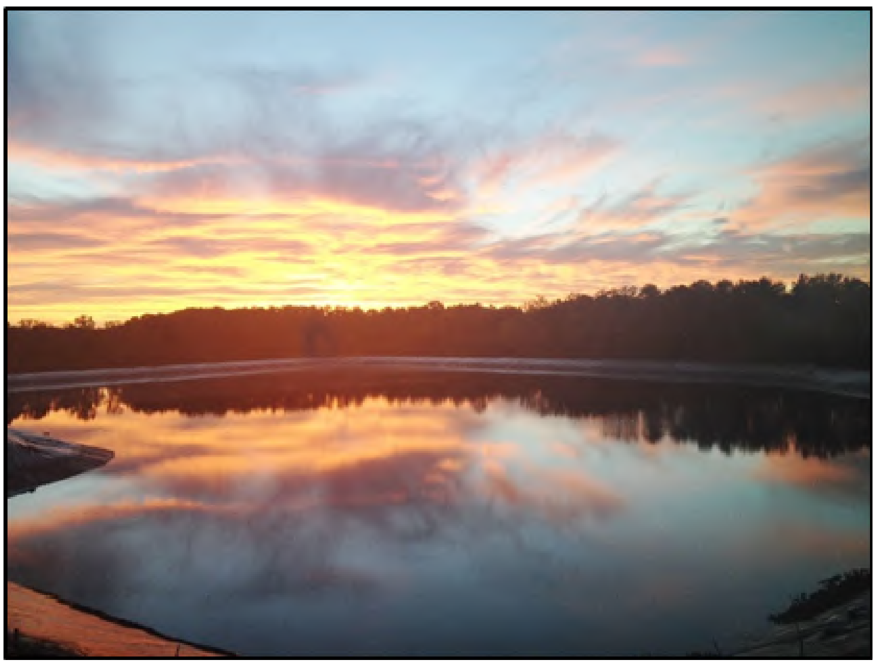
DOUGLASVILLE-DOUGLAS COUNTY WATER AND SEWER AUTHORITY

DOUGLAS COUNTY, GEORGIA



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEARS ENDED JUNE 30, 2017 and 2016

WSA

DOUGLASVILLE - DOUGLAS COUNTY

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WATER AND SEWER AUTHORITY

DOUGLASVILLE-DOUGLAS COUNTY WATER AND SEWER AUTHORITY

DOUGLAS COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEARS ENDED JUNE 30, 2017 and 2016

Prepared by
Department of Finance
Thomas W. Alger, Chief Financial Officer

Douglasville-Douglas County Water and Sewer Authority

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Fiscal Years Ended June 30, 2017 and 2016
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Douglasville-Douglas County Water and Sewer Authority

BOARD OF DIRECTORS

David L. Boatright	Chairman
Kerry Rigdon	Vice Chairman
E. John Citizen	Member
Romona Jackson Jones, Chair Douglas County Board of Commissioners	
Jeff Noles	Member
Rochelle Robinson, Mayor, City of Douglasville	Member
S. Layne Smith	Member
Helen McCoy	Secretary - Treasurer

MANAGEMENT

Gilbert B. Shearouse	Executive Director
Keith Higgs	Deputy Director & Wastewater Operations Manager
Brian Keel	Deputy Director & Engineering Manager
Thomas Alger	Chief Financial Officer
Charles Butts	Systems Maintenance Manager
Karen Cobb	Billing/Customer Service 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

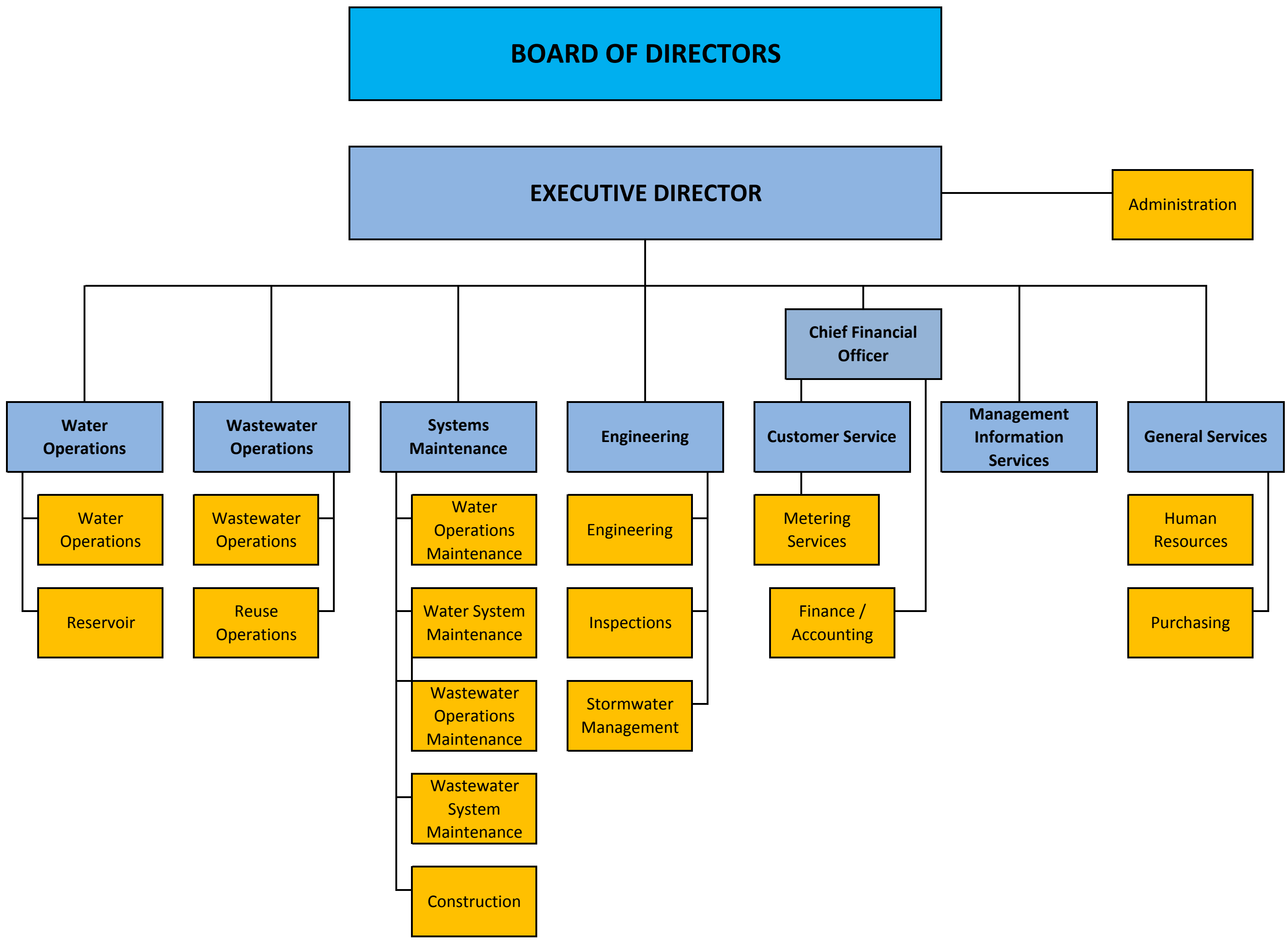
CONSULTANTS

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

Additional System Information may be found at

www.ddcwsa.com

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, 2016

Jeffrey R. Emer

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

October 27, 2017

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, 2017 and 2016. This submission is in compliance with the Act that created the Authority. The basic financial statements for the fiscal years ended June 30, 2017 and 2016 have been audited by our independent auditors, Nichols, Cauley & Associates, 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, 2017, the net property, plant and equipment value of the combined system was over $375 million.

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 938 miles of distribution lines in various diameter sizes throughout the County. The last plant expansion of the water treatment plant brought capacity to 23.9 MGD.

The sanitary sewer facilities collect sewage through 468 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 3.0 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, 2017, the combined Authority stormwater system consisted of 121 miles of conveyance pipe and culvert systems, and over 11,000 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 132,624 and now is estimated to be 142,224.

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, 2017 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 a steady low unemployment rate. The Authority expects gradual improvements 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. However, just as the Authority has seen the during the last several years, 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 29,000 installations at June 30, 2017. The project will take six to eight years to complete at an estimated cost of $3,000,000 a year.

A $2.1 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.

A $1.1 million project to rehabilitate a large potable water storage tank was completed in May 2016.

Stormwater Improvement Projects of $1.3 million were completed in 2017 on Beaver Drive, Camel Drive, and Prestley Mill Road.

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 (or one hundred twenty percent should the Authority issue any new debt) 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 calendar years included:

Calendar Year 2016

- Douglas County Chamber of Commerce Large Business of the Year
- Georgia Association of Water Professionals (GAWP) Bronze Award for WSA's Volunteer Service to GAWP
- Government Finance Officers Association Award for Excellence in Financial Reporting
- Georgia Association of Water Professionals (GAWP) Gold Award for Excellence in Water Distribution System
- Georgia Association of Water Professionals (GAWP) Gold Award for Excellence in Wastewater Collections System
- Georgia Association of Water Professionals (GAWP) Plant of the Year in its size category awarded to the Bear Creek Water Treatment Plant.

Calendar Year 2015

- Georgia Association of Water Professionals (GAWP) Silver Award for Excellence in Wastewater Collections System
- Georgia Association of Water Professionals (GAWP) Bronze Award for WSA's Volunteer Service to GAWP
- 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, 2016. This is the fourteenth 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 comprehensive annual financial report. This report must satisfy 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,

Thomas W. Alger

Thomas W. Alger, CPA, CGMA
Chief Financial Officer

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITOR

NICHOLS, CAULEY & ASSOCIATES, LLC
1825 Barrett Lakes Blvd, Suite 200
Kennesaw, Georgia 30144
770-422-0598 FAX 678-214-2355
kennesaw@nicholscauley.com

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, 2017 and 2016, 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 opinions 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 opinions.

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, 2017 and 2016, 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 – ERP Plan, Schedule of Pension Contributions – ERP Plan, Schedule of Changes in the Total Pension Liability and Related Ratios – Plan II, Schedule of Pension Contributions – Plan II, Schedule of Changes in the Total OPEB Liability and Related Ratios, and Schedule of OPEB Contributions – Plan II on pages 15 through 21 and 47 through 52, 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 the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional schedules of individual accounts are the responsibility of management and are derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules of individual accounts 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 October 27, 2017, 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.

Nichols, Cauley + Associates, LLC

Kennesaw, Georgia
October 27, 2017

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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, 2017 and 2016. 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, 2017. Total assets and deferred outflows at June 30, 2017 were $429.6 million and exceeded liabilities and deferred inflows in the amount of $277.8 million (net position). Total net position increased by $6.5 million in fiscal year 2017. Total net position increased by $2.9 million in 2016.
- During the fiscal year 2017, the Authority's operating revenues increased to $46.6 million up from $43.8 million in 2016 or 6.4%, while operating expenses were flat at $38.3 million in both years with 0.0% change. The increase in revenue is noted below. Increases in operating expenses occurred in employment cost ($0.6 million), supplies & materials ($0.2 million), and water and purchased services ($0.4 million). Decrease in expenses occurred in repairs & maintenance ($0.1 million), utilities ($0.1) million, with decreases primarily in electricity during a year with lowered energy costs worldwide, depreciation ($0.6 million) and administration ($0.4 million).
- Water revenue increased $1.7 million and sewer revenue increased $1.0 million in the fiscal year ended June 30, 2017 over that of the previous year. Water rates and sewer increased 3% in December 2016. Water demand was strong in fiscal 2017, particularly early in the fiscal year, as natural rains continued behind normal seasonal volume (as seen towards the end of fiscal year 2016) and demand for water from the Authority increased. A more normal rainfall and water demand pattern returned by the end of fiscal 2017. In fiscal year ended June 30, 2016, water and sewer rates also increased 3% in December 2015. Water demand was strong in 2016, particularly later in the year, as natural rains fell behind normal seasonal volume and demand for water from the Authority increased. 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 $6.5 million and $8.8 million in fiscal years 2017 and 2016 of which $0.6 million and $0.3 million were non-cash contribution developer infrastructure improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report is presented in three sections; Introductory, Financial, and Statistical. 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, 2017 and 2016. 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, liabilities, and deferred inflows, 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 2017, 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 2017 to 2016 Comparison				Fiscal Year 2016 to 2015 Comparison			
	FY 2017	FY 2016	Dollar Change	% Change	FY 2016	FY 2015	Dollar Change	% Change
Assets & Deferred Outflows:								
Current and Other Assets	$ 46.4	$ 35.8	10.6	29.6%	$ 35.8	$ 28.2	7.6	27.0%
Capital Assets	375.6	386.6	(11.0)	-2.8%	386.6	396.0	(9.4)	-2.4%
Total Assets	422.0	422.4	(0.4)	-0.1%	422.4	424.2	(1.8)	-0.4%
Deferred Outflows	7.6	9.1	(1.5)	-16.5%	9.1	5.4	3.7	68.5%
Tot Assets & Deferred Outflows	429.6	431.5	(1.9)	-0.4%	431.5	429.6	1.9	0.4%
Liabilities:								
Long-Term Debt Outstanding	132.5	139.3	(6.8)	-4.9%	139.3	143.3	(4.0)	-2.8%
Other Liabilities	19.1	20.4	(1.3)	-6.4%	20.4	16.4	4.0	24.4%
Total Liabilities	151.6	159.7	(8.1)	-5.1%	159.7	159.7	-	0.0%
Deferred Inflows	0.2	0.5	(0.3)	-60.0%	0.5	1.4	(0.9)	-64.3%
Total Liabilities & Deferred Inflows	151.8	160.2	(8.4)	-5.2%	160.2	161.1	(0.9)	-0.6%
Net Position:								
Investment in Capital Assets	242.1	247.0	(4.9)	-2.0%	247.0	251.4	(4.4)	-1.8%
Restricted	21.6	12.1	9.5	78.5%	12.1	4.9	7.2	146.9%
Unrestricted	14.1	12.2	1.9	15.6%	12.2	12.1	0.1	0.8%
TOTAL NET POSITION	$ 277.8	$ 271.3	$ 6.5	2.4%	$ 271.3	$ 268.4	$ 2.9	1.1%

<u>Comparison 2017-2016</u>

Net position at June 30, 2017 was $277.8 million, an increase of $6.5 million. The increase was due to a combination of a water and sewer rate increase, strong demand for water in an area facing drought conditions, and the Authority's efforts at controlling costs while still providing safe and efficient services. Current and other assets increased $10.6 million, of which $10.6 million was in cash & investments, $0.2 million was in accounts receivables, and other minor fluctuations on these lines netting to a decrease of $0.2 million. Capital assets decreased $11.0 million due to depreciation expense exceeding new assets acquired during the year. Deferred outflows decreased $1.5 million due to accounting for pensions causing changes of $0.8 million in deferred outflows, and a change of $0.7 million in bond defeasance costs through amortization. Long-term debt decreased $6.8 million reflecting payments of principal. Other liabilities decreased $1.3 million due to an increase in current bond obligations ($0.2 million), a decrease in accounts payable ($0.2 million), a decrease in pension and OPEB liabilities through implementation of GASBS 73 and 75 as well as ERP Pension Plan performance ($1.2 million), and an increase in customer deposits ($0.3 million). Net position for investment in capital assets decreased $4.9 million as a result of a net decrease in capital assets of $11.0 million, debt reduction of $6.0 million, and changes in related deferred outflows. Net position - unrestricted (available for day-to-day operations) increased $1.9 million as a result of the change in net position investments in capital assets and net position - restricted, as well as financial operations and activities for the year.

Comparison 2016-2015

Net position at June 30, 2016 was $271.3 million, an increase of $2.9 million. The increase was due to a combination of a water and sewer rate increase, strong demand for water in an area facing drought conditions, and the Authority's efforts at controlling costs while still providing safe and efficient services. Current and other assets increased $7.6 million, which $6.2 million was in cash & investments, $0.3 million in accounts receivables; while net pension assets decreased $0.6 million. The net pension asset in 2015 has become a net pension liability in 2016. The increase in liability is a result of a decrease in investment income, from a long term actuarial assumed rate of return of 7.75% to actual results of only 1.1% for the period. Capital assets decreased $9.4 million due to depreciation expense exceeding new assets acquired during the year. Deferred outflows increased $3.7 million due to adding $1.8 million in deferred outflows of pensions under new pension reporting requirements and lowered investment returns, and an increase of $1.8 million in bond defeasance costs. Long-term debt decreased $4.0 million reflecting payments of principal. Other liabilities increased $4.0 million due to an increase in current bond obligations ($0.8 million), a decrease in accounts payable ($0.1 million), a decrease in pension liability ($0.9 million), and an increase in customer deposits ($0.2 million). Net position for investment in capital assets decreased $4.4 million as a result of a net decrease in capital assets of $9.4 million, debt reduction of $3.2 million, $1.8 increase in deferred outflows. Net position - unrestricted (available for day-to-day operations) increased $0.1 million as a result of the change in net position investments in capital assets and net position - restricted, as well as financial operations and activities for the year.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

	Fiscal Year 2017 to 2016 Comparison				Fiscal Year 2016 to 2015 Comparison			
REVENUES	FY 2017	FY 2016	Dollar Change	% Change	FY 2016	FY 2015	Dollar Change	% Change
Operating Revenue:								
Charges for services	$ 45.5	$ 42.7	$ 2.8	6.6%	$ 42.7	$ 40.5	$ 2.2	5.4%
Penalties	1.1	1.1	-	0.0%	1.1	1.2	(0.1)	-8.3%
Total Operating Revenues	46.6	43.8	2.8	6.4%	43.8	41.7	2.1	5.0%
Interest income	0.3	0.2	0.1	50.0%	0.2	0.1	0.1	100.0%
Total Revenues	46.9	44.0	2.9	6.6%	44.0	41.8	2.2	5.3%
EXPENSES								
Total Operating Expenses	38.3	38.3	(0.0)	0.0%	38.3	37.8	0.5	1.3%
Non-Operating Income (Expense)								
Interest and fiscal charges	(5.2)	(6.1)	0.9	-14.8%	(6.1)	(5.8)	(0.3)	5.2%
Gain(loss)-disposal of cap. assets	0.1	-	0.1	100.0%	-	(0.9)	0.9	100.0%
Other income(expense)	(0.1)	-	(0.1)	100.0%	-	(0.3)	0.3	-100.0%
Total Non-Operating Expenses	(5.2)	(6.1)	0.9	-14.8%	(6.1)	(7.0)	0.9	-12.9%
Total Expenses	43.5	44.4	0.9	2.0%	44.4	44.8	1.4	3.1%
Income Before Cap Contr.	3.4	(0.4)	2.0	-500.0%	(0.4)	(3.0)	0.8	-26.7%
Capital Contributions								
Tap fees	2.5	2.1	0.4	19.0%	2.1	1.7	0.4	23.5%
Developer lines	0.6	0.3	0.3	100.0%	0.3	1.4	(1.1)	-78.6%
Grant contributions	-	0.9	(0.9)	-100.0%	0.9	1.2	(0.3)	-25.0%
Total Capital Contributions	3.1	3.3	(0.2)	-6.1%	3.3	4.3	(1.0)	-23.3%
Changes in Net Position	6.5	2.9	1.8	62.1%	2.9	1.3	(0.2)	-15.4%
Beginning Net Position	271.3	268.4	2.9	1.1%	268.4	267.1	1.3	0.5%
Prior Period Adjustment	-	-	-	0.0%	-	-	-	0.0%
Ending Net Position	$ 277.8	$ 271.3	$ 6.5	2.4%	$ 271.3	$ 268.4	$ 2.9	1.1%

While the Statements of Net Position shows the increase in net position of $6.5 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.

Review of Operations:

Comparison 2017-2016

Operating revenues increased by $2.8 million or 6.4%. Water revenue increased 7% ($1.6 million) and sewer revenue increased 8% ($1.0 million) with a 3% rate increase in December and strong demand for water. Early in the fiscal year, the rains were below normal and volume of sales indicate customers were using slightly more water and sewer than the previous years. As the year progressed normal rains returned and demand decreased to more normal levels. Bad debt expense decreased by $0.2 million to $0.2 million due to continued collection efforts. There were no significant other increases or decreases in other revenues.

Operating expenses in 2017 were flat with the previous year. Employment cost increased $0.6 million or 5.5% mainly due to slight increases in salaries, retirement plan cost, and group medical cost, but no increases in personnel levels. The Authority experienced some personnel vacancies during 2017, which is also reflected in the costs savings. Lack of rain combined with high demand early in the fiscal year, caused the Authority to purchase treated water from an outside wholesaler reflecting an increase of $0.4 million over prior year. Depreciation expense declined by $0.5 million. Utilities decreased 3.3% over the previous year due to lowered energy costs resulting in lowered electrical power costs of $0.1 million. There were no significant other increases or decreases in other operating expenses.

Comparison 2016-2015

Operating revenues increased by $2.1 million or 5.0%. Water revenue increased 5% ($1.3 million) and sewer revenue increased 6% ($0.8 million) with a 3% rate increase in December and strong demand for water. Volume of sales indicate customers were using slightly more water and sewer than the previous years. Bad debt expense only increased by $0.1 million to $0.4 million due to continued collection efforts, which saw cutoff charges up $0.2 million on stricter enforcement of cutoffs due to non-timely payment. There were no significant other increases or decreases in other revenues.

Operating expenses increased $0.5 million from the previous year. Employment cost increased $0.6 million or 5.8% mainly due to slight increases in salaries, retirement plan cost, and group medical cost, but no increases in personnel levels. Increases in repairs and maintenance ($0.1 million) and administration ($0.1 million) were due to anticipated and budgeted costs. Purchased services, supplies and materials, and depreciation were flat. Utilities decreased over the previous year due to lowered energy costs resulting in lowered electrical power costs of $.3 million or 9.1%.

Total Non-Operating Revenues and Expenses:

Comparison 2017-2016

Non-operating interest income increased by $0.1 on larger deposit balances, although rates paid on deposits remain at historical lows. Total non-operating expenses decreased $0.9 million to $5.2 million. Interest expense decreased $0.6 million due to reduced bond principal outstanding and bond refunding, and other expenses increased by $0.7 million, including bond refunding expenses. Disposition of capital assets decreased $0.1 million in 2017 compared to the 2016.

Comparison 2016-2015

Non-operating interest income increased by $0.1 on larger deposits, although rates paid on deposits remain at historical lows. Total non-operating expenses decreased $0.9 million to $6.1 million. Interest expense decreased $0.7 million due to reduced bond principal outstanding and bond refunding, and other expenses increased by $0.7 million, including bond refunding expenses. Disposition of capital assets decreased $0.9 million in 2016 compared to the 2015 disposition of meters not fully depreciated in the AMR/AMI meter replacement program.

Capital Contributions:

Comparison 2017-2016

Capital Contributions were down $0.2 million to $3.1 million (down 6%). The primary downward driver was a drop in Grants from $0.9 million to near zero. This drop was offset by tap fees and developer contributions. The tap fees were up $0.4 million (19.0%) to $2.5 million, developer lines were up $0.3 million (100%) to $0.6 million . The increase in tap fees is reflective of the current housing increase over the past fiscal year, but consists mostly of taps sold on existing developed lots, not new subdivision work from developers. The developer contributions consist of non-cash contributions of commercial or residential developments, of which there is little new development as the market absorbs lot inventory developed in prior years. The grant contributions were FEMA grants for the Oak Lane culvert replacement project.

Comparison 2016-2015

Capital Contributions were down $1.0 million to $3.3 million (down 23.3%). The tap fees were up $0.4 million (23.5%) to $2.1 million, developer lines were down $1.1 million (78.6%) to $0.3 million and grants were down $0.3 million to $0.9 million. The increase in tap fees is reflective of the current housing increase over the past fiscal year, but consists mostly of taps sold on existing developed lots, not new subdivision work from developers. The developer contributions consist of non-cash contributions of commercial or residential developments, of which there is little development as the market absorbs lot inventory developed in prior years. The grant contributions were FEMA grants for the Chapel Hill Road culvert replacement project, flood repairs, 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.

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. At the end of 2017, the Authority had invested $615.8 million (historical cost) 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. 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)

	Fiscal Year 2017 to 2016 Comparison				Fiscal Year 2016 to 2015 Comparison			
Description	FY 2017	FY 2016	Dollar Change	% Change	FY 2016	FY 2015	Dollar Change	% Change
Land	$ 14.7	$ 14.7	$ -	0.0%	$ 14.7	$ 14.7	$ -	0.0%
Buildings	68.0	67.8	0.2	0.3%	67.8	67.8	-	0.0%
Machinery & Equipment	68.3	67.3	1.0	1.5%	67.3	67.2	0.1	0.1%
Improvements	459.1	450.7	8.4	1.9%	450.7	446.5	4.2	0.9%
Construction In Progress	5.7	8.8	(3.1)	-35.2%	8.8	4.3	4.5	104.7%
Subtotal	615.8	609.3	6.5	1.1%	609.3	600.5	8.8	1.5%
Less Accumulated Depreciation	240.3	222.7	17.6	7.9%	222.7	204.5	18.2	8.9%
Net Property, Plant, Equipment	$ 375.5	$ 386.6	$ (11.1)	-2.9%	$ 386.6	$ 396.0	$ (9.4)	-2.4%

Fiscal Year 2017, significant capital assets additions and changes (in millions of dollars) were:

- $ 0.2 – Buildings - essentially unchanged
- $ 1.0 – Machinery & Equipment -
  Power & Misc.. Equipment ($0.3), Pumps ($0.5), Transportation ($0.2)
- $ 8.4 – Improvements -
  Stormwater ($1.9), Meters ($2.0), Sewer Lines ($1.9), Water lines ($1.9), Pump stations ($0.7)
- $ (3.1) – Construction in Progress -
  Completion of certain projects in process ($3.1) with reclass to permanent categories above

$ 6.5 million – Total Asset Change

Fiscal Year 2016 capital assets additions and changes (in millions of dollars):

- $ 0.1 – Machinery & Equipment - SCADA & Computers ($0.1), Pumps ($0.1), Transportation ($0.2),
  Power & Misc.. Equipment ($0.1),
  Dispositions - Computer, Communications (-$0.1), Office & Reading Equipment (-$0.1)
  Transportation (-$.1), Tools & Disposal Equipment (-$0.1)
- $ 4.2 – Improvements - Stormwater ($0.6), Meters ($2.0), Sewer Lines ($1.0), Water lines ($0.3)
  Pump stations ($0.3), Other($0.1)
  Dispositions - Meters (-$0.1)
- $ 4.5 –Construction in Progress - Lee Rd ($0.4), Meter Project ($0.7), Water tank Rehab ($1.1)
  Lift Station Rehab ($0.5), Reservoir Study ($0.5), Other ($0.8),
  Stormwater Projects ($0.5)

$ 8.8 million – Total Asset Change

DEBT

At June 30, 2017 year-end, the Authority had $138.7 million in debt instruments down from $145.1 million in fiscal year 2016. This decrease was due to scheduled payments on debt combined with a bond refunding of the 2007 bond series with a 2015 bond series . The Authority was in compliance with all bond and loan covenants during the fiscal years 2017 and 2016. More detailed information about the Authority's debt liabilities is presented in Note 4 of the Notes to the Financial Statements.

In October 2015, the Authority issued $73.4 million in 2015 Bonds at 3.1% interest rate for a defeasance of $68.6 million of 2007 Series Bonds. Proceeds were placed in a trust for the 2007 Bonds which were paid out on the callable date of June 1, 2017.

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 on the callable date of December 2015(FY16).

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 2.6.

Debt Coverage Ratio:

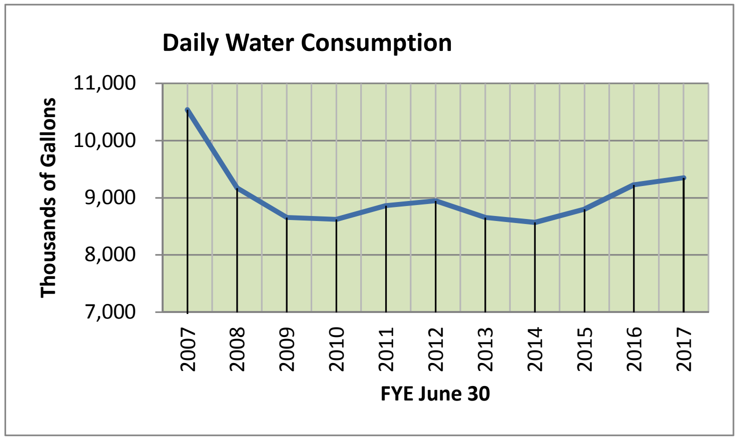
During fiscal year 2017, the Authority's current debt coverage ratio, including tap fees, was slightly improved at 2.6, with the maximum annual debt service at 2.5. The current debt service structure remains rather level reaching maximum annual debt service in 2025 of $11.4 million and declining after 2030. Note this calculation is based on the actual 2015 Series B bond maturities excluding the mandatory redemption date at June 1, 2030.

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

	Fiscal Year 2017 to 2016 Comparison				Fiscal Year 2016 to 2015 Comparison			
	FY 2017	FY 2016	Dollar Change	% Change	FY 2016	FY 2015	Dollar Change	% Change
Revenue from Operations	$ 46.6	$ 43.8	$ 2.8	6.4%	$ 43.8	$ 41.7	$ 2.1	5.0%
Interest Income	0.3	0.2	0.1	50.0%	0.2	0.1	0.1	100.0%
Tap Fees	2.5	1.6	0.9	56.3%	1.6	1.7	(0.1)	-5.9%
Total Revenues	49.4	45.6	3.8	8.3%	45.6	43.5	2.1	4.8%
Total Operating Expenses (less depreciation)	20.6	19.7	0.9	4.6%	19.7	19.2	0.5	2.6%
Net Earnings	28.8	25.9	2.9	11.2%	25.9	24.3	1.6	6.6%
Current Annual Debt Service	11.2	11.2	-	0.0%	11.2	11.8	(0.6)	-5.1%
Debt Coverage Ratio	2.6	2.3	0.3	11.2%	2.3	2.1	0.3	12.3%
Maximum Annual Debt Service	$ 11.4	$ 11.4	-	0.0%	$ 11.4	$ 11.8	(0.4)	-3.4%
Debt Coverage Ratio	2.5	2.3	$ 0.3	11.2%	2.3	2.1	$ 0.2	10.3%

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. Fiscal year 2017 experienced a slight increase in consumption. Water consumption is not anticipated to change significantly, but is expected to trend upwards in the next five years.



The fiscal year 2018 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 but steady growth anticipated in the next five years. Other factors affecting next year's and future budgets are listed below.

- The 2018 budget was prepared with a 2% increase in water and a 3% increase 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 relatively slow but with positive growth, and with and a reluctance to issue new debt, the Authority will be relying heavily on operating revenues to fund capital improvements on a pay-as-you-go basis over the next several years.

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. Additional CAFR's can be found online at www.ddcwsa.com under the Finance Section. 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, 2017	June 30, 2016
Assets:		
Current assets:		
Cash and cash equivalents	$ 11,198,399	$ 10,757,187
Accounts receivable, less allowance for doubtful accounts of $499,972 in 2017 and $421,510 in 2016	5,989,233	5,767,882
Miscellaneous receivables	144,990	153,180
Inventories	772,738	715,861
Prepaid expenses	255,649	304,746
Restricted assets:		
Cash and cash equivalents	24,923,293	13,864,265
Investments	956,783	950,281
Receivables	151,864	1,099,313
Total current assets	44,392,949	33,612,715
Non-current assets:		
Capital assets:		
Land and easements	14,724,646	14,717,946
Buildings	68,002,371	67,778,420
Machinery and equipment	68,290,125	67,320,041
Improvements other than buildings	459,130,580	450,720,122
Construction in progress	5,715,504	8,729,258
	615,863,226	609,265,787
Less accumulated depreciation	240,276,253	222,708,036
Net capital assets	375,586,973	386,557,751
Other assets:		
Miscellaneous receivables - non-current, less allowance for doubtful accounts of $28,700 in 2017 and 2016	224,212	241,463
Prepaid bond insurance costs, net	212,391	257,547
Investments, net	1,559,417	1,728,287
Total other assets	1,996,020	2,227,297
Total non-current assets	377,582,993	388,785,048
Total assets	421,975,942	422,397,763
Deferred Outflows:		
Pensions	1,963,697	2,752,829
Bond defeasance costs	5,652,974	6,300,870
Total deferred outflows	7,616,671	9,053,699
Total Assets and Deferred Outflows	$ 429,592,613	$ 431,451,462

Douglasville-Douglas County Water and Sewer Authority

Statements of Net Position (continued)

		June 30,	
		2017	2016
Liabilities:			
Current liabilities:			
Accounts payable		$ 1,577,648	$ 1,777,823
Accrued expenses and other		1,027,384	954,379
Revenue bonds, portion due within one year		6,695,000	6,490,000
Current liabilities payable from restricted assets:			
Accrued interest on revenue bonds		373,132	390,603
Accounts payable		253,471	650,680
Customer deposits		3,450,990	3,145,694
Unearned income		1,286,962	1,354,016
Total current liabilities		14,664,587	14,763,195
Non-current liabilities:			
Other long-term liabilities		4,378,518	5,630,701
Long-term debt:			
Revenue bonds – portion due after one year, net of unamortized (premium)/discounts of ($499,583) in 2017 and ($659,094) in 2016		132,469,583	139,324,094
Total long-term debt		132,469,583	139,324,094
Total non-current liabilities		136,848,101	144,954,795
Total liabilities		151,512,688	159,717,990
Deferred Inflows:			
Pensions		250,160	464,622
Total deferred inflows		250,160	464,622
Total liabilities and deferred inflows		151,762,848	160,182,612
Net Position:			
Net investment in capital assets		242,075,364	247,044,527
Amounts restricted for:			
Debt service		583,651	559,678
Renewal and expansion		21,095,286	11,480,416
Unrestricted amounts		14,075,464	12,184,229
Total net position		277,829,765	271,268,850
Total Liabilities, Deferred Inflows and Net Position		$ 429,592,613	$ 431,451,462

See accompanying notes.

Douglasville-Douglas County Water and Sewer Authority

Statements of Revenues, Expenses, and Changes in Net Position

	Year ended June 30, 2017	2016
Operating revenues:		
Charges for services (net of bad debt expense $220,254 in 2017 and $410,991 in 2016)	$ 45,477,313	$ 42,701,637
Penalties	1,095,562	1,079,130
	46,572,875	43,780,767
Operating expenses:		
Employment costs	11,553,615	10,947,411
Repairs and maintenance	2,310,636	2,377,322
Supplies and materials	1,316,364	1,146,071
Depreciation	17,998,936	18,614,124
Utilities	2,902,044	2,984,730
Water and sewer services purchased	734,803	322,229
Administration	1,524,977	1,911,280
	38,341,375	38,303,167
Operating income	8,231,500	5,477,600
Non-operating revenues (expenses):		
Interest and fiscal charges, net of capitalized amount of $70,893 in 2017 and $64,739 in 2016	(5,132,409)	(6,108,168)
Interest income	265,358	171,185
Gain (loss) on disposal of capital assets	56,217	(13,111)
Other income (expenses)	(37,378)	13,066
Total non-operating revenue and expenses, net	(4,848,212)	(5,937,028)
Income (loss) before capital contributions	3,383,288	(459,428)
Capital contributions	3,164,305	3,318,750
Change in net position	6,547,593	2,859,322
Total net position - beginning of year, before restatement	271,268,850	268,409,528
Restatement	13,322	-
Total net position - beginning of year, after restatement	271,282,172	268,409,528
Total net position - ending	$ 277,829,765	$ 271,268,850

See accompanying notes.

Douglasville-Douglas County Water and Sewer Authority

Statements of Cash Flows

	Year ended June 30, 2017	2016
Cash flows from operating activities:		
Cash received from customers	$ 46,835,461	$ 43,644,629
Cash payments for goods and services	(11,975,931)	(8,682,006)
Cash payments to employees	(8,996,779)	(11,721,821)
Net cash provided by operating activities	25,862,751	23,240,802
Cash flows from non-capital financing activities:		
Proceeds from insurance and miscellaneous other	-	13,160
Non-capitalized grant expenses	-	94
Net cash provided (used) by non-capital financing activities	-	13,254
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(5,976,306)	(8,693,296)
Principal repayments on bonds payable	(6,490,000)	(5,535,000)
Interest paid	(4,687,233)	(4,039,073)
Proceeds for issuance of refunding bonds	-	73,420,000
Bond closing costs	-	(582,440)
Payment to bond escrow agent for defeasance	-	(74,563,476)
Proceeds from the sale of capital assets	56,217	31,583
Capital grants	16,969	981,783
Cash received for water and sewer tap fees	2,519,121	2,095,775
Net cash used in capital and related financing activities	(14,561,232)	(16,884,144)
Cash flows from investing activities:		
Proceeds from (purchase of) investments	(59,583)	28,650
Receipts of interest and dividends	258,304	171,185
Net cash provided by investing activities	198,721	199,835
Net increase in cash and cash equivalents	11,500,240	6,569,747
Cash and cash equivalents, beginning of year	24,621,452	18,051,705
Cash and cash equivalents, end of year	$ 36,121,692	$ 24,621,452
Reconciliation to Statement of Net Position:		
Cash and cash equivalents	$ 11,198,399	$ 10,757,187
Restricted assets:		
Cash and cash equivalents	24,923,293	13,864,265
	$ 36,121,692	$ 24,621,452

Continued on next page

Douglasville-Douglas County Water and Sewer Authority

Statements of Cash Flows (Continued)

	Year ended June 30, 2017	Year ended June 30, 2016
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 8,231,500	$ 5,477,600
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	17,998,936	18,614,124
Bad debt expense	220,254	410,991
Changes in operating assets, liabilities, deferred outflows and deferred inflows:		
Accounts and miscellaneous receivables	(213,161)	(648,092)
Inventories	(56,877)	94,424
Prepaid expenses	49,097	77,645
Miscellaneous receivables - non-current	17,251	2,547
Other non-current assets	168,870	564,654
Accounts payable	(200,175)	(112,443)
Accrued expenses and other	86,327	(208,540)
Customer deposits	305,296	165,470
Other long-term liabilities	(1,252,183)	1,681,942
Unearned income	(67,054)	(67,054)
Deferred outflows	789,132	(1,852,847)
Deferred inflows	(214,462)	(959,619)
Total adjustments	17,631,251	17,763,202
Net cash provided by operating activities	$ 25,862,751	$ 23,240,802

	2017	2016
Schedule of non-cash capital and financing activities:		
Capital assets acquired through:		
Developer contributions	$ 628,215	$ 345,664
Total non-cash capital financing activities	$ 628,215	$ 345,664

See accompanying notes.

NOTES TO

FINANCIAL STATEMENTS

Douglasville-Douglas County Water and Sewer Authority
Notes To Financial Statements
June 30, 2017 and 2016

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

Current investments are stated at fair value or amortized cost plus accrued interest and consist of federally insured or fully collateralized interest-bearing deposits.

The non-current investment consists of a lump sum single premium life only annuity solely to fund the total pension liability of the former Executive Director pension plan (Plan II) and is stated at the actuarially determined present value of the annuitized payment stream. See Note 10.

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 and structures	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 Insurance Costs

Bond premiums, bond discounts, and bond insurance 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 resources and charges on bond refundings. 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.

H. 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”.

1. Summary of Significant Accounting Policies (continued)

I. *Compensated Absences (PTO)*

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

J. *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.

K. *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.

L. *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.

M. *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.

N. *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 and cash equivalents.

O. *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.

P. *Reclassification*

Certain amounts for the year ended June 30, 2016 has been reclassified to conform to the current year presentation.

2. Deposits and Investments

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

	2017	2016
Demand deposit accounts	$ 36,121,692	$ 24,621,452
Local Government Investment Pool	956,783	950,281
Investments	1,559,417	1,728,287
	$ 38,637,892	$ 27,300,020
Current assets:		
Unrestricted - cash and cash equivalents	$ 11,198,399	$ 10,757,187
Restricted - cash and cash equivalents	24,923,293	13,864,265
Restricted - investments	956,783	950,281
Non-current asset:		
Investments	1,559,417	1,728,287
	$ 38,637,892	$ 27,300,020

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, 2017 and 2016, the Authority had the following restricted investments listed at Fair Value:

Investment	2017	2016
Georgia Fund 1 LGIP	$956,783	$950,281
Maturities - in weighted average	26 days	42 days

Georgia Fund 1 – The investment in Georgia Fund 1 (LGIP) represents the Authority's portion of the pooled investment account. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. The investment in Georgia Fund 1 is valued at fair value. The regulatory oversight agency for Georgia Fund 1 is the Office of The State Treasurer of the State of Georgia. As of June 30, 2017 and 2016, the Authority's investment in Georgia Fund 1 was rated AAAf by Standard & Poor's.

The non-current unrestricted investment consists of a lump sum single premium life only annuity solely to fund the pension liability of the former Executive Director pension plan and is stated at the actuarially determined present value of the annuitized payment stream of $1,559,417 and $1,728,287 at June 30, 2017 and 2016, respectively. See Note 10.

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, 2017 and 2016 all of the Authority's bank balances were insured and collateralized as required.

Douglasville-Douglas County Water and Sewer Authority
Notes To Financial Statements
June 30, 2017 and 2016

3. Capital Assets

A summary of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2017 and 2016 follows:

	Balance June 30, 2016	Additions	Retirements & Transfers	Balance June 30, 2017
Capital assets not being depreciated:				
Land and Easements	$ 14,717,946	$ 6,700	$ -	$ 14,724,646
Construction in progress	8,729,258	5,867,399	(8,881,153)	5,715,504
Total capital assets, not being depreciated	23,447,204	5,874,099	(8,881,153)	20,440,150
Capital assets being depreciated:				
Buildings and Structures	67,778,420	223,951	-	68,002,371
Machinery and Equipment	67,320,041	1,432,036	(461,952)	68,290,125
Improvements Other Than Buildings	450,720,122	8,410,458	-	459,130,580
Total capital assets being depreciated	585,818,583	10,066,445	(461,952)	595,423,076
Less accumulated depreciation for:				
Buildings and Structures	(18,670,176)	(2,188,955)	-	(20,859,131)
Machinery and Equipment	(44,249,598)	(3,762,591)	430,719	(47,581,470)
Improvements Other Than Buildings	(159,788,262)	(12,047,390)	-	(171,835,652)
Total accumulated depreciation	(222,708,036)	(17,998,936)	430,719	(240,276,253)
Total capital assets being depreciated, net	363,110,547	(7,932,491)	(31,233)	355,146,823
Net capital assets	$ 386,557,751	$ (2,058,392)	$ (8,912,386)	$ 375,586,973

	Balance June 30, 2015	Additions	Retirements & Transfers	Balance June 30, 2016
Capital assets not being depreciated:				
Land and Easements	$ 14,714,306	$ 3,640	$ -	$ 14,717,946
Construction in progress	4,313,848	8,514,763	(4,099,353)	8,729,258
Total capital assets, not being depreciated	19,028,154	8,518,403	(4,099,353)	23,447,204
Capital assets being depreciated:				
Buildings and Structures	67,763,387	15,633	(600)	67,778,420
Machinery and Equipment	67,188,774	524,652	(393,385)	67,320,041
Improvements Other Than Buildings	446,518,309	4,281,113	(79,300)	450,720,122
Total capital assets being depreciated	581,470,470	4,821,398	(473,285)	585,818,583
Less accumulated depreciation for:				
Buildings and Structures	(16,482,242)	(2,188,258)	324	(18,670,176)
Machinery and Equipment	(40,558,636)	(4,052,700)	361,738	(44,249,598)
Improvements Other Than Buildings	(147,481,625)	(12,373,166)	66,529	(159,788,262)
Total accumulated depreciation - restated	(204,522,503)	(18,614,124)	428,591	(222,708,036)
Total capital assets being depreciated, net	376,947,967	(13,792,726)	(44,694)	363,110,547
Net capital assets	$ 395,976,121	$ (5,274,323)	$ (4,144,047)	$ 386,557,751

Total interest costs incurred during the year amounted to $4,669,763 and $5,199,373 in 2017 and 2016, respectively. From these amounts, $70,893 (2017) and $64,739 (2016) were capitalized as construction period interest.

Depreciation expense incurred during the year amounted to $17,998,936 in 2017 and $18,614,124 in 2016.

4. Long-Term Debt

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 mandatory redemption on June 1, 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. The outstanding principal balance on the 2015 Series Bonds was $69,310,000 and $71,785,000 at June 30, 2017 and 2016, respectively.

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 Series 2013 Bonds having a stated maturity of June 1, 2030 and may be redeemed beginning 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 outstanding principal balance on the 2013 Series Bonds was $49,995,000 and $51,260,000 at June 30, 2017 and 2016, 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 Series 2009 Bonds having a stated maturity of June 1, 2023 and will be subject to scheduled mandatory redemption prior to maturity beginning June 1, 2011 to June 1, 2023 at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. The outstanding principal balance on the 2009 Series Bonds was $19,360,000 and $22,110,000 at June 30, 2017 and 2016, 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 were 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 $0 at both June 30, 2017 and 2016, respectively. The amount defeased by the 2015 bond issue was placed in a trust account and was paid out on June 1, 2017.

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 remaining 2005 Bonds matured on June 1, 2015. The defeasance was placed in a trust account and was paid out on the December 2015 call date. At June 30, 2017 and 2016 no principal was outstanding.

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.

4. Long-Term Debt (continued)

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
2018	$ 6,695,000	$ 4,477,589	$ 11,172,589
2019	6,960,000	4,219,875	11,179,875
2020	7,220,000	3,951,419	11,171,419
2021	7,505,000	3,672,050	11,177,050
2022	7,795,000	3,383,112	11,178,112
2023-2027	43,740,000	12,817,815	56,557,815
2028-2030	58,750,000	9,559,387	68,309,387
Totals	138,665,000	$ 42,081,247	$ 180,746,247
Less: Portion due within one year	(6,695,000)		
Net Unamortized premium	499,583		
Long-term debt at June 30, 2017	$ 132,469,583		

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. For purposes of calculating certain coverage ratios, the 2015 Bond Series B provides annual bond maturities through 2037; however, the Series B maintains a mandatory redemption date of June 1, 2030.

Changes in long-term debt are as follows:

	June 30, 2016	Additions	Reductions	June 30, 2017	Due Within One Year
2009 Revenue Bonds	$ 22,110,000	$ -	$ (2,750,000)	$ 19,360,000	$ 2,845,000
2013 Revenue Bonds	51,260,000	-	(1,265,000)	49,995,000	1,295,000
2015 Revenue Bonds	71,785,000	-	(2,475,000)	69,310,000	2,555,000
	145,155,000	-	(6,490,000)	138,665,000	6,695,000
Premiums/(Discounts):					
2009 Revenue Bonds	659,094	-	(159,511)	499,583	-
Total long-term debt	$ 145,814,094	$ -	$ (6,649,511)	$ 139,164,583	$ 6,695,000
Current Portion	(6,490,000)			(6,695,000)	
Long-Term	$ 139,324,094			$ 132,469,583	

4. Long-Term Debt (continued)

Changes in long-term debt (continued)

	June 30, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
2007 Revenue Bonds	$ 68,625,000	$ -	$ (68,625,000)	$ -	$ -
2009 Revenue Bonds	24,780,000	-	(2,670,000)	22,110,000	2,750,000
2013 Revenue Bonds	52,490,000	-	(1,230,000)	51,260,000	1,265,000
2015 Revenue Bonds	-	73,420,000	(1,635,000)	71,785,000	2,475,000
	145,895,000	73,420,000	(74,160,000)	145,155,000	6,490,000
Premiums/(Discounts):					
2005 Revenue Bonds	429,887	-	(429,887)	-	-
2007 Revenue Bonds	1,898,976	-	(1,898,976)	-	-
2009 Revenue Bonds	831,524	-	(172,430)	659,094	-
Total long-term debt	$ 149,055,387	$ 73,420,000	$ (76,661,293)	$ 145,814,094	$ 6,490,000
Current Portion of Debt	(5,730,000)			(6,490,000)	
Long-Term Debt	$ 143,325,387			$ 139,324,094	

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 a recent 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:

	2017	2016
Legal:		
Renewal and extension cash	$ 21,971,368	$ 11,615,508
Refundable meter deposits	2,951,925	2,248,757
Debt service sinking fund	956,783	950,281
	25,880,076	14,814,546
Receivables	151,864	1,099,313
Totals	$ 26,031,940	$ 15,913,859

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 2017 and 2016 total $11,177,235 and $11,666,508, respectively.

Douglasville-Douglas County Water and Sewer Authority
Notes To Financial Statements
June 30, 2017 and 2016

6. Deferred Outflows / Deferred Inflows of Resources

	2017	2016
Deferred Outflows		
ERP pension plan (see note 9)	$ 1,963,697	$ 2,752,829
Bond refundings	5,652,974	6,300,870
Total deferred outflows	$ 7,616,671	$ 9,053,699
Deferred Inflows		
ERP pension plan	$ 250,160	$ 464,622
Total deferred inflows	$ 250,160	$ 464,622

7. Other Long-Term Liabilities

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

	2017	2016
Net Pension Liability - ERP Plan (see note 9)	$ 1,048,939	$ 1,937,942
Total Pension Liability- Plan II (see note 10)	2,743,219	3,086,636
Other Post Employment Benefits Plan (see Note 12)	586,360	606,123
Total	$ 4,378,518	$ 5,630,701

8. Net Investment in Capital Assets

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

	2017	2016
Net capital assets	$ 375,586,973	$ 386,557,751
Debt related to capital assets	(139,164,583)	(145,814,094)
Debt related deferred outflows	5,652,974	6,300,870
End of year	$ 242,075,364	$ 247,044,527

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, 2017 was:

Members of the Plan	**Participants**
Retirees and beneficiaries receiving benefits	70
Terminated plan members entitled to, but not yet receiving benefits	76
Active plan members	181
Total Membership	327

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, 2016, the average active employee contribution rate was 13.53% of covered payroll. For the year ended June 30, 2017, the average active employee contribution rate was 13.26%.The Authority's cash contributions to the plan totaled $1,200,024 and $1,100,004 for the years ended June 30, 2017 and 2016, respectively.

9. Pension - Employees Retirement Plan (ERP)(continued)

Net Pension Liability

The Authority's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date, with a Plan report prepared as of January 1, 2017.

Actuarial Assumptions

The total pension liability in the January 1, 2017 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
Cost of living adjustments	3.25% for participants hired before 1/1/2009; otherwise 0.00%.

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, 2017 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 the September 30, 2016 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global Fixed income	5%	3.30%
Domestic Fixed income	20%	1.75%
Cash	0%	
Total	100%	

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.

9. Pension - Employees Retirement Plan (ERP)(continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2015 (Measurement Date)	$ 30,626,331	$ 28,688,389	$ 1,937,942
Changes for the year:			
Service cost	515,299	-	515,299
Interest	2,331,786	-	2,331,786
Differences between expected and actual experience	559,132	-	559,132
Contributions - employer	-	1,125,009	(1,125,009)
Contributions - employee	-	-	-
Net investment income	-	3,204,252	(3,204,252)
Benefit payments	(1,077,543)	(1,077,543)	-
Administrative expense	-	(34,041)	34,041
Other	-	-	-
Net changes	2,328,674	3,217,677	(889,003)
Balances at September 30, 2016 (Measurement Date)	$ 32,955,005	$ 31,906,066	$ 1,048,939

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)	$5,323,544	$1,048,939	($2,512,111)

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, 2017, the Authority recognized ERP pension plan expense of $885,691. At June 30, 2017, 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	$ 1,063,679	$ (12,697)
Changes of assumptions	-	(219,614)
Net difference between projected and actual earnings on pension plan investments	-	(17,849)
Employer contributions to pension plan after measurement date of the net pension liability	900,018	-
Total	$ 1,963,697	$ (250,160)

9. Employees Retirement Plan (ERP) (continued)

The value of $900,018 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, 2018. 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:	Outflows	Inflows
2018	$ 478,597	$ (250,160)
2019	460,748	-
2020	320,410	-
2021	(196,076)	-
2022	-	-
Thereafter	-	-
Subtotals	1,063,679	(250,160)
Employer contributions after the measurement date	900,018	-
Totals	$ 1,963,697	$ (250,160)

Payables to the Pension Plan

At June 30, 2017, the Authority did not have any payables to the pension plan required for the year ended June 30, 2017.

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 benefit retirement plan based on number of years service, cost of living adjustment, and is reduced by any benefits paid by the Employees Retirement Plan (ERP Plan) shown above in Note 9. The plan does not issue a stand-alone report. The plan is not administered through a trust and through the fiscal year ended June 30, 2016 followed GASB Statement No. 27. For the year ended June 30, 2017 the plan is reported under GASBS 73 for pension plans without a trust.

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 at June 30, 2017 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	1

10. Pension - Former Executive Director - Plan II (continued)

Contributions and Funding

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 the annuity. 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.

Total Pension Liability

The Authority's total pension liability was measured at June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using actuarial assumptions. The inflation rate used is 3.58 percent. Mortality rates were based on the 2014 RP-2014 Mortality Table with Scale MP Projections.

Discount Rate

The discount rate used to measure the total pension liability was 3.58 percent, representing the June 28, 2017 published yield for 20 year tax-exempt obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in Total Pension Liability

	Total Pension Liability Increase(Decrease)
Balances at June 30, 2016 (Measurement Date)	$ 3,086,636
Changes for the year:	
Changes in assumptions	(214,290)
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments	(129,127)
Administrative expense	-
Other	-
Net changes	(343,417)
Balances at June 30, 2017 (Measurement Date)	$ 2,743,219

The following presents the total pension liability of the Authority's Plan II, calculated using the discount rate of 3.58 percent, as well as what the Plan II's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Authority's Net Pension Liability (Asset)	$3,098,303	$2,743,219	$2,453,565

At June 30, 2017, the Authority did not have any payables related to Plan II for the year ended June 30, 2017.

The required supplementary information immediately following the notes to the financial statements presents multi-year trend information on total pension liability and pension contributions.

10. Pension - Former Executive Director - Plan II (continued)

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 June 30, 2017.

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 (OPEB)

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 premium 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 administered by the Authority. The plan was created on October 1, 1999, when the Authority entered into an employment agreement with the Executive Director providing supplemental retirement benefits. 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 GASB 75 actuarial accrued total OPEB liability as of June 30, 2017 was $586,360. The calculations are based on the OPEB benefits provided under terms of the substantive plan in effect at the time of each valuation. The plan is not administered through a trust, has no OPEB assets, and 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 the retired Executive Director 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 the retired Deputy Director 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 former employees are eligible to receive benefits under this plan – the retired Executive Director and retired Deputy Director.

Membership

Membership of the Plan as of June 30, 2017 was:

Members of the Plan	Participants
Retirees and beneficiaries receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	-
Total Membership	2

12. Other Post Employment Benefits Plan (OPEB) (continued)

Contributions – Funding

The Authority funds this benefit on a pay-as-you-go basis. The closed plan actuarial total OPEB liability was computed as of June 30, 2017 and June 30, 2016 and any adjustments were fully recognized as of those dates. The total OPEB obligation appears on the statements of net position as a part of other long term liabilities. Benefits funded and paid out for the past fiscal years totaled $35,411 (2017) and $34,610 (2016).

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using actuarial assumptions. The inflation rate used is 3.0 percent. Mortality rates were based on the 2014 RP-2014 Mortality Table with Scale MP Projections.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58 percent, representing the June 28, 2017 published yield for 20 year tax-exempt obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in Total OPEB Liability

	Total OPEB Liability Increase(Decrease)
Balance at June 30, 2016 (Measurement Date)	$ 606,123
Changes for the year:	
Service cost	-
Interest	-
Changes in assumptions	15,648
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments	(35,411)
Administrative expense	-
Other	-
Net changes	(19,763)
Balance at June 30, 2017 (Measurement Date)(See Note 7)	$ 586,360

The following presents the total OPEB liability of the Authority's OPEB Plan, calculated using the discount rate of 3.58 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Authority's Total OPEB Liability	$643,169	$586,360	$533,354

The following presents the total OPEB liability of the Authority's OPEB Plan, calculated using the healthcare cost trend rate of 7.50 percent, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.50%	Current Healthcare Cost Trend Rate 7.50%	1% Increase 8.50%
Authority's Total OPEB Liability	$530,516	$586,360	$646,957

12. Other Post Employment Benefits Plan (OPEB) (continued)

At June 30, 2017, the Authority did not have any payables related to Plan II for the year ended June 30, 2017.

The required supplementary information immediately following the notes to the financial statements presents the Changes in Total OPEB Liability and related ratios. 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 June 30, 2017.

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, 2017 and 2016, outstanding construction commitments totaled $1,802,200 and $1,957,100, respectively.

Litigation

As of June 30, 2017 and 2016 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 - Pension and OPEB

The Governmental Accounting Standards Board issued Statement No. 73 which redefines the reporting requirements of pension plans without a trust for fiscal years beginning after June 15, 2016. The Governmental Accounting Standards Board also issued Statement No. 75 which redefines the reporting requirements of OPEB plans without a trust for fiscal years beginning after June 15, 2017, with earlier implementation encouraged. The effects of the required restatement of the total pension liability and the total OPEB liability to Net Position are listed below.

Previously reported net position at June 30, 2016	$ 271,268,850
Total Pension Liability per GASBS No. 73	167,620
OPEB per GASBS No. 75	(154,298)
Amount restated	13,322
Net position - restated at June 30, 2016	$ 271,282,172

The effect of applying GASBS No. 73 and No. 75 to fiscal year 2016's change in net position was not determined.

REQUIRED SUPPLEMENTARY INFORMATION

Douglasville-Douglas County Water and Sewer Authority
Required Supplementary Information
June 30, 2017 and 2016

Schedule of Changes in the Net Pension Liability and Related Ratios - ERP Plan

	2017	2016	2015
Total pension liability			
Service Costs	$ 515,299	$ 554,862	$ 672,716
Interest	2,331,786	2,103,522	2,030,570
Difference between expected and actual experience	559,132	1,288,658	(50,787)
Changes of assumptions	-	-	(878,454)
Benefit payments	(1,077,543)	(925,853)	(739,608)
Net change in total pension liability	2,328,674	3,021,189	1,034,437
Total pension liability - beginning	30,626,331	27,605,142	26,570,705
Total pension liability - ending (a)	$ 32,955,005	$ 30,626,331	$ 27,605,142
Plan Fiduciary Net Position			
Contributions -Employer	$ 1,125,009	$ 1,174,983	$ 1,210,916
Net investment income	3,204,252	307,810	2,854,007
Benefit payments	(1,077,543)	(925,853)	(739,608)
Administrative expense	(34,041)	(38,347)	(29,984)
Net Change in fiduciary net position	3,217,677	518,593	3,295,331
Plan fiduciary net position - beginning	28,688,389	28,169,796	24,874,465
Plan fiduciary net position - ending (b)	$ 31,906,066	$ 28,688,389	$ 28,169,796
Authority's net pension liability (asset) - ending (a) - (b)	$ 1,048,939	$ 1,937,942	$ (564,654)
Plans fiduciary net position as a percentage of the total pension liability (a)/(b)	96.82%	93.67%	102.05%
Covered payroll	$ 9,045,724	$ 8,127,882	$ 7,573,393
Net pension liability as a percentage of covered payroll	11.60%	23.84%	-7.46%

Notes to Schedule:

1. 2015 is the first year that data has been measured in accordance with GASB Statement No. 68.
2. Schedule is intended to show information for the last ten years. Additional years will be displayed as they become available.

Douglasville-Douglas County Water and Sewer Authority
Required Supplementary Information
June 30, 2017 and 2016

Schedule of Pension Contributions - ERP Plan

	FY2017	FY2016	FY2015
Actuarially determined contribution	$ 872,444	$ 775,075	$ 928,608
Contributions in relation to the actuarially determined contribution	1,200,024	1,100,004	1,199,977
Contribution deficiency (excess)	$ (327,580)	$ (324,929)	$ (271,369)
Covered payroll	$ 9,694,924	$ 9,446,108	$ 9,043,664
Contributions as a percentage of covered payroll	12.38%	11.65%	13.27%

Notes To Schedule of Contributions:

The information presented was determined as of part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

Valuation Date	January 1, 2017
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Net investment rate of return	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of Living Adjustments	3.25% for participants hired prior to 1/1/2009; 0% otherwise.
Retirement age	Normal retirement at age 65. Assumptions 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available before 65, assumptions are 10% at ages 55 to 59, 20% at ages 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65 to 69, and 100% at age 70.
Mortality	The actuarial valuation assumed life expectancies were adjusted as a results of adopting the RP-2000 Healthy Mortality Table adjusted for actuarial experience study for the period January 1, 2010 through June 30, 2014.
Other information:	
Benefit changes	Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Note:
1. 2015 is the first year that data has been measured in accordance with GASB 68.

Douglasville-Douglas County Water and Sewer Authority
Required Supplementary Information
June 30, 2017 and 2016

Schedule of Changes in the Total Pension Liability and Related Ratios - Plan II

	2017
Total pension liability	
Total pension liability - beginning June 30, 2016	$ 3,086,636
Changes of assumptions	(214,290)
Benefit payments	(129,127)
Net change in total pension liability	(343,417)
Total pension liability - ending June 30, 2017	$ 2,743,219
Plan Fiduciary Net Position	None
Plans fiduciary net position as a percentage of the total pension	N/A
Covered payroll	None
Net pension liability as a percentage of covered payroll	N/A

Notes to Schedule:

1. 2017 is the first year that data has been measured in accordance with GASB Statement No. 73.
2. No assets are accululated in a trust to pay related benefits.
3. Schedule is intended to show information for the last ten years. Additional years will be displayed as they become available.

Douglasville-Douglas County Water and Sewer Authority
Required Supplementary Information
June 30, 2017 and 2016

Schedule of Pension Contributions - Plan II

	FY2017
Actuarially determined contribution	none
Contributions in relation to the actuarially determined contribution	N/A
Contribution deficiency (excess)	N/A
Covered payroll	None
Contributions as a percentage of covered payroll	N/A

Notes To Schedule of Contributions:

The information presented was determined as of part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

Valuation Date	June 30, 2017
Actuarial assumptions:	
Discount Rate	3.58%
Inflation Rate	3.00%
Other information:	
Benefit changes	None

1. 2017 is the first year that data has been measured in accordance with GASBS No. 73.
2. Schedule is intended to show information for the last ten years. Additional years will be displayed as they become available.

Douglasville-Douglas County Water and Sewer Authority
Required Supplementary Information
June 30, 2017 and 2016

Schedule of Changes in the Total OPEB Liability and Related Ratios

	2017
Total OPEB Liability:	
Total OPEB liability - beginning	$ 606,123
Changes of assumptions or other inputs	15,648
Benefit payments	(35,411)
Net change in total OPEB liability	(19,763)
Total OPEB liability - ending	$ 586,360
OPEB Ratios:	
Total OPEB Liability	$ 586,360
Covered Payroll	$ -
Ratio OPEB Liability to Covered Payroll	N/A
Change of benefit terms	none
Change of population covered	none
Change in assumptions	none

Notes to Schedule:
1. 2017 is the first year that data has been measured in accordance with GASBS No. 75.
2. No assets are accumulated in a trust that meets criteria of paragraph 4 of GASBS No. 75 to pay related benefits.
3. Schedule is intended to show information for the last ten years. Additional years will be displayed as they become available.

Douglasville-Douglas County Water and Sewer Authority
Required Supplementary Information
June 30, 2017 and 2016

Schedule of OPEB Contributions - Plan II

	FY2017
Actuarially determined contribution	none
Contributions in relation to the actuarially determined contribution	N/A
Contribution deficiency (excess)	N/A
Covered payroll	None
Contributions as a percentage of covered payroll	N/A

Notes To Schedule of Contributions:

The information presented was determined as of part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

Valuation Date	June 30, 2017
Actuarial assumptions:	
Discount Rate	3.58%
Inflation Rate	3.00%
Healthcare Cost Trend Rate	7.50%
Other information:	
Benefit changes	None

1. 2017 is the first year that data has been measured in accordance with GASB 73.
2. Schedule is intended to show information for the last ten years. Additional years will be displayed as they become available.

ADDITIONAL SCHEDULES OF INDIVIDUAL ACCOUNTS

Douglasville-Douglas County Water & 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 at management's discretion.

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

			Variance	
	2017	**2016**	**Amount**	**Percent**
Operating Revenues				
Operating Revenue - Water	$ 25,421,879	$ 23,769,793	$ 1,652,086	6.95%
Operating Revenue - Sewer	14,005,580	13,021,686	983,894	7.56%
Operating Revenue - Stormwater	4,712,145	4,492,605	219,540	4.89%
Reuse Revenue	269,846	492,585	(222,739)	-45.22%
Inspection Fees	34,250	25,150	9,100	36.18%
Soil and Erosion Control Fees	56,666	40,400	16,266	40.26%
Cut Off Charges	489,211	531,816	(42,605)	-8.01%
Sale of Materials and Supplies	31,782	34,760	(2,978)	-8.57%
Miscellaneous Revenues	660,819	685,058	(24,239)	-3.54%
Penalties	1,095,562	1,079,130	16,432	1.52%
Dog River Recreational Complex	15,389	18,775	(3,386)	-18.03%
Total Operating Revenues	46,793,129	44,191,758	2,601,371	5.89%
Bad Debt Expense	(220,254)	(410,991)	190,737	-46.41%
Net Operating Revenues	**$ 46,572,875**	**$ 43,780,767**	**$ 2,792,108**	**6.38%**

Douglasville-Douglas County Water & Sewer Authority

SCHEDULE 2

SUMMARY OF OPERATIONS

Year Ended June 30, 2017

	Employment Costs	Repairs & Maintenance	Supplies & Materials	Utilities	Water-Sewer Purchased	Administrative Costs	Depreciation	Total
Water Operations	$ 2,662,061	$ 805,248	$ 394,806	$ 1,189,262	$ 431,750	$ 112,730	$ 7,230,258	$ 12,826,115
Sewer Operations	3,527,351	716,445	858,105	1,477,842	303,053	122,867	8,647,146	15,652,809
Stormwater Operations	681,733	140,334	19,424	9,717	-	76,058	1,778,877	2,706,143
Engineering, Inspection & Constructions Operations	1,167,173	73,922	30,583	21,604	-	27,682	12,974	1,333,938
Administrative Operations	3,515,297	574,687	13,446	203,619	-	1,185,640	329,681	5,822,370
2017 Total	$ 11,553,615	$ 2,310,636	$ 1,316,364	$ 2,902,044	$ 734,803	$ 1,524,977	$ 17,998,936	$ 38,341,375
2016 Total	$ 10,947,411	$ 2,377,322	$ 1,146,071	$ 2,984,730	$ 322,229	$ 1,911,280	$ 18,614,124	$ 38,303,167
Variance	$ 606,204	$ (66,686)	$ 170,293	$ (82,686)	$ 412,574	$ (386,303)	$ (615,188)	$ 38,208

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	$ 1,082,600	$ 57,221	$ 358,073	$ 1,122,990	$ 431,750	$ 50,792	$ 2,098,685	$ 5,202,111
Water Plant Maintenance	248,975	129,541	2,908	2,939	-	25,241	79,130	488,734
Water System Maintenance	1,221,878	607,951	25,881	60,543	-	33,026	4,382,331	6,331,610
Reservoir	124,224	10,535	7,944	2,790	-	3,671	670,113	819,277
Capitalized Salaries	(15,616)	-	-	-	-	-	-	(15,616)
2017 Total	$ 2,662,061	$ 805,248	$ 394,806	$ 1,189,262	$ 431,750	$ 112,730	$ 7,230,258	$ 12,826,115
2016 Total	$ 2,545,064	$ 870,726	$ 280,499	$ 1,187,991	$ 30,563	$ 82,455	$ 7,477,382	$ 12,474,680
Variance	$ 116,997	$ (65,478)	$ 114,307	$ 1,271	$ 401,187	$ 30,275	$ (247,124)	$ 351,435
SEWER OPERATIONS								
Sewer Plant Operations	$ 1,525,286	$ 49,487	$ 778,559	$ 653,685	$ 280,278	$ 66,073	$ 3,734,287	$ 7,087,655
Reuse Facilities Operations	104,516	46,506	6,994	60,624	-	1,172	-	219,812
Sewer Plant Maintenance	837,161	364,390	39,330	751,702	-	37,365	33,913	2,063,861
Sewer System Maintenance	1,067,677	256,062	33,222	11,831	22,775	18,257	4,878,946	6,288,770
Capitalized Salaries	(7,289)	-	-	-	-	-	-	(7,289)
2017 Total	$ 3,527,351	$ 716,445	$ 858,105	$ 1,477,842	$ 303,053	$ 122,867	$ 8,647,146	$ 15,652,809
2016 Total	$ 3,282,231	$ 826,876	$ 795,390	$ 1,581,223	$ 291,666	$ 103,751	$ 8,942,698	$ 15,823,835
Variance	$ 245,120	$ (110,431)	$ 62,715	$ (103,381)	$ 11,387	$ 19,116	$ (295,552)	$ (171,026)
STORMWATER OPERATIONS								
Stormwater Operations	$ 681,733	$ 140,334	$ 19,424	$ 9,717	$ -	$ 76,058	$ 1,778,877	$ 2,706,143
Capitalized Salaries	-							-
2017 Total	$ 681,733	$ 140,334	$ 19,424	$ 9,717	$ -	$ 76,058	$ 1,778,877	$ 2,706,143
2016 Total	$ 634,723	$ 145,576	$ 24,500	$ 10,598	$ -	$ 65,478	$ 1,839,677	$ 2,720,552
Variance	$ 47,010	$ (5,242)	$ (5,076)	$ (881)	$ -	$ 10,580	$ (60,800)	$ (14,409)
ENGINEERING, INSPECTION AND CONSTRUCTION OPERATIONS								
Engineering	$ 863,420	$ 1,186	$ 1,232	$ 1,620	$ -	$ 13,458	$ 6,835	$ 887,751
Inspection	593,756	25,819	14,295	10,809	-	7,777	6,139	658,595
Construction	831,003	46,917	15,056	9,175	-	6,447	-	908,598
Capitalized Salaries/Expenses	(1,121,006)	-	-	-	-	-	-	(1,121,006)
2017 Total	$ 1,167,173	$ 73,922	$ 30,583	$ 21,604	$ -	$ 27,682	$ 12,974	$ 1,333,938
2016 Total	$ 1,018,324	$ 97,046	$ 27,047	$ 22,530	$ -	$ 49,619	$ 13,417	$ 1,227,983
Variance	$ 148,849	$ (23,124)	$ 3,536	$ (926)	$ -	$ (21,937)	$ (443)	$ 105,955
ADMINISTRATIVE OPERATIONS								
Billing	$ 740,876	$ -	$ 102	$ 567	$ -	$ 625,924	$ -	$ 1,367,469
Meter Reading	819,796	56,329	5,190	15,261	-	18,364	21,320	936,260
Human Res. / General Services	878,273	174,741	4,990	159,300	-	230,544	221,050	1,668,898
Executive Administration	214,187	7,724	82	1,800	-	168,290	-	392,083
Finance & Accounting	346,383	-	-	600	-	71,370	-	418,353
MIS	574,514	335,893	3,082	26,091	-	71,148	87,311	1,098,039
Capitalized Salaries	(58,732)						-	(58,732)
2017 Total	$ 3,515,297	$ 574,687	$ 13,446	$ 203,619	$ -	$ 1,185,640	$ 329,681	$ 5,822,370
2016 Total	$ 3,467,069	$ 437,098	$ 18,635	$ 182,388	$ -	$ 1,609,977	$ 340,950	$ 6,056,117
Variance	$ 48,228	$ 137,589	$ (5,189)	$ 21,231	$ -	$ (424,337)	$ (11,269)	$ (233,747)

Douglasville-Douglas County Water & Sewer Authority

SCHEDULE 3

SUMMARY OF RESTRICTED ASSETS AND RELATED DEBT

June 30, 2017

Restricted Cash and Investments:	Renewal and Extension Account	Debt Service Accounts	Other Deposit & Operating Accounts	Total All Restricted Accounts
Cash & Cash Equivalents:				
Checking - R & E Account	$ 21,971,368	$ -	$ -	$ 21,971,368
Meter Deposits Accounts	-	-	2,951,925	2,951,925
	$ 21,971,368	$ -	$ 2,951,925	$ 24,923,293
Investments:				
LGIP (Georgia Fund 1)	-	956,783	-	956,783
Restricted Receivables	151,864	-	-	151,864
Total Restricted Assets	**$ 22,123,232**	**$ 956,783**	**$ 2,951,925**	**$ 26,031,940**
Liabilities from Restricted Assets:				
Accounts Payable	$ 253,471	$ -	$ -	$ 253,471
Customer Deposits:				
Deposit Refunds	-	-	2,641,279	2,641,279
Unclaimed Refunds	-	-	35,236	35,236
Performance Deposits	774,475	-	-	774,475
Accrued Interest Revenue Bonds	-	373,132	-	373,132
Unearned Revenue	-	-	1,286,962	1,286,962
Total Liabilities Payable	**$ 1,027,946**	**$ 373,132**	**$ 3,963,477**	**$ 5,364,555**
Net Position:	**$ 21,095,286**	**$ 583,651**	**$ (1,011,552)**	**$ 20,667,385**

Douglasville-Douglas County Water & Sewer Authority

SCHEDULE 4

OPERATING & CUSTOMER DEPOSITS

COMPARATIVE SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES

Restricted Assets	2017	2016	Increase (Decrease)
Cash & Cash Equivalents:			
Checking - Deposit Account	$ 2,951,925	$ 2,248,757	$ 703,168
Total Restricted Assets:	$ 2,951,925	$ 2,248,757	$ 703,168
Payables from Restricted Assets			
Customers Deposits:			
Customer Deposits (Refundable)	$ 2,433,036	$ 2,321,135	$ 111,901
Unclaimed Refunds	35,236	46,094	(10,858)
Customer Credit Balances	208,244	194,740	13,504
Unearned Revenue	1,354,016	1,354,016	-
Total Payables	$ 4,030,532	$ 3,915,985	$ 114,547
Net	$ (1,078,607)	$ (1,667,228)	$ 588,621

COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	2017	2016
Beginning Balance	$ 2,248,757	$ 2,210,063
Increases:		
Interest Earned	18,101	14,115
Receipts in deposit account	799,187	203,037
Total Increase	$ 817,288	$ 217,152
Decreases:		
Transfers out (Other Funds)	-	-
Deposits refunded	114,078	173,017
Other Disbursements (Bank Fees)	42	5,441
Total Decrease	$ 114,120	$ 178,458
Ending Balance	$ 2,951,925	$ 2,248,757

Douglasville-Douglas County Water & Sewer Authority

SCHEDULE 5

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, 2017	Year Ended June 30, 2016	Increase (Decrease)
Restricted Assets			
Cash & Cash Equivalents:			
Checking	$ 20,929,062	$ 10,725,007	$ 10,204,055
Retainage Checking	1,042,306	890,501	151,805
Total Restricted Cash	**21,971,368**	**11,615,508**	**10,355,860**
Restricted Receivables	151,864	1,099,313	(947,449)
Total Restricted Assets	**$ 22,123,232**	**$ 12,714,821**	**$ 9,408,411**
Payables from Restricted Assets			
A/P Trade	$ 210,752	$ 222,587	$ (11,835)
Accrued A/P Trade	-	140,543	(140,543)
A/P Retainage Due Contractors	42,719	287,550	(244,831)
Performance Deposit	774,475	583,725	190,750
Total Payables From Restricted Assets	**$ 1,027,946**	**$ 1,234,405**	**$ (206,459)**

COMPARATIVE SCHEDULE OF CHANGES IN CASH

	Year Ended June 30, 2017	Year Ended June 30, 2016
Beginning Balance	$ 11,615,508	$ 4,264,498
Increase:		
Interest Earned	61,455	49,440
Net Retainage & Bonds	2,184,833	1,173,769
Transfer from Operating Account	14,085,883	12,500,000
Total Increase	16,332,171	13,723,209
Decrease:		
Capital Expenditures Water & Sewer	5,976,306	6,372,187
Bank Service Charges	5	12
Total Decrease	5,976,311	6,372,199
Ending Balance	$ 21,971,368	$ 11,615,508

Douglasville-Douglas County Water & Sewer Authority

SCHEDULE 6

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		2017	2016	Increase (Decrease)
Restricted Assets				
Investments - LGIP (Georgia Fund 1) see below	(1)	$ 956,783	$ 950,281	$ 6,502
Total Restricted Assets- Debt Service Accounts		$ 956,783	$ 950,281	$ 6,502
Payables From Restricted Assets				
Accrued Interest On Revenue Bonds		373,132	390,603	(17,471)
Total Payables From Restricted Assets		$ 373,132	$ 390,603	$ (17,471)
Net Position Reserved for Debt Service		$ 583,651	$ 559,678	$ 23,973

Notes:

(1) All bonds issued (1993 through 2015) rank on a parity with each other and have first lien on the net revenues of the Authority.

At June 30, 2017 the Authority has the following investments:

Series	Type of Marketable Security	Maturity Date (*)	Yield (*)	Cost Basis	Market Value
2009	Investment LGIP (Georgia Fund 1)	26 Days	0.94%	$ 323,198	$ 323,198
2013	Investment LGIP (Georgia Fund 1)	26 Days	0.94%	230,520	230,520
2015	Investment LGIP (Georgia Fund 1)	26 Days	0.94%	403,065	403,065
				$ 956,783	$ 956,783

Notes:

(1) LGIP (Local Government Investment Pool) stability constant Net Asset Value $1.00; average maturity date 26 days and Interest Yield as of 6/30/2017 at 0.94%.

Douglasville-Douglas County Water & Sewer Authority

SCHEDULE 7

DEBT SERVICE ACCOUNTS

COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	2017	2016
Beginning Balance	**$ 950,281**	**$ 978,931**
Increase:		
Interest Earned	25,122	9,212
Transfer from Operating Account	11,161,627	10,702,309
Total Increase	**$ 11,186,749**	**$ 10,711,521**
Decrease:		
Bank Service Charges	3,012	5,816
Revenue Bond Interest	4,687,235	5,199,355
Revenue Bond Principal	6,490,000	5,535,000
Total Decrease	**$ 11,180,247**	**$ 10,740,171**
Ending Balance	**$ 956,783**	**$ 950,281**

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 Maximum	Annual Principal Payment Minimum	Authorized	Amounts Issued	Amounts Reductions	Amounts Outstanding
2009 Water and Sewer Revenue Bonds	4.426%	2009	2023	$ 3,630,000	$ 2,750,000	$ 26,720,000	$ 26,720,000	$ 7,360,000	$ 19,360,000
2013 Water and Sewer Revenue Bonds	2.800%	2013	2030	6,450,000	1,265,000	53,180,000	53,180,000	3,185,000	49,995,000
2015 Water and Sewer Revenue Bonds	3.100%	2015	2030	4,570,000	2,475,000	73,420,000	73,420,000	4,110,000	69,310,000
Total Revenue Bonds				$ 14,650,000	$ 6,490,000	$ 153,320,000	$ 153,320,000	$ 14,655,000	$ 138,665,000
Total Debt				$ 14,650,000	$ 6,490,000	$ 153,320,000	$ 153,320,000	$ 14,655,000	$ 138,665,000

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.
2015 Bonds issued for defeasance of 2007 Bonds. 2015 Series B mandatory redemption date June 1, 2030. Maximum annual principal payments for 2015 Series B were determined using bond face maturities as allowed by bond covenants.

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**

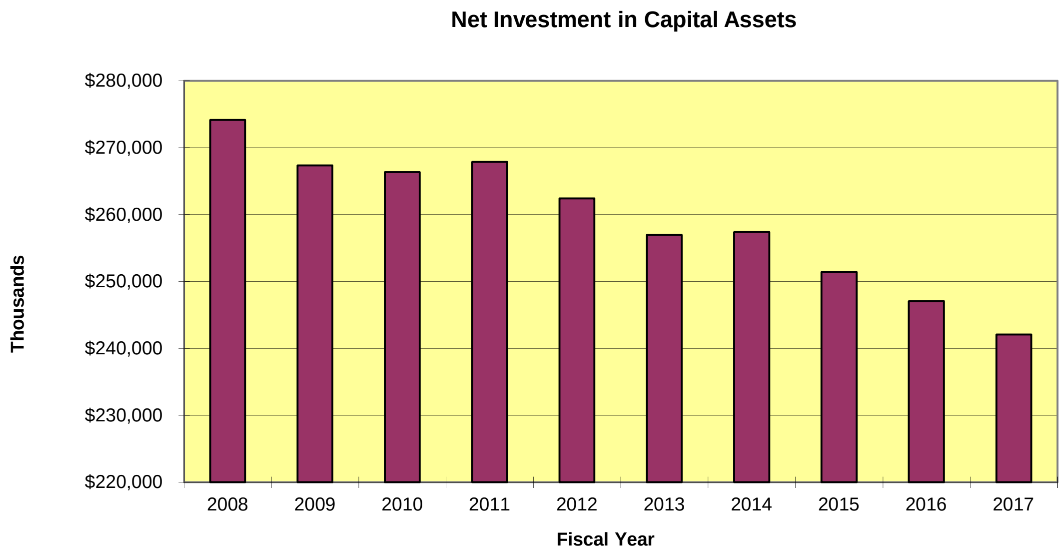
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

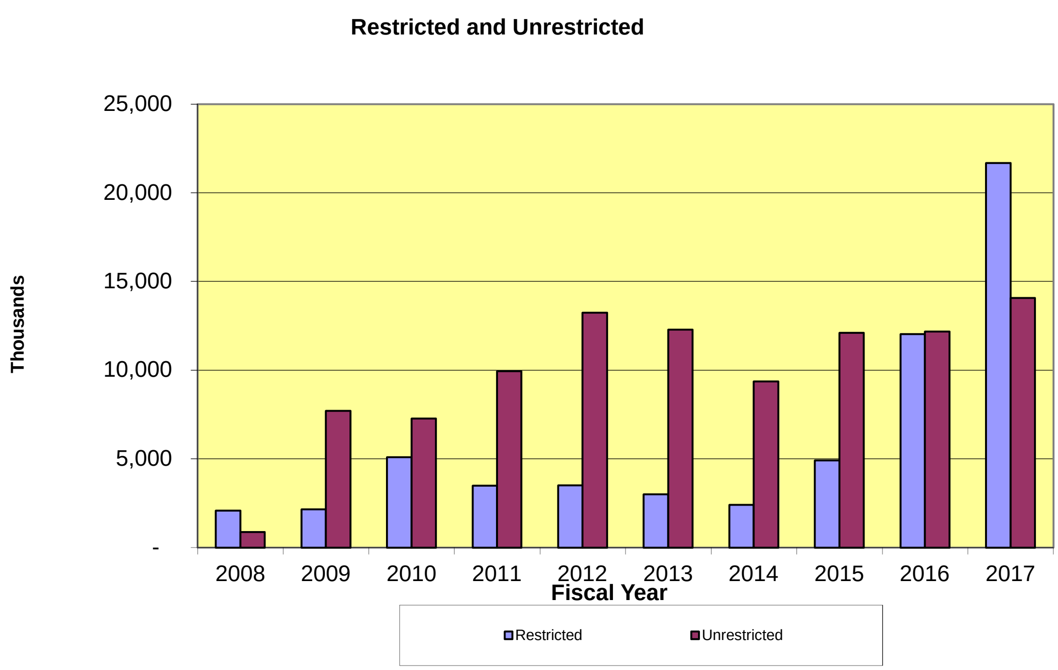
Douglasville-Douglas County Water and Sewer Authority

TABLE 1

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

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Enterprise Fund										
Net Invested in capital assets	$ 274,102	$ 267,324	$ 266,325	$ 267,838	$ 262,407	$ 256,938	$ 257,377	$ 251,395	$ 247,045	$ 242,075
Restricted	2,089	2,148	5,092	3,486	3,501	3,001	2,405	4,905	12,040	21,679
Unrestricted	878	7,707	7,268	9,935	13,248	12,287	9,365	12,110	12,184	14,076
Total business-type activities net position	$ 277,069	$ 277,179	$ 278,685	$ 281,259	$ 279,156	$ 272,226	$ 269,147	$ 268,410	$ 271,269	$ 277,830





Douglasville-Douglas County Water and Sewer Authority

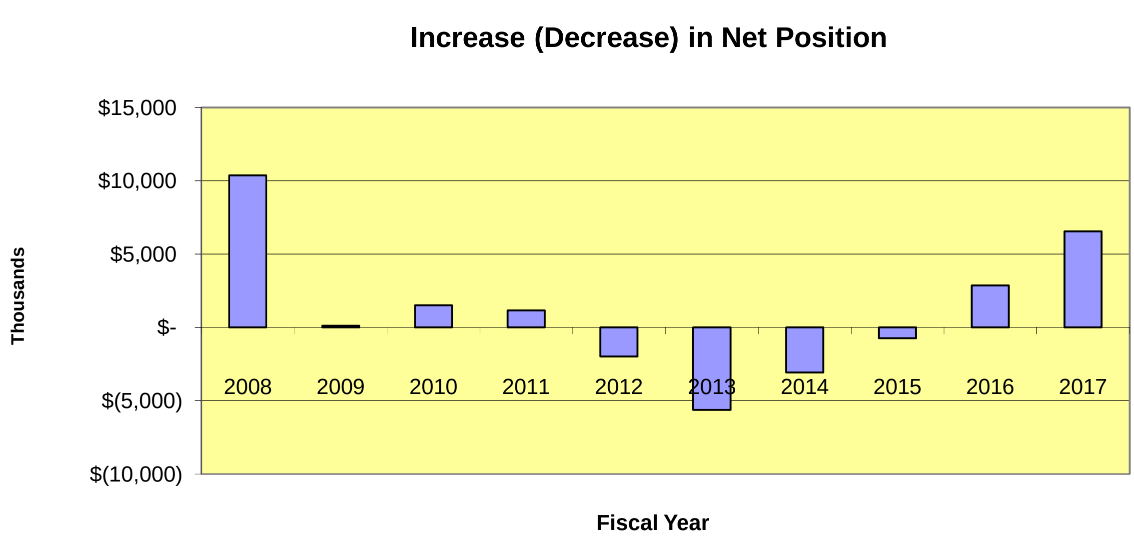
TABLE 2

Change in Net Position

Last Ten Fiscal Years

(amount expressed in thousands)

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues										
Charges for services	$ 31,190	$ 33,284	$ 35,220	$ 36,596	$ 36,765	$ 37,112	$ 38,831	$ 40,853	$ 43,113	$ 45,697
Penalties	1,050	1,101	1,103	924	1,054	1,070	1,206	1,180	1,079	1,096
Charges to bad debt allowance	(815)	(417)	(478)	(442)	(390)	(340)	(340)	(340)	(411)	(220)
Total operating revenues	31,425	33,968	35,845	37,078	37,429	37,842	39,697	41,693	43,781	46,573
Operating Expenses										
Employment costs	$ 10,322	$ 11,028	$ 11,837	$ 10,931	$ 10,460	$ 10,993	$ 11,449	$ 10,437	$ 10,948	$ 11,554
Repairs and maintenance	2,141	2,013	2,894	2,075	2,069	2,468	2,091	2,271	2,377	2,311
Supplies and materials	795	790	952	901	914	972	1,029	1,115	1,146	1,316
Depreciation	12,541	13,856	14,759	15,069	16,702	18,227	18,321	18,579	18,614	17,999
Utilities	2,119	2,779	2,960	2,892	3,070	3,172	3,257	3,256	2,985	2,902
Water and sewer services purchased	1,569	22	426	429	511	761	595	300	322	735
Administration	2,544	1,904	1,423	1,491	1,666	1,764	1,820	1,788	1,911	1,525
Total operating expenses	32,031	32,392	35,251	33,788	35,392	38,357	38,562	37,746	38,303	38,342
Non-Operating Revenue (expenses)										
Investment income	2,588	1,029	238	169	115	127	102	100	171	265
Interest expense	(3,432)	(6,523)	(7,469)	(6,263)	(7,457)	(7,319)	(6,339)	(5,868)	(5,135)	(5,132)
Other non-operating revenue (expense)	(1,151)	(645)	(105)	(2,581)	(870)	(528)	(356)	(1,158)	(973)	19
Net non-operating revenue	(1,995)	(6,139)	(7,336)	(8,675)	(8,212)	(7,720)	(6,593)	(6,926)	(5,937)	(4,848)
Gain or Loss before capital contributions	(2,601)	(4,563)	(6,742)	(5,385)	(6,175)	(8,235)	(5,458)	(2,979)	(459)	3,383
Capital contributions	12,981	4,674	8,249	6,534	4,188	2,615	2,379	4,290	3,318	3,164
Restatement	-	-	-	-	-	-	-	(2,049)	13	-
Increase (decrease) in net position	$ 10,380	$ 111	$ 1,507	$ 1,149	$ (1,987)	$ (5,620)	$ (3,079)	$ (738)	$ 2,872	$ 6,547



Douglasville-Douglas County Water and Sewer Authority

TABLE 3

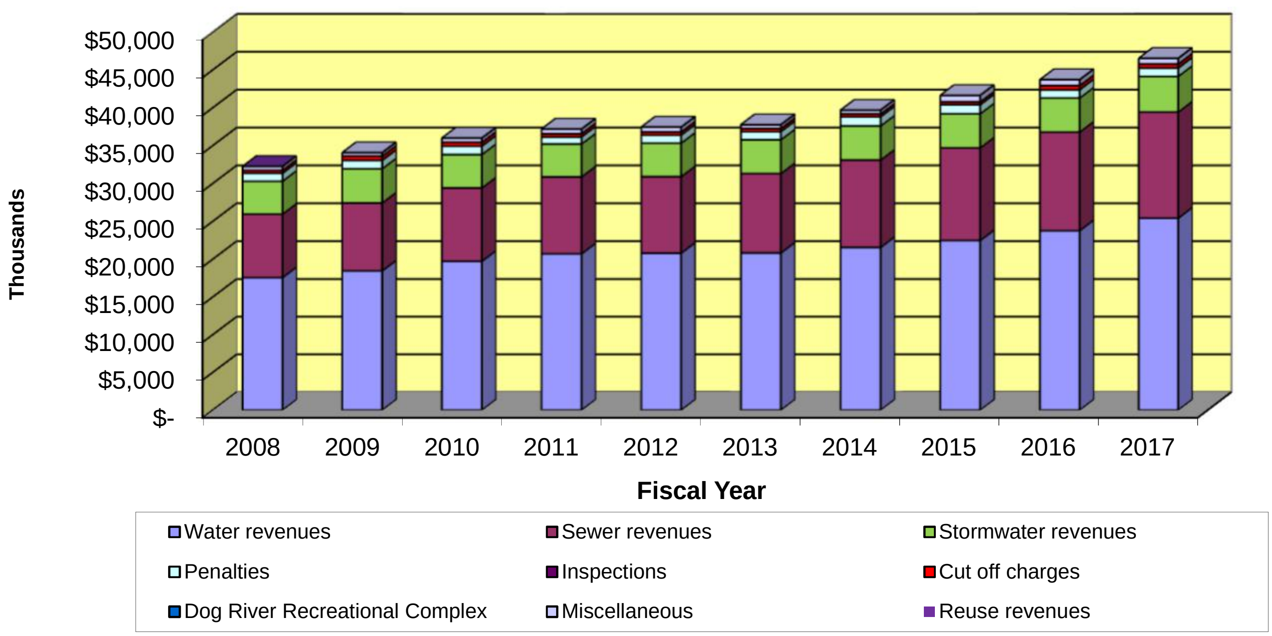
Operating Revenue By Source

Last Ten Fiscal Years

(amount expressed in thousands)

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues										
Water revenues	$ 17,572	$ 18,453	$ 19,721	$ 20,707	$ 20,796	$ 20,823	$ 21,552	$ 22,469	$ 23,770	$ 25,422
Sewer revenues	8,376	8,973	9,685	10,164	10,102	10,483	11,534	12,235	13,021	14,006
Stormwater revenues	4,350	4,513	4,408	4,340	4,431	4,462	4,505	4,501	4,493	4,712
Reuse revenues	-	321	334	337	380	422	355	399	492	270
Penalties	1,050	1,101	1,103	924	1,054	1,070	1,206	1,180	1,079	1,096
Inspections	38	10	11	5	8	16	16	19	25	34
Cut off charges	366	567	496	422	409	401	345	363	532	489
Dog River Recreational Complex	1	-	17	26	20	19	20	20	19	15
Miscellaneous	487	447	548	595	620	486	504	848	761	749
Total operating revenues	$ 32,240	$ 34,385	$ 36,323	$ 37,520	$ 37,820	$ 38,182	$ 40,037	$ 42,034	$ 44,192	$ 46,793
Bad debt expense	815	417	478	442	391	340	340	341	411	220
Net operating revenue	$ 31,425	$ 33,968	$ 35,845	$ 37,078	$ 37,429	$ 37,842	$ 39,697	$ 41,693	$ 43,781	$ 46,573

Operating Revenue by Source



Douglasville-Douglas County Water and Sewer Authority

TABLE 4

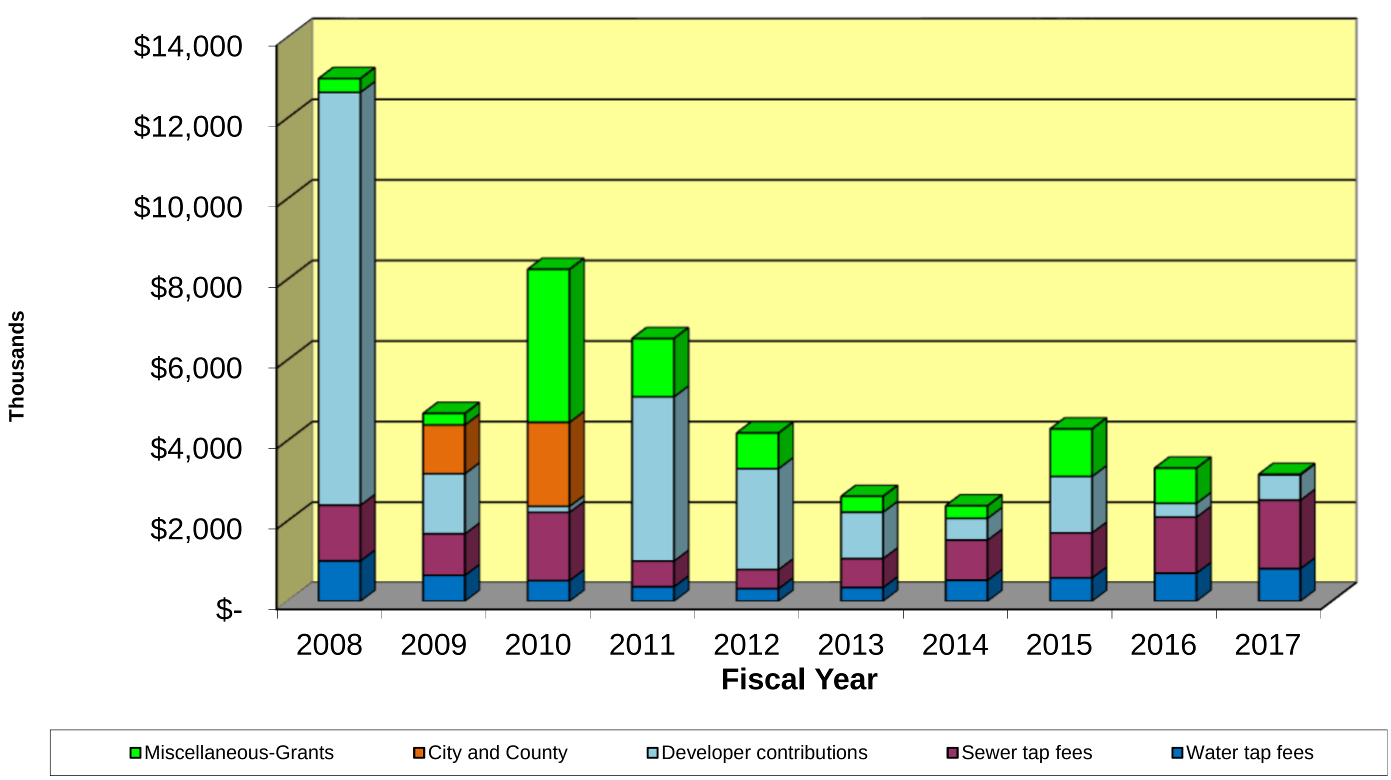
Capital Contributions By Source

Last Ten Fiscal Years

(amount expressed in thousands)

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital Contributions										
Water tap fees	$ 1,005	$ 646	$ 515	$ 360	$ 313	$ 342	$ 523	$ 583	$ 699	$ 812
Sewer tap fees	1,388	1,034	1,700	641	475	720	1,001	1,121	1,397	1,707
Developer contributions	10,247	1,501	150	4,085	2,518	1,156	543	1,406	345	628
City and County	-	1,208	2,089	-	-	-	-	-	-	-
Miscellaneous-Grants	341	285	3,795	1,448	882	397	312	1,180	877	17
Total capital contributions	$ 12,981	$ 4,674	$ 8,249	$ 6,534	$ 4,188	$ 2,615	$ 2,379	$ 4,290	$ 3,318	$ 3,164

Capital Contributions by Source



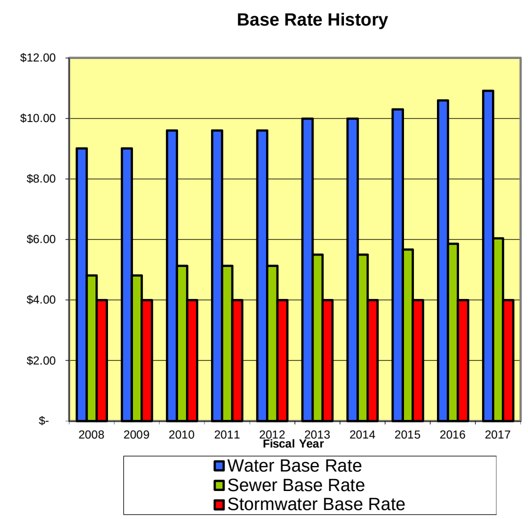
Douglasville-Douglas County Water and Sewer Authority

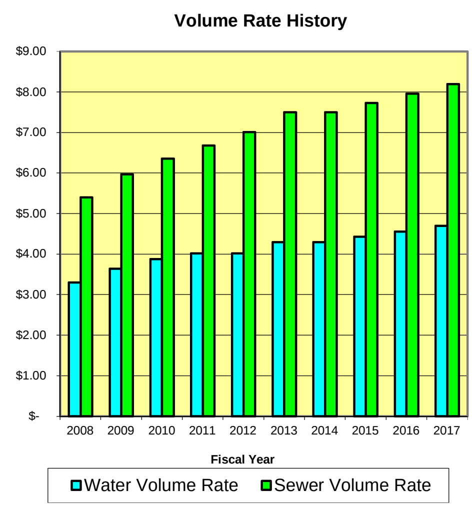
TABLE 5

Water, Sewer and Stormwater Rates

Last Ten Fiscal Years

	Water		Sewer		Stormwater
Fiscal Year	Monthly Base Rate (3)	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons (2)	Monthly Base Rate
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
2016	$ 10.60	$ 4.56 (1)	$ 5.86	$ 7.96	$ 4.00
2017	$ 10.92	$ 4.70 (1)	$ 6.04	$ 8.20	$ 4.00





Notes:

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

	WATER			SEWER	
	Tier I	Tier II	Tier III	Tier I	Tier II + III
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
2016	$ 4.56	$ 5.70	$ 9.12	$ 7.96	$ 9.30
2017	$ 4.70	$ 5.88	$ 9.40	$ 8.20	$ 9.58

(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

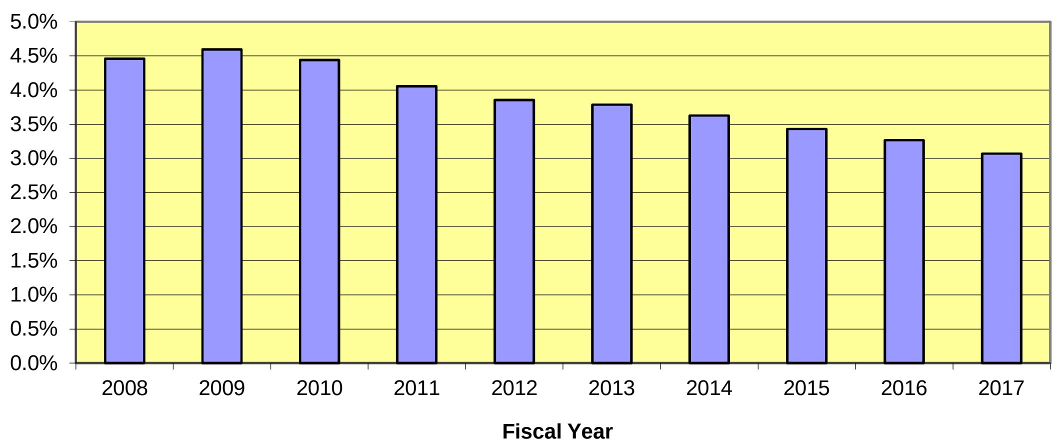
Last Ten Fiscal Years

(amount expressed in thousands except per capita amounts)

Fiscal Year	Revenue Bonds (1)	Less Debt Service Fund	Total	Per Capita (2)	Percentage Of Personal Income (2)
2008	$ 171,300	$ (707)	$ 170,593	$ 1,317	4.5%
2009	$ 168,830	$ (760)	$ 168,070	$ 1,333	4.6%
2010	$ 165,105	$ (712)	$ 164,393	$ 1,269	4.4%
2011	$ 160,845	$ (329)	$ 160,516	$ 1,223	4.1%
2012	$ 156,380	$ (363)	$ 156,017	$ 1,176	3.9%
2013	$ 155,582	$ (395)	$ 155,187	$ 1,165	3.8%
2014	$ 154,910	$ (459)	$ 154,451	$ 1,153	3.6%
2015	$ 149,055	$ (484)	$ 148,571	$ 1,089	3.4%
2016	$ 145,814	$ (560)	$ 145,254	$ 1,047	3.3%
2017	$ 139,165	$ (584)	$ 138,581	$ 985	3.1% (3)

(1) Bond total net of premiums/discounts excluding accrued interest. (2) See the Schedule of Demographic and Economic Statistics for personal income and population data. (3) 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

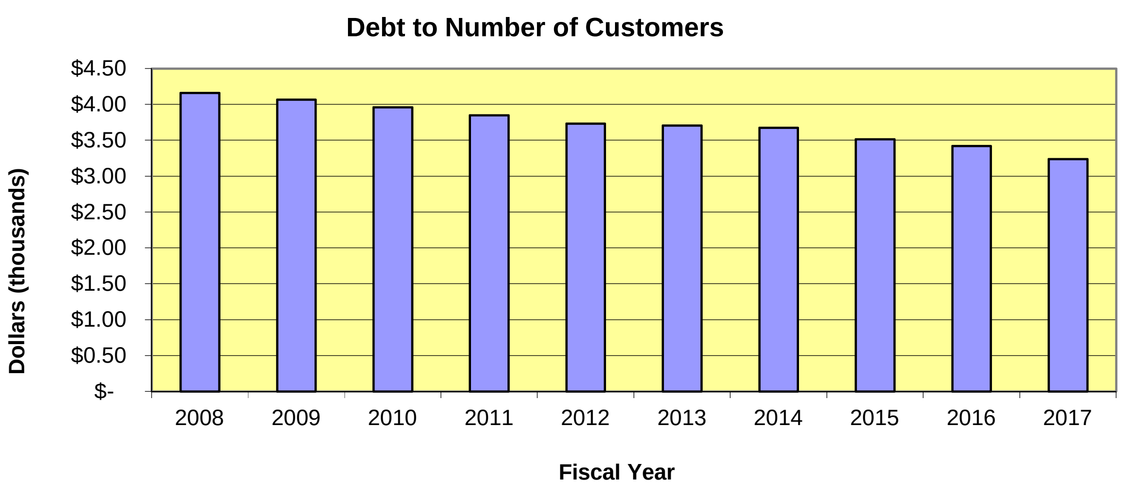
Last Ten Fiscal Years

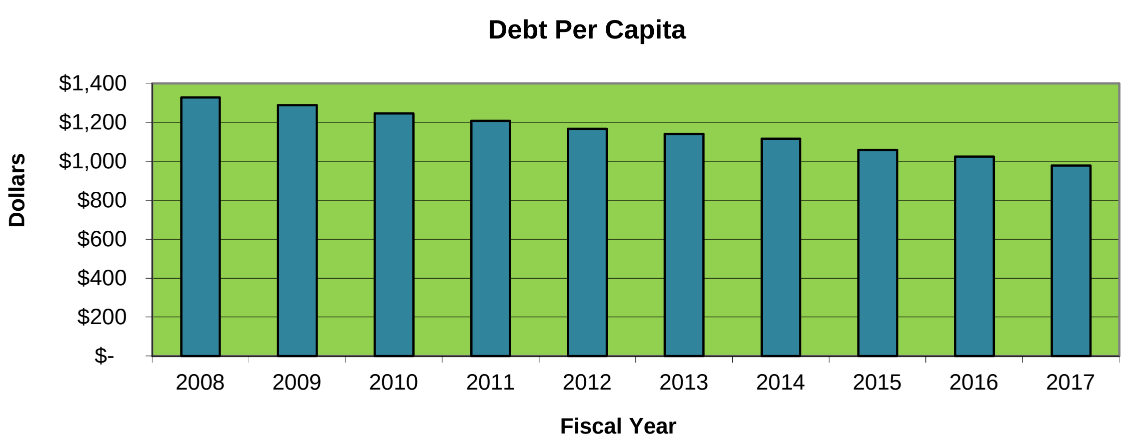
(amount expressed in thousands except per capita amounts)

Fiscal Year	Revenue Bonds	Loans Notes	Total Outstanding Debt	Debt To Number of Customers	Debt Per Capita*	Debt As Share Of Personal Income
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	$ 3.67	$ 1,116	3.6%
2015	$ 149,055	$ -	$ 149,055	$ 3.51	$ 1,059	3.3%
2016	$ 145,814	$ -	$ 145,814	$ 3.42	$ 1,025	3.2%
2017	$ 139,165	$ -	$ 139,165	$ 3.24	$ 978	3.0%

* Note: Data on population and personal income not available - Used last available year's figure

Sources: Bureau of Economic Analysis





Douglasville-Douglas County Water and Sewer Authority

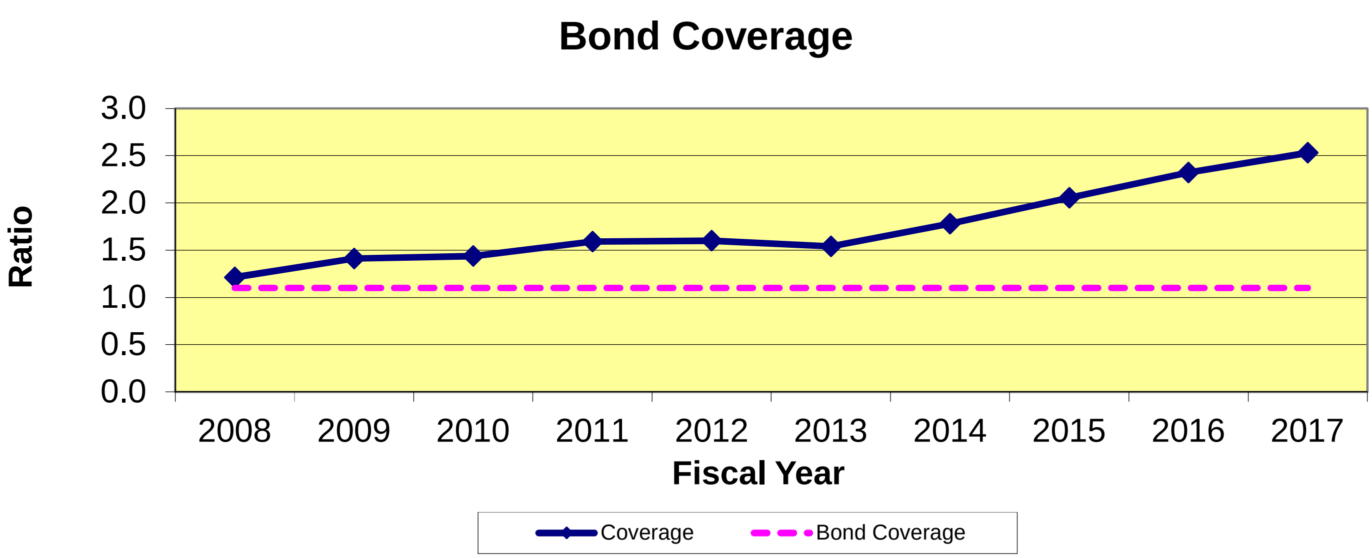
TABLE 8

Pledged Revenue Coverage

Last Ten Fiscal Years

(amount expressed in thousands)

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross Revenues Service Charges	$ 31,425	$ 33,968	$ 35,845	$ 37,078	$ 37,429	$ 37,842	$ 39,697	$ 41,693	$ 43,781	$ 46,573
Total Interest Income	2,588	1,029	238	169	115	127	102	100	171	265
Tap Fees Connection Charges	2,393	1,680	2,215	1,001	788	1,062	1,524	1,704	2,096	2,519
Gross Total Revenues	36,406	36,677	38,298	38,248	38,332	39,031	41,323	43,497	46,048	49,357
Less Operating Expenses Excluding Depreciation	19,490	18,536	20,492	18,720	18,689	20,130	20,241	19,167	19,689	20,554
Less Deferred Interest Income and Revenue	83	82	82	19	18	16	9	8	-	-
Less Interest Income Construction Account	1,966	776	113	34	7	8	5	-	-	-
Net Earnings Available	$ 14,867	$ 17,283	$ 17,611	$ 19,475	$ 19,618	$ 18,877	$ 21,068	$ 24,322	$ 26,359	$ 28,803
Maximum Annual Debt Service [1]										
Principal	$ 7,015	$ 7,015	$ 9,300	$ 9,300	$ 9,300	$ 9,300	$ 8,380	$ 8,380	$ 8,535	$ 6,695
Interest	5,239	5,239	2,951	2,951	2,951	2,951	3,456	3,456	2,813	4,687
Total Maximum Annual Debt Service [1]	$ 12,254	$ 12,254	$ 12,251	$ 12,251	$ 12,251	$ 12,251	$ 11,836	$ 11,836	$ 11,348	$ 11,382
Coverage Ratio	1.2	1.4	1.4	1.6	1.6	1.5	1.8	2.1	2.3	2.5



Note 1 - Maximum annual debt service is based on 2015 Series B bond face maturities excluding the mandatory redemption date at June 30, 2030 as allowed by bond covenants.

Douglasville-Douglas County Water and Sewer Authority

TABLE 9

Legal Debt Margin Information

Last Ten Fiscal Years

(amount expressed in thousands)

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Earnings Available (Table 8)	$ 14,867	$ 17,283	$ 17,611	$ 19,475	$ 19,618	$ 18,877	$ 21,068	$ 24,322	$ 26,359	$ 28,803
Legal Debt Service Limit	13,516	15,712	16,010	17,705	17,835	15,731	17,557	20,268	21,966	24,003
Total MAD debt applicable to limit	12,254	12,254	12,251	12,251	12,251	12,251	11,836	11,836	11,348	11,348
Legal MAD debt margin	$ 1,262	$ 3,458	$ 3,759	$ 5,454	$ 5,584	$ 3,480	$ 5,721	$ 8,432	$ 10,618	$ 12,655
Total MAD debt applicable to the limit as a percentage of debt limit	90.7%	78.0%	76.5%	69.2%	68.7%	77.9%	67.4%	58.4%	51.7%	47.3%

Notes:

MAD - Maximum Annual Debt Service (largest debt service payment during life of bond issue; uses face maturity amounts for 2015 Series B, excluding mandatory redemption date as allowed by bond covenants).

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

**New Debt limit (2013 and later) 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

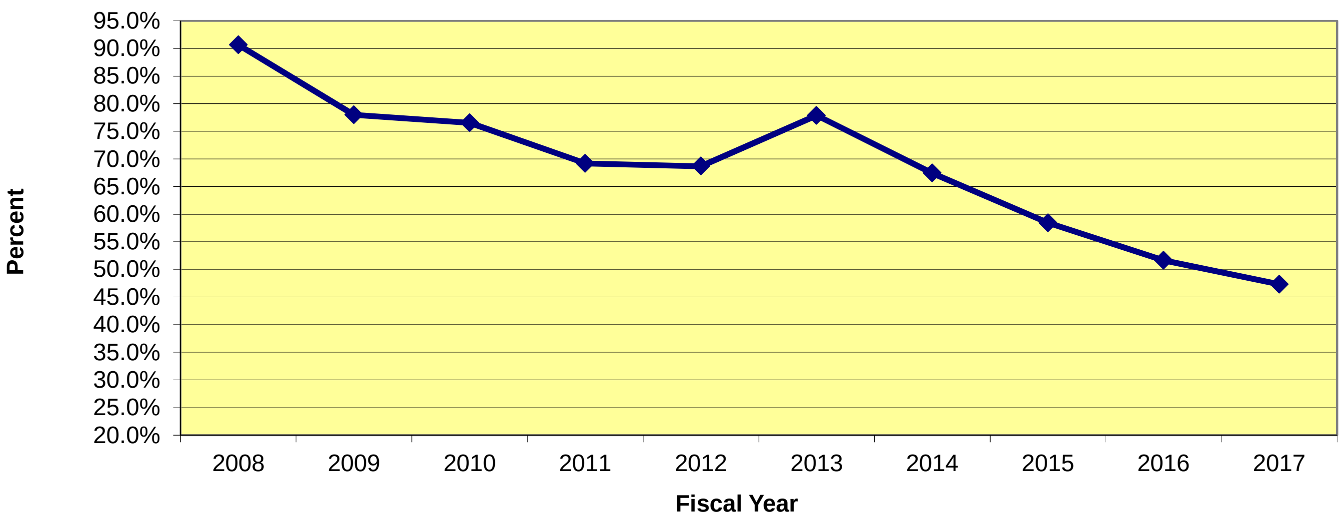
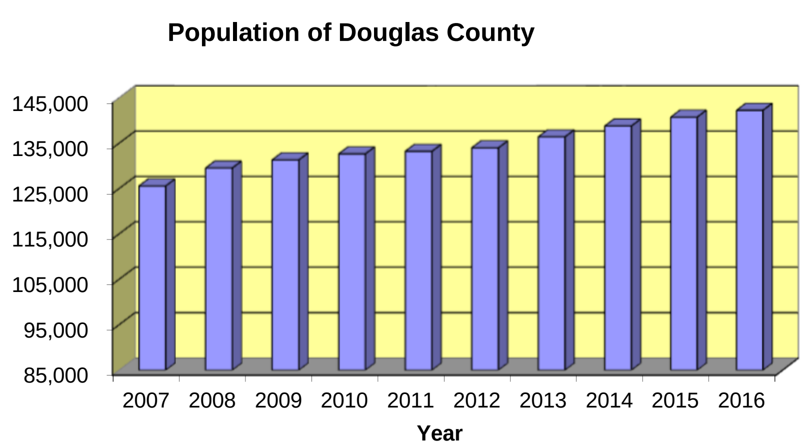


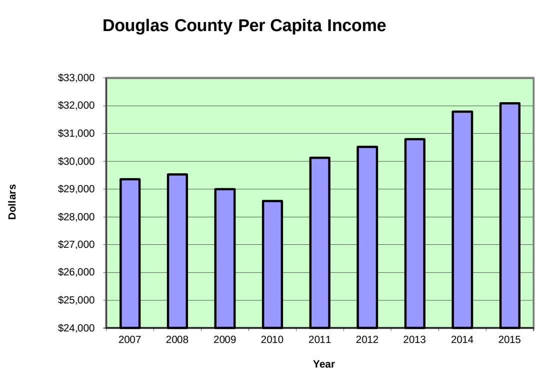
TABLE 10

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

Calendar Year	Population (1)	Personal Income (1) *(thousands of dollars)*	Per Capita Personal Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
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	$ 4,411,764	$ 31,791	35.0	25,918	6.6%
2015	140,733	$ 4,515,981	$ 32,089	35.9	26,016	6.2%
2016	142,224 (2)	**	**	**	26,297	5.6%

(1) Source: Bureau of Economic Analysis (latest year published is 2015)
** Information for 2016 was not available as of June 30, 2017.
(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





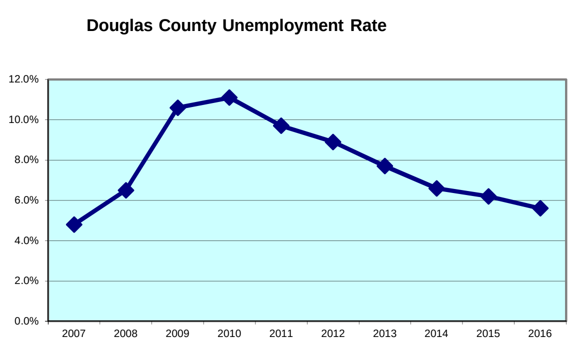


TABLE 11

Principal Employers
Douglas County

		2017		
Employer	**Type of Business**	**Employees**	Rank	**Percentage of Total County Employment**
Douglas County School System	Government	3,500	1	5.3%
Douglas County Government	Government	1,034	2	1.4%
Silver Line Building Products Corp.	Building products	900	3	1.6%
WellStar Douglas Hospital	Healthcare	700	4	1.1%
McMaster Carr Supply	Manufacturing Plant Supplier	600	5	0.9%
American Red Cross Blood Services	Healthcare	450	6	0.7%
APL Logistics	International Transportation	400	7	0.6%
Google	Information technology	375	8	0.6%
Benton-Georgia Inc.	Construction	300	9	0.5%
Medline Industries	Healthcare	285	10	0.4%
Total Principal Employment		8,544		12.9%
Other Employees		57,928		87.1%
Total County Employment		66,472		100.0%

		2008		
Employer	**Type of Business**	**Employees**	Rank	**Percentage of Total County Employment**
Douglas County School System	Government	4,678	1	7.7%
Silver Line Building Products Corp.	Building products	1,200	2	2.0%
Douglas County Government	Government	1,044	3	1.7%
Wal-Mart	Retail	740	4	1.2%
Wellstar Douglas Hospital	Healthcare	720	5	1.2%
Inner Harbor Hospitals, Ltd.	Healthcare	597	6	1.0%
American Red Cross Blood Services	Healthcare	450	7	0.7%
Kroger	Grocery	409	8	0.7%
APL Logistics	International Transportation	400	9	0.7%
Publix	Grocery	368	10	0.6%
Total Principal Employment		10,606		17.3%
Other Employers		50,529		82.7%
Total County Employment		61,135		100.0%

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

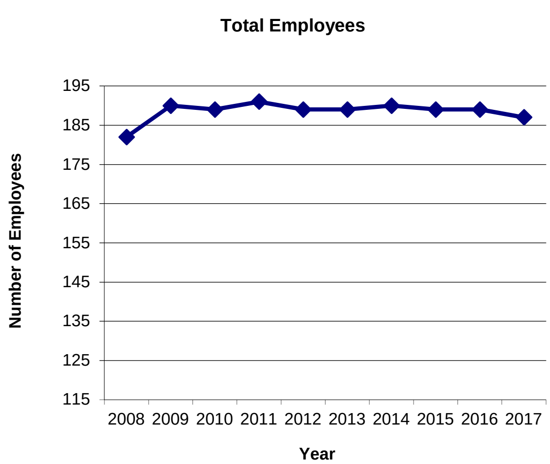
Douglasville-Douglas County Water and Sewer Authority

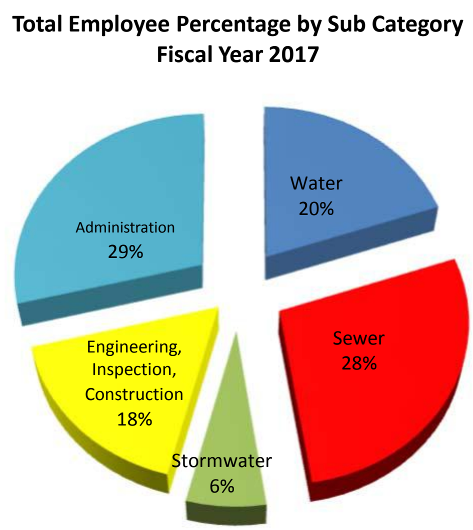
TABLE 12

Full-Time Equivalent Water and Sewer Authority Employees

Employees by Function

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
WATER:										
Water Plant Operations	14	14	14	14	15	15	15	15	15	15
Water Operations Maintenance	2	2	3	3	3	4	4	4	4	4
Water Systems Maintenance	24	27	27	19	16	15	15	15	15	15
Reservoir Staff	2	1	2	2	2	3	2	3	3	3
WATER TOTAL	42	44	46	38	36	37	36	37	37	37
SEWER:										
Sewer Plant Operations	27	25	23	23	23	24	23	23	23	23
Sewer Operations Maintenance	7	6	9	14	13	11	13	13	13	13
Sewer Systems Maintenance	19	24	21	16	16	16	17	16	16	16
SEWER TOTAL	53	55	53	53	52	51	53	52	52	52
ENGINEERING/INSPECTION/ CONSTRUCTION:										
Engineering	13	13	13	12	12	12	12	12	12	10
Inspections	8	7	7	7	7	7	7	8	8	8
Construction	9	12	11	15	15	15	15	14	14	14
ENG/INSP/CONS TOTAL	30	32	31	34	34	34	34	34	34	32
STORMWATER:										
STORMWATER TOTAL	10	13	12	13	13	13	11	12	12	12
ADMINISTRATION:										
Billing/Customer Service	15	15	14	16	16	16	17	17	16	15
Meter Reading	11	10	10	11	12	12	12	13	14	14
Human Resources	8	8	9	12	12	11	12	12	12	12
Finance & Accounting	6	6	7	7	7	7	6	4	4	4
MIS	3	3	3	3	3	4	4	4	4	5
Executive Administration	4	4	4	4	4	4	5	4	4	4
ADMINISTRATION TOTAL	47	46	47	53	54	54	56	54	54	54
TOTAL EMPLOYEES	182	190	189	191	189	189	190	189	189	187





Douglasville-Douglas County Water and Sewer Authority

TABLE 13

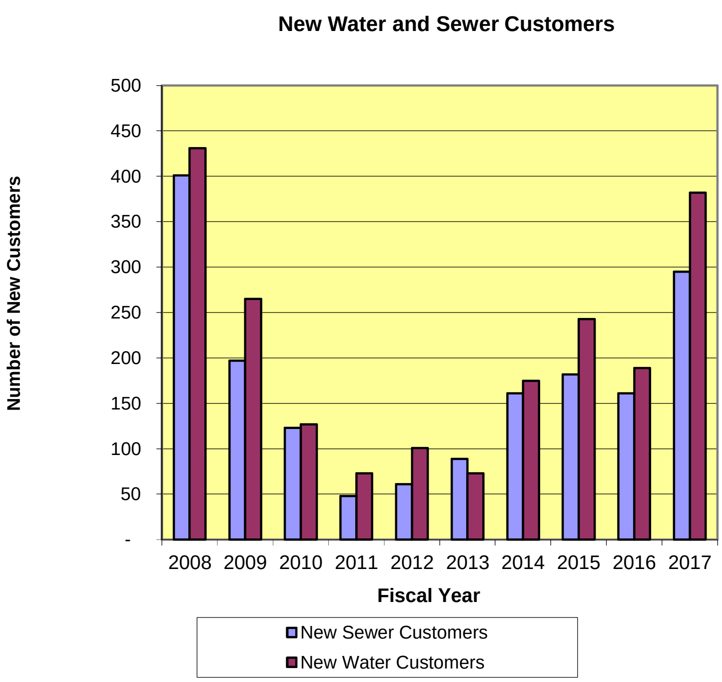
Operating Indicators - Demand and Service Levels

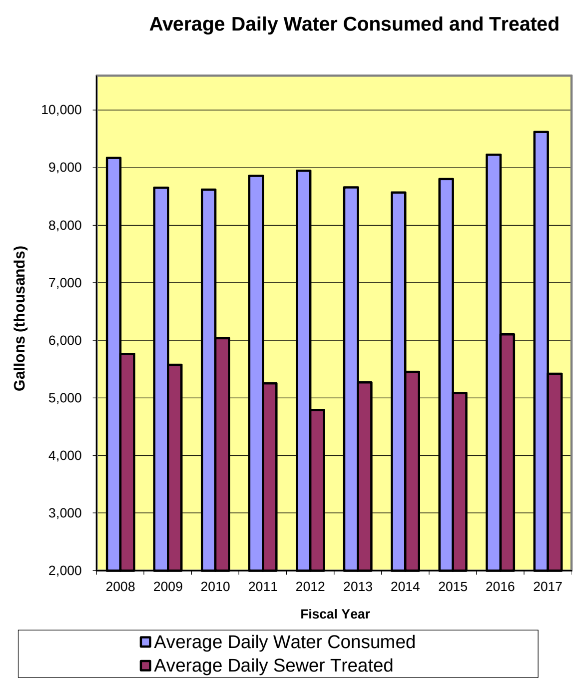
Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Demand or Level of Service										
Water										
Total customers	41,352	41,617	41,744	41,817	41,918	41,991	42,166	42,409	42,598	42,980
New customers	431	265	127	73	101	73	175	243	189	382
Water main breaks	204	212	113	154	147	184	178	131	152	136
(1) Average daily consumption (thousands of gallons)	9,169	8,656	8,623	8,862	8,949	8,659	8,571	8,804	9,227	9,620
Sewer										
Total customers	17,353	17,550	17,673	17,721	17,782	17,871	18,032	18,214	18,375	18,670
New customers	401	197	123	48	61	89	161	182	161	295
Average daily sewer treatment (thousands of gallons)	5,764	5,579	6,038	5,255	4,794	5,274	5,456	5,087	6,104	5,420
Stormwater										
Total customers	42,271	42,505	42,636	42,684	42,738	43,108	43,299	43,498	43,708	44,084
New customers	380	234	131	48	54	370	191	199	210	376

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.





Douglasville-Douglas County Water and Sewer Authority

TABLE 14

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

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital Assets										
Water										
Water main miles	918	920	921	927	929	929	930	931	931	938
Fire hydrants	6,310	6,326	6,347	6,471	6,524	6,545	6,765	6,796	6,798	7,020
Maximum daily design capacity *(thousands of gallons)*	16,400	16,400	16,400	16,400	23,940	23,940	23,940	23,940	23,940	23,940
Average daily water production *(thousands of gallons)*	10,986	10,666	10,841	10,941	11,015	10,753	10,651	11,016	11,203	11,772
Storage capacity - clear wells and water tanks *(thousands of gallons)*	11,775	11,775	11,775	11,775	14,775	14,775	14,775	14,775	14,775	14,775
Reservoir capacity *(thousands of gallons)*	1,288,000	1,988,000	1,988,000	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	427	429	440	442	450	450	459	461	461	468
Maximum daily design treatment capacity *(thousands of gallons)*	7,970	10,220	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140
Average Daily sewer flow *(thousands of gallons)*	5,764	5,579	6,038	5,255	4,794	5,274	5,456	5,087	6,104	5,420
Stormwater										
Storm sewer lines	155	156	112	115	120	120	120	120	120	121

Douglasville-Douglas County Water and Sewer Authority

TABLE 15

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

Fiscal Year	2017			2008		
Water Customers	Water Revenue	Rank	% of Water Revenue	Water Revenue	Rank	% of Water Revenue
DC Board of Education	$ 594,989	1	2.34%			
Grove Skyview LTD	291,724	2	1.15%	$ 208,606	3	1.19%
WellStar Hospital	181,210	3	0.71%			
Sevo Miller, Inc. - Crestmark	170,633	4	0.67%	95,683	7	0.54%
Birch Landing	165,754	5	0.65%			
AT&T	150,310	6	0.59%			
Douglas County Jail	133,803	7	0.53%	87,930	9	0.50%
Home Ridge Apartments	131,769	8	0.52%			
Pinnacle Homes at Rocky Ridge	128,465	9	0.51%			
Strand Atlanta Apartments	122,756	10	0.48%			
Google				713,736	1	4.06%
City of Villa Rica				209,485	2	1.19%
Tree Terrace Apartments				134,384	4	0.76%
Abor Place Mall				111,805	5	0.64%
Berwind Properties - Westfolk				110,056	6	0.63%
Golden Estates Mobile Home Park				90,198	8	0.51%
Value Family Properties				79,216	10	0.45%
Totals	$ 2,071,413		8.15%	$ 1,841,099		10.47%

Fiscal Year	2017			2008		
Sewer Customers	Sewer Revenue	Rank	% of Sewer Revenue	Sewer Revenue	Rank	% of Sewer Revenue
DC Board of Education	$ 419,392	1	2.99%			
Grove Skyview LTD	250,521	2	1.79%	159,743	2	1.91%
WellStar	154,077	3	1.10%	63,247	9	0.76%
Birch Landing	150,254	4	1.07%			
Home Ridge Apartments	122,743	5	0.88%			
Sevo Miller, Inc. - Crestmark	116,934	6	0.83%	72,812	6	0.87%
Douglas County Jail	112,312	7	0.80%	70,157	8	0.84%
Strand Atlanta Apartments	110,438	8	0.79%			
Pinnacle Homes at Rocky Ridge	106,643	9	0.76%			
Golden Estates Mobile Home Pk	97,438	10	0.70%	71,399	7	0.85%
Google, Inc				$ 540,104	1	6.45%
Tree Terrace Apartments				105,848	3	1.26%
Berwind Property- Westfork-Waterford				90,149	4	1.08%
Arbor Place Mall				85,926	5	1.03%
Silver Line Building Products				56,544	10	0.68%
Totals	$ 1,640,752		11.71%	$ 1,315,929		15.73%

Fiscal Year	2017			2008		
Stormwater Customers	Stormwater Revenue	Rank	% of Stormwater Revenue	Stormwater Revenue	Rank	% of Stormwater Revenue
DC Board of Education	$ 216,712	1	4.60%			
McMaster-CARR Supply Company	33,118	2	0.70%			
Hunt Partners Ret. Group-Jacoby Dev.	25,401	3	0.54%	25,401	4	0.58%
JVC Co. of America	23,162	4	0.49%	23,162	5	0.53%
Amazon.com	21,925	5	0.47%			
Grove Skyview, LTD	20,837	6	0.44%	19,709	7	0.45%
Arbor Place Mall	20,603	7	0.44%	20,604	6	0.47%
Excel-Hon, Inc	19,392	8	0.41%			
Prologis	19,329	9	0.41%	19,000	8	0.44%
Medline Industries, Inc.	18,884	10	0.40%	18,884	9	0.43%
APL Logistics				33,545	1	0.77%
Conlan Company				33,365	2	0.77%
Google, Inc				29,475	3	0.68%
Regency Realty Group				17,171	10	0.39%
Totals	$ 419,363		8.90%	$ 240,316		5.51%

COMPLIANCE

SECTION

NICHOLS, CAULEY & ASSOCIATES, LLC
1825 Barrett Lakes Blvd, Suite 200
Kennesaw, Georgia 30144
770-422-0598   FAX 678-214-2355
kennesaw@nicholscauley.com

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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 27, 2017.

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 opinions 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.

Nichols, Cauley + Associates, LLC

Kennesaw, Georgia
October 27, 2017

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DOUGLASVILLE - DOUGLAS COUNTY

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WATER AND SEWER AUTHORITY