

Coweta County Water & Sewerage Authority

Meeting Agenda

Wednesday, November 5, 2025

Board Room

Meeting Time: 9:00 A.M.

<u>Approx Time</u>	<u>Agenda Item</u>	<u>Presenter</u>
9:00 a.m.	Call to order	Chairman Bartlett

Pledge of Allegiance
Invocation

Approval of minutes from the October 1, 2025 meeting

Business

FY25 Audit Presentation	Samuel Latimer
Proposed 2026 Board Meeting Dates	Jay Boren
Update on Operations	Rick Jones
Update on Human Resources/Benefit Renewal	Mandy Sledd
Update on Customer Care/Information Technology	Alan Sibley
Monthly Report	Roger Dawson

Agenda Additions:

Executive Session
Litigation / Real Estate/ Personnel

Adjournment

Next Board Meeting Wednesday, December 3, 2025 at 9:00AM



**COWETA COUNTY WATER AND SEWERAGE
AUTHORITY**

(A Component Unit of Coweta County, Georgia)

Annual Financial Report

For the fiscal years ended June 30, 2025 and 2024

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COWETA COUNTY WATER AND SEWERAGE AUTHORITY
ANNUAL FINANCIAL REPORT
For the fiscal years ended June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors
Coweta County Water and Sewerage Authority
Newnan, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Coweta County Water and Sewerage Authority, a component unit of Coweta County, Georgia, as of and for the fiscal years ended June 30, 2025 and 2024, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coweta County Water and Sewerage Authority as of June 30, 2025 and 2024, and the respective changes in its net position and cash flows thereof, for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coweta County Water and Sewerage Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coweta County Water and Sewerage Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coweta County Water and Sewerage Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coweta County Water and Sewerage Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as referred to in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coweta County Water and Sewerage Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2025, on our consideration of Coweta County Water and Sewerage Authority's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on 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 Coweta County Water and Sewerage Authority's internal control over financial reporting and compliance.

Rushton, LLC

Certified Public Accountants

Gainesville, Georgia
September 5, 2025

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BASIC FINANCIAL STATEMENTS

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENTS OF NET POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 46,324,904	\$ 39,793,822
Receivables		
Accounts (net)	2,018,217	2,201,902
Intergovernmental	182,361	5,890,163
Other	1,095,862	283,373
Lease	13,455	12,539
Inventories	995,415	930,490
Restricted assets		
Cash and cash equivalents	66,384,243	91,616,620
Prepaid items	319,974	300,423
Total current assets	<u>117,334,431</u>	<u>141,029,332</u>
Noncurrent assets		
Capital assets		
Non-depreciable	108,074,066	59,407,651
Depreciable and amortizable, net	157,971,278	149,332,129
Intangible assets, net	5,885,555	6,170,203
Lease receivable	263,789	277,246
Total noncurrent assets	<u>272,194,688</u>	<u>215,187,229</u>
Total assets	<u>389,529,119</u>	<u>356,216,561</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred charge on refunding	<u>6,935,483</u>	<u>8,037,643</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	9,461,483	9,572,897
Retainage	4,046,221	1,818,128
Interest	544,127	573,046
Accrued salaries and other payroll liabilities	220,461	318,670
Compensated absences	479,823	435,883
Current liabilities payable from restricted assets		
Customer deposits	1,202,187	1,280,387
Lease liabilities	9,459	9,835
Notes payable	1,301,077	369,941
Bonds payable	3,204,000	3,113,000
Total current liabilities	<u>20,468,838</u>	<u>17,491,787</u>
Non-current liabilities		
Compensated absences	293,668	330,358
Lease liabilities	8,676	18,122
Bonds payable	168,871,336	172,235,072
Notes payable	44,975,372	32,067,490
Total non-current liabilities	<u>214,149,052</u>	<u>204,651,042</u>
Total liabilities	<u>234,617,890</u>	<u>222,142,829</u>
DEFERRED INFLOW OF RESOURCES		
Deferred inflow related to lease	<u>242,057</u>	<u>260,099</u>
NET POSITION		
Net investment in capital assets	114,110,127	101,697,274
Restricted for educational purposes	10,472	10,676
Unrestricted	47,484,056	40,143,326
Total net position	<u>\$ 161,604,655</u>	<u>\$ 141,851,276</u>

The accompanying notes are an integral part of these financial statements.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Charges for sales and services		
Water and sewer sales	\$ 38,332,682	\$ 36,414,656
Tap fees	1,931,917	1,828,056
Other charges for services	3,439,603	3,554,604
	<u>43,704,202</u>	<u>41,797,316</u>
Total operating revenues		
OPERATING EXPENSES		
Cost of sales and services	14,853,773	14,799,354
Personal services	10,858,201	9,960,532
Depreciation and amortization	7,007,101	6,646,352
	<u>32,719,075</u>	<u>31,406,238</u>
Total operating expenses		
Operating income (loss)	<u>10,985,127</u>	<u>10,391,078</u>
Non-operating revenues (expenses)		
Interest revenue	5,824,025	2,125,553
Interest expense	(7,611,176)	(3,662,120)
Gain (loss) on disposition of capital assets	50,990	20,131
Bond issue costs	(150,000)	(737,490)
Lease revenue	18,042	18,042
Intergovernmental	0	5,750,000
	<u>(1,868,119)</u>	<u>3,514,116</u>
Total non-operating revenues (expenses)		
Net income (loss) before capital contributions	9,117,008	13,905,194
Capital contributions		
Contributed water and sewer lines	10,636,371	4,719,127
	<u>19,753,379</u>	<u>18,624,321</u>
Change in net position		
Net position, July 1, as previously reported	141,851,276	123,603,976
Change in accounting principle	0	(377,021)
	<u>141,851,276</u>	<u>123,226,955</u>
Net position, July 1, restated		
Net position, June 30	<u><u>\$ 161,604,655</u></u>	<u><u>\$ 141,851,276</u></u>

The accompanying notes are an integral part of these financial statements.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Receipts from customers	\$ 42,997,198	\$ 41,581,473
Payments to suppliers	(14,861,573)	(18,419,522)
Payments to employees	(10,949,160)	(9,850,063)
Net cash provided (used) by operating activities	<u>17,186,465</u>	<u>13,311,888</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	55,000	31,016
Interest paid	(6,550,423)	(2,167,270)
Receipts from other governments	5,890,163	2,227,927
Payments for acquisitions of capital assets	(41,703,042)	(22,672,314)
Payment of capital related accounts payable	(7,834,484)	0
Payment of capital related retainages payable	(1,818,128)	(815,371)
Payment of debt issue costs	(150,000)	(737,490)
Proceeds from issuance of notes payable	14,392,627	17,949,096
Proceeds from issuance of bonds payable	0	90,741,006
Proceeds from issuance of leases payable	12,489	12,489
Principal payments - bonds payable	(3,113,000)	(2,970,000)
Principal payments - notes payable	(735,970)	(61,337)
Principal payments - leases payable	(9,822)	(6,987)
Lease payments received	12,541	11,664
Net cash provided (used) by capital and related financing activities	<u>(41,552,049)</u>	<u>81,542,429</u>
Cash flows from investing activities:		
Interest received	5,664,289	2,125,553
Net increase (decrease) in cash and cash equivalents	(18,701,295)	96,979,870
Cash and cash equivalents, July 1	<u>131,410,442</u>	<u>34,430,572</u>
Cash and cash equivalents, June 30	<u><u>\$ 112,709,147</u></u>	<u><u>\$ 131,410,442</u></u>

The accompanying notes are an integral part of these financial statements.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 10,985,127	\$ 10,391,078
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	7,007,101	6,646,352
(Increase) decrease in accounts receivable	(628,804)	(118,859)
(Increase) decrease in prepaid items	(19,551)	(7,400)
(Increase) decrease in inventory	(64,925)	(9,012)
Increase (decrease) in accounts payable	76,676	(3,603,756)
Increase (decrease) in payroll liabilities	(90,959)	110,468
Increase (decrease) in deposits payable	(78,200)	(96,983)
Total adjustments	<u>6,201,338</u>	<u>2,920,810</u>
Net cash provided (used) by operating activities	<u>\$ 17,186,465</u>	<u>\$ 13,311,888</u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 45,873,526	\$ 39,793,822
Restricted cash	<u>66,835,621</u>	<u>91,616,620</u>
Total cash and cash equivalents	<u>\$ 112,709,147</u>	<u>\$ 131,410,442</u>
Noncash investing, capital and financing activities:		
Contributions of capital assets	\$ 10,636,371	\$ 4,719,127
Acquisition of capital assets through accounts payable	\$ 7,646,394	\$ 7,834,484
Acquisition of capital assets through retainage payable	\$ 4,046,221	\$ 1,818,128
Receivable on promissory notes payable	\$ 182,361	\$ 5,890,163

The accompanying notes are an integral part of these financial statements.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

1. Description of Authority

On March 20, 2001, the General Assembly of the State of Georgia approved enabling legislation to create the Coweta County Water & Sewerage Authority (the Authority). Prior to May 1, 2007, the operating activities of the water and sewerage system of Coweta County were reported in the Water and Sewer Fund of Coweta County, Georgia. On May 1, 2007, the Authority began operations as a separate entity. The purpose of the Authority is to manage the water and sewer systems of Coweta County, Georgia. The Authority is empowered to do all things necessary to accomplish this goal.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The statement of net position and the statement of revenues, expenses, and changes in net position display information in the format of a business type activity. Such activities are financed through exchange transactions in whole or in part by fees charged to each participant. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues and expenses, such as subsidies, investment earnings, and interest expense, result from non-exchange transactions or ancillary activities.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity

The financial statements present the Authority as a business-type activity in accordance with Governmental Accounting Standards Board Statement No. 34.

In defining the Authority for financial reporting purposes, Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus* – an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, establishes the basis for the reporting entity and whether it is considered a component unit of another entity and whether other entities are component units. Review of these statements has resulted in the conclusion that the Authority is considered to be a component unit of Coweta County, Georgia. There are also no entities that are considered to be component units of the Authority.

A financial burden or benefit relationship exists between the entities. The County appoints all board members of the Authority. The Authority and Coweta County, Georgia have entered into an intergovernmental agreement whereby the County has provided the pledging of the full faith and credit for all the GEFA loans. The Agreement represents a general obligation of the County to which its full faith and credit are pledged.

C. Fund Financial Statements

The Authority is accounted for as an enterprise fund on a flow of economic resources measurement focus. The accounting objective is a determination of net income, financial position, and changes in cash flow. All assets and liabilities associated with the Authority's activities are included in its balance sheet.

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods and services to the general public on a continuing basis are to be financed or recovered primarily through user charges.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the Authority is considered a special-purpose government engaged only in business-type activities. Accordingly, the Authority's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes cash on hand, demand deposits at financial institutions, certificates of deposits with a maturity of one year or less, and money market investments.

All cash, cash equivalents, and Investments are reported at fair value except for investments in money market funds. The Authority reports money market fund investments using net asset value (NAV) when NAV is calculated in a manner consistent with fair value measurement guidelines, fair value is not readily determinable, and it is not probable for the investment to be sold at an amount other than NAV. The fund's net asset value (NAV) is equal to the market value of its investments and other assets, less any liabilities, divided by the number of fund shares. The fund's NAV is normally expected to be \$1 per share.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

F. Receivables and Revenue Recognition

The Authority bills its customers on a cyclical basis throughout the month based on meter readings taken during the month. The Authority records receivables at the amount it expects to collect on balances due at the end of the year. Advance deposits are obtained from customers, but the Authority does not obtain collateral or other security for any of its trade accounts or other amounts receivable. Accordingly, it is exposed to credit losses in the event of nonperformance. Management closely monitors outstanding balances and writes off uncollectible amounts as of year-end in accordance with approved policies.

Billed accounts receivable represent charges for customer water and wastewater treatment usage billed to customers and not paid at June 30. Unbilled accounts receivable represent charges billed to customers after June 30 for services provided by the Authority prior to July 1.

G. Lease Receivable

The Authority's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond reporting year are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense in the year in which services are consumed.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

I. Inventories

Inventories are stated at the lower of cost or net realizable value. They are expensed when used and recognized on a first in-first out basis.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows of resources for deferred charges on bond refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized using the straight-line method over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports deferred inflows of resources related to leases.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

K. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value. The Authority's infrastructure consists of treatment facilities and water and sewer lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All reported capital assets are depreciated except for land, rights-of-way, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Authority's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life	Capitalization
	in Years	Threshold
Site improvements	25-50	\$ 5,000
Infrastructure – Water and Sewer	50	\$ 5,000
Buildings	50	\$ 5,000
Machinery and equipment	10	\$ 5,000
Furniture and fixtures	5-20	\$ 5,000
Vehicles	5	\$ 5,000
Intangibles	3-36	\$ 5,000

L. Intangible Assets

The Authority participates in a water purchase agreement with the City of Griffin, Georgia. This agreement requires the Authority to purchase certain minimum amounts of water over a period of years. The Authority entered into the agreement on December 14, 1999. It was modified by mutual agreement on September 11, 2012. The Authority made a payment in the amount of \$9,000,000 in exchange for a modification of the minimum amounts of water it must take from July 1, 2012 through the end of the contract. The payments made helped to fund improvements to the regional water supply system. The amount paid for the contract modification is recorded as an intangible asset and treated in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

M. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets also represent cash and cash equivalents set aside for educational purposes, unspent bond proceeds for construction projects, and repayment of deposits to utility customers.

N. Compensated Absences

In accordance with Government Accounting Standards Board Statement No. 101, it is the Authority's policy to permit employees to accumulate earned but unused paid time off (PTO) pay benefits up to 600 hours per employee. Half (50%), up to 300 hours, of the accrued PTO will be paid to the employees upon separation from Authority service. Accumulated unpaid PTO amounts are accrued when incurred by the Authority in the financial statements. The liability is recorded as an expense and a liability of the fund as the benefits accrue to the employees.

O. Bond Issuance Costs, Bond Discounts, and Bond Premiums

The Authority accounts for bond issuance costs in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Bond insurance is recorded as a deferred charge under the caption, Prepaid Insurance and amortized over the life of the bond. Bond premiums and discounts are recorded a reduction or addition to the face amount of the bonds and amortized over the life of the bond. Amortization of bond premiums and discounts is computed using the effective interest method over the life of the bond issue for which the charges have been deferred and reported as a component of interest expense.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

P. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, 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 the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other components of net position are reported as unrestricted.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Q. Capital Contributions

The Authority receives contributions of capital assets from developers in the form of donated water and sewer lines which are taken on by the Authority as part of the distribution system. Contributions to the Authority are recorded as an asset and as non-operating revenue.

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

S. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the financial statements in order to provide an understanding of changes in the Authority's financial position and operations. Certain prior year amounts have been reclassified to conform to the current year presentation.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be recovered. State statutes require all deposits and investments be federally insured or fully collateralized. At June 30, 2025 and 2024, the Authority had no uninsured or uncollateralized deposits.

Interest Rate Risk

The Authority does not have a formal investment interest rate policy to manage its exposure to fair value losses arising from increasing interest rates. Generally, investments with longer maturities are more sensitive to changes in market interest rates. The Authority limits investment maturities to one year or less to manage its exposure to fair values from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The Authority has not adopted a formal credit risk policy.

Concentration of Credit Risk

The Authority has not adopted a formal concentration of credit risk policy but it does monitor the credit worthiness of each institution at least annually.

Foreign currency risk

The Authority has no investments denominated in a foreign currency.

The Authority invests its Series 2024 bonds project fund in First American Funds Government Obligations money market fund. The fund utilizes amortized cost method of valuation to transact at a \$1.00 share price. The fund's net asset value (NAV) is equal to the market value of its investments and other assets, less any liabilities, divided by the number of fund shares. The fund's NAV is normally expected to be \$1 per share. The fund has no limitations or restrictions on withdrawals and can be removed at any time; therefore, classified as a cash equivalent for financial statement presentation. At June 30, 2025 and 2024, the Authority's balance in the fund was \$65,171,584 and \$90,325,555, respectively.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

4. Accounts Receivable

Accounts receivable consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Water and Sewer Customers	\$ 2,467,013	\$ 2,579,519
Less: Allowance for Uncollectible Accounts	<u>(448,796)</u>	<u>(377,617)</u>
	<u>\$ 2,018,217</u>	<u>\$ 2,201,902</u>

5. Intergovernmental Receivables

Intergovernmental receivables consists of reimbursement requests submitted to Georgia Environmental Finance Authority (GEFA) but not yet received at June 30, 2025 and 2024, in the amount of \$182,361 and \$5,890,163, respectively. Intergovernmental receivables are considered fully collectible; therefore, no allowance for doubtful accounts has been established.

6. Lease Receivable

The Authority has one lease agreement with Skyway Towers, LLC to lease a tract of land to accommodate the tenant's cell tower. The term of the lease is five years with four five-year successive renewal options. The lease matures on December 31, 2039. An initial lease receivable was recorded in the amount of \$331,575 on July 1, 2020 to implement GASB Statement No. 87, *Leases*. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the lease term. The value of the lease receivable was \$277,244 and \$289,785 at June 30, 2025 and 2024, respectively. The lessee is required to make monthly payments ranging from \$1,432 to \$2,440. Lease payments increase 3% each year on the anniversary of the commencement date of the lease. The interest rate on the lease is 2.5%. The value of the deferred inflow of resources was \$242,057 and \$260,099 at June 30, 2025 and 2024, respectively. The Authority recognized lease revenue of \$18,042 and interest revenue of \$7,104 on the lease for the year ended June 30, 2025. The Authority recognized lease revenue of \$18,042 and interest revenue of \$7,407 on the lease for the year ended June 30, 2024.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

6. Lease Receivable (continued)

The annual requirements to amortize the lease receivable as of June 30, 2025 are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 13,455	\$ 6,780	\$ 20,235
2027	14,407	6,432	20,839
2028	15,403	6,061	21,464
2029	16,444	5,664	22,108
2030	17,531	5,241	22,772
2031-2035	105,682	18,837	124,519
2036-2039	94,322	4,357	98,679
Totals	<u>\$ 277,244</u>	<u>\$ 53,372</u>	<u>\$ 330,616</u>

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

7. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Non-depreciable assets:				
Land	\$ 9,474,252	\$ 135,805	\$ 0	\$ 9,610,057
Construction in progress	49,933,399	52,262,060	(3,731,450)	98,464,009
Total nondepreciable assets	59,407,651	52,397,865	(3,731,450)	108,074,066
Depreciable capital assets:				
Site improvements	7,332,525	121,562	0	7,454,087
Infrastructure - water	144,600,409	9,517,798	0	154,118,207
Infrastructure - sewer	38,780,546	4,910,271	0	43,690,817
Buildings	38,430,782	64,000	0	38,494,782
Machinery and equipment	4,422,836	437,663	(99,990)	4,760,509
Furniture and fixtures	687,218	48,395	0	735,613
Vehicles	3,575,388	265,924	(48,031)	3,793,281
Capitalized interest	369,258	0	0	369,258
Total depreciable assets	238,198,962	15,365,613	(148,021)	253,416,554
Less accumulated depreciation				
Site improvements	(2,550,927)	(347,910)	0	(2,898,837)
Infrastructure - water	(58,882,434)	(3,791,148)	0	(62,673,582)
Infrastructure - sewer	(8,247,958)	(870,591)	0	(9,118,549)
Buildings	(13,406,808)	(762,492)	0	(14,169,300)
Machinery and equipment	(2,886,027)	(438,152)	99,990	(3,224,189)
Furniture and fixtures	(479,736)	(72,525)	0	(552,261)
Vehicles	(2,195,081)	(432,251)	44,021	(2,583,311)
Capitalized interest	(217,862)	(7,385)	0	(225,247)
Total accumulated depreciation	(88,866,833)	(6,722,454)	144,011	(95,445,276)
Total depreciable assets, net	149,332,129	8,643,159	(4,010)	157,971,278
Intangible assets				
Contract modification	9,000,000	0	0	9,000,000
Right-of-use assets equipment	41,813	0	0	41,813
Computer software enhancements	711,027	0	0	711,027
Less accumulated amortization	(3,582,637)	(284,648)	0	(3,867,285)
Total intangible assets, net	6,170,203	(284,648)	0	5,885,555
Capital assets, net	\$ 214,909,983	\$ 60,756,376	\$ (3,735,460)	\$ 271,930,899

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

7. Capital Assets (continued)

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Non-depreciable assets:				
Land	\$ 9,474,252	\$ 0	\$ 0	\$ 9,474,252
Construction in progress	30,411,005	31,750,836	(12,228,442)	49,933,399
Total nondepreciable assets	39,885,257	31,750,836	(12,228,442)	59,407,651
Depreciable capital assets:				
Site improvements	2,803,609	4,528,916	0	7,332,525
Infrastructure - water	139,602,134	4,998,275	0	144,600,409
Infrastructure - sewer	32,264,979	6,515,567	0	38,780,546
Buildings	38,430,782	0	0	38,430,782
Machinery and equipment	3,833,894	588,942	0	4,422,836
Furniture and fixtures	582,409	104,809	0	687,218
Vehicles	2,936,192	771,957	(132,761)	3,575,388
Capitalized interest	369,258	0	0	369,258
Total depreciable assets	220,823,257	17,508,466	(132,761)	238,198,962
Less accumulated depreciation				
Site improvements	(2,318,035)	(232,892)	0	(2,550,927)
Infrastructure - water	(55,207,871)	(3,674,563)	0	(58,882,434)
Infrastructure - sewer	(7,441,864)	(806,094)	0	(8,247,958)
Buildings	(12,644,316)	(762,492)	0	(13,406,808)
Machinery and equipment	(2,480,595)	(405,432)	0	(2,886,027)
Furniture and fixtures	(415,398)	(64,338)	0	(479,736)
Vehicles	(1,954,272)	(362,686)	121,877	(2,195,081)
Capitalized interest	(210,477)	(7,385)	0	(217,862)
Total accumulated depreciation	(82,672,828)	(6,315,882)	121,877	(88,866,833)
Total depreciable assets, net	138,150,429	11,192,584	(10,884)	149,332,129
Intangible assets				
Contract modification	9,000,000	0	0	9,000,000
Right-of-use assets equipment	28,620	13,193	0	41,813
Computer software enhancements	711,027	0	0	711,027
Less accumulated amortization	(3,252,167)	(330,470)	0	(3,582,637)
Total intangible assets, net	6,487,480	(317,277)	0	6,170,203
Capital assets, net	\$ 184,523,166	\$ 42,626,143	\$ (12,239,326)	\$ 214,909,983

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

8. Long-Term Debt

Notes from Direct Borrowing

The Authority has a direct borrowing agreement with the Georgia Environmental Finance Authority (GEFA) in the amount of \$8,800,000 for its advance meter reading replacement project and to repair and replace various components of the BT Brown Water Treatment Plant. The Authority has drawn \$8,800,000 on this agreement and recognized \$750,000 in principal forgiveness for a net total loan amount of \$8,050,000; monthly principal and interest payments of \$36,628; interest at 0.89%. The outstanding balance at June 30, 2025 and 2024 was \$7,618,722 and \$7,988,663, respectively.

The Authority has a direct borrowing agreement with the Georgia Environmental Finance Authority (GEFA) in the amount of \$25,000,000 to increase capacity and to make improvements at the Shenandoah Wastewater Treatment Facility. Interest payments are due each month in the drawdown phase of the loan until the earlier of completion of the project or July 1, 2024 or all loan funds have been disbursed; interest at 0.86%. After the drawdown phase of the agreement, monthly principal and interest payments will be payable in 359 equal installments of \$78,812. During the current fiscal year, the Authority drew down the remaining funds and began making monthly principal and interest payments. The outstanding balance at June 30, 2025, and 2024 was \$24,633,971 and \$21,204,287, respectively.

The Authority has a direct borrowing agreement with the Georgia Environmental Finance Authority (GEFA) in the amount of \$10,000,000 to increase capacity and to make improvements at the Shenandoah Wastewater Treatment Facility. Interest payments are due each month in the drawdown phase of the loan until the earlier of completion of the project or July 1, 2025; interest at 2.42%. Monthly principal and interest payments will be payable in 359 equal installments of \$39,097. During the current fiscal year, the Authority drew down all of the available funds and will begin making monthly principal and interest payments in September 2025. The outstanding balance at June 30, 2025 and 2024 was \$10,000,000 and \$0, respectively.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

8. Long-Term Debt (continued)

Notes from Direct Borrowing, continued

The Authority has a direct borrowing agreement with the Georgia Environmental Finance Authority (GEFA) in the amount of \$7,000,000 to plan, design, and acquisition of land for new water withdrawal pumping station on the Chattahoochee River. Interest payments are due each month in the drawdown phase of the loan until the earlier of completion of the project or February 1, 2024 or all loan funds have been disbursed; interest at 0.86%. After the drawdown phase of the agreement, monthly principal and interest payments will be payable in 359 equal installments (amount to be determined on the commencement date). This note is still in drawdown phase at June 30, 2025; therefore not included in the paydown schedule below. The outstanding balance at June 30, 2025 and 2024 was \$4,023,757 and \$3,244,481, respectively.

All direct borrowing agreements with GEFA, are secured by the full faith, credit, and revenue-raising power of the Authority, including all revenues on fees and charges collected by the Authority. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

Annual debt service requirements to maturity for notes from direct borrowing are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 1,301,077	\$ 475,178	\$ 1,776,255
2027	1,354,119	500,331	1,854,450
2028	1,369,636	484,814	1,854,450
2029	1,385,379	469,071	1,854,450
2030	1,401,352	453,098	1,854,450
2031-2035	7,254,707	2,035,136	9,289,843
2036-2040	7,691,097	1,599,546	9,290,643
2041-2045	7,646,257	1,129,981	8,776,238
2046-2050	6,399,500	675,083	7,074,583
2051-2055	6,371,608	230,102	6,601,710
2056	77,960	235	78,195
Totals	\$ 42,252,692	\$ 8,052,575	\$ 50,305,267

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

8. Long-Term Debt (continued)

Revenue Bonds

The Authority issues bonds to construct and maintain the water and sewerage system of Coweta County, Georgia. Revenue bonds issued are comprised of the following individual issues at the end of the current fiscal year:

Revenue Bonds, Series 2021A, original issue of \$55,000,000, Series 2021B, original issue of \$17,255,000, and Series 2021C and Series 2021D original issue in the aggregate of \$22,803,000; due in semi-annual installments of \$50,000 to \$5,230,000 commencing December 1, 2021 through June 1, 2046; interest at 2.0% to 3.01% At June 30, 2025 and 2024, the outstanding balances were \$80,303,000 and 83,416,000, respectively. The proceeds were used to refund the 2005, 2014, 2015, 2016, 2017, 2019 Series Revenue Bonds. Each Series of the Revenue Bonds contain a provision that, in an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. The principal and interest of the bonds are secured by pledged revenues of the water and sewer system. Under the terms of the bond resolution, the bonds are secured by a pledge of and lien on the revenues derived by the Authority. At June 30, 2025 and 2024, the Authority had approximately \$33,960,000 and \$55,110,000 of bonds that are legally defeased and remain outstanding, respectively.

Revenue Bonds, Series 2024, original issue at \$87,575,000, due in semi-annual installments of \$145,000 to \$5,150,000 commencing June 1, 2027 through December 1, 2054; interest at 4.0% to 5.0%. At June 30, 2025 and 2024, the outstanding balances were \$87,575,000 and 87,575,000, respectively. The proceeds of the issue will finance several projects – construction of Chattahoochee River Pump Station, Raw Water Transmission Main Phase 1, B.T. Brown Water Treatment Plant Improvements, and Shenandoah Wastewater Treatment Plant Improvements. The Revenue Bonds, Series 2024, contain a provision that, in an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. The principal and interest of the bonds are secured by pledged revenues of the water and sewer system. Under the terms of the bond resolution, the Series 2024 Bonds are secured by a pledge of and lien on the revenues derived by the Authority.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

8. Long-Term Debt (continued)

Revenue Bonds, continued

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,204,000	\$ 5,978,741	\$ 9,182,741
2027	3,413,000	5,914,252	9,327,252
2028	3,484,000	5,841,226	9,325,226
2029	3,561,000	5,766,620	9,327,620
2030	3,639,000	5,690,160	9,329,160
2031-2035	19,413,000	27,222,753	46,635,753
2036-2040	21,944,000	24,689,695	46,633,695
2041-2045	24,895,000	21,760,979	46,655,979
2046-2050	29,375,000	17,258,838	46,633,838
2051-2055	37,425,000	9,211,500	46,636,500
2056-2057	17,525,000	1,124,975	18,649,975
Totals	\$ 167,878,000	\$ 130,459,739	\$ 298,337,739

The Authority's revenue bonds are obligations of the Authority payable solely from and secured by a pledge of and lien on all operating revenues derived by the Authority from the ownership and operation of its water system after the payment of expenses of operating and maintaining the system. These revenues are pledged to secure the revenue bonds of the Authority until such time that all outstanding principal has been satisfied on the bonds. Net revenues include operating revenues less operating expenses, excluding depreciation and amortization. For the years ended June 30, 2025 and 2024, net revenues totaled \$17,992,228 and \$17,037,430 and debt service related to the revenue bonds totaled \$9,458,024 and \$5,048,342, respectively.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

8. Long-Term Debt (continued)

Leases

The Authority entered into four agreements to lease copier equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and have been recorded at the present value of the future minimum lease payments at their inception. Lease liabilities are comprised of four copier equipment leases due in monthly installments of principal and interest of \$125 to \$369 through March 2029, interest at 2.5% to 4.00%. At June 30, 2025 and 2024, the outstanding balances were \$18,135 and \$27,957, respectively.

Annual debt service requirements to maturity for leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 9,459	\$ 469	\$ 9,928
2027	4,017	260	4,277
2028	2,621	139	2,760
2029	2,038	34	2,072
Totals	<u>\$ 18,135</u>	<u>\$ 902</u>	<u>\$ 19,037</u>

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

9. Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the Authority for year ended June 30, 2025:

	Balance Beginning	Additions	Deductions	Balance Ending	Due Within One Year
Revenue bonds	\$ 170,991,000	\$ 0	\$ (3,113,000)	\$ 167,878,000	\$ 3,204,000
Unamortized bond premium	4,357,072	0	(159,736)	4,197,336	0
Notes from direct borrowings	32,437,431	14,574,988	(735,970)	46,276,449	1,301,077
Leases	27,957	0	(9,822)	18,135	9,459
Compensated absences	766,241	7,250	0	773,491	479,823
Total	<u>\$ 208,579,701</u>	<u>\$ 14,582,238</u>	<u>\$ (4,018,528)</u>	<u>\$ 219,143,411</u>	<u>\$ 4,994,359</u>

The following is a summary of changes in long-term liabilities of the Authority for year ended June 30, 2024:

	Balance Beginning	Additions	Deductions	Balance Ending	Due Within One Year
Revenue bonds	\$ 86,386,000	\$ 87,575,000	\$ (2,970,000)	\$ 170,991,000	\$ 3,113,000
Unamortized bond premium	1,269,831	3,166,006	(78,765)	4,357,072	0
Notes from direct borrowings	15,299,672	17,949,096	(811,337)	32,437,431	369,941
Leases	22,455	12,489	(6,987)	27,957	9,835
Compensated absences	682,711	83,530	0	766,241	435,883
Total	<u>\$ 103,660,669</u>	<u>\$ 108,786,121</u>	<u>\$ (3,867,089)</u>	<u>\$ 208,579,701</u>	<u>\$ 3,928,659</u>

Note 1: On the summary of changes in long-term liabilities for the fiscal year ended June 30, 2024, the deduction under direct borrowings includes \$750,000 of principal forgiveness recognized in the current year as intergovernmental revenue under non-operating revenues caption in the statement of changes in net position. Principal payments on notes from direct borrowings totaled \$61,337 during the current year.

Note 2: On the summary of changes in long-term liabilities for the fiscal year ended June 30, 2024, beginning debt balances have been restated for the implementation of GASB Statement No. 101, *Compensated Absences*. See Note 14 for additional details. The additions noted for compensated absences reflect the net change for the period.

Revenue bond discounts/premiums are amortized over the life of the related debt using the straight-line method. The total interest incurred and charged to expense for the years ended June 30, 2025 and 2024 was \$7,611,176 and \$3,662,120, respectively.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

10. Net Investment in Capital Assets

The net investment in capital assets reported on the statement of net position is calculated as follows for the fiscal years ended June 30:

	2025	2024
Cost of capital assets	\$ 371,243,460	\$ 307,359,453
Accumulated depreciation/amortization	(99,312,561)	(92,449,470)
Book value	271,930,899	214,909,983
Construction accounts and retainage payable	(11,692,615)	(9,652,612)
Leases payable	(18,135)	(27,957)
Notes payable	(46,276,449)	(32,437,431)
Revenue bonds payable	(172,075,336)	(175,348,072)
Intergovernmental receivables included in accounts payable	134,696	5,890,163
Net deferred amounts on refunding	6,935,483	8,037,643
Unspent bond proceeds	65,171,584	90,325,557
Net investment in capital assets	<u>\$ 114,110,127</u>	<u>\$ 101,697,274</u>

11. Retirement Plans

On January 1, 2012, the Authority created a defined contribution plan. The plan is managed by Empower Retirement. The Board of the Authority has established the benefit terms and has the ability to amend them from time to time. Participants become vested in employer contributions at a rate of 20% percent per year over a five year vesting period. The employees are 100% vested on their elective deferral contributions. The Authority contributes 3% of all eligible employee's salary. In addition, the Authority matches employees' contributions up to 3.5% of compensation. If employee contributions exceed 3.5%, the next 4% of contributions are matched 50%. The Authority has the ability to make additional discretionary contributions from time to time. During the year ended June 30, 2025, employer contributions to the plan were \$616,379 and \$562,786, respectively. During the years ended June 30, 2025 and 2024, employee contributions to the plan were \$445,294 and \$390,231, respectively.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

12. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has elected to manage its risk financing activities through the purchase of commercial insurance. Management believes that the coverage is adequate to preclude any significant uninsured risk to the Authority.

There have been no insurance settlements exceeding insurance coverage for any of the past three fiscal years.

Health Insurance

The Authority purchases health insurance coverage for its employees from a commercial carrier. The Authority's liability is limited to the amount of premiums paid.

Worker's Compensation

The Authority purchases, worker's compensation insurance coverage for its employees from a commercial carrier. The coverage provided is equal to the statutory limits and benefits required by the laws of the State of Georgia. The policy pays all claims in excess of \$2,500 per claim deductible. There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceeded the Authority's insurance coverage in the past year.

13. Commitments and Contingencies

Commitments

The Authority has active construction projects as of June 30, 2025 and 2024. The Authority has committed to spending an additional \$58,939,684 and \$63,719,236, respectively on several construction projects currently in progress.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

13. Commitments and Contingencies (continued)

Water Purchases

The Authority has entered into contracts with three jurisdictions for the wholesale purchase of water.

On February 8, 2019, the Authority entered into a contract with Newnan Utilities that requires the purchase of varying amounts of water until February 7, 2029. For the period from February 8, 2020 to February 7, 2021, the Authority must purchase a minimum 2.4 million gallons per day (MGD). Beginning February 8, 2021 until February 7, 2022, the amount decreases to 1.8 MGD. Beginning February 8, 2022 until the end of the agreement on February 7, 2029, the amount decreases to 1.25 MGD. For the year ended June 30, 2025, purchases under this contract amounted to 456,250,000 gallons and totaled \$1,181,688. For the year ended June 30, 2024, purchases under this contract amounted to 545,361,972 gallons and totaled \$1,412,488. At June 30, 2025 and 2024, the rate charged under the agreement was \$2.59 per 1,000 gallons.

The Authority has a contract with the City of Griffin, Georgia which requires the purchase of varying amounts of water until the year 2049. The contract was revised through mutual agreement of the parties on September 11, 2012. For the year ended June 30, 2025, purchases under this contract amounted to 1,835,000,000 gallons and totaled \$6,303,492. For the year ended June 30, 2024, purchases under this contract amounted to 1,825,000,000 gallons and totaled \$6,406,090. The required purchases under this contract are for 3.0 million gallons per day (MGD) from July 1, 2012 through June 30, 2022. Required purchases then increase to 5.0 MGD from July 1, 2022 through December 31, 2049. Rates are adjusted on an annual basis as set forth in the contract. At June 30, 2025 and 2024, the rate charged under the agreement was \$3.42 per 1,000 gallons and \$3.45 per 1,000 gallons, respectively.

The Authority has a contract with the City of Atlanta that allows for the purchase of up to 6.6 million gallons per day. No minimum purchase is required under the agreement.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 and 2024

13. Commitments and Contingencies (continued)

Related Parties

At the time of separation from Coweta County, Georgia, the Authority retained three (3) employees that qualified for the Coweta County, Georgia's post-retirement plan. The Authority does not have a post-retirement plan, therefore the Authority agreed to reimburse Coweta County, Georgia the pro-rata share of the retirees post-retirement health care cost. The Authority's unknown liability will be limited to the pro-rata share of the actual premiums charged.

Contingencies

The Authority's legal counsel has stated that there are presently no determinable lawsuits.

14. New Accounting Standards

The Authority implemented GASB Statement No. 101, *Compensated Absences*, effective for the Authority's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2023. The implementation of this new standard decreased the Authority's beginning net position in the amount of \$377,021. See Note 15 for additional details.

15. Changes in Beginning Balances

Change in Accounting Principle

To implement GASB Statement No. 101, *Compensated Absences*, the Authority adjusted beginning net position for the fiscal year ended June 30, 2024. The implementation of this standard decreased beginning net position in the amount of \$377,021.

A summary of the changes in beginning balances is presented below:

Beginning As Previously Reported	Change in Accounting Principle	Beginning As Restated
<u>\$ 123,603,976</u>	<u>\$ (377,021)</u>	<u>\$ 123,226,955</u>

SINGLE AUDIT SECTION

This section contains reports required by the Uniform Guidance and grantor agencies.

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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
Coweta County Water and Sewerage Authority
Newnan, 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 Coweta County Water and Sewerage Authority, a component unit of Coweta County, Georgia, as of and for the fiscal years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Coweta County Water and Sewerage Authority's basic financial statements and have issued our report thereon dated September 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coweta County Water and Sewerage 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coweta County Water and Sewerage Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Coweta County Water and Sewerage Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coweta County Water and Sewerage Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ruskton, LLC

Certified Public Accountants

Gainesville, Georgia
September 5, 2025

DRAFT

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
Coweta County Water and Sewerage Authority
Newnan, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coweta County Water and Sewerage Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coweta County Water and Sewerage Authority's major federal programs for the fiscal year ended June 30, 2025. Coweta County Water and Sewerage Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Coweta County Water and Sewerage Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Coweta County Water and Sewerage Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Coweta County Water and Sewerage Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coweta County Water and Sewerage Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Coweta County Water and Sewerage Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Coweta County Water and Sewerage Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Coweta County Water and Sewerage Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Coweta County Water and Sewerage Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ruskton, LLC

Certified Public Accountants

Gainesville, Georgia
September 5, 2025

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Number	Total Federal Expenditures
<u>U.S. Environmental Protection Agency</u>			
<u>Capitalization Grants for Clean Water State Revolving Funds</u>			
Passed through the Georgia Environmental Finance Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458 66.458	CW2021032 CW2021032A	\$ 3,795,713 <u>10,000,000</u>
<u>Capitalization Grants for Drinking Water State Revolving Funds</u>			
Passed through the Georgia Environmental Finance Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2022030	<u>779,276</u>
Total U.S. Environmental Protection Agency			<u>14,574,989</u>
Total Federal Awards			<u><u>\$ 14,574,989</u></u>

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Coweta County Water and Sewerage Authority, under programs for the federal government for the current fiscal year. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

Coweta County Water and Sewerage Authority has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

The Authority did not pass federal funds through to subrecipients during the current fiscal year.

COWETA COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2025

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
66.458 Clean Water State Revolving Fund	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

2. Financial Statement Findings and Responses

None reported

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

AUDIT REPORT



PRESENTED BY: Samuel Latimer, CPA, CFE

For the year ended June 30, 2025

November 5, 2025



ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Audit Opinion

Unmodified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coweta County Water and Sewerage Authority as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended.

Coweta County Water and Sewerage Authority's Responsibilities

The financial statements are the responsibility of the Coweta County Water and Sewerage Authority's management.

Rushton's Responsibilities

As independent auditors for the Coweta County Water and Sewerage Authority, our responsibility is to express opinions on the fair presentation of the financial statements.

Auditing Standards

We audited the Authority's financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.





Statement of Changes in Net Position

Operating Revenue

- Increased \$1,906,886 (5%)
- Water revenues increased \$2,511,416 (9%)
- Sewer revenues decreased \$593,390 (7%)
- Tap fee revenues increased \$103,861 (6%)
- Other charges for service decreased \$115,001 (3%)

Operating Expenses

- Increased \$1,312,837 (4%)
- Cost of sales increased \$54,419 (0.4%)
- Personal services increased \$897,669 (9%)
- Depreciation and amortization increased \$360,749 (5%)

Operating Income (net of operating expenses)

- Increased \$594,049, 6%
- Net operating income = \$10,985,127
- Net Operating income without depreciation and amortization = \$17,992,228

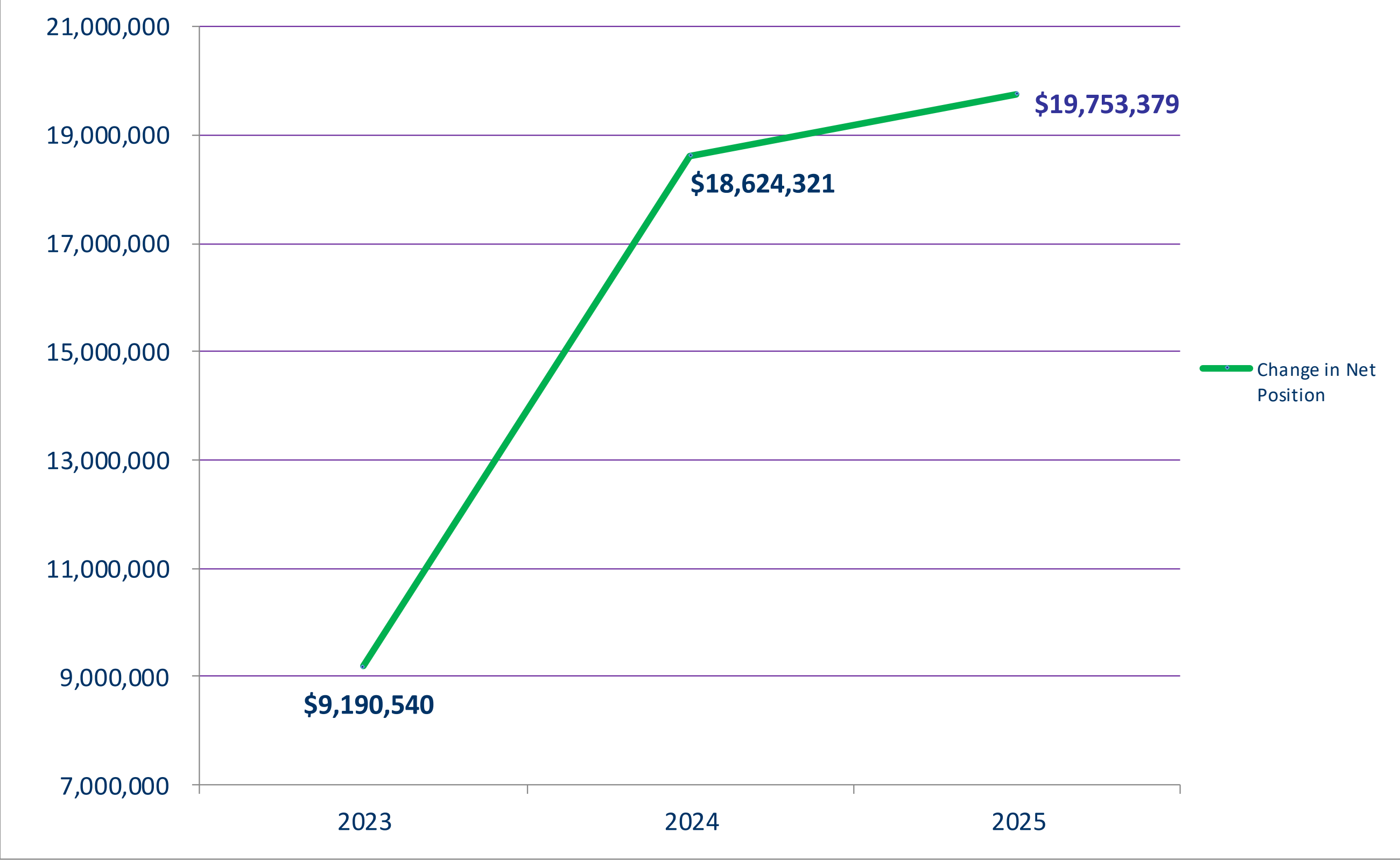
Non-operating activity

- Interest income increased \$3,698,472 (174%)
- Interest expense increased \$3,949,056 (108%)
- Intergovernmental revenue decreased \$5,750,000 (100%)

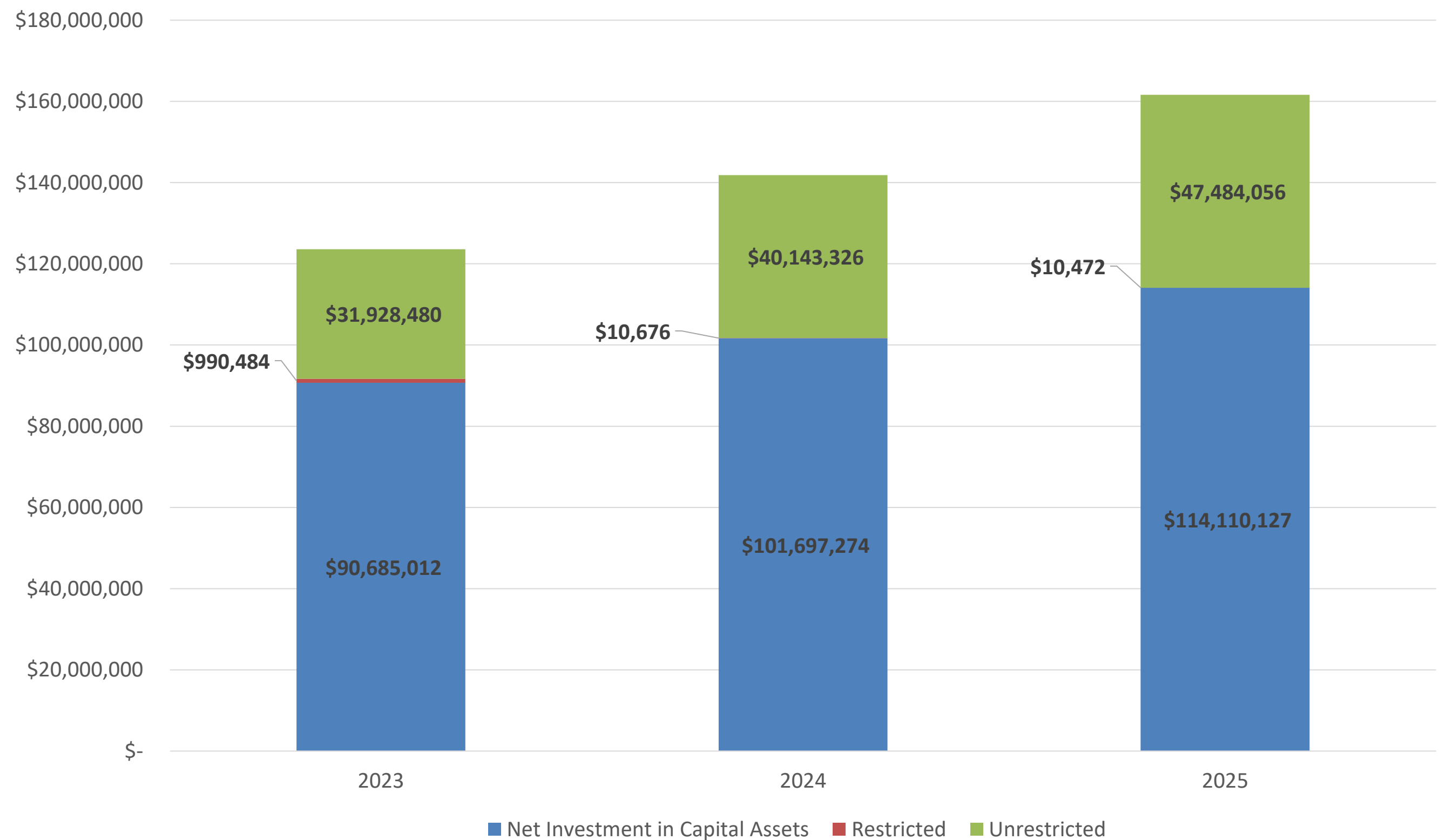
Unrestricted Net Position

- 2025, \$47,484,056, 145% of operating expenses, (17.42 months)
- 2024, \$40,143,326, 128% of operating expenses, (15.39 months)

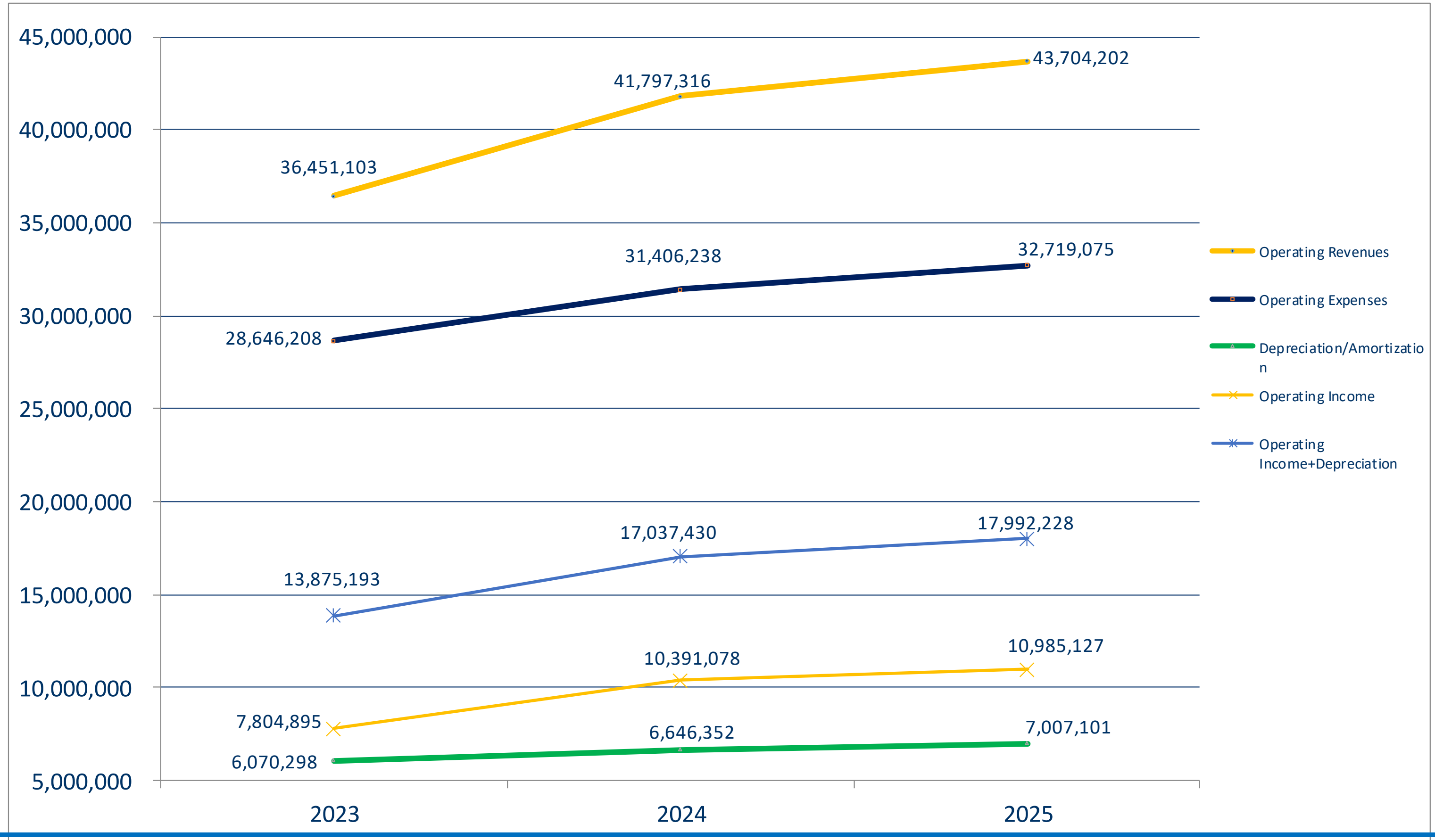
Change in Net Position – Last 3 Years



Net Position - Last 3 Fiscal Years



Operating Revenue and Expenses- Last 3 Years



Report on Internal Control and Other Matters

In accordance with *Government Auditing Standards*, we have issued our report on our consideration of the Coweta County Water and Sewerage Authority's internal controls and our tests of compliance.

This report describes the scope of our testing of internal control and compliance, and the results of that testing, but is not intended to provide an opinion on the internal control or compliance.

No material weakness or significant deficiencies were noted in the internal controls of the Coweta County Water and Sewerage Authority.

No instances of material noncompliance or other matters that are required to be reported were noted.

This report can be found on pages 40-41.



Report on Compliance and Internal Controls over Major Programs

In accordance with *Uniform Guidance*, we have issued our report on our consideration of the Coweta County Water and Sewerage Authority's compliance with requirements applicable to each major program and on internal control over compliance.

This report describes the scope of our testing of compliance requirements and internal controls over major programs, and the results of that testing. We are required to express an opinion on the Authority's compliance with requirements; our opinion is unmodified. This report is not intended to provide an opinion on the internal control.

This report can be found on pages 42-44.



Current Reporting Changes



GASB 101

The Governmental Accounting Standards Board (GASB) has issued Statement No. 101, *Compensated Absences*. Effective for the Authority for fiscal year ending June 30, 2025.

The statement replaces GASB Statement No. 16, *Accounting for Compensated Absences*. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. The new standard also removes the current requirement to disclose both the gross additions and deductions to the liability.

Future Reporting Changes



2026

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*

Contact Information



Samuel Latimer, CPA, CFE
slatimer@rushton.cpa

Website: www.Rushton.cpa

Phone: 770-287-7800

Address: 726 South Enota Drive,
Suite A Gainesville, GA 30501



Proposed 2026 Board Meeting Dates

January 7

February 4

March 4

April 1

April 29 (changed)

June 3

June 24 (changed)

August 5

September 2

October 7

November 4

December 2

*All meetings are held at 9:00AM in the Board Room at 545 Corinth Road, unless otherwise specified. Board Meeting dates are subject to change and changes will be communicated as needed.