

DOUGLASVILLE-DOUGLAS COUNTY WATER AND SEWER AUTHORITY

DOUGLAS COUNTY, GEORGIA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR FISCAL YEARS ENDED JUNE 30, 2015 and 2014



**DOUGLASVILLE-DOUGLAS COUNTY
WATER AND SEWER AUTHORITY**

DOUGLAS COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEARS ENDED JUNE 30, 2015 and 2014

Prepared by
Department of Finance
Andrew L. Rose, Chief Financial Officer

Douglasville-Douglas County Water and Sewer Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Years Ended June 30, 2015 and 2014

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Douglasville-Douglas County Water and Sewer Authority

BOARD OF DIRECTORS

David L. Boatright	Chairman
Larry Lewallen	Vice Chairman
S. Layne Smith	Member
Harvey Persons, Mayor City of Douglasville	Member
Kerry Rigdon	Member
Rochelle Robinson	Member
Tom P. Worthan, Chairman Douglas County Board of Commissioners	Member
Helen McCoy	Secretary - Treasurer

MANAGEMENT

Gilbert B. Shearouse	Executive Director
Keith Higgs	Deputy Director & Wastewater Operations Manager
Brian Keel	Deputy Director & Engineering Manager
Andrew Rose	Chief Financial Officer
Karen Cobb	Billing/Customer Service Manager
Charles Butts	Systems Maintenance Manager
Aaron Gardenhire	MIS Manager
Steve Green	Water Operations Manager
Sidney Miller	Human Resources/General Services Manager

LEGAL COUNSEL

Hartley, Rowe & Fowler	Corporate Counsel
Ford & Harrison	Personnel Counsel
Milbree Lankford	General Counsel
Murray Barnes Finister LLP	Bond Counsel

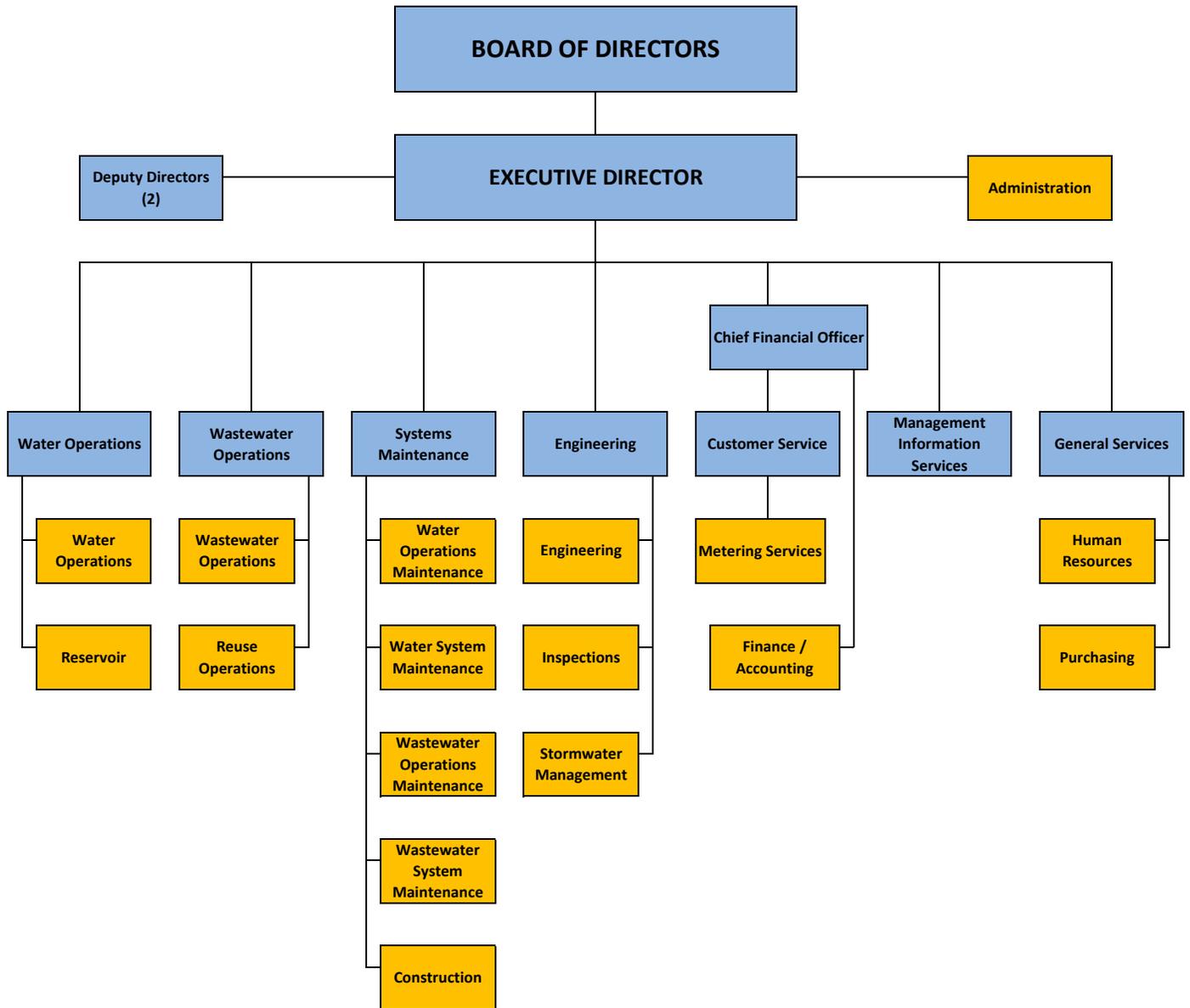
CONSULTANTS

R. J. Wood and Company	Water Consulting Engineer
Hazen and Sawyer, P.C.	Wastewater Consulting Engineer
Rind-McDuff Associates, Inc.	Stormwater Consulting Engineer
Crace Galvis McGrath, LLC	Independent Auditors
Davenport & Company	Financial Advisors

Additional System Information may be found at
www.ddcwsa.com

Douglasville-Douglas County Water and Sewer Authority

ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Douglasville-Douglas County
Water and Sewer Authority
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



DOUGLASVILLE-DOUGLAS COUNTY WATER AND SEWER AUTHORITY

Post Office Box 1157
Douglasville, Georgia 30133
(770) 949-7617
www.ddcwsa.com

David Boatright
Chairman

Gilbert B. Shearouse
Executive Director

November 19, 2015

Board of Directors of the
Douglasville-Douglas County Water and Sewer Authority
Customers and Citizens of
Douglas County, Georgia

We are pleased to submit the Comprehensive Annual Financial Report of the Douglasville – Douglas County Water and Sewer Authority (“Authority”) for the Fiscal Years ended June 30, 2015 and 2014. This submission is in compliance with the Act that created the Authority. The basic financial statements have been audited by our independent auditors, Crace Galvis McGrath, LLC. The annual audit is planned and performed to obtain reasonable assurances that the basic financial statements of the Authority are free of any material misstatements and are prepared in accordance with generally accepted standards within the United States. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority’s management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included. For further understanding, readers should refer to the Management’s Discussion and Analysis.

PROFILE OF THE AUTHORITY

The Douglasville-Douglas County Water and Sewer Authority was created under an Act of the Georgia General Assembly (Georgia Laws 1985, Act No. 40), and commenced operations on December 27, 1985 by the transfer of the City of Douglasville’s water and sanitary sewer system and the County’s water and sanitary sewer system. The Authority has the power to construct, erect, acquire, own, repair, remodel, maintain, add to, extend, improve, equip, operate and manage a water and sanitary sewer system and to issue revenue bonds, payable from a pledge of the revenues derived from the water and sanitary sewer system for certain purposes.

The Authority is an independent public body corporation with seven board members in the governing body. Five of the board members are appointed alternately by the City of Douglasville Council, and the County Board of Commissioners. The Mayor of the City of Douglasville and Chairman of the Board of Commissioners of the County serve as ex-officio voting members of the Authority. Appointed members serve for five-year staggered terms.

The Authority’s Board appoints an Executive Director who is responsible for the daily management of the Authority. The Board adopts a balanced budget annually and establishes billing rates for the operations of the Authority. The Executive Director has the responsibility of administering operations in accordance with the Authority Bylaws and directives of the Authority Board of Directors.

The Authority exclusively provides water, sanitary sewer, and stormwater services to Douglas County, with the exception of the cities of Villa Rica and Austell, Georgia. The Authority supports various types of customers, including residential, commercial, industrial, multi-family, mobile home parks and governmental accounts.

The Authority operates and maintains water, sanitary sewer, and stormwater systems consisting of water reservoirs, water and wastewater treatment plants, water distribution and sewage collection lines, stormwater retention ponds, conveyance pipes and culvert systems, and the use of meters to bill consumption. As of June 30, 2015, the net property, plant and equipment value of the combined system was \$395,976,121.

The water system’s raw water, primarily from the Dog River Reservoir (256-acres) and Bear Creek Reservoir, is pumped to the Authority’s Bear Creek Water Treatment Plant and distributed throughout the County. The system is served by 931 miles of distribution lines in various diameter sizes throughout the County. The last plant expansion of the water treatment plant brought

“Award Winning Service For Our Local Community”

capacity to 23.9 MGD. The construction of a redundant raw water line was completed in September 2014 allowing the water treatment plant to produce at capacity should the need arise.

The sanitary sewer facilities collect sewage through 461 miles of sanitary sewer collection lines and force mains which lead to two major wastewater treatment plants and two smaller plants. Treated effluent from one of the two large facilities, the Sweetwater Creek WWTP, receives additional treatment at a 1.75 MGD side-stream facility before being provided as cooling tower make-up water for a large data processing center located in the County.

Stormwater services started in January 2003 when the Authority acquired the City of Douglasville's stormwater system. In December 2003 the Authority entered into a 30-year Intergovernmental Agreement with Douglas County whereby the Authority acquired the County stormwater system and the County agreed to transfer the assets to the Authority on July 1, 2004. As of June 30, 2015, the combined Authority stormwater system consisted of 120 miles of conveyance pipe and culvert systems, 10,956 catch basins and junction boxes and other appurtenances.

ECONOMIC FACTORS AND OUTLOOK

Douglas County is part of the Atlanta metropolitan area and is located west of the Fulton County line, less than 25 miles west of downtown Atlanta. The population of Douglas County as of the U.S. 2010 Census was 132,403 and now is estimated to be 138,776.

Interstate Highway I-20, U.S. Highway 78, U.S. Highway 278, and four state routes serve the County at the present time. There are approximately 1,012 miles of roads, with all but approximately 60 miles of those paved in the County. Atlanta's perimeter highway (Interstate 285) provides easy access to all areas of Atlanta, including I-75 and I-85. Douglas County is served by 51 interstate/intrastate trucking carriers, and by 11 carriers that are intrastate only. A major east-west bound railroad line for Norfolk Southern Railways crosses through the County with trains bringing finished goods and raw materials in and out of the County.

The Authority's water and sanitary sewer systems serve approximately 95% of the residential population of the County. The system serves schools, day-care facilities, one hospital, churches, and state and local governmental units. Several suburban shopping centers, including a 1.4 million square-foot regional mall, numerous motels, restaurants and apartment complexes are also served by the system. The 10 largest customers for the 12 months ending June 30, 2015 are listed in Table 15 of the statistical section of this report, along with other pertinent statistical information.

During this past fiscal year, Douglas County and the Atlanta metropolitan area experienced some new construction and an improvement in unemployment. The Authority expects gradual improvement in both construction and population over the next five years. Current projected operating revenues should be sufficient to cover operational costs, debt service and capital needs. The Authority maintains a reserve fund for emergency use in case of disasters or shortfalls in funding operations, debt service or capital projects.

The Authority experienced a decline in water consumption after 2007 of approximately 18%. due to a decrease in wholesale water sales and conservation measures practiced after the drought. The past year experienced a slight increase in consumption.

MAJOR INITIATIVES AND OTHER EVENTS

A meter replacement project, started in 2011, to replace all residential meters and convert our system to a fixed base radio read system continues with 20,000 installations at June 30, 2015. The project will take six to eight years to complete at an estimated cost of \$3,000,000 a year.

A redundant raw water main from the reservoir to the water treatment plant was completed in September 2014 at a costs of \$9.7 million.

A \$1.8 million stormwater project to replace a culvert under a two lane road on Chapel Hill Road with a four lane open bottom culvert was completed in August 2015.

On June 30, 2014, Peter J. Frost, the Executive Director, retired. Mr. Frost had served as Executive Director of the Authority since its inception in 1985. Gilbert Shearouse had been the Assistant Executive Director and Engineering Manager in the past and became the Executive Director as of July 1, 2014.

LONG-TERM FINANCIAL PLANNING

In order to facilitate long-term planning, the Authority maintains a five-year cash flow model of its finances that includes projections of water and sewer capacity utilization, system growth and related availability of operating revenue, anticipated operating expenses, capital expenses, debt service requirements and cash flows. A Capital Improvements Program is included as part of this planning document which is reviewed and updated annually, detailing the capital projects necessary to meet the needs of the system's expansion and rehabilitation. The Authority uses this data to facilitate projections of necessary rate increases, additional capacity requirements, debt needs and proper debt service coverage.

INTERNAL CONTROL AND BUDGET POLICIES

The Authority's management is responsible for establishing and maintaining a system of internal accounting controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurances that the assets of the Authority are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefit likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. Management reviews internal controls on a continuing basis.

The Authority operates under the auspices of a Board-approved annual budget. The budget is prepared on a zero-base concept which sets out allocations of anticipated operating revenues and requires justification of all expenses. Since the Authority has no taxing power and operates solely on its own revenues, there are no appropriations. Operational and maintenance costs are funded from customer fees and charges. The Authority plans, budgets, and manages to assure that current costs are funded through current revenues. The Bylaws of the Authority require an adoption of the Operating and Capital Budgets no later than 15 days prior to the start of its Fiscal Year. The budget remains in effect the entire year and is not revised, as is the case in many governmental entities.

The Authority uses a one-year operating budget process with an additional five-year cash projection included to address a longer term planning and management perspective. An analysis is presented with the budget and rate recommendation to ensure that utility revenues are sufficient to recover total cash needs for a five-year projection period. Total cash needs include annual expenditures to operate the system, capital-related costs of principal and interest payments on debt, contributions to specific reserves, and capital replacements and improvements that are not debt-financed. Services are provided to customers under a rate structure designed to produce revenue sufficient for operating and maintenance costs, capital outlay, debt service, reserves and debt service coverage. While the Authority prepares long-range rate projections, these projections are reviewed annually through the budgetary and rate-making process of the Authority. Rates are generally changed in December after reviewing previous year's actual figures and estimating any changes that may have occurred since the adoption of the budget. The Director has the authority to increase rates at any time up to an annual increase of 5% plus the cost of living, without further Board of Directors action.

DEBT MANAGEMENT POLICY

The Authority manages debt in accordance with all applicable law, bond resolutions and adopted debt management policies. 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 the net operating income of the system, adding back depreciation, and including interest income, tap fees, development fees and other non-operating revenue. The bond resolutions obligate the Authority to review rates and to revise such rates and charges as necessary to meet the coverage test. The Authority further covenants in the bond resolutions to maintain rates and charges that are at all times sufficient to provide for the payment of the bonds; to maintain the debt service funds and any other related funding instruments related to the debt of the system; and to provide for the payment of administrative and operational expenses of the system preserving the system in good repair and working order.

AWARDS AND ACKNOWLEDGEMENTS

The Douglasville-Douglas County Water and Sewer Authority is held to the highest standards by our community, and has been successful in gaining recognition from industry peers, by the numerous awards received in the past. Awards received during the past two years included:

2014

- Bear Creek Water Treatment Plant GAWP's Safety Award
- South Central Wastewater Treatment Plant Laboratory Best in the State in its size category
- Georgia Association of Floodplain Management Award for Excellence in Floodplain Management
- Government Finance Officers Association Award for Excellence in Financial Reporting
- Georgia Association of Water Professionals (GAWP) Bronze Award for WSA's Volunteer Service to GAWP

2013

- Metro Atlanta Chamber of Commerce's E3 Award for Google & WSA's Joint Public/Private water Reuse Partnership Project
- EPA's Partnership for Safe Drinking Water 15-Year Director's Award
- Best Tasting Water in the Georgia Association of Water Professionals (GAWP) District 3 & greater metro Atlanta
- 2nd Best Tasting Water in Georgia
- Government Finance Officers Association Award for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Douglasville-Douglas County Water and Sewer Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This is the twelfth year the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A certificate of Achievement is valid for a period of one year only. We believe that the current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR was made possible by the dedicated services of the entire staff of the Finance and Administration Departments. Each member of these departments has my sincere appreciation for the contributions made in the preparation of this report. In closing, the staff would also like to express gratitude for the Chairman and the entire Board of Directors, as well as the Executive Director for their interest and support in planning and conducting the financial operation of the Authority in such a responsible and progressive manner.

Respectfully submitted,



Andrew L. Rose, CPA
Chief Financial Officer

FINANCIAL SECTION

**REPORT OF
INDEPENDENT AUDITOR**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Douglasville-Douglas County Water and Sewer Authority
Douglasville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the Douglasville-Douglas County Water and Sewer Authority (the "Authority"), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Douglasville-Douglas County Water and Sewer Authority, as of June 30, 2015 and 2014, and the changes in financial position and the cash flows for the years then ended in conformity 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, the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Pension Contributions, Executive Director's Additional Pension Plan Schedule of Funding Progress and OPEB Plan Schedule of Funding Progress on pages 14 through 21 and 46 through 49, respectively, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, additional schedules of individual accounts and sections, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The additional schedules of individual accounts and sections and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 additional schedules of individual accounts and sections and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, 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 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 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.


Crace Galvis McGrath, LLC
Kennesaw, GA

November 18, 2015

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Douglasville-Douglas County Water and Sewer Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis and overview of Douglasville-Douglas County Water and Sewer Authority's financial performance during the fiscal years that ended on June 30, 2015 and 2014. Please read it in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The overall financial condition of the Authority remained strong during the fiscal year ended June 30, 2015. Total assets and deferred outflows at June 30, 2015 were \$429.6 million and exceeded liabilities and deferred inflows in the amount of \$268.4 million (net position). Total net position decreased by \$0.7 million in 2015 due to a decrease of \$2.0 million for a prior period adjustment related to new pension reporting standards and an increase of \$1.3 million in the current year's operations. In 2014 there was a \$3.1 million decrease in net position.
- During the fiscal year 2015 the Authority's "operating revenues" increased to \$41.7 million up from \$39.7 million in 2014 or 5.0%, while "operating expenses" decreased to \$37.7 million from \$38.6 million in 2014 or 2.2%. The increase in revenue is noted below. The decreases in operating expenses were employment cost (\$1.0 million), and purchased services (\$0.3 million). Increases in operating expenses occurred in repairs & maintenance (\$0.2 million), supplies & materials (\$0.2 million), and depreciation (\$0.3 million). Utilities and administration remained the same as the previous year.
- Water revenue increased \$0.7 million and sewer revenue increased \$1.0 million in the fiscal year ended June 30, 2015 over that of the previous year. Water rates and sewer increased 3% in December 2014. In fiscal year ended June 30, 2014 rates were not increased but tiers were lowered in December 2013. Also in December of 2013, a second tier was created in sewer charges at 117% of the first tier rate. The Authority increases rates to keep pace with inflation, ensure recovery of all its operating costs, and to cover annual debt service payments.
- The Authority's capital assets increased \$7.2 million and \$16.0 million in fiscal years 2015 and 2014 of which \$1.4 million and \$0.5 million were non-cash developer infrastructure improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report is presented in four sections; Introductory, Financial, Statistical, and Compliance. The Management's Discussion and Analysis (MD&A) serves as an introduction to the financial section. The financial section consists of the Independent Auditors' Report, Management's Discussion and Analysis, and the Authority's basic financial statements, which are presented comparatively for the fiscal years ending June 30, 2015 and 2014. The basic financial statements consist of the following:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements
- Required Supplementary Information

The Statements of Net Position include all of the Authority's assets, deferred outflows, and liabilities and provides information about the nature and amounts of investments in resources (assets), and the obligations to Authority creditors (liabilities). They also provide the basis for evaluating the capital structure, liquidity and financial flexibility of the Authority. All of the current year revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period. The Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. The Notes to Financial Statements provide necessary disclosures that are essential to a full understanding of the data in the aforementioned financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

In fiscal year 2015, the Authority maintained its sound financial condition, even with slow regional economic growth within the service area. This was demonstrated by the Authority's continued strong cash and investment portfolio as outlined in the financial statements and schedules in this report. While exercising prudent fiscal discipline, the Authority continues to ensure it is able to provide safe water to customers as well as be fiscally and environmentally responsible.

STATEMENTS OF NET POSITION

A summary of the Authority's Statements of Net Position (Balance Sheets) is presented in Table A-1.

TABLE A-1
Condensed Statements of Net Position
(In millions of dollars)

	Fiscal Year 2015 to 2014 Comparison				Fiscal Year 2014 to 2013 Comparison			
	FY 2015	FY 2014	Dollar Change	% Change	FY 2014	FY 2013	Dollar Change	% Change
Assets & Deferred Outflows:								
Current and Other Assets	\$ 28.2	\$ 26.7	1.5	5.6%	\$ 26.7	\$ 31.0	(4.3)	-13.9%
Capital Assets	396.0	404.6	(8.6)	-2.1%	404.6	406.7	(2.1)	-0.5%
Total Assets	424.2	431.3	(7.1)	-1.6%	431.3	437.7	(6.4)	-1.5%
Deferred Outflows	5.4	4.9	0.5	10.2%	4.9	0.8	4.1	512.5%
Tot Assets & Deferred Outflows	429.6	436.2	(6.6)	-1.5%	436.2	438.5	(2.3)	-0.5%
Liabilities:								
Long-Term Debt Outstanding	143.3	149.4	(6.1)	-4.1%	149.4	150.7	(1.3)	-0.9%
Other Liabilities	16.4	17.6	(1.2)	-6.8%	17.6	15.6	2.0	12.8%
Total Liabilities	159.7	167.0	(7.3)	-4.4%	167.0	166.3	0.7	0.4%
Deferred Inflows	1.4	-	(8.5)	100.0%				
Total Liabilities & Deferred Inflows	161.1	167.0	(5.9)	-3.5%	167.0	166.3	0.7	0.4%
Net Position:								
Investment in Capital Assets	251.4	257.4	(6.0)	-2.3%	257.4	256.9	0.5	0.2%
Restricted	4.9	2.4	2.5	104.2%	2.4	3.0	(0.6)	-20.0%
Unrestricted	12.1	9.3	2.8	30.1%	9.3	12.3	(3.0)	-24.4%
TOTAL NET POSITION	\$ 268.4	\$ 269.1	\$ (0.7)	-0.3%	\$ 269.1	\$ 272.2	\$ (3.1)	-1.1%

Comparison 2015-2014

Net position at June 30, 2015 was \$268.4 million, a decrease of \$0.7 million. The decrease was due to a prior period decrease adjustment of \$2.0 million for new pension plan reporting requirements by GASB Statement 68, and the current year's increase of \$1.3 million in net position. Current and other assets increased \$1.5 million of which \$1.6 million was in cash & investments, \$0.4 million in accounts receivables; while net pension assets decreased \$0.7 million. The net pension asset decrease was due to new pension reporting requirements. Capital assets decreased \$8.6 million due to depreciation expense exceeding new assets acquired during the year. Deferred outflows increased \$0.5 million due to adding \$0.9 million in deferred outflows of pensions under new pension reporting requirements, and a decrease of \$0.4 million in bond defeasance costs. Long-term debt decreased \$6.1 million reflecting payments of principal. Other liabilities decreased \$1.2 million due to an increase in current bond obligations (\$0.2 million), a decrease in accounts payable (\$1.7 million), and an increase in customer deposits (\$0.3 million). Net position for investment in capital assets decreased \$6.0 million as a result of a net decrease in capital assets of \$8.6 million, debt reduction of \$5.9 million, \$0.5 decrease in deferred outflows and reduction in bond proceeds of \$2.8 million. Net position - unrestricted (available for day-to-day operations) increased \$2.8 million due to a \$2.0 million reduction for a prior period adjustment for pensions and as a result of the change in net position investments in capital assets and net position - restricted.

Comparison 2014-2013

Net position at June 30, 2014 was \$269.1 million, a decrease of \$3.1 million. Current and other assets decreased \$4.3 million, due to a \$2.2 million reduction in Bond proceeds, and a \$2.1 million decrease in Renewal and Extension funds. Capital assets decreased \$2.1 million due to depreciation expense exceeding new assets acquired during the year. Deferred outflows, consisting of bond defeasance costs increased \$4.1 million with the 2013 Bonds issued in December 2013 replacing most of the 2005 Bonds. Long-term debt decreased \$1.3 million reflecting payment of principal. Other liabilities increased \$2.0 million due to an increase in current bond obligations (\$0.6 million) and accounts payable for capital improvements (\$1.3 million). Net position for investment in capital assets decreased \$0.5 million as a result of a net decrease in capital assets of \$2.1 million and debt reduction of \$0.2 million, deferred outflows increase of \$5.0 and reduction in bond proceeds of \$2.2 million. Net position - unrestricted (available for day-to-day operations) increased \$3.0 million primarily as a result of the change in net position investments in capital assets and net position - restricted.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

While the Statements of Net Position shows the decrease in net position of \$0.7 million, the Statements of Revenues, Expenses, and Changes in Net Position, provides answers as to the nature and source of these changes. A closer examination of the individual categories affecting the source of changes in net position is discussed below.

TABLE A-2
Condensed Statements of Revenues,
Expenses and Changes in Net Position
(In millions of dollars)

	Fiscal Year 2015 to 2014 Comparison				Fiscal Year 2014 to 2013 Comparison			
	FY 2015	FY 2014	Dollar Change	% Change	FY 2014	FY 2013	Dollar Change	% Change
REVENUES								
Operating Revenue:								
Charges for services	\$ 40.5	\$ 38.5	\$ 2.0	5.2%	\$ 38.5	\$ 36.8	\$ 1.7	4.6%
Penalties	1.2	1.2	-	0.0%	1.2	1.0	0.2	20.0%
Total Operating Revenues	41.7	39.7	2.0	5.0%	39.7	37.8	1.9	5.0%
Interest income	0.1	0.1	-	0.0%	0.1	0.1	-	0.0%
Total Revenues	41.8	39.8	2.0	5.0%	39.8	37.9	1.9	5.0%
EXPENSES								
Operating Expenses:								
Employment costs	10.4	11.5	(1.1)	-9.6%	11.5	10.9	0.6	5.5%
Repairs & maintenance	2.3	2.1	0.2	9.5%	2.1	2.5	(0.4)	-16.0%
Supplies & materials	1.1	1.0	0.1	10.0%	1.0	1.0	-	0.0%
Depreciation	18.6	18.3	0.3	1.6%	18.3	18.2	0.1	0.5%
Utilities	3.3	3.3	-	0.0%	3.3	3.2	0.1	3.1%
Water & sewer service purchased.	0.3	0.6	(0.3)	-50.0%	0.6	0.7	(0.1)	-14.3%
Administration	1.8	1.8	-	0.0%	1.8	1.8	-	0.0%
Total Operating Expenses	37.8	38.6	(0.8)	-2.1%	38.6	38.3	0.3	0.8%
Non-Operating Expenses								
Interest and fiscal charges	5.8	6.3	(0.5)	-7.9%	6.3	7.3	(1.0)	-13.7%
Loss -disposal of cap. assets	0.9	-	0.9	100.0%	-	0.6	(0.6)	-100.0%
Other expenses	0.3	0.4	(0.1)	-100.0%	0.4	(0.1)	0.5	-100.0%
Total Non-Operating Expenses	7.0	6.7	0.3	4.5%	6.7	7.8	(1.1)	-14.1%
Total Expenses	44.8	45.3	(0.5)	-1.1%	45.3	46.1	(0.8)	-1.7%
Income (Loss) Before Cap Contr.	(3.0)	(5.5)	2.5	-45.5%	(5.5)	(8.2)	2.7	-32.9%
Capital Contributions								
Tap fees	1.7	1.5	0.2	13.3%	1.5	1.1	0.4	36.4%
Developer lines	1.4	0.6	0.8	133.3%	0.6	1.1	(0.5)	-45.5%
Grant contributions	1.2	0.3	0.9	300.0%	0.3	0.4	(0.1)	-25.0%
Total Capital Contributions	4.3	2.4	1.9	79.2%	2.4	2.6	(0.2)	-7.7%
Changes in Net Position	1.3	(3.1)	4.4	-141.9%	(3.1)	(5.6)	2.5	-44.6%
Beginning Net Position	269.1	272.2	(3.1)	-1.1%	272.2	277.8	(5.6)	-2.0%
Prior Period Adjustment	(2.0)	-	(2.0)	100.0%				
Ending Net Position	\$ 268.4	\$ 269.1	\$ (0.7)	-0.3%	\$ 269.1	\$ 272.2	\$ (3.1)	-1.1%

Review of Operations:

Comparison 2015-2014

Operating revenues increased by \$2.0 million or 5.2%. Water revenue increased 4.2% (\$0.9 million) and sewer revenue increased 6.1% (\$0.7 million) with a 3% rate increase in December and with a full year of tier adjustments from last December (see comparison 2014-2013 below). Volume of sales indicate customers were using slightly more water and sewer than the previous years. Bad debt expense remained the same at \$0.3 million due to continued collection efforts. There were no significant other increases or decreases in other revenues.

Operating expenses decreased \$0.8 million from the previous year. Employment cost decreased \$1.1 million or 9.6% mainly due to decreases in retirement plan cost (\$0.6 million) and group medical cost (\$0.4). Increases in repairs and maintenance (\$0.2 million or 9.5%) and supplies & materials (\$0.1 million) were due to anticipated and budgeted costs. Purchased services decreased \$0.3 million due to no external water being purchased during the year. Utilities and administration remained the same as the previous year.

Comparison 2014-2013

Operating revenues increased by \$1.9 million or 5.0%. Water revenue increased 3.5% (\$0.7 million) with no rate increase but with each tier of the 3 tier rate system reduced. For example, the first tier for residential customers used to stop at 6,000 gallons, now stops at 5,000 gallons. The tiers were adjusted to better reflect current water usage levels. The sewer revenue increased 10.0% (\$1.0 million) with the addition of a second tier priced at 125% of the first tier. Volume of sales indicate customers were using slightly less water and sewer than the previous years partly due to conservation efforts and an increase in rainfall. Bad debt expense remained the same at \$0.3 million. There were no significant other increases or decreases in other revenues.

Operating expenses increased slightly by \$0.3 million from the previous year. Employment cost increased \$0.6 million or 5.5% mainly due to workers compensation insurance and health insurance increases. Repairs and maintenance was down \$0.4 million or 16% due to a decrease in anticipated and budgeted costs. Utilities increased \$0.1 million to \$3.3 million or 3.1% due to rate increases. Purchased services decreased \$0.1 million. Supplies & materials and administration remained the same as the previous year.

Total Non-Operating Revenues and Expenses:

Comparison 2015-2014

Non-operating interest income remained at the same level. Total non-operating expenses increased \$0.3 million to \$7.0 million. Interest expense decreased \$0.5 million due to reduced bonds outstanding, and other expenses decreased \$0.1 million. Disposition of capital assets increased \$0.9 million from disposition of meters not fully depreciated in the meter replacement program.

Comparison 2014-2013

Non-operating interest income remained at the same level. Total non-operating expenses decreased \$1.1 million to \$6.7 million. Interest expense decreased \$1.0 million due to reduced bonds outstanding and refinancing efforts. In addition, other expenses increased \$0.5 million due to the expense of 2013 bond costs.

Capital Contributions:

Comparison 2015-2014

Capital Contributions were up \$1.9 million to \$4.3 million. The tap fees were up \$0.2 million to \$1.7 million, developer lines were up \$0.8 million to \$1.4 million and grants were up \$0.9 million to \$1.2 million. The increase in tap fees is reflective of the current housing increase over the past fiscal year. The developer contributions consist of non-cash contributions of commercial or residential developments. The grant contributions were FEMA grants for the Chapel Hill Road culvert replacement project and purchase of flood homes. Flood homes purchased by grants are demolished and restricted from future building on the sites. The land values are recorded as assets while the balance of the cost are expensed.

Comparison 2014-2013

Capital Contributions were down \$0.2 million to \$2.4 million. The tap fees were up \$0.4 million to \$1.5 million, developer lines were down \$0.6 million to \$0.5 million and grants were down \$0.1 million to \$0.3 million. The increase in tap fees is reflective of the current housing increase over the past fiscal year. The developer contributions consist of non-cash contributions of a development that has declined in recent years. The grant contributions are FEMA grants for the purchase of flood homes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The tables below provides a summary of the Authority's changes in capital asset acquisitions financed by Authority expenditures, developer lines, and city and county contributions. More detailed information about the Authority's capital assets is presented in the Notes to the Financial Statements Note 3.

TABLE A-3
Capital Assets
(In millions of dollars)

Description	Fiscal Year 2015 to 2014 Comparison				Fiscal Year 2014 to 2013 Comparison			
	FY 2015	FY 2014	Dollar Change	% Change	FY 2014	FY 2013	Dollar Change	% Change
Land	\$ 14.7	\$ 13.8	\$ 0.9	6.5%	\$ 13.8	\$ 13.6	\$ 0.2	1.5%
Buildings	67.8	66.5	1.3	2.0%	66.5	65.9	0.6	0.9%
Machinery & Equipment	67.2	67.5	(0.3)	-0.4%	67.5	66.3	1.2	1.8%
Improvements	446.5	433.2	13.3	3.1%	433.2	427.7	5.5	1.3%
Construction In Progress	4.3	12.3	(8.0)	-65.0%	12.3	3.8	8.5	223.7%
Subtotal	600.5	593.3	7.2	1.2%	593.3	577.3	16.0	2.8%
Less Accumulated Depreciation	204.5	188.7	15.8	8.4%	188.7	170.6	18.1	10.6%
Net Property, Plant, Equipment	\$ 396.0	\$ 404.6	\$ (8.6)	-2.1%	\$ 404.6	\$ 406.7	\$ (2.1)	-0.5%

At the end of 2015, the Authority had invested \$600.5 million in a broad range of infrastructure including water plants, wastewater plants, wastewater facilities, water & sewer lines, dam construction, reservoir, maintenance and administration facilities, and vehicles and equipment.

Fiscal Year 2015 capital assets additions and changes (in millions of dollars):	
➤	\$ 0.9 – Land - easements for redundant raw water pipeline
➤	\$ 1.3 – Buildings - Field Complex A (\$1.0) Various Roof Repairs (\$0.3)
➤	(\$0.3) – Machinery & Equipment - SCADA & Computers (\$0.1), Pumps (\$0.3), Transportation (\$0.2), Power & Misc.. Equipment (\$0.2), Dispositions - Computer, Communications (-\$0.6), Office & Reading Equipment (-\$0.1) Transportation (-\$0.2), Tools & Disposal Equipment (-\$0.1), Other (-\$0.1)
➤	\$13.3 – Improvements - Stormwater (\$0.9), Meters (\$2.3), Field Complex A (\$0.3), Sewer Lines (\$1.0) Backup Power (\$0.6), Raw Water Line (\$9.9), Water Lines (\$0.9) Dispositions -Meters (-\$2.6)
➤	(\$8.0) –Construction in Progress - Balances at year end \$4.3 - Lee Rd (\$0.6), Meter Project (\$0.3), Sewer Lines Rehab (\$0.2) Lift Station Rehab (\$0.1), Reservoir Study (\$0.1), Other (\$0.2), Chapel Hill Culvert (\$1.8), Flood Study (\$0.5) Stormwater Projects (\$0.5)
	\$7.2 million – Total Asset Change

Fiscal Year 2014 capital assets additions and changes (in millions of dollars):	
➤	\$ 0.2 – Land from easements
➤	\$ 0.6 – Buildings
➤	\$ 1.2 – Machinery & Equipment - Wastewater equipment (\$0.7), Pumps (\$0.4) Generators & Misc.. Equipment (\$0.2), Transportation (\$0.1) Dispositions - Transportation (-\$0.1), Miscellaneous equipment (-\$0.1)
➤	\$ 5.5 – Improvements - Stormwater (\$0.6), Sewer Lines (\$0.9), Water Lines (\$0.7), Meters (\$3.1), Land Improvements (\$0.2)
➤	\$8.5 –Construction in Progress - Maintenance Facility (\$0.5), Redundant Raw Water Line (\$6.5), Lee Rd GDOT project (\$0.1), Stormwater Projects (\$0.2), Water Line Repair (\$0.9), Redundant Power \$(0.3).
	\$16.0 million – Total Asset Change

DEBT

At June 30, 2015 year-end, the Authority had \$145.9 million in debt instruments down from \$151.4 million in fiscal year 2014. This decrease was due to scheduled payments on debt. The Authority was in compliance with all bond and loan covenants during the fiscal years 2015 and 2014. More detailed information about the Authority's debt liabilities is presented in Note 4 of the Notes to the Financial Statements.

In December 2013, the Authority issued \$53.2 million in 2013 Bonds at 2.8% interest rate for a defeasance of \$48.4 million of 2005 Series Bonds. Proceeds were placed in a trust for payment of the 2005 Bonds at the callable date of December 2015.

BOND RATINGS
With the 2009 Bond issue the Authority received a stand-alone rating of Aa2 by Moody's, and an affirmation of its AA- rating from Standard & Poor's. In August 2014 Moody's downgraded the Authority's rating to Aa3 .

LIMITATIONS ON DEBT
Bond Covenants allow for the issuance of additional debt, on parity, as to lien on the net revenues of the System provided certain net earnings ratio(s) conditions are met. The major criteria is that all estimated future net earnings of the system must be at least 1.20 times the highest combined debt service requirement. The Authority's current coverage ratio is 2.1

Debt Coverage Ratio:

During fiscal year 2015, the Authority's debt coverage ratio, based on maximum annual debt service, improved from 1.8 to 2.1. The current debt service structure remains rather level reaching maximum annual debt service in 2025 of \$11.8 million and declining after 2030.

TABLE A-4
Debt Coverage Ratio
(In millions of dollars)

	Fiscal Year 2015 to 2014 Comparison				Fiscal Year 2014 to 2013 Comparison			
	FY	FY	Dollar	%	FY	FY	Dollar	%
	2015	2014	Change	Change	2014	2013	Change	Change
Revenue from Operations	\$ 41.7	\$ 39.7	\$ 2.0	5.0%	\$ 39.7	\$ 37.8	\$ 1.9	5.0%
Interest Income	0.1	0.1	-	0.0%	0.1	0.1	-	0.0%
Tap Fees	1.7	1.5	0.2	13.3%	1.5	1.1	0.4	36.4%
Total Revenues	43.5	41.3	2.2	5.3%	41.3	39.0	2.3	5.9%
Total Operating Expenses (less depreciation)	19.2	20.2	(1.0)	-5.0%	20.2	20.1	0.1	0.5%
Net Earnings	24.3	21.1	3.2	15.2%	21.1	18.9	2.2	11.6%
Current Annual Debt Service	11.8	11.9	(0.1)	-0.8%	11.9	12.3	(0.4)	-3.3%
Debt Coverage Ratio	2.1	1.8	0.3	16.1%	1.8	1.5	0.2	15.4%
Maximum Annual Debt Service	\$ 11.8	\$ 11.8	-	0.0%	\$ 11.8	\$ 12.3	(0.5)	-4.1%
Debt Coverage Ratio	2.1	1.8	\$ 0.3	0.0%	1.8	1.5	\$ 0.3	0.0%

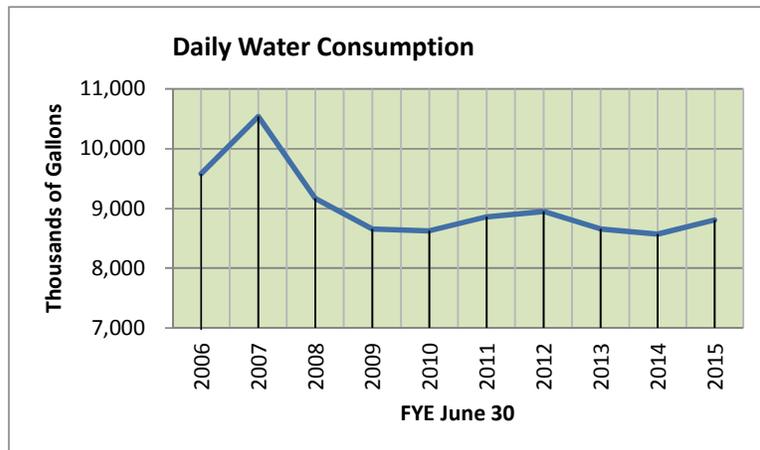
TABLE A-5
Cost of Capital
(In millions of dollars)

	Debt Balance	Average Coupon Rate
2007 Bonds	\$68.6	4.80%
2009 Bonds	\$24.8	4.43%
2013 Bonds	\$52.5	2.80%
Total	\$145.9	*4.0%

*Note: weighted average coupon rate.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Conservation efforts brought on by the 2007 drought and adoption of a three tier rate structure resulted in an 18% decrease in daily water consumption after the peak year ended June 30, 2007. The last year experienced a slight increase in consumption. Water consumption is not anticipated to change significantly in the next five years.



The 2016 budget, five year cash flow projections and capital improvement program have been prepared based on projected economic and population growth for the Authority's service area which is expected to remain stable with slight growth anticipated in the next five years. Other factors affecting next year's and future budgets are listed below.

- The 2016 budget was prepared with a 3% increase in water and sewer rates, however management will review conditions during the year to determine if operating expenses, coverage ratios, debt service, and future capital improvement needs are being met.
- The Authority's Capital Improvement Program is funded through issuance of new debt, capital contributions from tap fees and from developers, and operating revenue in excess of operating expenses and debt service expenses. With the construction and tap fees anticipated to continue to be slow and a reluctance to issue new debt, the Authority will be relying more heavily on operating revenues to fund capital improvements on a pay-as-you-go basis.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Douglasville-Douglas County Water and Sewer Authority's Chief Financial Officer, P.O. Box 1157, Douglasville, Georgia 30133.

BASIC FINANCIAL STATEMENTS

Douglasville-Douglas County Water and Sewer Authority

Statements of Net Position

	June 30,	
	2015	2014
Assets:		
Current assets:		
Cash and cash equivalents	\$ 11,577,143	\$ 1,678,351
Accounts receivable, less allowance for doubtful accounts of \$396,887 in 2015 and \$411,316 in 2014	5,476,769	5,533,358
Miscellaneous receivables	178,492	146,884
Inventories	810,285	748,643
Prepaid expenses	382,391	293,722
Restricted assets:		
Cash and cash equivalents	6,474,562	11,093,613
Investments	978,931	4,600,651
Receivables	1,203,785	775,357
Total current assets	27,082,358	24,870,579
Non-current assets:		
Capital assets:		
Land and easements	14,714,306	13,810,311
Buildings	67,763,387	66,481,543
Machinery and equipment	67,188,774	67,457,633
Improvements other than buildings	446,518,309	433,160,368
Construction in progress	4,313,848	12,348,442
	600,498,624	593,258,297
Less accumulated depreciation	204,522,503	188,698,808
Net capital assets	395,976,121	404,559,489
Other assets:		
Miscellaneous receivables - non-current	272,710	274,447
Prepaid bond insurance costs	303,178	328,910
Net Pension Asset	564,654	1,233,931
Total other assets	1,140,542	1,837,288
Total non-current assets	397,116,663	406,396,777
Total assets	424,199,021	431,267,356
Deferred Outflows		
Pensions	899,982	-
Bond defeasance costs	4,473,744	4,918,818
Total deferred outflows	5,373,726	4,918,818
Total Assets and Deferred Outflows	\$ 429,572,747	\$ 436,186,174

	June 30,	
	2015	2014
Liabilities:		
Current liabilities:		
Accounts payable	\$ 1,890,266	\$ 2,095,843
Accrued expenses and other	1,149,597	1,128,192
Revenue bonds, portion due within one year	5,730,000	5,495,000
Current liabilities payable from restricted assets:		
Accrued interest on revenue bonds	494,709	514,337
Accounts payable	513,931	2,033,159
Customer deposits	2,980,224	2,718,644
Unearned income	1,421,070	1,495,075
Total current liabilities	<u>14,179,797</u>	<u>15,480,250</u>
Non-current liabilities:		
Other long-term liabilities	2,233,794	2,143,442
Long-term debt:		
Revenue bonds – portion due after one year, net of unamortized (premium)/discounts of (\$3,160,387) in 2015 and (\$3,520,172) in 2014	<u>143,325,387</u>	<u>149,415,172</u>
Total long-term debt	<u>143,325,387</u>	<u>149,415,172</u>
Total non-current liabilities	<u>145,559,181</u>	<u>151,558,614</u>
Total liabilities	<u>159,738,978</u>	<u>167,038,864</u>
Deferred Inflows:		
Pensions	<u>1,424,241</u>	-
Total deferred inflows	<u>1,424,241</u>	-
Total liabilities and deferred inflows	<u>161,163,219</u>	<u>167,038,864</u>
Net Position:		
Net investment in capital assets	251,394,478	257,377,086
Amounts Restricted for:		
Debt service	484,222	459,252
Capital projects	4,421,017	1,946,069
Unrestricted Amounts	<u>12,109,811</u>	<u>9,364,903</u>
Total net position	<u>268,409,528</u>	<u>269,147,310</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 429,572,747</u>	<u>\$ 436,186,174</u>

See accompanying notes.

Douglasville-Douglas County Water and Sewer Authority

Statements of Revenues, Expenses, and Changes in Net Position

	Year ended June 30,	
	2015	2014
Operating revenue:		
Charges for services (net of bad debt expense \$340,999 in 2015 and \$339,793 in 2014)	\$ 40,512,834	\$ 38,490,526
Penalties	1,180,194	1,206,009
	41,693,028	39,696,535
Operating expenses:		
Employment costs	10,437,540	11,449,310
Repairs and maintenance	2,271,123	2,090,925
Supplies and materials	1,114,967	1,029,076
Depreciation	18,578,980	18,321,224
Utilities	3,255,755	3,256,702
Water and sewer services purchased	299,620	595,177
Administration	1,788,459	1,819,755
	37,746,444	38,562,169
Operating income (loss)	3,946,584	1,134,366
Non-operating revenues (expenses):		
Interest and fiscal charges, net of capitalized amount of \$284,690 in 2015 and \$308,275 in 2014	(5,867,726)	(6,338,702)
Interest income	100,023	101,934
Gain (loss) on disposal of capital assets	(888,366)	30,710
Other income (expenses)	(270,049)	(386,113)
Total non-operating revenue and expenses, net	(6,926,118)	(6,592,171)
Loss before capital contributions	(2,979,534)	(5,457,805)
Capital contributions	4,290,451	2,378,669
Change in net position	1,310,917	(3,079,136)
Total net position - beginning	269,147,310	272,226,446
Restatement	(2,048,699)	-
Total net position – ending	\$ 268,409,528	\$ 269,147,310

See accompanying notes.

Douglasville-Douglas County Water and Sewer Authority

Statements of Cash Flows

	Year ended June 30,	
	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 41,981,326	\$ 40,128,450
Cash payments for goods and services	(9,085,812)	(8,910,132)
Cash payments to employees	(11,180,945)	(11,601,429)
Net cash provided by operating activities	21,714,569	19,616,889
Cash flows from noncapital financing activities:		
Proceeds from insurance & miscellaneous other	8,407	163,905
Cash received from grants	1,180,387	304,786
Non-capitalized grant expenses	(167,434)	(162,227)
Net cash provided by noncapital financing activities	1,021,360	306,464
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(11,238,738)	(14,160,584)
Principal repayments on bonds and notes payable	(5,495,000)	(5,141,990)
Interest paid	(6,172,044)	(6,734,287)
Proceeds for issuance of refunding bonds	-	53,180,000
Bond closing costs	-	(449,851)
Payment to bond escrow agent for defeasance	-	(52,687,991)
Proceeds from the sale of capital assets	31,829	30,710
Cash received for water and sewer tap fees	1,703,919	1,523,759
Net cash used in capital and related financing activities	(21,170,034)	(24,440,234)
Cash flows from investing activities:		
Proceeds from sales of investments	3,621,720	2,237,584
Receipts of interest and dividends	92,126	93,132
Net cash provided by investing activities	3,713,846	2,330,716
Net increase (decrease) in cash and cash equivalents	5,279,741	(2,186,165)
Cash and cash equivalents, beginning of year	12,771,964	14,958,129
Cash and cash equivalents, end of year	\$ 18,051,705	\$ 12,771,964
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	\$ 11,577,143	\$ 1,678,351
Restricted assets:		
Cash and cash equivalents	6,474,562	11,093,613
	\$ 18,051,705	\$ 12,771,964

Continued on next page

Douglasville-Douglas County Water and Sewer Authority

Statements of Cash Flows (Continued)

	Year ended June 30,	
	2015	2014
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 3,946,584	\$ 1,134,366
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	18,578,980	18,321,224
Bad debt expense	340,999	339,793
Changes in operating assets, liabilities deferred outflows and deferred inflows:		
Accounts and miscellaneous receivables	(316,018)	(680,445)
Inventories	(61,642)	(94,093)
Prepaid expenses	(88,669)	14,113
Miscellaneous receivables - non-current	1,737	522,560
Net pension assets	(2,290,344)	(231,609)
Accounts payable	(205,577)	(38,517)
Accrued expenses and other	21,405	30,088
Customer deposits	261,580	250,007
Other long-term liabilities	90,353	49,402
Deferred outflows pensions	10,940	-
Deferred inflows pensions	1,424,241	-
Total adjustments	17,767,985	18,482,523
Net cash provided by operating activities	\$ 21,714,569	\$ 19,616,889
 Schedule of non-cash capital and financing activities:		
Capital assets acquired through:		
Developer contributions	\$ 1,406,146	\$ 542,661
Total non-cash capital financing activities	\$ 1,406,146	\$ 542,661

See accompanying notes.

**NOTES TO
FINANCIAL STATEMENTS**

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

June 30, 2015 and 2014

1. Summary of Significant Accounting Policies

Formation and Governance of the Authority

The Douglasville-Douglas County Water and Sewer Authority (the "Authority") was created by an act of the State of Georgia Legislature on March 7, 1985 for the purpose of providing water and sewerage services to the citizens of Douglas County. On December 27, 1985, the Authority accepted the transfer of the assets of water and sewerage systems of the City of Douglasville (the "City") and Douglas County, Georgia (the "County"). The net book value of the assets transferred was recorded as a capital contribution to the Authority.

The Authority entered into 30-year Intergovernmental agreements with the City and the County to manage the stormwater systems. On January 1, 2003, the City transferred their stormwater system to the Authority in exchange for the waiver of future stormwater service fees. On July 1, 2004, the County transferred their stormwater system to the Authority in exchange for the waiver of future stormwater service fees. As stated in each Agreement, unearned revenue for the City and County was recorded at an amount equal to the present value of the future estimated stormwater service fees for a period of 30 years, and no operating liabilities were assumed or recorded at date of transfer. The estimated fair value of the assets transferred less the unearned revenue was recorded as a capital contribution.

The Authority's governing body is composed of seven members. Two of the board members are the Mayor of Douglasville and the Chairman of the Board of Commissioners of Douglas County. The remaining five members are selected on a rotating basis by the City and County.

No participating government has access to resources or surpluses, nor are they liable for any of the Authority's debts or deficits. The Authority has the ability to finance its capital projects through user charges or the sale of revenue bonds. The Authority is not a component unit of any participating government unit. There are no component units within the Authority's financial statement.

The following is a summary of the Authority's significant accounting policies:

A. Basis of Accounting

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and changes in financial position of a specific governmental activity. The activities of enterprise funds closely resemble those of private-sector businesses in which the purpose is to conserve and add to basic resources while meeting the operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized as they are incurred. The Authority financial statements apply all effective pronouncements of the Governmental Accounting Standards Board (GASB), and when not in conflict with, or contradictory to GASB, pronouncements of the Financial Accounting Standards Board (FASB).

B. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, funds retained at banks and other highly liquid investments with a maturity of three months or less.

C. Investments

Investments are stated at fair value or amortized cost plus accrued interest in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and consist of federally insured or fully collateralized interest-bearing deposits, certificates of deposit and U.S. Treasury notes that mature in less than one year.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

1. Summary of Significant Accounting Policies (continued)

D. Capital Assets

Capital assets are defined by the Authority as individual assets with a life expectancy of more than one year and a minimum cost of \$5,000. The capital assets transferred to the Authority were recorded as capital contributions from the City and the County at estimated historical cost, less accumulated depreciation at the date of transfer. The Authority also capitalizes a portion of interest expense as part of the historical cost of constructing expansions to the system. The capital assets of the Authority are depreciated using the straight-line method over estimated useful lives as follows:

Machinery and equipment	5 – 10 years
Buildings	25 – 40 years
Improvements other than buildings	30 – 50 years

E. Inventories

Inventory of supplies and materials is valued at the lower of cost (first-in, first-out) or market.

F. Bond Premiums, Bond Discounts and Bond Issuance Costs

Bond premiums, bond discounts, and bond issuance costs are being amortized on the effective interest method over the term of the related obligation. Bond premiums and discounts are presented as additions and reductions, respectively, to revenue bonds on the accompanying financial statements. Bond issuance costs consist of bond insurance purchased as part of a bond issue. Other related bond issuance costs are expensed in the year the bond is issued.

G. Deferred Outflows/ Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. Currently, deferred outflows consist of pension contributions and charges on a bond refunding. The pension contributions will be expensed in the subsequent year while the bond refunding charges are amortized over the shorter of the remaining life of the old debt or the new debt. Deferred inflows represent an acquisition of net position that applies to future periods and will not be recognized as an inflow (revenue) until then. Deferred inflows consist of pension plan resources required in future periods.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about fiduciary net position of the Douglasville-Douglas County Water and Sewer Authority Employees Retirement Plan (the "Plan") and additions to /deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by Georgia Municipal Employees Benefit System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair market value.

I. Net Position

The Authority classifies net position as follows:

Net Investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt, net of unspent proceeds, related to those assets.

Restricted net position – This component consists of constraints placed on net position use through external constraints imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

1. Summary of Significant Accounting Policies (continued)

J. Compensated Absences (PTO)

The Authority accrues its liability for earned but unpaid vacation and sick pay costs (Paid Time Off).

K. Unearned Income

Unearned income represents both interest received in advance under a debt service forward delivery agreement, and prepayments from the City and County for stormwater management services. These amounts are being amortized using the interest method over the life of the respective agreements.

L. Water and Sewer Tap Fees - Capital Contributions

Water and sewer tap fees are recorded as capital contributions when received and used in capital assets acquisition.

M. Developer Contributions - Lines & Other Assets

Water and sewer lines, stormwater infrastructure and lift stations are constructed by private developers and dedicated to the Authority, which is then responsible for their future maintenance. These assets are recorded as capital contributions when they pass inspection by the Authority. The estimated costs, which approximate fair value, are capitalized as improvements other than buildings.

N. 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.

O. Statements of Cash Flows

For purposes of the Statements of Cash Flows, the Authority considers all currency, demand deposits, and money market accounts with banks or other financial institutions to be cash equivalents.

P. Management Estimates

The preparation of the 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

2. Deposits and Investments

The Authority's available cash is invested in demand deposit accounts, money market treasury accounts, U.S. Treasury notes and the State of Georgia Local Government Investment Pool (Georgia Fund 1). The carrying amounts of the cash and investments at June 30 consist of the following:

	2015	2014
Demand deposit accounts	\$ 18,053,742	\$ 12,771,964
Local Government Investment Pool	976,894	4,600,651
	\$ 19,030,636	\$ 17,372,615
Current assets:		
Unrestricted - cash and equivalents	\$ 11,577,143	\$ 1,678,351
Restricted - cash and equivalents	6,474,562	11,093,613
Restricted - investments	978,931	4,600,651
	\$ 19,030,636	\$ 17,372,615

Credit risk - State statutes authorize the Authority to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The Authority has no formal credit risk policy. The current investment strategy of the Authority provides that safety of capital is the primary objective of all Authority investments and requires that all investments are managed to ensure preservation of and to limit exposure to principal losses due to credit, market and/or liquidity risks.

At June 30, 2015 and 2014, the Authority had the following investments listed at Fair Market Value:

Investment	2015	2014
Georgia Fund 1 LGIP	\$976,894	\$4,600,651
Maturities - in weighted average	56 days	62 days

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, allows governmental entities to report money market investments at amortized cost. U.S. Treasury and agency obligations with remaining maturities of one year or less when purchased are also reported at amortized cost which approximates fair value. This statement also allows investments in a 2a7-like pool to be determined by the pool's share price. The LGIP (Georgia Fund 1) is considered a 2a7-like pool and investments in this pool are reported at share price on the Statements of Net Position. As of June 30, 2015 and 2014, the Authority's investment in Georgia Fund 1 was rated AA+ by Standard & Poor's.

Georgia Fund 1 – Created by O.C.G.A. 36-83-8, is a stable net asset value investment pool which follows Standard & Poor's criteria for AA+ rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The regulatory oversight agency for Georgia Fund 1 is the Office of The State Treasurer of the State of Georgia.

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

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 at 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015 all of the Authority's bank balances were insured and collateralized as required.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

3. Capital Assets

A summary of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2015 and 2014 follows:

	Balance June 30, 2014	Additions	Retirements & Transfers	Balance June 30, 2015
Capital assets not being depreciated:				
Land and Easements	\$ 13,810,311	\$ 903,995	\$ -	\$ 14,714,306
Construction in progress	12,348,442	12,851,660	(20,886,254)	4,313,848
Total capital assets, not being depreciated	26,158,753	13,755,655	(20,886,254)	19,028,154
Capital assets being depreciated:				
Buildings and Structures	66,481,543	1,300,806	(18,962)	67,763,387
Machinery and Equipment	67,457,633	781,719	(1,050,578)	67,188,774
Improvements Other Than Buildings	433,160,368	15,963,882	(2,605,941)	446,518,309
Total capital assets being depreciated	567,099,544	18,046,407	(3,675,481)	581,470,470
Less accumulated depreciation for:				
Buildings and Structures	(14,349,388)	(2,141,950)	9,096	(16,482,242)
Machinery and Equipment	(37,244,894)	(4,277,946)	964,204	(40,558,636)
Improvements Other Than Buildings	(137,104,526)	(12,159,084)	1,781,985	(147,481,625)
Total accumulated depreciation	(188,698,808)	(18,578,980)	2,755,285	(204,522,503)
Total capital assets being depreciated, net	378,400,736	(532,573)	(920,196)	376,947,967
Net capital assets	\$ 404,559,489	\$ 13,223,082	\$ (21,806,450)	\$ 395,976,121

	Balance June 30, 2013	Additions	Retirements & Transfers	Balance June 30, 2014
Capital assets not being depreciated:				
Land and Easements	\$ 13,609,223	\$ 201,088	\$ -	\$ 13,810,311
Construction in progress	3,765,814	15,168,451	(6,585,823)	12,348,442
Total capital assets, not being depreciated	17,375,037	15,369,539	(6,585,823)	26,158,753
Capital assets being depreciated:				
Buildings and Structures	65,917,021	564,522	-	66,481,543
Machinery and Equipment	66,265,026	1,433,887	(241,280)	67,457,633
Improvements Other Than Buildings	427,715,031	5,445,337	-	433,160,368
Total capital assets being depreciated	559,897,078	7,443,746	(241,280)	567,099,544
Less accumulated depreciation for:				
Buildings and Structures	(12,267,519)	(2,081,869)	-	(14,349,388)
Machinery and Equipment	(33,096,391)	(4,389,783)	241,280	(37,244,894)
Improvements Other Than Buildings	(125,254,954)	(11,849,572)	-	(137,104,526)
Total accumulated depreciation - restated	(170,618,864)	(18,321,224)	241,280	(188,698,808)
Total capital assets being depreciated, net	389,278,214	(10,877,478)	-	378,400,736
Net capital assets	\$ 406,653,251	\$ 4,492,061	\$ (6,585,823)	\$ 404,559,489

Total interest costs incurred during the year amounted to \$6,152,416 and \$6,646,977 in 2015 and 2014, respectively. From these amounts, \$284,690 (2015) and \$308,275 (2014) were capitalized as construction period interest.

Depreciation expense incurred during the year amounted to \$18,578,980 in 2015 and \$18,321,224 in 2014.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

4. Long-Term Debt

On December 18, 2013, the Authority issued \$53,180,000 Water and Sewerage Revenue Bonds in a partial defeasance of \$48,360,000 of the 2005 Bonds principal outstanding balance. The 2013 Bonds were issued at a 2.8% interest rate with a maturity in 2030. The refunding reduced total debt service by \$6,852,736. The outstanding principal balance on the 2013 Series Bonds was \$52,490,000 and \$52,915,000 at June 30, 2015 and 2014, respectively.

On November 17, 2009, the Authority issued \$26,720,000 Water and Sewerage Revenue Bonds in a defeasance of the 1998 Bonds principal outstanding balance of \$27,925,000. Interest rates on the 2009 Bonds range from 3% to 5% with a maturity in 2023. Total debt service was reduced by \$2,111,395 with the refunding. The outstanding principal balance on the 2009 Series Bonds was \$24,780,000 and \$25,735,000 at June 30, 2015 and 2014, respectively.

On October 18, 2007, the Authority issued Water and Sewerage Revenue Bonds in the amount of \$76,755,000 with interest rates ranging from 4% to 5%. The Bonds are being used to finance the cost of making renovations, additions, extensions and expansions to the system. The outstanding principal balance on the 2007 Series Bonds was \$68,625,000 and \$70,380,000 at June 30, 2015 and 2014, respectively.

On November 30, 2005, the Authority issued Water and Sewerage Revenue Bonds in the amount of \$52,250,000 with interest rates ranging from 3.5% to 5.0%. The bonds were used to finance the cost of making renovations, additions, and expansions of the system. A defeasance of \$48,360,000 of this bond occurred with the issue of the 2013 Water and Sewerage Revenue Bond in December 2013 (see above). The defeasance was placed in a trust account and will be paid out on the December 2015 call date. The outstanding principal balance of the remaining 2005 Series Bonds was \$760,000 at June 30, 2014. At June 30, 2015 no principal was outstanding due to the 2013 defeasance.

On June 15, 1993, the Authority issued Water and Sewerage Revenue Bonds in the amount of \$29,895,000 in a partial defeasance of the 1991 and 1988 bond issues. Interest rates on the 2003 Bonds range from 2.6% to 5.45%. The final payment of this bond were made in June 2015. The outstanding principal balance on the 1993 Series Bonds at June 30, 2014 was \$1,600,000. The remaining proceeds were used to fund construction.

All bonds are secured by the net revenues of the Authority. Interest is payable semi-annually on June 1 and December 1. Principal is payable annually on June 1.

Debt service over the remaining term of the bonds is summarized as follows:

Bond Year Ending June 30	Principal Maturities and Scheduled Mandatory Redemption Payments	Interest Payments	Total Debt Service on the Bonds
2016	\$ 5,730,000	\$ 5,936,508	\$ 11,666,508
2017	5,925,000	5,739,617	11,664,617
2018	6,140,000	5,520,748	11,660,748
2019	6,405,000	5,262,237	11,667,237
2020	6,670,000	4,992,268	11,662,268
2021-2025	38,370,000	20,301,718	58,671,718
2026-2030	46,555,000	12,617,100	59,172,100
2031-2035	20,425,000	5,582,500	26,007,500
2036-2040	9,675,000	731,500	10,406,500
Totals	145,895,000	\$ 66,684,196	\$ 212,579,196
Less: Portion due within one year	5,730,000		
Net Unamortized (premium) /discount	(3,160,387)		
Long-term debt at June 30, 2015	<u>\$ 143,325,387</u>		

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

4. Long-Term Debt (continued)

The Series 2013 Bonds having a stated maturity of June 1, 2030 may be redeemed in June 2023 at the option of the Authority in whole or in part with not less than thirty (30) days notice nor more than 60 days notice at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

The Series 2009 Bonds having a stated maturity of June 1, 2023 will be subject to scheduled mandatory redemption prior to maturity beginning June 1, 2011 to June 1, 2033 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

The Series 2007 Bonds maturing on or after June 1, 2018 are redeemable at the option of the Authority, in whole or in part on any date, not earlier than June 1, 2017. The Series 2007 Bonds due on June 1, 2032 and on June 1, 2037, are subject to mandatory redemption prior to maturity beginning June 1, 2029 to May 31, 2032 and June 1, 2033 to May 31, 2037 respectively, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. Notice of any redemption shall be mailed at least 30 days and no more than 60 days prior to the redemption date.

The Series 2005 Bonds had a partial defeasance with the issue of the 2013 Bonds in December 2013. The remaining 2005 Bonds matured on June 1, 2015.

The Series 1993 Bonds having a stated maturity in 2015 will be subject to scheduled mandatory redemption prior to maturity. These Bonds are to be redeemed each year beginning June 1, 2008 to May 31, 2015 at a redemption price of 100 percent. Such redemption shall be made at the aforementioned redemption price (expressed as a percentage of the principal amount of the respective bond), plus accrued interest to the date fixed for redemption.

Bond indentures for the Authority's revenue bonds include provisions requiring the Authority to set up certain debt related accounts, the transfer of one-sixth interest and one-twelfth principal each month to a sinking fund and requirements relating to rate setting and maintaining certain coverage ratios.

Changes in long-term debt are as follows:

	June 30, 2014	Additions	Reductions	June 30, 2015	Due Within One Year
1993 Revenue Bonds	\$ 1,600,000	\$ -	\$ (1,600,000)	\$ -	\$ -
2005 Revenue Bonds	760,000	-	(760,000)	-	-
2007 Revenue Bonds	70,380,000	-	(1,755,000)	68,625,000	1,830,000
2009 Revenue Bonds	25,735,000	-	(955,000)	24,780,000	2,670,000
2013 Revenue Bonds	52,915,000	-	(425,000)	52,490,000	1,230,000
	<u>151,390,000</u>	<u>-</u>	<u>(5,495,000)</u>	<u>145,895,000</u>	<u>5,730,000</u>
Premiums/(Discounts):					
1993 Revenue Bonds	(621)	-	621	-	-
2005 Revenue Bonds	469,175	-	(39,288)	429,887	-
2007 Revenue Bonds	2,042,446	-	(143,470)	1,898,976	-
2009 Revenue Bonds	1,009,172	-	(177,648)	831,524	-
Total long-term debt	<u>\$ 154,910,172</u>	<u>\$ -</u>	<u>\$ (5,854,785)</u>	<u>\$ 149,055,387</u>	<u>\$ 5,730,000</u>
Current Portion	<u>(5,495,000)</u>			<u>(5,730,000)</u>	
Long-Term	<u>\$ 149,415,172</u>			<u>\$ 143,325,387</u>	

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

4. Long-Term Debt (continued)

Changes in long-term debt (continued)

	June 30, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
1993 Revenue Bonds	\$ 3,115,000	\$ -	\$ (1,515,000)	\$ 1,600,000	\$ 1,600,000
2005 Revenue Bonds	49,850,000	-	(49,090,000)	760,000	760,000
2007 Revenue Bonds	72,070,000	-	(1,690,000)	70,380,000	1,755,000
2009 Revenue Bonds	26,660,000	-	(925,000)	25,735,000	955,000
2013 Revenue Bonds	-	53,180,000	(265,000)	52,915,000	425,000
State Revolving Fund	16,990	-	(16,990)	-	-
	<u>151,711,990</u>	<u>53,180,000</u>	<u>(53,501,990)</u>	<u>151,390,000</u>	<u>5,495,000</u>
Premiums/(Discounts):					
1993 Revenue Bonds	(1,773)	-	1,152	(621)	-
2005 Revenue Bonds	508,952	-	(39,777)	469,175	-
2007 Revenue Bonds	2,188,760	-	(146,314)	2,042,446	-
2009 Revenue Bonds	1,191,228	-	(182,056)	1,009,172	-
Total long-term debt	<u>\$ 155,599,157</u>	<u>\$ 53,180,000</u>	<u>\$ (53,868,985)</u>	<u>\$ 154,910,172</u>	<u>\$ 5,495,000</u>
Current Portion	(4,876,990)			(5,495,000)	
Long-Term	<u>\$ 150,722,167</u>			<u>\$ 149,415,172</u>	

5. Restricted Assets

Certain of the Authority's assets are restricted for specified purposes. Legal or contractual agreements restrict amounts for debt service, refunding of meter deposits and capital improvements. Board restrictions on reserved funds were changed during the year to include shortfalls in operations or debt service and were removed from the restricted classification. A breakdown of the specified purposes of the restricted assets is as follows:

	2015	2014
Legal:		
Renewal and extension cash	\$ 4,264,498	\$ 784,031
Refundable meter deposits	2,210,063	2,119,800
Debt service sinking fund	978,931	981,483
Construction fund	-	2,808,950
	<u>7,453,492</u>	<u>6,694,264</u>
Receivables	1,203,785	775,357
Board enacted:		
Capital reserves	-	9,000,000
	<u>1,203,785</u>	<u>9,775,357</u>
	<u>\$ 8,657,277</u>	<u>\$ 16,469,621</u>

Amounts in the Debt Service Sinking Fund are restricted to the payment of current bond principal and interest requirements as they become due, as well as required fiscal charges. Sinking fund payments required by the Authority for bond year 2015 and 2014 total \$11,066,508 and \$11,859,181, respectively.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

6. Deferred Outflows / Deferred Inflows of Resources

	2015	2014
Deferred Outflows		
ERP pension paid but not expensed	\$ 899,982	\$ -
Bond refunding	4,473,744	4,918,818
Total deferred outflows	5,373,726	4,918,818
Deferred Inflows		
ERP pension plan	1,424,241	-
Total deferred inflows	\$ 1,424,241	\$ -

7. Other Long-Term Liabilities

Other long-term liabilities consisted of pension and other post employment benefits as follows:

	2015	2014
Pension - Executive Director (see note 10)	\$ 1,709,823	\$ 1,552,785
Other Post Employment Benefits - Retired Executive Director & Former Deputy Director (see note 12)	523,971	590,657
Total	\$ 2,233,794	\$ 2,143,442

8. Net Investment in Capital Assets

Net investment in capital assets can be summarized by the year end balances as follows:

	2015	2014
Net capital assets	\$ 395,976,121	\$ 404,559,489
Unspent debt proceeds for capital projects	-	2,808,950
Related debt to capital assets	(144,581,643)	(149,991,353)
End of year	\$ 251,394,478	\$ 257,377,086

Deferred inflows from bond defeasance costs are used in the above calculation. Net investment in capital assets for 2014 was restated to reflect these costs.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

9. Pension -Employees Retirement Plan (ERP)

General Information about the Pension Plan

Plan Description

The Douglasville-Douglas County Water & Sewer Authority Employees Retirement Plan (the "Plan" "ERP") is an agent multiple-employer public employee defined benefit retirement plan. The plan covers all employees of the Authority and is affiliated with the Georgia Municipal Employees Benefit System (the "System"), which acts as a common investment and administrative agent for municipalities in the State of Georgia. The benefit provisions and all other requirements are established by State law. The System issues a publicly available financial report that includes financial statements for the Plan. That report may be obtained by writing to Georgia Municipal Employees Benefit System (GMEBS), 201 Pryor Street SW, Atlanta, Georgia 30303.

The following brief description of the pension plan terms is provided for general information purposes only. Participants should refer to the plan document for more complete information. The original date of the plan was March 1, 1986. The plan was amended June 1, 1994, January 1, 1997, December 1, 1999, July 1, 2003 and January 1, 2009.

Benefits Provided

All employees hired in positions that meet or exceed the prescribed annual hourly standard are enrolled in the Authority's retirement plan. No employee contributions are allowed in the plan. Normal retirement age under the Plan is 65 with at least 5 years service and early retirement is at age 55 with 10 years of service. Employees are eligible for coverage after one year of continuous service, who work a scheduled 30 hour week (20 hours for employees hired before June 1, 1994). Maximum credit for years of service for employees hired after December 1, 1999 is 30 years. The plan was amended in January 1, 2009, and differences in benefits are:

Employees hired before January 1, 2009: Vesting after 5 years service, normal retirement benefits are calculated at 2% per year of service based on average of highest 36 consecutive months, with early retirement at 55, and under the rule of 80. Disability benefits apply without minimum service. Benefits contain a cost of living provision not to exceed 5% annually.

Employees hired on or after January 1, 2009: Vesting after 10 years service, normal retirement benefits are calculated at 1 ½ % per year of service based on the average of highest 60 consecutive months. Rule of 80 early retirement benefits do not apply, disability benefits do not apply and there is no cost of living adjustment.

Employees Covered by Benefits

Membership of the Plan as of the valuation date of January 1, 2015 was:

Members of the Plan	Participants
Retirees and beneficiaries receiving benefits	57
Terminated plan members entitled to, but not yet receiving benefits	72
Active plan members	174
Total Membership	303

Contributions

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees had adopted an independent actuarial funding policy that exceeds State law requirements, but is in accordance with required contributions as defined by generally accepted accounting principles. This policy requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. There are no assets legally reserved for purposes other than the payment of plan member benefits for the plan. For the year ended June 30, 2015, the average active employee contribution rate was 15.84% of covered payroll. The Authority's contributions to the plan totaled \$1,199,977 for the year ended June 30, 2015.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

9. Employees Retirement Plan (continued)

Net Pension Liability

The Authority's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.25%
Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based on merit increases
Inflation	3.25% for participants hired before 1/1/2009; otherwise 0%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a four-year review for the period January 1, 2010 to June 30, 2014.

The actuarial assumptions used in the January 1, 2015 valuation were based on results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of September 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Nominal Real Rate of Return</u>
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

9. Employees Retirement Plan (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2013 (Measurement Date)	\$ 26,570,705	\$ 24,874,465	\$ 1,696,240
Changes for the year:			
Service cost	672,716	-	672,716
Interest	2,030,570	-	2,030,570
Differences between expected and actual experience	(50,787)	-	(50,787)
Contributions - employer	-	1,210,916	(1,210,916)
Contributions - employee	-	-	-
Net investment income	-	2,854,007	(2,854,007)
benefit payments	(739,608)	(739,608)	-
Administrative expense	-	(29,984)	29,984
Other	(878,454)	-	(878,454)
Net changes	1,034,437	3,295,331	(2,260,894)
Balances at September 30, 2014 (Measurement Date)	<u>\$ 27,605,142</u>	<u>\$ 28,169,796</u>	<u>\$ (564,654)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.75 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Authority's net Pension Liability (Asset)	\$3,125,586	(\$564,564)	(\$3,627,088)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Authority recognized pension expense of \$374,264. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (38,091)
Changes of assumptions	-	(658,842)
Net difference between projected and actual earnings on pension plan investments	-	(727,308)
Employer contributions to pension plan after measurement date of the net pension liability	899,982	-
Total	<u>\$ 899,982</u>	<u>\$ (1,424,241)</u>

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

9. Employees Retirement Plan (continued)

\$899,982 reported as deferred outflows of resources related to pensions resulting from employer contributions after the measurement date will be recognized as an addition to the net pension asset in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ (414,138)
2017	(414,138)
2018	(414,138)
2019	(181,827)
2020	-
Thereafter	-
Total	<u><u>\$ (1,424,241)</u></u>

Payables to the Pension Plan

At June 30, 2015, the Authority did not have any payables to the pension plan required for the year ended June 30, 2015.

10. Pension – Former Executive Director -Plan II

General Information about the Pension Plan

Plan Description

The Douglasville-Douglas County Water & Sewer Authority - Executive Director Plan is a single employer – single employee defined benefit plan (the "Plan II") that offers the Former Executive Director additional supplemental pension retirement benefits. The plan is a defined benefits retirement plan based on number of years service, cost of living adjustment, and is reduced by any benefits paid by the main retirement plan. The plan does not issue a stand-alone report. The plan is not administered through a trust and therefore follows GASB Statement No. 27.

The following is a brief description of the plan for general information purposes. The Authority entered into an Employment Agreement with the Executive Director on October 1, 1999 providing supplemental pension retirement benefits. The Executive Director is not required to contribute to the plan. On February 1, 2007 the Executive Director officially retired. There are no provisions for change other than by mutual agreement by both parties.

Benefits Provided

This is a single employee plan with 4% of employee’s average annual compensation multiplied by the number of years of service with the average annual compensation based on three highest years worked before retirement less any payments received from GMEBS (see pension information above). The employee retired under the rule of 80 at 55 with 25 years of service. Benefits are to be adjusted annually with prior year’s CPI inflation rate.

Employees Covered by Benefits

Membership of the Plan as of the valuation date of January 1, 2015 was:

Members of the Plan	Participants
Retirees and beneficiaries receiving benefits	1
Terminated plan members entitled to, but not yet receiving benefits	0
Active plan members	0
Total Membership	<u><u>1</u></u>

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

10. Pension Plan II (continued)

Funding Policy

During Fiscal Year 2007, the Authority purchased lump sum single premium life only annuities in the amount of \$1,651,197 for this pension retirement obligation to the Former Executive Director. The cost of living adjustments have not been funded. In January of each year a payment is made to the Executive Director to pay for any pension liability due to cost of living provisions not covered by the annuities or GMEBS pension payments. The liability associated with this plan is listed as other long-term liabilities in the statements of net position.

The annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$	184,830	
Interest from net pension obligations		48,939	
Adjustment to annual required contribution		(48,939)	
Annual pension cost		184,830	
Contributions made		27,792	
Increase (decrease) in net pension obligation		157,038	
Net pension obligation, beginning of year		1,552,785	
Net pension obligation, end of year		1,709,823	<i>Note 7</i>

Fiscal Year	Annual Pension Cost	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2009	\$262,515	\$10,470	4%	\$1,052,158
2010	\$188,610	\$10,470	6%	\$1,230,298
2011	\$167,453	\$13,945	8%	\$1,383,806
2012	\$9,051	\$24,294	268%	\$1,369,013
2013	\$239,782	\$29,450	12.3%	\$1,579,345
2014	\$0	\$26,560	100.0%	\$1,552,785
2015	\$184,830	\$27,792	100.0%	\$1,709,823

As of the most recent valuation date, January 1, 2015, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2015	\$1,647,880	\$3,385,495	\$1,737,615	48.67%	N/A	N/A

The required schedule of funding progress immediately following the notes to the financial statement presents multi-year trend information about whether the actuarial value of plan net assets, actuarial accrued liabilities, and total unfunded actuarial liabilities are increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and calculations are based on the substantive plan in effect as of January 1, 2015.

Valuation Date	January 1, 2015
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar for remaining unfunded liability
Remaining Amortization Period	5 years, closed
Asset Valuation Method	Fair market value
Actuarial Assumptions:	
Investment Rate of Return	N/A
Projected salary increase	N/A
Cost of living adjustment (inflation)	4%
Mortality rates	Based on the 2014 RP-2000 Combined Mortality Table.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

11. Deferred Compensation

Deferred Compensation Plan

The Authority offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. As required by Federal regulations, these plan assets are held in trust for the exclusive benefit of participants and their beneficiaries.

The Authority has no fiduciary relationship with the trust that is administered by a third party. In accordance with the provisions of Statement of Governmental Accounting Standards No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the plan assets are not reported in the Authority's financial statements.

12. Other Post Employment Benefits

Plan Description

The Authority does not provide post-retirement benefits to its employees with the exception of hospitalization and medical coverage of a former Executive Director who retired effective February 1, 2007 and hospitalization insurance coverage for a Deputy Director who retired effective June 30, 2014. Douglasville-Douglas County Water & Sewer Authority's - Executive – Employment Agreement Plan is a single-employer defined benefit plan. The plan was created on October 1, 1999, when the Authority entered into an employment agreement with the Executive Director providing supplemental retirement benefits. After retirement on February 1, 2007, services of an actuary were obtained and the estimated costs associated with this benefit amortized over a 5 year period. The actuary determined actuarial accrued liability as of January 1, 2013 was \$523,826. The calculations are based on the OPEB benefits provided under terms of the substantive plan in effect at the time of each valuation and terms of sharing cost. The Authority entered into a retirement agreement with the Deputy Director on May 28, 2013 whereby agreeing to reimburse \$1,046.05 per month for hospitalization insurance upon retirement on June 30, 2014 until the age of 65 is reached or other employment and insurance is obtained. The plan does not issue a stand-alone report.

Benefits

The Authority agreed to pay all health insurance and reimbursement for medical expenses for the former Executive Director and any dependents for the rest of his life after retirement. The benefits were created by the 1999 employment agreement between Peter Frost and the Board of Directors. There are no provisions for changes other than by mutual agreement from both parties. The Authority also agreed to pay \$1,046.05 monthly for hospitalization insurance coverage for Michael Patton upon retirement on June 30, 2014 until he reaches age 65. No changes or amendments are allowed except by mutual agreement from both parties.

Eligibility

Only two employees are eligible to receive benefits under this plan – the retired Executive Director and Deputy Director.

Membership

Membership of the Plan as of January 1, 2015 was:

<u>Members of the Plan</u>	<u>Participants</u>
Retirees and beneficiaries receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	0
Active plan members	0
Total Membership	<u>2</u>

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

12. Other Post Employment Benefits (continued)

Contributions – Funding

The Authority funds this benefit on a pay-as-you-go basis. The closed plan actuarial accrued liability was computed as of January 1, 2015 and any adjustments were fully recognized as of that date. For the fiscal year ending June 30, 2014, \$100,420 liability was added to account for the Deputy Director's agreement. The liability appears on the statements of net position as other long term liabilities. Benefits paid out for the past fiscal years totaled \$33,178 (2015) and \$24,458 (2014).

The annual OPEB cost and net OPEB obligation for the current year is as follows:

Annual required contribution	\$	(33,178)	
Interest from net OPEB obligations		17,720	
Adjustment to annual required contribution		(17,720)	
Annual OPEB cost		<u>(33,178)</u>	
Contributions made		33,508	
Decrease in net OPEB obligation		<u>(66,686)</u>	
Net OPEB obligation, beginning of year		590,657	
Net OPEB obligation, end of year	\$	<u>523,971</u>	<i>Note 7</i>

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of APC Contributed	Net Obligation End of Year
2009	\$201,273	\$25,950	13%	\$695,001
2010	\$125,739	\$25,597	20%	\$795,143
2011	(\$10,279)	\$29,413	100%	\$755,491
2012	\$0	\$35,706	100%	\$719,745
2013	(\$180,687)	\$24,363	100%	\$514,695
2014	\$100,420	\$24,458	24%	\$590,657
2015	(\$33,178)	\$33,508	-101%	\$523,971

As of the most recent valuation date, January 1, 2015, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2015	\$0	\$539,444	\$539,444	0%	N/A	N/A

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and calculations are based on the substantive plan in effect as of January 1, 2015.

Valuation Date	January 1, 2015
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar for remaining unfunded liability
Amortization Period	5 years, closed
Actuarial Assumptions:	
Investment rate of return	3.00%
Projected salary increases	N/A
Medical cost adjustment factor pre-Medicare	1.10%
Cost Adjustment at age 65	0.46%
Medical benefits value	3% interest
Medical cost trend (inflation rate)	7%
Life Expectancy	Based on RP-2014 table

The unfunded actuarial accrued liability was fully amortized and closed at June 30, 2015.

Douglasville-Douglas County Water and Sewer Authority

Notes To Financial Statements

13. Commitments and Contingencies

Commitments

In the normal course of business, the Authority enters into agreements with contractors for the construction and expansion of the system. As of June 30, 2015 and 2014, outstanding construction commitments totaled \$2,218,200 and \$7,118,767, respectively.

Litigation

As of June 30, 2015, 2014 and 2013 there were no pending or threatened litigation, claims or assessments against the Authority that would have a material impact on the financial position of the Authority in legal counsel's opinion.

14. 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; injuries to employees; and natural disasters. The Authority continues to carry commercial insurance for most risk of loss, including workers' compensation and employee health and accidental insurance. There have been no significant reductions in insurance coverage and no settlements exceeding insurance coverage for the past three years.

15. Restatement - Pensions

The Governmental Accounting Standards Board issued Statement No. 68 which redefines the reporting requirements of pensions for fiscal years beginning after June 15, 2014. The effects of the required restatement of the net pension asset and deferred outflows of resources related to pensions are listed below.

Previously reported net position		\$ 269,147,310
Net Pension Asset	\$ (2,930,171)	
Deferred Outflows of Resources	881,472	
		(2,048,699)
Net position - restated		\$ 267,098,611

The effect of applying GASB No. 68 to fiscal year 2014's change in net position was not determined.

16. Subsequent Event

On October 9, 2015, the Authority issued 2015 Series A & B Bonds totaling \$73,420,000 in an advance refunding of the 2007 Series Bonds. The interest rate on Series A Bonds is 3.10% with the final maturity due in 2030. The interest rate on Series B Bonds is 3.14% with a balloon payment due in 2030. Annual debt service payments will decrease \$356,000 to \$490,000 for the next 15 years. The economic gain over the next 15 years for the refunding is \$7.1 million with a present value of \$5.6 million.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Douglasville-Douglas County Water and Sewer Authority
Schedules of Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

	<u>2015</u>
Total pension liability	
Service Costs	\$ 672,716
Interest	2,030,570
Difference between expected and actual experience	(50,787)
Changes of assumptions	(878,454)
Changes of benefit terms	-
Benefit payments	<u>(739,608)</u>
Net change in total pension liability	1,034,437
Total pension liability - beginning	<u>26,570,705</u>
Total pension liability - ending (a)	<u><u>\$ 27,605,142</u></u>
 Plan Fiduciary Net Position	
Contributions -Employer	\$ 1,210,916
Contributions -Employee	-
Net investment income	2,854,007
Benefit payments	(739,608)
Administrative expense	(29,984)
Other	-
Net Change in fiduciary net position	<u>3,295,331</u>
Plan fiduciary net position - beginning	<u>24,874,465</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 28,169,796</u></u>
 Authority's net pension liability (asset) - ending (a) - (b)	 \$ (564,654)
 Plans fiduciary net position as a percentage of the total pension liability	 102.05%
Covered employee payroll	\$ 7,573,393
Net pension liability as a percentage of covered-employee payroll	-7.46%

Notes to Schedule:

2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68.

Douglasville-Douglas County Water and Sewer Authority
Schedules of Required Supplementary Information

Funding Progress Schedules

Executive Director - Additional Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding Excess (Deficiency) of AAL (FEAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	FEALL as a Percent of Covered Payroll [(a-b)/c]
1/1/2008	\$1,838,847	\$2,966,492	(\$1,127,645)	62.00%	N/A	N/A
1/1/2009	\$1,757,920	\$3,002,842	(\$1,230,298)	58.54%	N/A	N/A
1/1/2011	\$1,694,816	\$3,116,920	(\$1,422,104)	54.37%	N/A	N/A
1/1/2013	\$1,628,168	\$3,236,963	(\$1,608,795)	50.30%	N/A	N/A
1/1/2015	\$1,647,880	\$3,385,495	(\$1,737,615)	48.67%	N/A	N/A

Other Post-Employment Benefits - Executive Employment Agreement Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding Excess (Deficiency) of AAL (FEAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	FEALL as a Percent of Covered Payroll [(a-b)/c]
1/1/2008	\$-0-	\$757,052	(\$757,052)	0.00%	N/A	N/A
1/1/2009	\$-0-	\$795,143	(\$795,143)	0.00%	N/A	N/A
1/1/2011	\$-0-	\$755,451	(\$755,451)	0.00%	N/A	N/A
1/1/2013	\$-0-	\$523,826	(\$523,826)	0.00%	N/A	N/A
1/1/2015	\$-0-	\$539,444	(\$539,444)	0.00%	N/A	N/A

Note: The assumptions used in the preparation of the above schedule are disclosed in Notes 10 & 12 to the financial statements.

**SCHEDULE OF
INDIVIDUAL ACCOUNTS**

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 1

OPERATING ACCOUNT

All revenues received from the operations of the System are collected by the Authority and deposited into the Revenue "Operating" Accounts. Disbursements made from the Operating Accounts are payments for, and in order as follows:

- *a) Operating, maintaining and repairing the system in accordance with sound business practices.
- b) Debt Service and/or Debt Service Reserve
- c) Renewal and Extension Funds

*The Authority's Board of Directors has set aside moneys in the Operating accounts, (via resolution), which have been reserved for potential catastrophic or disaster emergencies or shortfalls in operations and debt service.

COMPARATIVE SCHEDULE OF OPERATING REVENUES

	<u>2015</u>	<u>2014</u>	<u>Variance</u> <u>Amount</u>	<u>Percent</u>
Operating Revenues				
Operating Revenue - Water	\$ 22,468,655	\$ 21,552,125	\$ 916,530	4.25%
Operating Revenue - Sewer	12,235,272	11,533,698	701,574	6.08%
Operating Revenue - Stormwater	4,500,871	4,505,278	(4,407)	-0.10%
Reuse Revenue	398,769	354,630	44,139	12.45%
Inspection Fees	19,100	15,850	3,250	20.50%
Soil and Erosion Control Fees	34,040	25,360	8,680	34.23%
Stormwater Fines	-	3,750	(3,750)	-100.00%
Cut Off Charges	362,893	344,850	18,043	5.23%
Sale of Materials and Supplies	38,984	47,006	(8,022)	-17.07%
Miscellaneous Revenues	775,359	427,364	347,995	81.43%
Penalties	1,180,194	1,206,009	(25,815)	-2.14%
Dog River Recreational Complex	19,890	20,408	(518)	-2.54%
Total Operating Revenues	42,034,027	40,036,328	1,997,699	4.99%
Bad Debt Expense	(340,999)	(339,793)	(1,206)	0.35%
Net Operating Revenues	\$ 41,693,028	\$ 39,696,535	\$ 1,996,493	5.03%

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 2

SUMMARY OF OPERATIONS								
Year Ended June 30, 2015								
	Employment Costs	Repairs & Maintenance	Supplies & Materials	Utilities	Water-Sewer Purchased	Administrative Costs	Depreciation	Total
Water Operations	\$ 2,204,994	\$ 821,507	\$ 281,722	\$ 1,325,267	\$ 3,866	\$ 77,994	\$ 7,463,264	\$ 12,178,614
Sewer Operations	3,044,745	792,163	759,859	1,718,681	295,754	129,497	8,925,814	15,666,513
Stormwater Operations	575,200	163,736	18,760	9,241	-	64,537	1,836,204	2,667,678
Engineering, Inspection & Constructions Operations	1,083,543	126,858	41,624	24,990	-	43,224	13,392	1,333,631
Administrative Operations	3,529,058	366,859	13,002	177,576	-	1,473,207	340,306	5,900,008
2015 Total	<u>\$ 10,437,540</u>	<u>\$ 2,271,123</u>	<u>\$ 1,114,967</u>	<u>\$ 3,255,755</u>	<u>\$ 299,620</u>	<u>\$ 1,788,459</u>	<u>\$ 18,578,980</u>	<u>\$ 37,746,444</u>
2014 Total	<u>\$ 11,449,310</u>	<u>\$ 2,090,925</u>	<u>\$ 1,029,076</u>	<u>\$ 3,256,702</u>	<u>\$ 595,177</u>	<u>\$ 1,819,755</u>	<u>\$ 18,321,224</u>	<u>\$ 38,562,169</u>
Variance	<u>\$ (1,011,770)</u>	<u>\$ 180,198</u>	<u>\$ 85,891</u>	<u>\$ (947)</u>	<u>\$ (295,557)</u>	<u>\$ (31,296)</u>	<u>\$ 257,756</u>	<u>\$ (815,725)</u>

COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY BUDGET UNIT								
	Employment Costs	Repairs & Maintenance	Supplies & Materials	Utilities	Water-Sewer Purchased	Administrative Costs	Depreciation	Total
WATER OPERATIONS								
Water Plant Operations	\$ 921,572	\$ 50,994	\$ 252,486	\$ 1,265,835	\$ 3,866	\$ 42,568	\$ 2,166,318	\$ 4,703,639
Water Plant Maintenance	242,904	123,782	6,367	5,325	-	6,329	81,680	466,387
Water System Maintenance	921,538	633,102	20,834	51,806	-	27,131	4,523,558	6,177,969
Reservoir	118,980	13,629	2,035	2,301	-	1,966	691,708	830,619
2015 Total	<u>\$ 2,204,994</u>	<u>\$ 821,507</u>	<u>\$ 281,722</u>	<u>\$ 1,325,267</u>	<u>\$ 3,866</u>	<u>\$ 77,994</u>	<u>\$ 7,463,264</u>	<u>\$ 12,178,614</u>
2014 Total	<u>\$ 2,562,230</u>	<u>\$ 665,383</u>	<u>\$ 269,486</u>	<u>\$ 1,344,605</u>	<u>\$ 302,559</u>	<u>\$ 76,897</u>	<u>\$ 7,198,340</u>	<u>\$ 12,419,500</u>
Variance	<u>\$ (357,236)</u>	<u>\$ 156,124</u>	<u>\$ 12,236</u>	<u>\$ (19,338)</u>	<u>\$ (298,693)</u>	<u>\$ 1,097</u>	<u>\$ 264,924</u>	<u>\$ (240,886)</u>
SEWER OPERATIONS								
Sewer Plant Operations	\$ 1,314,455	\$ 26,331	\$ 671,907	\$ 759,921	\$ 276,990	\$ 56,830	\$ 3,854,630	\$ 6,961,064
Reuse Facilities Operations	118,245	28,086	19,337	65,272	-	9,930	-	240,870
Sewer Plant Maintenance	740,816	465,569	38,787	878,994	-	27,339	35,006	2,186,511
Sewer System Maintenance	926,458	272,177	29,828	14,494	18,764	35,398	5,036,178	6,333,297
Capitalized Salaries	(55,229)	-	-	-	-	-	-	(55,229)
2015 Total	<u>\$ 3,044,745</u>	<u>\$ 792,163</u>	<u>\$ 759,859</u>	<u>\$ 1,718,681</u>	<u>\$ 295,754</u>	<u>\$ 129,497</u>	<u>\$ 8,925,814</u>	<u>\$ 15,666,513</u>
2014 Total	<u>\$ 3,293,004</u>	<u>\$ 705,146</u>	<u>\$ 693,311</u>	<u>\$ 1,732,002</u>	<u>\$ 292,618</u>	<u>\$ 86,690</u>	<u>\$ 8,999,521</u>	<u>\$ 15,802,292</u>
Variance	<u>\$ (248,259)</u>	<u>\$ 87,017</u>	<u>\$ 66,548</u>	<u>\$ (13,321)</u>	<u>\$ 3,136</u>	<u>\$ 42,807</u>	<u>\$ (73,707)</u>	<u>\$ (135,779)</u>
STORMWATER OPERATIONS								
Stormwater Operations	\$ 584,728	\$ 163,736	\$ 18,760	\$ 9,241	\$ -	\$ 64,537	\$ 1,836,204	\$ 2,677,206
Capitalized Salaries	(9,528)	-	-	-	-	-	-	(9,528)
2015 Total	<u>\$ 575,200</u>	<u>\$ 163,736</u>	<u>\$ 18,760</u>	<u>\$ 9,241</u>	<u>\$ -</u>	<u>\$ 64,537</u>	<u>\$ 1,836,204</u>	<u>\$ 2,667,678</u>
2014 Total	<u>\$ 517,348</u>	<u>\$ 192,238</u>	<u>\$ 24,479</u>	<u>\$ 9,780</u>	<u>\$ -</u>	<u>\$ 82,290</u>	<u>\$ 1,815,193</u>	<u>\$ 2,641,328</u>
Variance	<u>\$ 57,852</u>	<u>\$ (28,502)</u>	<u>\$ (5,719)</u>	<u>\$ (539)</u>	<u>\$ -</u>	<u>\$ (17,753)</u>	<u>\$ 21,011</u>	<u>\$ 26,350</u>
ENGINEERING, INSPECTION AND CONSTRUCTION OPERATIONS								
Engineering	\$ 917,735	\$ 10,864	\$ 839	\$ 3,527	\$ -	\$ 30,282	\$ 7,055	\$ 970,302
Inspection	533,049	53,781	28,010	9,909	-	9,298	6,337	640,384
Construction	804,502	62,213	12,775	11,554	-	3,644	-	894,688
Capitalized Salaries	(1,171,743)	-	-	-	-	-	-	(1,171,743)
2015 Total	<u>\$ 1,083,543</u>	<u>\$ 126,858</u>	<u>\$ 41,624</u>	<u>\$ 24,990</u>	<u>\$ -</u>	<u>\$ 43,224</u>	<u>\$ 13,392</u>	<u>\$ 1,333,631</u>
2014 Total	<u>\$ 1,253,677</u>	<u>\$ 138,781</u>	<u>\$ 23,093</u>	<u>\$ 24,009</u>	<u>\$ -</u>	<u>\$ 67,687</u>	<u>\$ 11,997</u>	<u>\$ 1,519,244</u>
Variance	<u>\$ (170,134)</u>	<u>\$ (11,923)</u>	<u>\$ 18,531</u>	<u>\$ 981</u>	<u>\$ -</u>	<u>\$ (24,463)</u>	<u>\$ 1,395</u>	<u>\$ (185,613)</u>
ADMINISTRATIVE OPERATIONS								
Billing	\$ 749,523	\$ -	\$ 181	\$ 1,083	\$ -	\$ 641,815	\$ -	\$ 1,392,602
Meter Reading	638,446	49,253	3,808	11,339	-	9,851	22,007	734,704
Human Res. / General Services	864,520	169,184	7,317	158,010	-	455,170	228,174	1,882,375
Executive Administration	488,358	7,587	18	-	-	175,919	-	671,882
Finance & Accounting	369,803	-	7	-	-	54,739	-	424,549
MIS	448,664	140,835	1,671	7,144	-	135,713	90,125	824,152
Capitalized Salaries	(30,256)	-	-	-	-	-	-	(30,256)
2015 Total	<u>\$ 3,529,058</u>	<u>\$ 366,859</u>	<u>\$ 13,002</u>	<u>\$ 177,576</u>	<u>\$ -</u>	<u>\$ 1,473,207</u>	<u>\$ 340,306</u>	<u>\$ 5,900,008</u>
2014 Total	<u>\$ 3,823,051</u>	<u>\$ 389,377</u>	<u>\$ 18,707</u>	<u>\$ 146,306</u>	<u>\$ -</u>	<u>\$ 1,506,191</u>	<u>\$ 296,173</u>	<u>\$ 6,179,805</u>
Variance	<u>\$ (293,993)</u>	<u>\$ (22,518)</u>	<u>\$ (5,705)</u>	<u>\$ 31,270</u>	<u>\$ -</u>	<u>\$ (32,984)</u>	<u>\$ 44,133</u>	<u>\$ (279,797)</u>

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 3

SUMMARY OF RESTRICTED ASSETS AND RELATED DEBT

Year Ended June 30, 2015

	Renewal and Extension Account	Debt Service Accounts	Other Deposit & Operating Accounts	Total All Restricted Accounts
Restricted Cash and Investments:				
Cash & Cash Equivalents:				
Checking- R & E Account	\$ 4,264,499	\$ -	\$ -	\$ 4,264,499
Meter Deposits Accounts			\$ 2,210,063	2,210,063
Capital Improvements Reserve			\$ -	-
	\$ 4,264,499	\$ -	\$ 2,210,063	\$ 6,474,562
Investments:				
LGIP (Georgia Fund 1)	-	978,931	-	\$ 978,931
Restricted Receivables	1,203,785	-	-	1,203,785
Total Restricted Assets	\$ 5,468,284	\$ 978,931	\$ 2,210,063	\$ 8,657,278
Liabilities from Restricted Assets:				
Accounts Payable	\$ 513,931	\$ -	\$ -	\$ 513,931
Customer Deposits:				
Deposit Refunds	-	-	2,210,009	2,210,009
Customer Credit Balances			-	-
Unclaimed Refunds	-	-	53,637	53,637
Performance Deposits	533,336	-	183,242	716,578
Revenue Bonds (due 1yr)	-	-		-
Accrued Interest Revenue Bonds	-	494,709	-	494,709
Unearned Revenue	-	-	1,421,070	1,421,070
Total Liabilities Payable	\$ 1,047,267	\$ 494,709	\$ 3,867,958	\$ 5,409,934
Net Position:	\$ 4,421,017	\$ 484,222	\$ (1,657,895)	\$ 3,247,344

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 4

OPERATING & CUSTOMER DEPOSITS COMPARATIVE SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES

Restricted Assets	2015	2014	Increase (Decrease)
Cash & Cash Equivalents:			
Checking - Capital Project Reserve	\$ -	\$ 9,000,000	\$ (9,000,000)
Checking - Deposit Account	2,210,063	1,309,582	900,481
Investments - LGIP (Georgia Fund I)	-	810,217	(810,217)
Total Restricted Assets:	\$ 2,210,063	\$ 11,119,799	\$ (8,909,736)
Payables from Restricted Assets			
Customers Deposits:			
Customer Deposits (Refundable)	\$ 2,210,009	\$ 2,119,533	90,476
Unclaimed Refunds	53,637	78,609	(24,972)
Customer Credit Balances	183,242	131,392	51,850
Unearned Revenue	1,421,070	1,487,180	(66,110)
Total Payables	\$ 3,867,958	\$ 3,816,714	\$ 51,244
Net	\$ (1,657,895)	\$ 7,303,085	\$ (8,960,980)

COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	2015	2014
Beginning Balance	\$ 11,119,799	\$ 11,046,493
Increases:		
Interest Earned	8,762	59,859
Receipts in deposit account	674,746	262,750
Total Increase	\$ 683,508	\$ 322,609
Decreases:		
Transfers out (Other Funds)	8,982,744	51,645
Deposits refunded	608,966	197,154
Other Disbursements (Bank Fees)	1,534	504
Total Decrease	\$ 9,593,244	\$ 249,303
Ending Balance	\$ 2,210,063	\$ 11,119,799

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 5

CONSTRUCTION ACCOUNT

A Resolution established the Douglasville-Douglas County Water and Sewer Authority Construction Fund (the "Construction Fund"). This fund consist of proceeds of bonds and notes obtained for capital purposes. Withdrawals of moneys from the Construction Fund may be made for the purpose of paying the cost of acquiring, constructing, and equipping the project, including reimbursing the Authority for advances from its other funds. All moneys in, and all securities held for the Construction Fund will be subject to a lien in favor of the holders of the Bonds. All moneys remaining in the Construction Fund after the completion of the acquisition, construction, and equipping of the Project shall be transferred into the Debt Service Reserve Account. Should such transfer cause the balance in the Debt Service Reserve Account to exceed the Debt Service Reserve requirement, then any such excess funds shall be retained in the Sinking Fund but shall be applied to purposes of the Sinking Fund other than the creation and maintenance of the Debt Service Reserve Account.

COMPARATIVE SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES

Restricted Assets	2015	2014	Increase (Decrease)
Investments:			
LGIP Georgia Fund I (2007 Bond Issue)	\$ -	\$ 2,808,950	\$ (2,808,950)
Total Restricted Assets - Construction Account	\$ -	\$ 2,808,950	\$ (2,808,950)
Payables from Restricted Assets			
Restricted Payables Construction Projects	\$ -	\$ 212,162	\$ (212,162)
Total Payables from Restricted Assets	\$ -	\$ 212,162	\$ (212,162)

COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	2015	2014
Beginning Balance	\$ 2,808,950	\$ 5,015,281
Increases:		
Interest Earned	169	5,208
Total Increase	\$ 169	\$ 5,208
Decreases:		
Construction in Progress	2,809,119	2,211,539
Total Decrease	\$ 2,809,119	\$ 2,211,539
Ending Balance	\$ -	\$ 2,808,950

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 6

RENEWAL AND EXTENSION ACCOUNT

A Renewal and Extension account is maintained in order to assure that funds are available for plant renewal and replacement. When the amount in the account is:

- I. Greater than \$100,000 - payments are restricted to the following uses:
 - a) Paying bond principal and interest falling due at any time when money is not available in the Debt Service Account.
 - b) An emergency having a major effect upon the water and sewerage system, caused by an extraordinary occurrence, and provided the Revenue Fund has insufficient money to meet the emergency.
 - c) Making replacements, additions, extensions, and improvements deemed reasonable and necessary and in the best interest of the System.
- II. Less than \$100,000 - payments are restricted to the following uses:
 - a) Paying bond principal and interest falling due at any time when money is not available in the Debt Service Account.
 - b) An emergency having a major effect upon the water and sewerage system, caused by an extraordinary occurrence, and provided the Revenue Fund has insufficient money to meet the emergency.

COMPARATIVE SCHEDULE OF ASSETS AND RELATED PAYABLES

	Year Ended June 30,		Increase (Decrease)
	2015	2014	
Restricted Assets			
Cash & Cash Equivalents:			
Checking	\$ 3,571,829	\$ 345,383	\$ 3,226,446
Retainage Checking	692,669	438,648	254,021
Total Restricted Cash	4,264,498	784,031	3,480,467
Restricted Receivables	1,203,785	775,357	428,428
Total Restricted Assets	\$ 5,468,283	\$ 1,559,388	\$ 3,908,895
Payables from Restricted Assets			
A/P Trade	\$ 158,235	\$ 1,501,628	\$ (1,343,393)
Accrued A/P Trade	214,472	285,026	(70,554)
A/P Retainage Due Contractors	141,223	34,343	106,880
Payable to State of Georgia (Unclaimed Checks)	-	3,034	(3,034)
Performance Deposit	533,336	386,076	147,260
Total Payables From Restricted Assets	\$ 1,047,266	\$ 2,210,107	\$ (1,162,841)

COMPARATIVE SCHEDULE OF CHANGES IN CASH

	Year Ended June 30,	
	2015	2014
Beginning Balance	\$ 784,031	\$ 2,814,891
Increase:		
Interest Earned	11,334	8,903
Retainage & Bonds	549,671	376,338
Transfer from Operating Account	8,000,000	6,500,000
2013 Bond Proceeds	-	38,554
Transfer from Other Funds	-	173,179
Contributed Capital & Insurance Recoveries	2,677,036	284,994
Total Increase	11,238,041	7,381,968
Decrease:		
Capital Expenditures Water & Sewer	7,458,990	9,264,533
Bank Service Charges	18	18
Retainage & Bonds Paid	298,566	148,277
Total Decrease	7,757,574	9,412,828
Ending Balance	\$ 4,264,498	\$ 784,031

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 7

DEBT SERVICE ACCOUNTS

The various bond resolutions require the creation of accounts designated as Water and Sewerage System Sinking Funds, for the purpose of receiving and disbursing funds for principal and interest on the bonds and for maintaining designated reserves.

The resolutions require monthly transfers into these accounts which are sufficient to pay the principal of and interest on the bonds as each mature in each current year.

Disbursements made from the Sinking Fund account are restricted to payment for:

- a) Interest
- b) Principal at maturity
- c) Redemption prior to maturity
- d) Paying agent fees

Funds may be invested in securities which are direct and general obligations of the United States or are guaranteed by the United States as to both principal and interest and which are 100% insured or collateralized by United States direct and general obligations.

COMPARATIVE SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES

Debt Service Sinking Fund	2015	2014	Increase (Decrease)
<u>Restricted Assets</u>			
Investments - LGIP (Georgia Fund 1) see below (1)	\$ 978,931	\$ 981,484	\$ (2,553)
Total Restricted Assets- Debt Service Accounts	\$ 978,931	\$ 981,484	\$ (2,553)
<u>Payables From Restricted Assets</u>			
Accrued Interest On Revenue Bonds	494,709	514,337	(19,628)
Total Payables From Restricted Assets	\$ 494,709	\$ 514,337	\$ (19,628)
Unearned Revenue (2)	\$ -	\$ 7,895	\$ (7,895)
Net Position Reserved for Debt Service	\$ 484,222	\$ 459,252	\$ 24,970

Notes:

(1) All bonds issued (1993 through 2013) rank on a parity with each other and have first lien on the net revenues of the Authority.

(2) In 1993 The Authority received \$651,390.93 in prepaid interest from Lehman Bros (for its future Debt Service Payments) which was deposited in the Operating Fund (Cash Account). The amount shown above represents the net amortized value of this transaction.

At June 30, 2015 the Authority has the following investments:

Series	Type of Marketable Security	Maturity Date (*)	Yield (*)	Cost Basis	Market Value
1993	Cash - Regions Bank	0	0.00%	1,383	1,383
2005	Cash - Regions Bank	0	0.00%	653	653
2007	Investment LGIP (Georgia Fund 1)	56 Days	0.17%	436,135	436,135
2009	Investment LGIP (Georgia Fund 1)	56 Days	0.17%	314,920	314,920
2013	Investment LGIP (Georgia Fund 1)	56 Days	0.17%	225,840	225,840
				\$ 978,931	\$ 978,931

Notes:

(*) LGIP (Local Government Investment Pool) stability constant Net Asset Value \$1.00; average maturity date 56 days and Interest Yield as of 6/30/2015 at 0.17%.

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 8

DEBT SERVICE ACCOUNTS

COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	2015	2014
Beginning Balance	\$ 981,484	\$ 1,013,703
Increase:		
Interest Earned	6,232	13,867
Transfer from Operating Account	11,664,081	11,731,476
Total Increase	\$ 11,670,313	\$ 11,745,343
Decrease:		
Bank Service Charges	5,822	5,691
Revenue Bond Interest	6,172,044	6,646,871
Revenue Bond Principal	5,495,000	5,125,000
Total Decrease	\$ 11,672,866	\$ 11,777,562
Ending Balance	\$ 978,931	\$ 981,484

SCHEDULE OF REVENUE BONDS PAYABLE & OTHER LOANS

Douglasville-Douglas County Water & Sewer Authority Series Bonds	Average Coupon Rate	Issue Date	Maturity Date	Annual Principal Payment		Amounts			
				Maximum	Minimum	Authorized	Issued	Retired	Outstanding
1993 Water and Sewer Revenue Bonds	5.494%	1993	2015	\$ 2,615,000	\$ 1,515,000	\$ 29,895,000	\$ 29,895,000	\$ 29,895,000	\$ -
2005 Water and Sewer Revenue Bonds	4.798%	2005	2030	6,730,000	295,000	52,250,000	52,250,000	52,250,000	-
2007 Water and Sewer Revenue Bonds	4.822%	2007	2037	4,955,000	-	76,755,000	76,755,000	8,130,000	68,625,000
2009 Water and Sewer Revenue Bonds	4.426%	2009	2023	3,630,000	-	26,720,000	26,720,000	1,940,000	24,780,000
2013 Water and Sewer Revenue Bonds	2.800%	2013	2030	6,450,000	265,000	53,180,000	53,180,000	690,000	52,490,000
Total Revenue Bonds				\$ 24,380,000	\$ 2,075,000	\$ 238,800,000	\$ 238,800,000	\$ 92,905,000	\$ 145,895,000
Total Debt				\$ 24,380,000	\$ 2,075,000	\$ 238,800,000	\$ 238,800,000	\$ 92,905,000	\$ 145,895,000

NOTES: Bonds: 2009 Bonds issued for defeasance of 1998 Bonds.
2013 Bonds issued for partial defeasance of 2005 Bonds, non defeasance portion matured on 12/1/2015.

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STATISTICAL

SECTION

(unaudited)

Douglasville-Douglas County Water and Sewer Authority

STATISTICAL SECTION

This part of the Douglasville-Douglas County Water and Sewer Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

CONTENTS	Table
Financial Trends These schedules contain trend information to help the reader understand how the Authority's financial performance has changed over time.	1 & 2
Revenue Capacity These schedules contain trend information to help the reader assess the Authority's most significant local revenue source.	3-5
Debt Service and Debt Capacity These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	6-9
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	10-11
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	12-15

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

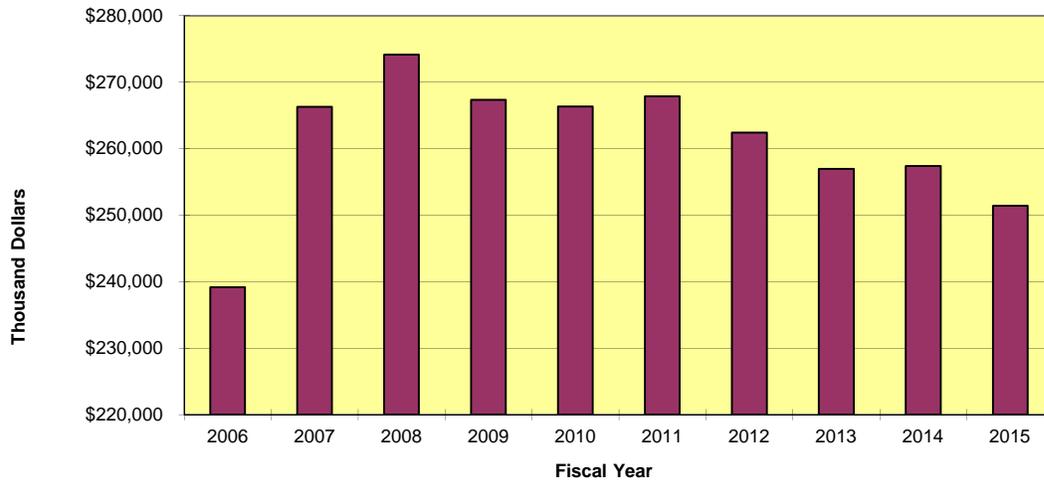
Douglasville-Douglas County Water and Sewer Authority

TABLE 1

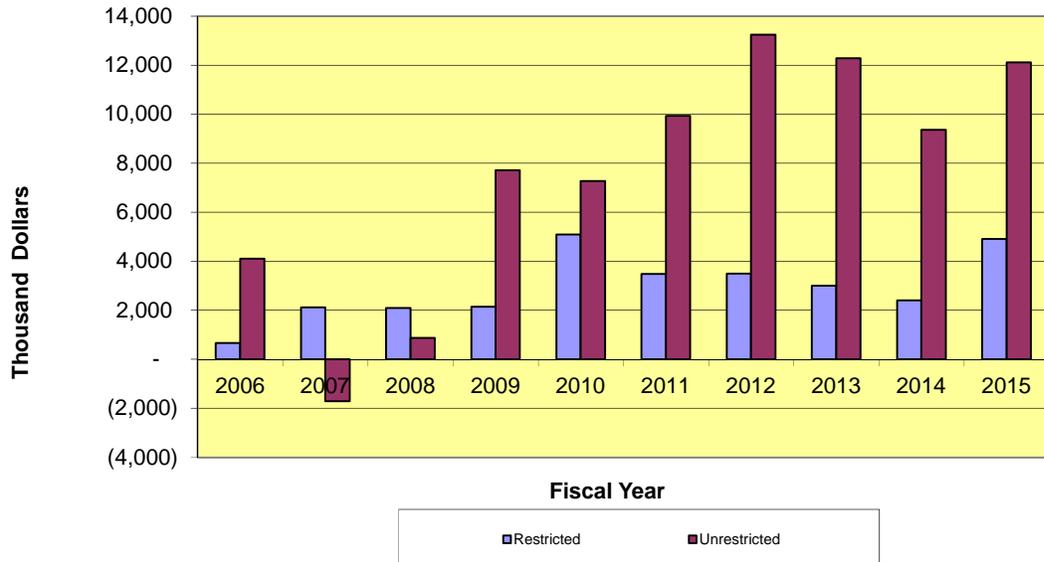
Net Position by Component Last Ten Fiscal Years *(amount expressed in thousands)*

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Enterprise Fund										
Net Invested in capital assets	\$ 239,157	\$ 266,288	\$ 274,102	\$ 267,324	\$ 266,325	\$ 267,838	\$ 262,407	\$ 256,938	\$ 257,377	\$ 251,395
Restricted	671	2,114	2,089	2,148	5,092	3,486	3,501	3,001	2,405	4,905
Unrestricted	4,108	(1,713)	878	7,707	7,268	9,935	13,248	12,287	9,365	12,110
Total business-type activities net position	\$ 243,936	\$ 266,689	\$ 277,069	\$ 277,179	\$ 278,685	\$ 281,259	\$ 279,156	\$ 272,226	\$ 269,147	\$ 268,410

Net Investment in Capital Assets



Restricted and Unrestricted



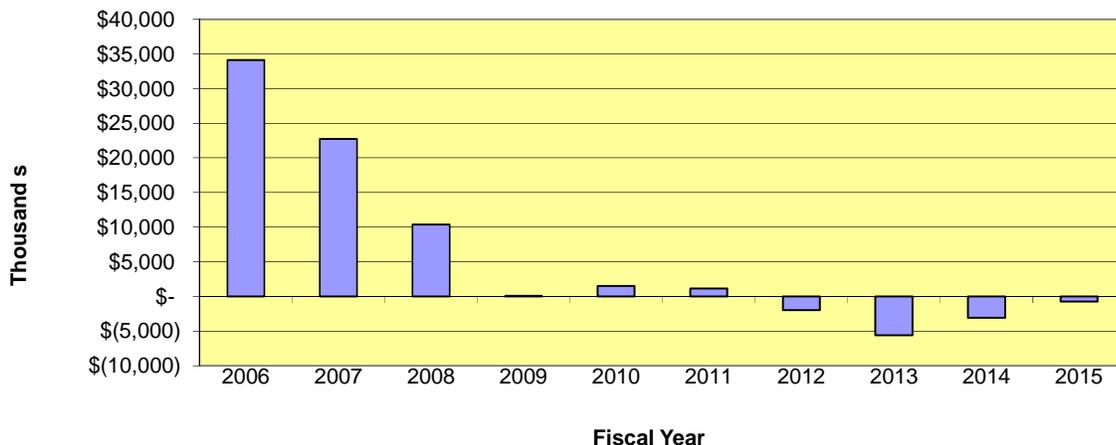
Douglasville-Douglas County Water and Sewer Authority

TABLE 2

Change in Net Position Last Ten Fiscal Years *(amount expressed in thousands)*

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues										
Charges for services	\$ 27,981	\$ 29,837	\$ 31,190	\$ 33,284	\$ 35,220	\$ 36,596	\$36,765	\$ 37,112	\$38,831	\$ 40,853
Penalties	896	1,064	1,050	1,101	1,103	924	1,054	1,070	1,206	1,180
Charges to bad debt allowance	(326)	(401)	(815)	(417)	(478)	(442)	(390)	(340)	(340)	(340)
Total operating revenues	\$ 28,551	\$ 30,500	\$ 31,425	\$ 33,968	\$ 35,845	\$ 37,078	\$37,429	\$ 37,842	\$39,697	\$ 41,693
Operating Expenses										
Employment costs	\$ 9,805	\$ 10,718	\$ 10,322	\$ 11,028	\$ 11,837	\$ 10,931	\$10,460	\$ 10,993	\$11,449	\$ 10,437
Repairs and maintenance	1,980	1,915	2,141	2,013	2,894	2,075	2,069	2,468	2,091	2,271
Supplies and materials	785	875	795	790	952	901	914	972	1,029	1,115
Depreciation	10,931	11,881	12,541	13,856	14,759	15,069	16,702	18,227	18,321	18,579
Utilities	1,919	2,063	2,119	2,779	2,960	2,892	3,070	3,172	3,257	3,256
Water and sewer services purchased	87	338	1,569	22	426	429	511	761	595	300
Administration	1,573	1,922	2,544	1,904	1,423	1,491	1,666	1,764	1,820	1,788
Total operating expenses	\$ 27,080	\$ 29,712	\$ 32,031	\$ 32,392	\$ 35,251	\$ 33,788	\$35,392	\$ 38,357	\$38,562	\$ 37,746
Non-Operating Revenue (expenses)										
Investment income	2,175	2,266	2,588	1,029	238	169	115	127	102	100
Interest expense	(3,076)	(2,357)	(3,432)	(6,523)	(7,469)	(6,263)	(7,457)	(7,319)	(6,339)	(5,868)
Other non-operating revenue (expense)	(129)	(67)	(1,151)	(645)	(105)	(2,581)	(870)	(528)	(356)	(1,158)
Net non-operating revenue	\$ (1,030)	\$ (158)	\$ (1,995)	\$ (6,139)	\$ (7,336)	\$ (8,675)	\$ (8,212)	\$ (7,720)	\$ (6,593)	\$ (6,926)
Gain or Loss before capital contributions	\$ 441	\$ 630	\$ (2,601)	\$ (4,563)	\$ (6,742)	\$ (5,385)	\$ (6,175)	\$ (8,235)	\$ (5,458)	\$ (2,979)
Capital contributions	33,699	22,123	12,981	4,674	8,249	6,534	4,188	2,615	2,379	4,290
Restatement	-	-	-	-	-	-	-	-	-	(2,049)
Increase (decrease) in net position	\$ 34,140	\$ 22,753	\$ 10,380	\$ 111	\$ 1,507	\$ 1,149	\$ (1,987)	\$ (5,620)	\$ (3,079)	\$ (738)

Increase (Decrease) in Net Position



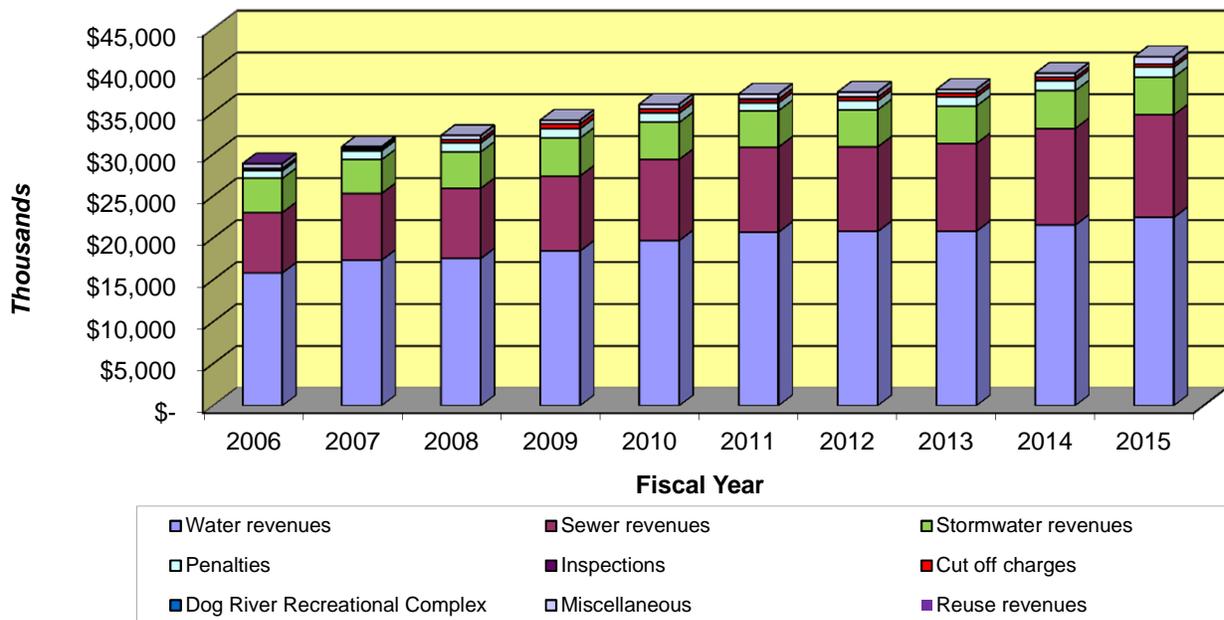
Douglasville-Douglas County Water and Sewer Authority

TABLE 3

Operating Revenue By Source Last Ten Fiscal Years *(amount expressed in thousands)*

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues										
Water revenues	\$ 15,857	\$ 17,362	\$ 17,572	\$ 18,453	\$ 19,721	\$ 20,707	\$ 20,796	\$ 20,823	\$ 21,552	\$ 22,469
Sewer revenues	7,202	7,968	8,376	8,973	9,685	10,164	10,102	10,483	11,534	12,235
Stormwater revenues	4,072	4,028	4,350	4,513	4,408	4,340	4,431	4,462	4,505	4,501
Reuse revenues	-	-	-	321	334	337	380	422	355	399
Penalties	896	1,064	1,050	1,101	1,103	924	1,054	1,070	1,206	1,180
Inspections	166	121	38	10	11	5	8	16	16	19
Cut off charges	131	134	366	567	496	422	409	401	345	363
Dog River Recreational Complex	14	8	1	-	17	26	20	19	20	20
Miscellaneous	539	216	487	447	548	595	620	486	504	848
Total operating revenues	\$ 28,877	\$ 30,901	\$ 32,240	\$ 34,385	\$ 36,323	\$ 37,520	\$ 37,820	\$ 38,182	\$ 40,037	\$ 42,034
Bad debt expense	326	401	815	417	478	442	391	340	340	341
Net operating revenue	\$ 28,551	\$ 30,500	\$ 31,425	\$ 33,968	\$ 35,845	\$ 37,078	\$ 37,429	\$ 37,842	\$ 39,697	\$ 41,693

Operating Revenue by Source



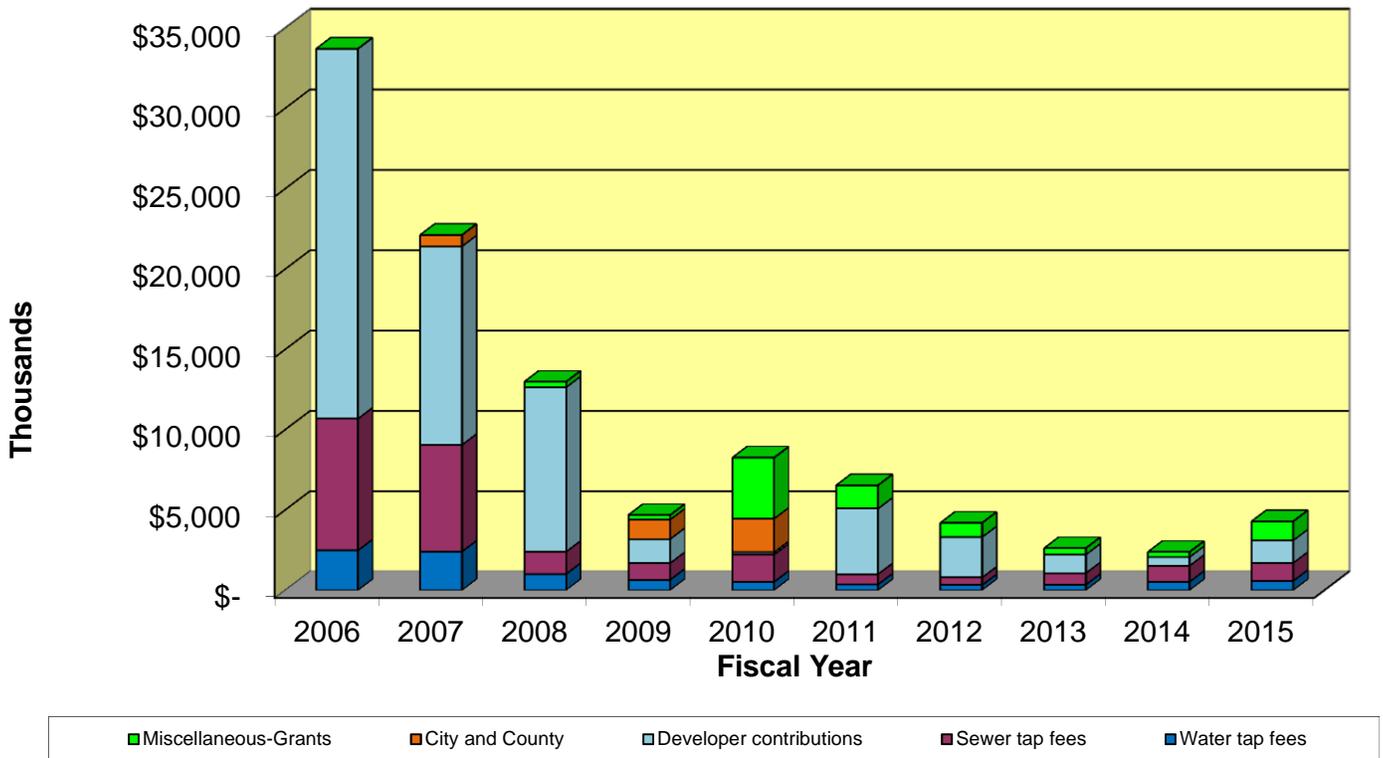
Douglasville-Douglas County Water and Sewer Authority

TABLE 4

Capital Contributions By Source Last Ten Fiscal Years *(amount expressed in thousands)*

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Capital Contributions										
Water tap fees	\$ 2,482	\$ 2,405	\$ 1,005	\$ 646	\$ 515	\$ 360	\$ 313	\$ 342	\$ 523	\$ 583
Sewer tap fees	8,208	6,651	1,388	1,034	1,700	641	475	720	1,001	1,121
Developer contributions	23,009	12,362	10,247	1,501	150	4,085	2,518	1,156	543	1,406
City and County	-	705	-	1,208	2,089	-	-	-	-	-
Miscellaneous-Grants	-	-	341	285	3,795	1,448	882	397	312	1,180
Total capital contributions	\$ 33,699	\$ 22,123	\$ 12,981	\$ 4,674	\$ 8,249	\$ 6,534	\$ 4,188	\$ 2,615	\$ 2,379	\$ 4,290

Capital Contributions by Source



Douglasville-Douglas County Water and Sewer Authority

TABLE 5

Water, Sewer and Stormwater Rates Last Ten Fiscal Years

Fiscal Year	Water		Sewer		Stormwater
	Monthly Base Rate (3)	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons (2)	Monthly Base Rate
2006	\$ 8.71	\$ 2.98	\$ 4.58	\$ 4.78	\$ 4.00
2007	\$ 9.01	\$ 3.08	\$ 4.81	\$ 5.02	\$ 4.00
2008	\$ 9.01	\$ 3.30 ⁽¹⁾	\$ 4.81	\$ 5.40	\$ 4.00
2009	\$ 9.01	\$ 3.64 ⁽¹⁾	\$ 4.81	\$ 5.97	\$ 4.00
2010	\$ 9.60	\$ 3.88 ⁽¹⁾	\$ 5.13	\$ 6.36	\$ 4.00
2011	\$ 9.60	\$ 4.02 ⁽¹⁾	\$ 5.13	\$ 6.68	\$ 4.00
2012	\$ 9.60	\$ 4.02 ⁽¹⁾	\$ 5.13	\$ 7.01	\$ 4.00
2013	\$ 10.00	\$ 4.30 ⁽¹⁾	\$ 5.50	\$ 7.50	\$ 4.00
2014	\$ 10.00	\$ 4.30 ⁽¹⁾	\$ 5.50	\$ 7.50	\$ 4.00
2015	\$ 10.30	\$ 4.43 ⁽¹⁾	\$ 5.67	\$ 7.73	\$ 4.00

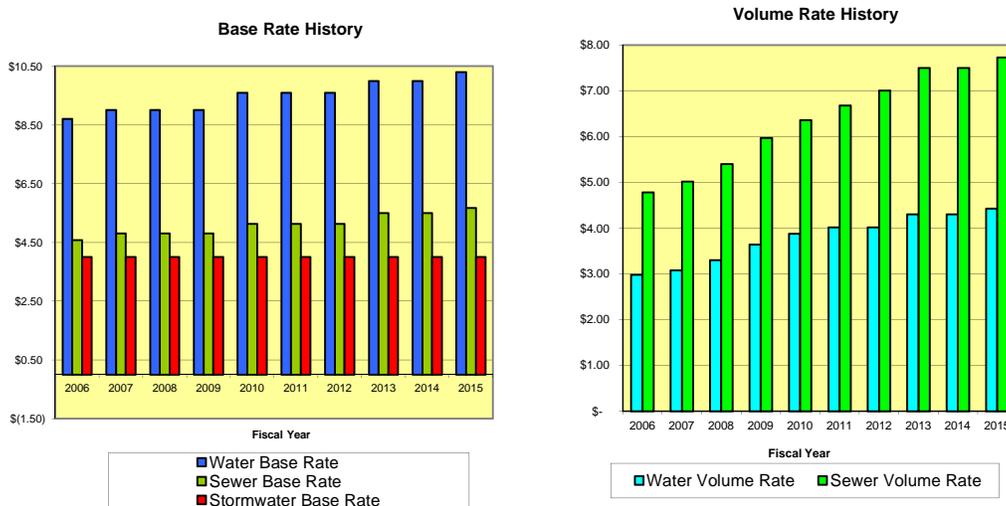
Notes:

⁽¹⁾ In 2008 the Authority implemented a 3-tier water rate structure with Tier 1 (0-6,000 gallons), Tier 2 (6001-9,000 gallons), and Tier 3 (9,001 gallons & up) billing rates on residential customers. In 2014 the tiers were adjusted with Tier 1 (0-5,000), Tier 2 (5,001-8,000 gallons) and tier 3 (8,001 & up) rates as in the table below. Also in 2014 sewer rates were adopted with a 2-tier system with Tier 1 (0-5,000 gallons water consumption) and Tier 2 (5,001 & up) rates.

	WATER			SEWER	
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 1
2008	\$ 3.30	\$ 4.13	\$ 6.60		
2009	\$ 3.64	\$ 4.56	\$ 7.29		
2010	\$ 3.88	\$ 4.86	\$ 7.77		
2011	\$ 4.02	\$ 5.04	\$ 8.05		
2012	\$ 4.02	\$ 5.04	\$ 8.05		
2013	\$ 4.30	\$ 5.38	\$ 8.60		
2014	\$ 4.30	\$ 5.38	\$ 8.60	\$ 8.60	\$ 8.60
2015	\$ 4.43	\$ 5.54	\$ 8.86	\$ 7.73	\$ 9.30

(2) Sewer volume is calculated at 80% of water volume

(3) Rates are based on 5/8" meter, which is the standard household meter size.



Douglasville-Douglas County Water and Sewer Authority

TABLE 6

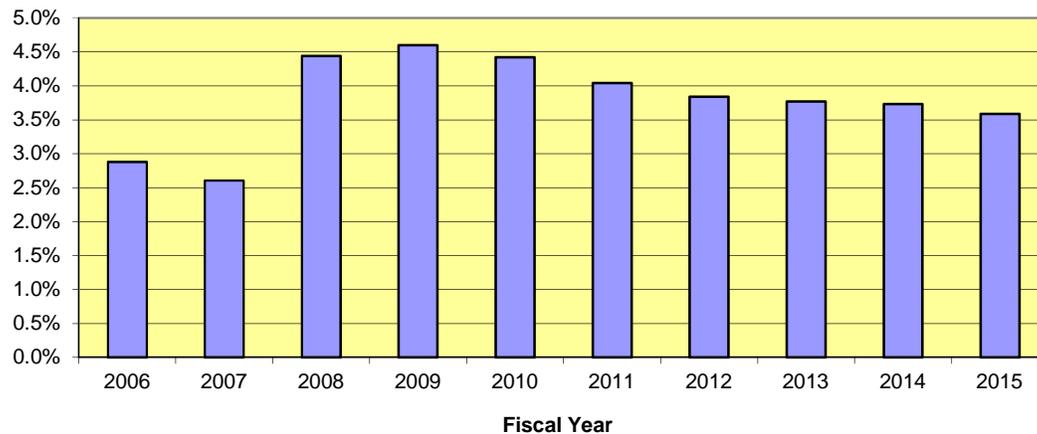
Ratio of Revenue Bonded Debt Outstanding Last Ten Fiscal Years

(amount expressed in thousands except per capita amounts)

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Less Debt Service Fund</u>	<u>Total</u>	<u>Per Capita (1)</u>	<u>Percentage Of Personal Income (1)</u>
2006	\$ 99,120	\$ (955)	\$ 98,165	\$ 819	2.9%
2007	\$ 96,890	\$ (1,026)	\$ 95,864	\$ 763	2.6%
2008	\$ 171,300	\$ (1,401)	\$ 169,899	\$ 1,312	4.4%
2009	\$ 168,830	\$ (1,440)	\$ 167,390	\$ 1,333	4.6%
2010	\$ 165,105	\$ (1,438)	\$ 163,667	\$ 1,264	4.4%
2011	\$ 160,845	\$ (1,019)	\$ 159,826	\$ 1,217	4.0%
2012	\$ 156,380	\$ (1,017)	\$ 155,363	\$ 1,171	3.8%
2013	\$ 155,582	\$ (1,014)	\$ 154,568	\$ 1,161	3.8%
2014	\$ 154,910	\$ (1,017)	\$ 153,893	\$ 1,149	3.7%
2015	\$ 151,695	\$ (1,014)	\$ 150,681	\$ 1,105	3.6% *

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.
*Based on Previous Year Demographic Data - current year unavailable.

Percentage of Debt to Personal Income



Douglasville-Douglas County Water and Sewer Authority

TABLE 7

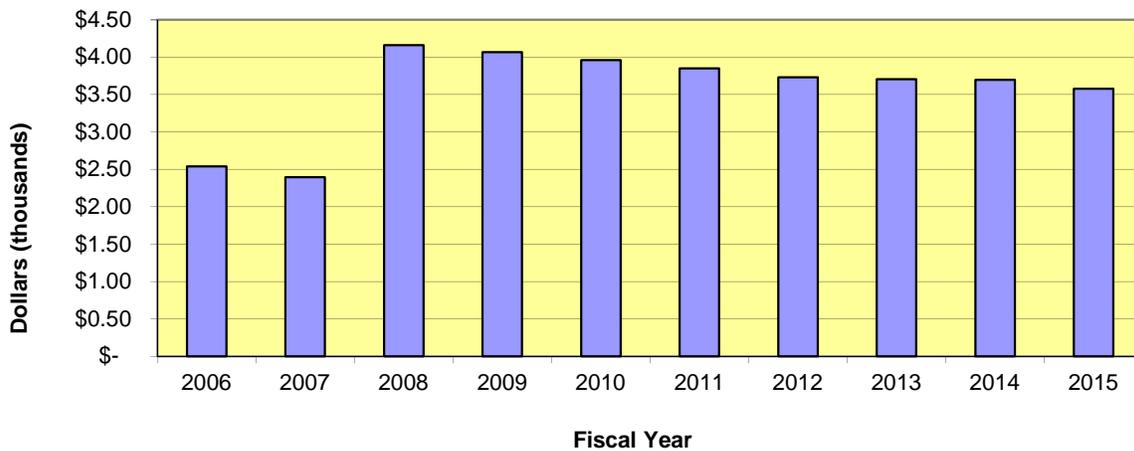
Ratio of Outstanding Debt By Type Last Ten Fiscal Years

(amount expressed in thousands except per capita amounts)

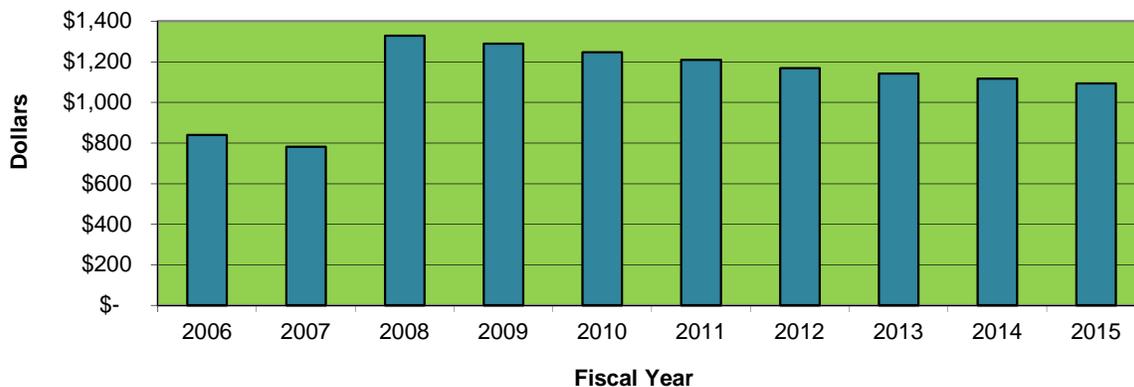
Fiscal Year	Revenue Bonds	Loans Notes	Total Outstanding Debt	Debt To Number of Customers	Debt Per Capita*	Debt As Share Of Personal Income
2006	\$ 99,120	\$ 1,430	\$ 100,550	\$ 2.54	\$ 838	3.0%
2007	\$ 96,890	\$ 1,123	\$ 98,013	\$ 2.40	\$ 781	2.7%
2008	\$ 171,300	\$ 810	\$ 172,110	\$ 4.16	\$ 1,329	4.5%
2009	\$ 168,830	\$ 491	\$ 169,321	\$ 4.07	\$ 1,290	4.4%
2010	\$ 165,105	\$ 202	\$ 165,307	\$ 3.96	\$ 1,246	4.4%
2011	\$ 160,845	\$ 92	\$ 160,937	\$ 3.85	\$ 1,208	4.0%
2012	\$ 156,380	\$ 67	\$ 156,447	\$ 3.73	\$ 1,168	3.8%
2013	\$ 155,582	\$ 17	\$ 155,599	\$ 3.71	\$ 1,141	3.7%
2014	\$ 154,910	\$ -	\$ 154,910	\$ 3.70	\$ 1,116	3.6%
2015	\$ 151,695	\$ -	\$ 151,695	\$ 3.58	\$ 1,093	3.5%

* Note: Data on population and personal income not available - Used last available year's figure
Sources: Bureau of Economic Analysis

Debt to Number of Customers



Debt Per Capita



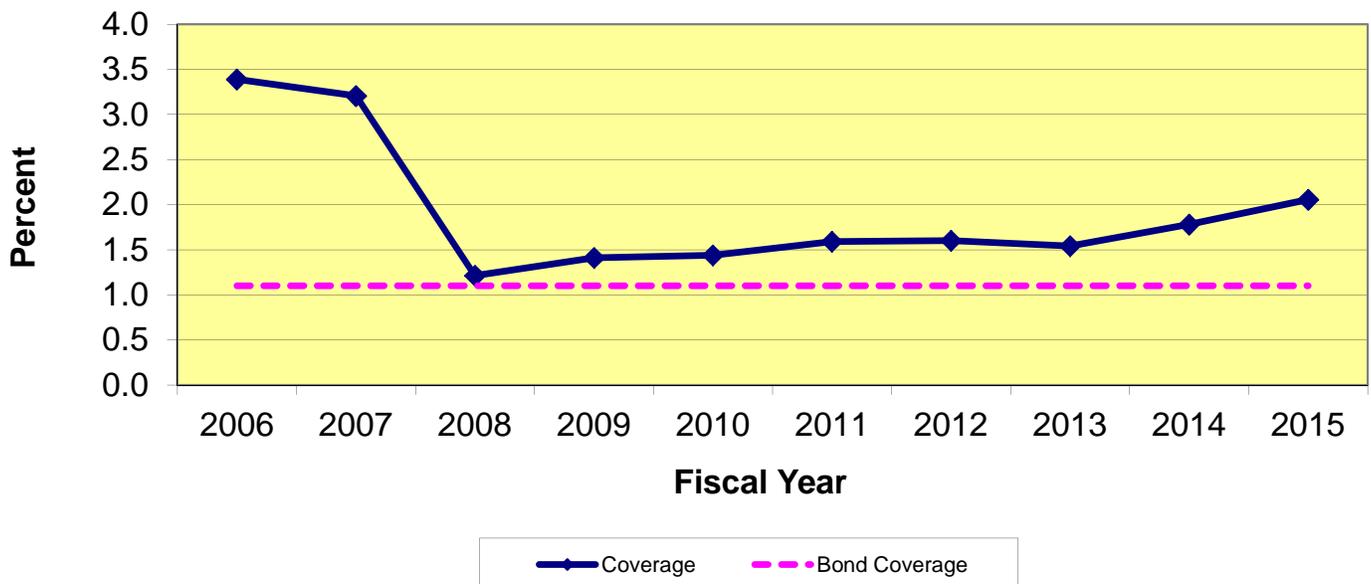
Douglasville-Douglas County Water and Sewer Authority

TABLE 8

Pledged Revenue Coverage Last Ten Fiscal Years (amount expressed in thousands)

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Gross Revenues	28,877	30,901	32,240	34,385	36,323	37,520	37,820	38,182	39,697	41,693
Service Charges										
Total Interest Income	2,175	2,266	2,588	1,029	238	169	115	127	102	100
Tap Fees Connection Charges	10,690	9,056	2,393	1,680	2,215	1,001	788	1,062	1,524	1,704
Gross Total Revenues	41,742	42,223	37,221	37,094	38,776	38,690	38,723	39,371	41,323	43,497
Less Operating Expenses Excluding Depreciation	16,475	18,232	20,305	18,953	20,970	19,162	19,080	20,470	20,241	19,167
Less Deferred Interest Income and Revenue	85	83	83	82	82	19	18	16	9	8
Less Interest Income Construction Account	1,284	1,304	1,966	776	113	34	7	8	5	-
Net Earnings Available	23,898	22,604	14,867	17,283	17,611	19,475	19,618	18,877	21,068	24,322
Maximum Annual Debt Service										
Principal	4,630	4,630	7,015	7,015	9,300	9,300	9,300	9,300	9,300	9,300
Interest	2,420	2,420	5,239	5,239	2,951	2,951	2,951	2,951	2,951	2,951
Total Maximum Annual Debt Service	7,050	7,050	12,254	12,254	12,251	12,251	12,251	12,251	11,836	11,836
Coverage Ratio	3.4	3.2	1.2	1.4	1.4	1.6	1.6	1.5	1.8	2.1

Bond Coverage



Douglasville-Douglas County Water and Sewer Authority

TABLE 9

Legal Debt Margin Information Last Ten Fiscal Years *(amount expressed in thousands)*

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Earnings	\$ 23,898	\$ 22,604	\$ 14,867	\$ 17,283	\$ 17,611	\$ 19,475	\$ 19,618	\$ 18,877	\$ 21,068	\$ 23,697
Legal Debt Service Limit	21,726	20,549	13,516	15,712	16,010	17,705	17,835	17,161	19,153	21,543
Total MAD debt applicable to limit	<u>7,050</u>	<u>7,050</u>	<u>12,254</u>	<u>12,254</u>	<u>12,251</u>	<u>12,251</u>	<u>12,251</u>	<u>12,251</u>	<u>11,836</u>	<u>11,836</u>
Legal MAD debt margin	<u>\$ 14,676</u>	<u>\$ 13,499</u>	<u>\$ 1,262</u>	<u>\$ 3,458</u>	<u>\$ 3,759</u>	<u>\$ 5,454</u>	<u>\$ 5,584</u>	<u>\$ 4,910</u>	<u>\$ 7,317</u>	<u>\$ 9,707</u>
Total MAD debt applicable to the limit as a percentage of debt limit	32.4%	34.3%	90.7%	78.0%	76.5%	69.2%	68.7%	71.4%	61.8%	54.9%

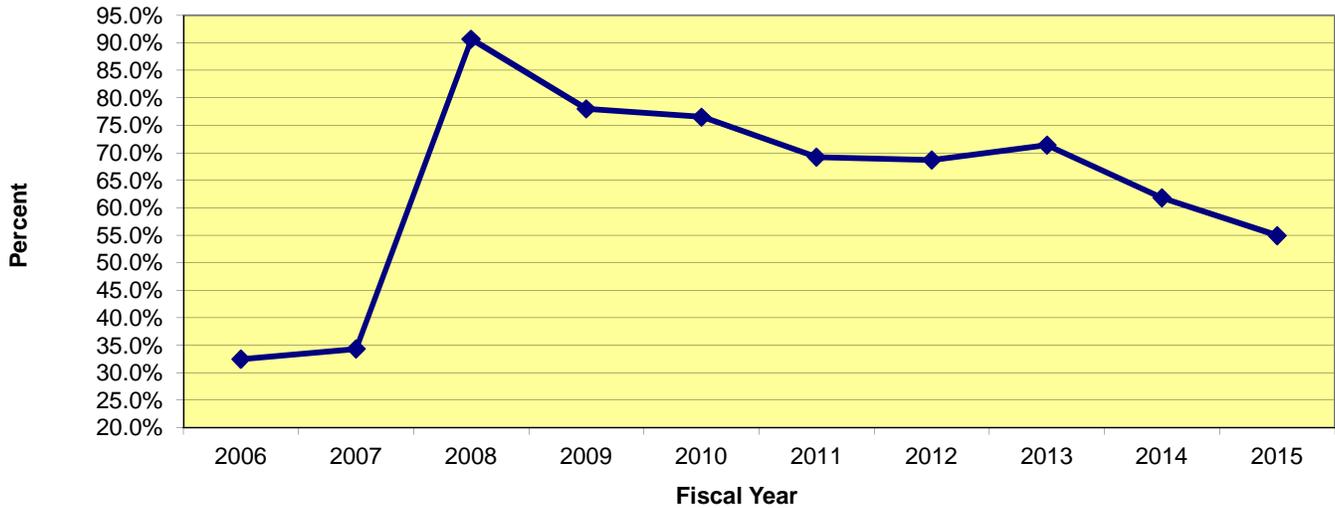
Notes:

MAD - Maximum Annual Debt Service (largest debt service payment during life of bond issue)

*Debt limit is calculated based upon bond covenants requiring a ratio of 1.10 x maximum annual debt service.

**New Debt limit is calculated based upon bond covenants requiring a ratio of 1.20 x maximum annual debt service.

MAD Debt applicable to Limit as Percent of Limit



Douglasville-Douglas County Water and Sewer Authority

TABLE 10

Demographic Information Douglas County Demographic and Economic Statistics Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (1) <i>(millions of dollars)</i>	Per Capita Personal Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2004	107,377	\$ 2,901,748	\$ 27,024	33.2	20,997	4.8%
2005	113,354	\$ 3,127,707	\$ 27,592	32.8	22,490	5.5%
2006	119,918	\$ 3,407,291	\$ 28,414	33.3	24,144	5.0%
2007	125,560	\$ 3,685,279	\$ 29,351	32.8	24,730	4.8%
2008	129,508	\$ 3,824,551	\$ 29,531	33.0	24,800	6.5%
2009	131,292	\$ 3,806,559	\$ 28,993	34.6	24,866	10.6%
2010	132,624	\$ 3,789,919	\$ 28,576	33.5	24,601	11.1%
2011	133,180	\$ 4,012,295	\$ 30,127	34.8	24,742	9.7%
2012	133,957	\$ 4,088,293	\$ 30,519	35.0	25,175	8.9%
2013	136,379	\$ 4,200,201	\$ 30,798	35.3	25,577	7.7%
2014	138,776 (2)	**	**	**	25,918	6.6%

(1) Source: Bureau of Economic Analysis

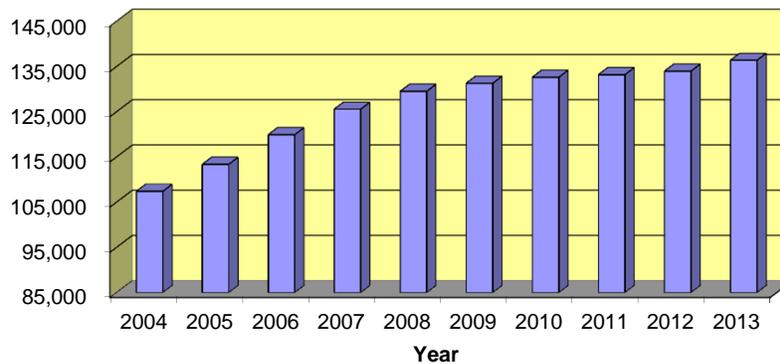
** Information for 2014 was not available as of July 31, 2015

(2) Source: U.S. Census Bureau - State and County Quick facts

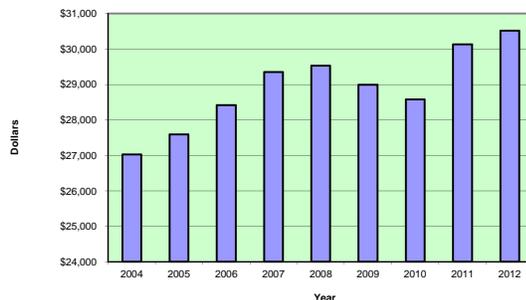
(3) Source: Georgia Department of Education, enrollment as of October each year.

(4) Source: U.S. Department of Labor, Bureau of Labor and Statistics

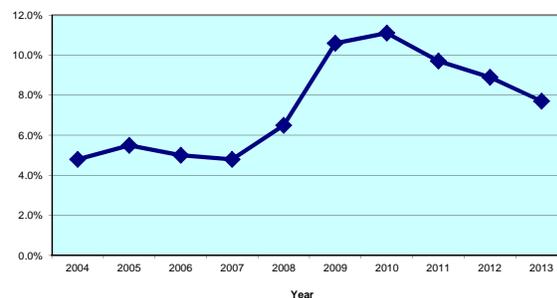
Population of Douglas County



Douglas County Per Capita Income



Douglas County Unemployment Rate



Douglasville-Douglas County Water and Sewer Authority

TABLE 11

Principal Employers Douglas County

2015				
Employer	Type of Business	Employees	Rank	Percentage of Total County Employment
Douglas County School System	Government	3,388	1	5.4%
Douglas County Government	Government	1,080	2	1.7%
Walmart	Retail	950	3	1.5%
Silver Line Building Products Corp.	Building products	900	4	1.4%
WellStar Douglas Hospital	Healthcare	700	5	1.1%
Kroger	Retail	487	6	0.8%
American Red Cross Blood Services	Healthcare	450	7	0.7%
APL Logistics	International Transportation	400	8	0.6%
Benton-Georgia Inc.	Construction	300	9	0.5%
Google	Information technology	300	10	0.5%
Total Principal Employment		8,955		14.3%
Other Employees		53,780		85.7%
Total County Employment		62,735		100.0%

2006				
Employer	Type of Business	Employees	Rank	Percentage of Total County Employment
Douglas County School System	Government	2,700	1	4.8%
Silver Line Building Products Corp.	Building products	1,250	2	2.21%
Wal-Mart	Retail	911	3	1.61%
Douglas County Government	Government	781	4	1.38%
Inner Harbor Hospitals, Ltd.	Healthcare	700	5	1.24%
Wellstar Douglas Hospital	Healthcare	549	6	0.97%
APL Logistics	International Transportation	400	7	0.7%
Publix Supermarkets	Grocery	355	8	0.6%
Kroger	Grocery	350	9	0.62%
BellSouth	Telecommunications	324	10	0.57%
Total Principal Employment		8,320		14.71%
Other Employers		48,253		85.29%
Total County Employment		56,573		100.00%

Sources: Douglasville Development Authority, City of Douglasville Development Authority, Douglas County Public Schools

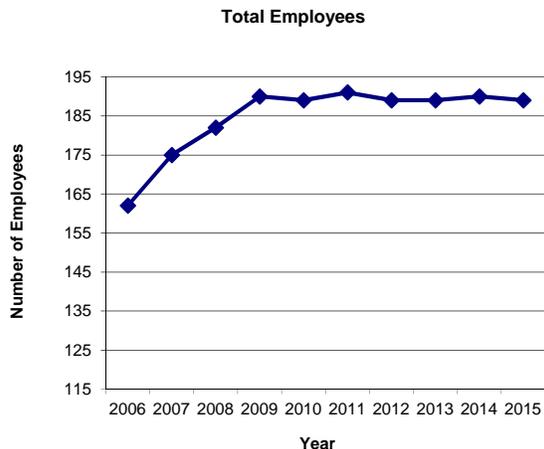
Douglasville-Douglas County Water and Sewer Authority

TABLE 12

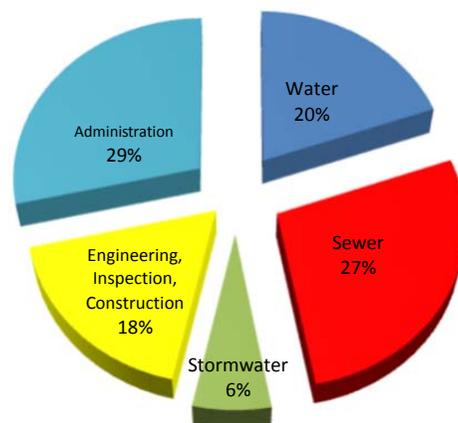
Full-Time Equivalent Water and Sewer Authority Employees

Employees by Function

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
WATER:										
Water Plant Operations	14	14	14	14	14	14	15	15	15	15
Water Operations Maintenance	4	3	2	2	3	3	3	4	4	4
Water Systems Maintenance	24	27	24	27	27	19	16	15	15	15
Reservoir Staff	2	2	2	1	2	2	2	3	2	3
WATER TOTAL	44	46	42	44	46	38	36	37	36	37
SEWER:										
Sewer Plant Operations	20	23	27	25	23	23	23	24	23	23
Sewer Operations Maintenance	3	6	7	6	9	14	13	11	13	13
Sewer Systems Maintenance	17	20	19	24	21	16	16	16	17	16
SEWER TOTAL	40	49	53	55	53	53	52	51	53	52
ENGINEERING/INSPECTION/ CONSTRUCTION:										
Engineering	11	12	13	13	13	12	12	12	12	12
Inspections	8	8	8	7	7	7	7	7	7	8
Construction	8	8	9	12	11	15	15	15	15	14
ENG/INSP/CONS TOTAL	27	28	30	32	31	34	34	34	34	34
STORMWATER:										
STORMWATER TOTAL	6	8	10	13	12	13	13	13	11	12
ADMINISTRATION:										
Billing/Customer Service	14	14	15	15	14	16	16	16	17	17
Meter Reading	9	9	11	10	10	11	12	12	12	13
Human Resources	8	8	8	8	9	12	12	11	12	12
Finance & Accounting	7	6	6	6	7	7	7	7	6	4
MIS	3	3	3	3	3	3	3	4	4	4
Executive Administration	4	4	4	4	4	4	4	4	5	4
ADMINISTRATION TOTAL	45	44	47	46	47	53	54	54	56	54
TOTAL EMPLOYEES	162	175	182	190	189	191	189	189	190	189



**Total Employee Percentage by Sub Category
Fiscal Year 2015**



Douglasville-Douglas County Water and Sewer Authority

TABLE 13

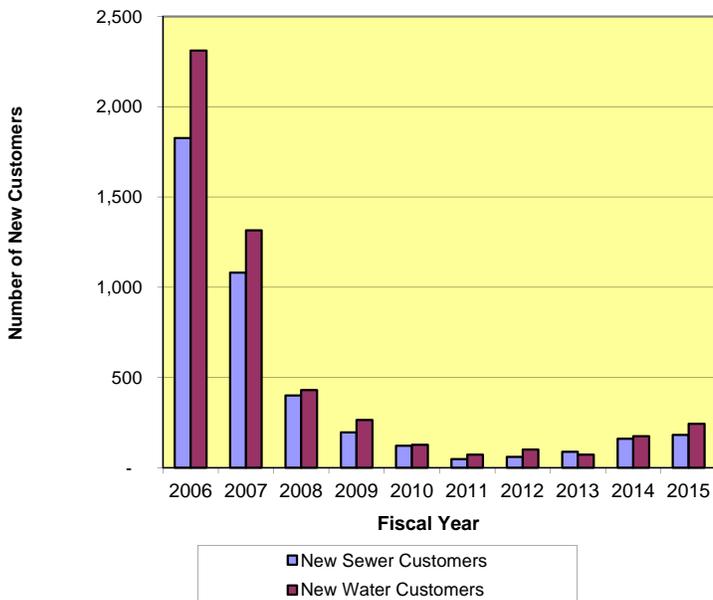
Operating Indicators - Demand and Service Levels Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Demand or Level of Service</u>										
Water										
Total customers	39,605	40,921	41,352	41,617	41,744	41,817	41,918	41,991	42,166	42,409
New customers	2,311	1,316	431	265	127	73	101	73	175	243
Water main breaks	131	150	204	212	113	154	147	184	178	131
⁽¹⁾ Average daily consumption (thousands of gallons)	9,580	10,538	9,169	8,656	8,623	8,862	8,949	8,659	8,571	8,804
Sewer										
Total customers	15,872	16,952	17,353	17,550	17,673	17,721	17,782	17,871	18,032	18,214
New customers	1,827	1,080	401	197	123	48	61	89	161	182
Average daily sewer treatment (thousands of gallons)	5,826	5,738	5,764	5,579	6,038	5,255	4,794	5,274	5,456	5,087
Stormwater										
Total customers	40,329	41,891	42,271	42,505	42,636	42,684	42,738	43,108	43,299	43,498
New customers	5,709	1,562	380	234	131	48	54	370	191	199

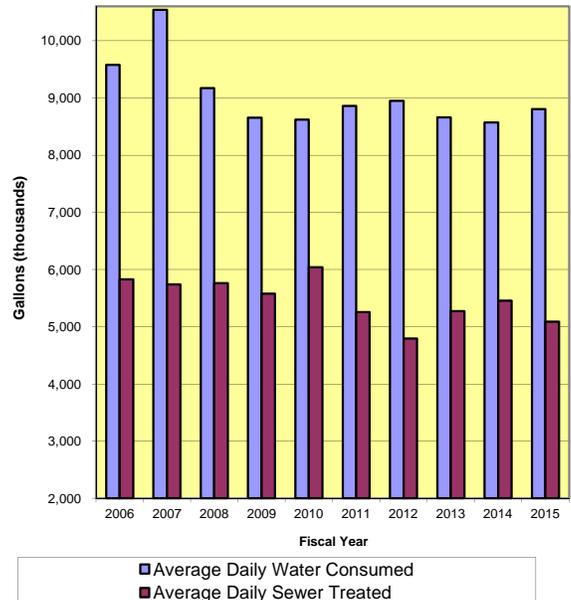
Notes:

(1) During the period 2002 through 2007 consumption was increased due to the City of Villa Rica purchasing an average of 345 thousand gallons per day.

New Water and Sewer Customers



Average Daily Water Consumed and Treated



Douglasville-Douglas County Water and Sewer Authority

TABLE 14

Capital Assets - Indicators of Use and Volume Last Ten Fiscal Years

Fiscal Year	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Capital Assets</u>										
Water										
Water main miles	888	907	918	920	921	927	929	929	930	931
Fire hydrants	6,069	6,158	6,310	6,326	6,347	6,471	6,524	6,545	6,765	6,796
Maximum daily design capacity <i>(thousands of gallons)</i>	16,400	16,400	16,400	16,400	16,400	16,400	23,940	23,940	23,940	23,940
Average daily water production <i>(thousands of gallons)</i>	12,562	13,255	10,986	10,666	10,841	10,941	11,015	10,753	10,651	11,016
Storage capacity - clear wells and water tanks <i>(thousands of gallons)</i>	11,775	11,775	11,775	11,775	11,775	11,775	14,775	14,775	14,775	14,775
Reservoir capacity <i>(thousands of gallons)</i>	1,288,000	1,288,000	1,288,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000
Sewer										
Sanitary sewer miles	385	407	427	429	440	442	450	450	459	461
Maximum daily design treatment capacity <i>(thousands of gallons)</i>	7,490	7,990	7,970	10,220	10,140	10,140	10,140	10,140	10,140	10,140
Average Daily sewer flow <i>(thousands of gallons)</i>	5,826	5,738	5,764	5,579	6,038	5,255	4,794	5,274	5,456	5,087
Stormwater										
Storm sewer lines	145	150	155	156	112	115	120	120	120	120

Douglasville-Douglas County Water and Sewer Authority

TABLE 15

Operating Information Top Ten Customers by Type Current and Nine Years Ago

Fiscal Year	2015			2006		
	Water Revenue	Rank	% of Water Revenue	Water Revenue	Rank	% of Water Revenue
Water Customers						
DC Board of Education	\$ 500,165	1	2.23%			
Grove Skyview LTD	254,028	2	1.13%	\$ 151,458	1	0.96%
Douglas County Jail	220,173	3	0.98%	82,977	6	0.52%
Sevo Miller, Inc. - Crestmark	190,194	4	0.85%	89,145	5	0.56%
Birch Landing	143,647	5	0.64%			
Wellstar Hospital	137,023	6	0.61%	67,353	8	0.42%
Google, Inc	123,266	7	0.55%			
Manchester Place Apts	114,802	8	0.51%			
Arbor Place Mall	113,784	9	0.51%	79,986	7	0.50%
A T & T	111,473	10	0.50%			
Tree Terrace Apartments				109,655	2	0.69%
Silver Line Building Products				93,858	3	0.59%
Berwind Properties - Westfolk				89,737	4	0.57%
Pinnacle Homes at Rocky Ridge				62,985	9	0.40%
Golden Estates Mobile Home Park				56,899	10	0.36%
Totals	<u>\$ 1,908,555</u>		<u>8.49%</u>	<u>\$ 884,053</u>		<u>5.58%</u>

Fiscal Year	2015			2006		
	Sewer Revenue	Rank	% of Sewer Revenue	Sewer Revenue	Rank	% of Sewer Revenue
Sewer Customers						
DC Board of Education	\$ 316,391	1	2.59%			
Grove Skyview LTD	221,570	2	1.81%	\$ 130,670	1	1.81%
Douglas County Jail	178,119	3	1.46%	72,278	5	1.00%
Sevo Miller, Inc. - Crestmark	134,910	4	1.10%	74,633	4	1.04%
Birch Landing	131,319	5	1.07%			
Wellstar Hospital	118,430	6	0.97%	57,438	8	0.80%
Manchester Place Apts	103,356	7	0.84%			
Arbor Place Mall	102,504	8	0.84%	68,262	7	0.95%
Berwind Property- Westfork-Waterford	100,859	9	0.82%	81,103	3	1.13%
Google, Inc	89,300	10	0.73%			
Tree Terrace Apartments				95,083	2	1.32%
Silver Line Building Products				71,842	6	1.00%
Golden Estates Mobile Home Pk				51,330	9	0.71%
Oak Creek Apartments				46,769	10	0.65%
Totals	<u>\$ 1,496,758</u>		<u>12.23%</u>	<u>\$ 749,408</u>		<u>10.41%</u>

Fiscal Year	2015			2006		
	Stormwater Revenue	Rank	% of Stormwater Revenue	Stormwater Revenue	Rank	% of Stormwater Revenue
Stormwater Customers						
DC Board of Education	\$ 121,841	1	2.71%	\$ 12,157	10	0.33%
Hunt Partners Ret. Group-Jacoby Dev.	25,401	2	0.56%	24,163	4	0.66%
JVC Co. of America	23,162	3	0.51%	23,162	5	0.63%
Arbor Place Mall	20,861	4	0.46%	26,161	3	0.71%
Grove Skyview, LTD	20,837	5	0.46%	19,709	6	0.53%
Excel-Hon, Inc.	20,572	6	0.46%			
Google, Inc.	20,434	7	0.45%			
Prologis	19,330	8	0.43%	13,086	9	0.35%
Medline Industries, Inc.	18,884	9	0.42%			
Conlan Company	18,504	10	0.41%	27,804	2	0.75%
APL Logistics				33,545	1	0.91%
Medline Industries, Inc.				18,884	7	0.51%
Maytag Appliance				17,035	8	0.46%
Totals	<u>\$ 309,826</u>		<u>6.88%</u>	<u>\$ 215,706</u>		<u>5.84%</u>

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COMPLIANCE SECTION

**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
Douglasville-Douglas County Water and Sewer Authority
Douglasville, 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 Douglasville-Douglas County Water and Sewer Authority (the "Authority"), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Douglasville-Douglas County Water and Sewer Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Douglasville-Douglas County Water and Sewer Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Douglasville-Douglas County Water and Sewer Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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


Grace Galvis McGrath, LLC
Kennesaw, GA

November 18, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of the
Douglasville-Douglas County Water and Sewer Authority
Douglasville, Georgia

Report on Compliance for Each Major Federal Program

We have audited the Douglasville-Douglas County Water and Sewer Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The Douglasville-Douglas County Water and Sewer Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Douglasville-Douglas County Water and Sewer Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Douglasville-Douglas County Water and Sewer Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Douglasville-Douglas County Water and Sewer Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Douglasville-Douglas County Water and Sewer 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 year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Douglasville-Douglas County Water and Sewer Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Douglasville-Douglas County Water and Sewer Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Douglasville-Douglas County Water and Sewer Authority's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Grace Galvis McGrath, LLC
Kennesaw, GA

November 18, 2015

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2015

FEDERAL GRANTOR Pass-through Grantor/ Program Title	CFDA Number	Pass-Through Grantor's Number	Total Expenditures
U.S. Department of Homeland Security			
Passed through the Georgia Emergency Management Agency			
Pre-Disaster Mitigation Grant	97.047	PDMC-PJ-04-GA-2011-02	\$ 1,077,027
Hazard Mitigation Grant - 1973	97.039	HMGP-1973-0033	82,225
Hazard Mitigation Grant - 1973	97.039	HMGP-1973-0043	77,816
			160,041
Total U.S. Department of Homeland Security			\$ 1,237,068
TOTAL			\$ 1,237,068

See accompanying note to schedule of expenditures of federal awards.

Douglasville-Douglas County Water and Sewer Authority

Note To Schedule of Expenditures of Federal Awards

1 General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards received by Douglasville-Douglas County Water and Sewer Authority.

2 Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1A of the Douglasville-Douglas County Water and Sewer Authority financial statements.

3 Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Douglasville-Douglas County Water and Sewer Authority
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2015

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: unmodified
 Internal control over financial reporting:
 Material weakness identified? _____ yes no
 Significant deficiency identified
 not considered to be material weakness? _____ yes none reported
 Noncompliance material to financial statements
 noted? _____ yes no

Federal Awards

Internal control over major programs:
 Material weakness identified? _____ yes no
 Significant deficiency identified
 not considered to be material weakness? _____ yes 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
 Circular A-133, Section .510(a)? _____ yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
97.047	Pre-Disaster Mitigation Grant

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 300,000
 Auditee qualified as low-risk auditee? _____yes no

Douglasville-Douglas County Water and Sewer Authority
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II- Financial Statement Findings

None Reported

Section III - Federal Award Findings

None Reported

Douglasville-Douglas County Water and Sewer Authority
Schedule of Prior Year Findings
For the Year Ended June 30, 2015

None Reported

