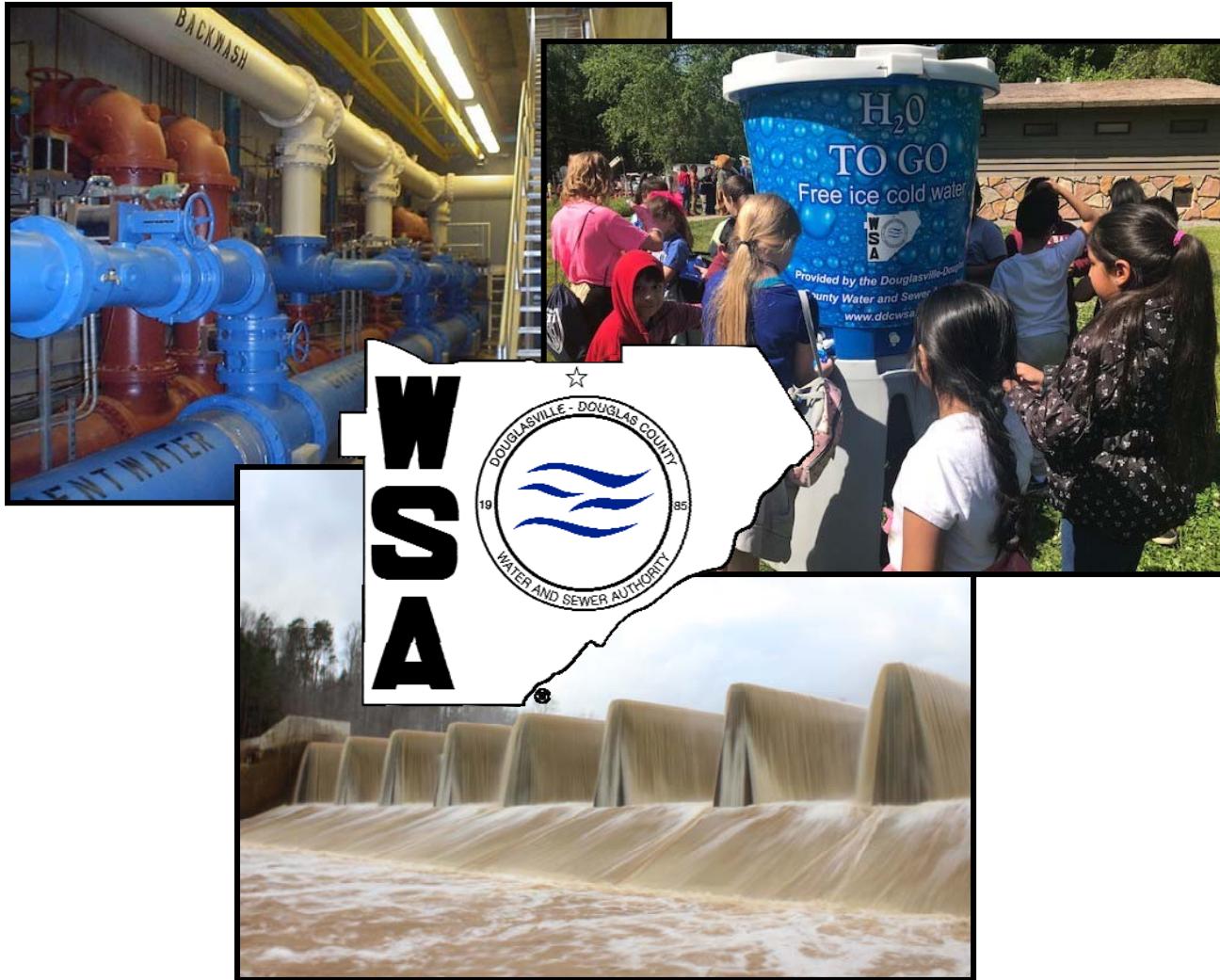


# DOUGLASVILLE-DOUGLAS COUNTY WATER AND SEWER AUTHORITY

## DOUGLAS COUNTY, GEORGIA



ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR FISCAL YEARS ENDED  
JUNE 30, 2023 and 2022

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

## **DOUGLAS COUNTY, GEORGIA**

### **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR FISCAL YEARS ENDED JUNE 30, 2023 and 2022**

Prepared by  
Department of Finance  
Thomas W. Alger, CPA, CGMA, CFO/Deputy Director



# **INTRODUCTORY SECTION**

**Douglasville-Douglas County Water and Sewer Authority**  
**Annual Comprehensive Financial Report**  
**Fiscal Years Ended June 30, 2023 and 2022**

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**Douglasville-Douglas County Water and Sewer Authority**  
**Annual Comprehensive Financial Report**  
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# **Douglasville-Douglas County Water and Sewer Authority**

## **Listing of Principal Officials and Consultants**

### **BOARD OF DIRECTORS**

Peggy Baugh	Chairman
Cindy Fedack	Vice Chairman
Nia Brown	Member
John E. Dean, Jr.	Member
Christopher Flowers	Member
Phil D. Miller, Chair, Douglas County Board of Commissioners	Member
Rochelle Robinson, Mayor, City of Douglasville	Member
Helen McCoy	Secretary - Treasurer

### **MANAGEMENT**

Gilbert B. Shearouse	Executive Director
Keith Higgs	Deputy Director - Wastewater Operations Manager
Brian Keel	Deputy Director - Engineering Manager
Thomas W. Alger	Deputy Director - Chief Financial Officer
Charles Butts	Systems Maintenance Manager
Karen Cobb	Customer Service Manager
Aaron Gardenhire	Management Information Services (MIS) Manager
Steve Green	Water Operations Manager
Lyndsey Sargent	Administrative Services Manager

### **LEGAL COUNSEL**

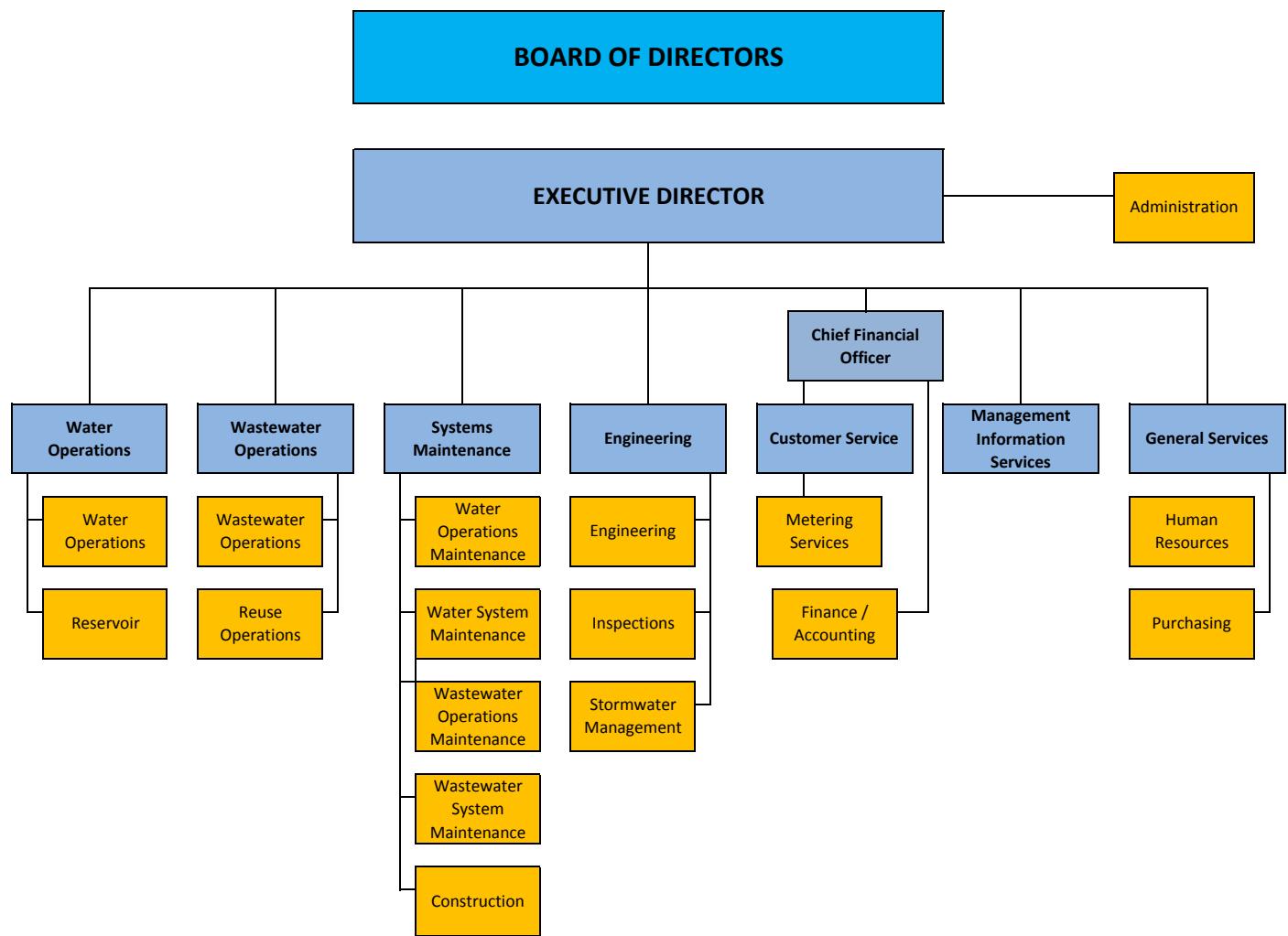
Hartley, Rowe & Fowler	Corporate Counsel
Ford & Harrison	Personnel Counsel
Milbree Lankford	General Counsel
Murray Barnes Finister LLP	Bond Counsel

### **CONSULTANTS**

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

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

## ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Monill*

Executive Director/CEO



# DOUGLASSVILLE-DOUGLAS COUNTY WATER AND SEWER AUTHORITY

P.O. Box 1157 | Douglasville | Georgia | 30133

December 4, 2023

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 Annual Comprehensive Financial Report (ACFR) of the Douglasville – Douglas County Water and Sewer Authority (“Authority”) for the fiscal years ended June 30, 2023 and 2022. This submission is in compliance with the Act that created the Authority. The basic financial statements for the fiscal years ended June 30, 2023 and 2022 have been audited by our independent financial auditors, Nichols, Cauley & Associates, LLC. The annual audit is planned and performed to obtain reasonable assurance that the basic financial statements of the Authority are free of any material misstatements and are prepared in accordance with generally accepted standards within the United States of America. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority’s management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included. For further understanding, readers should refer to the Management’s Discussion and Analysis.

## **PROFILE OF THE AUTHORITY**

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

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

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

The Authority exclusively provides water, sanitary sewer, and stormwater services to Douglas County, with the exception of the cities of Villa Rica and Austell, Georgia. The Authority supports various types of

customers, including residential, commercial, industrial, multi-family, mobile home parks and governmental accounts.

The Authority operates and maintains water, sanitary sewer, and stormwater systems consisting of water reservoirs, water and wastewater treatment plants, water distribution and sewage collection lines, stormwater retention ponds, conveyance pipes and culvert systems, and the use of meters to bill consumption. As of June 30, 2023, the net property, plant, and equipment value of the combined system was over \$409 million.

The water system's raw water, primarily from the Dog River Reservoir (256-acres) and Bear Creek Reservoir, is pumped to the Authority's Bear Creek Water Treatment Plant and distributed throughout the County. The system is served by 951 miles of distribution lines in various diameter sizes throughout the County. The last plant expansion of the water treatment plant brought capacity to 23.9 million gallons per day (MGD).

The sanitary sewer facilities collect sewage through 484 miles of sanitary sewer collection lines and force mains which lead to two major wastewater treatment plants and one smaller plant. Treated effluent from one of the two large facilities, the Sweetwater Creek Wastewater Treatment Plant (WWTP), receives additional treatment at a 3.0 MGD side-stream facility before being provided as cooling tower make-up water for a large data processing center located in the County.

Stormwater services started in January 2003 when the Authority acquired the City of Douglasville's stormwater system. In December 2003, the Authority entered into a 30-year Intergovernmental Agreement with Douglas County whereby the Authority acquired the County stormwater system and the County agreed to transfer the assets to the Authority on July 1, 2004. As of June 30, 2023, the combined Authority stormwater system consisted of 128 miles of conveyance pipe and culvert systems, and over 11,600 catch basins and junction boxes and other appurtenances.

## **ECONOMIC FACTORS AND OUTLOOK**

Douglas County is part of the Atlanta metropolitan area and is located west of the Fulton County line, less than 25 miles west of downtown Atlanta. The population of Douglas County as of the U.S. 2020 Census was 145,814.

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

The Authority's water and sanitary sewer systems serve approximately 95% of the residential population of the County. The system serves schools, day-care facilities, one hospital, churches, and state and local governmental units. Several suburban shopping centers, including a 1.4 million square-foot regional mall, numerous motels, restaurants, and apartment complexes are also served by the system. The 10 largest customers for the 12 months ending June 30, 2023 are listed in Table 16 of the statistical section of this report, along with other pertinent statistical information.

During this past fiscal year, Douglas County and the Atlanta metropolitan area experienced some new construction and a steady low unemployment rate. The Authority expects gradual improvements in both construction and population over the next five years. Current projected operating revenues should be

sufficient to cover operational costs, debt service and capital needs. The Authority maintains a reserve fund for emergency use in case of disasters or shortfalls in funding operations, debt service or capital projects.

### **MAJOR INITIATIVES AND OTHER EVENTS**

Significant improvements of \$732,000 to the aeration basin at the Northside Wastewater Plant.

Upgrades of \$752,152 at the Sweetwater Creek Wastewater Plant.

Aerator addition at the South Central Wastewater Plant spending over \$569,155.

Expenditures of \$2.1 million on a force main rehabilitation.

Continued progress on a \$6.9 million multi-year project to transfer sewer flows from the east side of Douglas County under an agreement with Cobb County. This is in addition to the capacity charges to Cobb County.

Expenditures of \$5.2 million on a major 8" water line replacement, with the project continuing into FY24.

Stormwater project expenditures of over \$1.5 million in 2023, including projects on Riverside Parkway, Chapel Hill Farms Road, Whisper Trail, Yucca Drive, Orchard Road, Chattahoochee Drive, and Cool Water Drive.

The Authority is continuing the planning, engineering, and financing for a major seven-year project for expansion of the Dog River Reservoir.

### **LONG-TERM FINANCIAL PLANNING**

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

### **INTERNAL CONTROL AND BUDGET POLICIES**

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

The Authority operates under the auspices of a Board-approved annual budget. The budget is prepared on a zero-base concept which sets out allocations of anticipated operating revenues and requires justification of all expenses. Since the Authority has no taxing power and operates solely on its own revenues, there are no appropriations. Operational and maintenance costs are funded from customer fees and charges. The Authority plans, budgets, and manages to assure that current costs are funded through current revenues.

The Bylaws of the Authority require an adoption of the Operating and Capital Budgets no later than 15 days prior to the start of its Fiscal Year. The budget remains in effect the entire year and is not revised, as is the case in many governmental entities.

The Authority uses a one-year operating budget process with an additional five-year cash projection included to address a longer-term planning and management perspective. An analysis is presented with the budget and rate recommendation to ensure that utility revenues are sufficient to recover total cash needs for a five-year projection period. Total cash needs include annual expenditures to operate the system, capital-related costs of principal and interest payments on debt, contributions to specific reserves, and capital replacements and improvements. 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 the previous year's actual figures and estimating any changes that may have occurred since the adoption of the budget. The Director has the authority to increase rates at any time up to an annual increase of 5% plus the cost of living, without further Board of Directors action.

### **DEBT MANAGEMENT POLICY**

The Authority manages debt in accordance with all applicable law, bond resolutions and adopted debt management policies. In the bond resolutions, the Authority covenants and agrees that it will, at all times, prescribe, maintain, and thereafter collect rates and charges for the services and facilities furnished by the Authority, together with other income, that will yield annual net earnings in the fiscal year equal to at least one hundred ten percent (or one hundred twenty percent should the Authority issue any new debt) of the sum of the annual debt service payments for all bonds outstanding. "Net earnings" is defined by the bond resolution to mean the net operating income of the system, adding back depreciation, and including interest income, tap fees, development fees and other non-operating revenue. The bond resolutions obligate the Authority to review rates and to revise such rates and charges as necessary to meet the coverage test. The Authority further covenants in the bond resolutions to maintain rates and charges that are at all times sufficient to provide for the payment of the bonds; to maintain the debt service funds and any other related funding instruments related to the debt of the system; and to provide for the payment of administrative and operational expenses of the system preserving the system in good repair and working order.

### **AWARDS AND ACKNOWLEDGEMENTS**

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

#### **Calendar Year 2023 (First half)**

- Georgia Association of Water Professionals (GAWP) Platinum Award for Bear Creek Water Treatment Plant for drinking water
- Georgia Association of Water Professionals (GAWP) Platinum Award for South Central Pollution Control Plant
- Georgia Association of Water Professionals (GAWP) Gold Award for Northside Water Pollution Control Plant

#### **Calendar Year 2022**

- Bear Creek Water Treatment Plant Best in State in its size category
- Georgia Association of Water Professionals (GAWP) Platinum Award for Bear Creek Water Treatment Plant for drinking water
- Georgia Association of Water Professionals (GAWP) Silver Award for Bear Creek Water Treatment Plant in Quality Assurance/Quality Control

- Georgia Association of Water Professionals (GAWP) Gold Award Sweetwater Creek Water Pollution Control Plant
- Georgia Association of Water Professionals (GAWP) Gold Award for Northside Water Pollution Control Plant
- Georgia Association of Water Professionals (GAWP) Platinum Award for South Central Wastewater Treatment Plant
- Georgia Association of Water Professionals (GAWP) Gold Quality Assurance/Quality Control Laboratory Award for Municipal Wastewater 5-20 MGD
- Georgia Association of Water Professionals (GAWP) Platinum Award for Water Distribution System
- Georgia Association of Water Professionals (GAWP) Platinum Award for Wastewater Collections System
- Government Finance Officers Association Award for Excellent Financial Reporting

#### **Calendar Year 2021**

- Georgia Association of Water Professionals (GAWP) Platinum Award for Bear Creek Water Treatment Plant for drinking water
- Georgia Association of Water Professionals (GAWP) Gold Award for Bear Creek Water Treatment Plant in Quality Assurance/Quality Control
- Georgia Association of Water Professionals (GAWP) Gold Award for South Central Wastewater Treatment Plant in Quality Assurance/Quality Control
- Georgia Association of Water Professionals (GAWP) Gold Award for Rebel Trails Water Pollution Control Plant Gold
- Georgia Association of Water Professionals (GAWP) Platinum Award for South Central Wastewater Treatment Plant
- Georgia Association of Water Professionals (GAWP) Platinum Award for Water Distribution System
- Georgia Association of Water Professionals (GAWP) Gold Award for Wastewater Collections System
- Government Finance Officers Association Award for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Douglasville-Douglas County Water and Sewer Authority for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This is the eighteenth 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current ACFR 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 ACFR was made possible by the dedicated services of the entire staff of the Finance and Administration Departments. Each member of these departments has my sincere appreciation for the contributions made in the preparation of this report. In closing, the staff would also like to express gratitude for the Chairman and the entire Board of Directors, as well as the Executive Director for their interest and support in planning and conducting the financial operation of the Authority in such a responsible and progressive manner.

Respectfully submitted,

*Thomas W. Alger*

Thomas W. Alger, CPA, CGMA  
Chief Financial Officer/Deputy Director

# **FINANCIAL SECTION**

# **REPORT OF INDEPENDENT AUDITOR**



## NICHOLS, CAULEY & ASSOCIATES, LLC

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

### INDEPENDENT AUDITOR'S REPORT

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

#### Report on the Audit of the Financial Statements

##### *Opinions*

We have audited the financial statements of the business-type activities and major fund of Douglasville-Douglas County Water and Sewer Authority (the “Authority”), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and major fund of the Authority, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinions*

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

##### *Responsibilities of Management for the Financial Statements*

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

Atlanta | Calhoun | Canton | Dalton | Dublin  
Fayetteville | Kennesaw | Rome | Warner Robins

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Net Pension Liability and Related Ratios – ERP Plan, Schedule of Pension Contributions – ERP Plan, Schedule of Changes in the Total Pension Liability and Related Ratios – Plan II, and Schedule of Changes in the Total OPEB Liability and Related Ratios, on pages 20 through 27 and 61 through 65, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements

in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, additional schedules of individual accounts, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional schedules of individual accounts are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional schedules of individual accounts are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Nichols, Cauley + Associates, LLC*

Kennesaw, Georgia  
December 4, 2023

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
(unaudited)**

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

## **Management's Discussion and Analysis**

This section presents management's analysis and overview of Douglasville-Douglas County Water and Sewer Authority's financial performance during the fiscal years that ended on June 30, 2023 and 2022. Please read it in conjunction with the financial statements which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The overall financial condition of the Authority remained strong during the fiscal year ended June 30, 2023. Total assets and deferred outflows on June 30, 2023, were \$534.9 million and exceeded liabilities and deferred inflows in the amount of \$336.9 million (net position). Total net position increased by \$14.4 million in fiscal year 2023. Total net position increased by \$13.8 million in FY 2022.
- During the fiscal year 2023, the Authority's operating revenues increased to \$58.6 million up from \$53.6 million in 2022 or 9.3%, while operating expenses were increased to \$49.2 million up from \$43.0 million in 2022 with 14.3% change. Increases in operating expenses occurred in employment costs (\$4.1 million), materials and supplies (\$1.0 million), repairs and maintenance (\$0.5 million) and utilities (\$.4 million). The largest decrease in expenses occurred in depreciation (\$0.2 million). There were small changes in water and purchased services and administrative expenses.
- Water revenue increased \$3.1 million and sewer revenue increased \$1.3 million in the fiscal year ended June 30, 2023, compared to that of the previous year. Water rates increased 5% and sewer rates increased 5% in FY23. Water rates increased 2% and sewer rates increased 3% in FY22. The Authority continues to evaluate water and sewer rates and targets rate increases to keep pace with inflation, ensure recovery of all its operating costs, to cover annual debt service payments, and to finance capital investment in facilities.
- The Authority's net capital assets (after depreciation) increased \$19.4 million in FY23 and \$3.7 million in FY22, including \$2.0 million and \$2.7 million of non-cash contribution developer infrastructure improvements in each year, respectively.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Annual Comprehensive Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Management's Discussion and Analysis (MD&A) serves as an introduction to the financial section. The financial section consists of the Independent Auditors' Report, Management's Discussion and Analysis, and the Authority's basic financial statements, which are presented comparatively for the fiscal years ending June 30, 2023 and 2022. The basic financial statements consist of the following:

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

The Statements of Net Position include all of the Authority's assets, deferred outflows, liabilities, and deferred inflows, and provides information about the nature and amounts of investments in resources

(assets), and the obligations to Authority creditors (liabilities). They also provide the basis for evaluating the capital structure, liquidity, and financial flexibility of the Authority. All of the current year revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The third required financial statement is the Statements of Cash Flows. The primary purpose of these statements is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

The Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. The Notes to Financial Statements provide necessary disclosures that are essential to a full understanding of the data in the aforementioned financial statements.

## FINANCIAL ANALYSIS OF THE AUTHORITY

In fiscal year 2023, the Authority maintained its sound financial condition, even with slow regional economic growth within the service area. This was demonstrated by the Authority's continued strong cash and investment portfolio as outlined in the financial statements and schedules in this report. While exercising prudent fiscal discipline, the Authority continues to ensure it is able to provide safe water to customers as well as be fiscally and environmentally responsible.

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

	Fiscal Year 2023 to 2022 Comparison				Fiscal Year 2022 to 2021 Comparison			
	FY 2023	FY 2022	Dollar Change	% Change	FY 2022	FY 2021	Dollar Change	% Change
<b>Assets &amp; Deferred Outflows:</b>								
Current and Other Assets	\$ 114.8	\$ 128.3	(\$13.5)	-10.5%	\$ 128.3	\$ 125.6	\$2.7	2.1%
Capital Assets	409.3	389.9	19.4	5.0%	389.9	386.2	3.7	1.0%
Total Assets	524.1	518.2	5.9	1.1%	518.2	511.8	6.4	1.3%
Deferred Outflows	10.8	5.4	5.4	100.0%	5.4	6.6	(1.2)	-18.2%
<b>Total Assets &amp; Deferred Outflows</b>	<b>534.9</b>	<b>523.6</b>	<b>11.3</b>	<b>2.2%</b>	<b>523.6</b>	<b>518.4</b>	<b>5.2</b>	<b>1.0%</b>
<b>Liabilities:</b>								
Long-Term Debt Outstanding	164.2	172.8	(8.6)	-5.0%	172.8	183.4	(10.6)	-5.8%
Other Liabilities	33.8	22.4	11.4	50.9%	22.4	25.9	(3.5)	-13.5%
Total Liabilities	198.0	195.2	2.8	1.4%	195.2	209.3	(14.1)	-6.7%
Deferred Inflows	-	6.0	(6.0)	-100.0%	6.0	0.5	5.5	1100.0%
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>198.0</b>	<b>201.2</b>	<b>(3.2)</b>	<b>-1.6%</b>	<b>201.2</b>	<b>209.8</b>	<b>(8.6)</b>	<b>-4.1%</b>
<b>Net Position:</b>								
Investment in Capital Assets	298.1	270.1	28.0	10.4%	270.1	260.4	9.7	3.7%
Restricted	0.8	1.8	(1.0)	-55.6%	1.8	2.1	(0.3)	-14.3%
Unrestricted	38.0	50.6	(12.6)	-24.9%	50.6	46.1	4.5	9.8%
<b>TOTAL NET POSITION</b>	<b>\$ 336.9</b>	<b>\$ 322.5</b>	<b>\$ 14.4</b>	<b>4.5%</b>	<b>\$ 322.5</b>	<b>\$ 308.6</b>	<b>\$ 13.9</b>	<b>4.5%</b>

## STATEMENTS OF NET POSITION

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

### **Comparison 2023-2022:**

Net position on June 30, 2023, was \$336.9 million, an increase of \$14.4 million. The increase was due to a combination of a water and sewer rate increase in FY23 (December 2022), along with continued solid demand for water and sewer services, and the Authority's efforts at controlling costs while still providing safe and efficient services. Current and other assets decreased \$13.5 million, receivables increased \$0.3 million, inventory increased \$0.4 million, cash and cash equivalents decreased \$6.8 million, restricted assets cash and investments decreased \$3.2 million, pension investment decreased \$4.1 million and other net decreases of \$0.1 million. In FY20, the Authority increased the allowance for bad debt by \$0.2 million, due to anticipated bad debt write-offs of customer accounts, and has kept the allowance at that level through FY22. In FY23, a slight increase was made for bad debt write-offs of \$0.07 million. While the Authority has seen some increase in bad debt write-offs, the Authority has not encountered significant bad debt write-offs as of the date of these financial statements. Net capital assets increased \$19.4 million due to new assets acquired exceeding depreciation during the year. Deferred outflows increased \$5.4 million due to accounting for pensions causing changes of \$6.0 million in deferred outflows, and a decrease of \$0.6 million in bond defeasance costs through amortization. Long-term debt decreased \$8.6 million reflecting principal payment on various bond series. Other liabilities increased \$11.4 million due to an increase in accounts payable and customer deposits rose about \$0.3 million. Net position for investment in capital assets increased \$28.0 million as a result of a net increase in capital assets, debt changes, and changes in related deferred outflows. Net position - unrestricted (available for day-to-day operations) decreased \$12.6 million as a result of the change in net position investments in capital assets and net position - restricted, as well as financial operations and activities for the year.

### **Comparison 2022-2021:**

Net position on June 30, 2022, was \$322.5 million, an increase of \$13.9 million. The increase was due to a combination of a water and sewer rate increase in FY22 (December 2021), along with continued solid demand for water and sewer services, and the Authority's efforts at controlling costs while still providing safe and efficient services. Current and other assets increased \$2.7 million, receivables increased \$1.5 million, inventory increased \$0.4 million, and other net increases of \$1.0 million. In FY20, due to the COVID-19 pandemic, the Authority increased the allowance for bad debt by \$0.2 million, due to anticipated bad debt write-offs of customer accounts, and has kept the allowance at that level through FY22, as the COVID-19 pandemic continues to decline. However, the Authority has not encountered significant bad debt write-offs as of the date of these financial statements. Net capital assets increased \$3.7 million due to new assets acquired exceeding depreciation during the year. Deferred outflows decreased \$1.2 million due to accounting for pensions causing changes of \$0.6 million in deferred outflows, and a decrease of \$0.6 million in bond defeasance costs through amortization. Long-term debt decreased \$10.6 million reflecting principal payment on various bond series. Other liabilities decreased \$3.5 million due to a decrease in accounts payable and customer deposits rose about \$0.3 million. Net position for investment in capital assets increased \$9.6 million as a result of a net increase in capital assets, debt changes, and changes in related deferred outflows. Net position - unrestricted (available for day-to-day operations) increased \$4.5 million as a result of the change in net position investments in capital assets and net position - restricted, as well as financial operations and activities for the year.

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

While the Statements of Net Position shows the increase in net position of \$14.4 million, the Statements of Revenues, Expenses, and Changes in Net Position, (summary shown in table A-2), provides answers as to the nature and source of these changes. A closer examination of the individual categories affecting the source of changes in net position is discussed below.

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

	Fiscal Year 2023 to 2022 Comparison				Fiscal Year 2022 to 2021 Comparison			
	FY 2023	FY 2022	Dollar Change	% Change	FY 2022	FY 2021	Dollar Change	% Change
<b>REVENUES</b>								
Operating Revenue:								
Charges for services	\$ 56.9	\$ 52.1	\$ 4.8	9.2%	\$ 52.1	\$ 49.4	\$ 2.7	5.5%
Penalties	1.7	1.5	0.2	13.3%	1.5	1.3	0.2	15.4%
Total Operating Revenues	58.6	53.6	5.0	9.3%	53.6	50.7	2.9	5.7%
Interest income	2.7	0.1	2.6	2600.0%	0.1	-	0.1	-
Total Revenues	61.3	53.7	7.6	14.2%	53.7	50.7	3.0	5.9%
<b>EXPENSES</b>								
Operating Expenses:								
Employment costs	19.9	15.8	4.1	25.9%	15.8	16.3	(0.5)	-3.1%
Repairs & maintenance	3.6	3.2	0.4	12.5%	3.2	2.5	0.7	28.0%
Supplies & materials	2.4	1.4	1.0	71.4%	1.4	1.5	(0.1)	-6.7%
Depreciation	16.6	16.7	(0.1)	-0.6%	16.7	17.1	(0.4)	-2.3%
Utilities	3.7	3.3	0.4	12.1%	3.3	3.2	0.1	3.1%
Water & sewer service purchased.	2.3	2.1	0.2	9.5%	2.1	2.2	(0.1)	-4.5%
Administration	1.9	1.7	0.2	11.8%	1.7	1.5	0.2	13.3%
Total Operating Expenses:	50.4	44.2	6.2	14.0%	44.2	44.3	(0.1)	-0.2%
Capitalized expenses	(1.2)	(1.2)	-	0.0%	(1.2)	(1.4)	0.2	-14.3%
Reported Total Operating Expenses:	49.2	43.0	6.2	14.4%	43.0	42.9	0.1	0.2%
Non-Operating Income (Expense)								
Interest and fiscal charges	(5.3)	(5.5)	0.2	-3.6%	(5.5)	(6.0)	0.5	-8.3%
Gain/(loss)-disposal of cap. assets	-	0.1	(0.1)	0.0%	0.1	0.1	-	0.0%
Other income/(expense)	0.1	(0.1)	0.2	0.0%	(0.1)	0.1	(0.2)	0.0%
Total Non-Operating Expenses	(5.2)	(5.5)	0.3	-5.5%	(5.5)	(5.8)	0.3	-5.2%
Total Expenses	54.4	48.5	5.9	12.2%	48.5	48.7	(0.2)	-0.4%
Income Before Cap Contr.	6.9	5.2	1.7	32.7%	5.2	2.0	3.2	160.0%
Capital Contributions:								
Tap fees	5.5	6.0	(0.5)	-8.3%	6.0	7.2	(1.2)	-16.7%
Developer lines	2.0	2.7	(0.7)	-25.9%	2.7	1.1	1.6	145.5%
Total Capital Contributions	7.5	8.7	(1.2)	-13.8%	8.7	8.3	0.4	4.8%
Changes in Net Position	14.4	13.9	0.5	3.6%	13.9	10.3	3.6	35.0%
Beginning Net Position	322.5	308.6	13.9	4.5%	308.6	298.3	10.3	3.5%
Ending Net Position	\$ 336.9	\$ 322.5	\$ 14.4	4.5%	\$ 322.5	\$ 308.6	\$ 13.9	4.5%

## REVIEW OF OPERATIONS

### Comparison 2023-2022:

Operating revenues increased by \$5.0 million or 9.3%. Water revenue increased 10.56% (\$3.1 million) and sewer revenue increased 8.1% (\$1.3 million) with water rates increasing 5% and sewer rates increasing 5% in FY23. The Authority has continued strong and steady demand for water. Early in the fiscal year, the rainfall patterns were about normal, with a pickup of rain going into calendar 2023, but a drop in rain into late summer 2023. Volume of sales indicate customers were responding to rainfall with higher demands during drier times, and lowered demand during rain events. Total volumes were consistent with demand driven by reaction to rainfall rates.

Operating expenses in 2023 decreased \$1.2 million from 2022. Employment cost increased \$4.1 million or 28.44% mainly due to increased retirement plan cost, and group medical cost, but with slight increases in personnel levels. The Authority experienced some personnel vacancies during 2023, which helped keep costs from rising further. Utilities increased 11.7% over the previous year due to increases in energy costs, repairs and maintenance increased 14.29% and materials and supplies increased 71.5% over the prior year due to increased market pricing, particularly with chemical purchases. There were no significant other increases or decreases in other operating expenses.

#### **Comparison 2022-2021:**

Operating revenues increased by \$2.9 million or 5.7%. Water revenue increased 5.7% (\$1.5 million) and sewer revenue increased 6.9% (\$1.1 million) with water rates increasing 2% and sewer rates increasing 3% in FY22. The Authority has continued to have a strong and steady demand for water. Early in the fiscal year, the rainfall patterns were about normal, with a pickup of rain going into calendar 2022, but a drop in rain into summer 2022. The volume of sales indicate customers were responding to rainfall with higher demands during drier times, and lowered demand during rain events. The Authority has not identified any significant shift in water and sewer demand due to COVID-19. However, total volumes were consistent with demand driven by reaction to rainfall rates. However, due to COVID-19 pandemic conditions, management maintained bad debt reserves at the level established in FY20.

Operating expenses in 2022 decreased \$0.1 million from 2021. Employment cost decreased \$0.5 million or 3.1% mainly due to reduced retirement plan cost, and group medical cost, but no increases in personnel levels. The Authority experienced some personnel vacancies during 2022, which is also reflected in the cost savings. Utilities increased 3.1% over the previous year due to increases in energy costs. The Authority experienced some cost savings due to reduced travel and training. There were no significant other increases or decreases in other operating expenses.

#### **TOTAL NON-OPERATING REVENUES AND EXPENSES**

#### **Comparison 2023-2022:**

Non-operating interest income increased \$2.6 million or 2600.0% with rising interest rates paid on deposits. Total non-operating expenses decreased \$0.3 million to \$5.2 million. Interest expense and fiscal charges decreased \$0.2 million as the principal bond balance decreased, and other income increased \$0.2 million. Disposition of capital assets was essentially unchanged in 2023 compared to 2022.

#### **Comparison 2022-2021:**

Non-operating interest income increased slightly with rising interest rates paid on deposits. Total non-operating expenses decreased \$0.3 million to \$5.5 million. Interest expense and fiscal charges decreased \$0.5 million due to issuance of a new bond and bond refunding in FY21, and other expenses decreased \$0.2 million. Disposition of capital assets was essentially unchanged in 2022 compared to 2021.

#### **CAPITAL CONTRIBUTIONS**

#### **Comparison 2023-2022:**

Capital contributions decreased \$1.2 million to \$7.5 million (down 13.6%). The tap fees were down \$0.5 million (8.9%) to \$5.5 million, developer lines were down \$0.6 million (24.1%). The developer contributions consist of non-cash contributions of commercial or residential developments, of which there is some new development as the market rises during the current economic environment.

#### **Comparison 2022-2021:**

Capital contributions increased \$0.4 million to \$8.7 million (up 4.8%). The tap fees were down \$1.2 million (16.7%) to \$6.0 million, developer lines were up \$2.7 million (145.5%). The developer contributions consist of non-cash contributions of commercial or residential developments, of which there is some new development as the market rises during the current economic environment.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Table A-3 provides a summary of the Authority's changes in capital asset acquisitions financed by Authority expenditures, developer lines, and city and county contributions. At the end of 2023, the Authority had invested \$751 million (historical cost) in a broad range of infrastructure including water plants, wastewater plants, wastewater facilities, water & sewer lines, dam construction, reservoir, maintenance and administration facilities, and vehicles and equipment. More detailed information about the Authority's capital assets is presented in Note 3 to the Financial Statements.

Fiscal year 2023, significant capital asset additions and changes (in millions of dollars) were:

\$ 0.2 – Building and improvements – Buildings (\$0.1), (Sewer structures (\$0.1)  
 \$ 2.7 – Machinery & Equipment -- Power and Miscellaneous Equipment (\$1.6), Transportation (\$1.1)  
 \$ 6.8 – Improvements – Stormwater (\$2.2), Meters (\$.2), Sewer Lines (\$2.3), Water Lines (\$2.1)  
 \$26.1 – Construction in Progress – Various projects in process with reclass to permanent categories above.  
 \$35.8 million – Total Asset Dollar Change

Fiscal year 2022, significant capital asset additions and changes (in millions of dollars) were:

\$ 0.7 asset reduction – Land sale  
 \$ 1.5 – Building and improvements – Sewer structures (\$1.4), Water Structures (\$0.1)  
 \$ 2.6 – Machinery & Equipment -- Power and Miscellaneous Equipment (\$2.2), Transportation (\$0.4)  
 \$13.7 – Improvements – Stormwater (\$2.2), Meters (\$1.9), Sewer Lines (\$4.5), Water Lines (\$5.1)  
 \$ 3.2 – Construction in Progress – Various projects in process with reclass to permanent categories above.  
 \$20.3 million – Total Asset Dollar Change

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

Description	Fiscal Year 2023 to 2022 Comparison					Fiscal Year 2022 to 2021 Comparison							
	FY 2023		FY 2022		Dollar Change	FY 2022		FY 2021		Dollar Change			
	\$	36.5	\$	36.5	\$ -	0.0%	\$	36.5	\$	37.2	\$ (0.7)	-1.9%	
Land	\$	36.5	\$	36.5	\$ -	0.0%	\$	36.5	\$	37.2	\$ (0.7)	-1.9%	
Buildings		72.3		72.1		0.2		72.1		70.6		1.5	2.1%
Machinery & Equipment		80.1		77.4		2.7		77.4		74.8		2.6	3.5%
Improvements		511.0		504.2		6.8		504.2		490.5		13.7	2.8%
Construction In Progress		50.9		24.8		26.1		24.8		21.6		3.2	14.8%
Subtotal		750.8		715.0		35.8		715.0		694.7		20.3	2.9%
Less Accumulated Depreciation		341.5		325.1		16.4		325.1		308.5		16.6	5.4%
Net Property, Plant, Equipment	\$	409.3	\$	389.9	\$	19.4		389.9	\$	386.2	\$	3.7	1.0%

## DEBT

At June 30, 2023 year-end, the Authority had \$172.8 million in debt instruments down from \$183.3 million in fiscal year 2022. This decrease was due to scheduled payments on debt and amortization of bond premiums. The Authority was in compliance with all bond and loan covenants during the fiscal years 2023 and 2022. More detailed information about the Authority's debt liabilities is presented in Note 4 to the Financial Statements.

### Bond Ratings

	Fiscal Year 2023 to 2022 Comparison				Fiscal Year 2022 to 2021 Comparison			
	FY		FY		FY		FY	
	2023	2022	Dollar Change	% Change	2022	2021	Dollar Change	% Change
Revenue from Operations	\$ 58.6	\$ 53.6	\$ 5.0	9.3%	\$ 53.6	\$ 50.7	\$ 2.9	5.7%
Interest Income	2.7	0.1	2.6		0.1	-	0.1	
Tap Fees	5.5	6.0	(0.5)	-8.3%	6.0	7.2	(1.2)	-16.7%
Total Revenues	66.8	59.7	7.1	11.9%	59.7	57.9	1.8	3.1%
Total Operating Expenses (less depreciation)	32.6	26.3	6.3	24.0%	26.3	25.8	0.5	1.9%
Net Earnings	\$ 34.2	\$ 33.4	\$ 0.8	2.4%	\$ 33.4	\$ 32.1	\$ 1.3	4.0%
Current Annual Debt Service	\$ 15.3	\$ 15.3	\$ -	0.0%	\$ 15.3	\$ 15.3	\$ -	0.0%
Debt Coverage Ratio	2.2	2.2	-	0.0%	2.2	2.1	0.1	4.8%
Maximum Annual Debt Service	\$ 15.3	\$ 15.3	\$ -	0.0%	\$ 15.3	\$ 15.3	\$ -	0.0%
Debt Coverage Ratio	2.2	2.2	\$ 0.1	4.8%	2.2	2.1	\$ 0.1	4.8%

With the 2009 bond issue, the Authority received a stand-alone rating of Aa2 by Moody's, and an affirmative of its AA- rating from S&P Global. In August 2014, Moody's downgraded the Authority's rating to Aa3. In August 2020, Moody's increased the rating to Aa2, while S&P Global re-issued a rating of AA-. In October 2022 S&P Global has upgraded the Authority's rating to AA from AA-.

### Debt Coverage Ratio

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 annual net earnings of the system must be at least 1.10 times the highest combined debt service requirement. The current debt service structure essentially reaches a maximum annual debt service in 2022 and 2023 of \$15.3 million and declining after 2030. Note this calculation is based on the scheduled 2015 Series B bond maturities excluding the mandatory redemption date on June 1, 2030. During fiscal year 2023, the Authority's current debt coverage ratio, including tap fees, was 2.2. The maximum annual debt (MAD) service level is at 2.2.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Conservation efforts brought on by the 2007 drought and adoption of a three-tier rate structure resulted in an 18% decrease in daily water consumption after the peak consumption year ended June 30, 2007. Since 2007, consumption had crept up each year, and fiscal year 2023 experienced slightly increased consumption over the prior year. Water consumption is not anticipated to change significantly but is expected to trend upwards in the next five years. Long range forecasts by the Atlanta Regional Commission show the same slight upward trend over the next 50 years. The fiscal year 2024 budget, five-year cash flow projections and capital improvement program have been prepared based on projected economic and population growth for the Authority's service area which is expected to remain stable with slight but steady growth anticipated in the next five years. Other factors affecting next year's, and future budgets are listed below.

The fiscal year 2024 budget was prepared with a 5% increase in water and a 5% increase sewer rates projected in December 2023. However, management will review conditions during the year to determine if operating expenses, coverage ratios, debt service, and future capital improvement needs are being met in order to determine any rate increases.

The Authority's Capital Improvement Program is funded through issuance of new debt, capital contributions from tap fees and from developers, and operating revenue in excess of operating expenses and debt service expenses. With the construction and tap fees anticipated to continue to be moderate but with positive growth, and with a reluctance to issue new debt except for very large projects, the Authority will be relying heavily on operating revenues to fund most capital improvements on a pay-as-you-go basis over the next several years. See Note 4 in the Notes to the Financial Statements.

## **CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Additional ACFRs can be found online at [www.ddcwsa.com](http://www.ddcwsa.com) under the Business/Finance Section. If you have questions about this report or need additional financial information, contact the Douglasville-Douglas County Water and Sewer Authority's Chief Financial Officer, P.O. Box 1157, Douglasville, Georgia 30133.

# **BASIC FINANCIAL STATEMENTS**

**Douglasville-Douglas County Water and Sewer Authority**  
**Statements of Net Position**

	June 30,	
	2023	2022
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 36,794,656	\$ 43,596,432
Accounts receivable, less allowance for doubtful accounts of \$870,000 in 2023, \$800,000 in 2022	7,366,064	6,942,147
Miscellaneous receivables	308,558	666,268
Inventories	1,871,840	1,486,055
Prepaid expenses	384,006	403,980
Restricted assets:		
Cash and cash equivalents	5,284,997	7,010,641
Investments	60,587,376	62,028,355
<b>Total current assets</b>	<b>112,597,497</b>	<b>122,133,878</b>
Non-current assets:		
Capital assets:		
Land and easements	36,505,957	36,497,201
Buildings	72,291,722	72,132,301
Machinery and equipment	80,140,267	77,406,251
Improvements other than buildings	511,024,490	504,198,265
Construction in progress	50,849,877	24,737,708
	<hr/>	<hr/>
Less accumulated depreciation	750,812,313	714,971,726
Net capital assets	341,527,543	325,109,202
	<hr/>	<hr/>
	409,284,770	389,862,524
Other assets:		
Miscellaneous receivables - non-current, less allowance for doubtful accounts of \$28,700 in 2023 and 2022	939,962	869,255
Net pension asset	-	4,024,373
Investments, net	1,300,281	1,354,706
Total other assets	<hr/>	<hr/>
	2,240,243	6,248,334
Total non-current assets	<hr/>	<hr/>
<b>Total assets</b>	<b>524,122,510</b>	<b>518,244,736</b>
<b>Deferred Outflows of Resources:</b>		
Pensions	8,613,968	2,625,690
Bond defeasance costs	2,175,150	2,777,080
<b>Total deferred outflows of resources</b>	<b>10,789,118</b>	<b>5,402,770</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 534,911,628</b>	<b>\$ 523,647,506</b>

**Douglasville-Douglas County Water and Sewer Authority**  
**Statements of Net Position (continued)**

	June 30,	
	2023	2022
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 2,454,297	\$ 1,196,655
Accrued expenses and other	1,647,395	1,152,430
Revenue bonds, portion due within one year	8,535,000	10,515,000
Current liabilities payable from restricted assets:		
Accrued interest on revenue bonds	370,616	396,359
Accounts payable	2,538,133	760,915
Customer deposits	4,679,717	4,344,371
Unearned income	857,033	931,087
<b>Total current liabilities</b>	<b>21,082,191</b>	<b>19,296,817</b>
Non-current liabilities:		
Other long-term liabilities	12,702,233	3,083,865
Long-term debt:		
Revenue bonds – portion due after one year, net of unamortized (premium)/discounts of (\$1,213,830) in 2023 and (\$1,286,759) in 2022	164,233,830	172,841,759
Total long-term debt	<b>164,233,830</b>	<b>172,841,759</b>
<b>Total non-current liabilities</b>	<b>176,936,063</b>	<b>175,925,624</b>
<b>Total liabilities</b>	<b>198,018,254</b>	<b>195,222,441</b>
<b>Deferred Inflows of Resources:</b>		
Pensions	-	5,973,942
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>5,973,942</b>
<b>Total liabilities and deferred inflows</b>	<b>198,018,254</b>	<b>201,196,383</b>
<b>Net Position:</b>		
Net investment in capital assets	298,103,478	270,059,886
Amounts restricted for:		
Debt service	804,373	854,955
Renewal and expansion	-	974,805
Unrestricted amounts	37,985,523	50,561,477
<b>Total net position</b>	<b>\$ 336,893,374</b>	<b>\$ 322,451,123</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 534,911,628</b>	<b>\$ 523,647,506</b>

*See accompanying notes.*

**Douglasville-Douglas County Water and Sewer Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**

	Year ended June 30,	
	2023	2022
<b>Operating revenues:</b>		
Charges for services (net of bad debt expense \$380,480 in 2023 and \$352,610 in 2022)	\$ 56,836,385	\$ 52,067,963
Penalties	1,713,737	1,501,484
	<u>58,550,122</u>	<u>53,569,447</u>
<b>Operating expenses:</b>		
Employment costs	18,704,069	14,562,832
Repairs and maintenance	3,646,991	3,191,094
Supplies and materials	2,401,357	1,400,498
Depreciation	16,555,930	16,747,987
Utilities	3,675,299	3,290,641
Water and sewer services purchased	2,273,079	2,152,026
Administration	1,898,620	1,672,764
	<u>49,155,345</u>	<u>43,017,842</u>
<b>Operating income</b>	<b>9,394,777</b>	<b>10,551,605</b>
<b>Non-operating revenues (expenses):</b>		
Interest and fiscal charges	(5,259,566)	(5,533,309)
Interest income	2,730,560	107,274
Gain on disposal of capital assets	405	101,568
Other income (expenses)	52,747	(87,734)
Total non-operating revenue (expenses) net	<u>(2,475,854)</u>	<u>(5,412,201)</u>
Income before capital contributions	6,918,923	5,139,404
Capital contributions	7,523,328	8,704,461
<b>Change in net position</b>	<b>14,442,251</b>	<b>13,843,865</b>
Total net position - beginning	322,451,123	308,607,258
<b>Total net position - ending</b>	<b>\$ 336,893,374</b>	<b>\$ 322,451,123</b>

*See accompanying notes.*

# Douglasville-Douglas County Water and Sewer Authority

## Statements of Cash Flows

	Year ended June 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 58,674,500	\$ 52,188,654
Cash payments for goods and services	(11,226,297)	(12,741,707)
Cash payments to employees	(16,528,583)	(15,839,463)
Net cash provided by operating activities	<u>30,919,620</u>	<u>23,607,484</u>
<b>Cash flows from (to) capital and related financing activities:</b>		
Payments for capital acquisitions	(33,972,286)	(18,474,369)
Principal repayments on bonds payable	(10,515,000)	(10,245,000)
Interest paid	(4,756,309)	(5,055,836)
Other financing proceeds (uses)	52,747	(87,734)
Proceeds from the sale of capital assets	34,053	843,786
Capital grants	-	105,443
Cash received for water and sewer tap fees	5,483,791	6,018,069
Net cash used in capital and related financing activities	<u>(43,673,004)</u>	<u>(26,895,641)</u>
<b>Cash flows from investing activities:</b>		
Sale (Purchase) of investments	1,495,404	4,026,191
Receipts of interest and dividends	2,730,560	107,274
Net cash provided by investing activities	<u>4,225,964</u>	<u>4,133,465</u>
Net (decrease) increase in cash and cash equivalents	(8,527,420)	845,308
Cash and cash equivalents, beginning of year	50,607,073	49,761,765
Cash and cash equivalents, end of year	<u>\$ 42,079,653</u>	<u>\$ 50,607,073</u>
<b>Reconciliation to Statement of Net Position:</b>		
Current assets:		
Cash and cash equivalents	\$ 36,794,656	\$ 43,596,432
Restricted assets:		
Cash and cash equivalents	5,284,997	7,010,641
	<u>\$ 42,079,653</u>	<u>\$ 50,607,073</u>

*Continued on next page*

**Douglasville-Douglas County Water and Sewer Authority**  
**Statements of Cash Flows (Continued)**

Year ended June 30,  
2023      2022

**Reconciliation of operating income to net cash provided by operating activities:**

Operating income	\$ 9,394,777	\$ 10,551,605
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	16,555,930	16,747,987
Changes in operating assets, liabilities, deferred outflows and deferred inflows:		
Accounts and miscellaneous receivables	(66,207)	(1,615,726)
Inventories	(385,785)	(379,241)
Prepaid expenses	19,974	(14,109)
Miscellaneous receivables - non-current	(70,707)	34,287
Net pension asset	4,024,373	(4,024,373)
Accounts payable	3,034,860	(641,334)
Accrued expenses and other	494,965	(314,947)
Customer deposits	335,346	273,657
Other long-term liabilities	9,618,368	(2,997,834)
Unearned income	(74,054)	(73,011)
Deferred outflows	(5,988,278)	578,722
Deferred inflows	(5,973,942)	5,481,801
Total adjustments	<u>21,524,843</u>	<u>13,055,879</u>
Net cash provided by operating activities	<u>\$ 30,919,620</u>	<u>\$ 23,607,484</u>

**Schedule of non-cash capital and financing activities:**

Capital assets acquired through:		
Developer contributions	\$ 2,039,537	\$ 2,686,392
Total non-cash capital financing activities	<u>\$ 2,039,537</u>	<u>\$ 2,686,392</u>

*See accompanying notes.*

# **NOTES TO FINANCIAL STATEMENTS**

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

#### **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 to the Authority was recorded as a capital contribution.

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

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

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

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

##### ***A. Basis of Accounting***

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

The Authority utilizes the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recognized as they are incurred. The Authority financial

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

statements apply all effective pronouncements of the Governmental Accounting Standards Board (GASB), and when not in conflict with, or contradictory to GASB, pronouncements of the Financial Accounting Standards Board (FASB).

#### ***B. Cash and Cash Equivalents***

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

The Authority has adopted a policy which sets a minimum target of total unrestricted cash on hand equal to two hundred seventy days of budgeted operations.

#### ***C. Investments***

Georgia Fund 1 (GF1) investments for the Authority are reported at fair value. The reported value of funds invested in Georgia Fund 1 is the same as the fair value of the pool shares.

Georgia Fund 1 is a AAAf/S1 rated (Fitch) combined state general fund and local government investment pool and is managed by the Office of State Treasurer. Georgia Fund 1 is offered by the State of Georgia to counties, municipalities, public colleges and universities, boards of education special districts, state agencies, and other authorized entities as a conservative, efficient, and liquid investment alternative. The primary investment objectives of Georgia Fund 1 are safety of capital, liquidity, yield, and diversification with primary emphasis on safety of capital and liquidity.

Georgia Fund 1 invests the pooled funds in U.S. Treasury obligations, securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities, banker's acceptance and repurchase agreements contracted with highly rated counterparties, and commercial paper rated "A-1" or better. The fund may also invest in certificates of deposit issued by banks domiciled in the State of Georgia that maintain Standard & Poor's ratings of "A-1" or better.

The non-current investment consists of a lump sum single premium life only annuity solely to fund the total pension liability of the former Executive Director pension plan (Plan II) and is stated at the actuarially determined present value of the annuitized payment stream. See Notes 2 and 10.

#### ***D. Capital Assets***

Capital assets are defined by the Authority as individual assets with a life expectancy of more than one year and a minimum cost of \$5,000. The capital assets transferred to the Authority were recorded as capital contributions from the City and the County at estimated historical cost, less accumulated depreciation at the date of transfer. Through fiscal year 2020, the Authority also capitalized a portion of interest expense as part of the historical cost of constructing expansions to the system. Beginning in fiscal year 2021, the Authority no longer capitalizes interest costs as part of constructing expansions. The capital assets of

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

the Authority are depreciated using the straight-line method over estimated useful lives as follows:

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

#### ***E. Inventories***

Inventory of supplies and materials is valued at cost using the first-in, first-out (FIFO) method.

#### ***F. Bond Premiums, Bond Discounts, and Bond Insurance Costs***

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

#### ***G. Deferred Outflows/Inflows of Resources***

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

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

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

#### ***H. Net Position***

The Authority classifies Net Position as follows:

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

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

Unrestricted net position - This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

#### ***I. Compensated Absences (PTO)***

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

#### ***J. Unearned Income***

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

#### ***K. Water and Sewer Tap Fees – Capital Contributions***

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

#### ***L. Developer Contributions – Line and Other Assets***

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

#### ***M. Revenues and Expenses***

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

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

**Notes to Financial Statements**

**June 30, 2023 and 2022**

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Authority's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

***N. Statements of Cash Flows***

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

***O. Management Estimates***

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

**Douglasville-Douglas County Water and Sewer Authority**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**2. Deposits and Investments**

The Authority's available cash is placed in demand deposit accounts, money market treasury accounts, and the State of Georgia local government investment pool (Georgia Fund 1). The carrying amounts of the cash and investments at June 30 consist of the following:

	2023	2022
Demand deposit accounts	\$ 18,470,856	\$ 19,226,288
Money market account	23,608,797	31,380,786
Local government investment pool	60,587,376	62,028,354
Investments-other	1,300,281	1,354,706
	<hr/> <u>\$ 103,967,310</u>	<hr/> <u>\$ 113,990,134</u>
Current assets:		
Unrestricted - cash and cash equivalents	\$ 36,794,656	\$ 43,596,432
Restricted - cash and cash equivalents	5,284,997	7,010,642
Restricted - investments	60,587,376	62,028,354
Non-current asset:		
Investments	1,300,281	1,354,706
	<hr/> <u>\$ 103,967,310</u>	<hr/> <u>\$ 113,990,134</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 be managed to ensure preservation of and to limit exposure to principal losses due to credit, market and/or liquidity risks.

At June 30, 2023 and 2022, the Authority had the following restricted investments listed at fair value:

<u>Investment</u>	<u>2023</u>	<u>2022</u>
Georgia Fund 1	<u>\$60,587,376</u>	<u>\$62,028,354</u>
Maturities-in weighted average (WAM)	28 days	43 days

Georgia Fund 1 – As of June 30, 2023 and 2022, the Authority's investment in Georgia Fund 1 was rated AAAf/S1 by Fitch.

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

The non-current investment consists of a lump sum single premium life only annuity solely to fund the pension liability of the former Executive Director pension plan and is stated at the actuarially determined present value of the annuitized payment stream of \$1,300,281 and \$1,354,706 at June 30, 2023 and 2022, respectively. See Note 10.

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

Custodial credit risk – 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. The Authority reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of June 30, 2023 and 2022, the Authority was not exposed to custodial credit risk.

The Authority has adopted GASB Statement No. 72 (GASB 72), (*Fair Value Measurement and Application*). GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the Authority has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the Authority's own assumptions, as there is little, if any, related market activity.

	2023	Fair Value Measure Using:		
		Level 1	Level 2	Level 3
Georgia Fund 1	\$ 60,587,376	\$ 60,587,376	\$ -	\$ -
Annuity Investment	1,300,281	-	-	1,300,281
<b>Totals</b>	<b>\$ 61,887,657</b>	<b>\$ 60,587,376</b>	<b>\$ -</b>	<b>\$ 1,300,281</b>

	2022	Level 1	Level 2	Level 3
Georgia Fund 1	\$ 62,028,355	\$ 62,028,355	\$ -	\$ -
Annuity Investment	1,354,706	-	-	1,354,706
<b>Totals</b>	<b>\$ 63,383,061</b>	<b>\$ 62,028,355</b>	<b>\$ -</b>	<b>\$ 1,354,706</b>

**Douglasville-Douglas County Water and Sewer Authority**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**3. Capital Assets**

A summary of capital asset activity and changes in accumulated depreciation for the years ended June 30, 2023 and 2022 follows:

	Balance June 30, 2022	Additions	Retirements & Transfers	Balance June 30, 2023
<b>Capital assets not being depreciated:</b>				
Land and easements	\$ 36,497,201	\$ 8,756	\$ -	\$ 36,505,957
Construction in progress	24,737,708	31,321,740	(5,209,571)	50,849,877
<b>Total capital assets, not being depreciated</b>	<b>61,234,909</b>	<b>31,330,496</b>	<b>(5,209,571)</b>	<b>87,355,834</b>
<b>Capital assets being depreciated:</b>				
Buildings and structures	72,132,301	159,421	\$ -	72,291,722
Machinery and equipment	77,406,251	2,905,252	(171,236)	80,140,267
Improvements other than buildings	504,198,265	6,826,225	\$ -	511,024,490
<b>Total capital assets being depreciated</b>	<b>653,736,817</b>	<b>9,890,898</b>	<b>(171,236)</b>	<b>663,456,479</b>
<b>Less accumulated depreciation for:</b>				
Buildings and structures	(31,546,477)	(1,992,095)	\$ -	(33,538,572)
Machinery and equipment	(60,377,712)	(1,813,163)	137,589	(62,053,286)
Improvements other than buildings	(233,185,013)	(12,750,672)	\$ -	(245,935,685)
<b>Total accumulated depreciation</b>	<b>(325,109,202)</b>	<b>(16,555,930)</b>	<b>137,589</b>	<b>(341,527,543)</b>
<b>Total capital assets being depreciated, net</b>	<b>328,627,615</b>	<b>(6,665,032)</b>	<b>(33,647)</b>	<b>321,928,936</b>
<b>Net capital assets</b>	<b>\$ 389,862,524</b>	<b>\$ 24,665,464</b>	<b>\$ (5,243,218)</b>	<b>\$ 409,284,770</b>

	Balance June 30, 2021	Additions	Retirements & Transfers	Balance June 30, 2022
<b>Capital assets not being depreciated:</b>				
Land and Easements	\$ 37,231,556	\$ 7,863	\$ (742,218)	\$ 36,497,201
Construction in progress	21,633,830	15,652,498	(12,548,620)	24,737,708
<b>Total capital assets, not being depreciated</b>	<b>58,865,386</b>	<b>15,660,361</b>	<b>(13,290,838)</b>	<b>61,234,909</b>
<b>Capital assets being depreciated:</b>				
Buildings and Structures	70,595,939	1,536,362	\$ -	72,132,301
Machinery and Equipment	74,763,960	2,750,542	(108,251)	77,406,251
Improvements Other Than Buildings	490,436,149	13,762,116	\$ -	504,198,265
<b>Total capital assets being depreciated</b>	<b>635,796,048</b>	<b>18,049,020</b>	<b>(108,251)</b>	<b>653,736,817</b>
<b>Less accumulated depreciation for:</b>				
Buildings and Structures	(29,510,654)	(2,035,823)	\$ -	(31,546,477)
Machinery and Equipment	(58,350,568)	(2,135,395)	108,251	(60,377,712)
Improvements Other Than Buildings	(220,608,244)	(12,576,769)	\$ -	(233,185,013)
<b>Total accumulated depreciation</b>	<b>(308,469,466)</b>	<b>(16,747,987)</b>	<b>108,251</b>	<b>(325,109,202)</b>
<b>Total capital assets being depreciated, net</b>	<b>327,326,582</b>	<b>1,301,033</b>	<b>\$ -</b>	<b>321,928,936</b>
<b>Net capital assets</b>	<b>\$ 386,191,968</b>	<b>\$ 16,961,394</b>	<b>\$ (13,290,838)</b>	<b>\$ 389,862,524</b>

Depreciation expense incurred during the year amounted to \$16,555,930 in 2023 and \$16,747,987 in 2022.

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

#### **4. Long-Term Debt - Direct Borrowings/Placements**

On October 27, 2020, the Authority issued \$84,555,000 Water and Sewerage Revenue Bonds, Series 2020A, in order to acquire, construct, and equip certain water, wastewater, and stormwater projects, including, but not limited to, an expansion of the Authority's Dog River Reservoir, and to pay closing costs of the bond issuance. The 2020A Bonds were issued under the 2013 Master Bond Resolution with interest rates on the 2020A Bonds range from 2%-5% with an average all in rate of 2.07%. Interest payments are due semi-annually on Dec 1 and June 1, with annual principal payments due June 1. The Series 2020A Bonds have a stated maturity of June 1, 2050 and are subject to redemption at the option of the Authority, in whole or in part, in any order of maturity, on any date on or after June 1, 2030 at a redemption price of 100% of the principal amount plus accrued interest to the redemption date. The outstanding principal balance on the 2020A Series Bonds was \$77,155,000 and \$79,655,000 on June 30, 2023 and 2022, respectively.

On March 24, 2020, the Authority issued \$10,500,000 Water and Sewerage Revenue Refunding Bond, Series 2020, in a defeasance of the 2009 Bonds dated 2021-2023 principal outstanding balance of \$10,390,000. Interest rates on the 2020 Bonds were at 1.410%. The Series 2020 Bonds terms had a stated final maturity of June 1, 2023 and may have been prepaid in whole or in part, on any date at a prepayment price equal to the principal amount of the Series 2020 Bond to be prepaid plus accrued interest to the prepayment date and, if prepaid on or before June 1, 2022, plus a prepayment premium equal to 1% of the principal amount of the Series 2020 Bond being prepaid. The bonds were paid off on the stated maturity date of June 1, 2023. The outstanding principal balance on the 2020 Series Bonds was \$0 and \$3,555,000 on June 30, 2023 and 2022, respectively. The economic gain over the three years for the refunding was \$475,842 with a present value \$465,011.

On October 9, 2015, the Authority issued 2015 Series A & B Bonds totaling \$73,420,000 in an advance refunding of the 2007 Series Bonds. The interest rate on Series A Bonds is 3.10% with the final maturity due in 2030. The interest rate on Series B Bonds is 3.14% with a mandatory redemption on June 1, 2030, but amortized to 2037. Annual debt service payments will decrease \$356,000 to \$490,000 for the next fifteen years. The economic gain over the fifteen years for the refunding is \$7.1 million with a present value of \$5.6 million. The outstanding principal balance on the 2015 Series Bonds was \$52,760,000 and \$55,730,000 on June 30, 2023 and 2022, respectively.

On December 18, 2013, the Authority issued \$53,180,000 Water and Sewerage Revenue Bonds in a partial defeasance of \$48,360,000 of the 2005 Bonds principal outstanding balance. The 2013 Bonds were issued at a 2.8% interest rate with a maturity in 2030. The refunding reduced total debt service by \$6,852,736. The Series 2013 Bonds having a stated maturity of June 1, 2030 and may be redeemed beginning in June 2023 at the option of the Authority in whole or in part with not less than thirty days notice nor more than sixty days notice at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. The outstanding principal balance on the 2013 Series Bonds was \$41,640,000 and \$43,130,000 and on June 30, 2023 and 2022, respectively.

**Douglasville-Douglas County Water and Sewer Authority**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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>June 30</b>	<b>Scheduled Mandatory Redemption Payments</b>	<b>Interest Payments</b>	<b>Service on the Bonds</b>
2024	\$ 8,535,000	\$ 4,447,393	\$ 12,982,393
2025	8,780,000	4,199,218	12,979,218
2026	9,035,000	3,943,898	12,978,898
2027	9,300,000	3,681,153	12,981,153
2028	9,570,000	3,410,673	12,980,673
2029-2033	41,350,000	12,987,614	54,337,614
2034-2038	35,010,000	8,887,193	43,897,193
2039-2043	19,370,000	4,377,606	23,747,606
2044-2048	21,400,000	2,345,264	23,745,264
2049-2050	9,205,000	294,420	9,499,420
<b>Totals</b>	<b>171,555,000</b>	<b>\$ 48,574,432</b>	<b>\$ 220,129,432</b>
Less: Portion due within 1 year	(8,535,000)		
Long-term debt at June 30, 2023	<b>\$ 163,020,000</b>		

Bond indentures for the Authority's revenue bonds include provisions requiring the Authority to set up certain debt related accounts, the transfer of one-sixth interest and one-twelfth principal each month to a sinking fund and requirements relating to rate setting and maintaining certain coverage ratios. For purposes of calculating certain coverage ratios, the 2015 Bond Series B provides annual bond maturities through 2037; however, the Series B maintains a mandatory redemption date of June 1, 2030.

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Changes in long-term debt are as follows:

	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
2013 Revenue Bonds	\$ 43,130,000	\$ -	\$ (1,490,000)	\$ 41,640,000	\$ 5,470,000
2015 Revenue Bonds	55,730,000	-	(2,970,000)	52,760,000	3,065,000
2020 Revenue Bonds	3,555,000	-	(3,555,000)	-	-
2020A Revenue Bonds	79,655,000	-	(2,500,000)	77,155,000	-
	<u>182,070,000</u>	<u>-</u>	<u>(10,515,000)</u>	<u>171,555,000</u>	<u>8,535,000</u>
<b>Premiums/(Discounts):</b>					
2020A Revenue Bonds	1,286,759	-	(72,929)	1,213,830	-
Total long-term debt	<u>183,356,759</u>	<u>\$ -</u>	<u>\$ (10,587,929)</u>	<u>172,768,830</u>	<u>\$ 8,535,000</u>
Current portion of debt	(10,515,000)			(8,535,000)	
Long-term debt	<u>\$ 172,841,759</u>			<u>\$ 164,233,830</u>	

	June 30, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
2013 Revenue Bonds	\$ 44,580,000	\$ -	\$ (1,450,000)	\$ 43,130,000	\$ 1,490,000
2015 Revenue Bonds	58,615,000	-	(2,885,000)	55,730,000	2,970,000
2020 Revenue Bonds	7,065,000	-	(3,510,000)	3,555,000	3,555,000
2020A Revenue Bonds	82,055,000	-	(2,400,000)	79,655,000	2,500,000
	<u>192,315,000</u>	<u>-</u>	<u>(10,245,000)</u>	<u>182,070,000</u>	<u>10,515,000</u>
<b>Premiums/(Discounts):</b>					
2020A Revenue Bonds	1,364,664	-	(77,905)	1,286,759	-
Total long-term debt	<u>193,679,664</u>	<u>\$ -</u>	<u>\$ (10,322,905)</u>	<u>183,356,759</u>	<u>\$ 10,515,000</u>
Current Portion of Debt	(10,245,000)			(10,515,000)	
Long-Term Debt	<u>\$ 183,434,664</u>			<u>\$ 172,841,759</u>	

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

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**5. Restricted Assets**

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

Legal:	2023	2022
Bond proceeds-construction fund	\$ 59,412,387	\$ 60,777,041
Renewal and extension cash	2,408,057	2,863,345
Refundable meter deposits	2,876,940	4,147,296
Debt service sinking fund	1,174,989	1,251,314
<b>Total cash and investments</b>	<b>\$ 65,872,373</b>	<b>\$ 69,038,996</b>

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 years 2023 and 2022 total \$12,982,393 and \$15,271,309, respectively.

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**6. Deferred Outflows / Deferred Inflows of Resources**

Deferred outflows and inflows consisted of the following:

	2023	2022
Deferred Outflows of Resources		
ERP pension plan (see note 9)	\$ 8,613,968	\$ 2,625,690
Bond defeasance costs	2,175,150	2,777,080
Total deferred outflows of resources	<u>\$ 10,789,118</u>	<u>\$ 5,402,770</u>
Deferred Inflows of Resources		
ERP pension plan (see note 9)	\$ -	\$ 5,973,942
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 5,973,942</u>

**7. Other Long-Term Liabilities**

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

	2023	2022
Net Pension Liability - ERP Plan (see note 9)	\$ 9,413,519	\$ -
Total pension liability- Plan II (see note 10)	2,774,510	2,598,573
Other post employment benefits plan (see Note 12)	514,204	485,292
Total	<u>\$ 12,702,233</u>	<u>\$ 3,083,865</u>

**8. Net Investment in Capital Assets**

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

	2023	2022
Net capital assets	\$ 409,284,770	\$ 389,862,524
Debt related to capital assets	(171,555,000)	(182,070,000)
Debt related deferred outflows	2,175,150	2,777,080
Unspend bond proceeds	59,412,388	60,777,041
Bond Premium	(1,213,830)	(1,286,759)
Net investment in capital assets - end of year	<u>\$ 298,103,478</u>	<u>\$ 270,059,886</u>

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **9. Pension – Employees Retirement Plan (ERP)**

#### ***General Information about the Pension Plan***

##### **Plan Description**

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

The following brief description of the pension plan terms is provided for general information purposes only. Participants should refer to the plan document for more complete information. The original date of the plan was March 1, 1986. The plan was amended June 1, 1994, January 1, 1997, December 1, 1999, July 1, 2003, January 1, 2009, and January 1, 2019.

##### **Benefits Provided:**

All employees hired in positions that meet or exceed the prescribed annual hourly standard are enrolled in the Authority’s retirement plan. No employee contributions are allowed in the plan. Normal retirement age under the Plan is sixty-five with at least 5 years of service and early retirement is at age 55 with 10 years of service. Employees are eligible for coverage after one year of continuous service. For employees hired after December 1, 1999, normal retirement is 30 years. The plan was amended on January 1, 2009, and amended again on January 1, 2019, and differences in benefits are:

*Employees hired before January 1, 2009: Vesting after 5 years of service, normal retirement benefits are calculated at 2% per year of service based on average of highest thirty-six consecutive months, with early retirement at 55, and under the rule of eighty. 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 and retiring prior to January 1, 2019: Vesting after 10 years of service, normal retirement benefits are calculated at 1 1/2 % per year of service based on the average of highest 60 consecutive months. Rule of eighty early retirement benefits do not apply, disability benefits do not apply and there is no cost-of-living adjustment.*

*Employees hired on or after January 1, 2009 and retiring on or after January 1, 2019: Vesting after 10 years of service, normal retirement benefits are generally calculated at 2 % per year of service based on the average of highest 60 consecutive months. Rule of eighty*

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

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

*early retirement benefits do apply, and there is a cost-of-living adjustment, but disability benefits do not apply.*

### **Employees Covered by Benefits**

Membership of the Plan reported as of the valuation report date of January 1, 2023 was:

Members of the Plan:	Participants
Retirees and beneficiaries receiving benefits	117
Terminated plan members entitled to, but not yet receiving	77
Active plan members	191
Total Membership	385

### **Contributions**

The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees had adopted an independent actuarial funding policy that exceeds State law requirements but is in accordance with required contributions as defined by generally accepted accounting principles. This policy requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. There are no assets legally reserved for purposes other than the payment of plan member benefits for the plan. For the year ended June 30, 2023, the average active employee contribution rate was 10.85% of covered payroll. For the year ended June 30, 2022, the average active employee contribution rate was 11.26%. The Authority's cash contributions to the plan totaled \$1,400,000 for the years ended June 30, 2023 and 2022.

### ***Net Pension Liability***

The Authority's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date, with a Plan report prepared as of January 1, 2023.

### **Actuarial Assumptions**

The total pension liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions:

Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based on merit increases
Inflation	2.25%
Cost of Living Adjustments	2.25% (0.0% for participants hired after 1/1/2009 and terminated prior to 1/1/2019)

**Douglasville-Douglas County Water and Sewer Authority****Notes to Financial Statements****June 30, 2023 and 2022**

Amounts reported for the fiscal year ending in 2022 and later reflect mortality rates for healthy retirees and beneficiaries based on the sex-distinct Pri-2012 headcount weighted Healthy Mortality Table with rates multiplied by 1.25, as applicable.

The actuarial assumptions used in the January 1, 2023 valuation were based on results of an actuarial experience study for the period January 1, 2015 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of the March 31, 2022 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real
		Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Domestic fixed income	20%	0.40%
Cash	0%	
Total	100%	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows to determine the discount rate assumed that employer contributions will be made at the current contribution rate as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Douglasville-Douglas County Water and Sewer Authority**  
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***Changes in Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability(TPL) <u>(a)</u>	Fiduciary Net Position(FNP) <u>(b)</u>	Net Pension Liability (Asset) <u>(a) - (b)</u>
Balances at September 30, 2021 (Measurement Date)	\$ 49,997,694	\$ 54,022,067	\$ (4,024,373)
Changes for the year:			
Service cost	637,064	-	637,064
Interest	3,650,931	-	3,650,931
Differences between expected and actual experience	1,747,187	-	1,747,187
Contributions - employer	-	1,400,000	(1,400,000)
Contributions - employee	-	-	-
Net investment income (loss)	-	(8,742,198)	8,742,198
Benefit payments	(2,261,209)	(2,261,209)	-
Administrative expense	-	(60,512)	60,512
Change of assumptions	-	-	-
Net changes	<u>3,773,973</u>	<u>(9,663,919)</u>	<u>13,437,892</u>
Balances at September 30, 2022 (Measurement Date)	<u>\$ 53,771,667</u>	<u>\$ 44,358,148</u>	<u>\$ 9,413,519</u>

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 7.375 percent, as well as what the Authority's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate.

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
Authority's Net Pension Liability	\$16,118,393	\$9,413,519	\$3,822,345

***Pension Plan Fiduciary Net Position***

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

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

**Notes to Financial Statements**

**June 30, 2023 and 2022**

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

For the year ended June 30, 2023, the Authority recognized ERP pension plan expense of \$2,875,673. On June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pensions (all from the ERP Pension Plan) from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 1,889,600	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	5,674,368	-
Employer contributions to pension plan after measurement date of the net pension liability	1,050,000	-
<b>Total</b>	<b>\$ 8,613,968</b>	<b>\$ -</b>

The value of \$1,050,000 reported as deferred outflows of resources related to pensions (all from the ERP Pension Plan) resulting from employer contributions after the measurement date will be recognized as part of the net pension liability calculation in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Net</u>
2024	\$ 2,040,151
2025	1,498,653
2026	1,486,697
2027	2,538,467
2028	-
Thereafter	-
<b>Subtotals</b>	<b>7,563,968</b>
Employer contributions after the measurement date	1,050,000
<b>Totals</b>	<b>\$ 8,613,968</b>

***Payables to the Pension Plan***

On June 30, 2023, the Authority did not have any payables to the pension plan required for the year ended June 30, 2023.

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

### **Notes to Financial Statements**

**June 30, 2023 and 2022**

#### **10. Pension – Former Executive Director – Plan II**

##### ***General Information about the Pension Plan***

###### **Plan Description**

The Douglasville-Douglas County Water and Sewer Authority – Executive Director Plan is a single employer – single employee defined benefit plan (the “Plan II”) that offers the Former Executive Director additional supplemental pension retirement benefits. The plan is a defined benefit retirement plan based on number of years of service, cost of living adjustment, and is reduced by any benefits paid by the Employees Retirement Plan (ERP plan) shown above in Note 9. The plan does not issue a stand-alone report. The plan is not administered through a trust and through the fiscal year ended June 30, 2016 followed GASB Statement No. 27. Beginning with and subsequent to the year ended June 30, 2017, the plan is reported under GASB Statement No. 73 for pension plans without a trust.

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

###### **Benefits Provided**

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

###### **Employees Covered by Benefits**

Membership of the Plan as of the valuation date at June 30, 2023 was:

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

###### **Contributions and Funding**

During fiscal year 2007, the Authority purchased lump sum single premium life only annuities in the amount of \$1,651,197 for this pension retirement liability to the Former Executive Director. The cost of living adjustments have not been funded in the annuity. In January of each year, a payment is made to the Executive Director to pay for any pension liability due to cost of living

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

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provisions not covered by the annuities or GMEBS pension payments. The liability associated with this plan is listed as other long-term liabilities in the statements of net position.

### **Total Pension Liability**

The Authority's total pension liability was measured at June 30, 2023 and was determined by an actuarial valuation as of that date.

### **Actuarial Assumptions**

The total pension liability in the June 30, 2023 actuarial valuation was determined using actuarial assumptions. The inflation rate used is 3.65 percent. Mortality rates were based on the Society of Actuaries 2022 Mortality Table.

### **Discount Rate**

The discount rate used to measure the total pension liability was 3.65 percent, representing the June 30, 2023 published yield for 20-year tax-exempt general obligation municipal bonds with an averaging rating of AA/Aa or higher.

### **Changes in Total Pension Liability**

	Total Pension Liability
	Increase (Decrease)
Balances at June 30, 2022 (Measurement Date)	\$ 2,598,573
Changes for the year:	
Changes in assumptions	344,084
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments	(168,147)
Administrative expense	-
Other	-
Net changes	<u>175,937</u>
Balances at June 30, 2023 (Measurement Date) (See Note 7)	<u><u>\$ 2,774,510</u></u>

The following table presents the total pension liability of the Authority's Plan II, calculated using the discount rate of 3.65 percent, as well as what the Plan II total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current rate:

**Douglasville-Douglas County Water and Sewer Authority****Notes to Financial Statements****June 30, 2023 and 2022**

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Authority's Net Pension Liability (Asset)	\$3,080,453	\$2,774,510	\$2,512,537

At June 30, 2023, the Authority did not have any payables related to Plan II for the year ended June 30, 2023. The required supplementary information immediately following the notes to the financial statements presents multi-year trend information on total pension liability and pension contributions. There were no deferred outflows or inflows of resources for this plan as of June 30, 2023 and 2022.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and calculations are based on the substantive plan in effect as of June 30, 2023.

**11. Deferred Compensation****Deferred Compensation Plan**

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

The Authority has no fiduciary relationship with the trust that is administered by a third party. In accordance with the provisions of Statement of Governmental Account 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.

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

**Notes to Financial Statements**

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**12. Other Post-Employment Benefits Plan (OPEB)**

**Plan Description**

The Authority does not provide post-retirement benefits to its employees with the exception of hospitalization and medical coverage of a former Executive Director who retired effective February 1, 2007 and hospitalization insurance premium coverage through June 30, 2022 for a Deputy Director who retired effective June 30, 2014. Douglasville-Douglas County Water & Sewer Authority's Executive Employment Agreement Plan is a single-employer defined benefit plan administered by the Executive Director providing supplemental retirement benefits. The GASB Statement No.75 actuarial accrued total OPEB liability as of June 30, 2023 and 2022 was \$514,204 and \$485,292, respectively. The calculations are based on the OPEB benefits provided under terms of the substantive plan in effect at the time of each valuation. The plan is not administered through a trust, has no OPEB assets, and does not issue a stand-alone report.

**Benefits**

The Authority agreed to pay all health insurance and reimbursement for medical expenses for the former Executive Director and any dependents for the rest of his life after retirement. The benefits were created by the 1999 employment agreement between the retired Executive Director and the Board of Directors. There are no provisions for changes other than by mutual agreement from both parties. The Authority also agreed to pay \$1,046 monthly for hospitalization insurance coverage for the retired Deputy Director upon retirement on June 30, 2014 until he reaches age 65, which occurred in June 2022. No changes or amendments are allowed except by mutual agreement from both parties.

**Eligibility**

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

**Membership**

Membership of the Plan as of June 30, 2023 was:

<b><u>Members of the Plan</u></b>	<b><u>2023</u></b>
Retirees and beneficiaries receiving benefits	1
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	-
<b>Total Membership</b>	<b>1</b>

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### **Contributions – Funding**

The Authority funds this benefit on a pay-as-you-go basis. The closed plan actuarial total OPEB liability was computed as of June 30, 2023 and June 30, 2022, and any adjustments were fully recognized as of those dates. The total OPEB liability appears on the statements of net position as a part of other long-term liabilities. Benefits funded and paid out for the past fiscal years totaled \$23,065 (2023) and \$30,254 (2022).

### **Actuarial Assumptions**

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using actuarial assumptions. Mortality rates were based on the Society of Actuaries 2022 Mortality Table.

### **Discount Rate**

The discount rate used to measure the total OPEB liability was 3.65 percent, representing the June 30, 2023 published yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

### **Changes in Total OPEB Liability**

	Total OPEB Liability
	<u>Increase(Decrease)</u>
Balance at June 30, 2022 (Measurement Date)	\$ 485,292
Changes for the year:	
Service cost	-
Interest	-
Changes in assumptions	51,977
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments	(23,065)
Administrative expense	-
Other	-
Net changes	<u>28,912</u>
Balance at June 30, 2023 (Measurement Date)(See Note 7)	<u><u>\$ 514,204</u></u>

**Douglasville-Douglas County Water and Sewer Authority****Notes to Financial Statements****June 30, 2023 and 2022**

The following presents the total OPEB liability of the Authority's OPEB plan, calculated using the discount rate of 3.65 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current rate:

	1% Decrease 2.65%	Current Discount Rate 3.65%	1% Increase 4.65%
Authority's Total OPEB Liability	\$565,365	\$514,204	\$471,485

The following presents the total OPEB liability of the Authority's OPEB Plan, calculated using the healthcare cost trend rate of 6.50 percent, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.50%	Current Healthcare Cost Trend Rate 6.50%	1% Increase 7.50%
Authority's Total OPEB Liability	\$557,038	\$514,204	\$474,376

At June 30, 2023, the Authority did not have any payable related to the plan for the year ended June 30, 2023. There were no deferred outflows or inflows of resources for this plan as of June 30, 2023 and 2022.

The required supplementary information immediately following the notes to the financial statements presents the Changes in Total OPEB Liability and related ratios. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and calculations are based on the substantive plan in effect as of June 30, 2023.

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

**Notes to Financial Statements**

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**13. Commitments and Contingencies**

**Commitments**

In the normal course of business, the Authority enters into agreements with contractors for the construction and expansion of the system. As of June 30, 2023 and 2022, outstanding construction commitments were approximately \$14.1 million and \$9.4 million respectively.

**Litigation**

As of June 30, 2023 and 2022, there were no pending or threatened litigation, claims, or assessment against the Authority that would have a material impact on the financial position of the Authority in legal counsel's opinion.

**14. Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority continues to carry commercial insurance for most risk of loss, including workers' compensation and employee health and accidental insurance. There have been no significant reductions in insurance coverage and no settlements exceeding insurance coverage for the past three years.

# **REQUIRED SUPPLEMENTARY INFORMATION**

# Douglasville-Douglas County Water and Sewer Authority

## Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>									
Service costs	\$ 637,064	\$ 681,298	\$ 634,873	\$ 598,114	\$ 492,463	\$ 557,113	\$ 515,299	\$ 554,862	\$ 672,716
Interest	3,650,931	3,449,435	3,246,834	2,974,785	2,642,969	2,505,519	2,331,786	2,103,522	2,030,570
Difference between expected and actual experience	1,747,187	791,613	733,610	1,077,357	2,052,148	1,335,128	559,132	1,288,658	(50,787)
Changes of assumptions	-	-	-	1,383,346	-	(591,867)	-	-	(878,454)
Changes of benefit terms	-	-	-	-	703,333	-	-	-	-
Benefit payments	(2,261,209)	(2,030,696)	(1,798,535)	(1,620,065)	(1,524,634)	(1,251,452)	(1,077,543)	(925,853)	(739,608)
Other	-	-	-	-	-	-	-	-	-
Net change in total pension liability	3,773,973	2,891,650	2,816,782	4,413,537	4,366,279	2,554,441	2,328,674	3,021,189	1,034,437
Total pension liability - beginning	49,997,694	47,106,044	44,289,262	39,875,725	35,509,446	32,955,005	30,626,331	27,605,142	26,570,705
Total pension liability - ending (a)	<b>\$ 53,771,667</b>	<b>\$ 49,997,694</b>	<b>\$ 47,106,044</b>	<b>\$ 44,289,262</b>	<b>\$ 39,875,725</b>	<b>\$ 35,509,446</b>	<b>\$ 32,955,005</b>	<b>\$ 30,626,331</b>	<b>\$ 27,605,142</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 1,400,000	\$ 1,260,814	\$ 1,279,187	\$ 1,320,000	\$ 1,320,000	\$ 1,235,918	\$ 1,125,009	\$ 1,174,983	\$ 1,210,916
Net investment income (loss)	(8,742,198)	10,670,749	3,920,501	1,196,134	3,627,669	4,802,662	3,204,252	307,810	2,854,007
Benefit payments	(2,261,209)	(2,030,696)	(1,798,535)	(1,620,065)	(1,524,634)	(1,251,452)	(1,077,543)	(925,853)	(739,608)
Admin expense & other	(60,512)	(64,119)	(56,555)	(53,647)	(55,518)	(62,412)	(34,041)	(38,347)	(29,984)
Net change in fiduciary net position	(9,663,919)	9,836,748	3,344,598	842,422	3,367,517	4,724,716	3,217,677	518,593	3,295,331
Plan fiduciary net position - beginning	54,022,067	44,185,319	40,840,721	39,998,299	36,630,782	31,906,066	28,688,389	28,169,796	24,874,465
Plan fiduciary net position - ending (b)	<b>\$ 44,358,148</b>	<b>\$ 54,022,067</b>	<b>\$ 44,185,319</b>	<b>\$ 40,840,721</b>	<b>\$ 39,998,299</b>	<b>\$ 36,630,782</b>	<b>\$ 31,906,066</b>	<b>\$ 28,688,389</b>	<b>\$ 28,169,796</b>
Net pension liability (asset) - ending (a) - (b)	<b>\$ 9,413,519</b>	<b>\$ (4,024,373)</b>	<b>\$ 2,920,725</b>	<b>\$ 3,448,541</b>	<b>\$ (122,574)</b>	<b>\$ (1,121,336)</b>	<b>\$ 1,048,939</b>	<b>\$ 1,937,942</b>	<b>\$ (564,654)</b>
Plans fiduciary net position as a percentage of the total pension	82.49%	108.05%	93.80%	92.21%	100.31%	103.16%	96.82%	93.67%	102.05%
Covered payroll	\$ 11,562,213	\$ 10,356,182	\$ 10,176,130	\$ 9,845,355	\$ 9,075,345	\$ 8,912,981	\$ 9,045,724	\$ 8,127,882	\$ 7,573,393
Net pension liability (asset) as a % of covered payroll	81.42%	-38.86%	28.70%	35.03%	-1.35%	-12.58%	11.60%	23.84%	-7.46%

**Notes to Schedule: (see following page)**

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

## **Required Supplementary Information**

### ***Schedule of Changes in the Net Pension Liability and Related Ratios - ERP Plan (continued)***

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#### **Notes To Schedule:**

1. 2015 is the first year that data has been measured in accordance with GASB Statement No. 68.
2. Schedule is intended to show information for the last ten years. Additional years will be displayed as they become available.
3. The information presented was determined as of part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	The actuarially determined contribution was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending June 30, 2024.
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 30 years
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 fair value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of fair value.
4. Amounts reported in the Schedule of Changes in the Net Pension Liability and Related Ratios for the fiscal year ending June 30, 2023 reflect the following assumption changes based on an actuarial study conducted in November and December of 2019:

Net investment rate of return	7.375%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	2.25% (0% for participants hired after 1/1/2009 with termination prior to 1/1/19.)
Retirement age	The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement. The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%. Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%. Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
Mortality	The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25. The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
5. Other information:

Benefit changes	Amounts reported for fiscal years 2019 and later reflect that employees who terminate employment on or after January 1, 2019 are eligible to retire under the Rule of 80, receive a 2% benefit formula (3% for Deputy Directors and 4% for Executive Directors) and are eligible for a COLA.
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# Douglasville-Douglas County Water and Sewer Authority

## Required Supplementary Information

### *Schedule of Pension Contributions - ERP Plan*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,403,099	\$ 1,178,973	\$ 1,186,034	\$ 999,079	\$ 885,080	\$ 913,843	\$ 872,444	\$ 775,075	\$ 928,608
Contributions in relation to the actuarially determined contribution	1,400,000	1,400,000	1,279,187	1,320,000	1,320,000	1,320,000	1,200,024	1,100,004	1,199,977
Contribution deficiency (excess)	\$ 3,099	\$ (221,027)	\$ (93,153)	\$ (320,921)	\$ (434,920)	\$ (406,157)	\$ (327,580)	\$ (324,929)	\$ (271,369)
Covered payroll	\$ 12,898,506	\$ 12,031,522	\$ 11,504,213	\$ 11,131,852	\$ 10,417,854	\$ 9,932,271	\$ 9,694,924	\$ 9,446,108	\$ 9,043,664
Contributions as a % of covered payroll	10.85%	11.64%	11.12%	11.86%	12.67%	13.29%	12.38%	11.65%	13.27%

#### **Notes To Schedule of Contributions:**

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

2. Schedule is intended to show information for the last ten years. Additional years will be displayed as they become available.

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

Valuation date	The actuarially determined contribution was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending June 30, 2024.
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization p	N/A

Asset valuation method Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the fair value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of fair value.

#### Actuarial assumptions:

Net investment rate of 7.375%

Projected salary increa 2.25% plus service based merit increases

Cost of living adjustme 2.25% (0% for participants hired after 1/1/2009 with terination prior to 1/1/19.)

Retirement age Normal retirement at age 65. Assumptions 60% at ages 65 to 69 and 100% at age 70.

Where normal retirement is available before 65, assumptions are 10% at ages 55 to 59, 20% at ages 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65 to 69, and 100% at age 70.

Mortality The actuarial valuation assumed life expectancies were adjusted as a results of adopting the RP-2000 Healthy Mortality Table adjusted for actuarial experience study for the period January 1, 2010 through June 30, 2014.

#### Other information:

Benefit changes Effective January 1, 2019, employees who terminate employment on or after January 1, 2019 are eligible to retire under the Rule of 80, receive a 2% benefit formula(3% for Deputy Directors and 4% for Executive Directors) and are eligible for a COLA.

# Douglasville-Douglas County Water and Sewer Authority

## Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017
<b>Total pension liability</b>							
Total pension liability - beg. of fiscal year July 1	\$ 2,598,573	\$ 2,596,883	\$ 2,573,216	\$ 2,636,917	\$ 2,627,150	\$ 2,743,219	\$ 3,086,636
Changes of assumptions	344,084	157,708	165,856	79,593	154,429	13,058	(214,290)
Benefit payments	(168,147)	(156,018)	(142,189)	(143,294)	(144,662)	(129,127)	(129,127)
Net change in total pension liability	175,937	1,690	23,667	(63,701)	9,767	(116,069)	(343,417)
Total pension liability - end of fiscal year June 30	<u>\$ 2,774,510</u>	<u>\$ 2,598,573</u>	<u>\$ 2,596,883</u>	<u>\$ 2,573,216</u>	<u>\$ 2,636,917</u>	<u>\$ 2,627,150</u>	<u>\$ 2,743,219</u>
<b>Plan Fiduciary Net Position</b>	None						
Plans fiduciary net position as a percentage of the total pension liability (a)/(b)	N/A						
Covered-employee payroll	None						
Net pension liability as a percentage of covered-employee payroll	N/A						

#### **Notes to Schedule:**

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

# Douglasville-Douglas County Water and Sewer Authority

## Required Supplementary Information

### *Schedule of Changes in the Total OPEB Liability and Related Ratios*

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability:</b>							
Total OPEB liability - beginning	\$ 485,292	\$ 564,091	\$ 602,017	\$ 656,180	\$ 695,073	\$ 586,360	\$ 606,123
Changes of assumptions/ other inputs	51,977	(48,545)	(7,281)	(23,639)	(4,650)	149,344	15,648
Benefit payments	(23,065)	(30,254)	(30,645)	(30,524)	(34,243)	(40,631)	(35,411)
Net change in total OPEB liability	28,912	(78,799)	(37,926)	(54,163)	(38,893)	108,713	(19,763)
Total OPEB liability - ending	<b>\$ 514,204</b>	<b>\$ 485,292</b>	<b>\$ 564,091</b>	<b>\$ 602,017</b>	<b>\$ 656,180</b>	<b>\$ 695,073</b>	<b>\$ 586,360</b>
<b>OPEB Ratios:</b>							
Total OPEB liability	\$ 514,204	\$ 485,292	\$ 564,091	\$ 602,017	\$ 656,180	\$ 695,073	\$ 586,360
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ratio OPEB liability to covered payroll	N/A						
Change of benefit terms	none						
Change of population covered	none						
Change in assumptions	none						

#### **Notes to Schedule:**

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

## **ADDITIONAL SCHEDULES OF INDIVIDUAL ACCOUNTS**

# Douglasville-Douglas County Water & Sewer Authority

## OPERATING ACCOUNTS

### SCHEDULE 1

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

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

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

## COMPARATIVE SCHEDULE OF OPERATING REVENUES

	<u>FY23</u>	<u>FY22</u>	Variance	
			<u>Amount</u>	<u>Percent</u>
<b>Operating Revenues</b>				
Operating Revenue - Water	\$ 32,528,202	\$ 29,420,778	\$ 3,107,424	10.56%
Operating Revenue - Sewer	17,993,287	16,647,516	1,345,771	8.08%
Operating Revenue - Stormwater	5,091,272	4,914,052	177,220	3.61%
Reuse Revenue	389,281	348,230	41,051	11.79%
Inspection Fees	79,550	32,750	46,800	142.90%
Soil and Erosion Control Fees	80,740	47,659	33,081	69.41%
Cut Off Charges	427,200	433,328	(6,128)	-1.41%
Sale of Materials and Supplies	8,205	14,205	(6,000)	-42.24%
Miscellaneous Revenues	601,841	541,402	60,439	11.16%
Penalties	1,713,737	1,501,484	212,253	14.14%
Dog River Recreational Complex	<u>17,287</u>	<u>20,653</u>	<u>(3,366)</u>	<u>-16.30%</u>
Total Operating Revenues	58,930,602	53,922,057	5,008,545	9.29%
Bad Debt Expense	(380,480)	(352,610)	(27,870)	7.90%
<b>Net Operating Revenues</b>	<b><u>\$ 58,550,122</u></b>	<b><u>\$ 53,569,447</u></b>	<b><u>\$ 4,980,675</u></b>	<b><u>9.30%</u></b>

# Douglasville-Douglas County Water & Sewer Authority

## OPERATING ACCOUNTS

### SCHEDULE 2

#### SUMMARY OF RESTRICTED ASSETS AND RELATED PAYABLES

**June 30, 2023**

	Renewal and Extension Account	Debt Service Accounts	Other		Total All Restricted Accounts
			Deposit & Operating Accounts		
<b>Restricted Cash and Investments:</b>					
<b>Cash &amp; Cash Equivalents:</b>					
Checking - R & E Account	\$ 2,408,057	\$ -	\$ -	\$ 2,408,057	
Meter Deposits Accounts	-	-	2,876,940		2,876,940
	<u>2,408,057</u>	<u>-</u>	<u>2,876,940</u>		<u>5,284,997</u>
<b>Investments:</b>					
LGIP (Georgia Fund 1)	59,412,387	1,174,989	-		60,587,376
<b>Restricted Receivables</b>	-	-	-		-
<b>Total Restricted Assets</b>	<u><b>\$ 61,820,444</b></u>	<u><b>\$ 1,174,989</b></u>	<u><b>\$ 2,876,940</b></u>		<u><b>\$ 65,872,373</b></u>
<b>Liabilities from Restricted Assets:</b>					
<b>Accounts Payable</b>	\$ 2,538,133	\$ -	\$ -	\$ 2,538,133	
<b>Customer Deposits:</b>					
Deposit Refunds	-	-	2,888,725		2,888,725
Unclaimed Refunds	-	-	-		-
Performance Deposits	1,224,866	-	-		1,224,866
Customer Credit Balances	-	-	566,126		566,126
	<u><b>1,224,866</b></u>	<u><b>-</b></u>	<u><b>3,454,851</b></u>		<u><b>4,679,717</b></u>
<b>Accrued Interest Pay-Revenue Bonds</b>	-	370,616	-		370,616
<b>Unspent proceeds portion-Revenue Bonds</b>	59,412,388	-	-		59,412,388
<b>Unearned Revenue</b>	-	-	857,033		857,033
<b>Total Liabilities From Rest. Accounts</b>	<u><b>\$ 63,175,387</b></u>	<u><b>\$ 370,616</b></u>	<u><b>\$ 4,311,884</b></u>		<u><b>\$ 67,857,887</b></u>
<b>Net Restricted Position</b>	<u><b>None</b></u>	<u><b>\$ 804,373</b></u>	<u><b>None</b></u>		<b>N/A</b>

**STATISTICAL**

**SECTION**

**(unaudited)**

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

## **STATISTICAL SECTION**

### **Table of Contents and Comments**

This part of the Douglasville-Douglas County Water and Sewer Authority's annual comprehensive 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.

#### **Table**

<b>Financial Trends</b>	<b>1 - 2</b>
These schedules contain trend information to help the reader understand how the Authority's financial performance has changed over time.	
<b>Revenue Capacity</b>	<b>3 - 5</b>
These schedules contain trend information to help the reader assess the Authority's most significant local revenue source.	
<b>Debt Service and Debt Capacity</b>	<b>6 - 9</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>Demographic and Economic Information</b>	<b>10 - 11</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>Operational Information</b>	<b>12 - 16</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.	

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

# Douglasville-Douglas County Water and Sewer Authority

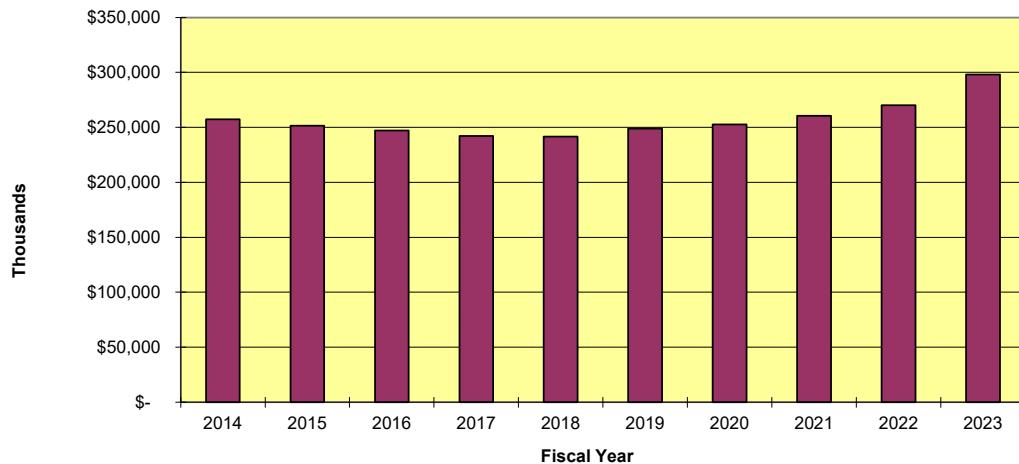
## Financial Trends

TABLE 1

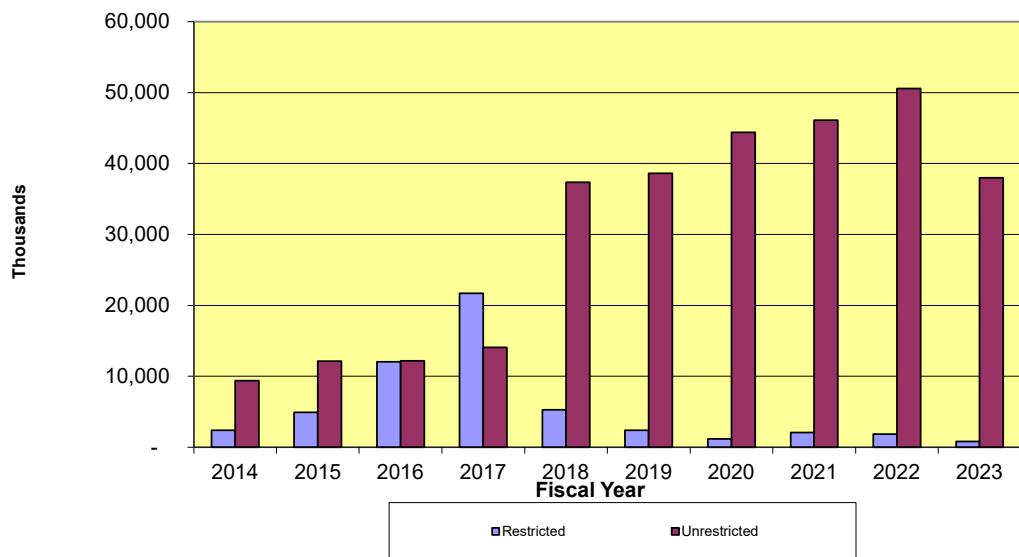
### Net Position by Component Last Ten Fiscal Years (amount expressed in thousands)

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Enterprise Fund</b>										
Net Invested in capital assets	\$ 257,377	\$ 251,395	\$ 247,045	\$ 242,075	\$ 241,658	\$ 249,002	\$ 252,727	\$ 260,413	\$ 270,060	\$ 298,103
Restricted	2,405	4,905	12,040	21,679	5,266	2,394	1,159	2,078	1,830	804
Unrestricted	9,365	12,110	12,184	14,076	37,361	38,627	44,396	46,116	50,561	37,986
Total business-type activities net position	\$ 269,147	\$ 268,410	\$ 271,269	\$ 277,830	\$ 284,285	\$ 290,023	\$ 298,282	\$ 308,607	\$ 322,451	\$ 336,893

### Net Investment in Capital Assets



### Restricted and Unrestricted



# Douglasville-Douglas County Water and Sewer Authority

## Financial Trends

TABLE 2

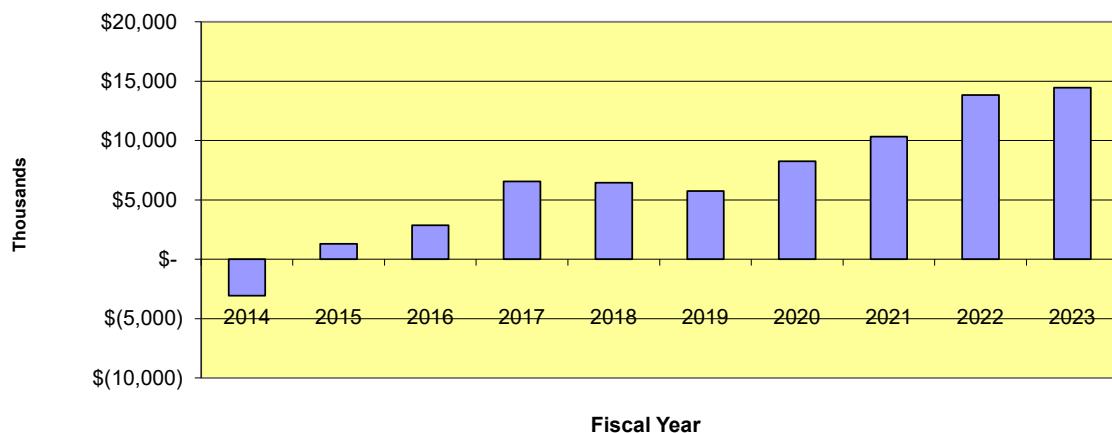
### Changes in Net Position

#### Last Ten Fiscal Years

(amount expressed in thousands)

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating Revenues</b>										
Charges for services	\$ 38,831	\$ 40,853	\$ 43,113	\$ 45,697	\$ 46,088	\$ 45,972	\$ 47,757	\$ 49,728	\$ 52,421	\$ 57,216
Penalties	1,206	1,180	1,079	1,096	1,291	1,472	1,137	1,366	1,501	1,714
Charges to bad debt allowance	(340)	(340)	(411)	(220)	(478)	(321)	(480)	(351)	(353)	(380)
Total operating revenues	<u>39,697</u>	<u>41,693</u>	<u>43,781</u>	<u>46,573</u>	<u>46,901</u>	<u>47,123</u>	<u>48,414</u>	<u>50,743</u>	<u>53,569</u>	<u>58,550</u>
<b>Operating Expenses</b>										
Employment costs	11,449	10,437	10,948	11,554	11,897	13,357	14,206	14,913	14,563	18,704
Repairs and maintenance	2,091	2,271	2,377	2,311	2,505	2,621	2,337	2,530	3,191	3,647
Supplies and materials	1,029	1,115	1,146	1,316	1,473	1,547	1,427	1,479	1,400	2,401
Depreciation	18,321	18,579	18,614	17,999	17,968	17,441	17,178	17,080	16,748	16,556
Utilities	3,257	3,256	2,985	2,902	2,815	3,029	3,111	3,150	3,291	3,675
Water and sewer services purchased	595	300	322	735	1,065	1,782	1,997	2,154	2,152	2,273
Administration	1,820	1,788	1,911	1,525	1,481	1,533	1,402	1,551	1,673	1,899
Total operating expenses	<u>38,562</u>	<u>37,746</u>	<u>38,303</u>	<u>38,342</u>	<u>39,204</u>	<u>41,310</u>	<u>41,658</u>	<u>42,857</u>	<u>43,018</u>	<u>49,155</u>
<b>Non-Operating Revenue (expenses)</b>										
Investment income	102	100	171	265	320	384	658	27	107	2,731
Interest expense	(6,339)	(5,868)	(5,135)	(5,132)	(4,900)	(4,637)	(4,290)	(5,986)	(5,533)	(5,260)
Other non-operating revenue (expense)	(356)	(1,158)	(973)	19	124	212	342	132	14	53
Net non-operating revenue	<u>(6,593)</u>	<u>(6,926)</u>	<u>(5,937)</u>	<u>(4,848)</u>	<u>(4,456)</u>	<u>(4,041)</u>	<u>(3,290)</u>	<u>(5,827)</u>	<u>(5,412)</u>	<u>(2,476)</u>
Change in net position before capital contributions and restatement	(5,458)	(2,979)	(459)	3,383	3,241	1,772	3,466	2,059	5,139	6,919
Capital contributions	2,379	4,290	3,318	3,164	3,214	3,966	4,792	8,267	8,705	7,523
Restatement	-	(2,049)	13	-	-	-	-	-	-	-
Increase (decrease) in net position	<u>\$ (3,079)</u>	<u>\$ 1,311</u>	<u>\$ 2,872</u>	<u>\$ 6,547</u>	<u>\$ 6,455</u>	<u>\$ 5,738</u>	<u>\$ 8,258</u>	<u>\$ 10,326</u>	<u>\$ 13,844</u>	<u>\$ 14,442</u>

### Increase (Decrease) in Net Position



# Douglasville-Douglas County Water and Sewer Authority

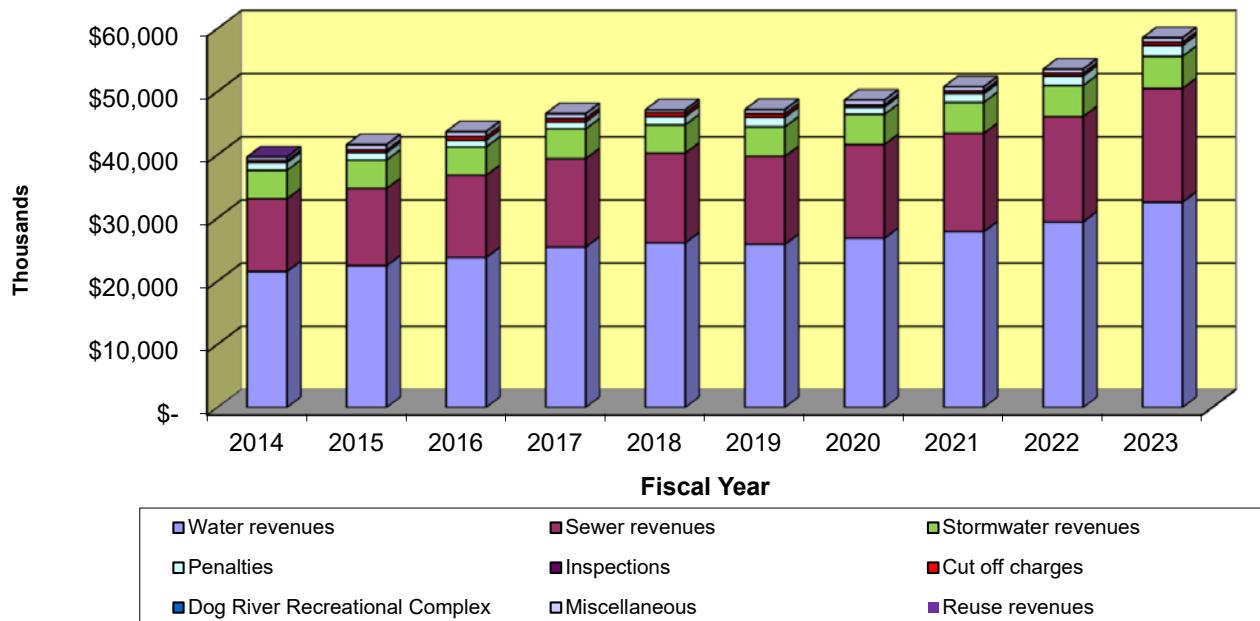
## Revenue Capacity

TABLE 3

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

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating Revenues</b>										
Water revenues	\$ 21,552	\$ 22,469	\$ 23,770	\$ 25,422	\$ 26,097	\$ 25,865	\$ 26,830	\$ 27,870	\$ 29,421	\$ 32,528
Sewer revenues	11,534	12,235	13,021	14,006	14,207	13,928	14,838	15,567	16,648	17,993
Stormwater revenues	4,505	4,501	4,493	4,712	4,476	4,672	4,754	4,880	4,914	5,091
Reuse revenues	355	399	492	270	257	279	235	322	348	389
Penalties	1,206	1,180	1,079	1,096	1,291	1,473	1,137	1,366	1,501	1,714
Inspections	16	19	25	34	31	31	32	54	32	80
Cut off charges	345	363	532	489	534	548	330	377	433	427
Dog River Recreational Complex	20	20	19	15	16	18	20	27	21	17
Miscellaneous	504	848	761	749	470	631	718	631	604	691
Total operating revenues	<u>\$ 40,037</u>	<u>\$ 42,034</u>	<u>\$ 44,192</u>	<u>\$ 46,793</u>	<u>\$ 47,379</u>	<u>\$ 47,445</u>	<u>\$ 48,894</u>	<u>\$ 51,094</u>	<u>\$ 53,922</u>	<u>\$ 58,930</u>
Bad debt expense	340	341	411	220	478	321	480	351	353	380
Net operating revenue	<u>\$ 39,697</u>	<u>\$ 41,693</u>	<u>\$ 43,781</u>	<u>\$ 46,573</u>	<u>\$ 46,901</u>	<u>\$ 47,124</u>	<u>\$ 48,414</u>	<u>\$ 50,743</u>	<u>\$ 53,569</u>	<u>\$ 58,550</u>

### Operating Revenue by Source



# Douglasville-Douglas County Water and Sewer Authority

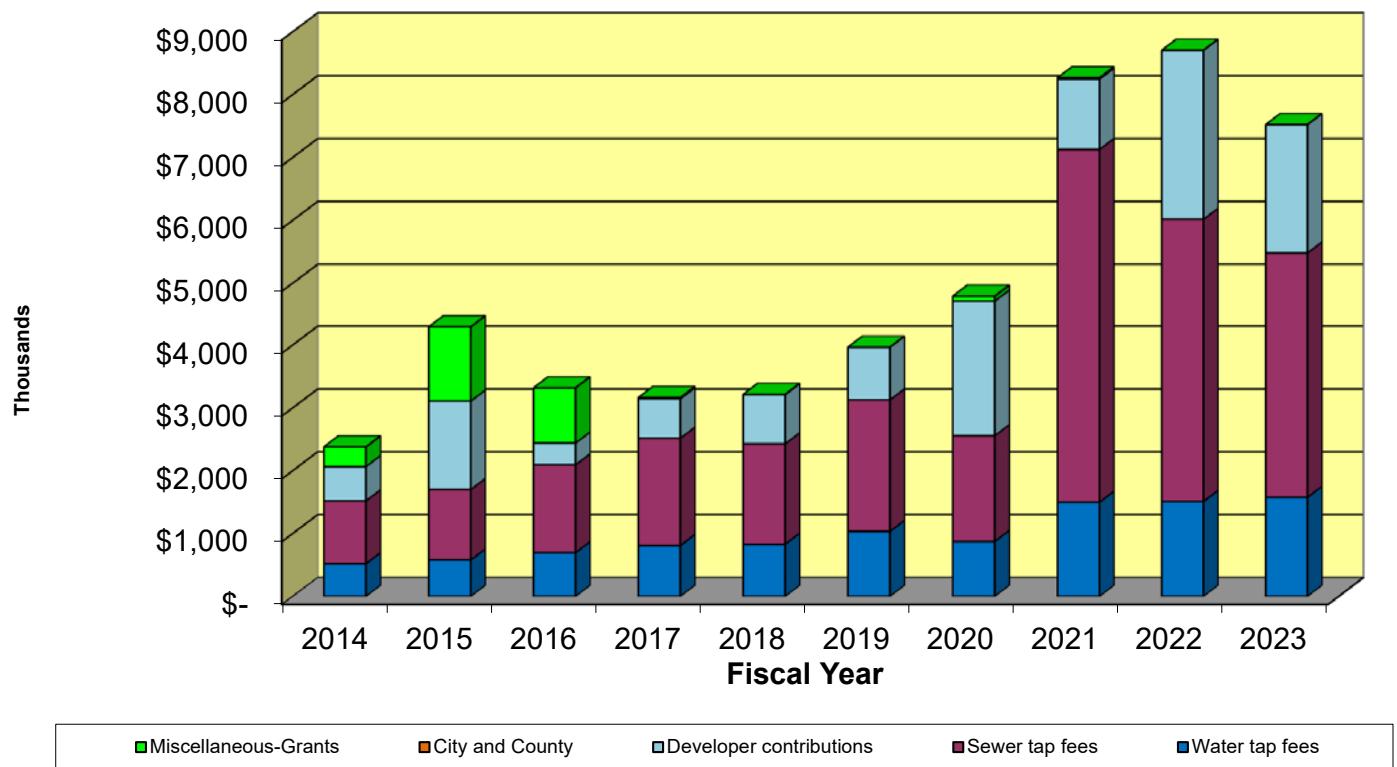
## Revenue Capacity

TABLE 4

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

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital Contributions										
Water tap fees	\$ 523	\$ 583	\$ 699	\$ 812	\$ 832	\$ 1,035	\$ 876	\$ 1,501	\$ 1,512	\$ 1,578
Sewer tap fees	1,001	1,121	1,397	1,707	1,598	2,095	1,683	5,629	4,507	3,905
Developer contributions	543	1,406	345	628	782	836	2,156	1,117	2,686	2,040
City and County	-	-	-	-	-	-	-	-	-	-
Miscellaneous-Grants	312	1,180	877	17	2	-	77	20	-	-
Total capital contributions	<u>\$ 2,379</u>	<u>\$ 4,290</u>	<u>\$ 3,318</u>	<u>\$ 3,164</u>	<u>\$ 3,214</u>	<u>\$ 3,966</u>	<u>\$ 4,792</u>	<u>\$ 8,267</u>	<u>\$ 8,705</u>	<u>\$ 7,523</u>

### Capital Contributions by Source



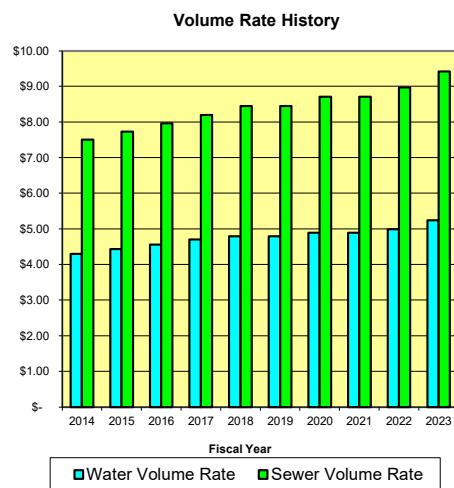
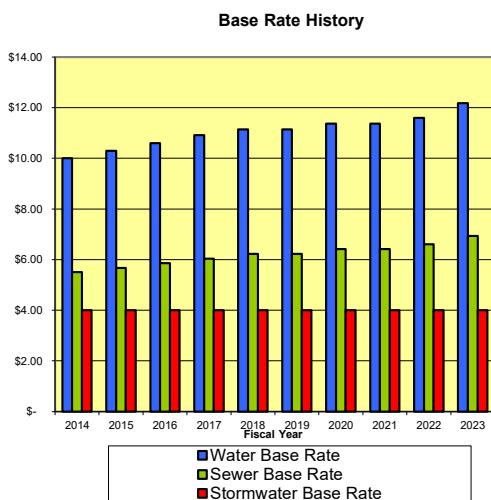
# Douglasville-Douglas County Water and Sewer Authority

## Revenue Capacity

TABLE 5

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

Fiscal Year	Water		Sewer		Stormwater	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons (2)	Monthly Base Rate	
2014	\$ 10.00	\$ 4.30 <sup>(1)</sup>	\$ 5.50	\$ 7.50	\$ 4.00	
2015	\$ 10.30	\$ 4.43 <sup>(1)</sup>	\$ 5.67	\$ 7.73	\$ 4.00	
2016	\$ 10.60	\$ 4.56 <sup>(1)</sup>	\$ 5.86	\$ 7.96	\$ 4.00	
2017	\$ 10.92	\$ 4.70 <sup>(1)</sup>	\$ 6.04	\$ 8.20	\$ 4.00	
2018	\$ 11.14	\$ 4.79 <sup>(1)</sup>	\$ 6.22	\$ 8.45	\$ 4.00	
2019	\$ 11.14	\$ 4.79 <sup>(1)</sup>	\$ 6.22	\$ 8.45	\$ 4.00	
2020	\$ 11.37	\$ 4.89 <sup>(1)</sup>	\$ 6.41	\$ 8.71	\$ 4.00	
2021	\$ 11.37	\$ 4.89 <sup>(1)</sup>	\$ 6.41	\$ 8.71	\$ 4.00	
2022	\$ 11.60	\$ 4.99 <sup>(1)</sup>	\$ 6.60	\$ 8.97	\$ 4.00	
2023	\$ 12.18	\$ 5.24 <sup>(1)</sup>	\$ 6.93	\$ 9.42	\$ 4.00	



#### Notes:

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

	WATER			SEWER	
	Tier I	Tier II	Tier III	Tier I	Tier II + III
2014	\$ 4.30	\$ 5.38	\$ 8.60	\$ 7.50	\$ 8.60
2015	\$ 4.43	\$ 5.54	\$ 8.86	\$ 7.73	\$ 9.30
2016	\$ 4.56	\$ 5.70	\$ 9.12	\$ 7.96	\$ 9.30
2017	\$ 4.70	\$ 5.88	\$ 9.40	\$ 8.20	\$ 9.58
2018	\$ 4.79	\$ 5.99	\$ 9.58	\$ 8.45	\$ 9.87
2019	\$ 4.79	\$ 5.99	\$ 9.58	\$ 8.45	\$ 9.87
2020	\$ 4.89	\$ 6.11	\$ 9.78	\$ 8.71	\$ 10.17
2021	\$ 4.89	\$ 6.11	\$ 9.78	\$ 8.71	\$ 10.17
2022	\$ 4.99	\$ 6.23	\$ 9.98	\$ 8.97	\$ 10.48
2023	\$ 5.24	\$ 6.54	\$ 10.48	\$ 9.42	\$ 11.00

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

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

# Douglasville-Douglas County Water and Sewer Authority

## Revenue Capacity

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

Notes (Continued)

(4) Additional Fees:

**Table 5  
(Continued)**

#### **Base Fees**

Meter Size	Water Base	Sewer Base	Tier 1	Tier 2	Tier 3
Senior 5/8"	\$ 2.50	\$ 2.50	0 to 5,000	5,001 to 8,000	over 8,000
Senior 3/4"	\$ 2.50	\$ 2.50	0 to 7,500	7,501 to 12,000	over 12,000
5/8"	\$ 12.18	\$ 6.93	0 to 5,000	5,001 to 8,000	over 8,000
3/4"	\$ 12.18	\$ 6.93	0 to 7,500	7,501 to 12,000	over 12,000
1"	\$ 23.53	\$ 9.84	0 to 12,500	12,501 to 20,000	over 20,000
1 1/2"	\$ 42.18	\$ 19.69	0 to 25,000	25,001 to 40,000	over 40,000
2"	\$ 63.17	\$ 39.35	0 to 40,000	40,001 to 64,000	over 64,000
3"	\$ 289.67	\$ 59.09	0 to 75,000	75,001 to 120,000	over 120,000
4"	\$ 342.08	\$ 78.82	0 to 125,000	125,001 to 200,000	over 200,000
6"	\$ 560.74	\$ 118.18	0 to 250,000	250,001 to 400,000	over 400,000
8"	\$ 858.52	\$ 157.59	0 to 400,000	400,001 to 640,000	over 640,000
10"	\$ 858.52	\$ 157.59	0 to 575,000	575,001 to 920,000	over 920,000

#### **Water Impact Fees** (in Dollars)

Size	Tap-on Fee	Installation/Construction Cost	Meter Cost	Inspection Fee	Sub-Total	Deposit	Appl. Fee	Total
Senior 5/8"	1,250	650	-	-	1,900	50	25	1,975
Senior 3/4"	1,875	700	-	-	2,575	88	25	2,688
5/8"	1,250	650	-	-	1,900	50	25	1,975
3/4"	1,875	700	-	-	2,575	88	25	2,688
1"	3,125	750	-	-	3,875	125	25	4,025
1.5"	6,250	-	-	-	6,250	200	25	6,475
2"	10,000	-	2,193	-	12,193	275	25	12,493
3" (Compound)	18,750	-	2,547	50	21,347	425	25	21,797
4" (Compound)	31,250	-	3,820	50	35,120	575	25	35,720
4" Fire line	-	-	5,964	-	5,964	-	-	5,964
6" (Compound)	62,500	-	5,545	50	68,095	900	25	69,020
6" Fire Line	-	-	-	-	-	-	-	-
8"	100,000	-	10,079	50	110,129	1,200	25	111,354
10"	143,750	-	15,413	50	159,213	1,500	25	160,738

#### **Sewer Impact Fees** (in Dollars)

Size	Tap-on Fee	Installation Cost	Meter Cost	Inspection Fee	Sub-Total	Deposit	Appl. Fee	Total
Senior 5/8"	4,500	-	-	100	4,600	75	-	4,675
Senior 3/4"	6,750	-	-	100	6,850	113	-	6,963
5/8"	4,500	-	-	100	4,600	75	-	4,675
3/4"	6,750	-	-	100	6,850	113	-	6,963
1	11,250	-	-	100	11,350	150	-	11,500
1 1/2	22,500	-	-	100	22,600	225	-	22,825
2	36,000	-	-	100	-	300	-	300
3	67,500	-	-	100	67,600	450	-	68,050
4	112,500	-	-	100	112,600	600	-	113,200
6	225,000	-	-	100	225,100	900	-	226,000
8	360,000	-	-	100	360,100	1,200	-	361,300
10	517,500	-	-	100	517,600	1,500	-	519,100

# Douglasville-Douglas County Water and Sewer Authority

## Debt Service and Capacity

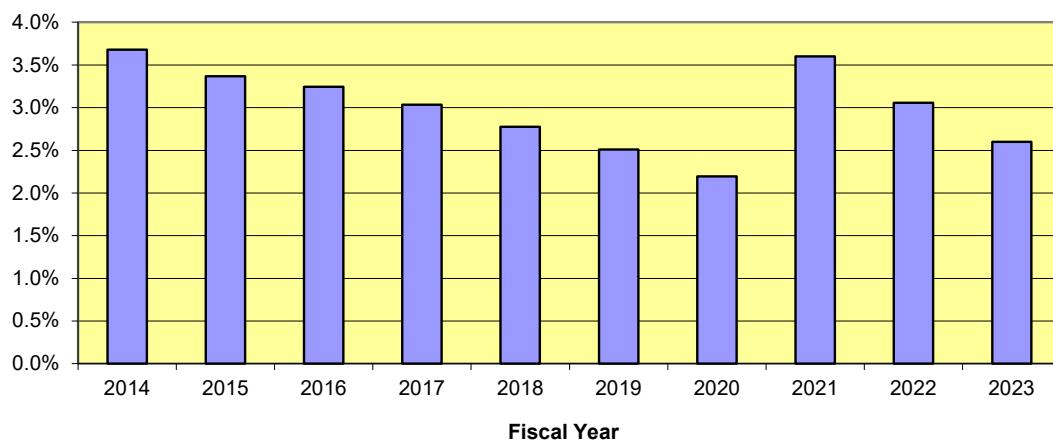
### Ratio of Revenue Bonded Debt Outstanding Last Ten Fiscal Years

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

Fiscal Year	Revenue Bonds (1)	Less Debt Service Fund (2)	Total	Per Capita (3)	Percentage Of Personal Income (3)
2014	\$ 154,910	\$ (459)	\$ 154,451	\$ 1,133	3.7%
2015	149,055	(484)	148,571	1,071	3.4%
2016	145,814	(560)	145,254	1,032	3.2%
2017	139,165	(584)	138,581	974	3.0%
2018	132,326	(642)	131,684	915	2.8% (4)
2019	125,245	(719)	124,526	857	2.5% (4)
2020	117,900	(675)	117,225	801	2.2% (4)
2021	193,680	(1,285)	192,395	1,300	3.6% (4)
2022	183,357	(1,251)	182,106	1,231	3.1% (4)
2023	172,769	(1,175)	171,594	1,165	2.6% (4)

(1) Bond total net of premiums/discounts. (2) less accrued interest. (3) See the Schedule of Demographic and Economic Statistics for personal income and population data. (4) Based on Previous Year Demographic Data - current year unavailable.

### Percentage of Debt to Personal Income



# Douglasville-Douglas County Water and Sewer Authority

## Debt Service and Capacity

TABLE 7

### Ratio of Outstanding Debt By Type

#### Last Ten Fiscal Years

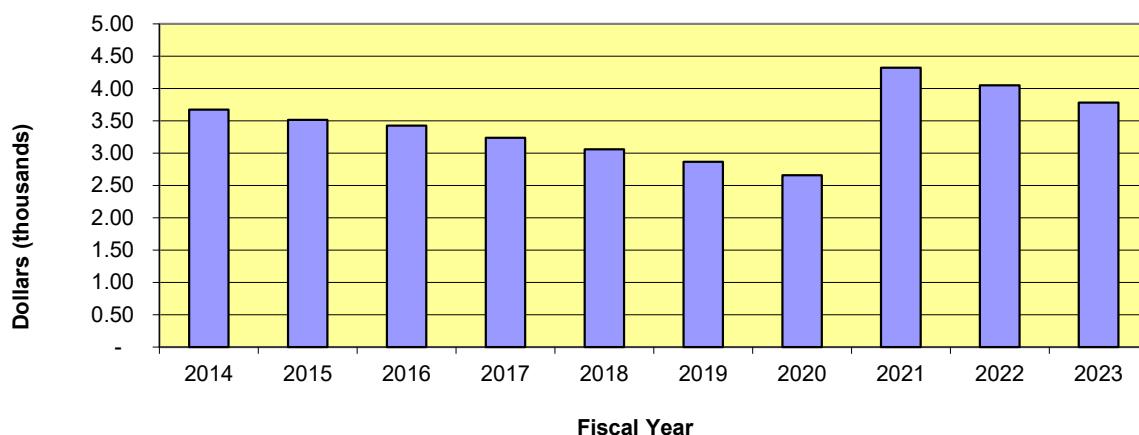
(amount expressed in thousands except per capita amounts)

Fiscal Year	Revenue Bonds	Loans Notes	Total Outstanding Debt	Debt To Number of Customers	Debt Per Capita*	Debt As Share Of Personal Income
2014	\$ 154,910	\$ -	\$ 154,910	3.67	\$ 1,136	3.7%
2015	149,055	-	149,055	3.51	1,074	3.4%
2016	145,814	-	145,814	3.42	1,036	3.3%
2017	139,165	-	139,165	3.24	978	3.0%
2018	132,326	-	132,326	3.06	920	2.8%
2019	125,245	-	125,245	2.87	862	2.5%
2020	117,900	-	117,900	2.66	806	2.2%
2021	193,680	-	193,680	4.32	1,309	3.3%
2022	183,357	-	183,357	4.05	1,257	3.1%
2023	172,769	-	172,769	3.78	1,173	2.6%

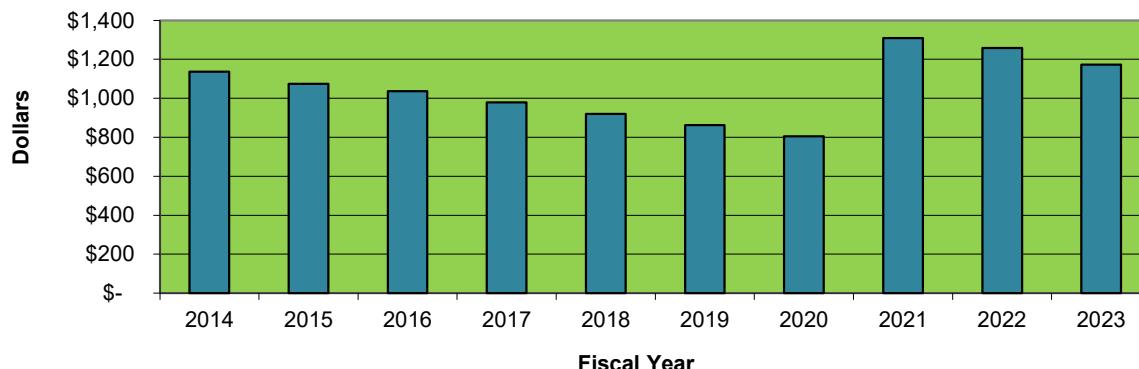
\* Note: Based on Previous Year Demographic Data - current year unavailable.

Sources: Bureau of Economic Analysis

### Debt to Number of Customers



### Debt Per Capita



# Douglasville-Douglas County Water and Sewer Authority

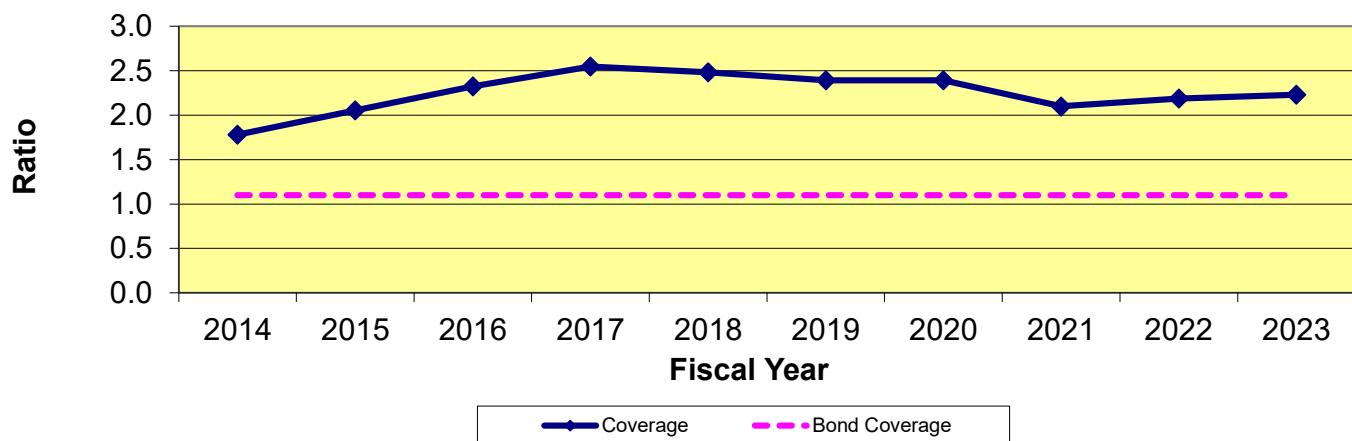
## Debt Service and Capacity

TABLE 8

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

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross Revenues	\$ 39,697	\$ 41,693	\$ 43,781	\$ 46,573	\$ 46,901	\$ 47,123	\$ 48,414	\$ 50,743	\$ 53,569	\$ 58,550
Service Charges										
Total Interest Income	102	100	171	265	320	384	658	27	107	2,731
Tap Fees Connection Charges	1,524	1,704	2,096	2,519	2,430	3,130	2,559	7,130	6,019	5,483
Gross Total Revenues	41,323	43,497	46,048	49,357	49,651	50,637	51,631	57,900	59,695	66,764
Less Operating Expenses Excluding Depreciation	20,241	19,167	19,689	20,343	21,236	23,869	24,480	25,777	26,270	32,599
Less Deferred Interest Income and Revenue	9	8	-	-	-	-	-	-	-	-
Less Interest Income in the Construction	5	-	-	-	-	-	-	-	-	-
Net Earnings Available	\$ 21,068	\$ 24,322	\$ 26,359	\$ 29,014	\$ 28,415	\$ 26,768	\$ 27,151	\$ 32,123	\$ 33,425	\$ 34,165
Annual Debt Service Coverage Ratio	\$ 12,080	\$ 12,080	\$ 11,666	\$ 11,177	\$ 11,173	\$ 11,180	\$ 11,348	\$ 15,301	\$ 15,271	\$ 15,319
	1.7	2.0	2.3	2.6	2.5	2.4	2.4	2.1	2.2	2.2
<b>Maximum Annual Debt Service (MAD)<sup>1</sup></b>										
Principal Interest	\$ 8,380	\$ 8,380	\$ 8,535	\$ 6,695	\$ 6,960	\$ 6,960	\$ 8,535	\$ 10,245	\$ 10,515	\$ 10,588
	3,456	3,456	2,813	4,687	4,478	4,220	2,813	5,056	4,756	4,731
<b>Total Maximum Annual Debt Service (MAD)<sup>1</sup></b>	\$ 11,836	\$ 11,836	\$ 11,348	\$ 11,382	\$ 11,438	\$ 11,180	\$ 11,348	\$ 15,301	\$ 15,271	\$ 15,319
<b>MAD Coverage Ratio</b>	1.8	2.1	2.3	2.5	2.5	2.4	2.4	2.1	2.2	2.2

### Bond Coverage



Note 1 - Maximum annual debt service is based on 2015 Series B bond face maturities excluding the mandatory redemption date at June 30, 2030 as allowed by bond covenants, and excluding debt service related to the issuance of the 2020A Series Bonds subsequent to June 30, 2020.

# Douglasville-Douglas County Water and Sewer Authority

## Debt Service and Capacity

TABLE 9

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

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Earnings Available (Table 8)	\$ 21,068	\$ 24,322	\$ 26,359	\$ 29,014	\$ 28,415	\$ 26,768	\$ 27,151	\$ 32,123	\$ 33,425	\$ 34,165
Legal Debt Service Limit	17,557	20,268	21,966	24,178	23,679	22,307	22,626	26,769	27,854	28,471
Total MAD debt applicable to limit	11,836	11,836	11,348	11,382	11,438	11,180	11,348	11,348	15,271	15,319
Legal MAD debt margin	\$ 5,721	\$ 8,432	\$ 10,618	\$ 12,796	\$ 12,241	\$ 11,127	\$ 11,278	\$ 15,421	\$ 12,583	\$ 13,152
Total MAD debt applicable to the limit as a percentage of debt limit	67.4%	58.4%	51.7%	47.1%	48.3%	50.1%	50.2%	42.4%	54.8%	53.8%

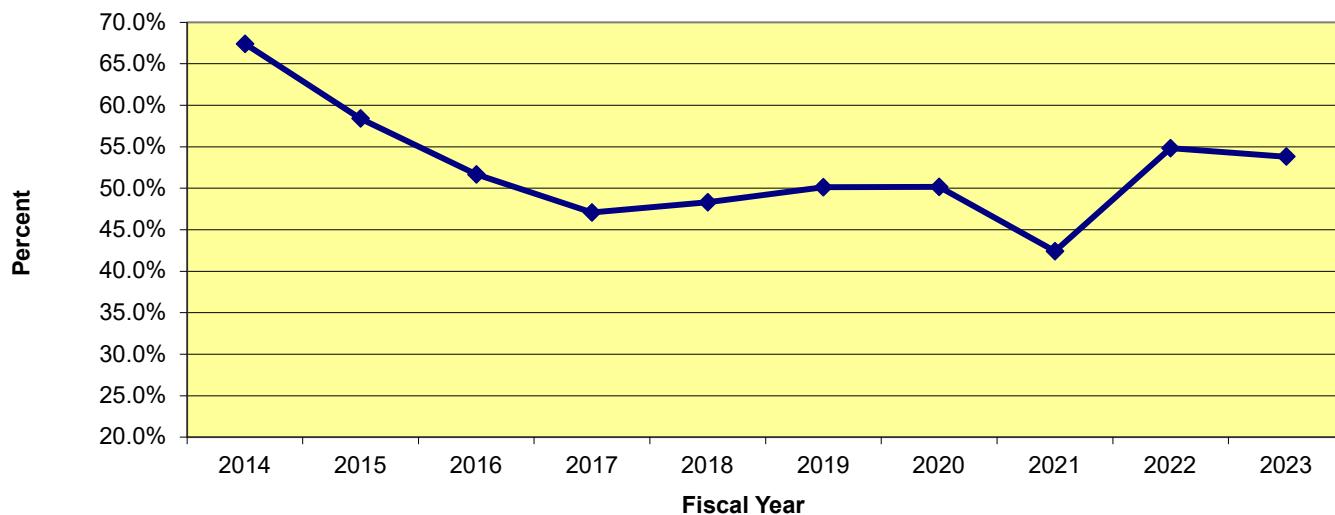
Notes:

MAD - Maximum Annual Debt Service (largest debt service payment during life of bond issue; uses face maturity amounts for 2015 Series B, excluding mandatory redemption date as allowed by bond covenants), and excluding debt service related to the issuance of the 2020A Series Bonds subsequent to June 30, 2020.

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

\*\*New Debt limit (2013 and later) is calculated based upon bond covenants requiring a ratio of 1.20 x maximum annual debt service.

### MAD Debt applicable to Limit as Percent of Limit



# Douglasville-Douglas County Water and Sewer Authority

## Demographic and Economic Information

TABLE 10

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

Calendar Year	Population (1)	Personal Income (1)		Per Capita Personal Income (1)		Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
		(thousands of dollars)		\$	30,798			
2013	136,379	(1)	\$ 4,200,201	\$ 30,798	35.3	25,577	7.7%	
2014	138,776	(1)	\$ 4,411,764	\$ 31,791	35.0	25,918	6.6%	
2015	140,733	(1)	\$ 4,515,981	\$ 32,089	35.9	26,016	6.2%	
2016	142,224	(1)	\$ 4,688,552	\$ 32,966	36.1	26,297	5.6%	
2017	143,882	(1)	\$ 4,913,103	\$ 34,147	36.3	26,441	4.2%	
2018	145,331	(1)	\$ 5,119,972	\$ 35,230	36.8	26,555	3.9%	
2019	146,343	(1)	\$ 5,341,063	\$ 36,497	36.7	26,663	3.9%	
2020	145,814	(1)	\$ 5,958,634	\$ 40,264	36.6	25,884	7.4%	
2021	147,988	(2)	\$ 6,529,415	\$ 44,121	37.4	25,890	3.8%	
2022	147,316		**	**	**	25,802	3.5%	

(1) Source: Bureau of Economic Analysis (latest year published is 2020)

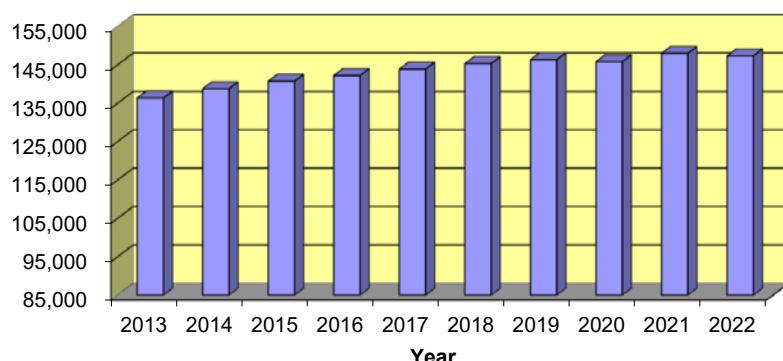
\*\* Information for 2023 was not available as of June 30, 2023.

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

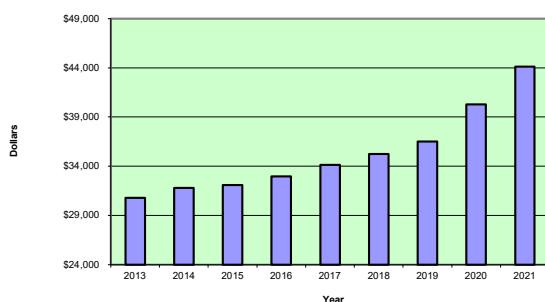
(3) Source: Georgia Department of Education, enrollment as of October each year.

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

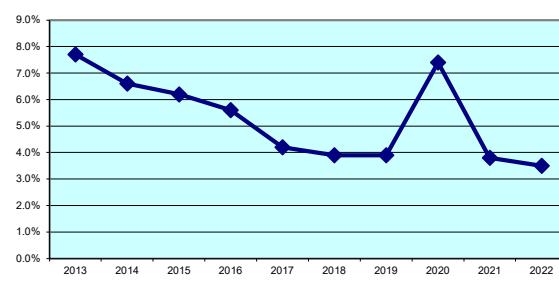
### Population of Douglas County



### Douglas County Per Capita Income



### Douglas County Unemployment Rate



# Douglasville-Douglas County Water and Sewer Authority

## Demographic and Economic Information

### Douglas County Principal Employers

TABLE 11

2023				
Employer	Type of Business	Employees	Rank	Percentage of Total County Employment
Douglas County School System	Government	3,500	1	5.2%
Douglas County Government	Government	1,180	2	1.7%
Silver Line Building Products Corp.	Building products	1,000	3	1.5%
WellStar Douglas Hospital	Healthcare	820	4	1.2%
American Red Cross	Healthcare	682	5	1.0%
McMaster Carr	Distributor	650	6	1.0%
Stich Fix	Retail	600	7	0.9%
Medline Industries	Medical Provider	511	8	0.8%
South Wire	Manufacturer	450	9	0.7%
Gordon Food Service	Food Distributor	400	10	0.6%
Total Principal Employment		9,793		14.6%
Other Employees		57,302		85.4%
Total County Employment		67,095		100.0%

2014				
Employer	Type of Business	Employees	Rank	Percentage of Total County Employment
Douglas County School System	Government	3,200	1	5.6%
Douglas County Government	Government	1,046	2	1.8%
Silver Line Building Products Corp.	Building products	900	3	1.6%
WallMart	Retail	750	4	1.3%
WellStar Douglas Hospital	Healthcare	700	5	1.2%
American Red Cross Blood Services	Healthcare	500	6	0.9%
Medine Industries	Healthcare	345	7	0.6%
Google	Internet information provider	300	8	0.5%
Benton-Georgia Inc	Construction	300	9	0.5%
Staples Fulfilment Center	Retail	258	10	0.5%
Total Principal Employment		8,299		14.6%
Other Employers		48,575		85.4%
Total County Employment		56,874		100.0%

Sources: Douglasville Development Authority, City of Douglasville Development Authority, Douglas County Public Schools, press releases, company disclosures and other sources

# Douglasville-Douglas County Water and Sewer Authority

## Operational Information

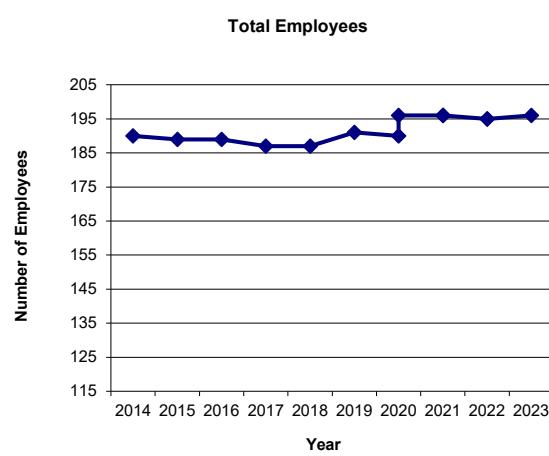
### Full-Time Equivalent Water and Sewer Authority Employees

TABLE 12

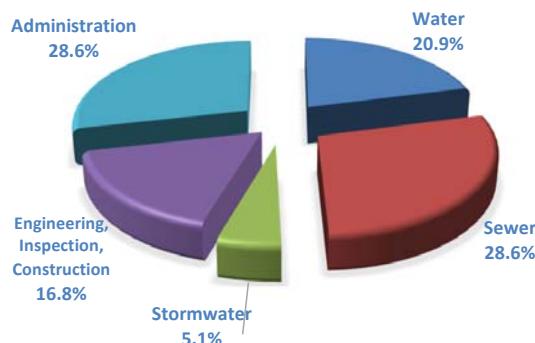
#### Employees by Function

	Fiscal Year:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>WATER:</b>											
Water Plant Operations		15	15	15	15	15	15	15	17	16	17
Water Operations Maintenance		4	4	4	4	4	4	4	3	4	4
Water Systems Maintenance		15	15	15	15	15	18	16	17	17	16
Reservoir Staff		2	3	3	3	3	3	3	3	2	4
<b>WATER TOTAL</b>		<b>36</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>40</b>	<b>38</b>	<b>40</b>	<b>39</b>	<b>41</b>
<b>SEWER:</b>											
Sewer Plant Operations		23	23	23	23	23	22	21	23	27	27
Sewer Operations Maintenance		13	13	13	13	14	14	14	14	14	13
Sewer Systems Maintenance		17	16	16	16	16	19	17	16	18	16
<b>SEWER TOTAL</b>		<b>53</b>	<b>52</b>	<b>52</b>	<b>52</b>	<b>53</b>	<b>55</b>	<b>52</b>	<b>53</b>	<b>59</b>	<b>56</b>
<b>ENGINEERING/INSPECTION/CONSTRUCTION:</b>											
Engineering		12	12	12	10	10	11	11	12	13	13
Inspections		7	8	8	8	8	8	9	9	9	9
Construction		15	14	14	14	14	11	13	12	11	11
<b>ENG/INSP/CONS TOTAL</b>		<b>34</b>	<b>34</b>	<b>34</b>	<b>32</b>	<b>32</b>	<b>30</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>
<b>STORMWATER:</b>											
<b>STORMWATER TOTAL</b>		<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>9</b>	<b>9</b>	<b>10</b>
<b>ADMINISTRATION:</b>											
Billing/Customer Service		17	17	16	15	16	15	12	15	15	16
Meter Reading		12	13	14	14	13	13	13	13	12	11
Human Resources		12	12	12	12	12	12	15	18	13	15
Finance & Accounting		6	4	4	4	4	5	5	5	5	5
MIS		4	4	4	5	5	5	6	6	5	5
Executive Administration		5	4	4	4	4	4	4	4	5	4
<b>ADMINISTRATION TOTAL</b>		<b>56</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>55</b>	<b>61</b>	<b>55</b>	<b>56</b>
<b>TOTAL EMPLOYEES</b>		<b>190</b>	<b>189</b>	<b>189</b>	<b>187</b>	<b>187</b>	<b>191</b>	<b>190</b>	<b>196</b>	<b>195</b>	<b>196</b>

Source: Authority's Payroll Records



#### TOTAL EMPLOYEE PERCENTAGE BY SUB CATEGORY FISCAL YEAR 2023



# Douglasville-Douglas County Water and Sewer Authority

## Operational Information

TABLE 13

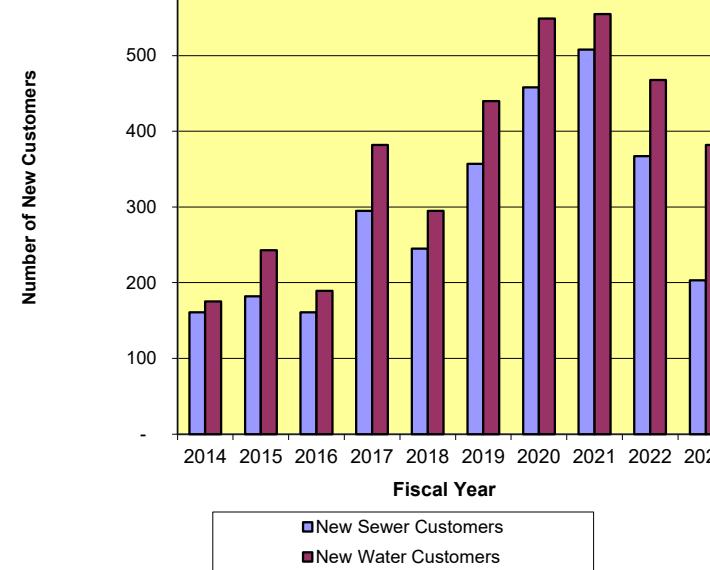
### Operating Indicators - Demand and Service Levels Last Ten Fiscal Years

Fiscal Year:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Demand or Level of Service</b>										
Water										
Total customers	42,166	42,409	42,598	42,980	43,275	43,715	44,264	44,819	45,287	45,669
New customers	175	243	189	382	295	440	549	555	468	382
Water main breaks	178	131	152	136	163	135	133	127	122	130
<sup>(1)</sup> Average daily consumption (thousands of gallons)	8,571	8,804	9,227	9,620	9,626	9,531	9,818	9,887	10,125	10,663
Sewer										
Total customers	18,032	18,214	18,375	18,670	18,915	19,272	19,730	20,238	20,605	20,808
New customers	161	182	161	295	245	357	458	508	367	203
Average daily sewer treatment (thousands of gallons)	5,456	5,087	6,104	5,420	5,629	6,428	6,748	6,876	6,473	6,661
Stormwater										
Total customers	43,299	43,498	43,708	44,084	44,355	44,742	45,171	45,746	46,237	46,567
New customers	191	199	210	376	271	387	429	575	491	330

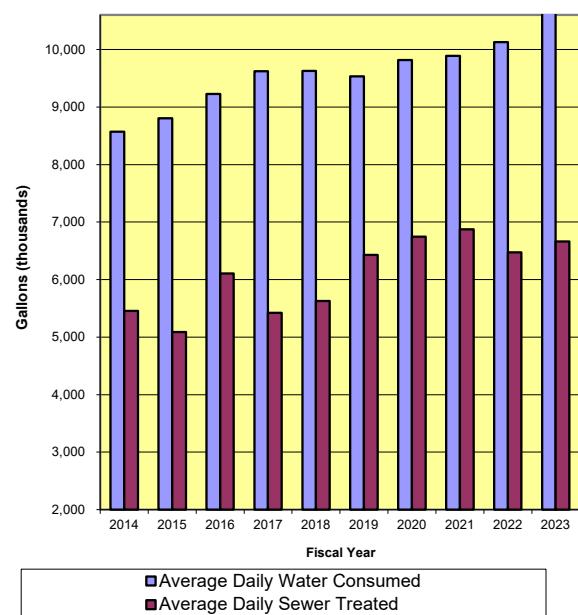
Notes:

Source: Authority's GIS System; Authority's Customer Service and Billing System

New Water and Sewer Customers



Average Daily Water Consumed and Treated



# Douglasville-Douglas County Water and Sewer Authority

## Operational Information

**TABLE 14**

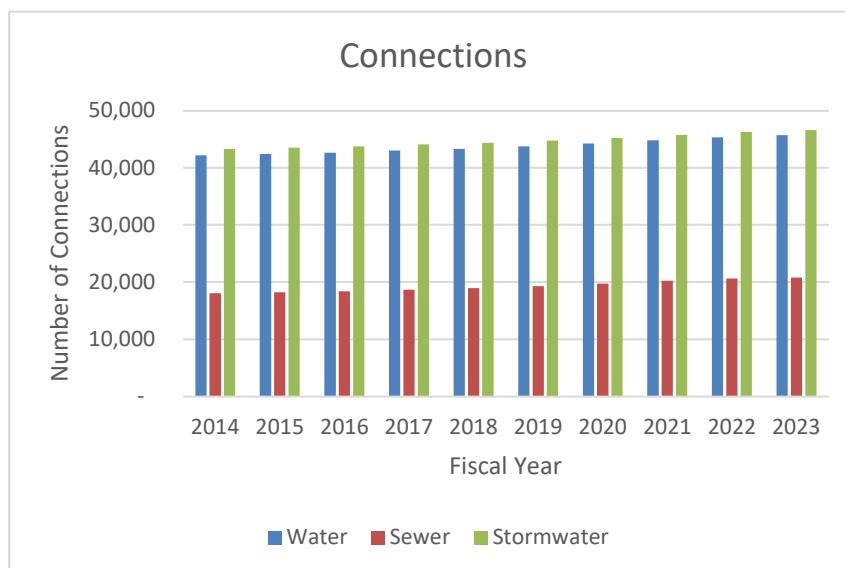
### Operating Indicators - Connections By Customer Type

#### Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b><u>Connection Type</u></b>										
<b>Water</b>										
Residential	39,316	46,573	39,726	40,092	40,362	40,787	41,314	41,889	42,339	42,685
Commercial	2,097	2,114	2,121	2,137	2,161	2,169	2,192	2,183	2,205	2,234
Industrial	241	240	239	239	239	239	240	240	241	241
<sup>(1)</sup> Other	512	511	512	512	513	520	518	507	502	509
Total Connections	42,166	42,409	42,598	42,980	43,275	43,715	44,264	44,819	45,287	45,669
<b>Sewer</b>										
Residential	16,563	16,738	16,899	17,186	17,420	17,767	18,199	18,714	19,069	19,251
Commercial	1,145	1,153	1,154	1,162	1,171	1,178	1,201	1,194	1,210	1,228
Industrial	125	124	124	124	124	125	127	127	127	127
<sup>(1)</sup> Other	199	199	198	198	200	202	203	203	199	202
Total Connections	18,032	18,214	18,375	18,670	18,915	19,272	19,730	20,238	20,605	20,808
<b>Stormwater</b>										
Residential	41,022	41,220	40,666	41,029	41,291	42,436	42,868	43,433	43,914	44,222
Commercial	1,653	1,655	2,417	2,431	2,440	1,682	1,684	1,695	1,707	1,728
Industrial	185	184	184	184	184	183	182	181	181	181
<sup>(1)</sup> Other	439	439	441	440	440	441	437	437	435	436
Total Connections	43,299	43,498	43,708	44,084	44,355	44,742	45,171	45,746	46,237	46,567

**Notes:**

1. Includes Government buildings, schools, and churches.
2. Source: Authority's GIS System; Authority's Customer Service and Billing System



# Douglasville-Douglas County Water and Sewer Authority

## Operational Information

TABLE 15

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

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b><u>Capital Assets</u></b>										
<b>Water</b>										
Water main miles	930	931	931	938	939	942	945	946	947	951
Fire hydrants	6,765	6,796	6,798	7,020	7,038	7,085	7,132	7,151	7,230	7,266
Maximum daily design capacity <i>(thousands of gallons)</i>	23,940	23,940	23,940	23,940	23,940	23,940	23,940	23,940	23,940	23,940
Average daily water production <i>(thousands of gallons)</i>	10,651	11,016	11,203	11,772	11,537	11,630	11,536	11,679	11,963	12,825
Storage capacity - clear wells and water tanks <i>(thousands of gallons)</i>	14,775	14,775	14,775	14,775	14,775	14,775	14,775	14,775	14,775	14,775
Reservoir capacity <i>(thousands of gallons)</i>	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000	1,988,000
<b>Sewer</b>										
Sanitary sewer miles	459	461	461	468	470	473	477	479	480	484
Maximum daily design treatment capacity <i>(thousands of gallons)</i>	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140	10,140
Average daily sewer flow <i>(thousands of gallons)</i>	5,456	5,087	6,104	5,420	5,629	5,629	6,748	6,876	6,473	6,661
<b>Stormwater</b>										
Storm sewer lines	120	120	120	121	121	121	122	122	124	127
	128									

Source: Authority's GIS System; Authority's Customer Service and Billing System

# Douglasville-Douglas County Water and Sewer Authority

## Operational Information

TABLE 16

### Top Ten Customers by Type Current Year and Ten Years Ago

Fiscal Year	2023			2014		
	Water Revenue	Rank	% of Water Revenue	Water Revenue	Rank	% of Water Revenue
<b>Water Customers</b>						
DC Board of Education	\$ 812,790	1	2.50%	\$ 236,290	2	1.10%
Grove Skyview LTD	403,850	2	1.24%	229,218	3	1.06%
Douglas County Jail	251,528	3	0.77%	148,933	5	0.69%
Birch Landing Atlanta	213,624	4	0.66%	151,320	4	0.70%
Value Properties - Pine Lake	212,432	5	0.65%	177,240	6	0.68%
Sevo Miller INC-Crestmark APTS	191,853	6	0.59%	157,961	8	0.49%
WellStar Douglas System	177,240	7	0.54%	149,133	9	0.46%
Brook Valley APTS	157,961	8	0.49%	92,427	8	0.43%
Pinnacle Homes at Rocky Ridge	149,133	9	0.46%	139,414	10	0.43%
Brodick Hill Apartments						
Google, Inc.				432,873	1	2.01%
Arbor Place Mall				102,385	7	0.47%
Reflek Mfg				90,171	9	0.42%
Strand Atlanta Apartments				88,473	10	0.41%
Totals	<u>\$ 2,709,825</u>		<u>8.33%</u>	<u>\$ 1,717,997</u>		<u>7.97%</u>
 Fiscal Year						
<b>Sewer Customers</b>						
DC Board of Education	\$ 456,949	1	2.54%	\$ 197,437	2	1.71%
Grove Skyview LTD	356,633	2	1.98%	192,458	3	1.67%
Douglas County Jail	218,159	3	1.21%	190,500	4	1.06%
Birch Landing Atlanta	190,500	4	1.06%	158,801	5	0.88%
Sevo Miller INC-Crestmark APTS	158,801	5	0.88%	151,983	6	0.84%
WellStar Douglas System	151,983	6	0.84%	148,422	7	0.82%
Brook Valley APTS	148,422	7	0.82%	132,199	8	0.73%
Pinnacle Homes at Rocky Ridge	132,199	8	0.73%	128,181	9	0.71%
Waterford APTS	128,181	9	0.71%	121,962	10	0.68%
Century Arbor Place Apts						
Golden Estates Mobile Home Park				0.00%	77,801	9
Arbor Place Mall				97,748	7	0.85%
Google, Inc.				318,018	1	2.76%
Oak Creek Apartments				79,220	8	0.69%
Totals	<u>\$ 2,063,789</u>		<u>11.47%</u>	<u>\$ 1,398,155</u>		<u>12.12%</u>
 Fiscal Year						
<b>Stormwater Customers</b>						
DC Board of Education	\$ 234,702	1	4.61%	\$ 216,673	1	4.81%
Prologis, LP	56,497	2	1.11%	19,330	8	0.43%
Switch, LTD	46,702	3	0.92%	42,047	4	0.83%
Medline Industries Inc.	42,047	4	0.83%	33,119	5	0.65%
McMaster-CARR Supply Company	33,119	5	0.65%	31,803	6	0.63%
Stitch Fix, Inc	31,803	6	0.63%	28,188	7	0.55%
Atlanta Bonded Warehouse	28,188	7	0.55%	25,911	8	0.51%
Amazon.com	25,911	8	0.51%	25,401	9	0.50%
Hunt Partners Ret Group	25,401	9	0.50%	24,586	10	0.48%
Bright Star LLC						
JVC Co of America				25,093	3	0.57%
Grove Skyview, LTD				20,837	4	0.46%
APL Logistics				18,450	10	0.41%
Google, Inc.				19,508	6	0.43%
Arbor Place Mall				20,604	5	0.46%
Excel-Hon, Inc				19,392	7	0.43%
Totals	<u>\$ 548,956</u>		<u>10.79%</u>	<u>\$ 404,172</u>		<u>8.98%</u>

# **COMPLIANCE**

## **SECTION**



## NICHOLS, CAULEY & ASSOCIATES, LLC

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

### **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***

#### *Independent Auditor's Report*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and major fund of Douglasville-Douglas County Water and Sewer Authority (the "Authority"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 4, 2023.

#### ***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

Atlanta | Calhoun | Canton | Dalton | Dublin  
Fayetteville | Kennesaw | Rome | Warner Robins

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

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

### **Purpose of this Report**

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

*Richards, Causey + Associates, LLC*

Kennesaw, Georgia  
December 4, 2023

