

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



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED JUNE 30, 2009**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR FISCAL YEAR ENDED JUNE 30, 2009**

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

Douglasville-Douglas County Water and Sewer Authority  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Year Ended June 30, 2009  
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**DOUGLASVILLE-DOUGLAS COUNTY  
WATER AND SEWER AUTHORITY**

**BOARD OF DIRECTORS**

Craig McManus	Chairman
Larry Yockey	Vice Chairman
Tom Worthan, Chairman of County Commission	Member
Mickey Thompson, Mayor of Douglasville	Member
David Boatright	Member
Rochelle Robinson	Member
Jack Tysor	Member
Helen McCoy	Secretary Treasurer

**MANAGEMENT**

Peter J. Frost	Executive Director
Michael Patton	Deputy Director for Operations
Ben Jones	Deputy Director for Systems and Engineering
Andrew Rose	Chief Financial Officer
Karen Cobb	Billing/Customer Service Manager
Barry Payne	Systems Maintenance Manager
Sidney Miller	Human Resources/General Services Manager
Aaron Gardenhire	MIS Manager

**LEGAL COUNCIL**

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

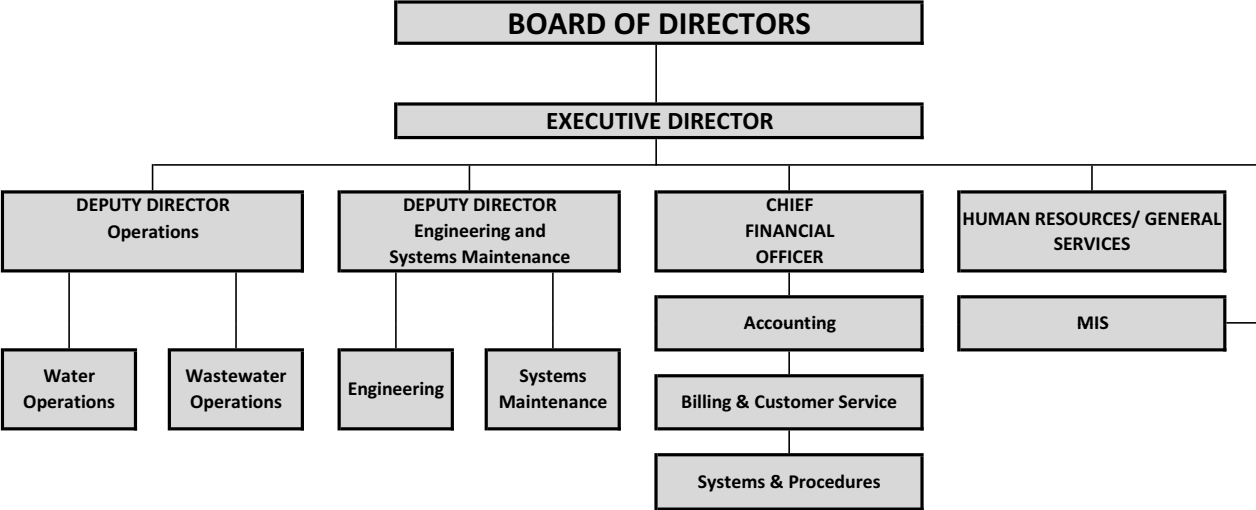
**CONSULTANTS**

R. J. Wood and Company	Water Consulting Engineer
Jordan, Jones & Goulding	Wastewater and Stormwater Consulting Engineer
U.S. Bank	Debt Securities Advisor
Mauldin & Jenkins LLC	Independent Auditors

**Additional System Information may be found at  
[www.ddcwsa.com](http://www.ddcwsa.com)**

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

**ORGANIZATIONAL CHART**



# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



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

**Post Office Box 1157  
Douglasville, Georgia 30133  
Phone: (770) 949-7617  
Fax: (770) 949-8669**

**G. Craig McManus**  
Chairman

**Peter J. Frost**  
Executive Director

September 17, 2009

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 Year ended June 30, 2009. This submission is in compliance with the Act that created the Authority. The basic financial statements have been audited by our independent auditors, Mauldin and Jenkins, Certified Public Accountants, who have issued an unqualified “clean” opinion on them. The annual audit is planned and preformed 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 accounting 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 are accurate in all material respects and are 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 purchase 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 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. 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 and sanitary sewer services to Douglas County, with the exception 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, 2009, the net property, plant and equipment value of the combined System was \$392,413,799.

The water system’s raw water primarily comes from the Dog River and Bear Creek and is pumped to the Authority’s Bear Creek Water Treatment Plant and distributed throughout the County. The System is served by approximately 920 miles of distribution lines in various diameter sizes throughout the County. Although the Authority is currently

permitted to withdraw up to 23.0 MGD of raw water directly from the Dog River Reservoir, we are limited to the Bear Creek Water Treatment Plant's maximum treatment capacity of 16.4 MGD.

The sanitary sewer facilities collect sewage through approximately 429 miles of 8-inch and larger sanitary sewer collection lines and force mains which lead to two major wastewater treatment plants and four smaller plants. Treated effluent from one of the two large facilities, the Sweetwater Creek WWTP, receives additional treatment at a 1.75 MGD side-stream facility before being provided as cooling tower make-up water for a large data processing center that has 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, 2009, the combined Authority stormwater system consisted of 156 miles of conveyance pipe and culvert systems, 10,029 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. According to the U.S. 2008 Population Census estimates, the population in Douglas County in 2008 was 127,932. Douglas County ranked 46<sup>th</sup> nationwide in population growth with an increase of 38.7% from 2000 to 2008 according to the U.S. Census Bureau.

Interstate Highway I-20; U.S. Highway 78 and 278; and four state routes serve the County at the present time. There are approximately 1,012 miles of roads 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 for the year ended June 30, 2009. 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 served by the System. The 10 largest customers for the 12 months ending June 30, 2009 are listed in the statistical section of this report, along with other pertinent statistical information.

### **MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR**

The Authority spent over \$19.0 million in system improvements during the fiscal year ended June 30, 2009. The new side-stream reuse facility and South Central wastewater plant (6.0 MGD) began operations during the start of the fiscal year. The Dog River Dam (\$12 million) height was raised ten feet to increase storage capacity from 1.2 billion gallons to 1.862 billion gallons.

Planned for construction to expand the treatment plant's capacity to 23.0 MGD started in August 2009 and is scheduled to be completed in 24 months. This will expand the treatment capacity to 23.0 MGD and meet the needs of the Authority beyond 2020. Planned for emergency generators at the Dog River Intake Pumping Station, construction started in August 2009 and should be completed by August 2011. Planned for an additional 2.0 million gallon tank is scheduled to be in service by 2011.

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, as noted by the numerous awards received in the past. During 2009 and 2008 some of the awards include: Georgia Department of Community Affairs' Water First Designation, Georgia Association of Floodplain Management Award for Excellence in Floodplain Management, Rebel Trails Wastewater Treatment Plant – Best in the State in its size category, Bear Creek Water Treatment Plant Laboratory – Best in the State in its size category, Beaver Estates Wastewater Treatment Plant – 2<sup>nd</sup> Best in the Nation in its size category, Beaver Estates Wastewater Treatment Plant – Best in Region IV by the United States Environmental Protection Agency, Beaver Estates Wastewater Treatment Plant – Best in the State in its size category, EPA's Partnership for Safe Drinking Water Ten-Year Director's Award, and GFOA Award for Excellence in Financial Reporting.

## **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 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 which is developed on a zero-base program concept sets out allocations of anticipated operating revenues. 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 governments.

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 laws and adopted debt management policy. In the Bond Resolutions, the Authority covenants and agrees that it will, at all times, prescribe, maintain, and thereafter collect rates and charges for the services and facilities furnished by the Authority, together with other income, that will yield annual Net Earnings in the fiscal year equal to at least one hundred ten percent (110%) of the sum of the annual debt service payments for all bonds outstanding. "Net Earnings" is defined by the bond resolution to mean, the net operating income of the System, adding back depreciation, and including interest income, tap fees, development fees and other non-operating revenue. The Bond Resolutions obligates 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 Resolution that it will 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. All outstanding bonds carry an Aa2 and AA- rating from Moody's and Standard & Poor's respectively, based upon a Municipal Bond Insurance Policy.

### **CASH MANAGEMENT**

The Authority's available cash is invested in demand deposit accounts, money market accounts, U.S. Treasury Notes, U.S. Treasury Bills, and the State of Georgia Local Government Investment Pool (LGIP- now Georgia Fund I). It is the policy of the Board of Directors of the Authority that the Chief Financial Officer shall maintain an effective program of cash and investment management and follow the legal requirements regarding depositories and collateral requirements. The Authority's cash management program seeks to achieve three objectives with regards to investments: safety of principal, adequate liquidity to meet daily cash needs, and a reasonable yield commensurate with the preservation of principal and liquidity.

### **RISK MANAGEMENT**

The Authority relies on safety training, proper maintenance of equipment and facilities, prompt response to potential hazards and problems and insurance from outside sources to manage risk. The Authority is required to maintain adequate fidelity policies on its officers and employees and adequate public liability insurance, and to keep all properties of the system insured to the full insurable value thereof. The proceeds of all such insurance policies, except the public liability policies and fidelity policies, are pledged as security for the bonds, but shall be available for, and shall, to the extent necessary and desirable, be applied to the repair and replacement of the damaged or destroyed property.

### **INDEPENDENT AUDIT**

The Georgia state statutes require an annual audit by independent auditors. The firm of Mauldin & Jenkins LLC performed this function, and the auditors in conducting the engagement used auditing standards generally accepted in the United States. The independent auditors' report on the basic financial statements is included in the financial section of this report.


### **AWARDS AND ACKNOWLEDGEMENTS**

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, 2008. This is the seventh year the Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the Authority must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Andrew L. Rose, CPA  
Chief Financial Officer

# **FINANCIAL SECTION**

**REPORT OF  
INDEPENDENT AUDITOR**



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the **Douglasville-Douglas County Water and Sewer Authority** (the "Authority"), as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2009 and 2008, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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The Management's Discussion and Analysis and Funding Progress Schedules on pages 5-12 and pages 37 and 38, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, schedules of individual accounts and sections, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of individual accounts and sections have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 17, 2009



**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 year that ended on June 30, 2009. Please read it in conjunction with the financial statements which follow this section.

### FINANCIAL HIGHLIGHTS

- The overall financial condition of the Authority improved during the fiscal year ended June 30, 2009. Total assets at June 30, 2009 were over \$461.2 million and exceeded liabilities in the amount of \$277.4 million (i.e. net assets). Total net assets increased by \$0.3 million or 0.12 % in 2009 and \$10.4 million or 3.9% in 2008.
- During the fiscal year the Authority's "operating revenues" increased to \$34.4 million up from \$32.2 million in 2008 or 6.7%, while "operating expenses" decreased to \$32.6 million down from \$32.8 million in 2008 or 0.7%. The increase in revenue was largely due to rate increases, noted below. The decrease in operating expenses can be attributed to non-recurring litigation legal fees of \$0.4 million and drought related purchased water of \$1.3 million in 2008. In addition, depreciation increased \$1.1 million in fiscal 2009 due to capital projects being placed in service, and an increase of \$0.5 million in employment expenses related to fringe benefit increases.
- Drought conditions over the past two years resulted in a strict ban on outdoor watering until the late spring of 2009. This, combined with a 3-tier rate structure adopted in December 2007, has resulted in average daily consumption of water dropping from 10.538 million gallons a day in fiscal year 2007 to 8.656 million gallons a day in fiscal year 2009.
- Water & sewer rates were raised on December 1, 2008 by 10.4% and December 1, 2007 by 7.4%. The Authority increases rates to stay pace with inflation, ensure recovery of all its operating costs, and to cover increases in annual debt service payments.
- The Authority's capital assets increased \$18.9 million in fiscal year 2009 of which \$2.7 million was in non-cash developer infrastructure and governmental contributions, and after a reduction of assets of \$3.9 million due to disposals, mainly from decommissioning the Southside WWTP.
- Capital contributions during fiscal year 2009 decreased \$8.3 million from \$13.0 million to \$4.7 million. In this amount, tap sales dropped \$0.7 million and developer contributions dropped \$7.9 million. In fiscal year 2008 capital contributions decreased \$11.5 million from the previous year, down \$6.7 million in tap sales and \$2.9 million in developer contributions. These decreases were a direct result of the down-turn in housing starts in the past two years.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report is presented in four sections; Introductory, Financial, Statistical, and Compliance. The Management's Discussion and Analysis (MD&A) serves as an introduction to the financial section. The financial section consists of the Independent Auditors' Report, Management's Discussion and Analysis, and the Authority's basic financial statements, which are presented comparatively for the fiscal years ending June 30, 2009 and 2008. The basic financial statements consist of the following:

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

The Statements of Net Assets include all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets), and the obligations to Authority creditors (liabilities). They also provide the basis for evaluating the capital structure, liquidity and financial flexibility of the Authority. All of the current year revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Assets. 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 and Required Supplementary Information 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 2009, the Authority maintained its sound financial condition, even with declining economic growth within the service area, as demonstrated by the Authority's continued net asset growth and 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 ASSETS

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

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

	Fiscal Year 2009 to 2008 Comparison				Fiscal Year 2008 to 2007 Comparison			
	FY 2009	FY 2008	Dollar Change	% Change	FY 2008	FY 2007	Dollar Change	% Change
Current and Other Assets	\$ 68.8	\$ 86.8	\$ (18.0)	-20.7%	\$ 86.8	\$ 38.3	\$ 48.5	126.6%
Capital Assets	392.4	383.8	8.6	2.2%	383.8	344.1	39.7	11.5%
<b>Total Assets</b>	<b>461.2</b>	<b>470.6</b>	<b>(9.4)</b>	<b>-2.0%</b>	<b>470.6</b>	<b>382.4</b>	<b>88.2</b>	<b>23.1%</b>
Long-term Debt Outstanding	169.3	172.3	(3.0)	-1.7%	172.3	95.4	76.9	80.6%
Other Liabilities	14.5	21.2	(6.7)	-31.6%	21.2	20.3	0.9	4.4%
<b>Total Liabilities</b>	<b>183.8</b>	<b>193.5</b>	<b>(9.7)</b>	<b>-5.0%</b>	<b>193.5</b>	<b>115.7</b>	<b>77.8</b>	<b>67.2%</b>
Invested in Capital Assets, Net of								
Related Debt	267.5	274.1	(6.6)	-2.4%	274.1	266.3	7.8	2.9%
Restricted	2.2	2.1	0.1	4.8%	2.1	2.1	-	0.0%
Unrestricted	7.7	0.9	6.8	755.6%	0.9	(1.7)	2.6	-152.9%
<b>Total Net Assets</b>	<b>\$ 277.4</b>	<b>\$ 277.1</b>	<b>\$ 0.3</b>	<b>0.1%</b>	<b>\$ 277.1</b>	<b>\$ 266.7</b>	<b>\$ 10.4</b>	<b>3.9%</b>

### Comparison 2009-2008

Net assets at June 30, 2009 were \$277.4 million an increase of \$0.3 million. Current and other assets decreased \$18.0 million along with corresponding decreases in long-term debt of \$3.0 million and other liabilities decreasing \$9.7 million. Spending of bond proceeds resulted in the major reason for the decrease in current and other assets and the decrease in other liabilities. Invested in capital assets net of related debt decreased \$6.6 million as a result of a net increase in net capital assets of \$8.6 million and debt payments of \$3 million less \$18.2 million debt proceeds from the 2007 bond funds used to purchase capital assets. Restricted net assets (those established by debt covenants, enabling legislation, or legal requirements) reflect only a slight increase in 2009. Unrestricted net assets (those that can be used to finance day-to-day operations) increased \$6.9 million primarily as a result of the change in net assets invested in capital assets, net of related debt, and restricted net assets, as well as the Authority's overall change in net assets.

### Comparison 2008-2007

Net assets at June 30, 2008 increased \$10.4 million to \$277.1 million primarily due to capital contributions and investments in capital assets. The long-term debt increased \$76.9 with a bond issue in October 2007. Current and other assets increased \$48.5 million primarily due to proceeds from bonds on hand at year's end. Capital assets increased \$39.7 million or 11.5% due to debt related capital projects activity. Invested in capital assets net of related debt increased \$7.8 million as a result of a \$39.7 million increase in net capital assets partially offset by \$77.1 million of additional debt less unspent proceeds of \$45.2 million relating to the debt. Restricted net assets were relatively unchanged in fiscal year 2008. Unrestricted net assets increased \$2.6 million.

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

While the Statements of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets, 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 assets is discussed below.

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

Description	Fiscal Year 2009 to 2008 Comparison				Fiscal Year 2008 to 2007 Comparison			
	FY 2009	FY 2008	Dollar Change	% Change	FY 2008	FY 2007	Dollar Change	% Change
<b>REVENUES</b>								
Operating Revenue:								
Charges for services	\$ 33.3	\$ 31.2	\$ 2.1	6.7%	\$ 31.2	\$ 29.8	\$ 1.4	4.7%
Penalties	1.1	1.0	0.1	10.0%	1.0	1.1	(0.1)	-9.1%
<b>Total Operating Revenues</b>	<b>34.4</b>	<b>32.2</b>	<b>2.2</b>	<b>6.8%</b>	<b>32.2</b>	<b>30.9</b>	<b>1.3</b>	<b>4.2%</b>
Interest income	1.0	2.6	(1.6)	-61.5%	2.6	2.3	0.3	13.0%
<b>Total Revenues</b>	<b>35.4</b>	<b>34.8</b>	<b>0.6</b>	<b>1.7%</b>	<b>34.8</b>	<b>33.2</b>	<b>1.6</b>	<b>4.8%</b>
<b>EXPENSES</b>								
<b>Operating Expenses:</b>								
Employment costs	11.0	10.3	0.7	6.8%	10.3	10.7	(0.4)	-3.7%
Repairs & maintenance	2.0	2.1	(0.1)	-4.8%	2.1	1.9	0.2	10.5%
Supplies and materials	0.8	0.8	-	0.0%	0.8	0.9	(0.1)	-11.1%
Depreciation	13.6	12.5	1.1	8.8%	12.5	11.9	0.6	5.0%
Utilities	2.8	2.1	0.7	33.3%	2.1	2.1	-	0.0%
Water & sewer services purchase	0.1	1.6	(1.5)	-93.8%	1.6	0.3	1.3	433.3%
Administration	2.3	3.4	(1.1)	-32.4%	3.4	2.3	1.1	47.8%
<b>Total Operating Expenses</b>	<b>32.6</b>	<b>32.8</b>	<b>0.2</b>	<b>0.6%</b>	<b>32.8</b>	<b>30.1</b>	<b>2.7</b>	<b>9.0%</b>
<b>Non-Operating expenses:</b>								
Interest and fiscal charges	6.5	3.4	3.1	91.2%	3.4	2.4	1.0	41.7%
Loss on disposal of capital assets	0.7	1.1	(0.4)	-36.4%	1.1	-	1.1	100.0%
Other expenses	-	-	-	0.0%	-	0.1	(0.1)	0.0%
<b>Total Non-Operating Expenses</b>	<b>7.2</b>	<b>4.5</b>	<b>2.7</b>	<b>60.0%</b>	<b>4.5</b>	<b>2.5</b>	<b>2.0</b>	<b>80.0%</b>
<b>Total Expenses</b>	<b>39.8</b>	<b>37.3</b>	<b>2.5</b>	<b>6.7%</b>	<b>37.3</b>	<b>32.6</b>	<b>4.7</b>	<b>14.4%</b>
<b>Income Loss Before Capital Contr.</b>	<b>(4.4)</b>	<b>(2.5)</b>	<b>(1.9)</b>	<b>76.0%</b>	<b>(2.5)</b>	<b>0.6</b>	<b>(3.1)</b>	<b>-516.7%</b>
<b>Capital Contributions</b>								
Tap fees	1.7	2.4	(0.7)	-29.2%	2.4	9.1	(6.7)	-73.6%
Developer lines	2.7	10.2	(7.5)	-73.5%	10.2	13.1	(2.9)	-22.1%
Grant contributions	0.3	0.4	(0.1)	-25.0%	0.4	-	0.4	100.0%
<b>Total Capital Contributions</b>	<b>4.7</b>	<b>13.0</b>	<b>(8.3)</b>	<b>-63.8%</b>	<b>13.0</b>	<b>22.2</b>	<b>(9.2)</b>	<b>-41.4%</b>
<b>Change in Net Assets</b>	<b>0.3</b>	<b>10.4</b>	<b>(10.1)</b>	<b>-97.1%</b>	<b>10.4</b>	<b>22.8</b>	<b>(12.4)</b>	<b>-54.4%</b>
<b>Beginning Net Assets</b>	<b>277.1</b>	<b>266.7</b>	<b>10.4</b>	<b>3.9%</b>	<b>266.7</b>	<b>243.9</b>	<b>22.8</b>	<b>9.3%</b>
<b>Ending Net Assets</b>	<b>\$ 277.4</b>	<b>\$ 277.1</b>	<b>\$ 0.3</b>	<b>0.1%</b>	<b>\$ 277.1</b>	<b>\$ 266.7</b>	<b>\$ 10.4</b>	<b>3.9%</b>

## **Review of Operations:**

### **Comparison 2009-2008**

Operating revenues increased by \$2.2 million or 6.8% mainly due to rate increases in December of the past two years. Both water and sewer rates were increased 10.4% in December 2008 and 7.2% in December 2007. The 2009 volume totals for water and sewer were slightly less than 2008. Water revenues increased \$0.8 million while sewer revenues increased \$0.9 million. Cut-off charges increased \$0.2 million due to a more aggressive effort in terminating services on delinquent accounts.

Operating expenses decreased \$250,262 from the previous year. Water and sewer services purchased decreased \$1.5 million to only \$21,825; in 2008 the Authority purchased wholesale water due to drought conditions and low reservoir levels. Administrative expenses decreased \$1.1 million mainly because 2008 included a one-time \$800,000 settlement claim on a legal issue. Repairs and maintenance expenses decreased \$0.1 million or 4.8%. Depreciation increased \$1.1 million or 8.8% due to new capital assets from the 2007 bond issue being placed in service. Employment cost increased \$0.7 million or 6.8% due to an increase in workman's compensation expense of \$0.1 million, retirement plan cost of \$0.3 million, and wage increase of \$0.3 million. The last pay raises were in December 2007. Utilities increased \$0.7 million to \$2.8 million or 33.3% attributed primarily to an increase in electric rates and the startup of the new wastewater treatment facility.

### **Comparison 2008-2007**

Operating revenues were up \$1.3 million or 4.2% attributable to a rate increase of 7.2% in December 2007 and the introduction of a three-tier rate structure designed to encourage water conservation. Water restrictions and economic conditions resulted in very little growth in customer base and decreases in water and sewer volume. Water revenues increased \$0.2 million, sewer revenues increased \$0.4 million and stormwater revenues increased \$0.3 million. Cut-offs increased \$0.2 million due to stricter and greater efforts to collect delinquent customers.

Operating expenses were up \$2.7 million to \$32.8 million. The most significant changes were (a) water and sewer services purchased up \$1.3 million to \$1.6 million or a 433.3% increase in purchases of outside water due to drought conditions, (b) administration up \$1.1 million to \$3.4 million or a 47.8% increase due to increases in legal fees (\$0.5 million), bad debt write-offs (up \$0.4 million), and (c) depreciation up \$0.6 million or 5.0%. The increase in depreciation was anticipated as infrastructure improvements for the system have increased. Employment cost was down \$0.4 million primarily due to decreases in health care and pension costs.

## **Total Non-Operating Revenues and Expense:**

### **Comparison 2009-2008**

Non-operating interest income decreased \$1.6 million due to a decrease in bond proceeds on hand and a decline in interest rates. Total non-operating expenses increased \$2.7 million up from \$4.5 million. This increase was the direct result of an additional \$1.0 million increased interest expense associated with the 2007 bond issue and a decrease in capitalized interest of \$2.1 million relating to expenditures on construction projects decreasing over the previous year. In addition, a significant non-recurring loss occurred on the disposition of capital assets in the decommissioning of the Southside WWTP of \$0.6 million.

### **Comparison 2008-2007**

Non-operating interest income increased \$0.3 million due to bond proceeds being invested, offset by lower interest rates. Total non-operating expenses increased \$2.0 to \$4.5 million. This increase was the direct result of an additional \$2.3 million of increased interest expense associated with the 2007 bond issue on October 18, 2007. This was partially offset by an increase in capitalized interest of \$1.4 million relating to expenditures on construction projects increasing over previous year. Also, a significant non-recurring loss on disposition of assets of \$1.1 million occurred due to the transfer of a section of sewer and stormwater infrastructure to the City of Villa Rica.

## **Capital Contributions:**

### **Comparison 2009-2008**

Capital Contributions were down \$8.3 million to \$4.7 million. The reduction is due to tap fees down \$0.7 million to \$1.7 million and developer lines down \$7.5 million. The decrease in taps and developer contributions are reflective of a sharp decline in housing starts during the past two fiscal years in Douglas County as external market forces hampered the growth of housing demands resulting in a significant drop in tap sales and decrease in real estate development and developer line contributions.

### Comparison 2008-2007

Capital contributions were down \$9.2 million due to tap fees down \$6.7 million to \$2.4 million and developer lines down \$2.9 million to \$10.2 million. The decrease in taps and developer contributions are reflective of a sharp decline in housing starts in the Authority's service area.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

The table below provides a summary of the Authority's growth in capital asset acquisitions financed by Authority expenditures, developer lines, and city and county contributions. More detailed information about the Authority's capital assets is presented in the Notes to the Financial Statements Note 4.

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

Description	Fiscal Year 2009 to 2008 Comparison				Fiscal Year 2008 to 2007 Comparison			
	FY	FY	Dollar	%	FY	FY	Dollar	%
	2009	2008	Change	Change	2008	2007	Change	Change
Land	\$ 12.0	\$ 11.0	\$ 1.0	9.1%	\$ 11.0	\$ 9.8	\$ 1.2	12.2%
Buildings	37.7	28.0	9.7	34.6%	28.0	28.0	-	0.0%
Machinery & Equipment	48.7	33.4	15.3	45.8%	33.4	32.1	1.3	4.0%
Improvements	380.0	321.7	58.3	18.1%	321.7	300.0	21.7	7.2%
Construction in Progress	30.0	95.4	(65.4)	-68.6%	95.4	67.6	27.8	41.1%
<b>Subtotal</b>	<b>508.4</b>	<b>489.5</b>	<b>18.9</b>	<b>3.9%</b>	<b>489.5</b>	<b>437.5</b>	<b>52.0</b>	<b>11.9%</b>
Less Accumulated Depreciation	116.0	105.7	10.3	9.7%	105.7	93.4	12.3	13.2%
<b>Net Property Plant Equipment</b>	<b>\$ 392.4</b>	<b>\$ 383.8</b>	<b>\$ 8.6</b>	<b>2.2%</b>	<b>\$ 383.8</b>	<b>\$ 344.1</b>	<b>\$ 39.7</b>	<b>11.5%</b>

At the end of 2009, the Authority had invested \$508.4 million in a broad range of infrastructure including water plants, wastewater plants, wastewater facilities, water & sewer lines, dam construction, reservoir, maintenance and administration facilities, and vehicles and equipment as shown in Table A-3.

Fiscal Year 2009 capital assets additions (in millions of dollars):

- \$1.5 – Land from FEMA grant, mitigation & easements
- \$12.0 – Dog River Dam Project
- \$2.7 – Developer Contributions
- \$1.4 – Equipment (meters, SCADA replacement)
- \$5.2 – Improvements (Stormwater \$1.3, Sewer Extension \$1.6, water lines \$1.8)
- (\$3.9)–disposition of assets ( \$3.1 improvements, \$0.7 equipment, \$0.1 building most related to Southside WWTP closure; \$3.3 of which had been depreciated)

**\$18.9 million – Total Asset Change**

Fiscal Year 2008 capital assets additions (in millions of dollars):

- \$1.2 – Land acquisitions – Dog River Mitigation
- \$21.7 - Improvements (sewer/outfall \$13.1, water mains \$4.3, stormwater \$4.3)
- \$1.3 – Equipment (computers, vehicles, meters, pumping equipment, tools, misc.)
- \$27.8- Construction in progress (New expenditure- South Central WWTP \$18.1, Southside lift station \$8.5, Dog River Dam \$1.9, Bear Creek plant expansion \$1.3, Southside abandonment \$2.1, South Central 36-inch sewer line \$2.8, all other \$7.0).

**\$52.0 million – Total Asset Change**

## LONG -TERM DEBT

At year-end, the Authority had \$169.3 million in long-term debt down from \$172.3 million in fiscal year 2008. This decrease was due to scheduled payments on debt. No new borrowing occurred during fiscal year 2009 while fiscal year 2008 had \$76.8 in new debt. The Authority was in compliance with all bond and loan covenants during the fiscal years 2009 and 2008. More detailed information about the Authority's long-term liabilities is presented in Note 3 of the Notes to the Financial Statements. The Authority has delayed any plans on issuing new debt to finance major capital improvements, primarily the expansion of the Sweetwater Creek wastewater treatment plant from 3.0 mgd to 6.0 mgd, and a new 32-inch raw water line due to the economic slowdown and reevaluation of growth in the county.

<b>BOND RATINGS</b>	<b>LIMITATIONS ON DEBT</b>
All outstanding bonds carry an Aaa and AAA rating from Moody's and Standard & Poor's respectively based upon a Municipal Bond Insurance Policy. During FY 2007, the Authority received an affirmation in its stand-alone rating of <b>Aa2</b> by Moody's, and an affirmation of its <b>AA-</b> rating from Standard & Poor's.	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 are that all estimated future net earnings of the system must be at least 1.20 times the highest combined debt service requirement. The Authority current coverage ratio is 1.4.

### Debt Coverage Ratio:

During fiscal year 2009, the Authority's debt coverage ratio, based on maximum annual debt service, improved to 1.4 from 1.2 in fiscal year 2008. The 1.2 in 2008 was a drop from 3.2 that was attributed to the addition of \$5.3 million in maximum annual debt service relating to the 2007 bond issue. This debt service structure allows for a gradual ramp up (interest only) through 2010 and level debt structure in 2011.

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

	Fiscal Year 2009 to 2008			Fiscal Year 2008 to 2007		
	Comparison			Comparison		
	FY FY 09	FY FY 08	%	FY FY 08	FY 2007	%
Revenues from Operations	\$ 34.4	\$ 32.2	6.8%	\$ 32.2	\$ 30.9	4.2%
Interest Income	0.2	0.5	-60.0%	0.5	0.7	-28.6%
Tap Fees	1.7	2.4	-29.2%	2.4	9.1	-73.6%
Total Revenues	36.3	35.1	3.4%	35.1	40.7	-13.8%
Total Operating Expenses (less depreciation)	19.0	20.3	-6.4%	20.3	18.2	11.5%
Net Earnings	\$ 17.3	\$ 14.8	16.9%	\$ 14.8	\$ 22.5	-34.2%
Current Fiscal Annual Debt Service	10.7	9.3	15.1%	9.3	7.0	32.9%
Debt Coverage Ratio	<b>1.6</b>	<b>1.6</b>	0.0%	<b>1.6</b>	<b>3.2</b>	-50.0%
Maximum Annual Debt Service	12.3	12.3	0.0%	12.3	7.0	75.7%
Debt Coverage Ratio	<b>1.4</b>	<b>1.2</b>	16.7%	<b>1.2</b>	<b>3.2</b>	-62.5%

The market timing of the Authority’s latest bond issues (2005 and 2007) resulted in historically favorable average coupon rate of 4.8%. As can be seen in Table A-5, the Authority’s current average cost of capital is 4.8% in outstanding debt.

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

	<b>Debt Balance</b>	<b>Average Coupon Rate</b>
1993 Bonds	\$12.8	5.5%
1998 Bonds	27.9	4.6%
2005 Bonds	51.4	4.8%
2007 Bonds	76.7	4.8%
State Rev. Fund	0.5	2.0%
<b>Total</b>	<b>\$169.3</b>	<b>*4.8%</b>

\*Note: weighted average coupon rate.

### ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The 2010 budget, five year cash flow projections and capital improvement program have been prepared taking into account that economic and population growth for the Authority’s service area are expected to remain the same with little growth anticipated in the next five years. Other factors affecting next year’s and future budgets are listed below.

- The 2010 budget was prepared anticipating a 5% rate increase in December to insure meeting debt coverage ratios and future debt service needs.
- The Authority’s Capital Improvement Program is funded through issuance of new debt, capital contributions from tap fees and developers, and operating revenue in excess of operating expenses and debt service expenses. With the slowdown of construction and tap fee revenues and a reluctance to issue new debt, capital improvements projects have been delayed or cancelled.
- Pension costs increased 28% in the 2010 budget due to losses sustained in pension trust funds during the past year.

### CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

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



# **BASIC FINANCIAL STATEMENTS**

# Douglasville-Douglas County Water and Sewer Authority

## Statements of Net Assets

	June 30,	
	2009	2008
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 1,357,923	\$ 961,740
Accounts receivable, less allowance for doubtful accounts of \$431,280 in 2009 and \$496,255 in 2008	4,037,621	4,000,720
Miscellaneous receivables	1,367,122	1,490,514
Inventories	569,780	662,666
Prepaid expenses	182,447	231,690
Restricted assets:		
Cash and cash equivalents	8,864,535	13,538,528
Investments	49,693,741	63,393,809
Receivables	747,360	340,304
Total current assets	66,820,529	84,619,971
Non-current assets:		
Capital assets:		
Land and easements	12,008,661	10,978,198
Buildings	37,712,312	27,967,067
Machinery and equipment	48,692,688	33,391,885
Improvements other than buildings	380,038,912	321,660,089
Construction in progress	29,992,817	95,419,212
	508,445,390	489,416,451
Less accumulated depreciation	116,031,591	105,659,135
Net capital assets	392,413,799	383,757,316
Other assets:		
Prepaid loan costs, less accumulated amortization of \$194,153 in 2009 and \$184,445 in 2008	12,944	22,652
Bond issuance costs, less accumulated amortization of \$1,129,064 in 2009 and \$985,749 in 2008	1,956,488	2,099,803
Deposits	8,261	58,261
Total other assets	1,977,693	2,180,716
Total non-current assets	394,391,492	385,938,032
<b>Total assets</b>	<b>\$ 461,212,021</b>	<b>\$ 470,558,003</b>

	June 30,	
	2009	2008
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 3,000,605	\$ 3,408,095
Accrued expenses and other	753,818	676,128
Claims/Judgments payable	-	800,000
Current liabilities payable from restricted assets:		
Accounts payable	1,353,249	7,378,013
Revenue bonds, portion due within one year	2,600,000	2,470,000
Notes payable, portion due within one year	325,724	319,291
Accrued interest on revenue bonds	679,078	690,040
Accrued interest on notes payable	1,637	2,701
Customer deposits	2,194,834	2,121,189
Deferred income	1,894,018	1,976,374
Total current liabilities	<u>12,802,963</u>	<u>19,841,831</u>
Non-current liabilities:		
Other long-term liability	1,747,159	1,319,791
Long-term debt:		
Revenue bonds – portion due after one year, net of unamortized (premium)/discounts of (\$2,874,124) in 2009 and (\$3,006,839) in 2008	169,104,124	171,836,839
Notes payable	165,315	491,039
Total long-term debt	<u>169,269,439</u>	<u>172,327,878</u>
Total non-current liabilities	<u>171,016,598</u>	<u>173,647,669</u>
Total liabilities	<u>183,819,561</u>	<u>193,489,500</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	267,536,633	274,101,551
Restricted net assets:		
Restricted for debt service	760,582	707,879
Restricted for capital projects	1,111,570	1,154,341
Restricted for meter deposits	276,584	227,210
Unrestricted net assets	<u>7,707,091</u>	<u>877,522</u>
Total net assets	<u>277,392,460</u>	<u>277,068,503</u>
<b>Total liabilities and net assets</b>	<u>\$ 461,212,021</u>	<u>\$ 470,558,003</u>
<i>See accompanying notes</i>		

# Douglasville-Douglas County Water and Sewer Authority

## Statements of Revenues, Expenses, and Changes in Net Assets

	Year ended June 30,	
	2009	2008
	<u>                    </u>	<u>                    </u>
Operating revenue:		
Charges for services	\$ 33,284,359	\$ 31,190,153
Penalties	1,100,579	1,049,687
	<u>34,384,938</u>	<u>32,239,840</u>
Operating expenses:		
Employment costs	11,027,789	10,321,340
Repairs and maintenance	2,012,517	2,140,590
Supplies and materials	790,339	795,170
Depreciation	13,642,537	12,541,438
Utilities	2,779,458	2,119,249
Water and sewer services purchased	21,825	1,569,095
Administration	2,321,197	3,359,049
	<u>32,595,662</u>	<u>32,845,931</u>
Operating income (loss)	1,789,276	(606,091)
Non-operating revenues (expenses):		
Interest and fiscal charges, net of capitalized amount of \$1,758,809 in 2009 and \$3,881,876 in 2008	(6,523,443)	(3,431,790)
Interest revenue	1,028,693	2,588,310
Gain/(loss) on disposal of capital assets	(645,417)	(1,127,254)
Other income and expenses	681	(24,546)
Total non-operating revenue and expenses, net	<u>(6,139,486)</u>	<u>(1,995,280)</u>
Gain/(loss) before capital contributions	(4,350,210)	(2,601,371)
Capital contributions	4,674,167	12,981,033
Change in net assets	323,957	10,379,662
Total net assets – beginning	277,068,503	266,688,841
Total net assets – ending	<u>\$ 277,392,460</u>	<u>\$ 277,068,503</u>

*See accompanying notes.*

Douglasville-Douglas County Water and Sewer Authority

Statements of Cash Flows

	Year ended June 30,	
	2009	2008
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 34,127,690	\$ 31,020,492
Cash payments for goods and services	(8,523,313)	(9,244,178)
Cash payments to employees	(10,522,731)	(10,085,250)
Net cash provided by operating activities	<u>15,081,646</u>	<u>11,691,064</u>
<b>Cash flows from capital and related financing activities:</b>		
Net proceeds from issuance of bonds	-	78,698,271
Proceeds from the sale of capital assets	1,197	17,910
Cash received for development	1,131,995	298,391
Cash received for water and sewer tap fees	1,679,355	2,393,329
Cash received from capital grants	600,733	1,050
Proceeds from construction bid packages	20,987	27,730
Payments for capital acquisitions	(26,417,278)	(39,170,792)
Principal repayments on long-term debt	(2,789,291)	(2,657,984)
Interest paid	(8,294,276)	(7,016,650)
Net cash provided by (used in) capital and related financing activities	<u>(34,066,578)</u>	<u>32,591,255</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	13,700,068	47,117,377
Receipts of interest and dividends	1,007,054	2,565,111
Payments for investments	-	(90,952,889)
Net cash provided by (used in) investing activities	<u>14,707,122</u>	<u>(41,270,401)</u>
Net increase (decrease) in cash and cash equivalents	(4,277,810)	3,011,918
Cash and cash equivalents, beginning of year	14,500,268	11,488,350
Cash and cash equivalents, end of year	<u>10,222,458</u>	<u>14,500,268</u>
<b>Reconciliation to Statement of Net Assets:</b>		
Cash and cash equivalents	1,357,923	961,740
<b>Restricted assets:</b>		
Cash and cash equivalents	8,864,535	13,538,528
	<u>\$ 10,222,458</u>	<u>\$ 14,500,268</u>

Continued on next page

Douglasville-Douglas County Water and Sewer Authority

Statements of Cash Flows (Continued)

	Year ended June 30,	
	2009	2008
	<u>                    </u>	<u>                    </u>
<b>Reconciliation of operating income/(loss) to net cash provided by operating activities:</b>		
Operating income/(loss)	\$ 1,789,276	\$ (606,091)
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Depreciation	13,642,537	12,541,438
Bad debt expense	417,384	815,394
Changes in operating assets and liabilities:		
Accounts and miscellaneous receivables	(330,893)	(1,189,124)
Inventories	92,886	(24,084)
Prepaid expenses	49,243	27,278
Deposits	50,000	(5,000)
Accounts payable	(407,490)	(883,113)
Accrued expenses and other	77,690	(9)
Claims/Judgments payable	(800,000)	800,000
Customer deposits	73,645	(30,224)
Other long-term liabilities	427,368	244,599
Total adjustments	<u>13,292,370</u>	<u>12,297,155</u>
Net cash provided by operating activities	<u>\$ 15,081,646</u>	<u>\$ 11,691,064</u>
Non-cash capital financing activities:		
Capital assets acquired through:		
Developer contributions	\$ 1,501,113	\$ 9,566,053
Total non-cash capital financing activities	<u>\$ 1,501,113</u>	<u>\$ 9,566,053</u>

*See accompanying notes.*

**NOTES TO  
FINANCIAL STATEMENTS**

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

June 30, 2009 and 2008

### 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 services fees. As stated in each Agreement, deferred 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 deferred 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 Directors of Douglas County. The remaining five members are selected on a rotating basis.

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. Method of Accounting*

The Authority operates as an enterprise activity, and its records are maintained on the accrual basis of accounting. Under this method revenues are recognized when earned and expenses are recognized when incurred. The Authority follows all applicable Governmental Accounting Standards Board (GASB) pronouncements, and Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 unless the FASB pronouncements conflict or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance (FASB) for its enterprise activities, subject to the same limitation. The Authority has elected not to follow subsequent private-sector guidance.

The Authority classifies net assets into three components; (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. These classifications are defined as follows:

- 1) Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation for invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.



# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

#### ***B. Investments***

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

#### ***C. Capital Assets***

Capital assets are defined by the Authority as individual assets with a life expectancy of more than one year and a cost of \$500. 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	4 – 10 years
Buildings	25 – 40 years
Improvements other than buildings	30 – 50 years

#### ***D. Inventories***

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

#### ***E. Bond Premiums, Bond Discounts, Bond Issuance and Prepaid Loan Costs***

Bond premiums, bond discounts, and bond issuance costs are being amortized on the effective interest method over the term of the related obligation. Prepaid loan costs are being amortized on the straight-line method, which approximates 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.

#### ***F. Accumulated Unpaid Vacation and Sick Pay***

The Authority accrues its liability for earned but unpaid vacation and sick pay costs.

#### ***G. Deferred Income***

Deferred 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.

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *H. Water and Sewer Tap Fees*

Water and sewer tap fees are recorded as capital contributions when received and related costs are capitalized in capital assets.

#### *I. Developer Lines*

Water and sewer lines are constructed by private developers and then dedicated to the Authority, which is then responsible for their future maintenance. These lines 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.

#### *J. 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 assets available, it is the Authority's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

#### *K. Statements of Cash Flows*

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

#### *L. Comparative Data*

Comparative total data for the prior year have been presented in the financial statements in order to provide an understanding of the changes in the financial position and operations of the Authority.

#### *M. Management Estimates*

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

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 2. DEPOSITS AND INVESTMENTS

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

	2009	2008
Demand deposit accounts	\$ 9,524,030	\$ 10,705,193
Money market treasury accounts	713,337	3,795,075
U.S. Treasury Bills/Obligations	-	243,048
Local Government Investment Pool	49,678,832	63,150,761
	<u>\$ 59,916,199</u>	<u>\$ 77,894,077</u>

	2009	2008
Classification per Statements of Net Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,357,923	\$ 961,740
Restricted assets:		
Cash and cash equivalents	8,864,535	13,538,528
Investments	49,693,741	63,393,809
	<u>\$ 59,916,199</u>	<u>\$ 77,894,077</u>

**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, 2009, the Authority had the following investments:

<b>Investment</b>	<b>Maturities</b>	<b>Fair Value</b>
Georgia Fund 1	41 day weighted average	\$49,678,832
Total Investments		<u>\$49,678,832</u>

At June 30, 2008, the Authority had the following investments:

<b>Investment</b>	<b>Maturities</b>	<b>Fair Value</b>
Georgia Fund 1	40 day weighted average	\$63,150,761
U.S. Treasury Notes	313 day weighted average	243,048
Total Investments		<u>\$63,393,809</u>

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 2. DEPOSITS AND INVESTMENTS (CONTINUED)

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, allows governmental entities to report money market investments at amortized cost. U.S. Treasury and agency obligations with remaining maturities of one year or less when purchased are also reported at amortized cost which approximates fair value. This statement also allows investments in a 2a7-like pool to be determined by the pool's share price. The LGIP (Georgia Fund 1) is considered a 2a7-like pool and investments in this pool are reported at share price on the Statement of Net Assets. As of June 30, 2009 and 2008, the Authority's investment in Georgia Fund 1 was rated AAAM by Standard & Poor's.

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

The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

**U.S. Treasury Notes** – The Authority, by means of a Forward Delivery Agreement, uses money deposited into the 1993 Debt Service Sinking Fund to purchase direct, full faith and credit, non-callable obligations of the United States of America, which will mature at such times and in such amounts as will permit the timely payment of principal and interest on the 1993 bonds.

**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, 2009, all of the Authority's bank balances were insured and collateralized as defined by the Governmental Accounting Standards Board and State Statutes.

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 3. LONG-TERM DEBT

On October 18, 2007, the Authority issued Water and Sewerage Revenue Bonds in the amount of \$76,755,000 with interest rates ranging from 4.0 percent to 5.0 percent. The Bonds will be 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 \$76,755,000 at June 30, 2009 and 2008.

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 percent to 5.0 percent. The bonds will be used to finance the cost of making renovations, additions, and expansions of the system. The outstanding principal balance on the 2005 Series Bonds was \$51,390,000 and \$51,685,000 at June 30, 2009 and 2008, respectively.

On October 28, 1998, the Authority issued Water and Sewerage Revenue Bonds in the amount of \$28,620,000 with interest rates ranging from 3.25 percent to 4.9 percent. A portion of the proceeds from the bonds went to prepay in full the \$1,030,737 GEFA Loan, with an outstanding aggregate principal amount of \$746,755. The remaining portion of the Bond proceeds is being used to acquire, construct, and install certain additions, extensions, and improvements to the system. The outstanding principal balance on the 1998 Series Bonds was \$27,925,000 and \$28,000,000 at June 30, 2009 and 2008, respectively.

On June 15, 1993, the Authority issued Water and Sewerage Revenue Bonds in the amount of \$29,895,000 to partially defease the 1991 and 1988 bond issues. The outstanding principal balance on the 1993 series bonds was \$12,760,000 and \$14,860,000 at June 30, 2009 and 2008, respectively. The remaining proceeds were used primarily to fund construction.

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

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

<b>Bond Year Ending June 1</b>	<b>Principal Maturities and Scheduled</b>		<b>Total Debt Service on the Bonds</b>
	<b>Mandatory Redemption Payments</b>	<b>Interest Payments</b>	
2010	\$ 2,600,000	\$ 8,148,931	\$ 10,748,931
2011	4,240,000	8,010,196	12,250,196
2012	4,445,000	7,804,071	12,249,071
2013	4,665,000	7,587,171	12,252,171
2014	4,890,000	7,359,001	12,249,001
2015-2019	28,100,000	33,148,668	61,248,668
2020-2024	35,140,000	26,108,550	61,248,550
2025-2029	44,400,000	16,848,588	61,248,588
2030-2034	26,180,000	6,871,310	33,051,310
2035-2037	14,170,000	1,440,000	15,610,000
<b>Totals</b>	168,830,000	\$ 123,326,486	\$ 292,156,486
Less: Portion due within one year	2,600,000		
Net Unamortized (premium)/discount	(2,874,124)		
Long-term debt at June 30, 2009	\$ 169,104,124		

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 3. LONG-TERM DEBT (CONTINUED)

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

The Series 2005 Bonds maturing on or after June 1, 2016 may be redeemed at the option of the Authority on not less than thirty (30) days nor more than 60 days notice prior to their respective maturities, in whole or in part, at any time, not earlier than December 1, 2015, from any moneys available for such purpose as provided in the 2005 Resolution by payment of the principal amount thereof and accrued interest thereon to date of redemption.

The Series 1998 Bonds having stated maturities in 2018 and 2023 will be subject to scheduled mandatory redemption prior to maturity. These Bonds are to be redeemed each year beginning June 1, 2016 to May 31, 2018, and June 1, 2019 to May 31, 2023 respectively, at a redemption price equal to 100 percent.

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

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

Changes in long-term liabilities are as follows:

	June 30, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
1993 Revenue Bonds	\$ 14,860,000	\$ -	\$ (2,100,000)	\$ 12,760,000	\$ 2,220,000
1998 Revenue Bonds	28,000,000	-	(75,000)	27,925,000	80,000
2005 Revenue Bonds	51,685,000	-	(295,000)	51,390,000	300,000
2007 Revenue Bonds	76,755,000	-	-	76,755,000	-
State Revolving Fund	810,330	-	(319,291)	491,039	325,724
	<u>172,110,330</u>	<u>-</u>	<u>(2,789,291)</u>	<u>169,321,039</u>	<u>2,925,724</u>
Premiums/(Discounts):					
1993 Revenue Bonds	(21,474)	-	5,661	(15,813)	-
1998 Revenue Bonds	(635,601)	-	56,913	(578,688)	-
2005 Revenue Bonds	711,591	-	(40,925)	670,666	-
2007 Revenue Bonds	2,952,323	-	(154,364)	2,797,959	-
Total long-term debt	<u>\$ 175,117,169</u>	<u>\$ -</u>	<u>\$ (2,922,006)</u>	<u>\$ 172,195,163</u>	<u>\$ 2,925,724</u>
Current Portion	<u>(2,789,291)</u>			<u>(2,925,724)</u>	
Long-Term	<u>\$ 172,327,878</u>			<u>\$ 169,269,439</u>	

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 3. LONG-TERM DEBT (CONTINUED)

	June 30, 2007	Additions	Reductions	June 30, 2008	Due Within One Year
1993 Revenue Bonds	\$ 16,845,000	\$ -	\$ (1,985,000)	\$ 14,860,000	\$ 2,100,000
1998 Revenue Bonds	28,075,000	-	(75,000)	28,000,000	75,000
2005 Revenue Bonds	51,970,000	-	(285,000)	51,685,000	295,000
2007 Revenue Bonds	-	76,755,000	-	76,755,000	-
State Revolving Fund	1,123,314	-	(312,984)	810,330	319,291
	<u>98,013,314</u>	<u>76,755,000</u>	<u>(2,657,984)</u>	<u>172,110,330</u>	<u>2,789,291</u>
Premiums/(Discounts):					
1993 Revenue Bonds	(27,902)	-	6,429	(21,474)	-
1998 Revenue Bonds	(692,645)	-	57,044	(635,601)	-
2005 Revenue Bonds	752,683	-	(41,092)	711,591	-
2007 Revenue Bonds	-	3,060,806	(108,484)	2,952,323	-
Total long-term debt	<u>\$98,045,450</u>	<u>\$79,815,806</u>	<u>(\$2,744,087)</u>	<u>\$175,117,169</u>	<u>\$2,789,291</u>

Other long-term debt is as follows:

	2009	2008
Note payable to State of Georgia, 2% annual interest, due quarterly	\$ 491,039	\$ 810,330
Less: Portion due within one year	<u>325,724</u>	<u>319,291</u>
Long-Term Portion	<u>\$ 165,315</u>	<u>\$ 491,039</u>

Maturities of notes payable for the remaining Fiscal Years are:

	Principal	Interest	Total
2010	\$ 325,724	\$ 7,388	\$ 333,112
2011	165,315	1,241	166,556
	<u>\$ 491,039</u>	<u>\$ 8,629</u>	<u>\$ 499,668</u>

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 4. CAPITAL ASSETS

A summary of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2009 and 2008 follows:

	Balance June 30, 2008	Additions	Retirements & Transfers	Balance June 30, 2009
<b>Capital assets not being depreciated:</b>				
Land and Easements	\$ 10,978,198	\$ 1,030,463	\$ -	\$ 12,008,661
Construction in progress	95,419,212	20,842,098	(86,268,493)	29,992,817
<b>Total capital assets, not being depreciated</b>	<b>106,397,410</b>	<b>21,872,561</b>	<b>(86,268,493)</b>	<b>42,001,478</b>
<b>Capital assets being depreciated:</b>				
Buildings and Structures	27,967,067	9,808,560	(63,315)	37,712,312
Machinery and Equipment	33,391,885	16,049,226	(748,423)	48,692,688
Improvements Other Than Buildings	321,660,089	61,483,780	(3,104,957)	380,038,912
<b>Total capital assets being depreciated</b>	<b>383,019,041</b>	<b>87,341,566</b>	<b>(3,916,695)</b>	<b>466,443,912</b>
<b>Less accumulated depreciation for:</b>				
Buildings and Structures	(7,743,921)	(858,921)	43,255	(8,559,587)
Machinery and Equipment	(19,171,847)	(3,100,451)	716,832	(21,555,466)
Improvements Other Than Buildings	(78,743,367)	(9,683,165)	2,509,994	(85,916,538)
<b>Total accumulated depreciation</b>	<b>(105,659,135)</b>	<b>(13,642,537)</b>	<b>3,270,081</b>	<b>(116,031,591)</b>
<b>Total capital assets being depreciated, net</b>	<b>277,359,906</b>	<b>73,699,029</b>	<b>(646,614)</b>	<b>350,412,321</b>
<b>Net capital assets</b>	<b>\$ 383,757,316</b>	<b>\$ 95,571,590</b>	<b>\$ (86,915,107)</b>	<b>\$ 392,413,799</b>
<hr/>				
	Balance June 30, 2007	Additions	Retirements & Transfers	Balance June 30, 2008
<b>Capital assets not being depreciated:</b>				
Land and Easements	\$ 9,766,496	\$ 1,211,702	\$ -	\$ 10,978,198
Construction in progress	67,616,693	41,112,061	(13,309,542)	95,419,212
<b>Total capital assets, not being depreciated</b>	<b>77,383,189</b>	<b>42,323,763</b>	<b>(13,309,542)</b>	<b>106,397,410</b>
<b>Capital assets being depreciated:</b>				
Buildings and Structures	27,967,067	-	-	27,967,067
Machinery and Equipment	32,124,065	1,560,838	(293,018)	33,391,885
Improvements Other Than Buildings	300,047,469	22,795,118	(1,182,498)	321,660,089
<b>Total capital assets being depreciated</b>	<b>360,138,601</b>	<b>24,355,956</b>	<b>(1,475,516)</b>	<b>383,019,041</b>
<b>Less accumulated depreciation for:</b>				
Buildings and Structures	(6,786,400)	(957,521)	-	(7,743,921)
Machinery and Equipment	(16,817,994)	(2,537,215)	183,362	(19,171,847)
Improvements Other Than Buildings	(69,805,904)	(9,046,702)	109,239	(78,743,367)
<b>Total accumulated depreciation</b>	<b>(93,410,298)</b>	<b>(12,541,438)</b>	<b>292,601</b>	<b>(105,659,135)</b>
<b>Total capital assets being depreciated, net</b>	<b>266,728,303</b>	<b>11,814,518</b>	<b>(1,182,915)</b>	<b>277,359,906</b>
<b>Net capital assets</b>	<b>\$ 344,111,492</b>	<b>\$ 54,138,281</b>	<b>\$ (14,492,457)</b>	<b>\$ 383,757,316</b>



# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 4. CAPITAL ASSETS (CONTINUED)

Total interest costs incurred during the year amounted to \$8,282,252 and \$7,313,666 in 2009 and 2008, respectively. From these amounts, \$1,758,809 and \$3,881,876 was capitalized as construction period interest in 2009 and 2008, respectively.

Depreciation expense incurred during the year amounted to \$13,642,537 and \$12,541,438 in 2009 and 2008, respectively.

### 5. CHANGES IN AMOUNTS INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

The change in amounts invested in capital assets, net of related debt can be summarized as follows:

	2009	2008
Beginning of year	\$ 274,101,551	\$ 266,288,821
Change in capital assets	8,656,483	39,645,824
Change in related debt	2,922,006	(77,071,719)
Change in debt related to unspent proceeds	(18,143,407)	45,238,625
End of year	<u>\$ 267,536,633</u>	<u>\$ 274,101,551</u>

### 6. 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, while Board enacted restrictions restrict funds for additional capital improvements. A breakdown of the specified purposes of the restricted assets is as follows:

	2009	2008
Legal:		
Capital improvements		
Renewal and Extension	\$ 795,715	\$ 965,887
Refundable meter deposits	2,286,781	2,191,958
Debt service sinking fund	1,439,660	1,400,620
Construction fund	47,317,997	65,461,404
	<u>51,840,153</u>	<u>70,019,869</u>
Receivables	747,360	340,304
Board enacted:		
Capital reserves	6,718,123	6,912,468
	<u>7,465,483</u>	<u>7,252,772</u>
Total Restricted Assets	<u>\$ 59,305,636</u>	<u>\$ 77,272,641</u>

Amounts in the Debt Service Sinking Fund are restricted to the payment of current bond principal and interest requirements as they become due, as well as required fiscal charges. Sinking fund payments required by the Authority for bond year 2010 total \$10,748,931.

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 7. PENSIONS

#### **Plan Description**

The Douglasville-Douglas County Water & Sewer Authority Retirement Plan (the "Plan") 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.

#### **General**

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.

#### **Retirement Options / Benefit Provisions**

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be 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 works 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 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 calculated at 1 ½ % per year 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.

#### **Membership**

Membership of the Plan as of the valuation date of March 1, 2009 was:

<u>Members of the Plan</u>	<u>Participants</u>
Retirees and beneficiaries receiving benefits	28
Terminated plan members entitled to, but not yet receiving benefits	67
Active plan members	174
<b>Total Membership</b>	<b>269</b>

#### **Funding Policy**

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is \$1,485,552. The GMEBS Board of Trustees had adopted an 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.

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 7. PENSIONS (CONTINUED)

For 2009, the Authority's annual pension cost of \$1,651,491 for the Plan is equal to the Authority's required contribution.

Fiscal Year	Annual Required Contribution	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2004	\$ 858,100	\$ 858,100	100%	\$ -
2005	\$ 974,735	\$ 974,735	100%	\$ -
2006	\$1,167,373	\$1,167,373	100%	\$ -
2007	\$1,194,880	\$1,194,880	100%	\$ -
2008	\$1,288,450	\$1,288,450	100%	\$ -
2009	\$1,651,491	\$1,651,491	100%	\$ -

As of the most recent valuation date, March 1, 2009, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
3/1/2009	\$12,621,566	\$18,108,514	\$5,486,948	69.7%	\$7,004,015	78.3%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term prospective and are based on the substantive plan in effect as of March 1, 2009. The assumptions used are as follows:

Valuation Date	March 1, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases
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 end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Projected Salary Increases	5.50%
Cost of Living Adjustments	5.00% (hired before 1/1/2009) 0.00% (hired on or after 1/1/2009)

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 7. PENSIONS (CONTINUED)

#### **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.

### 8. PENSIONS – EXECUTIVE DIRECTOR

#### **Plan Description**

The Douglasville-Douglas County Water & Sewer Authority - Executive Director Plan is a single employer – single employee defined benefit plan that offers the Executive Director additional supplemental pension retirement benefits. The plan is a defined retirement benefits plan based on number of years service, cost of living adjustment, and is reduced by any benefits paid by the main retirement plan.

#### **General**

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. During Fiscal Year 2006, the Authority adopted a resolution to allow for credited years of service for prior government service. This change significantly reduced the retirement date of the Executive Director from October 1, 2010 to December 31, 2006. The impact was a significant increase in the remaining annual yearly obligation due to the shortened reserve period.

On February 1, 2007, the Executive Director officially retired. In conjunction with his retirement, a revised Employment Agreement for an indefinite period was authorized by the Board of Directors on April 22, 2008. Under the new employment agreement, the Executive Director receives a salary without any benefits including pension coverage.

#### **Retirement Options/ Benefit Provision**

Single employee plan – 4% of employee's average annual compensation is multiplied by the number of years of service. Average annual compensation based on three highest years worked before retirement less any payments received from GMEBS (see pension information above). Full retirement is at 65 or under the rule of 80 at 55 with 25 years of service. Benefits adjusted annually with prior year's CPI inflation rate.

#### **Membership**

Membership of the Plan as of January 1, 2009 was:

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

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 8. PENSIONS – EXECUTIVE DIRECTOR (CONTINUED)

#### Funding Policy

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

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

Annual required contribution	\$262,515
Interest from net pension obligations	32,005
Adjustment to annual required contribution	(32,005)
Annual pension cost	<u>262,515</u>
Contributions made	10,470
Increase in net pension obligation	252,045
Net pension obligation, beginning of year	\$800,113
Net pension obligation, end of year	<u>\$1,052,158</u>

Fiscal Year	Annual Required Contribution	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation End of Year
2007	\$650,327	\$1,651,197	254%	\$ 124,259
2008	\$679,891	\$ 4,037	1%	\$ 800,113
2009	\$262,515	\$ 10,470	4%	\$ 1,052,158

As of the most recent valuation date, January 1, 2009, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$ 1,757,920	\$ 2,995,530	\$ 1,237,610	58.68%	N/A	N/A

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and calculations are based on the substantive plan in effect as of January 1, 2009.

Valuation Date	January 1, 2009
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar for remaining unfunded liability
Amortization Period	5 years
Remaining Amortization Period	12 months
Asset Valuation Method	Fair market value
Actuarial Assumptions:	
Investment Rate of Return	4%
Cost of living adjustment	4%

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 9. OTHER POST EMPLOYMENT BENEFITS

#### **Plan Description**

The Authority does not provide post-retirement benefits to its employees with the exception of hospitalization and medical coverage of the Executive Director who retired effective February 1, 2007. Douglasville-Douglas County Water & Sewer Authority's - Executive Director – Employment Agreement Plan is a single-employer single-employee defined benefit plan. The plan was created on October 1, 1999, when the Authority entered into an employment agreement with the Executive Director providing supplemental retirement benefits. After retirement on February 1, 2007, services of an actuary were obtained and the estimated costs associated with this benefit are being amortized over a 5 year period. The actuary determined actuarial accrued liability as of June 30, 2009 and 2008 was \$846,545 and \$757,052, respectfully.

#### **Retirement Options / Benefits**

The Authority continues to pay all health insurance and reimbursement for medical expenses for the executive director and any dependants for the rest of his life after retirement. The benefits were created by the 1999 employment agreement between Peter Frost and the Board of Directors. There are no provisions for changes other than by mutual agreement from both parties.

#### **Eligibility**

Only one employee is eligible to receive benefits under this plan – the retired Executive Director.

#### **Membership**

Membership of the Plan as of January 1, 2009 was:

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

#### **Contributions – Funding**

The Authority funds this benefit on a pay-as-you-go basis. The actuarial accrued liability for the plan is amortized over a closed five-year period which ends December 31, 2009. The liability appears on the Statements of Net Assets as other long term liabilities. During the past fiscal year, \$25,950 was paid out in benefits.

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

Annual required contribution	\$201,273
Interest from net OPEB obligations	20,787
Adjustment to annual required contribution	(20,787)
Annual OPEB cost	<u>201,273</u>
Contributions made	25,950
Increase in net OPEB obligation	175,323
Net OPEB obligation, beginning of year	519,678
Net OPEB obligation, end of year	<u>\$695,001</u>

Fiscal Year	Annual Required Contribution	Actual Contribution	Percentage of APC Contributed	Net Obligation End of Year
2008	\$ -0-	\$41,604	100%	\$ 519,678
2009	\$201,273	\$25,950	13%	\$ 695,001

# Douglasville-Douglas County Water and Sewer Authority

## Notes to Financial Statements

### 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

As of the most recent valuation date, January 1, 2009, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (AAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$0	\$ 846,545	\$846,545	0%	N/A	N/A

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and calculations are based on the substantive plan in effect as of January 1, 2009.

Valuation Date	January 1, 2009
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar for remaining unfunded liability
Amortization Period	5 years
Remaining Amortization Period	12 months
Actuarial Assumptions:	
Medical cost adjustment factor pre-Medicare	1.19%
Cost Adjustment at age 65	0.46%
Medical benefits value	4% interest
Medical cost trend	7%
Life Expectancy	20 years

### 10. 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, 2009 and 2008, outstanding construction commitments totaled \$41,302,491 and \$13,824,211, respectively.

#### **Litigation**

As of June 30, 2009 there were no pending or threatened litigation, claims or assessments against the Authority. As of June 30, 2008 one pending suit existed and was settled on August 12, 2008 with Noble Builders. The Authority executed a Settlement Agreement with Noble Builders, Inc. relating to litigation for water drainage onto their property resulting in standing water around four houses and in the yards. The basic terms of the settlement are that the Authority purchased these four affected properties from Noble Builders, Inc. for \$900,000. The Authority recorded an \$800,000 liability which represents the Authority's obligation at year end (\$900,000 less \$100,000 which will be paid directly to Noble from Insurance), and recorded \$100,000 in revenues from the Authority's water consulting engineer for recovery of legal fees. The Authority recovered the \$900,000 settlement payment from insurance carriers and through in-kind contributions from the Authority's water consulting engineer. The Authority recorded \$900,000 of accrued receivables (\$300,000 received from insurance carriers and \$600,000 from the Authority's water consulting engineer). The Authority recorded these transactions in the financial statements at June 30, 2008.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

Douglasville-Douglas County Water and Sewer Authority

Required Supplementary Information

**Funding Progress Schedules**

<b>Defined Benefit Plan</b>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding Excess (Deficiency) of AAL (FEAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	FEALL as a Percent of Covered Payroll [(a-b)/c]
3/1/2004	\$ 7,374,149	\$ 9,002,765	\$ (1,628,616)	81.9%	\$ 5,142,544	31.7%
3/1/2005	\$ 8,670,837	\$ 10,727,755	\$ (2,056,918)	80.8%	\$ 5,436,082	37.8%
3/1/2006	\$ 10,154,752	\$ 12,490,179	\$ (2,335,427)	81.3%	\$ 5,862,666	39.8%
3/1/2007	\$ 11,924,379	\$ 14,239,709	\$ (2,315,330)	83.7%	\$ 6,035,687	38.4%
3/1/2008	\$ 13,793,086	\$ 16,401,982	\$ (2,608,896)	84.1%	\$ 6,707,250	38.9%
3/1/2009	\$ 12,621,566	\$ 18,108,514	\$ (5,486,948)	69.7%	\$ 7,004,015	-78.3%

<b>Executive Director - Additional Pension Plan</b>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding Excess (Deficiency) of AAL (FEAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	FEALL as a Percent of Covered Payroll [(a-b)/c]
1/1/2008	\$ 1,838,847	\$ 2,966,492	\$ (1,127,645)	62.0%	N/A	N/A
1/1/2009	\$ 1,757,920	\$ 2,995,530	\$ (1,237,610)	58.7%	N/A	N/A

<b>Other Post-Employment Benefits - Executive Director</b>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding Excess (Deficiency) of AAL (FEAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	FEALL as a Percent of Covered Payroll [(a-b)/c]
1/1/2008	\$ -	\$ 757,052	\$ (757,052)	0.0%	N/A	N/A
1/1/2009	\$ -	\$ 846,545	\$ (846,545)	0.0%	N/A	N/A

**Note:** The assumptions used in the preparation of the above schedule are disclosed in Notes 7, 8 & 9 to the financial statements.

**SCHEDULE OF  
INDIVIDUAL ACCOUNTS**

# Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 1

## OPERATING ACCOUNT

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

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

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

### COMPARATIVE SCHEDULE OF OPERATING REVENUES

	<u>2009</u>	<u>2008</u>	<u>Variance</u> <u>Amount</u>	<u>Percent</u>
<b>Operating Revenues</b>				
Inspection Fees	\$ 10,400	\$ 37,925	\$ (27,525)	-72.58%
Operating Revenue - Water	18,452,762	17,571,573	881,189	5.01%
Operating Revenue - Sewer	9,294,489	8,375,983	918,506	10.97%
Operating Revenue - Stormwater	4,458,550	4,270,914	187,636	4.39%
Soil and Erosion Control Fees	22,030	43,484	(21,454)	-49.34%
Stormwater Fines	32,500	36,100	(3,600)	-9.97%
Cut Off Charges	566,580	366,360	200,220	54.65%
Sale of Materials and Supplies	16,037	21,834	(5,797)	-26.55%
Miscellaneous Revenues	430,911	465,140	(34,229)	-7.36%
Penalties	1,100,579	1,049,687	50,892	4.85%
Dog River Recreational Complex	100	840	(740)	-88.10%
<b>Total Operating Revenues</b>	<b><u>\$ 34,384,938</u></b>	<b><u>\$ 32,239,840</u></b>	<b><u>\$ 2,145,098</u></b>	<b><u>6.7%</u></b>

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 2

**SUMMARY OF OPERATIONS**

Year Ended June 30, 2009

	Employment Costs	Repairs & Maintenance	Supplies & Materials	Utilities	Water-Sewer Purchased	Administrative Costs	Depreciation	Total
Water Operations	\$ 2,633,493	\$ 832,055	\$ 285,578	\$ 1,155,481	\$ 3,863	\$ 80,827	\$ 4,385,520	\$ 9,376,817
Sewer Operations	3,289,218	570,846	461,629	1,486,122	17,962	530,887	6,962,436	13,319,100
Stormwater Operations	638,155	123,283	14,456	10,856	-	119,199	1,808,655	2,714,604
Engineering, Inspection & Construction Operations	883,928	117,581	10,563	18,883	-	33,725	169,204	1,233,884
Administrative Operations	3,582,995	368,752	18,113	108,116	-	1,556,559	316,722	5,951,257
<b>2009 Total</b>	<b>\$ 11,027,789</b>	<b>\$ 2,012,517</b>	<b>\$ 790,339</b>	<b>\$ 2,779,458</b>	<b>\$ 21,825</b>	<b>\$ 2,321,197</b>	<b>\$ 13,642,537</b>	<b>\$ 32,595,662</b>
<b>2008 Total</b>	<b>\$ 10,321,340</b>	<b>\$ 2,140,590</b>	<b>\$ 795,170</b>	<b>\$ 2,119,249</b>	<b>\$ 1,569,095</b>	<b>\$ 3,359,049</b>	<b>\$ 12,541,438</b>	<b>\$ 32,845,931</b>
<b>Variance</b>	<b>\$ 706,449</b>	<b>\$ (128,073)</b>	<b>\$ (4,831)</b>	<b>\$ 660,209</b>	<b>\$ (1,547,270)</b>	<b>\$ (1,037,852)</b>	<b>\$ 1,101,099</b>	<b>\$ (250,269)</b>

**COMPARATIVE SCHEDULE OF OPERATING EXPENSES BY BUDGET UNIT**

	Employment Costs	Repairs & Maintenance	Supplies & Materials	Utilities	Water-Sewer Purchased	Administrative Costs	Depreciation	Total
<b>WATER OPERATIONS</b>								
Water Plant Operations	\$ 973,227	\$ 29,558	\$ 257,825	\$ 1,079,926	\$ 3,863	\$ 32,169	\$ 666,635	\$ 3,043,203
Water Plant Maintenance	118,592	142,919	5,782	1,137	-	21,372	509,825	799,627
Water System Maintenance	1,613,077	650,148	20,142	71,898	-	26,775	2,824,354	5,206,394
Reservoir	63,062	9,430	1,829	2,520	-	511	384,706	462,058
Capitalized Salaries	(134,465)	-	-	-	-	-	-	(134,465)
<b>2009 Totals</b>	<b>\$ 2,633,493</b>	<b>\$ 832,055</b>	<b>\$ 285,578</b>	<b>\$ 1,155,481</b>	<b>\$ 3,863</b>	<b>\$ 80,827</b>	<b>\$ 4,385,520</b>	<b>\$ 9,376,817</b>
<b>2008 Totals</b>	<b>\$ 2,630,063</b>	<b>\$ 856,608</b>	<b>\$ 234,798</b>	<b>\$ 995,269</b>	<b>\$ 1,550,377</b>	<b>\$ 83,693</b>	<b>\$ 4,284,128</b>	<b>\$ 10,634,936</b>
<b>Variance</b>	<b>\$ 3,430</b>	<b>\$ (24,553)</b>	<b>\$ 50,780</b>	<b>\$ 160,212</b>	<b>\$ (1,546,514)</b>	<b>\$ (2,866)</b>	<b>\$ 101,392</b>	<b>\$ (1,258,119)</b>
<b>SEWER OPERATIONS</b>								
Sewer Plant Operations	\$ 1,403,032	\$ 8,833	\$ 397,353	\$ 731,001	\$ -	\$ 507,640	\$ 2,429,723	\$ 5,477,582
Reuse Facilities Operations	158,608	92	11,848	43,180	-	1,815	-	215,543
Sewer Plant Maintenance	364,356	147,245	14,305	3,392	-	4,099	1,724,408	2,257,805
Sewer System Maintenance	1,363,222	414,676	38,123	708,549	17,962	17,333	2,808,305	5,368,170
<b>2009 Totals</b>	<b>\$ 3,289,218</b>	<b>\$ 570,846</b>	<b>\$ 461,629</b>	<b>\$ 1,486,122</b>	<b>\$ 17,962</b>	<b>\$ 530,887</b>	<b>\$ 6,962,436</b>	<b>\$ 13,319,100</b>
<b>2008 Totals</b>	<b>\$ 3,012,984</b>	<b>\$ 656,910</b>	<b>\$ 516,498</b>	<b>\$ 992,529</b>	<b>\$ 18,718</b>	<b>\$ 518,975</b>	<b>\$ 6,003,658</b>	<b>\$ 11,720,272</b>
<b>Variance</b>	<b>\$ 276,234</b>	<b>\$ (86,064)</b>	<b>\$ (54,869)</b>	<b>\$ 493,593</b>	<b>\$ (756)</b>	<b>\$ 11,912</b>	<b>\$ 958,778</b>	<b>\$ 1,598,828</b>
<b>STORMWATER OPERATIONS</b>								
Stormwater Operations	\$ 638,279	\$ 123,283	\$ 14,456	\$ 10,856	\$ -	\$ 119,199	\$ 1,808,655	\$ 2,714,728
Capitalized Salaries	(124)	-	-	-	-	-	-	(124)
<b>2009 Totals</b>	<b>\$ 638,155</b>	<b>\$ 123,283</b>	<b>\$ 14,456</b>	<b>\$ 10,856</b>	<b>\$ -</b>	<b>\$ 119,199</b>	<b>\$ 1,808,655</b>	<b>\$ 2,714,604</b>
<b>2008 Totals</b>	<b>\$ 514,400</b>	<b>\$ 122,367</b>	<b>\$ 16,410</b>	<b>\$ 8,188</b>	<b>\$ -</b>	<b>\$ 123,968</b>	<b>\$ 1,777,685</b>	<b>\$ 2,563,018</b>
<b>Variance</b>	<b>\$ 123,755</b>	<b>\$ 916</b>	<b>\$ (1,954)</b>	<b>\$ 2,668</b>	<b>\$ -</b>	<b>\$ (4,769)</b>	<b>\$ 30,970</b>	<b>\$ 151,586</b>
<b>ENGINEERING, INSPECTION AND CONSTRUCTION OPERATIONS</b>								
Engineering	\$ 1,017,361	\$ 10,409	\$ 480	\$ 5,217	\$ -	\$ 27,568	\$ 34,340	\$ 1,095,375
Inspection	471,028	27,593	1,099	5,719	-	3,795	33,363	542,597
Construction	674,422	79,579	8,984	7,947	-	2,362	101,501	874,795
Capitalized Salaries	(1,278,883)	-	-	-	-	-	-	(1,278,883)
<b>2009 Totals</b>	<b>\$ 883,928</b>	<b>\$ 117,581</b>	<b>\$ 10,563</b>	<b>\$ 18,883</b>	<b>\$ -</b>	<b>\$ 33,725</b>	<b>\$ 169,204</b>	<b>\$ 1,233,884</b>
<b>2008 Totals</b>	<b>\$ 860,441</b>	<b>\$ 124,765</b>	<b>\$ 11,191</b>	<b>\$ 21,174</b>	<b>\$ -</b>	<b>\$ 45,385</b>	<b>\$ 178,960</b>	<b>\$ 1,241,916</b>
<b>Variance</b>	<b>\$ 23,487</b>	<b>\$ (7,184)</b>	<b>\$ (628)</b>	<b>\$ (2,291)</b>	<b>\$ -</b>	<b>\$ (11,660)</b>	<b>\$ (9,756)</b>	<b>\$ (8,032)</b>
<b>ADMINISTRATIVE OPERATIONS</b>								
Billing	\$ 771,563	\$ 483	\$ 1,662	\$ 389	\$ -	\$ 856,838	\$ 31,560	\$ 1,662,495
Meter Reading	513,677	110,318	8,421	8,484	-	6,738	199,022	846,660
Human Res. / General Services	509,565	182,525	2,973	97,680	-	375,565	60,891	1,229,199
Executive Administration	941,863	8,635	679	1,563	-	217,126	8,415	1,178,281
Finance & Accounting	540,434	-	1,171	-	-	82,221	10,520	634,346
MIS	305,893	66,791	3,207	-	-	18,071	6,314	400,276
<b>2009 Totals</b>	<b>\$ 3,582,995</b>	<b>\$ 368,752</b>	<b>\$ 18,113</b>	<b>\$ 108,116</b>	<b>\$ -</b>	<b>\$ 1,556,559</b>	<b>\$ 316,722</b>	<b>\$ 5,951,257</b>
<b>2008 Totals</b>	<b>\$ 3,303,452</b>	<b>\$ 379,940</b>	<b>\$ 16,273</b>	<b>\$ 102,089</b>	<b>\$ -</b>	<b>\$ 2,587,028</b>	<b>\$ 297,007</b>	<b>\$ 6,685,789</b>
<b>Variance</b>	<b>\$ 279,543</b>	<b>\$ (11,188)</b>	<b>\$ 1,840</b>	<b>\$ 6,027</b>	<b>\$ -</b>	<b>\$ (1,030,469)</b>	<b>\$ 19,715</b>	<b>\$ (734,532)</b>

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 3

SUMMARY OF RESTRICTED ASSETS AND RELATED DEBT

Year Ended June 30, 2009

	Legally Restricted				Board Restricted	Total All Restricted Accounts
	Construction Accounts	Renewal and Extension Accounts	Meter Deposit Accounts	Debt Service Accounts	Operating Accounts	
<b>Restricted Cash and Investments:</b>						
<b>Cash &amp; Cash Equivalents:</b>						
Checking	\$ 698,427	\$ 795,715	\$ 983,330	\$ -	\$ 6,386,613	\$ 8,864,085
Cash	-	-	450	-	-	450
<b>Total Cash &amp; Cash Equivalents</b>	<b>\$ 698,427</b>	<b>\$ 795,715</b>	<b>\$ 983,780</b>	<b>\$ -</b>	<b>\$ 6,386,613</b>	<b>\$ 8,864,535</b>
<b>Investments:</b>						
LGIP	46,619,570	-	1,303,001	1,439,660	331,510	49,693,741
<b>Total Investments</b>	<b>\$ 46,619,570</b>	<b>\$ -</b>	<b>\$ 1,303,001</b>	<b>\$ 1,439,660</b>	<b>\$ 331,510</b>	<b>\$ 49,693,741</b>
<b>Total Restricted Cash &amp; Investments</b>	<b>47,317,997</b>	<b>795,715</b>	<b>2,286,781</b>	<b>1,439,660</b>	<b>6,718,123</b>	<b>58,558,276</b>
<b>Restricted Receivables</b>	<b>-</b>	<b>747,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>747,360</b>
<b>Total Restricted Assets</b>	<b>\$ 47,317,997</b>	<b>\$ 1,543,075</b>	<b>\$ 2,286,781</b>	<b>\$ 1,439,660</b>	<b>\$ 6,718,123</b>	<b>\$ 59,305,636</b>
<b>Liabilities Payable from Restricted Assets:</b>						
<b>Accounts Payable</b>	<b>\$ 1,089,684</b>	<b>\$ 263,565</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,353,249</b>
<b>Customer Deposits:</b>						
Deposit Refunds	-	-	1,931,678	-	-	1,931,678
Unclaimed Refunds	-	-	78,519	-	16,697	95,216
Performance Deposits	-	167,940	-	-	-	167,940
<b>Total Customer Deposits</b>	<b>\$ -</b>	<b>\$ 167,940</b>	<b>\$ 2,010,197</b>	<b>\$ -</b>	<b>\$ 16,697</b>	<b>\$ 2,194,834</b>
<b>Revenue Bonds (due 1yr)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,600,000</b>	<b>2,600,000</b>
<b>Notes Payable (due 1yr)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>325,724</b>	<b>325,724</b>
<b>Accrued Interest Revenue Bonds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679,078</b>	<b>-</b>	<b>679,078</b>
<b>Accrued Interest Notes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,637</b>	<b>1,637</b>
<b>Deferred Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,996</b>	<b>1,804,022</b>	<b>1,894,018</b>
<b>Total Liabilities Payable from Restricted Assets</b>	<b>\$ 1,089,684</b>	<b>\$ 431,505</b>	<b>\$ 2,010,197</b>	<b>\$ 769,074</b>	<b>\$ 4,748,080</b>	<b>\$ 9,048,540</b>
<b>Net Assets:</b>	<b>\$ 46,228,313</b>	<b>\$ 1,111,570</b>	<b>\$ 276,584</b>	<b>\$ 670,586</b>	<b>\$ 1,970,043</b>	<b>\$ 50,257,096</b>

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

SCHEDULE 4

**OPERATING ACCOUNT  
COMPARATIVE SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES**

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>
<b>Restricted Assets</b>			
<b>Cash &amp; Cash Equivalents:</b>			
Checking	\$ 6,386,613	\$ 6,585,608	\$ (198,995)
<b>Investments:</b>			
Investment (Georgia Fund 1)	\$ 331,510	\$ 326,860	\$ 4,650
<b>Total Board Restricted Assets:</b>	<u>\$ 6,718,123</u>	<u>\$ 6,912,468</u>	<u>\$ (194,345)</u>
<b>Payables from Board Restricted Assets</b>			
<b>Customers Deposits:</b>			
Deposit Refunds	\$ -	\$ (50)	\$ 50
Unclaimed Refunds	\$ 16,697	\$ 4,642	\$ 12,055
Revenue Bonds (due one year)	\$ 2,600,000	\$ 2,470,000	\$ 130,000
Notes Payable (due one year)	\$ 325,724	\$ 319,291	\$ 6,433
Accrued Interest Notes	\$ 1,637	\$ 2,701	\$ (1,064)
Deferred Revenue	\$ 1,804,022	\$ 1,864,739	\$ (60,717)
<b>Total Payables From Board Restricted Assets</b>	<u>\$ 4,748,080</u>	<u>\$ 4,661,323</u>	<u>\$ 86,757</u>
<b>Net Assets - Board Restricted</b>	<u>\$ 1,970,043</u>	<u>\$ 2,251,145</u>	<u>\$ (281,102)</u>

**COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS**

	<u>2009</u>	<u>2008</u>
<b>Beginning Balance</b>	<b>\$ 6,912,467</b>	<b>\$ 5,272,687</b>
<b>Increases:</b>		
Interest Earned	105,769	239,885
Transfer in Operating Account	1,200,000	300,000
Transfer in R&E (Money Market Account)	-	6,100,000
<b>Total Increase</b>	<u><b>\$ 1,305,769</b></u>	<u><b>\$ 6,639,885</b></u>
<b>Decreases:</b>		
Transfers out (Other Funds)	1,500,000	5,000,000
Other Disbursements (Bank Fees)	113	105
<b>Total Decrease</b>	<u><b>\$ 1,500,113</b></u>	<u><b>\$ 5,000,105</b></u>
<b>Ending Balance</b>	<u><b>\$ 6,718,123</b></u>	<u><b>\$ 6,912,467</b></u>

# Douglasville-Douglas County Water and Sewer Authority

## SCHEDULE 5

### CONSTRUCTION ACCOUNT

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

<b>COMPARATIVE SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES</b>			
	2009	2008	Increase (Decrease)
<b>Restricted Assets</b>			
Cash & Cash Equivalents (Money Markets)			
Cash (2005 Bond Issue)	\$ 698,427	\$ 3,455,410	\$ (2,756,983)
Fidelity Institutional Treasury (2007 Bond Issue)	-	15,317	\$ (15,317)
Investments:			
Local Government Investment Pool (2007 Bond Issue)	46,619,570	61,990,677	\$ (15,371,107)
<b>Total Restricted Assets - Construction Account</b>	<b>\$ 47,317,997</b>	<b>\$ 65,461,404</b>	<b>\$ (18,143,407)</b>
<b>Payables from Restricted Assets</b>			
Restricted Payables Construction Projects	\$ 1,089,684	\$ 4,544,065	\$ (3,454,381)
<b>Total Payables from Restricted Assets</b>	<b>\$ 1,089,684</b>	<b>\$ 4,544,065</b>	<b>\$ (3,454,381)</b>

Detail of Investments as of June 30, 2009:					
Series	Type of Security (Cash Equivalents)	Maturity	Current Rate	Face Value	
2007 Series	LGIP (Local Govt. Inv. Pool) Georgia Fund 1	Avg. 41 Days	0.39%	\$ 46,619,570	
<b>Notes:</b>					
<i>Georgia Fund 1; See Note to Financial Statements - Note 2</i>					

<b>COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS</b>		
	2009	2008
Beginning Balance	\$ 65,461,404	\$ 19,079,482
<b>Increases:</b>		
Interest Earned	775,688	2,077,877
Deposits	-	15,317
Proceeds from Bonds	-	78,683,325
<b>Total Increase</b>	<b>\$ 775,688</b>	<b>\$ 80,776,519</b>
<b>Decreases:</b>		
Construction in Progress	18,919,095	32,157,388
Transfer to Debt Service Account	-	2,237,209
<b>Total Decrease</b>	<b>\$ 18,919,095</b>	<b>\$ 34,394,597</b>
<b>Ending Balance</b>	<b>\$ 47,317,997</b>	<b>\$ 65,461,404</b>



# Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 6

## RENEWAL AND EXTENSION ACCOUNT

A Renewal and Extension account is maintained in order to assure that funds are available for plant renewal and replacement. The bond resolutions state that 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 Authority and bondholders, provided the consulting engineer's recommendations and written approval has first been obtained.
- 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 RESTRICTED ASSETS AND RELATED PAYABLES

	Year Ended June 30,		Increase (Decrease)
	2009	2008	
<b>Restricted Assets</b>			
<b>Cash &amp; Cash Equivalents:</b>			
Checking	\$ 626,060	\$ 210,518	\$ 415,542
Retainage Checking	169,655	755,369	(585,714)
<b>Total Restricted Cash</b>	<b>795,715</b>	<b>965,887</b>	<b>(170,172)</b>
<b>Restricted Receivables</b>	747,360	340,304	407,056
<b>Total Restricted Assets</b>	<b>\$ 1,543,075</b>	<b>\$ 1,306,191</b>	<b>\$ 236,884</b>
<b>Payables from Restricted Assets</b>			
Performance Deposit	\$ 167,940	\$ 151,850	\$ 16,090
A/P Trade	184,058	1,038,392	(854,334)
Accrued A/P Trade	78,177	1,201,552	(1,123,375)
Retainage Due Contractors	1,330	594,004	(592,674)
<b>Total Payables From Restricted Assets</b>	<b>\$ 431,505</b>	<b>\$ 2,985,798</b>	<b>\$ (2,554,293)</b>

### COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	Year Ended June 30,	
	2009	2008
<b>Beginning Balance</b>	\$ 965,887	\$ 1,566,616
<b>Increase:</b>		
Interest Earned	17,291	97,040
Retainage & Bonds	181,539	730,647
Transfer in (within funds) Capital Reserve	1,500,000	5,000,000
Transfer from Operating Account	1,000,000	3,000,000
Transfer from Construction Fund	5,364,286	16,078,890
Contributed Capital	697,931	-
<b>Total Increase</b>	<b>8,761,047</b>	<b>24,906,577</b>
<b>Decrease:</b>		
Transfers out (within Funds)	-	4,800,000
Capital Expenditures Water & Sewer	8,156,069	20,484,295
Other Disbursements Bank Fees -Printed Forms	228	96,232
Retainage & Bonds Paid	774,922	126,779
<b>Total Decrease</b>	<b>8,931,219</b>	<b>25,507,306</b>
<b>Ending Balance</b>	<b>\$ 795,715</b>	<b>\$ 965,887</b>

# Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 7

## METER DEPOSIT ACCOUNT

It is the policy of the Authority to collect a water and/or sewer deposit from customers based on the "water meter" size. This amount is collected or billed when customer's account is established. Refunds of deposits shall be made upon termination of service, or after 24 months of good payment history.

### COMPARATIVE SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES

	2009	2008	Increase (Decrease)
<b>Restricted Assets</b>			
<b>Cash &amp; Cash Equivalents:</b>			
Demand Deposit	\$ 983,330	\$ 2,191,658	\$ (1,208,328)
Investments - LGIP	1,303,001	-	1,303,001
Returned Checks	450	300	150
<b>Total Restricted Cash/Investments</b>	<b>\$ 2,286,781</b>	<b>\$ 2,191,958</b>	<b>\$ 94,823</b>
<b>Liabilities Payable From Restricted Assets</b>			
Customer Deposits (Refundable)	\$ 1,931,678	\$ 1,923,235	\$ 8,443
Payable to State of Georgia (Unclaimed Checks)	78,519	41,512	37,007
	<b>\$ 2,010,197</b>	<b>\$ 1,964,747</b>	<b>\$ 45,450</b>
<b>Net Assets:</b>	<b>\$ 276,584</b>	<b>\$ 227,211</b>	<b>\$ 49,373</b>

### COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	2009	2008
<b>Beginning Balance</b>	<b>\$ 2,191,958</b>	<b>\$ 2,063,226</b>
<b>Increase:</b>		
Interest Earned	36,881	94,714
Returned Checks	3,550	6,650
Receipts	345,576	309,456
<b>Total Increase</b>	<b>\$ 386,007</b>	<b>\$ 410,820</b>
<b>Decrease:</b>		
Administration Fees (Bank Charges)	177	1,370
Void Checks/Write-offs	3,400	13,250
Transfer to Operating Account	33,703	
Disbursements	253,904	267,468
<b>Total Decrease</b>	<b>\$ 291,184</b>	<b>\$ 282,088</b>
<b>Ending Balance</b>	<b>\$ 2,286,781</b>	<b>\$ 2,191,958</b>

# Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 8

## 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

<b>Debt Service Sinking Fund</b>	<b>2009</b>	<b>2008</b>	<b>Increase (Decrease)</b>
<b><u>Restricted Assets</u></b>			
Cash & Cash Equivalent (Money Market)	\$ -	\$ 324,348	\$ (324,348)
Investments - LGIP (Georgia Fund 1) (1)	1,439,660	833,224	606,436
U.S. Treasury Notes	-	243,048	(243,048)
<b>Total Restricted Assets- Debt Service Accounts</b>	<b>\$ 1,439,660</b>	<b>\$ 1,400,620</b>	<b>\$ 39,040</b>
<b><u>Payables From Restricted Assets</u></b>			
Accrued Interest On Revenue Bonds	679,078	690,038	(10,960)
<b>Total Payables From Restricted Assets</b>	<b>\$ 679,078</b>	<b>\$ 690,038</b>	<b>\$ (10,960)</b>
<b>Deferred Revenue</b> (2)	<b>\$ 89,996</b>	<b>\$ 111,635</b>	<b>\$ (21,639)</b>

**Notes:**

(1) All bonds issued (1985 through 2007) rank on a parity with each other and have first lien on the net revenues of the Authority.

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

**At June 30, 2009 the Authority has the following investments:**

Series	Type of Marketable Security	Maturity Date (1)	Yield (2)	Cost Basis	Market Value
			0.39%		
<b>1993</b>	Investment (Georgia Fund 1)	41 days	6/30/2009	575,851	575,851
			0.39%		
<b>1998</b>	Investment (Georgia Fund 1)	41 days	6/30/2009	211,996	211,996
			0.39%		
<b>2005</b>	Investment (Georgia Fund 1)	41 days	6/30/2009	325,512	325,512
			0.39%		
<b>2007</b>	Investment (Georgia Fund 1)	41 days	6/30/2009	326,301	326,301
				<b>\$ 1,439,660</b>	<b>\$ 1,439,660</b>

**Notes:**

(1) LGIP (Local Government Investment Pool) stability constant Net Asset Value \$1.00; average maturity date 41 days; (2) Interest Yield as of 6/30/2009 0.39%.

Douglasville-Douglas County Water and Sewer Authority

SCHEDULE 9

DEBT SERVICE ACCOUNTS

COMPARATIVE SCHEDULE OF CHANGES IN RESTRICTED ASSETS

	2009	2008
<b>Beginning Balance</b>	<b>\$ 1,400,620</b>	<b>\$ 1,026,340</b>
<b>Increase:</b>		
Interest Earned	28,207	107,450
Transfer from Operating Account	10,750,328	9,608,351
<b>Total Increase</b>	<b>\$ 10,778,535</b>	<b>\$ 9,715,801</b>
<b>Decrease:</b>		
Revenue Bond Interest	8,269,495	8,033,990
Revenue Bond Principal	2,470,000	1,307,531
<b>Total Decrease</b>	<b>\$ 10,739,495</b>	<b>\$ 9,341,521</b>
<b>Ending Balance</b>	<b>\$ 1,439,660</b>	<b>\$ 1,400,620</b>

SCHEDULE OF REVENUE BONDS PAYABLE

Douglasville-Douglas County Water & Sewer Authority Series Bonds	Average Coupon Rate	Issue Date	Maturity Date	Annual Principal Payment		Amounts			
				Maximum	Minimum	Authorized	Issued	Retired	Outstanding
1993 Water and Sewer Revenue Bonds	5.494%	1993	2015	\$ 2,615,000	\$ 1,515,000	\$ 29,895,000	\$ 29,895,000	\$ 17,135,000	\$ 12,760,000
1998 Water and Sewer Revenue Bonds	4.613%	1998	2023	3,765,000	-	28,620,000	28,620,000	695,000	27,925,000
2005 Water and Sewer Revenue Bonds	4.798%	2005	2030	6,730,000	295,000	52,250,000	52,250,000	860,000	51,390,000
2007 Water and Sewer Revenue Bonds	4.822%	2007	2037	4,955,000	-	76,755,000	76,755,000	-	76,755,000
<b>Total</b>				<b>\$ 18,065,000</b>	<b>\$ 1,810,000</b>	<b>\$ 187,520,000</b>	<b>\$ 187,520,000</b>	<b>\$ 18,690,000</b>	<b>\$ 168,830,000</b>

Douglasville-Douglas County Water & Sewer Authority Loans	Rate	Issue Date	Maturity Date	Annual Payment		Loan	Amounts		
				Maximum	Minimum	Amount	Issued	Retired	Outstanding
1990 State Revolving Fund Loan	2.000%	1990	2010	\$ 333,112	\$ 333,112	\$ 5,479,892	\$ 5,479,892	\$ 4,988,853	\$ 491,039
<b>Total</b>				<b>\$ 333,112</b>	<b>\$ 333,112</b>	<b>\$ 5,479,892</b>	<b>\$ 5,479,892</b>	<b>\$ 4,988,853</b>	<b>\$ 491,039</b>

NOTES: \* Bonds: 1988 issue partially defeased (refunded) by 1993 issue, non defeased portion Matured on 6/1/1998.  
1991 issue partially defeased (refunded) by 1993 issue, non defeased portion Matured on 6/1/2000.

**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.

<b>CONTENTS</b>	<b>Table</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Authority's financial performance has changed over time.	<b>1 &amp; 2</b>
<b>Revenue Capacity</b> These schedules contain trend information to help the reader assess the Authority's most significant local revenue source.	<b>3-5</b>
<b>Debt Service and Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	<b>6-9</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	<b>10</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	<b>11-14</b>

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

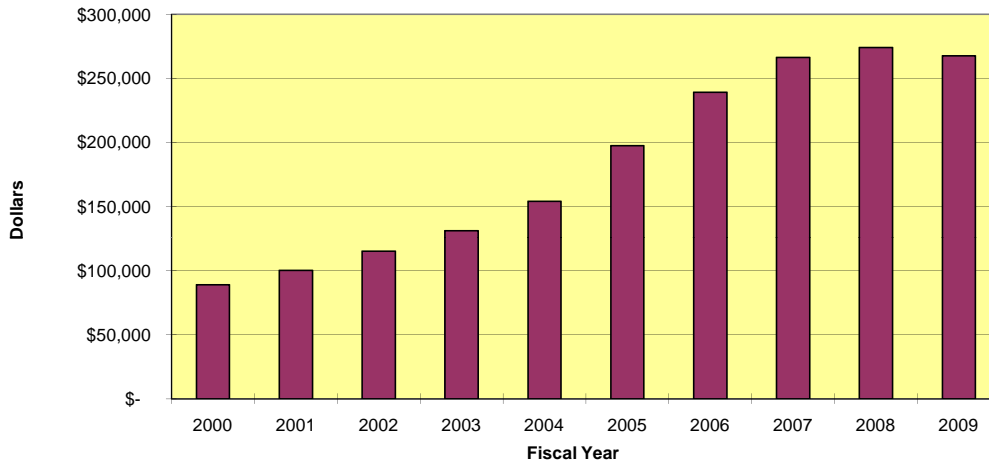
Douglasville-Douglas County Water and Sewer Authority

TABLE 1

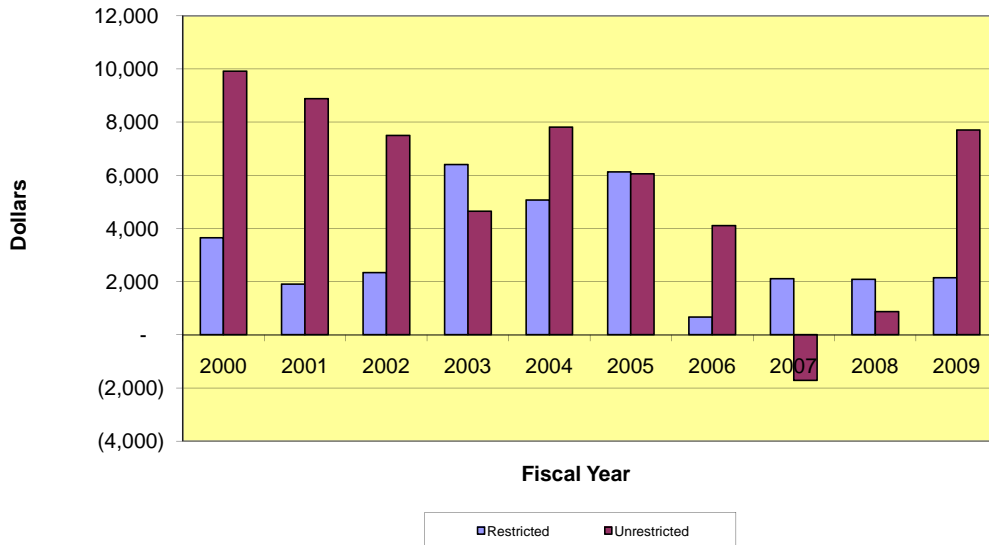
**Net Assets by Component**  
**Last Ten Fiscal Years**  
*(amount expressed in thousands)*

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Enterprise Fund										
Invested in capital assets, net of related debt	\$ 89,120	\$ 100,261	\$ 115,165	\$ 131,070	\$ 154,207	\$ 197,616	\$ 239,157	\$ 266,288	\$ 274,102	\$ 267,537
Restricted	3,652	1,903	2,340	6,411	5,071	6,124	671	2,114	2,089	2,148
Unrestricted	9,914	8,886	7,495	4,654	7,819	6,057	4,108	(1,713)	878	7,707
Total business-type activities net assets	\$ 102,686	\$ 111,050	\$ 125,000	\$ 142,135	\$ 167,097	\$ 209,797	\$ 243,936	\$ 266,689	\$ 277,069	\$ 277,392

**Invested in Capital Assets, Net of Related Debt**



**Restricted and Unrestricted**



## Douglasville-Douglas County Water and Sewer Authority

**TABLE 2**

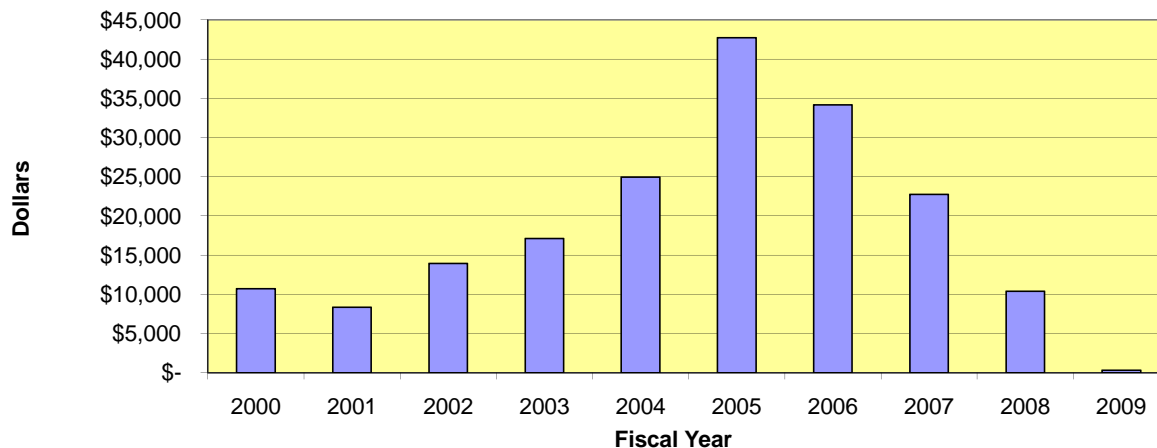
### Change in Net Assets Last Ten Fiscal Years *(amount expressed in thousands)*

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Operating Revenues</b>										
(1) Charges for services	\$ 16,684	\$ 16,967	\$ 17,740	\$ 18,555	\$ 20,735	\$ 23,093	\$ 27,981	\$ 29,837	\$ 31,190	\$ 33,284
Penalties	473	434	464	522	555	661	896	1,064	1,050	1,101
<b>Total operating revenues</b>	<b>\$ 17,157</b>	<b>\$ 17,401</b>	<b>\$ 18,204</b>	<b>\$ 19,077</b>	<b>\$ 21,290</b>	<b>\$ 23,754</b>	<b>\$ 28,877</b>	<b>\$ 30,901</b>	<b>\$ 32,240</b>	<b>\$ 34,385</b>
<b>Operating Expenses</b>										
(2) Employment costs	\$ 6,043	\$ 6,628	\$ 6,681	\$ 7,152	\$ 7,872	\$ 7,717	\$ 9,805	\$ 10,718	\$ 10,322	\$ 11,028
Repairs and maintenance	1,091	1,153	1,084	1,299	1,322	1,737	1,980	1,915	2,141	2,013
Supplies and materials	371	428	372	451	506	668	785	875	795	790
(3) Depreciation	4,102	5,571	5,985	6,543	7,213	8,764	10,931	11,881	12,541	13,643
Utilities	1,185	1,340	1,307	1,399	1,491	1,618	1,919	2,063	2,119	2,779
Water and sewer services purchased	1,090	432	32	41	29	31	87	338	1,569	22
Administration	1,237	1,468	1,252	1,527	1,567	1,810	1,899	2,323	3,359	2,321
<b>Total operating expenses</b>	<b>\$ 15,119</b>	<b>\$ 17,020</b>	<b>\$ 16,713</b>	<b>\$ 18,412</b>	<b>\$ 20,000</b>	<b>\$ 22,345</b>	<b>\$ 27,406</b>	<b>\$ 30,113</b>	<b>\$ 32,846</b>	<b>\$ 32,596</b>
<b>Non-Operating Revenue (expenses)</b>										
(4) Investment income	1,368	812	330	238	215	397	2,175	2,266	2,588	1,029
Interest on capital asset-related debt	(2,534)	(2,573)	(2,526)	(2,437)	(2,306)	(2,008)	(3,076)	(2,357)	(3,432)	(6,523)
Other non-operating revenue (expense)	(140)	(147)	(758)	(156)	(175)	(181)	(129)	(67)	(1,151)	(645)
<b>Net non-operating revenue</b>	<b>\$ (1,306)</b>	<b>\$ (1,908)</b>	<b>\$ (2,954)</b>	<b>\$ (2,355)</b>	<b>\$ (2,266)</b>	<b>\$ (1,792)</b>	<b>\$ (1,030)</b>	<b>\$ (158)</b>	<b>\$ (1,995)</b>	<b>\$ (6,139)</b>
Gain or Loss before capital contributions	\$ 732	\$ (1,527)	\$ (1,463)	\$ (1,690)	\$ (976)	\$ (383)	\$ 441	\$ 630	\$ (2,601)	\$ (4,350)
(1) Capital contributions	9,999	9,891	15,413	18,825	25,938	43,083	33,699	22,123	12,981	4,674
<b>Increase in net assets</b>	<b>\$ 10,731</b>	<b>\$ 8,364</b>	<b>\$ 13,950</b>	<b>\$ 17,135</b>	<b>\$ 24,962</b>	<b>\$ 42,700</b>	<b>\$ 34,140</b>	<b>\$ 22,753</b>	<b>\$ 10,380</b>	<b>\$ 324</b>

**Notes:**

- (1) City and County stormwater infrastructure was conveyed through capital contributions to the Authority in Fiscal Years 2003 and 2005 respectively. In addition, the Authority began billing for stormwater services for the City during Fiscal Year 2004 and for the County in Fiscal Year 2006. Revenues from the City customers realized over \$1.0 million during Fiscal Year 2004, and revenues from the County customers realized over \$3.0 million during Fiscal Year 2006.
- (2) Employment cost for Fiscal Year 2006 reflects a one time non-recurring cost to retirement expense due to a change in retirement benefits and early retirement date of Executive Director's employment contract.
- (3) Depreciation in Fiscal Year 2006 reflects an additional \$1.0 million of depreciation required as a result of decommissioning three wastewater treatment plants scheduled to be done by Fiscal Year 2009.
- (4) Investment income primarily reflects interest earned on unspent bond proceeds.

### Increase in Net Assets





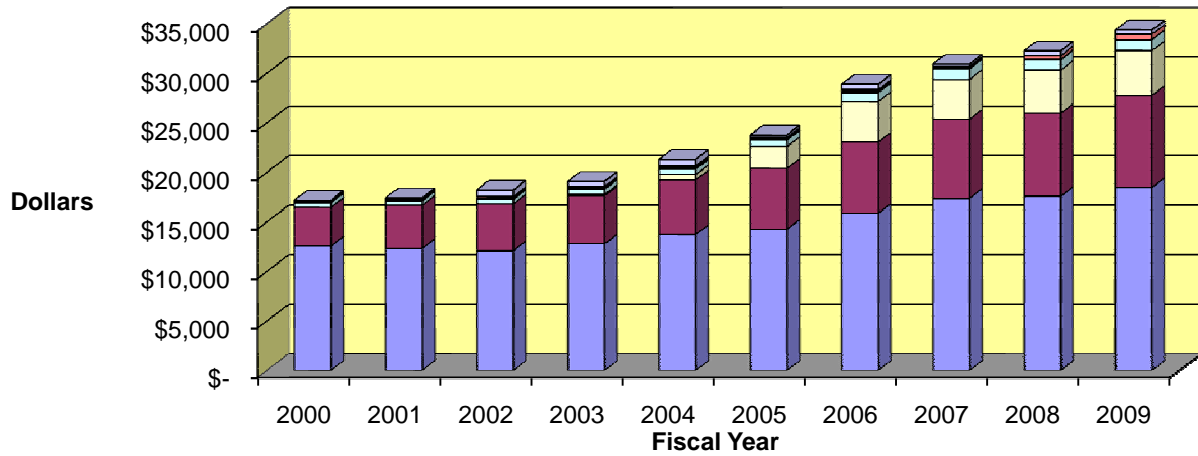
## Douglasville-Douglas County Water and Sewer Authority

TABLE 3

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

Fiscal Year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Operating Revenues										
Water revenues	\$ 12,543	\$ 12,301	\$ 12,094	\$ 12,773	\$ 13,719	\$ 14,244	\$ 15,857	\$ 17,362	\$ 17,572	\$ 18,453
Sewer revenues	3,915	4,365	4,718	4,855	5,517	6,147	7,202	7,968	8,376	9,294
Stormwater revenues	-	-	-	132	532	2,208	4,072	4,028	4,350	4,513
Penalties	473	434	462	522	554	661	896	1,064	1,050	1,101
Inspections	63	72	94	148	176	123	166	121	38	10
Cut off charges	59	101	165	111	121	118	131	134	366	567
Dog River Recreational Complex	20	18	21	16	18	16	14	8	1	-
Miscellaneous	84	110	650	520	653	237	539	216	487	447
<b>Total operating revenues</b>	<b>\$ 17,157</b>	<b>\$ 17,401</b>	<b>\$ 18,204</b>	<b>\$ 19,077</b>	<b>\$ 21,290</b>	<b>\$ 23,754</b>	<b>\$ 28,877</b>	<b>\$ 30,901</b>	<b>\$ 32,240</b>	<b>\$ 34,385</b>

### Operating Revenue by Source



<span style="color: blue;">■</span> Water revenues <span style="color: maroon;">■</span> Sewer revenues <span style="color: lightgreen;">■</span> Stormwater revenues <span style="color: lightblue;">■</span> Penalties <span style="color: white;">■</span> Inspections <span style="color: darkblue;">■</span> Cut off charges <span style="color: darkmaroon;">■</span> Dog River Recreational Complex <span style="color: yellow;">■</span> Miscellaneous
--

## Douglasville-Douglas County Water and Sewer Authority

TABLE 4

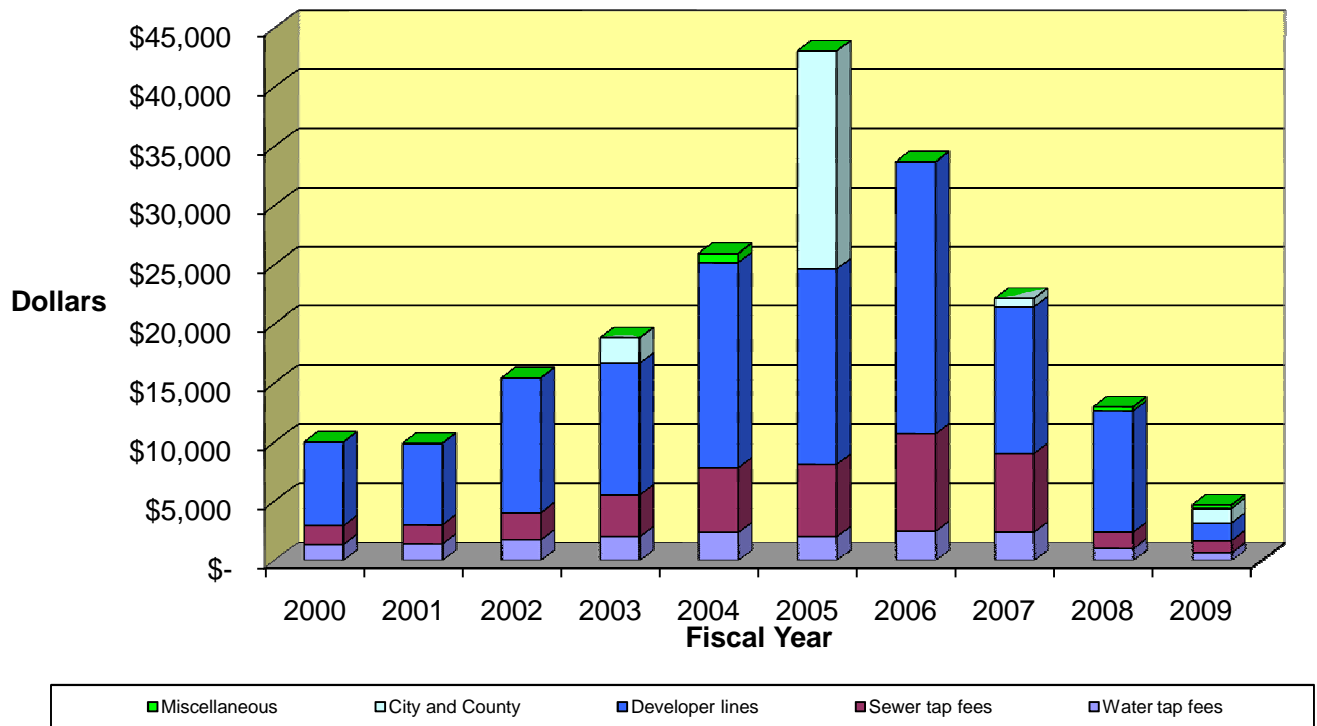
### Capital Contributions By Source Last Ten Fiscal Years

*(amount expressed in thousands)*

Fiscal Year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Capital Contributions										
Water tap fees	\$ 1,361	\$ 1,401	\$ 1,745	\$ 2,019	\$ 2,377	\$ 2,018	\$ 2,482	\$ 2,405	\$ 1,005	\$ 646
Sewer tap fees	1,600	1,635	2,295	3,522	5,472	6,121	8,208	6,651	1,388	1,034
Developer lines	7,038	6,855	11,373	11,126	17,340	16,512	23,009	12,362	10,247	1,501
City and County	-	-	-	2,157	-	18,432	-	705	-	1,208
Miscellaneous	-	-	-	-	749	-	-	-	341	285
<b>Total capital contributions</b>	<b>\$ 9,999</b>	<b>\$ 9,891</b>	<b>\$ 15,413</b>	<b>\$ 18,824</b>	<b>\$ 25,938</b>	<b>\$ 43,083</b>	<b>\$ 33,699</b>	<b>\$ 22,123</b>	<b>\$ 12,981</b>	<b>\$ 4,674</b>

Note: The Authority acquired stormwater from city in 2003 and from the county in 2005

### Capital Contributions by Source



# Douglasville-Douglas County Water and Sewer Authority

**TABLE 5**

## Water, Sewer and Stormwater Rates Last Ten Fiscal Years

Fiscal Year	Water		Sewer		Stormwater
	Monthly Base Rate (2)	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate
2000	\$ 7.21	\$ 2.47	\$ 3.82	\$ 3.99	
2001	7.39	2.53	3.84	4.01	
2002	7.64	2.62	3.90	4.07	
2003	8.14	2.79	4.16	4.34	
2004	8.37	2.87	4.28	4.46	\$ 4.00
2005	8.46	2.90	4.48	4.67	4.00
2006	8.71	2.98	4.58	4.78	4.00
2007	9.01	3.08	4.81	5.02	4.00
2008	9.01	3.30 <sup>(1)</sup>	4.81	5.40	4.00
2009	9.01	3.64 <sup>(1)</sup>	4.81	5.97	4.00

**Notes:**

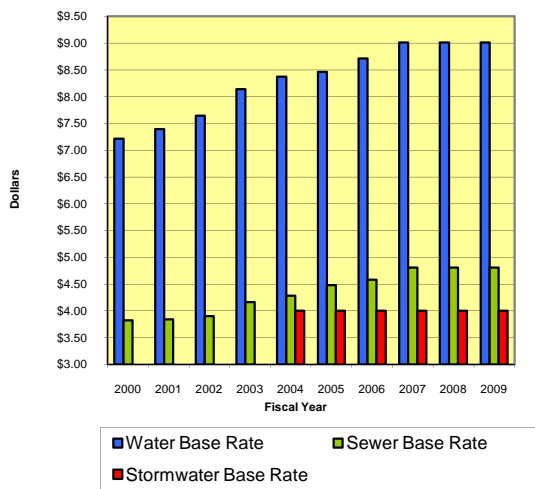
<sup>(1)</sup> In 2008 the Authority implemented a 3-tier rate structure. The \$3.30 and \$3.64 is for consumption from 0 - 6,000 gallons in 2008 and 2009.

<sup>(2)</sup> Rates are based on 5/8" meter, which is the standard household meter size. The Authority charges an excess-use rate above normal demand.

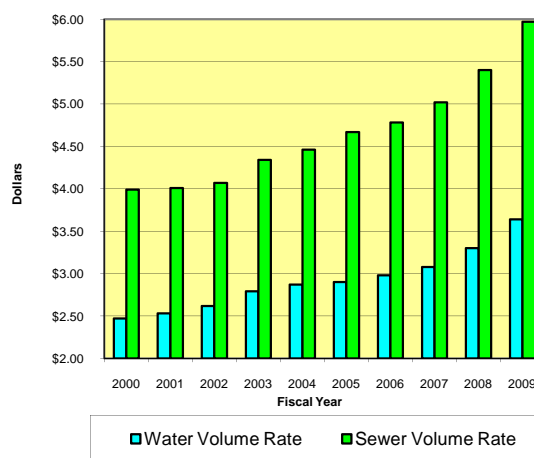
In 1998 the Authority adopted a resolution which authorized the executive director to increase water and sewer rates annually based on the cpi index. At his discretion, he can also increase rates an additional percent as long as the increase does not exceed 5% annually.

The Authority acquired the stormwater system of the City in 2003 and the County in 2004. A rate methodology was developed in early 2004 and the Authority began billing for service in March 2004.

**Base Rate History**



**Volume Rate History**



# Douglasville-Douglas County Water and Sewer Authority

TABLE 6

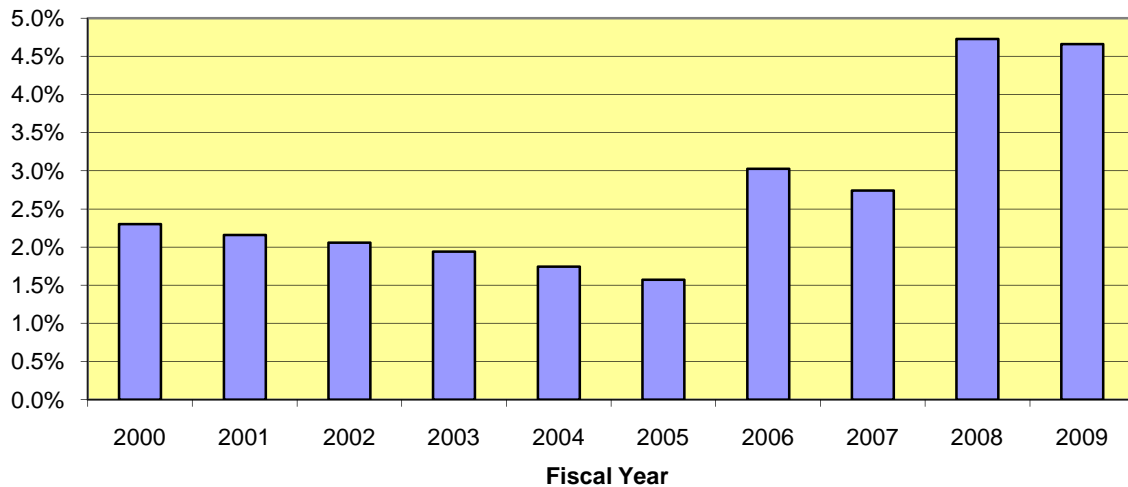
## Ratio of Revenue Bonded Debt Outstanding Last Ten Fiscal Years

(amount expressed in thousands except per capita amounts)

Fiscal Year	Revenue Bonds	Less Debt Service Fund	Total	Per Capita (1)	Percentage Of Personal Income (1)
2000	56,740	(708)	56,032	\$ 604	2.3%
2001	55,290	(669)	54,621	\$ 571	2.2%
2002	53,770	(680)	53,090	\$ 539	2.1%
2003	52,170	(685)	51,485	\$ 505	1.9%
2004	50,490	(688)	49,802	\$ 465	1.7%
2005	48,730	(695)	48,035	\$ 425	1.6%
2006	99,120	(955)	98,165	\$ 826	3.0%
2007	96,890	(1,026)	95,864	\$ 770	2.7%
2008	171,300	(1,401)	169,899	\$ 1,328	4.7% *
2009	168,830	(1,440)	167,390	\$ 1,308 *	4.7% *

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

Percentage of Personal Income



## Douglasville-Douglas County Water and Sewer Authority

**TABLE 7**

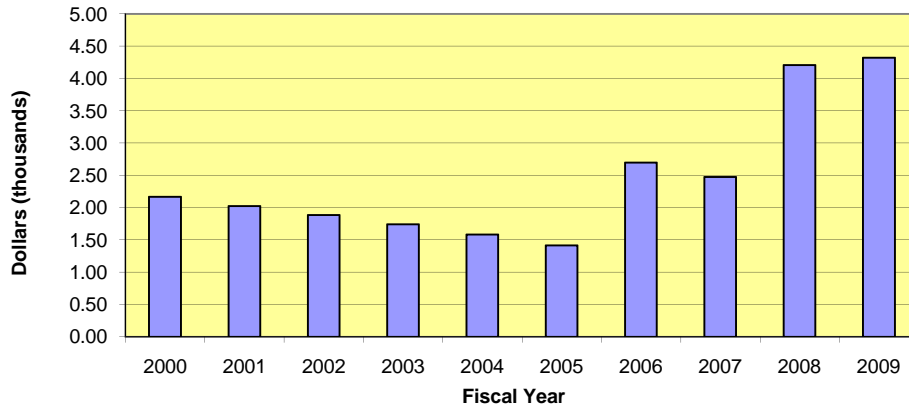
### Ratio of Outstanding Debt By Type Last Ten Fiscal Years

*(amount expressed in thousands except per capita amounts)*

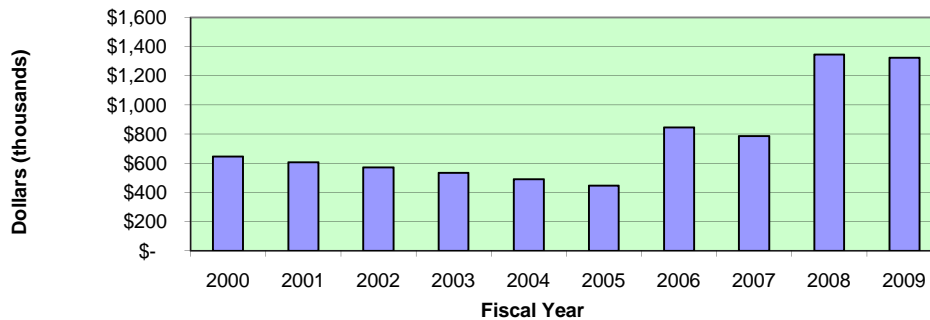
Fiscal Year	Revenue Bonds	Loans Notes	Total Outstanding Debt	Debt To Number of Customers	Debt Per Capita*	Debt As Share Of Personal Income (1)
2000	56,740	3,148	\$ 59,888	2.17	\$ 646	2.6%
2001	55,290	2,876	\$ 58,166	2.03	\$ 608	2.3%
2002	53,770	2,598	\$ 56,368	1.89	\$ 572	2.2%
2003	52,170	2,315	\$ 54,485	1.74	\$ 534	2.0%
2004	50,490	2,026	\$ 52,516	1.58	\$ 490	1.9%
2005	48,730	1,731	\$ 50,461	1.41	\$ 447	1.7%
2006	99,120	1,430	\$ 100,550	2.70	\$ 846	3.1%
2007	96,890	1,123	\$ 98,013	2.47	\$ 787	2.9%
2008	171,300	810	\$ 172,110	4.21	\$ 1,345	4.8%
2009	168,830	491	\$ 169,321	4.32	\$ 1,324	4.7%

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

#### Debt to Number of Customers



#### Debt Per Capita



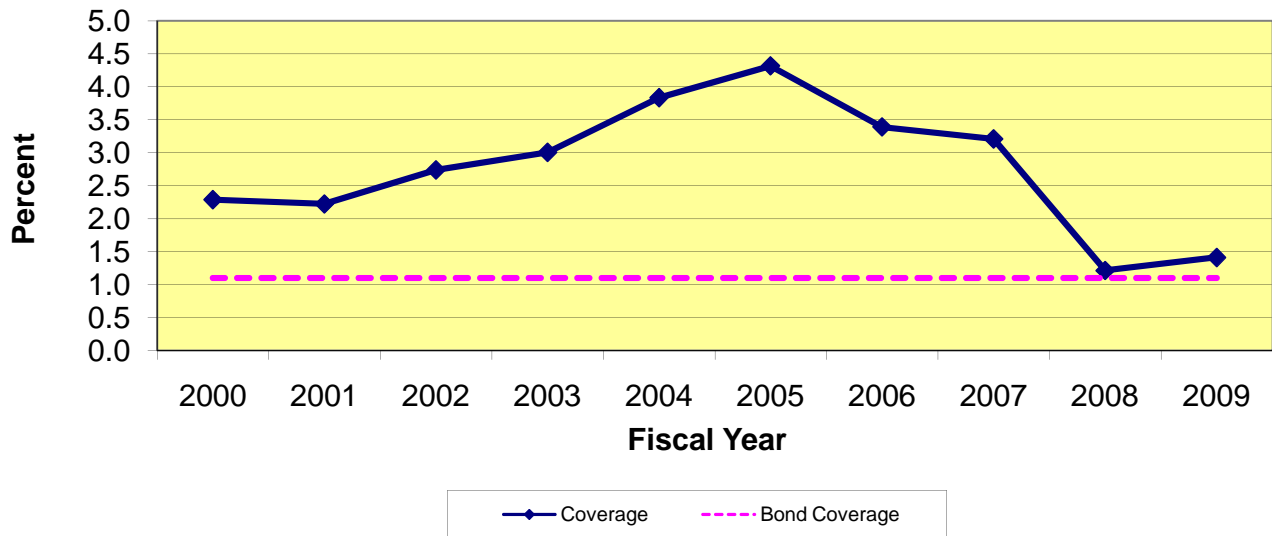
## Douglasville-Douglas County Water and Sewer Authority

TABLE 8

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

Fiscal Year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Gross Revenues	17,157	17,401	18,205	19,077	21,290	23,754	28,877	30,901	32,240	34,385
Service Charges										
Total Interest Income	1,367	812	330	238	215	397	2,175	2,266	2,588	1,029
Tap Fees Connection Charges	2,960	3,036	4,040	5,541	7,849	8,139	10,690	9,056	2,393	1,680
Gross Total Revenues	21,484	21,249	22,575	24,856	29,354	32,290	41,742	42,223	37,221	37,094
Less Operating Expenses Excluding Depreciation	11,017	11,449	10,728	11,869	12,787	13,582	16,475	18,232	20,305	18,953
Less Deferred Interest Income and Revenue	-	38	35	32	37	100	85	83	83	82
Less Interest Income Construction Account	600	183	7	1	-	-	1,284	1,304	1,966	776
Net Earnings Available	9,867	9,579	11,805	12,954	16,530	18,608	23,898	22,604	14,867	17,283
<b>Maximum Annual Debt Service</b>										
Principal	1,860	1,860	1,860	1,860	1,860	1,860	4,630	4,630	7,015	7,015
Interest	2,452	2,452	2,452	2,452	2,452	2,452	2,420	2,420	5,239	5,239
<b>Total Maximum Annual Debt Service</b>	4,312	4,312	4,312	4,312	4,312	4,312	7,050	7,050	12,254	12,254
Coverage Ratio	2.3	2.2	2.7	3.0	3.8	4.3	3.4	3.2	1.2	1.4

### Bond Coverage



Douglasville-Douglas County Water and Sewer Authority

TABLE 9

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

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net Earnings	\$ 9,867	\$ 9,579	\$ 11,805	\$ 12,954	\$ 16,530	\$ 18,608	\$ 23,898	\$ 22,604	\$ 14,867	\$ 17,283
Legal Debt Service Limit	8,970	8,708	10,732	11,776	15,027	16,917	21,726	20,549	13,516	15,712
Total MAD debt applicable to limit	<u>4,312</u>	<u>4,312</u>	<u>4,312</u>	<u>4,312</u>	<u>4,312</u>	<u>4,312</u>	<u>7,050</u>	<u>7,050</u>	<u>12,254</u>	<u>12,254</u>
Legal MAD debt margin	<u>\$ 4,658</u>	<u>\$ 4,396</u>	<u>\$ 6,420</u>	<u>\$ 7,464</u>	<u>\$ 10,715</u>	<u>\$ 12,605</u>	<u>\$ 14,676</u>	<u>\$ 13,499</u>	<u>\$ 1,262</u>	<u>\$ 3,458</u>
Total MAD debt applicable to the limit as a percentage of debt limit	48.1%	49.5%	40.2%	36.6%	28.7%	25.5%	32.4%	34.3%	90.7%	78.0%

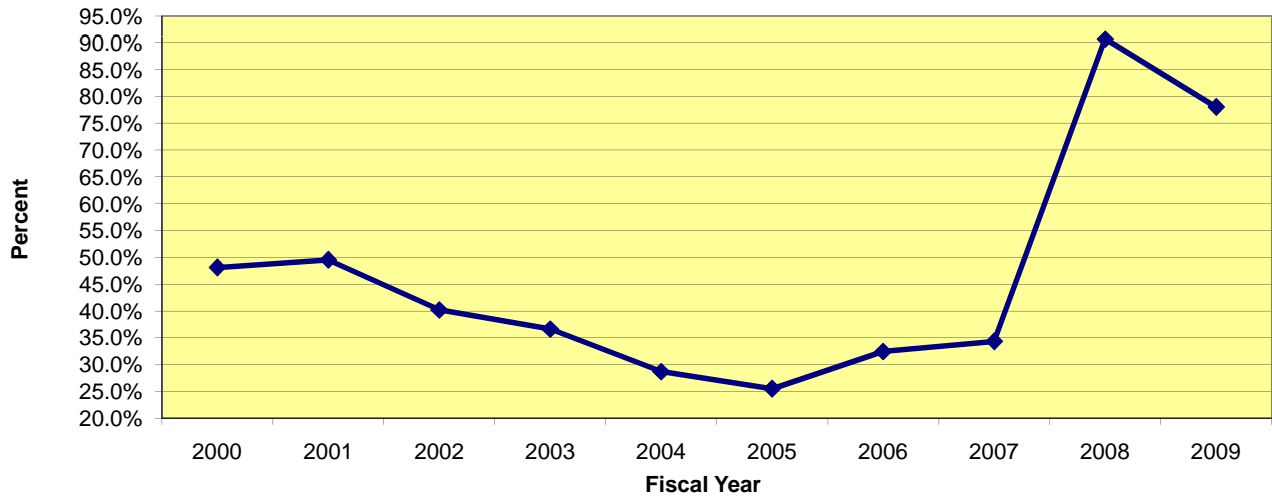
Notes:

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

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

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

**MAD Debit applicable to Limit as Percent of Limit**



# Douglasville-Douglas County Water and Sewer Authority

TABLE 10

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

Year	Population (1)	Personal Income (1) <i>(thousands of dollars)</i>	Per Capita Personal Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
1999	90,955	2,224,481	24,457	33.8	16,978	2.7%
2000	92,741	2,436,534	26,272	33.8	17,489	2.9%
2001	95,634	2,529,998	26,455	33.6	18,101	3.2%
2002	98,460	2,578,777	26,191	33.6	18,790	4.5%
2003	101,938	2,655,269	26,048	33.5	19,697	4.6%
2004	107,084	2,857,701	26,687	33.2	20,997	4.7%
2005	112,914	3,058,455	27,087	32.8	22,490	5.4%
2006	118,835	3,245,643	27,312	33.3	24,144	4.9%
2007	124,495	3,496,263	28,083	32.8	24,730	4.7%
2008	127,932	---	---	---	24,800	6.5%

(1) Source: Bureau of Economic Analysis

\* Source: U.S. Census Bureau, State and County Quickfacts 2007 estimate population

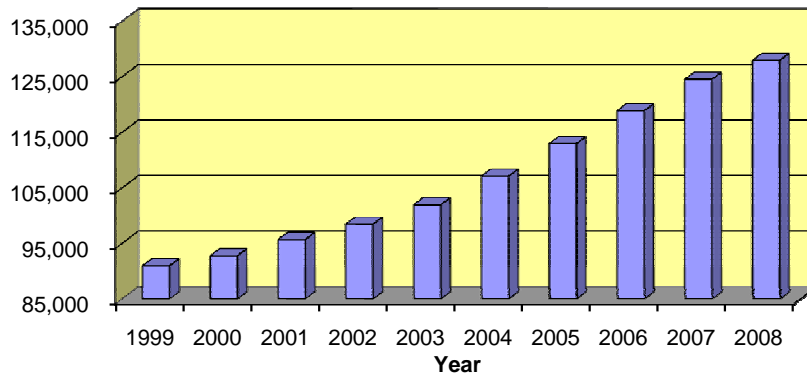
\*\* Personal Income Information for 2008 was not available as of July 31, 2009

(2) Source: U.S. Census Bureau, 2000 Census Estimates, information not available prior to 2000

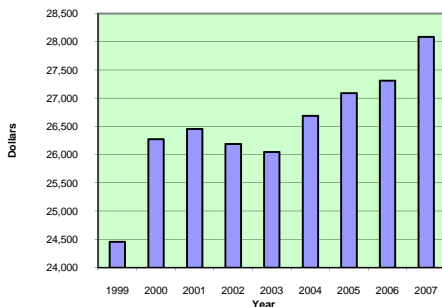
(3) Source: Georgia Department of Education, enrollment as of October each year.

(4) Source: U.S. Department of Labor, Bureau of Labor and Statistics (July 31, 2009) annual averages not seasonally adjusted

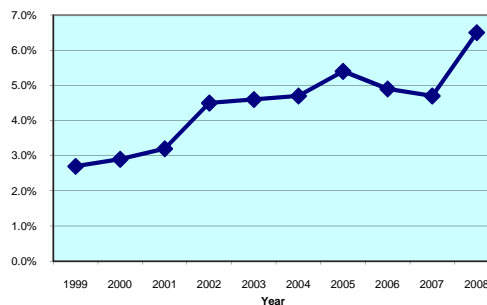
### Population of Douglas County



### Douglas County Per Capita Income



### Douglas County Unemployment Rate





# Douglasville-Douglas County Water and Sewer Authority

TABLE 11

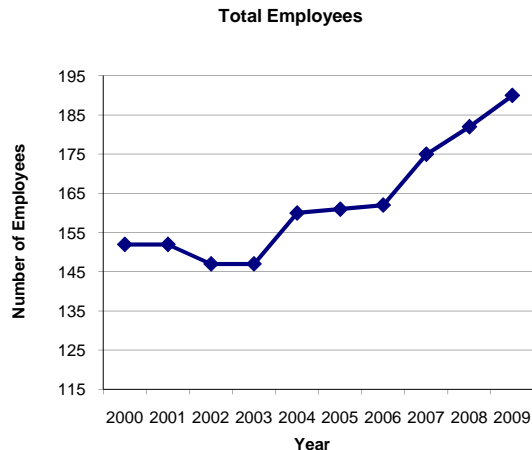
## Full-Time Equivalent Water and Sewer Authority Employees Last Ten Fiscal Years Employees by Function

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>WATER:</b>										
Water Plant Operations	12	14	12	13	13	13	14	14	14	14
Water Plant Maintenance	7	6	5	5	5	5	4	3	2	2
Water Systems Maintenance	24	25	24	23	27	25	24	27	24	27
Reservoir Staff	4	2	2	2	2	4	2	2	2	1
<b>WATER SUB TOTAL</b>	<b>47</b>	<b>47</b>	<b>43</b>	<b>43</b>	<b>47</b>	<b>47</b>	<b>44</b>	<b>46</b>	<b>42</b>	<b>44</b>
<b>SEWER:</b>										
Sewer Plant Operations	19	19	18	19	20	21	20	23	27	25
Sewer Plant Maintenance	2	3	3	3	3	3	3	6	7	6
Sewer Systems Maintenance	15	16	17	14	16	16	17	20	19	24
<b>SEWER SUB TOTAL</b>	<b>36</b>	<b>38</b>	<b>38</b>	<b>36</b>	<b>39</b>	<b>40</b>	<b>40</b>	<b>49</b>	<b>53</b>	<b>55</b>
<b>ENGINEERING/INSPECTION/ CONSTRUCTION:</b>										
Engineering	7	8	8	9	9	9	11	12	13	13
Inspections	4	3	4	4	4	4	8	8	8	7
Construction	9	10	7	6	10	8	8	8	9	12
<b>TOTAL</b>	<b>20</b>	<b>21</b>	<b>19</b>	<b>19</b>	<b>23</b>	<b>21</b>	<b>27</b>	<b>28</b>	<b>30</b>	<b>32</b>
<b>STORMWATER:</b>										
(a) STORMWATER SUB TOTAL			3	6	10	9	6	8	10	13
<b>ADMINISTRATION:</b>										
Billing/Customer Service	15	14	14	14	13	15	14	14	15	15
Meter Reading	10	9	7	7	8	8	9	9	11	10
Human Resources	10	9	9	8	8	8	8	8	8	8
Finance & Accounting	7	7	7	7	6	6	7	6	6	6
MIS	3	3	3	3	3	3	3	3	3	3
Executive Administration	4	4	4	4	3	4	4	4	4	4
<b>TOTAL</b>	<b>49</b>	<b>46</b>	<b>44</b>	<b>43</b>	<b>41</b>	<b>44</b>	<b>45</b>	<b>44</b>	<b>47</b>	<b>46</b>
<b>TOTAL EMPLOYEES</b>	<b>152</b>	<b>152</b>	<b>147</b>	<b>147</b>	<b>160</b>	<b>161</b>	<b>162</b>	<b>175</b>	<b>182</b>	<b>190</b>

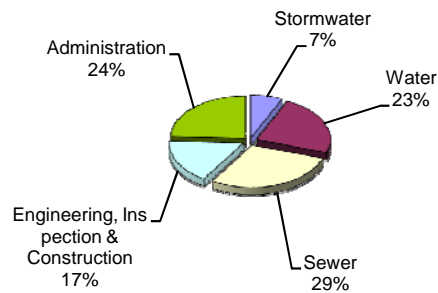
**Notes:**

<sup>1</sup> Figures beginning in 2005 reflect the average number of employees by department based on payrolls for the fiscal year 2005; figures for prior years reflect the number of employees by department for the December payroll.

(a) Stormwater Department was not in operation until Calendar Year 2003. All managers or directors are included with their divisions.



**Total Employee Percentage by Sub Category  
Fiscal Year 2009**



# Douglasville-Douglas County Water and Sewer Authority

**TABLE 12**

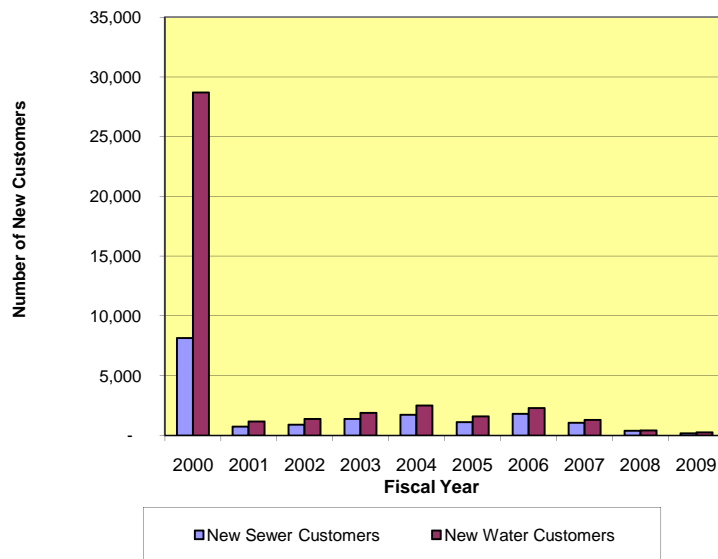
## Operating Indicators - Demand and Service Levels Last Ten Fiscal Years

Fiscal Year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>Demand or Level of Service</u></b>										
<b>Water</b>										
Total customers	28,701	29,874	31,277	33,183	35,702	37,294	39,605	40,921	41,352	41,617
<sup>(6)</sup> New customers	28,701	1,173	1,403	1,906	2,519	1,592	2,311	1,316	431	265
Water main breaks	268	240	164	146	105	139	131	150	204	212
<sup>(3,4,5)</sup> Average daily consumption (thousands of gallons)	9,765	9,812	8,531	8,833	8,883	8,991	9,580	10,538	9,169	8,656
<b>Sewer</b>										
Total customers	8,160	8,909	9,807	11,197	12,930	14,045	15,872	16,952	17,353	17,550
<sup>(6)</sup> New customers	8,160	749	898	1,390	1,733	1,115	1,827	1,080	401	197
Average daily sewer treatment (thousands of gallons)	3,995	3,748	3,912	4,474	4,479	5,545	5,826	5,738	5,764	5,579
<b>Stormwater</b>										
Total customers					6,862	34,620	40,329	41,891	42,271	42,505
<sup>(1,2)</sup> New customers					6,862	27,758	5,709	1,562	380	234

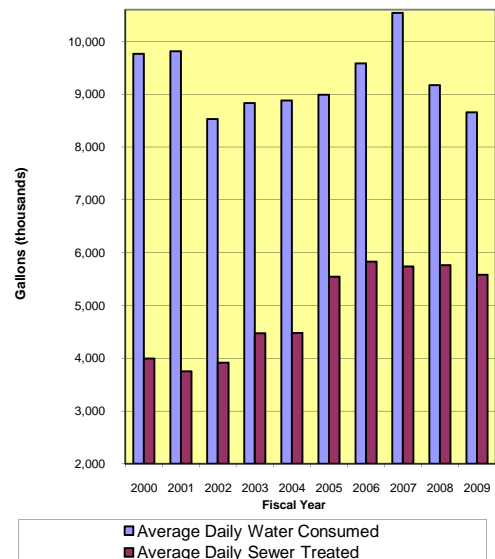
**Notes:**

- (1) Acquired the city stormwater system in Fiscal Year 2003; developed stormwater rate structure and began billing customers in Fiscal Year 2004.
- (2) Acquired the county stormwater system in Fiscal Year 2005 and began billing county customers in Fiscal Year 2005.
- (3) Daily consumption for 2000 through 2002 is based upon gallons billed, consumption for 2003 through 2009 is based upon total metered gallons.
- (4) During the period 2000 through 2001 the unusual growth in consumption was due to a contract with Carroll County at which time an average of 1.7 million gallons per day was sold.
- (5) 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.
- (6) Increased Tap Sales in 2004 due to builders pre-purchasing in anticipation of an announced rate increase. Actual construction and connections occurred into fiscal year 2005.

**New Water and Sewer Customers**



**Average Daily Water Consumed and Treated**



Douglasville-Douglas County Water and Sewer Authority

TABLE 13

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

Fiscal Year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Capital Assets</b>										
<b>Water</b>										
(6) Water main miles	626	637	670	712	735	843	888	907	918	920
(6) Fire hydrants	4,152	4,367	4,496	4,899	5,191	5,582	6,069	6,158	6,310	6,326
Maximum daily design capacity (thousands of gallons)	16,400	16,400	16,400	16,400	16,400	16,400	16,400	16,400	16,400	16,400
(1,2,3) Average Daily water production (thousands of gallons)	11,133	10,955	10,071	10,443	11,073	11,705	12,562	13,255	10,986	10,666
(4) Storage capacity - clear wells and water tanks (thousands of gallons)	11,875	11,875	11,775	11,775	11,775	11,775	11,775	11,775	11,775	11,775
Reservoir capacity (thousands of gallons)	1,288,000	1,288,000	1,288,000	1,288,000	1,288,000	1,288,000	1,288,000	1,288,000	1,288,000	1,900,000
<b>Sewer</b>										
Sanitary sewer miles	262	271	288	320	350	376	385	407	427	429
Maximum daily design treatment capacity (thousands of gallons)	7,490	7,490	7,490	7,490	7,490	7,490	7,490	7,990	7,970	10,220
Average Daily sewer flow (thousands of gallons)	3,995	3,748	3,912	4,474	4,479	5,545	5,826	5,738	5,764	5,579
<b>Stormwater</b>										
(5,6) Storm sewer lines				41	44	140	145	150	155	156

Notes:

- (1) During the period 2000 through 2001, the unusual growth in water production was the result of a 5 year contract to sell water to Carroll County during which time an average of 1.7 million gallons per day was sold, of which an average of 1.3 million gallons per day was purchased from Cobb County.
- (2) During the period 2002 through 2006, water was sold to the city of Villa Rica at a average of 345 thousand gallons per day.
- (3) During the period 2000 through 2003, and part of 2004 production was underestimated due to errors in the intake meter at the water treatment plant, estimates were used because the outflow meter was either not functioning or installed.
- (4) During the period 2004 through 2006, production was actual measured volume through the outflow meter at the water treatment plant.
- (5) The Authority acquired the stormwater system of the city in 2003 and the county's in 2005
- (6) Previous years estimates were adjusted to engineering departments totals.

Douglasville-Douglas County Water and Sewer Authority

TABLE 14

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

Fiscal Year	2009			2000		
	Water Revenue	Rank	% of Water Revenue	Water Revenue	Rank	% of Water Revenue
<b>Water Customers</b>						
D L B Associates	\$ 736,089	1	3.99%			
Grove Skyview LTD	218,885	2	1.19%	\$ 118,692	1	0.95%
Douglas County Jail	129,971	3	0.70%	74,072	5	0.59%
Tree Terrace Apartments	121,951	4	0.66%	96,386	2	0.77%
Sevo Miller, Inc. - Crestmark	110,687	5	0.60%	78,842	3	0.63%
Arbor Place Mall	109,949	6	0.60%	60,247	7	0.48%
Golden Estates Mobile Home Pk	107,324	7	0.58%	54,495	8	0.43%
Value Family Properties	104,061	8	0.56%			
Berwind Property- Westfork-Waterford	88,034	9	0.48%	66,223	6	0.53%
Wellstar Hospital	81,935	10	0.44%			
HCA Parkway				76,289	4	0.61%
Brook Valley Apartments				49,283	9	0.39%
Oak Creek Apartments				48,563	10	0.39%
Totals	<u>\$ 1,808,886</u>		<u>9.80%</u>	<u>\$ 723,092</u>		<u>5.76%</u>

Fiscal Year	2009			2000		
	Sewer Revenue	Rank	% of Sewer Revenue	Sewer Revenue	Rank	% of Sewer Revenue
<b>Sewer Customers</b>						
D L B Associates	\$ 501,595	1	5.40%			
Grove Skyview LTD	156,846	2	1.69%	\$ 90,604	1	2.31%
Douglas County Jail	94,826	3	1.02%	57,282	4	1.46%
Tree Terrace Apartments	89,368	4	0.96%	73,830	2	1.89%
Arbor Place Mall	78,500	5	0.84%	44,552	7	1.14%
Golden Estates Mobile Home Pk	78,481	6	0.84%	43,182	8	1.10%
Sevo Miller, Inc. - Crestmark	72,930	7	0.78%	57,150	5	1.46%
Berwind Property- Westfork-Waterford	67,371	8	0.72%	54,937	6	1.40%
Wellstar	63,119	9	0.68%			
Pinnacle Homes at Rocky Ridge	56,388	10	0.61%			
Oak Creek Apartments				38,737	10	0.99%
HCA Parkway				58,019	3	1.48%
Brook Valley Apartments				42,144	9	1.08%
Totals	<u>\$ 1,315,929</u>		<u>13.55%</u>	<u>\$ 560,437</u>		<u>14.31%</u>

Fiscal Year	2009			2006		
	Stormwater Revenue	Rank	% of Stormwater Revenue	Stormwater Revenue	Rank	% of Stormwater Revenue
<b>Stormwater Customers</b>						
APL Logistics	32,873	1	0.74%	\$ 33,545	1	0.91%
Conlan Company	32,280	2	0.72%	27,804	2	0.75%
D L B Associates	29,475	3	0.66%	*		
Hunt Partners Ret. Group-Jacoby Dev.	27,517	4	0.62%	24,163	4	0.66%
JVC Co. of America	23,162	5	0.52%	23,162	5	0.63%
Arbor Place Mall	20,604	6	0.46%	26,161	3	0.71%
Grove Skyview, LTD	19,709	7	0.44%	19,709	6	0.53%
Prologis	19,000	8	0.43%	13,086	9	0.35%
Medline Industries, Inc.	18,884	9	0.42%	18,884	7	0.51%
Regency Realty Group	18,019	10	0.40%	*		
Maytag Appliance			0.00%	17,035	8	0.46%
Chapel Hill High School			0.00%	12,157	10	0.33%
Totals	<u>\$ 241,524</u>		<u>5.42%</u>	<u>\$ 215,706</u>		<u>5.84%</u>

\*New customer since 2006

Note: 2006 was the first year that the Authority had an entire year of billing for stormwater customers

# **COMPLIANCE SECTION**



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

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

We have audited the basic financial statements of the Douglasville-Douglas County Water and Sewer Authority (the "Authority") as of and for the year ended June 30, 2009, and have issued our report thereon dated September 17, 2009. 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.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

However, we noted certain matters that we reported to management of the Authority, in a separate letter dated September 17, 2009.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*