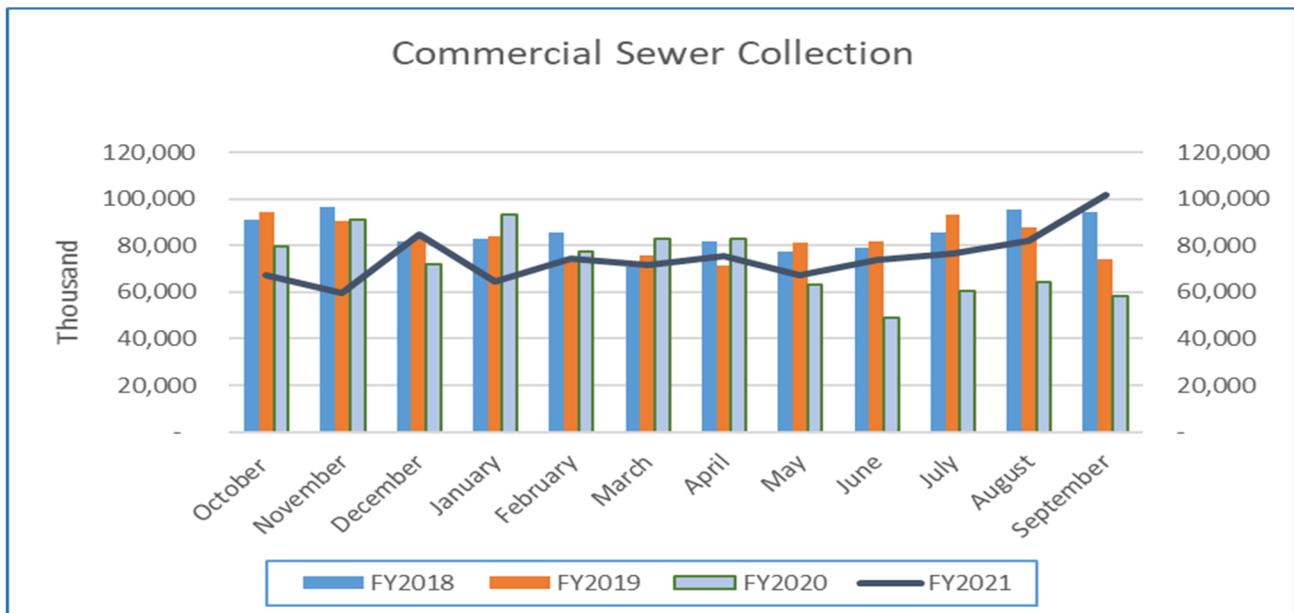
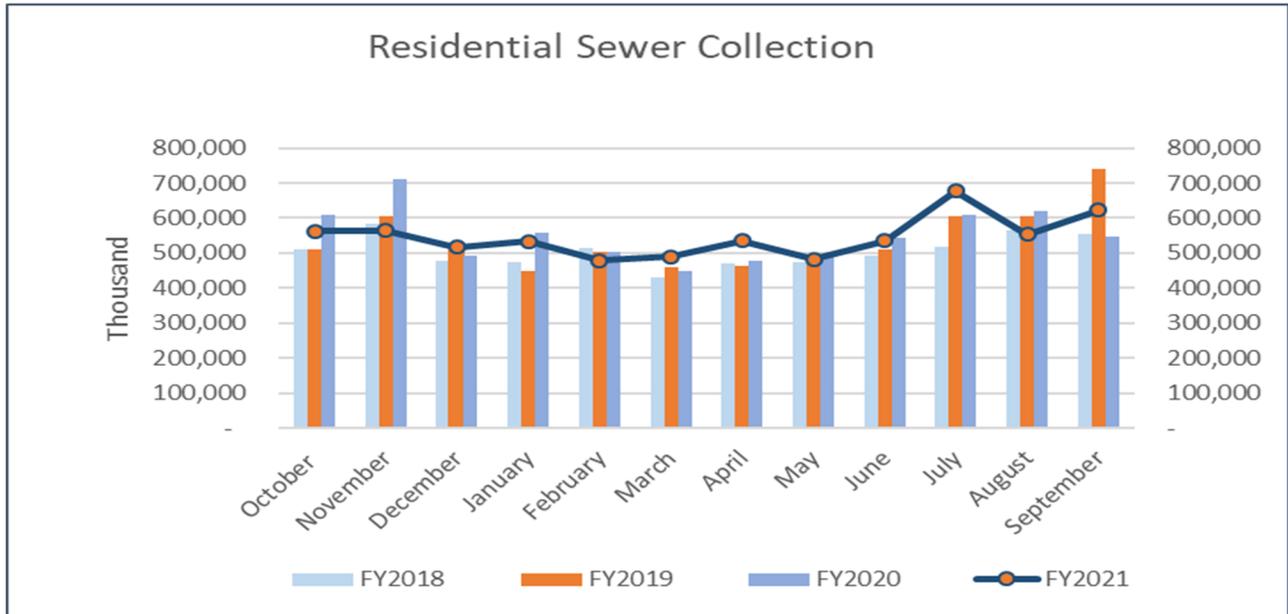
Accounts Payable increased by \$90,231 or 18.2% from the previous year. This is due to a timing difference of payment to vendors between years and properly recognizing expenses in the year they were incurred. The Authority's debt consists of revenue bonds and compensated absences. At September 30, 2021, the Authority had outstanding long-term debt of \$8,757,530 compared to the September 30, 2020 total of \$11,274,425.

### Analysis of Revenues

| Operating Revenues      | 2021          | 2020          | \$ Change  | % Change | % of Operating Revenue |
|-------------------------|---------------|---------------|------------|----------|------------------------|
| Sewer Services          | \$ 9,202,588  | \$ 9,126,720  | \$ 75,868  | 0.83%    | 88.10%                 |
| Septage                 | 516,305       | 208,254       | 308,051    | 147.92%  | 4.94%                  |
| Other Operating Revenue | 726,528       | 724,038       | 2,490      | 0.34%    | 6.96%                  |
|                         | \$ 10,445,421 | \$ 10,059,012 | \$ 386,409 | 3.84%    | 100.00%                |

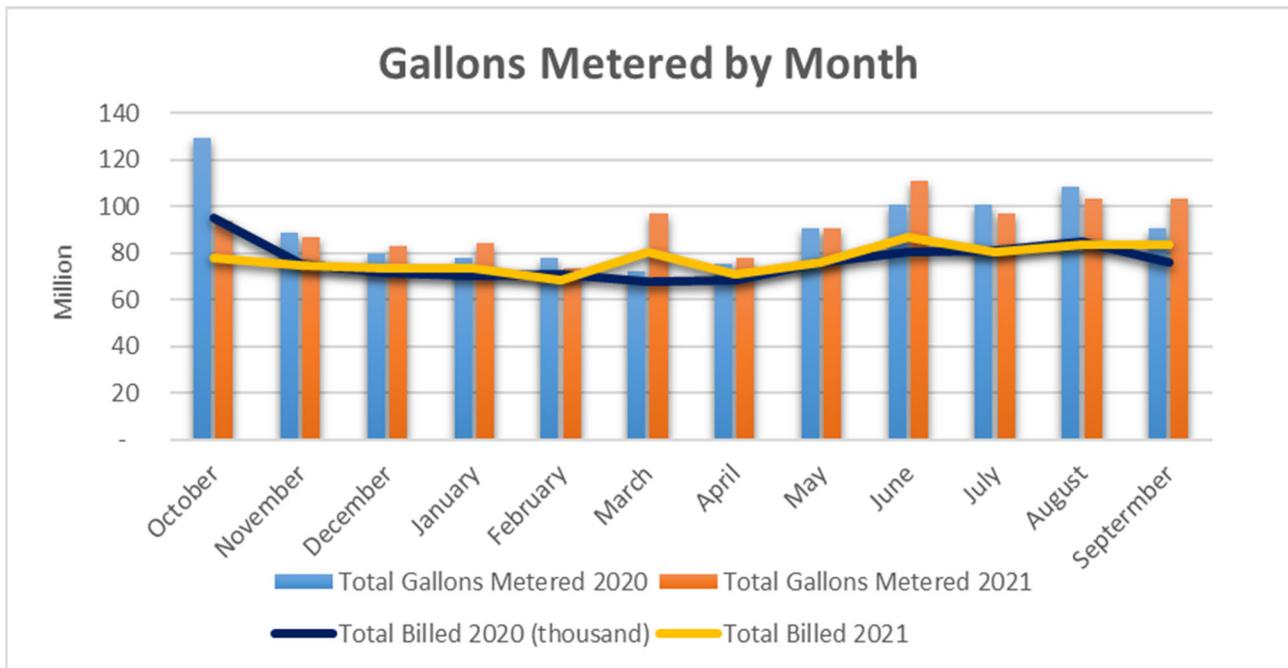
## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the 2021 Fiscal Year, the operating revenues of the Authority totaled \$10,445,421, an increase of \$386,409 or 3.84% compared to the previous year's revenues of \$10,059,012. 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 \$5,842 and commercial sewer revenue increased by \$24,418 compared to the previous year.



## MANAGEMENT’S DISCUSSION AND ANALYSIS

Towards the end of Fiscal Year 2021, the Authority noted a slight increase in commercial usage and an increase in residential usage, which was attributed to people returning to work due to a decrease in COVID-19 cases. Other operating revenues returned to near-normal levels, while investment income continued to erode due to persistently low rates of return in the investment market. Connection fees increased dramatically because of several large residential projects tying into the Authority’s sewer infrastructure. Total connection fees increased by \$96,250 or 17% compared to the previous year. Strong connection fee revenues served to offset the overall impact of the decrease in penalties and the late fee charged by the Fayette County Water Authority.



### Top Ten Customer

| Customer                             | Gallons Metered    | Sewer Fees           | % of Total  |
|--------------------------------------|--------------------|----------------------|-------------|
| SHILOH                               | 17,247,020         | \$112,120.97         | 15%         |
| HOSHIZAKI AMERICA                    | 16,068,280         | \$ 99,131.93         | 13%         |
| SUMMIT PROPERTIES                    | 15,836,090         | \$ 98,015.96         | 13%         |
| VR BALMORAL HOLDNG LP                | 15,437,170         | \$ 95,250.61         | 12%         |
| UNIVERSAL ENVIRONMENTAL SERVICES     | 14,244,000         | \$ 87,912.60         | 11%         |
| RETREAT @ PTC APARTMENTS             | 11,344,810         | \$ 70,082.58         | 9%          |
| GE APARTMENTS RETREAT KEDRON VILLAGE | 9,826,190          | \$ 60,743.07         | 8%          |
| FPA 6 FAIRWAYS LLC                   | 8,121,420          | \$ 50,258.74         | 7%          |
| ABERDEEN WOODS CONFERENCE CENTER     | 7,920,450          | \$ 49,022.78         | 6%          |
| SIGVARIS INC                         | 7,804,400          | \$ 48,309.08         | 6%          |
| <b>Total</b>                         | <b>123,849,830</b> | <b>\$ 770,848.32</b> | <b>100%</b> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Analysis of Expenses

| Operating Expenses                     | 2021               | 2020                | \$ Change        | % Change | % of Operating Expenses |
|--|--------------------|---------------------|------------------|----------|-------------------------|
| Salaries, wages, and employee benefits | \$ 2,481,236       | \$ 2,328,967        | \$ 152,269       | 6.5%     | 44.0%                   |
| Plant Operations                       | 1,997,973          | 1,766,314           | 231,659          | 13.1%    | 35.4%                   |
| Consulting and Legal                   | 697,457            | 714,492             | (17,035)         | -2.4%    | 12.4%                   |
| Other operating expenses               | 466,845            | 415,085             | 51,760           | 12.5%    | 8.3%                    |
|  | <u>5,643,511</u>   | <u>5,224,858</u>    | <u>418,653</u>   |          | <u>100.00%</u>          |
| Depreciation and Amortization          | 2,014,585          | 2,113,345           | (98,760)         |          |                         |
| Total Expenses                         | <u>\$7,658,096</u> | <u>\$ 7,338,203</u> | <u>\$319,893</u> |          |                         |

The Authority maintained its sound financial condition by exercising prudent fiscal discipline. For the 2021 Fiscal Year, the operating expenses for the Authority totaled \$7,658,096 an increase of \$319,893 or 4.35% compared to the previous year's expenses of \$7,338,203. The plant operations increased by \$231,659 or 13.1% compared to the previous years. The bulk of the increase in employment costs of \$152,269 or 6.5% was due to an increase in group medical costs and cost of living adjustment. The Authority did not have any furloughs or layoffs because of COVID-19.

### 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.

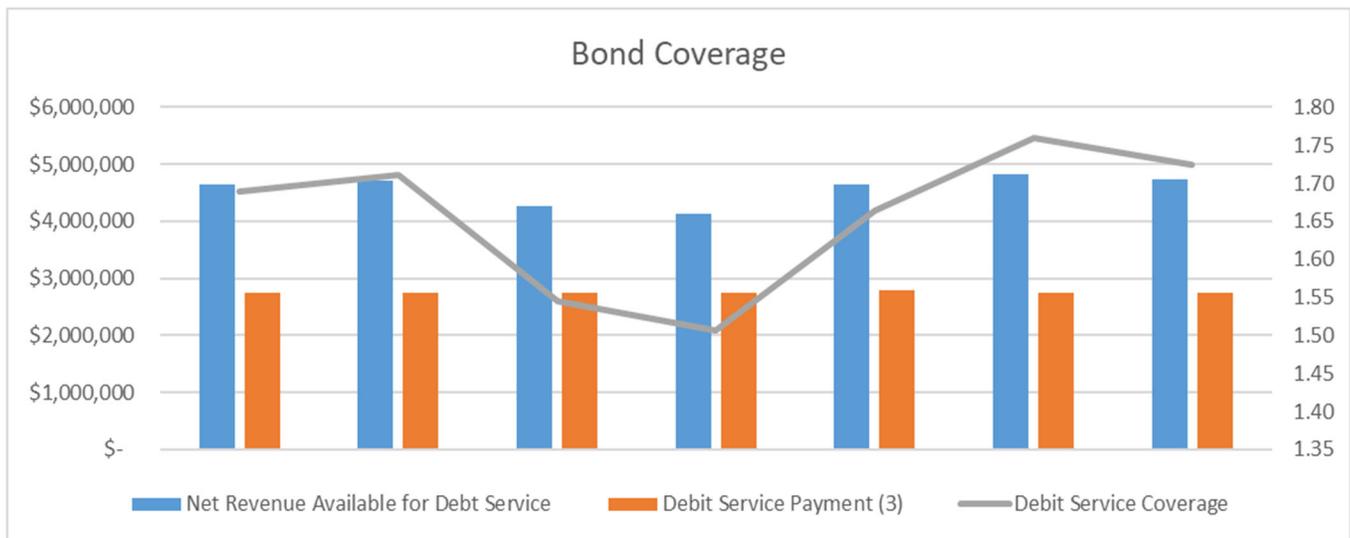
As of September 30, 2021, the Authority was obligated to make the annual payments in the following table:

|      | 2013A Series        |                     | 2013B Series        |                  | Total                |
|------|---------------------|---------------------|---------------------|------------------|----------------------|
|      | Principal           | Interest            | Principal           | Interest         |                      |
| 2022 | \$ -                | \$ 300,000          | \$ 2,405,000        | \$ 4,787         | \$ 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>\$ 1,052,400</u> | <u>\$ 2,970,000</u> | <u>\$ 52,330</u> | <u>\$ 11,874,730</u> |

## MANAGEMENT’S DISCUSSION AND ANALYSIS

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 |               |              |              |              |              |
|-------------------------|---------------------|---------------|--------------|--------------|--------------|--------------|
|                         | 2021                | 2020          | 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         |



### 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.

## **FINANCIAL SECTION**

**PEACHTREE CITY WATER & SEWERAGE AUTHORITY**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

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| <b>ASSETS</b>                                |               |
|--|---------------|
| <b>CURRENT ASSETS</b>                        |               |
| Cash and cash equivalents                    | \$ 5,270,253  |
| Investments                                  | 3,725,218     |
| Accounts receivable, net                     | 1,664,576     |
| Prepaid expenses                             | 27,001        |
| Inventory                                    | 9,633         |
|  | <hr/>         |
| Total current assets                         | 10,696,681    |
|  | <hr/>         |
| <b>RESTRICTED ASSETS</b>                     |               |
| Cash and cash equivalents                    | 1,542,133     |
|  | <hr/>         |
| Total restricted assets                      | 1,542,133     |
|  | <hr/>         |
| <b>CAPITAL ASSETS</b>                        |               |
| Non-depreciable                              | 1,966,826     |
| Depreciable, net of accumulated depreciation | 26,147,327    |
| Total capital assets, net                    | 28,114,153    |
|  | <hr/>         |
| Total assets                                 | \$ 40,352,967 |
|  | <hr/> <hr/>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        |               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>        |               |
| Deferred bond refunding loss                 | \$ 67,497     |
| Goodwill                                     | 900,000       |
|  | <hr/>         |
| Total deferred outflows of resources         | \$ 967,497    |
|  | <hr/> <hr/>   |

(Continued)

**PEACHTREE CITY WATER & SEWERAGE AUTHORITY**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

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| <b>LIABILITIES</b>                    |                      |
|---------------------------------------|----------------------|
| <b>CURRENT LIABILITIES</b>            |                      |
| Payable from current assets:          |                      |
| Accounts payable and accrued expenses | \$ 586,002           |
|                                       | <u>586,002</u>       |
| Payable from restricted assets:       |                      |
| Interest payable                      | 30,001               |
| Revenue bonds payable, current        | 2,405,000            |
|                                       | <u>2,435,001</u>     |
| Total current liabilities             | <u>3,021,003</u>     |
| <b>LONG-TERM LIABILITIES</b>          |                      |
| Revenue bonds payable, net            | <u>8,757,530</u>     |
| Total liabilities                     | <u>\$ 11,778,533</u> |
| <b>NET POSITION</b>                   |                      |
| <b>NET POSITION</b>                   |                      |
| Net investment in capital assets      | \$ 17,019,120        |
| Restricted for debt service           | 1,512,131            |
| Unrestricted                          | <u>11,010,680</u>    |
| Total net position                    | <u>\$ 29,541,931</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, 2021**

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|   |                      |
|---|----------------------|
| <b>Operating revenues:</b>                |                      |
| Charges for services                      | \$ 10,438,793        |
| <b>Operating expenses:</b>                |                      |
| Salaries, wages and employee benefits     | 2,481,236            |
| Plant operations                          | 1,997,973            |
| Consulting and legal                      | 697,457              |
| Amortization expense                      | 66,667               |
| Depreciation expense                      | 1,947,918            |
| Other operating expenses                  | 466,845              |
| Total operating expenses                  | <u>7,658,096</u>     |
| Operating income                          | <u>2,780,697</u>     |
| <b>Non-operating revenues (expenses):</b> |                      |
| Interest income                           | 6,628                |
| Interest expense                          | (412,354)            |
| Loss on sale of capital assets            | (70,975)             |
| Total non-operating expenses, net         | <u>(476,701)</u>     |
| Change in net position                    | 2,303,996            |
| <b>Net position, beginning of year</b>    | <u>27,237,935</u>    |
| <b>Net position, end of year</b>          | <u>\$ 29,541,931</u> |

**See Notes to Financial Statements.**

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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### CASH FLOWS FROM OPERATING ACTIVITIES

|   |               |
|---|---------------|
| Receipts from customers and users         | \$ 10,409,411 |
| Payments to suppliers                     | (2,975,709)   |
| Payments to employees                     | (2,530,449)   |
|   | <hr/>         |
| Net cash provided by operating activities | 4,903,253     |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|   |             |
|---|-------------|
| Purchases of capital assets                               | (639,754)   |
| Proceeds from sale of capital assets                      | 71,779      |
| Principal payments on long-term debt                      | (2,345,000) |
| Payment of interest on bonds                              | (399,697)   |
|   | <hr/>       |
| Net cash used in capital and related financing activities | (3,312,672) |

### CASH FLOWS FROM INVESTING ACTIVITIES

|   |         |
|---|---------|
| Purchase of investments                   | (1,969) |
| Interest received                         | 6,628   |
|   | <hr/>   |
| Net cash provided by investing activities | 4,659   |

|  |                           |
|--|---------------------------|
| Net increase in cash and cash equivalents  | 1,595,240                 |
| Cash and cash equivalents (including restricted amounts of \$1,956,907), beginning of year | <hr/> 5,217,146           |
| Cash and cash equivalents (including restricted amounts of \$1,542,133), end of year       | <hr/> <u>\$ 6,812,386</u> |

### RECONCILIATION OF OPERATING INCOME TO NET

#### CASH PROVIDED BY OPERATING ACTIVITIES

|   |                     |
|---|---------------------|
| Operating income  | \$ 2,780,697        |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                     |
| Depreciation and amortization expense   | 2,014,585           |
| Changes in assets and liabilities:  |                     |
| Increase in accounts receivable   | (29,382)            |
| Decrease in prepaid expenses  | 47,717              |
| Increase in inventory   | (595)               |
| Increase in accounts payable  | 139,444             |
| Decrease in accrued payroll and compensated absences                                    | (49,213)            |
|   | <hr/>               |
| Net cash provided by operating activities   | <u>\$ 4,903,253</u> |

See Notes to Financial Statements.

# PEACHTREE CITY WATER & SEWERAGE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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### NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Business**

On March 31, 1987, the General Assembly of the State of Georgia approved enabling legislation to create the Peachtree City Water & Sewerage Authority (the "Authority").

The purpose of the Authority is to manage the sewer systems of Peachtree City, Georgia (the "City") and they are empowered to do all things necessary to accomplish this purpose. The Authority is a utility charged with the collection and treatment of public, commercial, and industrial wastewater within the City. The Authority owns and operates the entire sewer system infrastructure located in the City. The Authority's related services include waste treatment, maintenance of sewer lines, and installation of new sewer lines.

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

#### **Significant Accounting Policies**

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

#### **Basis of Presentation**

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

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant Accounting Policies (Continued)

##### Fund Accounting

The Authority uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The fund presented in this report is a Proprietary Fund Type – *Enterprise Fund*. Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

##### Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on the *flow of economic resources measurement focus* and use the *accrual basis of accounting*. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net position. Net position is segregated into net investment in capital assets and restricted and unrestricted net position components. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net position. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

##### Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant Accounting Policies (Continued)

##### Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority.

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity date of three months or less, and customer deposits to be cash equivalents. Investments are stated at fair value.

##### Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond September 30, 2021, are recorded as prepaid expenses.

##### Receivables

All receivables are reported at their gross value and are reduced by the estimated portion that is expected to be uncollectible. Unbilled revenues are recognized at the end of each fiscal year based on billings during the month following the close of the fiscal year.

##### Restricted Assets

The Authority, because of certain bond covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt and purchase additional equipment and improvements.

##### Capital Assets

Capital assets are carried at cost. Donated capital assets are recorded at acquisition value. Capital assets of the Authority are depreciated using the straight-line method over the following useful lives:

|                |               |
|----------------|---------------|
| Vehicles       | 5 years       |
| Equipment      | 10 years      |
| Sewer plants   | 10 – 25 years |
| Pump stations  | 20 years      |
| Pipeline       | 50 years      |
| Buildings      | 50 years      |
| Infrastructure | 50 years      |

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant Accounting Policies (Continued)

##### Capital Assets (Continued)

Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation is eliminated from the accounts and a gain or loss is recognized.

##### Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use, either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position is those amounts, because of certain bond covenants, that can be used only to service outstanding debt and purchase additional equipment and improvements.

##### Bond Premium/Discount and Issuance Costs

Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums and discounts are presented as an addition and reduction, respectively, of the face amount of bonds payable. Bond issuance costs are expensed in the period incurred.

##### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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.

## NOTES TO FINANCIAL STATEMENTS

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

#### Significant Accounting Policies (Continued)

##### Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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.

### 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, 2021, the Authority's deposits were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

**Interest Rate Risk.** The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of September 30, 2021, the Authority had the following investments:

| <u>Investment Type</u> | <u>Maturities (Days)</u> | <u>Fair Value</u>   |
|------------------------|--------------------------|---------------------|
| Georgia Fund 1         | 40                       | \$ 3,725,218        |
| Total Fair Value       |                          | <u>\$ 3,725,218</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, 2021, 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, 2021:

|                                   |                     |
|-----------------------------------|---------------------|
| Accounts receivable               | \$ 1,692,480        |
| Less allowance for uncollectibles | 27,904              |
| Net total receivables             | <u>\$ 1,664,576</u> |

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2021, is as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>      | <u>Decreases</u>    | <u>Ending<br/>Balance</u> |
|---|------------------------------|-----------------------|---------------------|---------------------------|
| Capital assets, not<br>being depreciated: |                              |                       |                     |                           |
| Land                                      | \$ 1,609,580                 | \$ -                  | \$ (142,754)        | \$ 1,466,826              |
| Assets to be<br>disposed of               | 500,000                      | -                     | -                   | 500,000                   |
| Total                                     | <u>2,109,580</u>             | <u>-</u>              | <u>(142,754)</u>    | <u>1,966,826</u>          |
| Capital assets, being<br>depreciated:     |                              |                       |                     |                           |
| Land improvements                         | 67,486                       | -                     | -                   | 67,486                    |
| Buildings                                 | 1,924,105                    | -                     | -                   | 1,924,105                 |
| Vehicles and equipment                    | 4,297,621                    | 167,080               | -                   | 4,464,701                 |
| Infrastructure                            | 395,853                      | -                     | -                   | 395,853                   |
| Sewer plants and pump stations            | 37,041,800                   | 472,674               | -                   | 37,514,474                |
| Pipeline                                  | 20,227,421                   | -                     | -                   | 20,227,421                |
| Total                                     | <u>63,954,286</u>            | <u>639,754</u>        | <u>-</u>            | <u>64,594,040</u>         |
| Less accumulated<br>depreciation for:     |                              |                       |                     |                           |
| Land improvements                         | 22,085                       | 3,785                 | -                   | 25,870                    |
| Buildings                                 | 646,004                      | 38,482                | -                   | 684,486                   |
| Vehicles and equipment                    | 4,001,203                    | 161,720               | -                   | 4,162,923                 |
| Infrastructure                            | 74,704                       | 9,683                 | -                   | 84,387                    |
| Sewer plants and pump stations            | 26,102,508                   | 1,327,381             | -                   | 27,429,889                |
| Pipeline                                  | 5,652,291                    | 406,867               | -                   | 6,059,158                 |
| Total                                     | <u>36,498,795</u>            | <u>1,947,918</u>      | <u>-</u>            | <u>38,446,713</u>         |
| Depreciable property, net                 | <u>27,455,491</u>            | <u>(1,308,164)</u>    | <u>-</u>            | <u>26,147,327</u>         |
| Total capital assets, net                 | <u>\$ 29,565,071</u>         | <u>\$ (1,308,164)</u> | <u>\$ (142,754)</u> | <u>\$ 28,114,153</u>      |

Depreciation expense for the year ended September 30, 2021, was \$1,947,918.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. LONG-TERM DEBT

The following is a summary of long-term debt activity of the Authority as of and for the year ended September 30, 2021:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|------------------|-----------------------|---------------------------|--------------------------------|
| Revenue bonds                                    | \$ 13,115,000                | \$ -             | \$ (2,345,000)        | \$ 10,770,000             | \$ 2,405,000                   |
| Bond premium                                     | 504,425                      | -                | (111,895)             | 392,530                   | -                              |
| Revenue bonds, net                               | <u>13,619,425</u>            | <u>-</u>         | <u>(2,456,895)</u>    | <u>11,162,530</u>         | <u>2,405,000</u>               |
| Compensated<br>absences (in accrued<br>expenses) | 92,204                       | 53,379           | (71,438)              | 74,145                    | 74,145                         |
|  | <u>\$ 13,711,629</u>         | <u>\$ 53,379</u> | <u>\$ (2,528,333)</u> | <u>\$ 11,236,675</u>      | <u>\$ 2,479,145</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>        |
|---|---------------------|---------------------|---------------------|
| 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                                    | 1,505,000           | 92,900              | 1,597,900           |
| 2027                                    | 1,570,000           | 31,400              | 1,601,400           |
|   | <u>\$ 7,800,000</u> | <u>\$ 1,052,400</u> | <u>\$ 8,852,400</u> |

On January 30, 2013, the Authority issued \$20,800,000 in 2013B sewer system revenue bonds with interest rates ranging from .48% to 2.67% in order to advance refund \$18,975,000 of outstanding 2005 Series bonds. The proceeds were deposited into an escrow account to provide for the future debt service payments on the 2005 Series bonds. As a result, that portion of the Series 2005 bonds is considered defeased and have been removed from the Authority's financial statements. The outstanding principal of the defeased bonds is \$9,525,000 as of September 30, 2021.

## NOTES TO FINANCIAL STATEMENTS

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

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>        |
|---|---------------------|------------------|---------------------|
| 2022                                    | \$ 2,405,000        | \$ 44,788        | \$ 2,449,788        |
| 2023                                    | 565,000             | 7,543            | 572,543             |
|   | <u>\$ 2,970,000</u> | <u>\$ 52,331</u> | <u>\$ 3,022,331</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.

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, 2021 was \$196,412. These plans were effective June 1, 1998.

## NOTES TO FINANCIAL STATEMENTS

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### **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.

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

#### **Contractual Commitments**

As of September 30, 2021, The Authority did not have any contractual commitments on uncompleted contracts.

## NOTES TO FINANCIAL STATEMENTS

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

In August 2001, the Financial Accounting Standards Board (“FASB”) issued Statement No. 144, *Accounting for the Impairment of Disposal of Long-lived Assets*. This statement requires that a single accounting model be used for long-lived assets to be disposed of by sale and broadens the presentation of discontinued operations to include more disposal transactions. The statement requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. Subsequent to September 30, 2003, the Authority made a decision to shut down a wastewater treatment facility. This facility had an approximate book value of \$653,000. Estimated undiscounted cash flows are expected to be approximately \$500,000; consequently, an impairment loss of approximately \$153,000 was recognized in the year ended September 30, 2003. The facility is now classified as “assets to be disposed of”.

**REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Peachtree City Water & Sewerage Authority (the "Authority"), a blended component unit of Peachtree City, Georgia, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 8, 2022.

**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..

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**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.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
February 8, 2022

**PEACHTREE CITY WATER & SEWERAGE AUTHORITY**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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**SECTION I  
SUMMARY OF AUDIT RESULTS**

**Financial Statements**

|  |                         |
|--|-------------------------|
| Type of auditor's report issued  | Unmodified              |
| Internal control over financial reporting:<br>Material weaknesses identified?    | _____ Yes <u> X </u> No |
| Significant deficiencies identified not considered<br>to be material weaknesses? | _____ Yes <u> X </u> No |
| Noncompliance material to financial statements noted?                            | _____ Yes <u> X </u> No |

**Federal Awards**

There was not an audit of major federal award programs as of September 30, 2021 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.