



For the Fiscal Year Ended
April 30, 2018

CLAYTON COUNTY WATER AUTHORITY



**Comprehensive
Annual
Financial
Report**



Clayton County, Georgia

EBunch

Clayton County Water Authority

Clayton County, Georgia

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended April 30, 2018

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Finance Department

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Clayton County Water Authority

MISSION STATEMENT



*“Providing **quality water** and **quality services** to our community.”*



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I. INTRODUCTORY SECTION



2018

Introductory Section





TRANSMITTAL LETTER



"Providing Quality Water and Quality Services to Our Community"

www.ccwa.us | 770.961.2130 | 1600 Battle Creek Road, Morrow, GA 30260

September 5, 2018

Mr. John M. Chafin, Chairman,
Members of the Board of Directors,
Customers of the Clayton County Water Authority,
And the Citizens of Clayton County, Georgia

Ladies and Gentlemen:

House Bill 390 served as the enabling legislation for the creation of the Clayton County Water Authority (the Authority or CCWA), upon its approval, by the Georgia Legislature on March 7, 1955. That original piece of legislation was amended by House Bill 535, on March 1, 1971, to require that the Authority issue annually a report on its financial position and activity. The amending statute also contained a requirement that the financial report that was being issued should be audited by an independent auditing firm that was to be selected by the Clayton County Board of Commissioners. Pursuant to those statutory requirements, we are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Clayton County Water Authority for its fiscal year ended April 30, 2018.

This report consists of management's representations concerning the operations and financial condition of the Clayton County Water Authority. Consequently, management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control network that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Clayton County Water Authority's financial statements in conformity with generally accepted accounting principles (GAAP).



Because the cost of internal controls should not outweigh their benefits, the Clayton County Water Authority's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Clayton County Water Authority's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Clayton County Water Authority, for the fiscal year ended April 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A contains a narrative overview and analysis of the financial activities of the Authority. Clayton County Water Authority's MD&A can be found on [pages 35 through 50](#), immediately following the independent auditors' report. This transmittal letter, which is designed to assist users in assessing the government's financial condition, should complement the MD&A.

METHOD OF GOVERNANCE

The Clayton County Water Authority is governed by a Water Authority Board of Directors composed of seven members. Each of them serves on a part-time basis for a term of five years and may be reappointed for additional terms. Members of the Board are appointed by the Clayton County Board of Commissioners. The Chairman, Vice-Chairman and Secretary-Treasurer are elected by and serve at the pleasure of the Water Authority Board.

The Authority operates utilizing a Board of Directors-Administrator form of organization. The Board of Directors adopts a balanced operating budget annually and establishes billing rates and fees for the operations of the Water Authority. The Board also approves the capital projects budgets and any issuance of debt to fund those construction activities.

The General Manager is appointed by and serves, at the pleasure of the Board. The General Manager has the responsibility of administering operations, in accordance with the policies, and the annual budget adopted by the Board of Directors. Performing under the general direction of the General Manager, certain managers and directors are responsible for the day-to-day operations of various functional areas of the organization.

PROFILE OF THE CLAYTON COUNTY WATER AUTHORITY

Under an Act of the Georgia General Assembly, approved March 7, 1955 (Georgia Laws 1955, page 3344), the Clayton County Water Authority was created. The enabling legislation authorized the Authority to acquire, construct and thereafter operate and maintain projects embracing sources of water supply, the distribution, sale of water and its related facilities.

On May 1, 2007, the Authority began providing stormwater services to all the residents of the County. To cover the costs of maintaining the stormwater infrastructure, residential customers are charged a flat monthly charge of \$3.75



and non-residential customers are charged \$3.75 per 2,950 sq. ft. of impervious surface, which is the average amount of impervious surface on a residential lot.

POPULATION

Out of the 159 counties located in Georgia, Clayton County is one of the smallest, in terms of land size, with an area of only 143 square miles. With 285,153 residents, according to most recent 2017 population estimates, it is one of the most densely populated counties in Georgia. There are six incorporated cities located within the county: Forest Park, a portion of College Park, Jonesboro, Lake City, Lovejoy, Morrow and Riverdale; and the City of Jonesboro, which is the county seat. This suburban community is located just minutes south of downtown Atlanta and is an integral part of the Atlanta Metropolitan Statistical Area (MSA).

TRANSPORTATION AND ACCESSIBILITY

An important attribute of Clayton County is its location, in relationship to major transportation modes, and the availability of several cost-effective alternatives for moving people and goods in the immediate area.

Air: Hartsfield-Jackson Atlanta International Airport, which lies mostly within Clayton County proper, is a major hub in the air transportation business and has been titled the busiest airport in the world since 2000.

Hartsfield-Jackson Atlanta International Airport has annually recorded the largest amount of passenger traffic in the industry since 1998. In May 2012, the airport opened its new \$1.4 billion international concourse. This concourse handled over 9.8 million passengers in its first year of operation.

Additional Hartsfield-Jackson Atlanta International Airport statistics:

- Has a direct economic impact of more than \$32.5 billion for metro Atlanta area economy
- Has over 58,000 employees
- Terminal and parking areas of 4,700 acres
- Atlanta is within a 2-hour flight of 80% of US population
- 250,000 passengers a day
- 2,500 arrivals and departures

Roadway/Motor Vehicle: Four different interstate highways: I-75, I-85, I-285 and I-675, pass through a section of Clayton County. In terms of other major roads, U.S. highways: 19, 23, 29 and 41. In addition, eight state routes are also available to serve our citizens. There are approximately 1,400 miles of paved roads, expressways and streets located within the County. Atlanta's beltway, Interstate 285, provides easy access to all areas of Atlanta and to east/west bound Interstate 20.

Other transportation needs of the local community can also be easily accommodated. The Georgia Regional Transportation Authority (GRTA) offers express bus service, which provides workday commuters, an alternative to driving their vehicles to downtown Atlanta employment centers. A large, conveniently located park and ride lot, which is situated on a major arterial in Jonesboro, provides access to this service. MARTA bus service also operates throughout the county.



Rail: For those businesses needing to move freight, there is direct rail service provided by the Norfolk Southern Railways System. In addition, Amtrak has passenger trains, which pass through nearby Atlanta. Approximately, 30 freight truck lines serve the County with both intrastate and interstate service. In addition, the Greyhound Bus Line operates a local terminal in nearby Hapeville. For international shipping, Savannah, Georgia and Jacksonville, Florida serve as major deep-water seaports, which can easily be reached by interstate highway in a matter of hours.

EDUCATION

The Clayton County Board of Education currently operates sixty-five public schools and twelve of which, are high schools. There are also five private schools currently operating in the county. Clayton State University is located within the County and is part of the University System of Georgia.

Some of the other institutions of higher education located in the Atlanta metropolitan area include: Agnes Scott College, Atlanta University Complex, Emory University, Georgia Institute of Technology, Georgia State University, Kennesaw State University, Life University, Mercer University, Oglethorpe University, and Spelman College. The Southern Crescent Technical College and Atlanta Technical College are also located in counties adjacent to Clayton.

CUSTOMERS

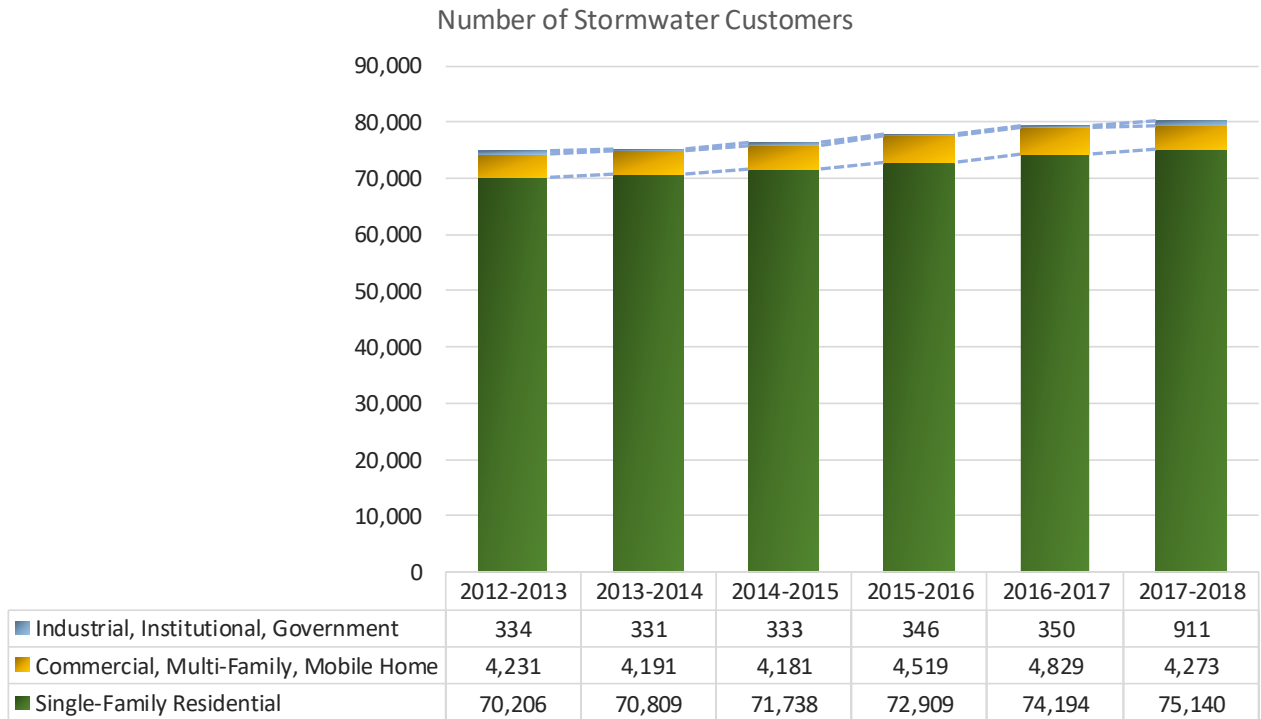
At April 30, 2018, the Authority served 81,647 water customers, 66,057 sewer customers and 80,324 stormwater customers.

<i>Type of Customer</i>	Water		Sewer		Stormwater	
	<i>April 30, 2018</i>	<i>April 30, 2017</i>	<i>April 30, 2018</i>	<i>April 30, 2017</i>	<i>April 30, 2018</i>	<i>April 30, 2017</i>
Residential	76,337	75,249	62,065	61,085	75,140	74,189
Mobile Homes	23	23	22	22	17	17
Multi-Family	387	386	360	360	364	366
Total Residential	76,747	75,658	62,447	61,467	75,521	74,572
Commercial	3,752	4,271	2,847	3,229	3,844	4,397
Motel	59	58	50	50	48	48
Institutional	682	0	511	0	635	0
Total Nonresidential	4,493	4,329	3,408	3,279	4,527	4,445
Industrial	53	53	37	37	48	48
Government	210	318	118	199	164	245
Cities and Counties	8	8	3	3	1	1
CCWA/Other	136	131	44	43	63	62
Total Industrial and Municipal	407	510	202	282	276	356
Total Customers	81,647	80,497	66,057	65,028	80,324	79,373



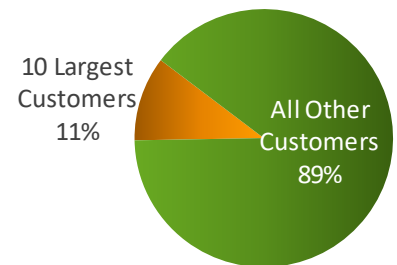
STORMWATER CUSTOMERS

The number of stormwater customers, in all categories, has continued to trend upward.



TOP TEN STORMWATER CUSTOMERS BY FEES PAID

Customer	Stormwater Fees	Percent
Department of Aviation (<i>Hartsfield-Jackson Airport</i>)	\$ 613,976	6.22%
Georgia Department of Agriculture	84,551	0.86%
Urban Redevelopment Agency	76,461	0.77%
J C Penney Catalog Division	62,823	0.64%
Kroger	52,843	0.54%
Fort Gillem - Site Manager	46,839	0.47%
Georgia Power	31,016	0.31%
Tindall Corporation GA Division	26,490	0.27%
Federal Express	25,672	0.26%
Gillem Logistics Center Building 200 LLC	25,400	0.26%
10 Largest Customers	\$ 1,046,072	10.60%
All Other Customers	8,823,213	89.40%
Total	\$ 9,869,285	100.00%

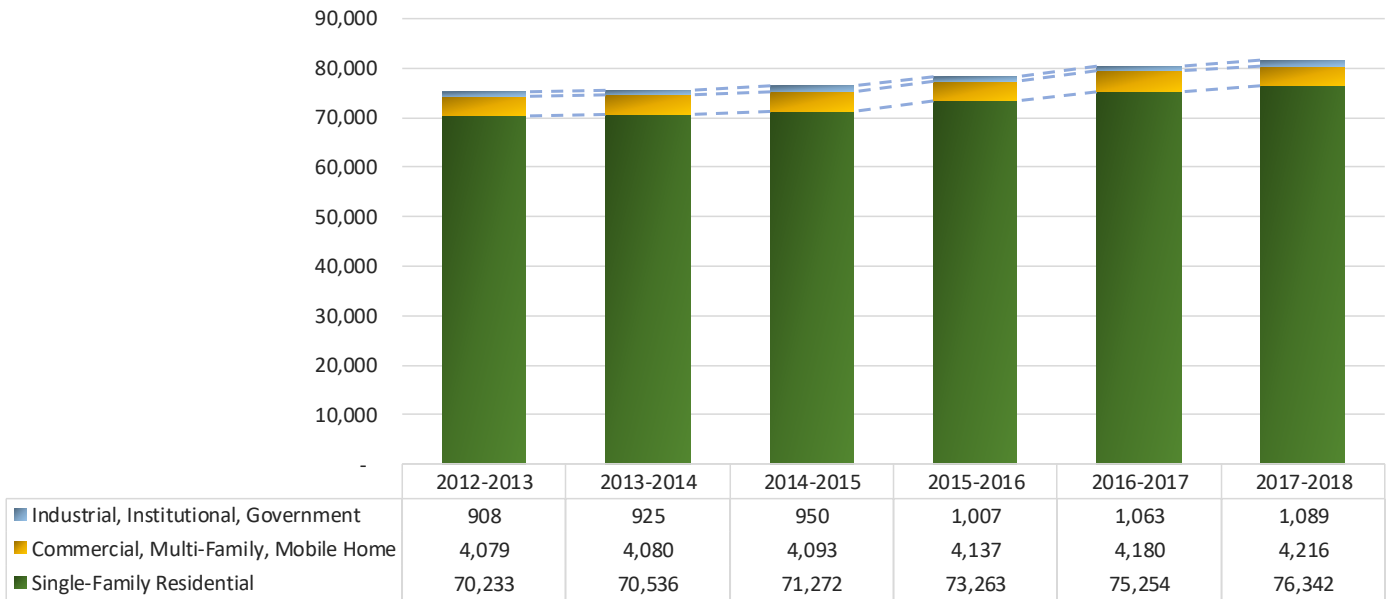




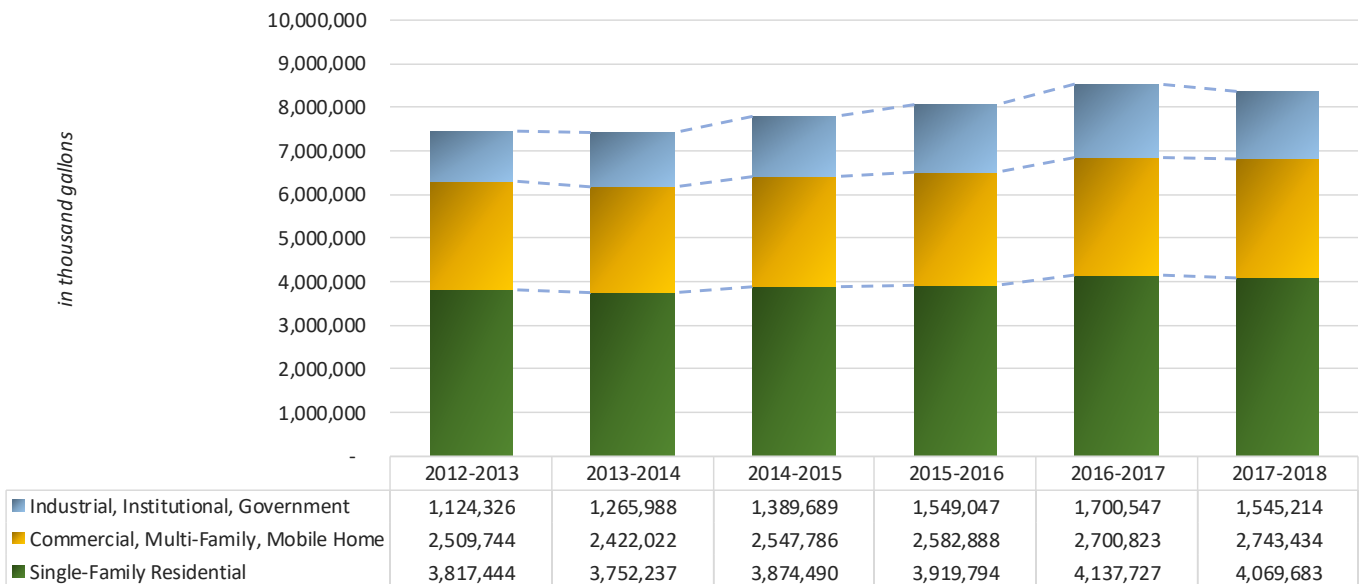
WATER CUSTOMERS AND USAGE

The number of water customers, in all categories, has been trending upward toward pre-economic downturn numbers as vacancies decline and economic growth continues. Water usage was down slightly from the previous year but continues to trend upward over the previous four years.

WATER CUSTOMERS BY CATEGORY



WATER USAGE BY CATEGORY

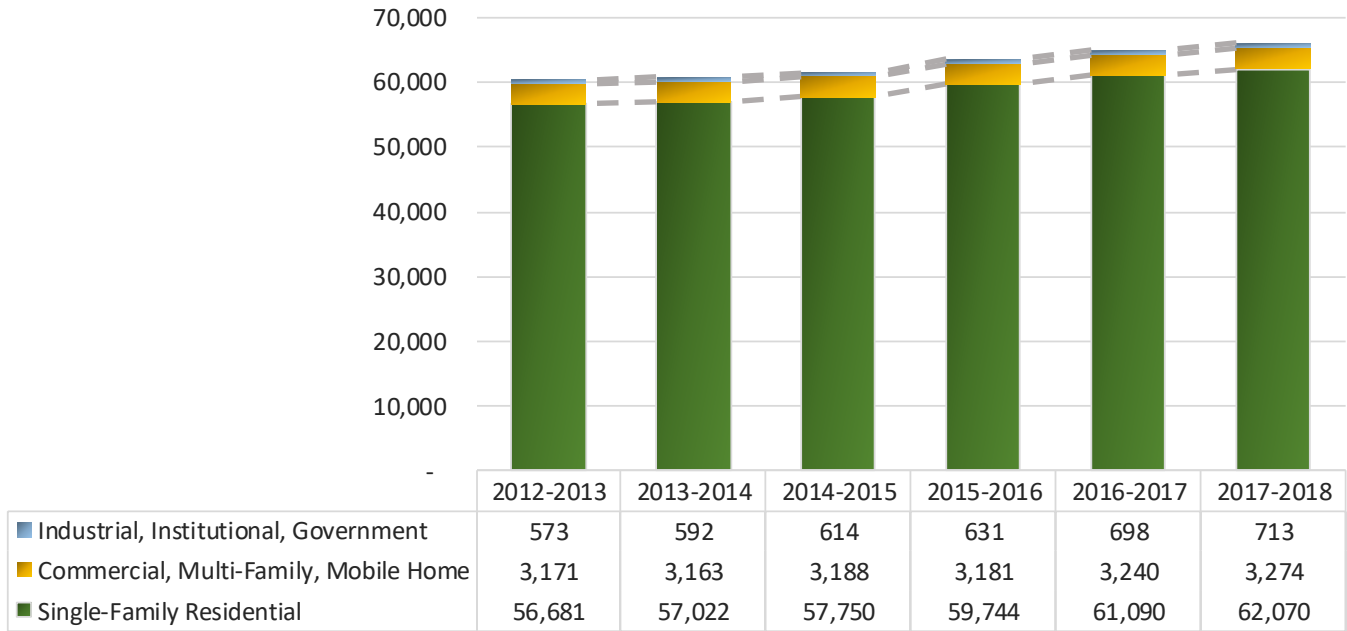




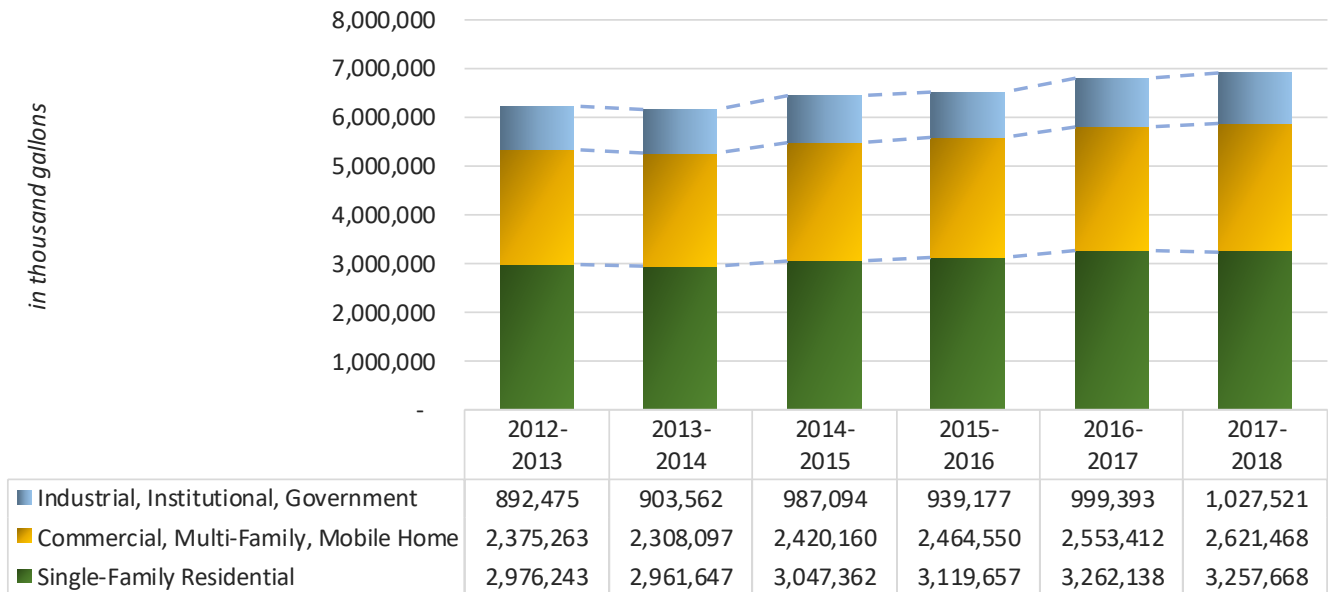
SEWER CUSTOMERS AND USAGE

The number of sewer customers, in all categories, has been trending upward toward pre-economic downturn numbers as vacancies decline and economic growth continues.

SEWER CUSTOMERS BY CATEGORY



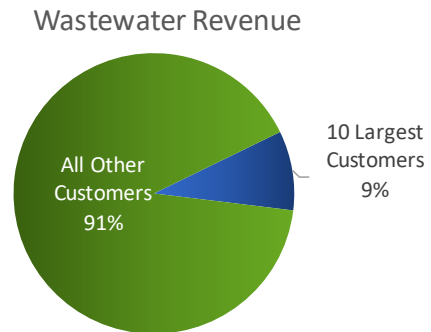
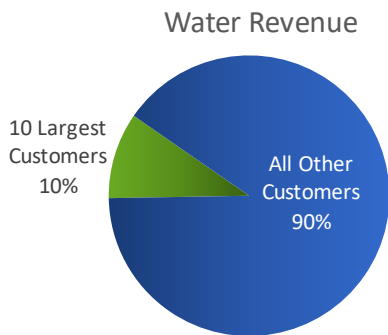
SEWER USAGE BY CATEGORY





TOP TEN WATER AND SEWER CUSTOMERS BY REVENUE

Customer	Water		Wastewater	
	Revenue	Percent	Revenue	Percent
Fresh Express	1,429,372	2.77%	\$ 1,787,308	4.03%
City of College Park	\$ 1,317,647	2.55%	359,894	0.81%
Clorox Company	736,166	1.43%	335,834	0.76%
Clayton County Board of Commissioners	316,812	0.61%	303,548	0.68%
Club Chef Southeast LLC	313,571	0.61%	296,750	0.67%
Atlanta South Properties LLC	222,501	0.43%	226,981	0.51%
Deer Creek Mobile Home Park LLC	214,044	0.41%	212,526	0.48%
Marcree Sales Inc	210,290	0.41%	202,882	0.46%
Toto USA Inc	191,369	0.37%	180,517	0.41%
Gateway At Hartsfield LLC	176,260	0.34%	149,459	0.34%
10 Largest Customers	\$ 5,128,033	9.93%	\$ 4,055,698	9.15%
All Other Customers	46,510,747	90.07%	40,261,258	90.85%
Total	\$51,638,780	100.00%	\$44,316,956	100.00%



Additional information about the Authority’s customer base, usage and related revenue trends can be found in the **STATISTICAL SECTION** in beginning on Schedule 7 and through Schedule 19.



OVERVIEW OF THE SYSTEM

<p>Water Production</p> <ul style="list-style-type: none"> • 3 Production Plants • 47 MGD Capacity <ul style="list-style-type: none"> • 26 MGD Produced • 5 Reservoirs • Water Storage <ul style="list-style-type: none"> • 3 Clear Wells: 6.7 MG • 7 Ground Storage Tanks: 23 MG • 4 Elevated Tanks: 2.5 MG 	<p>Water Reclamation</p> <ul style="list-style-type: none"> • 3 Reclamation Facilities • 38.4 MGD Treatment Capacity <ul style="list-style-type: none"> • 21.2 MGD Treated • 2 Constructed Wetlands systems • 41 Lift Stations 	<p>Stormwater</p> <ul style="list-style-type: none"> • 6 city systems • 1 county system • 500 miles of piping

The Authority owns and operates five raw water reservoirs:

- **J.W. Smith** - 240 acres in size, holding approximately 844 million gallons of water at capacity
- **Shamrock** - 78 acres in size, holding approximately 260 million gallons of water at capacity
- **Edgar Blalock, Jr.** - 263 acres in size, holding approximately 889 million gallons of water at capacity
- **William J. "Billy" Hooper** - 143 acres in size, holding approximately 180 million gallons at capacity
- **Shoal Creek** - 387 acres in size, holding 2.19 billion gallons of water at capacity

INTERCONNECTIONS

Drinking Water: The Authority has six connections with the City of Atlanta that can be activated “on demand” pursuant of a contract that expires December 31, 2023. The Authority has piping capable of providing about 5 MGD, in additional supply from these connections. Additional connections exist with the water systems of neighboring DeKalb and Fayette Counties.

Wastewater Treatment: The Authority has a contract with DeKalb County for 1 MGD of capacity.



DISTRIBUTION AND CONVEYANCE INFRASTRUCTURE

The Authority maintains almost (1,500) miles of water distribution lines, (1,400) miles of sewer conveyance pipe and (500) miles of stormwater pipe.



BOND RATING

The Clayton County Water Authority has a bond rating from Standard & Poor's of AA+ and from Moody's of Aa2. Bonds with this rating are judged to be of high quality, by all standards. They are rated lower than the best bonds because margins of protection may not be as large. AAA and AA bonds are referred to as "High Grade." In general, the higher the grade, the lower the interest costs to the borrowing municipality.

The Authority currently has outstanding revenue bonds totaling \$105.4M. The final bond payment will be made on May 1, 2023 when the 2012 Series bond matures.

LOCAL ECONOMY

Income growth is positively correlated with job growth and lower unemployment rates. Since the 1990's, job growth, in the southern crescent of Metro-Atlanta, has largely been rooted in the construction that occurs during a strong housing market and economic expansion. Clayton County is on the cusp of this type of expansion due to the growth in the film industry and the development surrounding Hartsfield-Jackson Atlanta International Airport.

A modern, extensive transportation along with logistical infrastructure allows Georgia to compete effectively in a global marketplace. Hartsfield-Jackson International Airport is the world's busiest passenger airport and 10th-largest in the nation for cargo. Georgia's deep-water ports and inland barge terminals are a major reason Georgia now ranks second nationally in exports. Moreover, with 5,000 miles of railroad track, Atlanta is the rail center of the South and the largest intermodal facility on the East Coast.

Several transportation projects, in various stages of development, in Clayton and Henry counties promise to open previously closed transportation channels and ease congestion on busy Interstate 75. The Metropolitan Atlanta Rapid



Transit Authority bus service (MARTA) has more than 160 stops by linking the County's workforce to major employers and activity centers throughout the Metro-Atlanta area.

Hartsfield-Jackson Atlanta International Airport is a powerful economic driver and two community improvement districts (CIDs), Airport West and Airport South (North Clayton County), have joined forces as the Atlanta Aerotropolis Alliance to assist the airport into becoming a major economic hub. These CIDs are coordinating plans for the creation of an "Airport City" that will attract new commercial office space, first-class hotels, entertainment venues, condominiums, apartments and other residences.

The Atlanta Aerotropolis Alliance, comprised of businesses, local government representatives, nonprofits and other key stakeholders are playing a major role in forging Hartsfield-Jackson into an even stronger economic development tool for the region. More than 50 percent of Fortune 500 corporate headquarters are located within 10 miles of U.S. hub airports and air travel of both passengers and cargo are expected to triple between 2010 and 2030 at airports around the world. Airports are evolving into the actual destination of the traveler and not just places of departure and arrival.

As more businesses come into the area, more jobs will be created, which spurs more amenities. This will start a perpetual cycle, as it will make the area an even more attractive choice for additional business relocations. The actual development and renovation of the airport will also provide additional jobs and economic impact. Hartsfield-Jackson recently unveiled its 20-year master plan that included \$6 billion in projects. The Authority's service area will see economic gains from the development surrounding Hartsfield-Jackson Atlanta International Airport.

Georgia is taking a leading role in the movie industry. The film industry attracts multiple types of commercial and retail businesses to support its movie set building, actors and stage crews. EUE/Screen Gems Studios Atlanta opened a 10-stage, 33-acre studio complex in 2010, on the former Lakewood Fairgrounds. Fayette County, Clayton County's Southside neighbor, got an economic boost last year when Pinewood Atlanta Studios opened a 288-acre complex with five state-of-the-art sound stages. Clayton County will now benefit directly from the movie industry growth as actor and producer, Tyler Perry, has signed an agreement to build 16 soundstages on 330 acres of the 488-acre site at the closed Fort McPherson army base in East Point.

In February 2017, Los Angeles developer of film studios stated that it planned to build a five-stage, state-of-the-art studio complex in Clayton County, giving another boost to film production in the County. Managed by Pacifica Ventures, the new studio will be named Clayton County Studios. The new \$12 million studio will be built between Lake

BUSINESS EXPANSIONS

- ◆ **Clorox:** \$42M expansion; 100 new jobs.
- ◆ **Clayton Commerce Center:** \$38M building constructed.
- ◆ **Cummins:** \$10M New service and repair center and new parts redistribution center; 80 new jobs.
- ◆ **Waste Eliminator:** \$7M new 41,000 square-foot building; 30 new jobs.
- ◆ **Low Temp Industries:** \$17.5M new manufacturing headquarter building; 30 new jobs.
- ◆ **Fresh Express:** \$10M expansion; 20 new jobs.
- ◆ **Kabobs Inc.:** \$5M expansion; 7 new jobs.
- ◆ **TOTAL:** \$130M investment; 267 new jobs.

Source: Clayton County Office of Economic Development and Film



City and Morrow on 27 acres directly across the street from the National Archives in Morrow. Groundbreaking on the first phase is expected to be in September with the five sound studios being between 18,000 and 20,000 square feet each. The complex will include production offices, post-production space, a green screen, mill and construction space and a commissary. It will be the company's second film-production studio in the United States. It has a nine-stage studio in Albuquerque, N.M., where hits like "Breaking Bad" and "The Avengers" were produced. The company chose the location because of its proximity to Hartsfield-Jackson International Airport and downtown Atlanta.

In 2016, Georgia Motion Picture Studios announced they would be calling Tucker, Georgia home. It is expected to have an additional \$1 billion economic to the area's economy.

The University System of Georgia began classes in January 2016 at its new Georgia Film Academy to train future industry workers in the State. Clayton State University has recently followed suite by adding relevant courses to its curriculum catalog. With local talent available, production companies will no longer need to bring crewmembers from New York and Los Angeles.

Film tourism has also had an economic impact on the state. With additional studios and movie productions, this revenue stream will continue to grow. Fans from all over the world visit Senoia, Georgia, which was redeveloped to film the popular television show *The Walking Dead*. Covington has had similar success from *The Vampire Diaries*, which has a real-life replica of the Mystic Grill, a familiar setting on the show. The State's film office has launched a website, TourGeorgiaFilm.com, to cater specifically to film tourism.

The Forest Park Urban Redevelopment Agency is developing the Fort Gillem Army site for new industry and distribution centers. Kroger has hired 120 employees and is investing about \$175M over a five period at the location. Castellini Group, a large distributor of fresh produce, has completed a \$52M distribution facility that is creating 300 new jobs. Castellini is a complete vertical supply chain company that provides services from tomato ripening and repacking, to processing and transportation.

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The Tri-Cities Urban Redevelopment Agency is comprised of three Urban Redevelopment Agencies; Forest Park, Lake City and Morrow. These redevelopment agencies have a total of 2,350 acres and 935 individual parcels along 11 miles of commercial corridors in Clayton County. These three agencies are actively engaged in promoting economic development in the area.

LONG-TERM FINANCIAL PLAN

When the need arises, the Authority incurs capital-financing debt through the issuance of revenue bonds or State Revolving Fund (GEFA) loans. In adhering to conservative business operating practices, the debt is structured to maintain a level debt service payment over future periods. To further ensure fiscal stability, the Authority is required, by its bond ordinances, to maintain a debt service reserve. One-twelfth of the annual interest and principal payments



are deposited into the debt service account each month. Interest payments are made semi-annually, and principal payments are made annually. Debt service funds are invested solely in a U.S. treasury money market fund.

The Authority, per its adopted bond ordinance, maintains a rate covenant of one and two-tenths to one, 1.2x, annual debt service coverage ratio. This means that gross revenues less operating expenses, excluding depreciation, each fiscal year must be sufficient to cover 120 percent of the bond debt service requirements that are due for that year.

A higher “target” coverage factor has been identified by the Board of 150 percent of the bond debt service requirement. [Schedule 21](#), located in the [STATISTICAL SECTION](#), verifies that the Authority exceeded that higher target for every year except for fiscal years 2011 and 2012. The accrual of an additional \$1.2 million in operating expenses for other postemployment benefits (OPEB) that resulted from the implementation of GASB Statement Number 45 caused the Authority to fall short of its goal in those two fiscal years. However, it should also be pointed out that the accounting recognition of these future payments does not impact the Authority’s financial capacity to cover its annual debt service requirements.

CAPITAL IMPROVEMENT PROGRAM

Integral to the Authority’s Capital Improvement Program, is its Strategic Master Plan (SMP). The Authority prepares a detailed ten-year strategic master plan every ten years and conducts mid-term updates every five years. Mid-term updates provide an opportunity to measure the progress of the plan’s implementation and allows for a recalibration of the plan based on economic, demographic, regulatory and environmental factors that may have changed since the plan’s inception.

The Authority uses the SMP as a guide, implementing strategies and improvements identified. It not only includes capital improvements, but also strategic business practices identified to assist CCWA in achieving its vision of Quality Water and Quality Service. This plan was also enhanced by the completion of an Information Technology (IT) Master Plan in 2012. The prioritized projects, included in the IT Master Plan, have been incorporated into the Strategic Master Plan project list, and this comprehensive list is used as an annual budgeting and work priority guide. The most recent update was completed and approved by the Board of Directors in April 2015.

The Master Plan identified seven operating strategies necessary to ensure we are a best in class utility. “Levels of Service” and performance targets were developed for each strategy so that we can gauge our success and identify areas of improvement and where to focus resources. This information is used to develop annual work priorities so that staffing and financial resources are not overburdened but used strategically to drive success.

QUALITY WATER, QUALITY SERVICE PERFORMANCE MANAGEMENT

“Levels of Service” were established to measure expected organizational performance against actual performance and work as the Authority’s Key Performance Indicators (KPIs). These metrics are measured on a daily, monthly, quarterly or annual basis and are reported to the Board of Directors monthly. Programs or projects are implemented to improve or enhance performance.



PRIORITIES

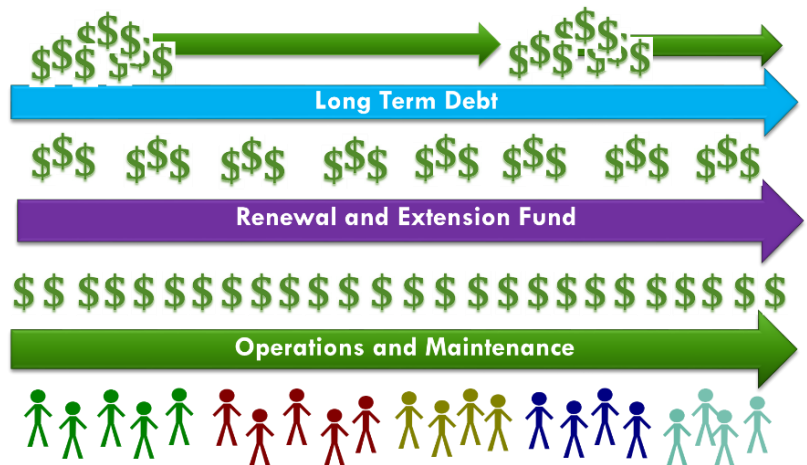
The table below lists the challenges that the Authority faces and management’s approach to addressing these issues, by the priority of its projects, in each year’s capital improvement program.

Challenge	CCWA Approach
Economic Factors	Continue balanced approach to funding projects: (1) focus on remaining debt from 2000 master plan, (2) “pay as you go approach” for most project needs and (3) consider accelerated funding for key large programs and projects.
Workforce Continuity	Plan for and anticipate changes in CCWA’s workforce to limit loss of institutional knowledge.
Water Quality/Regulatory Issues	Evaluate micro-constituents in CCWA’s water supply reservoirs to determine treatment options, potential impacts to indirect potable reuse system and the cost implications should regulations be implemented.
Aging, deteriorating underground infrastructure	Utilize risk-based approaches to maintain, upgrade, and operate existing physical assets cost effectively.
Technology Advancement	Ensure operations utilize technology to allow CCWA to make best use of its resources.

ECONOMIC FACTORS

Maintaining a balance between the costs of system renewal while maintaining affordable rates for our customer base plays a large role in the timing of capital improvements. With the current customer base and usage levels, rates for both water and sewer would have to be raised by 1 percent for every \$1M in additional cash flow needed.

Intergenerational Equity is the concept that the beneficiaries of the service should be those that help pay for the service. Through monthly water bills, the customers of the system at any point in time pay for the everyday maintenance of the system plus help fund small to medium-sized projects through accumulation of funds in the Renewal and Extension Fund. For large projects that will benefit customers over several decades, funding through debt would be an equitable way to spread the cost of the project with those multiple generations of customers or citizens.



The Authority currently has five outstanding revenue bond issues totaling \$105.4M. The final bond payment will be made on May 1, 2023 when the 2012 Series bond matures. The Authority, when possible, chooses to utilize its Renewal and Extension Program rather than incur additional debt to finance its capital projects.



In January 2017, the Authority was awarded a \$25M loan from the Georgia Environmental Finance Authority (GEFA) to fund a portion of its Large Sewer Interceptor Rehabilitation. The loan has an interest rate of 0.65% with a repayment term of 15-years beginning when construction is complete. There is no prepayment penalty. If all the funds are drawn, the annual debt service will be \$1.7M. The outstanding loan balance as of April 30, 2018 was \$1.1M. Because this Clean Water SRF loan is subordinate debt to bonds, its debt service is not included in the calculation of our bond debt service coverage ratio covenant. The Authority has two additional GEFA loans that are in repayment. The first loan was used to finance the construction of one of the phases of the constructed wetlands. It has a current outstanding principal balance of \$3.5M and its final payment will be November 1, 2025. The second loan funded the addition of backflow devices within our distribution system. It has a current outstanding principal balance of \$2.0M and matures on April 1, 2026.

WORKFORCE CONTINUITY

The Authority has implemented a succession planning process to maintain stability in its operations as changes in staffing occur. The process includes routine evaluation of staff and critical positions by department managers and supervisors. It also includes periodic reporting of this information by managers to a “Talent Development Committee” comprised of human resource personnel and executive leadership.

REGULATORY CHALLENGES

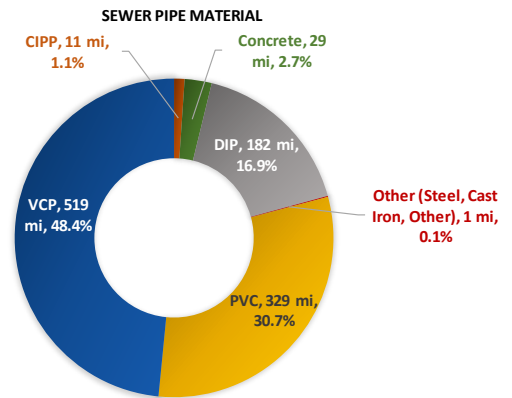
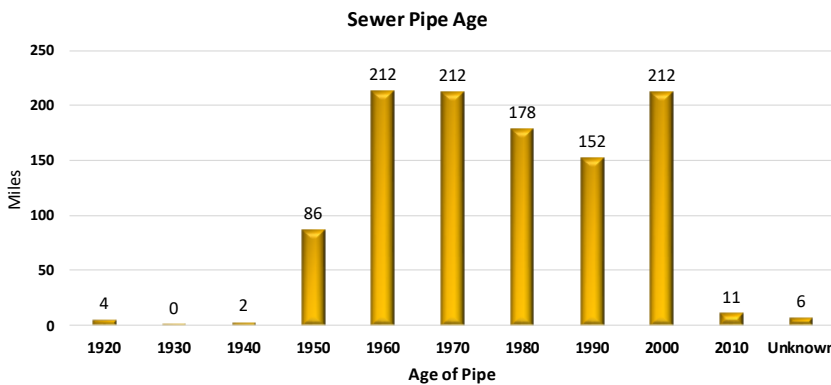
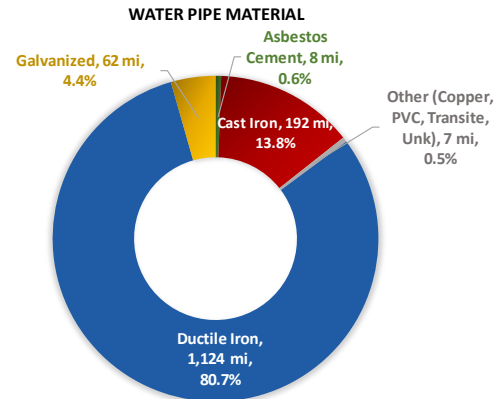
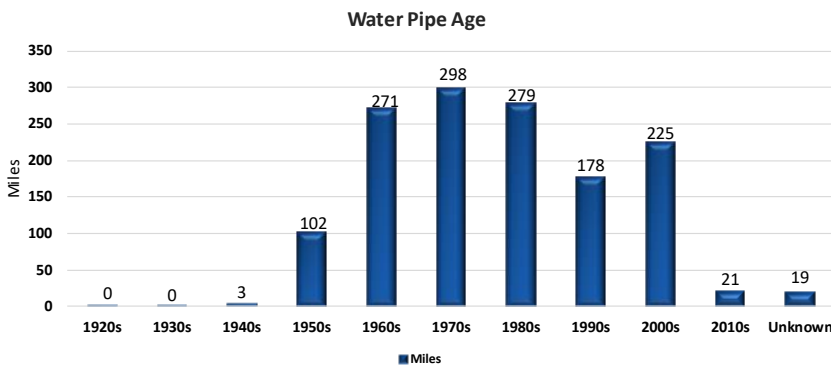
Along with stormwater, the water and sewer industries are heavily impacted by both current and emerging regulations. The strategic plan lists eleven projects with total estimated costs of \$46M that address regulatory issues. Of those projects, four projects are receiving \$1.3M from the FY 2018-2019 budget. Two additional projects totaling \$6.6M will be funded with part of the surplus from FY 2017-2018 budget, as directed by the Board of Directors at FYE 2018.

AGING INFRASTRUCTURE

The United States’ aging infrastructure has been discussed frequently by news media in recent months. The American Society of Civil Engineers have voiced concern since the early 2000’s. The EPA estimates that over the next 20 years the price to repair the aging water infrastructure throughout the U.S. will reach \$335B. In our nation’s population centers, including the Metro-Atlanta area, sinkholes and water boiling notices are common occurrences as the underground water and wastewater pipe networks fail, due to deterioration caused by age. Full replacement of Clayton County’s water, sewer and stormwater pipes would range from about \$800M-\$1.6B, and the Authority is systematically addressing the aging infrastructure in Clayton County with projects outlined in its strategic plan. This challenge consumes the lion’s share of budget dollars addressing stormwater, sewer and water pipe projects that total an estimated \$220M over the ten years the plan covers. Of these projects, \$18.5M in funding will be needed in the upcoming year with \$4.1M of that amount included in the 2018 – 2019 budget. Loan disbursements will cover \$6M of the Large Interceptor Rehabilitation funding need and the remaining \$8.4M will be paid from the Renewal and Extension Fund with money accumulated from prior budget years.



PIPE MATERIAL AND AGE



PIPE TYPES

Used in sewer systems:

- PVC – Polyvinyl Chloride Pipe
- DIP – Ductile Iron Pipe
- HDPE– High Density Polyethylene Pipe
- VCP – Vitrified Clay Pipe
- CMP – Corrugated Metal Pipe
- RCP – Reinforced Concrete Pipe
- CIPP – Cured in Place Pipe

- Steel
- Concrete

Used in water systems:

- Cast Iron
- DIP – Ductile Iron Pipe
- Copper
- Galvanized
- PVC – PolyVinyl Chloride

TECHNOLOGY ADVANCEMENT

Technology is a vital component of the Authority’s operation. There are currently twenty-two projects with an estimated cost totaling \$15.5M listed on the master plan. Two larger of those projects that began in FY 2017 - 2018 are the implementation of the new Customer Information System and the JD Edwards Enterprise Resource Program (ERP) upgrade having a combined total budget of \$6.7M. Both systems require the development of interfaces to the GIS/Cityworks application used to track the location of pipe infrastructure throughout the County as well as manage the maintenance and work on that infrastructure. The FY 2018-2019 capital budget includes \$250K for this development along with other technology infrastructure improvements.



CURRENT YEAR CAPITAL INITIATIVES

Capital projects, included in the *FY 2018 - 2019 Budget* for the both the Water and Sewer and Stormwater Funds, are listed in the table below.

WATER AND SEWER UTILITY - RENEWAL AND EXTENSION FUND

For the Fiscal Year Beginning May 1, 2018

Project Description	Amount Budgeted	Project Description	Amount Budgeted
HQ Restroom Renovations	\$ 60,000	Galvanized Main Replacements	\$ 1,750,000
Infrastructure Improvements	25,000	Basin Level Sewer Rehabilitation	2,000,000
Auto Attendant Upgrade	23,000	Jesters Creek Outfall East Replacement- Design	300,000
Voice Environment Upgrade	38,000	CIS Integration Support	75,000
Help Desk Renovations	10,000	JDE Integration Support	75,000
Fire Hydrant Meters (15)	30,000	Large Meter Replacements	500,000
Upgrade Breakroom - Hicks Plant	10,000	DOT - Stagecoach & Steel Rd	389,000
High Service Pump Rebuilds (2)	60,000	DOT - Tara Blvd	380,000
Flow Meters/Controllers/ Software	80,000	Casey Capacity Evaluation	100,000
2020 Strategic Master Plan	750,000	Baffles for three Secondary Clarifiers	60,000
Distribution System Model Follow-up Projects	500,000	Scum Trough Assembly	37,000
Sewer Line Inspection	10,000	Primary Clarifier Solids Meter	24,000
Meter Inspections	20,000	Polymer Tank	50,000
		Total Capital Projects	\$ 7,356,000

STORMWATER UTILITY - CONSTRUCTION FUND

For the Fiscal Year Beginning May 1, 2018

Project Description	Budgeted
Building A Septic to Sanitary Sewer	\$ 20,000
Cured In Place Pipe	1,500,000
Removal and Replacement	1,773,001
Total Capital Projects	\$ 3,293,001

As of April 30, 2018, there were a total of 153 larger, active construction projects accounting for \$33.9M in construction in progress.



INTERNAL CONTROLS

The Authority maintains internal accounting controls to ensure that the Authority's assets are protected from loss, theft or misuse; adequate accounting data allows financial statements to conform to GAAP. These controls provide reasonable, but not absolute, assurance of meeting the Authority's objectives recognizing that: 1) the cost of accounting control should not exceed the likely benefit, and 2) evaluating costs and benefits requires management estimates and judgments.

The Authority's financial policies encompass the following functional areas:

- Operating Budget Policy
- Capital Budget Policies
- Accounting, Auditing and Financial Reporting Policies
- Revenue Administration Policy
- Expenditure Administration Policy
- Debt Management Policy
- Investment Policy
- Reserve Policy
- Risk Management Policy
- Purchasing Policy

RELEVANT FINANCIAL POLICIES

As one element of its financial policies, the Authority has adopted a debt policy, which provides that the Authority will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues. That policy also precludes the use of debt for the purchase of vehicles and other rolling stock. All funds acquired through the issuance of debt to provide for the construction or acquisition of capital items have been exhausted in previous fiscal years.

CASH MANAGEMENT POLICIES AND PRACTICES

In carrying out its mission as an enterprise utility, the Authority is not the beneficiary of any tax related revenues. The Clayton County Water Authority functions solely from those revenues generated from its operations in providing water, sewer and stormwater service to its customers. One of the Authority's investment policies is that the safety of principal is a priority.

Except for Debt Service Funds and those of the OPEB Trust, idle funds are held as demand deposits. The interest-bearing accounts are fully collateralized at 110% of deposits by direct Federal obligations pledged to a collateral pool for public funds that is monitored by the State.

All receipts are deposited daily and are fully collateralized by the banking institution as part of the Georgia Office of Treasury and Fiscal Services' (OTFS) Pooled Funds program. Acceptable collateral levels are marked to market by this State agency to ensure that the depository has pledged sufficient collateral to cover all public funds in the pool program. The collateralization requirements that have been established by the State are 110% of the bank balance.

Debt Service Reserve and Sinking Fund investments are held in the money market fund are comprised of shares in a fund that holds U. S. Treasury Money Market Funds. The Authority can access these invested funds, as they are needed, with just a one-day notice to the fund manager. The Authority has one fiduciary fund, the OPEB Trust. This



Trust holds only exchange traded index funds or mutual funds that are actively traded and can be liquidated within 24-48 hours without penalty.

BUDGETARY CONTROLS

The Board of Directors will adopt the annual operating budget for the Authority no later than April 20th. Departments are expected to justify their budgetary requests. The budget process is intended to weigh all competing requests for resources, within expected fiscal constraints. All unencumbered operating budget appropriations will lapse at the year-end, unless their carry-over is specifically approved by the General Manager. Encumbered balances will be re-appropriated in the following fiscal period. The Authority will maintain a budgetary control system to ensure adherence to the budget and will prepare timely financial reports comparing actual revenues, expenditures and encumbrances with budgeted amounts. All departments will share in the responsibility of meeting policy goals and ensuring long-term financial health.

The operating budget provides for adequate maintenance of capital equipment and facilities, as well as, for their orderly replacement. Funding priorities in the Operating Budget are aligned with the Strategic Master Plan that has been prepared by the management team. During the year, the Finance Department prepares and disseminates quarterly budget-to-actual reports for all operating funds to members of the management team and quarterly reviews with Executive leadership and department managers are held to discuss budget progress. The reports include an analysis of the revenue and expense activity year-to-date. The document will also discuss any significant deviations from the original budget operating plan.

AWARDS AND ACKNOWLEDGEMENTS

The Authority is proud of its award-winning facilities and the outstanding professionals who run and maintain them.

INDUSTRY AWARDS

During the FY 2017 – 2018, CCWA was recognized with several awards by the Georgia Association of Water Professionals (GAWP).

- **Distribution System Gold Award**
- **Collection System Platinum Award**
- **Wastewater Plant of the Year**
 - Advanced Treatment 6 - 9.9 MGD Category
 - Northeast Water Reclamation Facility
- **Certificate of Achievement for Water Plant Operation**
 - Surface Water 15 MGD – 49.99 MGD Category
 - W.J. Hooper Water Production Plant
- **Stormwater Top Operator**
 - Marcus McLester
- **All three water production plants earned Platinum Awards for 100 percent permit compliance in 2017:**
 - J.W. Smith Water Production Plant – 9 years Platinum
 - Terry R. Hicks Water Production Plant – 17 years Platinum
 - W.J. Hooper Water Production Plant – 20 years Platinum



- **All three water reclamation facilities earned Platinum Awards for 100 percent permit compliance in 2017:**
 - Northeast Water Reclamation Facility – 9 years Platinum
 - W.B. Casey Water Resource Recovery Facility – 13 years Platinum
 - Shoal Creek Water Reclamation Facility – 21 years Platinum
- The **Water Environment Federation** awarded its *WEF William D. Hatfield Award* to Shoal Creek WRF Supervisor, Herlon Fayard
- The **Georgia Local Government Personnel Association's Award of Excellence** was presented to the Authority for its effort in succession planning and career development

FINANCIAL AWARDS

The Government Finance Officers Association (GFOA) awarded a ***Certificate of Achievement for Excellence in Financial Reporting*** to the Clayton County Water Authority for its comprehensive annual financial report (CAFR) for



the fiscal year ended April 30, 2017. This was the thirty-first consecutive year that the Authority has received this prestigious award. To be awarded a Certificate of Achievement, the Authority had to publish an easily readable and efficiently organized CAFR satisfying both generally accepted accounting principles and applicable legal requirements.

In addition, the Authority received the ***GFOA's Distinguished Budget Presentation Award with Special Distinction*** for its annual budget document dated May 1, 2017. The Authority has received the Distinguished Budget Presentation award for a total of 12 years. To qualify for the award, CCWA's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

This is the second time they received the ***Special Distinction***, which is awarded for two primary topics: Performance Measures (KPIs) and Capital. CCWA won for Performance Measures. Out of 1,554 governmental entities that received the Distinguished Budget award, 34 received special recognition (2.2% of award participants).

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the administrative staff of the various departments; culminated by the Finance Department. We would like to express our appreciation to everyone who assisted and contributed to the preparation of this report. This would include the task of selecting the pictures for this year's cover along with the proofreading of all the financial and statistical information. The publication of this document represents the efforts of a diverse team personifying the art of thinking and performing individually together.

A great deal of the credit for our successes and achievements must be given to the Chairman and the entire Board of Directors for their unfailing support while maintaining the highest standards of professionalism in the management



of the Clayton County Water Authority's finances. We commend you for your responsiveness and thank you for the opportunity to assist you in your efforts to provide the best services possible to our customers.

Respectfully submitted,

H. Bernard Franks
General Manager



CERTIFICATE OF ACHIEVEMENT 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 the Clayton County Water Authority for its comprehensive annual financial report for the fiscal year ended April 30, 2017.



Government Finance Officers Association

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

Presented to

**Clayton County Water Authority
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2017

Christopher P. Morill

Executive Director/CEO

Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.



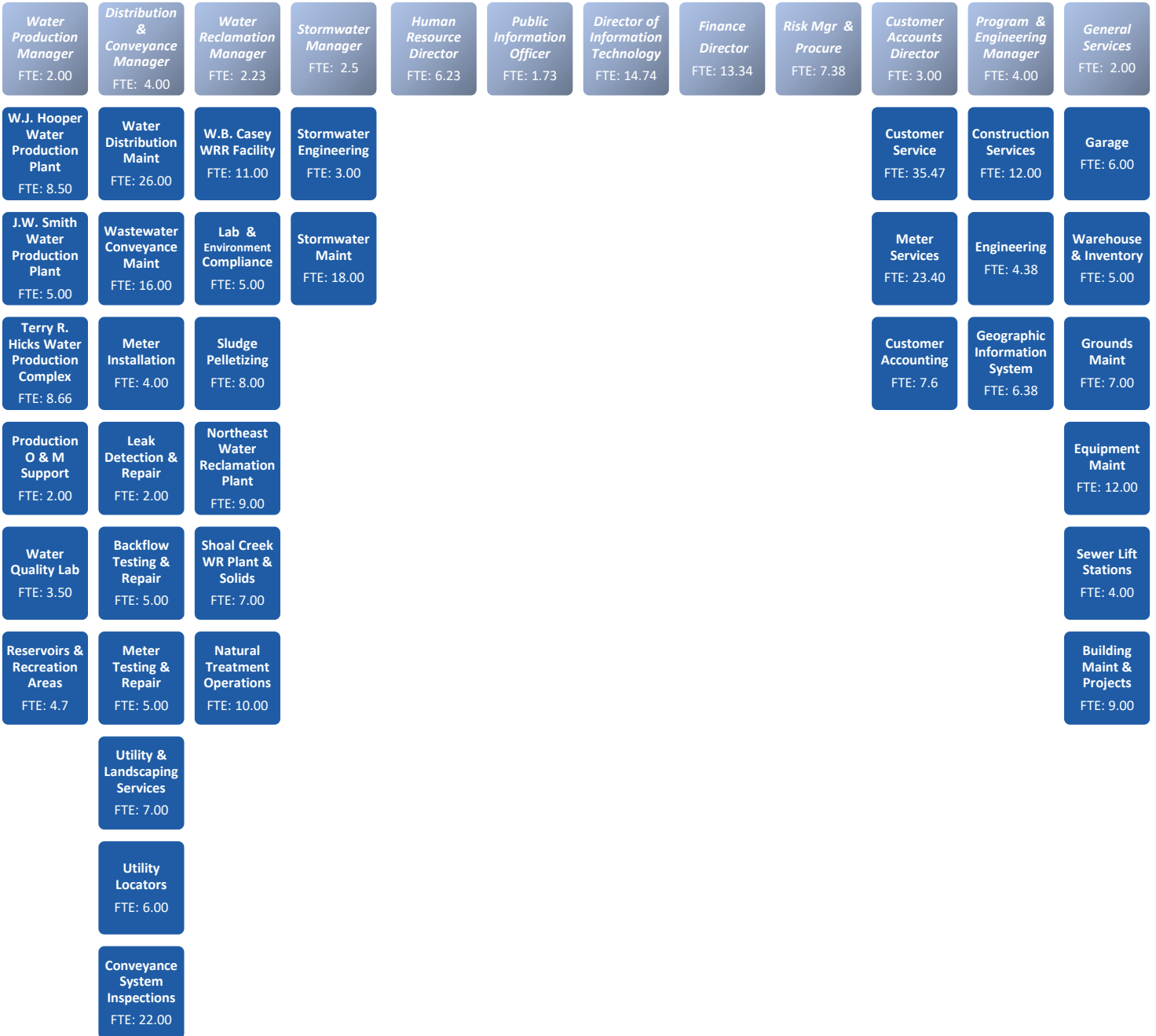
ORGANIZATIONAL CHART

General Manager

FTE: 4.32

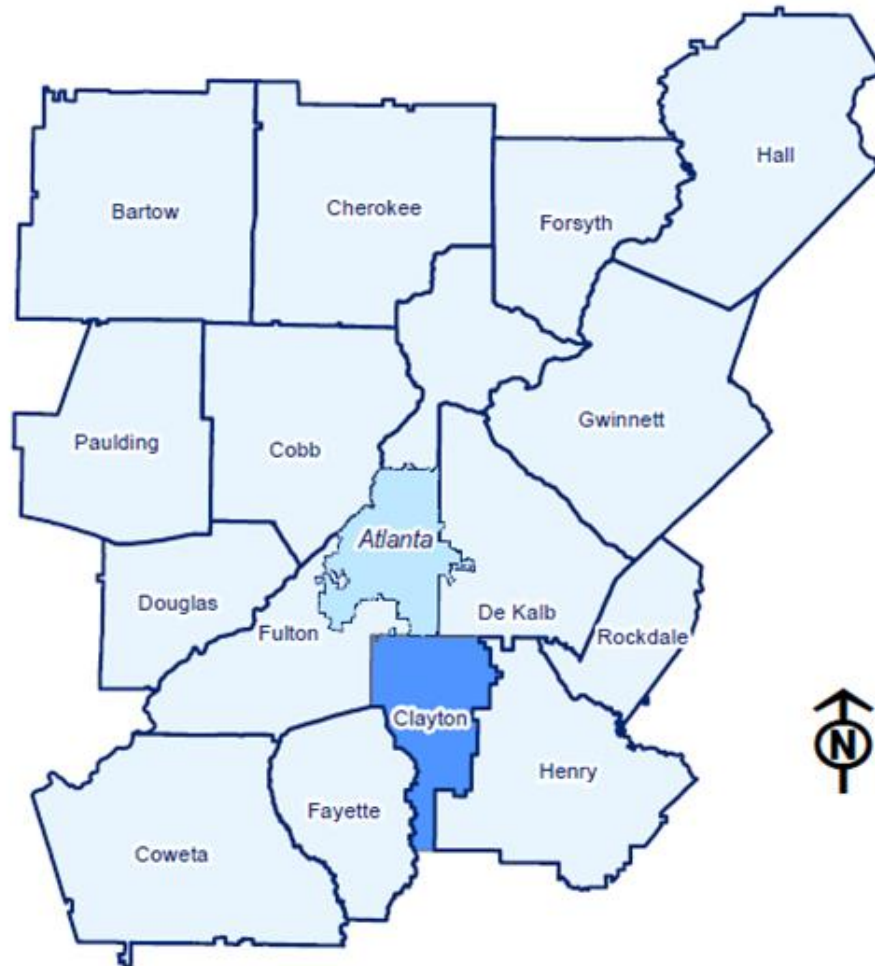
Assistant General Manager
Operations

Assistant General Manager
Support Services



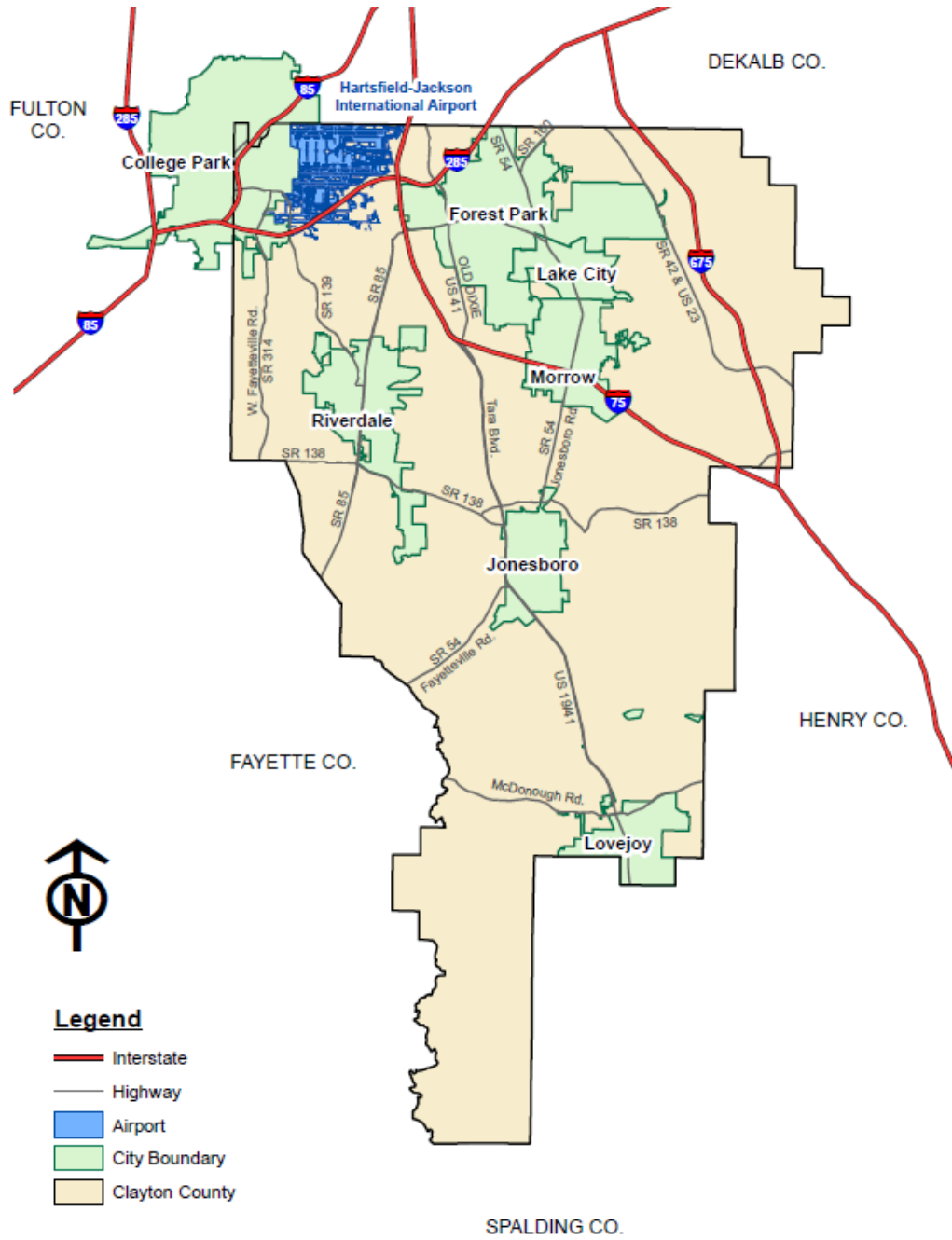


VICINITY MAP OF METRO ATLANTA AREA





MAP OF CLAYTON COUNTY





LISTING OF PRINCIPAL OFFICIALS AND CONSULTANTS

Board Members

John M. Chafin, Chairman

Marie Barber, Vice Chair

Rodney Givens, Secretary-Treasurer

John L. Westervelt

Dr. Cephus Jackson

Robin Malone

Vivian Baldwin

General Manager

Bernard Franks

Assistant General Manager - Operations

James G. Poff

Assistant General Manager - Support Services

Teresa Worley

Legal Counsel

Fincher, Denmark, Williams & Minnifield, LLC

Auditors

Mauldin & Jenkins, Certified Public Accountants, LLC.



BOARD OF DIRECTORS



John M. Chafin
Chairman



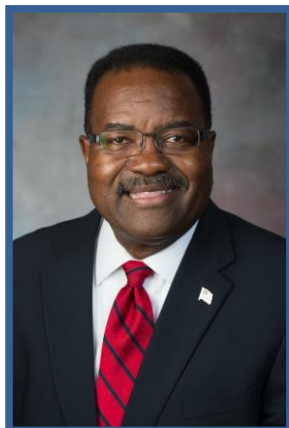
Marie Barber
Vice Chair



Rodney Givens
Secretary - Treasurer



John Westervelt
Member



Dr. Cephus Jackson
Member



Robin Malone
Member



Vivian Baldwin
Member



LEADERSHIP TEAM



Bernard Franks
General Manager



Teresa Worley
Assistant General Manager
Support Services



James Poff
Assistant General Manager
Operations

- Suzanne Brown
- Ed Durham
- Allison G. Halron
- Chris Hamilton
- Dan Holverson
- Jeff Jones
- Marshall Maddox
- Kevin Osbey
- Karen Riser
- Kendra Staniel
- Kelly Taylor
- Rodney Perkins

- Public Information Officer*
- Human Resource Director*
- Finance Director*
- Water Reclamation Manager*
- Information Technology Director*
- Distribution and Conveyance Manager*
- General Services Manager*
- Stormwater Program Manager*
- Risk Manager*
- Water Production Manager*
- Program Management and Engineering Manager*
- Customer Accounts Director*



FINANCE DEPARTMENT STAFF

Allison Halron
Finance Director

Connie Bownen
Budget Officer

Angie Bennett
ERP Coordinator

Heather Downing
Finance Office Assistant

Katrina Banks
Accounting Supervisor

Sarah Beth Shelton
*Accounts Payable
Accountant*

Lynn Brooks
*Revenue Fund
Accountant*

Ashley Earp
*Accounts Payable
Accountant*

Blanca Franco
Special Fund Accountant

Christina Hollywood
Budget Analyst

Carol Cameron
Payroll Accountant

Vacant
Capital Asset Accountant

Nikki Rhew
Capital Asset Accountant



II. FINANCIAL SECTION



2018

Financial Section





AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Clayton County Water Authority
Clayton County, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the remaining fund information of the Clayton County Water Authority (the "Authority") as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, each major fund, and the remaining fund information of the Clayton County Water Authority, as of April 30, 2018, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11, the Clayton County Water Authority implemented Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective May 1, 2017. This significantly impacted the disclosures of the Clayton County Water Authority's Other Postemployment Benefit Trust Fund. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 35 through 50, the Schedule of Funding Progress – OPEB and the OPEB Liability Schedule on page 89, the Schedule of Proportionate Share of Net Pension Liability and the Schedule of Contributions on page 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clayton County Water Authority's basic financial statements. The supplemental schedules of individual accounts, schedule of expenditures of federal awards as required by Title 2 *U.S Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

The introductory section and the statistical section 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 September 5, 2018, on our consideration of the Clayton County Water Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clayton County Water Authority's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
September 5, 2018

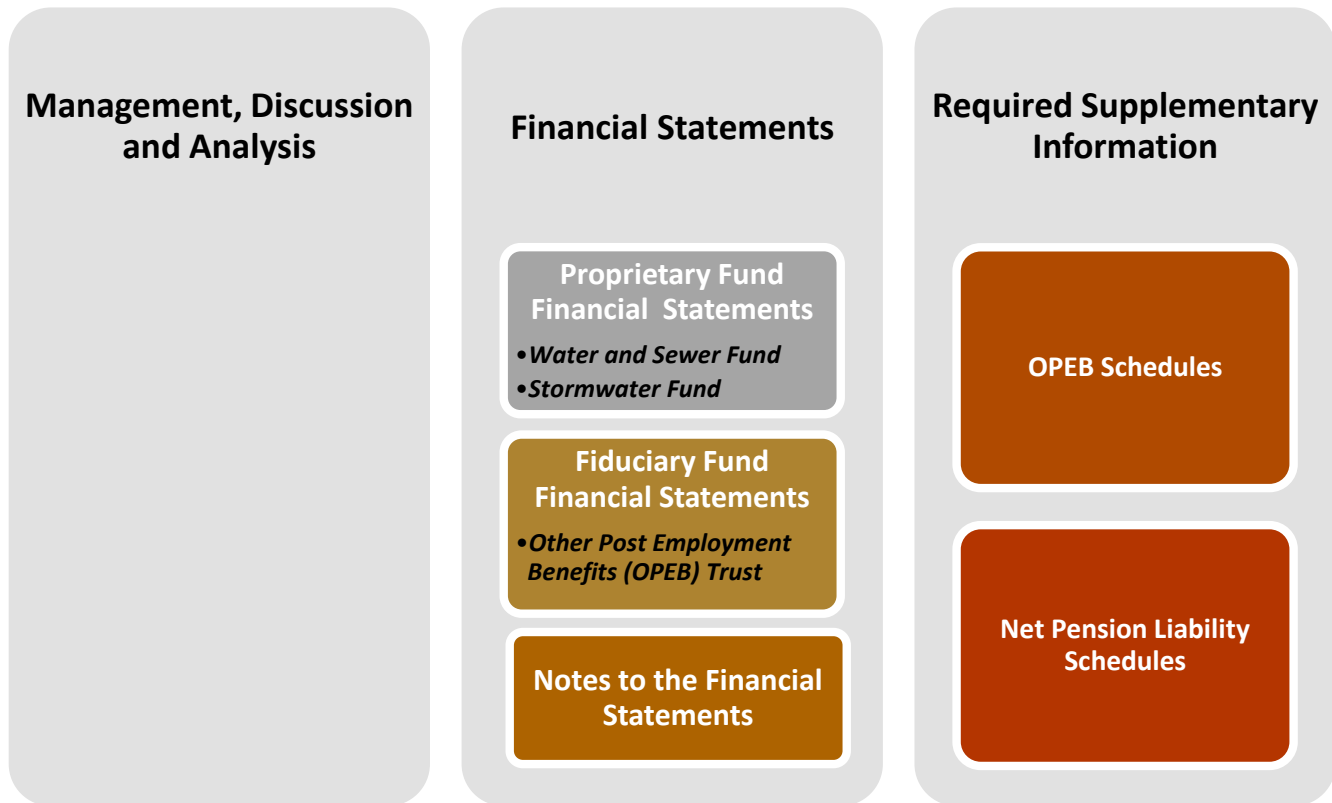


MANAGEMENT DISCUSSION AND ANALYSIS

As management of the Clayton County Water Authority (the Authority or CCWA), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Clayton County Water Authority for the fiscal year ended April 30, 2018. This discussion is intended to: 1) assist the reader in understanding significant financial issues; 2) provide an overview of the Authority’s financial activities; 3) identify changes in the Authority’s financial position; and 4) identify individual fund issues or concerns. We encourage readers to consider the information presented within this section in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the document is arranged in the following format:



This discussion and analysis serve as an introduction to the Clayton County Water Authority’s basic financial statements. The Authority operates as a utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. This type presentation means that financial information is reported using accounting methods similar to those followed by private sector companies. The statements offer both short-term and long-term financial information about the activities of the Clayton County Water Authority. Additional information on the accrual basis of accounting can be found in [Note 1](#) of this report.

The basic financial statements provide information about the Authority’s business-type activities through its two proprietary or enterprise funds: **Water and Sewer Fund** and **Stormwater Fund**. The Authority has only one other fund, **Other Postemployment Benefits (OPEB) Trust Fund**, which is used to report fiduciary activities. The financial



statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

In accounting for the financial activity of its business-type activities, the Authority internally maintains two separate proprietary funds, the Water and Sewer Fund and the Stormwater Fund. The user fees and other revenues generated from the provision of each of these two services are dedicated to funding those expenses incurred by the Authority in providing the respective services.

In reporting on the operations of its enterprise funds, the CCWA's basic financial statements include a **Statement of Net Position**, a **Statement of Revenues, Expenses and Changes in Net Position** and a **Statement of Cash Flows**. It provides our users with a contextual frame of reference and comparative information from the financial statements of the previous fiscal year. The financial statements also include **Notes to the Financial Statements** that are considered essential to a full understanding of the data that is being presented on the face of the statements. The primary purpose of the notes is to provide additional discussion, enhanced disclosures and tabular presentation of data to further explain information in the financial statements. In addition, they provide more detail.

The information contained on the [Statement of Net Position](#) represents all the Authority's assets and liabilities. It provides information about the nature and amounts of investments in resources (assets) and obligations to the Authority's creditors (liabilities). It also provides the basis for computing rate of returns, evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All the current year's revenues and expenses are accounted for in the [Statement of Revenues, Expenses and Changes in Net Position](#). This statement measures the success of the Authority's operations over the past year and can be used to determine whether CCWA has successfully recovered all its costs through user fees and other charges. It provides the user with basic financial information about the profitability and credit worthiness of the Authority.

The final required financial statement for the Proprietary Funds is the [Statement of Cash Flows](#). The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the fiscal year. The statement reports cash receipts, cash payments and net changes in cash resulting from operating; noncapital financing; capital and related financing and investing activities. The purpose of this statement is to tell the user where the Authority's cash came from, what the cash was used for and by how much the cash balance changed over the course of the fiscal year.

The [Statement of Fiduciary Net Position](#) and the [Statement of Changes in Fiduciary Net Position](#) for the Other Postemployment Benefit (OPEB) Trust follows the Proprietary Funds Financial Statements.

The **Required Supplementary** section contains the [Schedule of Funding Progress for Other Post-Employment Benefits \(OPEB\) Plan](#), and two required disclosures for Pensions, the [Schedule of Proportionate Share of Net Pension Liability](#) and the [Schedule of Contributions](#).

Additional schedules have been included in the **Supplementary Information** section. These schedules provide detail related to [Operating Revenues](#), [Operating Expenses](#) and [Capital Assets](#). More information on [Debt Service](#) and [Renewal and Extension](#) accounts are also available in this section



FINANCIAL HIGHLIGHTS

- The *assets* and *deferred outflows* of the Clayton County Water Authority exceeded its *liabilities* and deferred inflows at the close of the 2018 fiscal year by \$553,830,012 (*net position*). Of this amount, \$82,135,375 (*unrestricted net position*) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position at April 30, 2018 increased by \$34,374,958, or 6.6 percent, compared to the previous year's balance.
- At April 30, 2018, the Authority's total current assets of \$78,150,654 exceeded its total current liabilities of \$30,742,509 by \$47,408,145 million. The relative value of the difference in those two amounts provides an indication of CCWA's financial strength over the short-term.
- The Authority's total outstanding revenue bonds at April 30, 2018 decreased by \$15,695,000 when compared to the same timeframe of the previous period. The bond premium decreased an additional \$1,972,866 reducing the *Revenue Bond Payable* liability a total of \$17,667,866 from the prior year.
- Total operating revenues for the fiscal year ended 2018 were \$113,484,810 an increase of \$508,887, or 0.5 percent, compared to the previous period.
- Total operating expenses for the fiscal year ended 2018 totaled \$79,641,734, which was \$1,957,558, or 2.4 percent lower than the previous year. The primary factor that influenced this decrease in operating expenses for the fiscal year were the reductions in net pension and depreciation expenses.
- Capital contributions from all sources totaled \$5,248,260 for the 2018 fiscal year.

FINANCIAL ANALYSIS OF THE AUTHORITY'S BUSINESS-TYPE ACTIVITIES

When analyzing the financial statements of the Clayton County Water Authority's business-type activities, the primary consideration should be whether the Authority is financially better off or worse off because of the year's activities. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position are designed to report information about the Authority's activities that will help the user determine how good or bad a year it was from a financial perspective. These two statements report the net position of the Authority and changes in them.

Reviewing the Authority's net position, the difference between assets and liabilities, is one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are a general indicator of whether its financial health is improving or deteriorating. In addition to the relative change in net position, the impact on operations of other non-financial factors and external influences should be considered. These would include, but are not limited to, economic conditions, population growth, unusual rainfall patterns, changes in governmental legislation, restrictions on outdoor water use, the issuance of new regulations and the utilization of new technologies.



CONDENSED STATEMENTS OF NET POSITION

The Statement of Net Position, shown in condensed format below, represents information on all the Authority's assets and liabilities with the difference between the two reported as net position. The Authority's total net position increased from the prior fiscal year by \$34,374,958, or 6.6 percent. This increase was due to the combination of increases in both operating revenues and capital contributions along with a decrease operating expense. The Statement of Net Position showed the impact with increases in both cash and capital assets along with a reduction in revenue bonds payable.

Condensed Statement of Net Position

	2018			2017			\$ Chg	% Chg
	Water and Sewer	Stormwater	Total	Water and Sewer	Stormwater	Total		
Current Assets	\$ 69,185,384	\$ 8,965,270	\$ 78,150,654	\$ 65,104,064	\$ 8,209,370	\$ 73,313,434	\$ 4,837,220	6.6%
Capital Assets, <i>net</i>	498,478,829	46,939,665	545,418,494	490,309,501	45,213,150	535,522,651	9,895,843	1.8%
Other Noncurrent Assets	97,557,957	121,886	97,679,843	96,382,478	120,714	96,503,192	1,176,651	1.2%
Total Assets	\$ 665,222,170	\$ 56,026,821	\$ 721,248,991	\$ 651,796,043	\$ 53,543,234	\$ 705,339,277	\$ 15,909,714	2.3%
Deferred Outflows	\$ 13,962,470	\$ 621,772	\$ 14,584,242	\$ 16,843,175	\$ 692,366	\$ 17,535,541	\$ (2,951,299)	-17%
Current Liabilities Payable - <i>Unrestricted Assets</i>	\$ 5,990,908	\$ 208,001	\$ 6,198,909	\$ 8,341,713	\$ 130,903	\$ 8,472,616	\$ (2,273,707)	-26.8%
Current Liabilities Payable - <i>Restricted Assets</i>	24,543,600	-	24,543,600	25,134,444	-	25,134,444	(590,844)	-2.4%
Compensated Absences - Noncurrent	672,572	29,020	701,592	689,569	29,447	719,016	(17,424)	-2.4%
Loans Payable	5,963,284	-	5,963,284	5,497,088	-	5,497,088	466,196	8.5%
Revenue Bonds Payable, <i>net</i>	96,354,932	-	96,354,932	114,322,798	-	114,322,798	(17,967,866)	-15.7%
OPEB Obligation	3,702,571	12,004	3,714,575	2,078,948	(50,948)	2,028,000	1,686,575	83.2%
Net Pension Liability	31,611,774	2,094,784	33,706,558	33,583,399	2,198,554	35,781,953	(2,075,395)	-
Total Liabilities	\$ 168,839,641	\$ 2,343,809	\$ 171,183,450	\$ 189,647,959	\$ 2,307,956	\$ 191,955,915	\$ (20,772,465)	-10.8%
Deferred Inflows	\$ 10,278,782	\$ 540,989	\$ 10,819,771	\$ 10,890,657	\$ 573,192	\$ 11,463,849	\$ (644,078)	-5.6%
Net Position:								
Net Investment in Capital Assets	\$ 383,197,988	\$ 46,939,665	\$ 430,137,653	\$ 359,385,331	\$ 45,213,150	\$ 404,598,481	\$ 25,539,172	6.3%
Restricted	41,435,098	121,886	41,556,984	41,116,515	120,714	41,237,229	319,755	0.8%
Unrestricted	75,433,131	6,702,244	82,135,375	67,598,756	6,020,588	73,619,344	8,516,031	11.6%
Total Net Position	\$ 500,066,217	\$ 53,763,795	\$ 553,830,012	\$ 468,100,602	\$ 51,354,452	\$ 519,455,054	\$ 34,374,958	6.6%

ANALYSIS OF NET POSITION

To better understand the Authority's financial position and its ability to deliver services in future periods, the reader will need to review the various components of net position and obtain an understanding of how each relates to the business activities performed. For example, the largest component of the net position of CCWA, \$430,137,653, or 78 percent, is its net investment in capital assets, important in providing water, sewer and stormwater services.

Net Position	2018	2017	\$ Chg	% Chg	% Net Position
Net Investment in Capital Assets	\$ 430,137,653	\$ 404,598,481	\$ 25,539,172	6.3%	77.7%
Restricted	41,556,984	41,237,229	319,755	0.8%	7.5%
Unrestricted	82,135,375	73,619,344	8,516,031	11.6%	14.8%
Total Net Position	\$ 553,830,012	\$ 519,455,054	\$ 34,374,958	6.6%	100.0%

For the 2018 fiscal year, *Net Investment in Capital Assets* increased by \$25,539,172, or 6.3 percent, compared to the previous year. The amount shown in this category is calculated by taking the depreciated value of our capital assets and subtracting the associated bond and GEFA loan debt. As part of this calculation, the Authority recognized approximately \$20.9 million in depreciation expense in the 2018 fiscal year. The overall increase in this component of net position is due to the completion of multiple construction projects and a reduction of outstanding bond principal.



In comparing the total amount of *Restricted Net Position* with the previous fiscal year, there was an increase of \$319,755 or 0.8 percent due to a slight variance in the amount of current revenue bonds that are payable between years.

Compared to the prior year's balance, there was an increase in the *Unrestricted Net Position* category of \$8,516,031 or 11.6 percent. The increase in this component is due to the combination of increases in operating income, primarily due to decreases in net pension expense and depreciation, along with increases in impact fees.

Unrestricted Net Position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets". However, certain amounts of the unrestricted net position have been designated for purposes authorized by the Board. As the funding mechanism for the Authority's pay-as-you-go capital plan, monies have already been earmarked for various construction projects and the purchase of equipment.

ANALYSIS OF CURRENT ASSETS

Current Assets are defined as balance sheet items that could be converted to cash in less than one year. Current assets are an important component to consider in a financial analysis because it is from current assets that a business funds its ongoing, day-to-day operation. A comparison of the April 30, 2018 and 2017 balances, by asset classification, are shown in the table below.

Current Asset Classification	2018	2017	\$ Chg	% Chg	% Current Assets
Unrestricted:					
Cash and Cash Equivalents	\$ 29,913,188	\$ 30,164,354	\$ (251,166)	-0.8%	38.3%
Accounts Receivable, <i>net</i>	15,562,295	15,312,723	249,572	1.6%	19.9%
Other Receivables	2,116,996	21,060	2,095,936	9952.2%	2.7%
Inventories	2,372,179	2,589,183	(217,004)	-8.4%	3.0%
Prepaid Expenses and Deposits	88,966	91,670	(2,704)	-2.9%	0.1%
Total Unrestricted	\$ 50,053,624	\$ 48,178,990	\$ 1,874,634	3.9%	64.0%
Restricted:					
Cash and Cash Equivalents	28,097,030	25,134,444	2,962,586	11.8%	36.0%
Total Current Assets	\$ 78,150,654	\$ 73,313,434	\$ 4,837,220	6.6%	100.0%

As indicated in the table above, the *Total Unrestricted Current Assets* of the Authority increased by \$1,874,634 or 3.9 percent compared to the previous period. This increase is primarily due to an increase in *Other Receivables* which includes a requested reimbursement of \$982,246 in construction funds from GEFA and \$955,723 due from the sale of timber.

ANALYSIS OF NONCURRENT ASSETS

Noncurrent assets represent assets that are not expected to be realized in cash, sold, or consumed during the next fiscal year. When making the distinction between whether an asset should be considered current or noncurrent, liquidity or nearness to cash are not the only considerations for determining the classification; restrictions on the use of the asset must also be considered. Cash investments intended for liquidation of liabilities due beyond the one-year period are noncurrent assets, as are assets segregated or restricted for the liquidation of long-term debts including those amounts due within the next operating cycle. Assets designated to be used to acquire, construct or improve capital assets would also be noncurrent.



In the following table, the *Noncurrent Assets* of the Authority at April 30, 2018 and 2017 are compared by major classification. Total noncurrent assets increased by \$11,072,494 or 1.8 percent during the 2018 fiscal year.

Noncurrent Assets	2018	2017	\$ Chg	% Chg	% Noncurrent Assets
Unrestricted Cash Assets	\$ 13,210	\$ 10,586	\$ 2,624	24.8%	0.0%
Restricted Assets	97,666,633	96,492,606	1,174,027	1.2%	15.2%
Capital Assets (Net)	545,418,494	535,522,651	9,895,843	1.8%	84.8%
Total Noncurrent Assets	\$ 643,098,337	\$ 632,025,843	\$ 11,072,494	1.8%	100.0%

Restricted Assets consist of cash in the Renewal and Extension account of \$76.2 million, \$21.3 million in a debt service reserve and \$122 thousand in a Stormwater escrow account. This classification increased by \$1.2 million dollars as the Authority prepares to self-fund multiple capital projects through its Renewal and Extension fund.

At the end of the 2018 fiscal year, the Authority had capital assets of \$545,418,494 representing 84.8 percent of total noncurrent assets.

Net Capital Assets increased by \$9,895,843 or 1.8 percent. This increase is due to an increase in large capital projects as the Authority focuses on the renewal and replacement of its pipe infrastructure and improvements to its production and reclamation facilities. Investment in large capital projects typically follows a cyclical pattern and the Authority's Strategic Master Plan lists major construction projects to rehabilitate its infrastructure in upcoming years. During the 2018 fiscal year, \$23.3 million in new assets were added with \$18.5 million of that coming from completed capital projects and \$2.3 million from donated infrastructure. As offsetting entries to those additions, depreciation expense for the year totaled \$20.9 million and capital assets having a net book value of approximately \$363 thousand were disposed.

ANALYSIS OF LIABILITIES

In financial accounting, the term "liability" is defined as an obligation of an entity arising from past transactions or events, the settlement of which may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future. This section analyzes the various claims that creditors and vendors have against the Authority's assets.

Current Liabilities Payable from Unrestricted Assets	2018	2017	\$ Chg	% Chg
Accounts Payable	\$ 3,124,401	\$ 5,632,082	\$ (2,507,681)	-44.5%
Accrued Payroll and Withholdings	1,089,258	931,163	158,095	17.0%
Accrued Pension Contribution	215,168	209,630	5,538	2.6%
Compensated Absences	1,049,317	997,593	51,724	5.2%
Loans Payable - Due Within One Year	641,477	622,542	18,935	3.0%
Accrued Loan Interest	13,621	15,090	(1,469)	-9.7%
Unearned Revenue	65,667	64,516	1,151	1.8%
Total Current Liabilities Payable From Unrestricted Assets	\$ 6,198,909	\$ 8,472,616	\$ (2,273,707)	-26.8%

As indicated in the table, *Current Liabilities Payable from Unrestricted Assets* had a net decrease in *Accounts Payable* of \$2,507,681, a 44.5 percent decrease from the previous fiscal year's balances. This is due to timing differences of payments to vendors between years with higher amounts accrued in the previous year than in the current year, including two large payments to contractors in FY 2016 – 2017 totaling \$2.7 million.



Current Liabilities Payable from Restricted Assets	2018	2017	\$ Chg	% Chg
Accounts Payable	\$ 1,033,748	\$ 1,161,810	\$ (128,062)	-11.0%
Accrued Revenue Bond Interest	2,098,978	2,246,370	(147,392)	-6.6%
Customer Deposits	5,415,874	6,031,264	(615,390)	-10.2%
Revenue Bonds Payable - Due Within One Year	15,995,000	15,695,000	300,000	1.9%
Total Current Liabilities Payable From Restricted Assets	\$ 24,543,600	\$ 25,134,444	\$ (590,844)	-2.4%

Current Liabilities Payable from Restricted Assets decreased by \$590,844 primarily due to an internal policy change of customer deposit requirements. *Accounts Payable* from restricted assets are retainage payable funds. This account decreased by \$128,062 due to changes in retainage for construction projects between years. Accrued Revenue Bond Interest decreased by \$147,392 due slight changes in annual debt service requirements from year to year.

Noncurrent Liabilities	2018	2017	\$ Chg	% Chg
Compensated Absences	\$ 701,592	\$ 719,016	\$ (17,424)	-2.4%
Loans Payable	5,963,284	5,497,088	466,196	8.5%
Revenue Bonds Payable (Net of Bond Premium)	96,354,932	114,322,798	(17,967,866)	-15.7%
OPEB Obligation	3,714,575	2,028,000	1,686,575	83.2%
Net Pension Liability	33,706,558	35,781,953	(2,075,395)	-5.8%
Total Noncurrent Liabilities	\$ 140,440,941	\$ 158,348,855	(17,907,914)	-11.3%

Noncurrent Liabilities decreased by \$17,907,914 or negative 11.3 percent from the previous fiscal year. The accounts impacting this change with the largest reductions from the prior year are the repayment of bonds outstanding and reduction in Net Pension Liability.



CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

As indicated in the table that follows, net position of \$553,830,012 increased by \$34,374,958 million or 6.6 percent for the fiscal year ended April 30, 2018.

Changes in Net Position

	2018	2017	\$ Chg	% Chg
Operating Revenues:				
Charges for Sales and Services:				
Sale of Water	\$ 51,638,780	\$ 53,110,970	\$ (1,472,190)	-2.8%
Sewer Service	44,316,956	44,182,570	134,386	0.3%
Stormwater Fees	9,869,285	9,758,230	111,055	1.1%
Tapping Fees	1,308,596	927,741	380,855	41.1%
Penalties and Reconnect Charges	4,168,748	4,230,691	(61,943)	-1.5%
Sale of Pellets, Timber and Materials	1,523,310	87,943	1,435,367	1632.2%
Other Operating Revenues	659,135	677,778	(18,643)	-2.8%
Total Operating Revenues	\$ 113,484,810	\$ 112,975,923	\$ 508,887	0.5%
Operating Expenses:				
Water	\$ 13,206,938	\$ 12,656,515	\$ 550,423	4.3%
Sewer	16,450,059	16,246,840	203,219	1.3%
Stormwater	2,654,832	2,854,446	(199,614)	-7.0%
Indirect	11,528,995	11,196,737	332,258	3.0%
Administrative	14,833,778	15,870,455	(1,036,677)	-6.5%
Depreciation	20,967,132	22,774,299	(1,807,167)	-7.9%
Total Operating Expenses	\$ 79,641,734	\$ 81,599,292	\$ (1,957,558)	-2.4%
Operating Income	\$ 33,843,076	\$ 31,376,631	\$ 2,466,445	7.9%
Nonoperating Revenues (Expenses):				
Interest Income	\$ 465,865	\$ 206,141	\$ 259,724	126.0%
Interest Expense	(3,938,428)	(4,250,920)	312,492	-7.4%
Gain (Loss) of Disposal of Capital Assets	(1,237,170)	(1,093,078)	(144,092)	13.2%
Other (Net)	(6,645)	(9,614)	2,969	-30.9%
Total Nonoperating Revenues (Expenses)	\$ (4,716,378)	\$ (5,147,471)	\$ 431,093	8.4%
Income Before Contributions and Transfers	\$ 29,126,698	\$ 26,229,160	\$ 2,897,538	11.0%
Capital Contributions:				
Impact Fees	\$ 2,580,852	\$ 1,334,529	\$ 1,246,323	93.4%
Subdividers	2,250,698	685,426	1,565,272	228.4%
Other Governments	416,710	249,500	167,210	67.0%
Transfers In	1,158,251	1,864,370	(706,119)	-37.9%
Transfers Out	(1,158,251)	(1,864,370)	706,119	37.9%
Change in Net Position	\$ 34,374,958	\$ 28,498,615	\$ 5,876,343	20.6%
Net Position - Beginning	\$ 519,455,054	\$ 490,956,439	\$ 28,498,615	5.8%
Net Position - Ending	\$ 553,830,012	\$ 519,455,054	\$ 34,374,958	6.6%

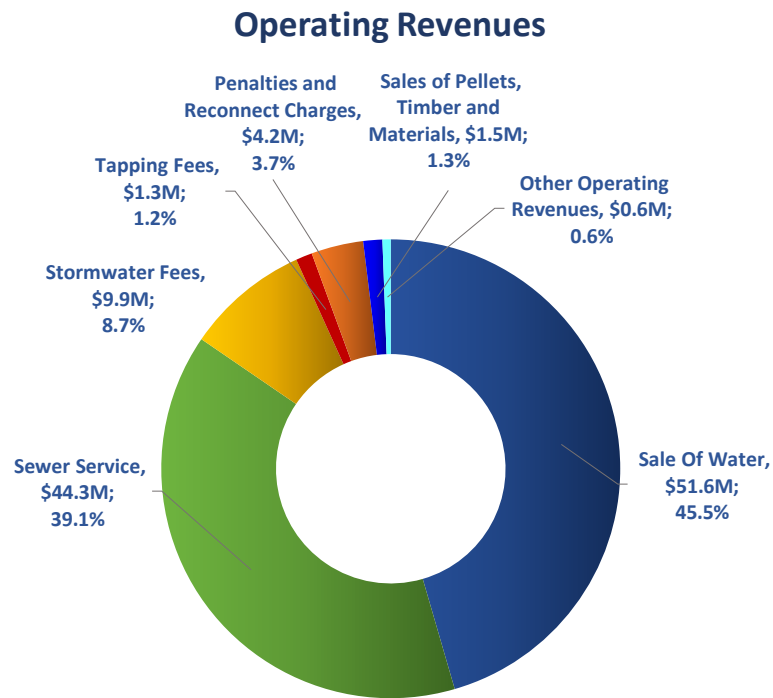


In terms of a general overview of the information in the prior table, most of the differences between the two fiscal years are due to increases in operating income because operating expenses dropped coupled with an increase Impact Fees and Infrastructure donated from developers. Both latter revenues are correlated with economic conditions which continue to improve. Stormwater revenues also grew due to increases in development activity. Operating revenues of \$113,484,810 are up a half of a percent or \$509 thousand from last year. Additional analysis of the various components is provided in the following discussion.

ANALYSIS OF REVENUES

For the 2018 fiscal year, the *Operating Revenues* of the Authority totaled \$113,484,810. This amount represented an increase of \$508,887, or 0.5 percent higher than the previous year total of \$112,975,923. The operating revenues have been broken down by their major categories in the chart below. Each revenue class is shown by amount and its relative percentage of this fiscal year’s total.

OPERATING REVENUES BY MAJOR CATEGORY



The table below provides a side-by-side comparison of Operating Revenues for the 2018 and 2017 fiscal years.

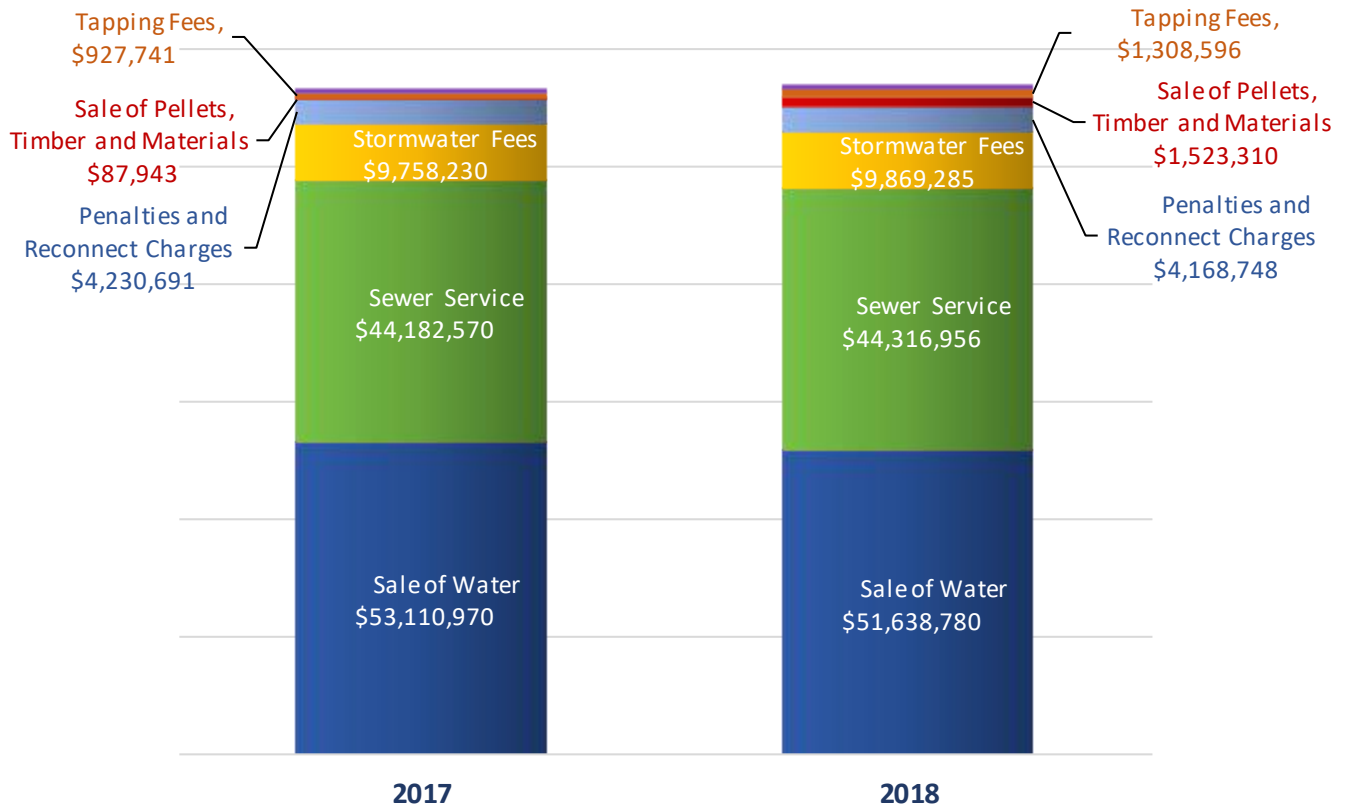
Operating Revenues	2018	2017	\$ Chg	% Chg	% Operating Revenues
Sale of Water	\$ 51,638,780	\$ 53,110,970	\$ (1,472,190)	-2.8%	45.4%
Sewer Service	44,316,956	44,182,570	134,386	0.3%	39.1%
Stormwater Fees	9,869,285	9,758,230	111,055	1.1%	8.7%
Tapping Fees	1,308,596	927,741	380,855	41.1%	1.2%
Penalties and Reconnect Charges	4,168,748	4,230,691	(61,943)	-1.5%	3.7%
Sale of Pellets, Timber and Materials	1,523,310	87,943	1,435,367	1632.2%	1.3%
Other Operating Revenues	659,135	677,778	(18,643)	-2.8%	0.6%
Total Operating Revenues	\$ 113,484,810	\$ 112,975,923	\$ 508,887	0.5%	100.0%



Operating revenues remained relatively flat with the prior year. Water usage was down from the prior year as rainfall was more in line with historical averages coupled with a reduction of water purchased by College Park. Revenue from Sale of Pellets, Timber and Materials was up \$1,435,367 and offset the impact of the reduction in water sales. This increase was due to a timber harvest and sale which provided revenue of \$ 1,492,637. The Authority harvests and sells timber every few years based on tree maturity and market price.

The improving economy has resulted in higher occupancy rates and new commercial and residential development, which boosted tapping fees by \$380,855 over the prior year.

Comparison of Operating Revenues

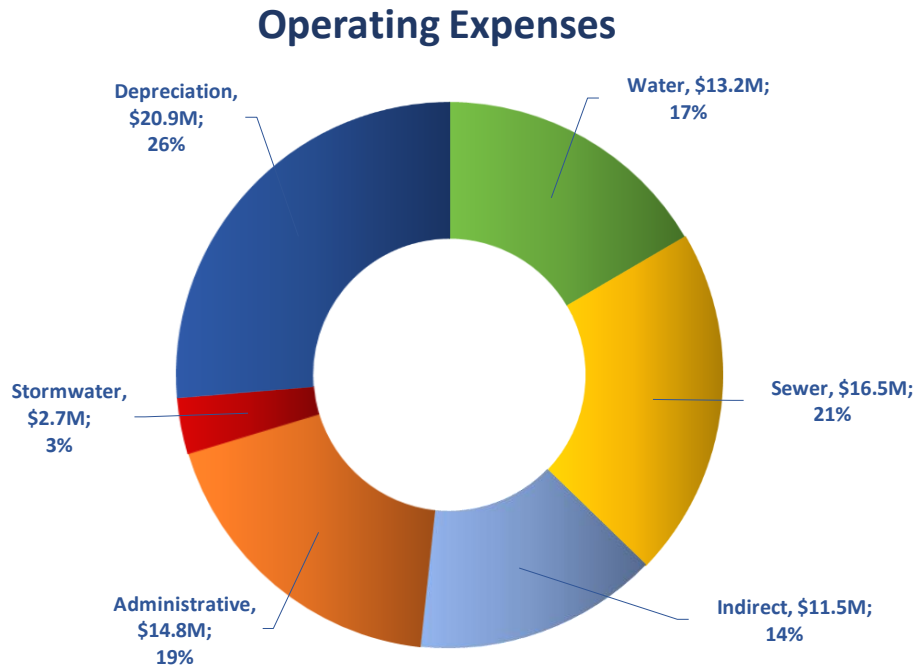


- Sale of Water
- Sewer Service
- Stormwater Fees
- Penalties and Reconnect Charges
- Sale of Pellets, Timber and Materials
- Tapping Fees
- Other Operating Revenues



ANALYSIS OF EXPENSES

The Total Operating Expenses for FY 2018 were \$79,641,734. That amount represents a decrease of \$1,957,558, 2.4 percent less than the prior fiscal year total of \$81,599,292. The six major categories of Operating Expenses are shown in the chart below.



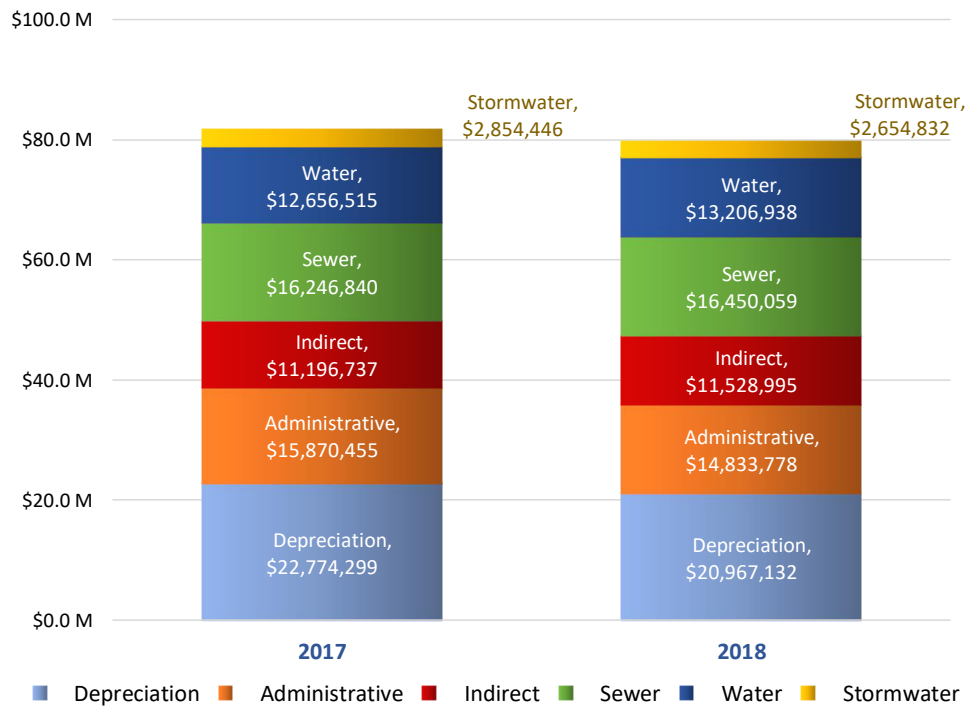
The table below provides a side-by-side comparison of Operating Expenses for the 2018 and 2017 fiscal years.

Operating Expenses	2018	2017	\$ Chg	% Chg	% Operating Expenses
Water	\$ 13,206,938	\$ 12,656,515	\$ 550,423	4.3%	16.6%
Sewer	16,450,059	16,246,840	203,219	1.3%	20.7%
Indirect	11,528,995	11,196,737	332,258	3.0%	14.5%
Administrative	14,833,778	15,870,455	(1,036,677)	-6.5%	18.6%
Stormwater	2,654,832	2,854,446	(199,614)	-7.0%	3.3%
Depreciation	20,967,132	22,774,299	(1,807,167)	-7.9%	26.3%
Total Operating Expenses	\$ 79,641,734	\$ 81,599,292	\$ (1,957,558)	-2.4%	100.0%

For the 2018 fiscal year, administrative expenses were down \$1.0 million, or negative 6.5 percent. The largest changes contributing to the net decrease was a reduction of the expenses related to the drop in Net Pension Expense of \$2,830,524 offset by increases in OPEB Expense and various other administrative costs. Water Expense increased due to water purchased of \$868,235 during a taste and odor event in Fall 2017. Indirect expenses also increased, up \$332,258, or 3.0 percent, over last year due to changes in engineering consulting needs that vary year to year. Depreciation Expense decreased by \$1,807,167 due to net changes between capital additions and disposals and the variation of the estimated life of those assets.



Comparison of Operating Expenses



ANALYSIS OF CAPITAL CONTRIBUTIONS

“Capital Contributions” are contributions or donations of capital in the form of money or property to a business by an owner, partner, or shareholder. In the case of the Authority where the equity interest in the business really belongs to our customers, the term typically refers to money or infrastructure that is given to the Authority to improve or expand the system. Examples would include water and sewer lines that are donated by developers and impact fees that are paid to offset the costs of constructing capacity, in advance of service demands.

Historically, *Capital Contributions* have been a critical source of capital for the Authority in expanding the capacity and service delivery areas of its water and sewer systems. In FY 2008, it served as the principal method for initiating the Stormwater Utility when the Authority received almost \$52.3 million in net book value of donated stormwater infrastructure from the County and its municipalities.

During periods of strong economic development, commercial and residential developers contribute the piping and meter infrastructure they install when their construction is completed. During the recent economic downturn, development stopped. With the improving economy, an increase in contributions are occurring. The increase in contributions from Subdividers came from donated stormwater, sewer and water Infrastructure for three larger projects; a new Fire Station and two large residential subdivisions, Lovejoy Crossings and Diamond Meadows. These projects accounted for \$1.5 million in contributions in 2018.

Intergovernmental contributions are cash payments from the Urban Redevelopment Agency of Clayton County. These payments are reimbursement to the Authority for a portion of its cost to construct pipe infrastructure at the closed Fort Gillem Army Base. This ongoing project is part of the Agency’s economic development plan to repurpose the site for industrial use and donated pipelines vary from year to year. The remaining portion of the contract, \$530,604, will be reimbursed to the Authority on or before July 31, 2018.



Capital Contributions	2018	2017	\$ Chg	% Chg
Impact Fees	\$ 2,580,852	\$ 1,334,529	\$ 1,246,323	93.4%
Subdividers	2,250,698	685,426	1,565,272	228.4%
Intergovernmental	416,710	249,500	167,210	67.0%
Total Capital Contributions	\$ 5,248,260	\$ 2,269,455	\$ 2,978,805	131.3%

CAPITAL ASSETS AND DEBT

CAPITAL ASSETS

At April 30, 2018, the Clayton County Water Authority had an investment of \$545.4 million in capital assets, net of depreciation and amortization. This amount represents a net increase, including additions and disposals, of \$9.9 million, or 1.8 percent more than last year. Of that total investment in plant, property, equipment and construction-in-progress at April 30, 2018, the Water and Sewer Fund had \$498,478,829 in net capital assets, and the Stormwater Fund had \$46,939,665. Comparative schedules for each fund's capital assets by major classification for the two most recent fiscal years is shown in the following tables.

Schedule of Capital Assets: Water and Sewer Fund

Capital Asset Classification	2018	2017	\$ Chg	% Chg
Land and Easements	\$ 30,410,082	\$ 30,365,476	44,606	0.1%
Building and Structures	96,336,410	99,855,028	(3,518,618)	-3.5%
Operating and Maintenance Equipment	44,966,297	46,963,449	(1,997,152)	-4.3%
Field Equipment	11,871,230	11,660,220	211,010	1.8%
Road Equipment	1,480,714	1,473,320	7,394	0.5%
Piping	238,201,394	231,499,110	6,702,284	2.9%
Technology and Office Equipment	3,648,639	2,791,067	857,572	30.7%
Furniture and Fixtures	288,304	313,250	(24,946)	-8.0%
System Franchises and Engineering Studies	38,790,722	40,620,485	(1,829,763)	-4.5%
Construction in Progress	32,485,037	24,768,096	7,716,941	31.2%
Total Capital Assets, net of accumulated depreciation	\$ 498,478,829	\$ 490,309,501	\$ 8,169,328	1.7%

Schedule of Capital Assets: Stormwater

Capital Asset Classification	2018	2017	\$ Chg	% Chg
Land and Easements	\$ 1,564,842	\$ 1,561,878	2,964	0.2%
Building and Structures	552,988	573,468	(20,480)	-3.6%
Operating and Maintenance Equipment	32,603	42,334	(9,731)	-23.0%
Field Equipment	107,470	39,356	68,114	173.1%
Road Equipment	481,918	138,877	343,041	247.0%
Piping	42,544,814	41,409,939	1,134,875	2.7%
Technology and Office Equipment	15,451	22,232	(6,781)	-30.5%
Furniture and Fixtures	18,831	24,923	(6,092)	-24.4%
System Franchises and Engineering Studies	180,082	145,579	34,503	23.7%
Construction in Progress	1,440,666	1,254,564	186,102	14.8%
Total Capital Assets, net of accumulated depreciation	\$ 46,939,665	\$ 45,213,150	\$ 1,726,515	3.8%

Additional detailed information concerning the Authority's capital assets can be found in the *Notes to the Financial Statements*, [Note 6: Capital Assets](#).



DEBT

At April 30, 2018, the Clayton County Water Authority had \$118.9 million in debt obligation, a net decrease of \$17.2 million or 12.6 percent less than the previous fiscal year. The Authority's debt is comprised solely of various series of revenue bonds and two loans from the Georgia Environmental Finance Authority (GEFA). A comparative schedule by major type of debt at April 30 of 2018 and 2017 is shown in the table that follows.

Type of Debt	2018	2017	\$ Chg	% Chg
Revenue Bonds - Outstanding Principal	\$ 105,395,000	\$ 121,090,000	\$ (15,695,000)	-13.0%
Unamortized Bond Premium	6,954,932	8,927,798	(1,972,866)	-22.1%
GEFA Loans	6,604,761	6,119,630	485,131	7.9%
Total Debt	\$ 118,954,693	\$ 136,137,428	\$ (17,182,735)	-12.6%

For April 30, 2018, the decrease in revenue bond debt represents the scheduled annual maturities for the different series of bonds and the refunding bonds issued during the year. The increase in GEFA loans outstanding at the end of the fiscal year was due to \$1.1 million in disbursements requested from the GEFA construction loan coupled with complete year of principal payments towards the two GEFA loans on projects completed during the 2006 fiscal year.

Additional detailed information concerning the Authority's liabilities can be found in the *Notes to the Financial Statements*, [Note 7: Long-term Obligations](#).

ECONOMIC FACTORS, RATES AND NEXT YEAR'S FINANCIAL ACTIVITY

ECONOMIC FACTORS

The improving housing market and labor markets indicate continued economic growth.

Over the past twelve months, the overall economy of the Metropolitan Atlanta area continues to grow. Both residential and commercial development are increasing, with building permits for both on the rise.

Fortunately, for the financial well-being of the Authority, the provision of water, sewer and stormwater services represents a necessary purchase for the residents and industries of Clayton County. Based on historical trend information, the annual demand for water sales appears to be much more dependent on weather patterns than on the prevailing economic conditions. Thus, even during periods of poor economic conditions, water production levels have typically remained stable from one fiscal year to the next.

Some of the more significant economic indicators and conditions that management feels could possibly affect CCWA's operations over the short-term include the following:

- The industrial development occurring at the Fort Gillem military complex and the planned expansion of Hartsfield-Jackson International Airport and the area surrounding it with residential, commercial and industrial development.
- The continuing economic improvement in Clayton County and the Metro-Atlanta area including the continued expansion of the film industry within the County and surrounding area.
- Possible water restrictions imposed by the Georgia Environmental Protection Division due to drought restrictions.



NEXT YEAR'S BUDGET

The Authority's operating budget for 2018 - 2019 took into consideration the anticipated impact of the economic factors cited above. The revenue projections did not include a rate adjustment. The operating budget was balanced with no appropriation of cash reserves and adequate funding was available for each of the projects that have been identified in the pay-as-you-go capital plan. A summary of the FY 2018 - 2019 Budget is in the table below.

CONSOLIDATED BUDGET - FY 2018 - 2019

	Water and Sewer	Stormwater	Total FY 2018 - 2019
Revenues			
Water Sales	\$ 50,548,433	\$ -	\$ 50,548,433
Sewer Sales	43,040,471	-	43,040,471
Stormwater Fees	-	9,641,417	9,641,417
Installation Charges	604,436	-	604,436
Account Servicing Charge	3,963,678	157,205	4,120,883
Miscellaneous Income	426,118	4,445	430,563
Interest Income	39,332	5,193	44,525
Impact Fees	877,530	-	877,530
Interfund Transfer	1,413,558	-	1,413,558
Total Revenues	\$ 100,913,556	\$ 9,808,260	\$ 110,721,816
Expenses			
Personal Services	\$ 33,040,328	\$ 1,779,875	\$ 34,820,203
Operating Expenses	34,972,889	2,784,796	37,757,685
Debt Service	22,652,004	-	22,652,004
Interfund Transfer	-	1,413,558	1,413,558
Capital Expenditures	2,892,335	537,030	3,429,365
Capital Projects	7,356,000	3,293,001	10,649,001
Total Expenses	\$ 100,913,556	\$ 9,808,260	\$ 110,721,816

STORMWATER FEES

With the initiation of the stormwater utility, at the beginning of the 2008 fiscal year, the monthly residential rate was set at \$3.75 per household. For ease of fee administration, a uniform rate was established for residential properties based on the average amount of impervious surfaces. Using the resulting standard as a baseline, the rate for commercial customers was set at \$3.75 for each 2,950 square feet of impervious surfaces. These initial rates were not adjusted for either the current or the upcoming fiscal year. A recent analysis of all nonresidential customers was completed at the end of FY 2015. This analysis compared the impervious surface the Authority was given when it assumed the stormwater systems of Clayton County and its municipalities in 2007 with new, more accurate digital data. The billings based on the new impervious surface data became effective on January 1, 2016.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Clayton County Water Authority's finances for all those individuals having an interest in the Authority's operations and financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clayton County Water Authority, Director of Finance, 1600 Battle Creek Road, Morrow, Georgia 30260.



III. BASIC FINANCIAL STATEMENTS



2018

Basic Financial Statements





STATEMENT OF NET POSITION

Clayton County Water Authority
Statement of Net Position
Proprietary Funds
April 30, 2018

	Water and Sewer	Stormwater	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Unrestricted	\$ 21,546,719	\$ 8,366,469	\$ 29,913,188
Restricted	28,097,030	-	28,097,030
Accounts Receivable <i>(Net of Allowance for Uncollectible)</i>	14,964,126	598,169	15,562,295
Other Receivables	2,116,364	632	2,116,996
Inventories	2,372,179	-	2,372,179
Prepaid Expenses and Deposits	88,966	-	88,966
Total Current Assets	<u>\$ 69,185,384</u>	<u>\$ 8,965,270</u>	<u>\$ 78,150,654</u>
Noncurrent Assets:			
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 13,210	\$ -	\$ 13,210
Total Unrestricted Assets	<u>\$ 13,210</u>	<u>\$ -</u>	<u>\$ 13,210</u>
Restricted Assets:			
Cash and Cash Equivalents:			
Debt Service	21,341,120	-	21,341,120
Renewal and Extension	76,203,627	-	76,203,627
Escrow Agreement	-	121,886	121,886
Total Restricted Assets	<u>\$ 97,544,747</u>	<u>\$ 121,886</u>	<u>\$ 97,666,633</u>
Capital Assets:			
Land and Easements	\$ 30,410,082	\$ 1,564,842	\$ 31,974,924
Buildings and Structures	174,665,269	738,424	175,403,693
Operating and Maintenance Equipment	79,673,904	136,335	79,810,239
Field Equipment	49,346,676	765,359	50,112,035
Road Equipment	6,942,763	1,359,610	8,302,373
Piping	352,011,100	133,283,823	485,294,923
Technology and Office Equipment	14,499,934	88,308	14,588,242
Furniture and Fixtures	2,349,950	61,897	2,411,847
System Franchise and Engineering Studies	70,613,535	207,674	70,821,209
Construction in Process	32,485,037	1,440,666	33,925,703
Less: Accumulated Depreciation	(314,519,421)	(92,707,273)	(407,226,694)
Total Capital Assets <i>(Net of Accumulated Depreciation)</i>	<u>\$ 498,478,829</u>	<u>\$ 46,939,665</u>	<u>\$ 545,418,494</u>
Total Noncurrent Assets	<u>\$ 596,036,786</u>	<u>\$ 47,061,551</u>	<u>\$ 643,098,337</u>
Total Assets	<u>\$ 665,222,170</u>	<u>\$ 56,026,821</u>	<u>\$ 721,248,991</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Debt Refunding	\$ 3,673,852	\$ -	\$ 3,673,852
Deferred Charges Related to Pension Liability	10,288,618	621,772	10,910,390
Total Deferred Outflows of Resources	<u>\$ 13,962,470</u>	<u>\$ 621,772</u>	<u>\$ 14,584,242</u>

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

Continued on next page



Clayton County Water Authority
Statement of Net Position (Continued)
Proprietary Funds
April 30, 2018

	Water and Sewer	Stormwater	Total
LIABILITIES			
Current Liabilities Payable From Unrestricted Assets:			
Accounts Payable	\$ 3,041,291	\$ 83,110	\$ 3,124,401
Accrued Payroll Withholdings	1,027,968	61,290	1,089,258
Accrued Pension Contribution	203,705	11,463	215,168
Compensated Absences	997,179	52,138	1,049,317
Loans Payable - Due Within One Year	641,477	-	641,477
Accrued Loan Interest	13,621	-	13,621
Unearned Revenue	65,667	-	65,667
Total Current Liabilities Payable From Unrestricted Assets	\$ 5,990,908	\$ 208,001	\$ 6,198,909
Current Liabilities Payable From Restricted Assets:			
Accounts Payable	\$ 1,033,748	\$ -	\$ 1,033,748
Accrued Revenue Bond Interest	2,098,978	-	2,098,978
Customer Deposits	5,415,874	-	5,415,874
Revenue Bonds Payable - Due Within One Year	15,995,000	-	15,995,000
Total Current Liabilities Payable From Restricted Assets	\$ 24,543,600	\$ -	\$ 24,543,600
Total Current Liabilities	\$ 30,534,508	\$ 208,001	\$ 30,742,509
Noncurrent Liabilities:			
Compensated Absences	\$ 672,572	\$ 29,020	\$ 701,592
Loans Payable	5,963,284	-	5,963,284
Revenue Bonds Payable <i>(Net of Bond Premium)</i>	96,354,932	-	96,354,932
OPEB Obligation (Asset)	3,702,571	12,004	3,714,575
Net Pension Liability	31,611,774	2,094,784	33,706,558
Total Noncurrent Liabilities	\$ 138,305,133	\$ 2,135,808	\$ 140,440,941
Total Liabilities	\$ 168,839,641	\$ 2,343,809	\$ 171,183,450
DEFERRED INFLOWS OF RESOURCES			
Deferred Charges Related to Pension Liability	\$ 10,278,782	\$ 540,989	\$ 10,819,771
Total Deferred Inflows of Resources	\$ 10,278,782	\$ 540,989	\$ 10,819,771
NET POSITION			
Net Investment in Capital Assets	\$ 383,197,988	\$ 46,939,665	\$ 430,137,653
Restricted for:			
Debt Service	39,435,098	-	39,435,098
Renewal and Extension	1,500,000	-	1,500,000
Working Capital	500,000	-	500,000
Escrow Agreement	-	121,886	121,886
Unrestricted	75,433,131	6,702,244	82,135,375
Total Net Position	\$ 500,066,217	\$ 53,763,795	\$ 553,830,012

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



STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Clayton County Water Authority
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended April 30, 2018

	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues:			
Charges for Sales and Services:			
Sale of Water	\$ 51,638,780	\$ -	\$ 51,638,780
Sewer Service	44,316,956	-	44,316,956
Stormwater Fees	-	9,869,285	9,869,285
Tapping Fees	1,308,596	-	1,308,596
Penalties and Reconnect Charges	4,001,749	166,999	4,168,748
Sale of Pellets, Timber and Materials	1,519,113	4,197	1,523,310
Other Operating Revenues	659,135	-	659,135
Total Operating Revenues	<u>\$ 103,444,329</u>	<u>\$ 10,040,481</u>	<u>\$ 113,484,810</u>
Operating Expenses:			
Water	\$ 13,206,938	\$ -	\$ 13,206,938
Sewer	16,450,059	-	16,450,059
Stormwater	-	2,654,832	2,654,832
Indirect	10,409,966	1,119,029	11,528,995
Administrative	14,833,778	-	14,833,778
Depreciation	17,767,139	3,199,993	20,967,132
Total Operating Expenses	<u>\$ 72,667,880</u>	<u>\$ 6,973,854</u>	<u>\$ 79,641,734</u>
Operating Income	\$ 30,776,449	\$ 3,066,627	\$ 33,843,076
Nonoperating Revenues (Expenses):			
Interest Income	\$ 456,857	\$ 9,008	\$ 465,865
Interest Expense	(3,938,428)	-	(3,938,428)
Gain (Loss) of Disposal of Capital Assets	(1,165,635)	(71,535)	(1,237,170)
Other (Net)	(4,145)	(2,500)	(6,645)
Total Nonoperating Revenues (Expenses)	<u>\$ (4,651,351)</u>	<u>\$ (65,027)</u>	<u>\$ (4,716,378)</u>
Income Before Contributions and Transfers	\$ 26,125,098	\$ 3,001,600	\$ 29,126,698
Capital Contributions:			
Impact Fees	\$ 2,580,852	\$ -	\$ 2,580,852
Subdividers and Developers	1,684,704	565,994	2,250,698
Other Governments	416,710	-	416,710
Transfers In	1,158,251	-	1,158,251
Transfers Out	-	(1,158,251)	(1,158,251)
Change in Net Position	<u>\$ 31,965,615</u>	<u>\$ 2,409,343</u>	<u>\$ 34,374,958</u>
Net Position - Beginning	<u>\$ 468,100,602</u>	<u>\$ 51,354,452</u>	<u>\$ 519,455,054</u>
Net Position - Ending	<u>\$ 500,066,217</u>	<u>\$ 53,763,795</u>	<u>\$ 553,830,012</u>

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



STATEMENT OF CASH FLOWS

Clayton County Water Authority
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended April 30, 2018

	Water and Sewer	Stormwater	Total
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 100,514,425	\$ 10,010,638	\$ 110,525,063
Cash Paid to Suppliers	(29,344,419)	(2,210,428)	(31,554,847)
Cash Paid to Employees	(28,401,902)	(1,560,247)	(29,962,149)
Net Cash Provided by Operating Activities	<u>\$ 42,768,104</u>	<u>\$ 6,239,963</u>	<u>\$ 49,008,067</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	\$ 1,158,251	-	\$ 1,158,251
Transfers to Other Funds	-	(1,158,251)	(1,158,251)
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>\$ 1,158,251</u>	<u>\$ (1,158,251)</u>	<u>\$ -</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	\$ (24,608,718)	\$ (4,363,145)	\$ (28,971,863)
Fees Received From Subdividers	2,580,852	-	2,580,852
Principal Paid on Bonds Payable	(15,695,000)	-	(15,695,000)
Proceeds from Loans Payable	485,131	-	485,131
Interest Paid on Bonds and Loans Payable	(4,520,749)	-	(4,520,749)
Proceeds from Sale of Capital Assets	119,058	-	119,058
Fees Received from Other Governments	416,710	-	416,710
Net Cash Used In Capital and Related Financing Activities	<u>\$ (41,222,716)</u>	<u>\$ (4,363,145)</u>	<u>\$ (45,585,861)</u>
Cash Flows from Investing Activities:			
Interest on investments	\$ 456,857	\$ 9,008	\$ 465,865
Net Cash Provided by Investing Activities	<u>\$ 456,857</u>	<u>\$ 9,008</u>	<u>\$ 465,865</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 3,160,496	\$ 727,575	\$ 3,888,071
Cash and Cash Equivalents, April 30, 2017	144,041,210	7,760,780	151,801,990
Cash and Cash Equivalents, April 30, 2018	<u>\$ 147,201,706</u>	<u>\$ 8,488,355</u>	<u>\$ 155,690,061</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 30,776,449	\$ 3,066,627	\$ 33,843,076
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	\$ 17,767,139	\$ 3,199,993	\$ 20,967,132
(Increase) Decrease in Accounts Receivable	(220,361)	(29,211)	(249,572)
(Increase) Decrease in Other Receivables	(2,095,304)	(632)	(2,095,936)
(Increase) Decrease in Inventories	217,004	-	217,004
(Increase) Decrease in Prepaid Items	2,358	346	2,704
(Decrease) Increase in Accounts Payable	(2,697,093)	61,350	(2,635,743)
(Decrease) Increase in Accrued Liabilities	(785,592)	(54,061)	(839,653)
(Decrease) Increase in Customer Deposits	(615,390)	-	(615,390)
(Decrease) Increase in Compensated Absences	36,321	(2,021)	34,300
(Decrease) Increase in OPEB Obligation	1,623,623	62,952	1,686,575
(Decrease) Increase in Net Pension Liability	(1,242,201)	(65,380)	(1,307,581)
(Decrease) Increase in Unearned Revenue	1,151	-	1,151
Total Adjustments	<u>11,991,655</u>	<u>3,173,336</u>	<u>15,164,991</u>
Net Cash Provided by Operating Activities	<u>\$ 42,768,104</u>	<u>\$ 6,239,963</u>	<u>\$ 49,008,067</u>

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

Continued on next page



**Clayton County Water Authority
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended April 30, 2018**

	Water and Sewer	Stormwater	Total
Reconciliation of Cash Presentation to Cash and Cash Equivalents:			
Unrestricted Assets:			
Cash and Cash Equivalents:			
Current	\$ 21,546,719	\$ 8,366,469	\$ 29,913,188
Noncurrent	13,210	-	13,210
Restricted Assets:			
Cash and Cash Equivalents:			
Current	28,097,030	-	28,097,030
Noncurrent	97,544,747	121,886	97,666,633
Total Cash and Cash Equivalents	\$ 147,201,706	\$ 8,488,355	\$ 155,690,061
Non-cash Capital and Related Financing Activities			
Contributions of Capital Assets by Subdividers and Developers	\$ 1,684,704	\$ 565,994	\$ 2,250,698

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



STATEMENT OF FIDUCIARY NET POSITION – OPEB TRUST

Clayton County Water Authority
Statement of Fiduciary Net Position
Other Postemployment Benefits (OPEB) Trust Fund
April 30, 2018

ASSETS	
Cash and Cash Equivalents	\$ 194,000
Investments	
Mutual Funds - Equities	1,947,271
Mutual Funds - Fixed income	9,912,188
Interest Receivable	7,501
Total Assets	<u>\$ 12,060,960</u>
LIABILITIES	
Accounts Payable	\$ -
Total Liabilities	<u>\$ -</u>
NET POSITION	
Restricted for Other Postemployment Benefits	<u>\$ 12,060,960</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – OPEB TRUST

Clayton County Water Authority
Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits (OPEB) Trust Fund
For The Fiscal Year Ended April 30, 2018

Additions:	
Contributions:	
Employer	\$ -
Investment Earnings:	
Interest Income	659,408
Net Appreciation in the Fair Value of Assets	276,580
Total Additions	<u>\$ 935,988</u>
Deductions:	
Benefits Paid to Participants or Beneficiaries	\$ -
Bank Fees and Charges	51,775
Change in Net Position	\$ 884,213
Net Position Restricted for Other Postemployment Benefits:	
Beginning of Year	<u>\$ 11,176,747</u>
End of Year	<u>\$ 12,060,960</u>

The accompanying notes are an integral part of this financial statement.



IV. NOTES TO THE FINANCIAL STATEMENTS

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Clayton County Water Authority, Clayton County, Georgia (“CCWA” or “Authority”), have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. ORGANIZATION

The Clayton County Water Authority (“Authority” or “CCWA”), a public body corporate and politic of the State of Georgia, was created on March 7, 1955 by an act of the General Assembly of the State of Georgia to have general supervision and control over the water and sewerage systems of Clayton County, Georgia. As indicated by certain provisions contained in the enabling legislation, the Authority was created to operate independently of Clayton County’s government.

The Clayton County Board of Commissioners is responsible for appointing the Authority’s seven-member Board of Directors. Each Authority board member serves a term of five years in length. Appointments to the Water Authority’s Board are staggered by years and are structured in a manner that limits the possibility of having more than two new members in any one year. Officers of the Board are selected by and serve at the pleasure of the entire Board of Directors for a period of one year. Elected Authority officers include the Chairman, Vice-Chairman and Secretary-Treasurer.

On May 1, 2007, the Authority expanded its functional responsibilities for control over water resources and established a second utility fund to begin recording those transactions related to the provision of stormwater services to the citizens of Clayton County. Pursuant to the terms of an intergovernmental agreement, Clayton County and the cities of Forest Park, Jonesboro, Lake City, Lovejoy, Morrow, and Riverdale conveyed ownership of their stormwater systems to the Authority. In exchange for providing this contributed capital, each of those local jurisdictions was relieved of their maintenance responsibilities.

CCWA is now the sole governmental entity in the county responsible for coordinating and maintaining stormwater infrastructure. The conveyed assets were recorded at their estimated fair value on the date of transfer. In May of 2007, CCWA began collecting a separate stormwater user fee based on the amount of impervious surfaces located on a customer’s property to fund the provision of this new service.

B. REPORTING ENTITY

The Authority complies with GASB Statements No. 14, “*The Financial Reporting Entity*” as amended by GASB Statements No. 39 and 61. These statements establish standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

When applying the requirements of these statements, it was determined that the Board of Commissioners does not have the power to remove a member of the Authority’s Board, except in the case of neglect of duty or malfeasance



in office. While the CCWA is required, by statute, to make a quarterly report of its operations to the Board of Commissioners, the enabling legislation contains language to the effect that the Commissioners cannot control or otherwise direct the operations of the Authority.

In reviewing the operating environment of CCWA, it was also determined that Clayton County does not approve the Authority's annual budgets, is not liable for any operating deficits, does not provide any funding to the Authority and is not legally responsible for the Authority's debt obligations. Another factor in this determination, is that the County is not entitled to nor does it can otherwise access a majority of the economic resources received or held by the Authority. Because of these findings, the Clayton County Water Authority is not considered a component unit of Clayton County for financial reporting purposes.

The Authority considered all potential component units in determining what organizations should be included in its financial statements. Based on an evaluation of the established criteria, management determined that there were no component units to include in the Authority's financial statements.

CCWA administers the Clayton County Water Authority Other Postemployment Benefits (OPEB) Trust Fund, which was established during the fiscal year ended April 30, 2009. The purpose of this irrevocable IRC §115 trust is for the deposit of monies to pre-fund the cost of future retiree health insurance premiums. The OPEB Trust Fund is reported in the Authority's financial statements as a fiduciary activity. The financial transactions related to the recognition of the annual expense for other postemployment benefits (i.e., health and life insurance) as required by Governmental Accounting Standard Board (GASB) Statement No. 45 is included in the financial statements of the Authority's business-type activities.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The basic financial statements provide information about CCWA's business and fiduciary type activities. Separate statements for each category - business and fiduciary activity types - are presented. The financial statements for the business-type activities are also often referred to as enterprise fund financial statements.

"Measurement Focus" is an accounting term used to describe which transactions and types of balances are recorded within the various financial statements. The expression, "Basis of Accounting", refers to when transactions or events are recorded regardless of the measurement focus applied.

The Clayton County Water Authority utilizes two, stand-alone enterprise funds for its business-type activities. The larger of the two, in terms of net position, is the Water and Sewer Fund, which is used to account for water sales activities, wastewater treatment services and the related administrative functions of the Authority. The second one, the Stormwater Fund, is used to account for the delivery of stormwater related services.

Because of the "businesslike" characteristics of our operations, the accompanying financial statements for business-type activities reflect the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the "economic resources" measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.



Under full accrual accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority utilizes enterprise funds to record its financial operating activities. In the practice of governmental accounting, the enterprise fund is used to account for operations that are financed and operated in a manner similar to private business or where the Board of Directors has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

As the means for delivering service to its customers, the Clayton County Water Authority utilizes water production plants, water distribution systems, wastewater reclamation facilities, wastewater collection systems and stormwater collection systems. To provide the funds that are necessary to pay for the provision of these two utility services and the related support functions, the Authority charges its customers monthly user fees, which are based on the specific level of services that they are receiving. Because the operations of the Clayton County Water Authority closely mirror those of a typical, commercial company, its accounting records reflect a similar approach for measuring its business activity.

The Authority's various bond resolutions or ordinances require the establishment of certain accounts, which are referred to as "funds". These required accounts are maintained as part of the accounting records of the Water and Sewer Fund. They include the Sinking Fund (Debt Service) and Renewal and Extension Fund (R&E). These are not "funds", as the term is used in generally accepted accounting principles but are separate "accounts" used to delineate the accounting and reporting for bond-related money and repayment security requirements.

The balances and activity that occur in these various accounts represent specific segments of the Water and Sewer enterprise fund, as reported in the Authority's basic financial statements. Additional compliance information about these accounts is presented in a separate set of schedules that follow the basic financial statements.

The two enterprise funds used by the Authority distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Authority's principal on-going operations. The principal operating revenues are charges to customers for sales and services that are provided to them. The Authority also recognizes, as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources, as they are needed.

CCWA also has a single fiduciary fund, which is the Other Postemployment Benefits (OPEB) Trust Fund. The financial statements for the fiduciary activities are used to account for the assets held by CCWA, in trust, for the payment of future retiree health insurance benefits. The assets of the Other Postemployment Benefits (OPEB) Trust Fund cannot be used to support the Authority's operations.

The Authority's fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting.



D. ASSETS, LIABILITIES AND NET POSITION

CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority's Cash and Cash Equivalents are cash on hand, demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. More specifically, short-term investments are in the form of shares in a U. S. Treasury Securities Money Market Fund that has the general characteristics of a demand deposit account in that the Authority may deposit and withdraw cash at any time and without prior notice or penalty.

The fiscal policies adopted by the Authority's Board of Directors require all funds that are idle for any period be invested. In terms of general requirements, these investments are to be made in federal or state government instruments or repurchase agreements, which are insured or collateralized, according to State statutes.

State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the United States government, or bonds of public authorities, counties, or municipalities. The collateral pledged by the banks' trust departments is held in a custodian bank, as part of the State of Georgia's collateral pool, a multibank pledging pool program referred to as the Secure Deposit Program. Pursuant to O.C.G.A §§50-17-50 through 50-17-60; 45-8-1 through 45-8-13.1, this Program was established on April 18, 2017 by the State Depository Board of Georgia with policies and procedures related to the operation of a multibank pool, including defining eligible collateral, collateral limits, schedule of fees charged to covered depositories and a formula to calculate different collateralization tiers and reporting requirements. The collateral that is in the pool is composed of various obligations of the United States government and the sufficiency of the pooled investments is monitored by the Georgia Office of Treasury and Fiscal Services (OTFS).

Under the bond resolutions, which are more restrictive as to types of investments, moneys in the Sinking Fund, and the Renewal and Extension Fund, may only be invested in securities that are direct and general obligations of the United States of America or are guaranteed by the United States of America, as to both principal and interest. These investments must mature within twenty-four months after the date of purchase or be redeemable at the option of the holder.

Investments for the Authority are reported at fair value. Pursuant to the requirements set forth in the bond resolutions, the investment of certain idle funds has been made into U. S. Treasury Money Market Funds. The reported value of the money market fund is the same as the fair value of the fund shares.

RECEIVABLES

Accounts receivable are stated at face amount, net of an allowance for doubtful accounts. The amount recognized as an uncollectible balance is based on an aging schedule of accounts and historical collection patterns. At April 30, 2018, the allowance for doubtful accounts was \$237,343 and \$5,189 for the Water and Sewer Fund and the Stormwater Fund, respectively. Unbilled receivables represent income earned during the current year but not yet billed to the customer.



INTERFUND RECEIVABLES AND PAYABLES

During the normal course of operations, numerous transactions occur between the two enterprise funds that result in amounts owed between funds. Those related to goods and service type transactions are classified as "Interfund Receivables and Payables".

INVENTORIES AND PREPAID ITEMS

The inventory of the Authority consists of pipe and fittings intended for use in construction of water and sewer line extensions. Also included are materials and supplies to support maintenance work on the various distribution and collection systems, as well as to maintain the vehicles and equipment used in system operations. All inventories maintained by the Authority are valued using the weighted average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. An example of a prepaid item for the Authority is property and liability insurance premiums.

RESTRICTED ASSETS

Some of the Authority's assets have certain constraints that have been placed on how they can be used. Restricted assets are cash or other assets whose use in whole or in part is restricted for specific purposes bound by contractual agreements, legal requirements, or enabling legislation.

Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The "debt service" accounts are used to segregate resources accumulated for debt service payments over the next twelve months. The "debt service reserve" accounts are used to report resources set aside to make up potential future deficiencies in the debt service accounts. The "renewal and extension" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals, replacements, and extensions.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water distribution systems, sewer collection systems, stormwater collection systems, dams and similar items) are reported as a component of noncurrent assets in the basic financial statements. Capital assets are defined by the Authority as being those assets with an initial individual cost of more than \$5,000 and an estimated useful life longer than 12 months. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

Donated capital assets are recorded at estimated acquisition value at the date of donation. Historically, the Authority has received significant donations of water distribution and sewage collection lines from developers. In more recent periods, donations of stormwater infrastructure are received infrequently.

The reported value excludes the costs of normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

During FY 2008, the Authority engaged an independent appraisal firm to value the stormwater assets that were transferred by the County and six municipalities. These infrastructure systems were valued at roughly \$52.36 million and were recorded as capital contributions at their estimated fair value at May 1, 2007.



Depreciation is charged as an expense against operations monthly. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives in years:

General Classification of Capital Assets	Life Years
Buildings and Structures	30 to 40
Operating and Maintenance Equipment	5 to 10
Field Equipment	5 to 10
Road Equipment	5 to 10
Piping	25 to 75
Technology and Office Equipment	5 to 10
Furniture and Fixtures	10
Purchased System	30 to 40
Stormwater Structures	25

Major outlays for capital assets and improvements are capitalized, as projects are constructed. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed. The total interest expense incurred by the Authority during the current fiscal year was \$3,938,428. Construction funded by GEFA debt will not have interest expense capitalized until the projects it funds are completed. No interest expense was capitalized in FY 2018 because no projects funded by this loan were completed during the year.

Construction in progress represents cost accumulated for the replacement of sections of the Authority's transmission and distribution systems; collection systems; plant construction, expansions, and rehabilitation; stormwater structures and other projects that were not completed at year-end.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Other than the items related to the changes in the net pension liability as discussed below, CCWA has one item that qualifies for reporting in this category. It is the deferred charge on refunding of \$3,673,852 reported in the statement of net position. A deferred charge on refunding of debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Other than the items related to the changes in the net pension liability as discussed below, CCWA has no items that qualify for reporting in this category.

The Authority also has deferred inflows and deferred outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the pension actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the



expected remaining service life of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the County/Authority to the pension plan before year-end, but subsequent to the measurement date of the County's net pension liability, are reported as deferred outflows of resources.

The Authority's deferred outflows of resources related to pensions include experience difference of \$1,960,164, changes in actuarial assumptions of \$1,469,366, changes in proportionate share of the net pension liability of \$884,359, contributions made subsequent to the measurement date of \$2,062,235, and differences in projected and actual earnings on plan investments of \$4,534,266. Deferred inflows related to pensions include changes in actuarial assumptions of \$10,819,771.

PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Clayton County Public Employees Retirement System (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 Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

Effective May 1, 2015, the Authority implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and *Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the Authority's accounting treatment of pensions. The information presented is in accordance with these newer standards.

COMPENSATED ABSENCES

It is the Authority's policy to permit its employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay any amounts when employees separate from service with CCWA. The unused vacation or annual leave is considered a vested employee benefit.

In recognition of the resulting obligation, the Authority has accrued a liability for future vacation leave, having determined that payment of such compensation is probable and having developed a reasonable estimate based upon current salary costs and annual leave balances as of April 30. In reviewing historical usage patterns, a three-year average of annual leave usage was determined and utilized as the basis of the current portion of the Authority's compensated balances liability. The remainder is classified as a noncurrent liability at April 30.

LONG-TERM OBLIGATIONS

The Authority has issued revenue bonds and taken out loans to finance the expansion of the water and sewer systems. The outstanding balances for each of these long-term obligations are reported as liabilities on the statement of net position. The amount of the obligation, that is due within one year, is shown as a current liability and the balance as a noncurrent liability.



Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts.

The difference between the carrying amount of the bonds that have been refunded and their reacquisition price is also recognized as a deferred charge in the Authority's accounting records. This amount, which represents the gain or loss on the transaction, is amortized using the straight-line method over the shorter of the life of the new debt or the life of the old debt, had it not been refunded.

Debt service payments, a pro rata portion of principal and interest, are transferred from the Water and Sewer account to the Debt Service account monthly. Interest expense is accrued monthly, and the payment of principal and interest is recorded when disbursements have been made by the paying agent.

NET POSITION

The Clayton County Water Authority's financial statements are being presented in conformance with provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" (GASB 63). As required by GASB 63, the Authority has classified net position into three components; net investment in capital assets, restricted, and unrestricted. These classifications of Net Position are defined as follows:

- **Net investment in capital assets:** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted:** This component of net position consists of constraints placed on net position through external restrictions imposed by creditors (e.g., debt covenants), grantors, contributors, laws or regulations of other governments. This component would also include constraints imposed by law through constitutional provisions or enabling legislation. A description of the restrictions and related amounts as of April 30, 2018 are shown in the following table:

Type of Restriction	Water and Sewer	Stormwater	Total
Bond Covenants:			
Debt Service	\$ 39,435,098	\$ -	\$ 39,435,098
Renewal and Extension	1,500,000	-	1,500,000
Working Capital	500,000	-	500,000
Escrow Agreement	-	121,886	121,886
Total Restricted Net Position	\$ 41,435,098	\$ 121,886	\$ 41,556,984

- **Unrestricted:** This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets". Generally, this represents those financial resources that are available to the Authority to meet any future obligations that might arise.

The Authority applies restricted resources first, when an expense is incurred, for which both restricted and unrestricted net position is available.



E. REVENUES AND EXPENSES

OPERATING AND NONOPERATING REVENUES AND EXPENSES

Proprietary funds distinguish operating revenues and expenses from Nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. These types of funds function similarly to business-type operations. The principal operating revenues of the Authority's Water and Sewer Fund and its Stormwater Fund are charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as Nonoperating revenues and expenses.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Authority prepares annual operating budgets for the managerial control of expenditures and for the monitoring of cash flows during the fiscal year. Project-length budgets, which generally encompass more than one fiscal year, are also prepared for major construction projects and the renewal and extension account. Both the operating and project-length expenditure plans are prepared on the modified accrual basis of accounting, which significantly differs from the accrual basis of accounting that the Authority uses in the preparation of its financial statements.

These managerial budgets that are prepared for operations each year, or at the inception of a major construction project, and are not adopted by the Board of Directors as legally imposed restrictions on expenditures. Rather, the operating budgets provide management with a tool for estimating and monitoring cash flows in each fiscal period. Accordingly, budgetary comparisons are not presented in the accompanying financial statements.



NOTE 3: CASH, CASH EQUIVALENTS AND INVESTMENTS

The table below summarizes the Statement of Net Position classification of the Authority's cash and cash equivalents for the business-type activities at April 30, 2018. As indicated in the presentation by classification, 81 percent of the deposits and investment balances represent restricted assets.

ANALYSIS OF CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents is defined as cash on hand, cash in the bank and cash invested in U.S. Treasury money market funds. The Authority's cash and cash equivalents include both unrestricted and restricted components.

The carrying amount of the Authority's cash deposits and cash equivalents, on April 30, 2018, is presented below. The table provides a breakdown of the balances between the cash and investment components and is also classified by general type.

	Water and Sewer	Stormwater	OPEB Trust	Total
Cash and Cash Equivalents:				
Unrestricted	\$ 21,559,929	\$ 8,366,469	\$ -	\$ 29,926,398
Restricted	125,641,777	121,886	194,000	125,957,663
Total Cash and Cash Equivalents	\$ 147,201,706	\$ 8,488,355	\$ 194,000	\$ 155,884,061

	Demand Deposits	Cash on Hand	Investments	Total Balances
Unrestricted:				
Water and Sewer:				
Current	\$ 21,538,319	\$ 8,400	\$ -	\$ 21,546,719
Noncurrent	13,210	-	-	13,210
Stormwater:				
Current	8,366,469	-	-	8,366,469
Noncurrent	-	-	-	-
Restricted:				
Water and Sewer:				
Debt Service	-	-	18,093,978	18,093,978
Debt Service Reserve	-	-	21,341,120	21,341,120
Renewal and Extension	80,790,805	-	-	80,790,805
Customer Deposits	5,415,874	-	-	5,415,874
Stormwater:				
Escrow	121,886	-	-	121,886
Other Post Employment Benefit Trust:				
Trust	194,000	-	-	194,000
Total Cash and Cash Equivalents	\$ 116,440,563	\$ 8,400	\$ 39,435,098	\$ 155,884,061

DEMAND DEPOSITS

CUSTODIAL CREDIT RISK

Demand deposits are insured by the FDIC up to \$250,000, so there is a risk that in the event of a bank failure, the Authority may lose a portion of its deposits. CCWA does not have a specific deposit policy, which covers custodial



credit risk. However, the statutes of the State of Georgia require that the depository bank pledge acceptable collateral, in an amount equal to 110% of the balance, in excess of the Federal Depository Insurance. Another way that the Authority minimizes this risk is that its staff reviews the bank safety ratings that are prepared by external rating agencies for each proposing bank as part of the periodic process of selecting a principal depository.

INVESTMENTS

INTEREST RATE RISK

When investing idle funds, there is the risk that changes in interest rates will adversely affect the fair value of that investment. The revenue bond resolutions limit the term of investments held by the Authority to twenty-four months after the date of their purchase or redeemable at the option of the holder. The Authority does not currently have an investment policy that limits its exposure to fair value losses by establishing a specific threshold for maturity timeframes. However, the Authority does have a policy that requires that the portfolio will be structured to meet cash flow requirements for ongoing operations; thereby, avoiding the need to sell securities on the open market prior to maturity.

At April 30, 2018, all the Authority's investments were in the First American Treasury Obligation Money Market Fund, which holds market instruments maturing in 397 days or less. The average maturity of the fund's investments, on a dollar-weighted basis, is 90 days or less. This money market fund also provides the Authority with the option of removing any or all its invested funds with one-day notice.

CREDIT RISK

There is also the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The statutes of the State of Georgia authorize the Authority to invest in U.S. Government obligations; U.S. Government agency obligations; State of Georgia obligations; obligations of counties, municipal corporations and political subdivisions of the State of Georgia, which are rated "A" or better by Moody's Investors Services, Inc.; negotiable certificates of deposits issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. Government or agency obligations and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

While the State statutes were drafted to minimize this type of risk, the terms of the revenue bond resolutions are even more restrictive. These covenants provide that funds in the Sinking Fund and the Renewal and Extension Fund may only be invested in securities that are direct and general obligations of the United States of America or are guaranteed by the United States of America, as to both principal and interest.

At April 30, 2018, all the investments of the Authority were in the First American Treasury Obligations Money Market Fund. This external investment pool complies with the Securities and Exchange Commission (SEC) regulations that apply to money market funds. The money market fund is rated Aaa, AAAM and AAA by Moody's, Standard & Poor's and Fitch, respectively. U.S. Treasuries carry the explicit guarantee of the U.S. government.

CONCENTRATION OF CREDIT RISK

In addition, there is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Given the relative safety of those investment instruments that CCWA can purchase, the policies of the Authority do not place



a limit on the amount that may be invested in any one issuer. At April 30, 2018, the Authority had all its investments in U.S. government securities, which are considered to have minimal risk because of the issuer.

BALANCES

The carrying amount of the investment balances, as of April 30, 2018, was maintained in U.S. Treasury money market funds. GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", allows governmental entities to report money market investments at amortized cost. Since these investments are purchased as institutional shares and are not evidenced by securities that exist in physical or book entry form, they are not classified by category of credit risk. The value of the pooled investment at its actual pooled share price, which approximates fair value, was \$39,435,098.

INVESTMENTS OF THE FIDUCIARY-TYPE ACTIVITIES

The investments of the Other Post-Employment Benefit Trust ("Trust") must be made in accordance with State of Georgia, Title 47, Chapter 20, Article 7 (47-20-83). Accordingly, the Trust's policy provides for investment in the following: (1) obligations of the United States and its agencies; (2) highly-rated obligations of any state of the United States or of any political subdivision, authority, or agency thereof; (3) corporations or obligations of corporations organized under the state or any other state or under the laws of Canada; (4) corporations or obligations of corporations organized in a foreign country provided that such investment is deemed investment-grade by the United States Securities and Exchange Commission (SEC) or (5) shares or other interest in custodial arrangements or pools maintained in highly-rated money market and mutual funds whose portfolios are limited to obligations or investments previously noted.

Investments	Fair Value as of 4/30/18	Average Credit Quality	Weighted Average Maturity (Yrs)
Cash Equivalents	\$ 194,000	-	-
Mutual Funds - Fixed Income	353,289	A	2.86
Mutual Funds - Fixed Income	764,305	BB	5.72
Mutual Funds - Fixed Income	701,913	BBB	10.42
Mutual Funds - Fixed Income	363,728	B	5.23
Mutual Funds - Fixed Income	752,776	AA	9.38
Mutual Funds - Fixed Income	818,123	BBB	10.82
Exchange Traded Index - Fixed Income	349,520	AA	2.80
Exchange Traded Index - Fixed Income	1,203,457	AA	8.40
Exchange Traded Index - Equity	392,472	-	-
Mutual Funds - Equities	6,167,376	-	-
Total Investments Measured at Fair Value	\$ 12,060,960		

INTEREST RATE RISK

When investing idle funds, there is the risk that changes in interest rates will adversely affect the fair value of that investment. The Trust has structured its investment portfolio to meet the longer-term objectives of funding future benefits by investing in liquid investments that provide for the potential for long-term appreciation. The Trust seeks to protect the principal and minimize interest rate risk by guiding the investment parameters or asset allocations. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Trust invests in mutual funds and exchange traded index funds. This practice mitigates most of the interest rate risk associated with these types of



investments because the Trust can terminate its investment within 24 to 48 hours without penalty. At April 30, 2018, \$11,866,960 was held in either a mutual or exchange index fund and therefore not exposed to interest rate risk.

The OPEB Trust Fund investment policy adopts the following asset mix to achieve the lowest level of risk for the plan: The overall target of allocation is split at 50 percent each Equity and Fixed Income, managed within 10 percent of the target range. The policy benchmark is 40 percent Russell 3000/10 percent MSCI ACWI ex US/50 percent Barclays Aggregate Index. As of April 30, 2018, the Fixed Income investments had an average effective duration of 4.44 years compared to the Barclays Aggregate Bond of 5.89 years. The weighted average yield to maturity of the Portfolio was 2.99 percent compared to the Barclays Aggregate of 2.58 percent.

FAIR VALUE MEASUREMENTS

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Authority has the following Trust investments recurring fair value measurements as of April 30, 2018. The exchange traded index funds and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

Investments	Cost	Fair Value Measurement Using			Fair Value	Allocation
		Level 1	Level 2	Level 3		
Exchange Traded Index - Equity	\$ 1,909,479	\$ 1,945,450	\$ -	\$ -	\$ 1,945,450	16.4%
Mutual Funds - Fixed Income	3,915,652	3,754,134	-	-	3,754,134	31.6%
Mutual Funds - Equity	4,947,430	6,167,376	-	-	6,167,376	52.0%
Total Investments	\$ 10,772,561	\$ 11,866,960	\$ -	\$ -	\$ 11,866,960	100.0%

CUSTODIAL CREDIT RISK

In the case of investments, there is a risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of an outside party. To protect the beneficiaries of the trust from this risk, the Authority has created a custodial relationship, regarding these monies, with the trust department of its principal depository. Under this trust arrangement, these monies are not subject to the general creditors of the bank. The Authority also mitigates this risk through portfolio diversification, target asset allocations and ongoing investment advisor and investment committee review.

CONCENTRATION OF CREDIT RISK

In addition, there is the risk of loss attributed to the magnitude of investment in a single issuer. The Board of Trustees has not adopted a policy of placing a limit on the amount that may be invested in any one issuer. At April 30, 2018, the Trust had all its investments in money market and mutual fund accounts, which represent diversified portfolios of what, are considered investment grade instruments with no account having more than 20% of the portfolio assets.



RATE OF RETURN

For the year ended April 30, 2018, the annual rate of return for the OPEB investment portfolio was 8.39 percent compared to the policy benchmark (40 percent Russell 3000/10 percent MSCI ACWI ex US/50 percent Barclays Aggregate Index) of 6.65 percent.

FOREIGN CURRENCY RISK

At April 30, 2018, investments with exposure to foreign currency risk totaled \$1,091,905, or 9.1 percent, of total Other Post Employment Benefit (OPEB) investments. These investments are through U.S. mutual fund invested in equities of foreign companies.

NOTE 4: ACCOUNTS RECEIVABLE

The Accounts Receivable balance represents amounts due from customers for water, sewer and stormwater services that have been provided by the Authority. It includes amounts for services that have been billed, prior to April 30, but not yet received and the estimated amount for water and sewer services that was provided between the last billing date and April 30. With water meters being read on a cyclical basis throughout the month, there is a normal lag time between when the water and sewer services are provided and when the customer is billed. With the monthly stormwater charges being included on the water and sewer bills to reduce administrative expenses, they are for stormwater services provided during the month of the billing regardless of the cycle within which they fall.

The components of the accounts receivable balances for April 30, 2018 are shown in the table that follows.

	Water and Sewer		Stormwater		Total
Outstanding Customer Billings	\$	6,072,406	\$	603,358	\$6,675,764
Estimated Unbilled Services Provided		9,129,063		-	9,129,063
Less: Allowance for Doubtful Accounts		(237,343)		(5,189)	(242,532)
Net Accounts Receivable	\$	14,964,126	\$	598,169	\$ 15,562,295

NOTE 5: INTERFUND TRANSFERS

During the fiscal year ended April 30, 2018, the Stormwater Fund transferred \$1,158,251 to the Water and Sewer Fund for its pro rata portion of certain administrative expenses paid directly by the Water and Sewer Fund. These reimbursed administrative costs, which are also considered necessary to the operations of the Stormwater Fund, include revenue billing and collections, financial reporting, information technology, human resources and management services.



NOTE 6: CAPITAL ASSETS

COMPOSITION AND VALUATION

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the fiscal year ended April 30, 2018.

WATER AND SEWER FUND

For the Water and Sewer Fund, the activity for each of the major classes of utility capital assets and accumulated depreciation for the fiscal year ended April 30, 2018, is shown in the table that follows. As indicated by the totals information found at the bottom of the table, net capital assets increased by \$ 8,169,328, or 1.7 percent, during the 2018 fiscal year.

Capital Assets by Major Class:	April 30, 2017	Increases	Transfers	Decreases	April 30, 2018
Capital Assets, Not Being Depreciated:					
Land and Easements	\$ 30,365,476	\$ 44,606	\$ -	\$ -	\$ 30,410,082
Construction in Progress	24,768,096	22,521,831	-	(14,804,890)	32,485,037
Total Capital Assets, Not Being Depreciated:	\$ 55,133,572	\$ 22,566,437	\$ -	\$ (14,804,890)	\$ 62,895,119
Capital Assets, Being Depreciated:					
Building and Structures	\$ 173,604,381	\$ 1,099,844	\$ (38,956)	\$ -	\$ 174,665,269
Operating and Maintenance Equipment	80,202,361	481,141	36,780	(1,046,378)	79,673,904
Field Equipment	58,129,006	2,185,142	(1,604)	(10,965,868)	49,346,676
Road Equipment	6,692,282	583,612	-	(333,131)	6,942,763
Piping	340,033,822	11,974,055	3,780	(557)	352,011,100
Technology and Office Equipment	13,726,203	1,698,506	-	(924,775)	14,499,934
Furniture and Fixtures	2,357,283	22,237	-	(29,570)	2,349,950
System Franchises and Engineering Studies	70,122,958	490,577	-	-	70,613,535
Total Capital Assets, Being Depreciated	\$ 744,868,296	\$ 18,535,114	\$ -	\$ (13,300,279)	\$ 750,103,131
Less: Accumulated Depreciation For:					
Building and Structures	\$ 73,749,353	\$ 4,596,061	\$ (16,555)	\$ -	\$ 78,328,859
Operating and Maintenance Equipment	33,238,912	2,330,595	33,229	(895,129)	34,707,607
Field Equipment	46,468,786	1,984,632	(18,280)	(10,959,692)	37,475,446
Road Equipment	5,218,962	576,218	-	(333,131)	5,462,049
Piping	108,534,712	5,273,742	1,606	(354)	113,809,706
Technology and Office Equipment	10,935,136	638,797	-	(722,638)	10,851,295
Furniture and Fixtures	2,044,033	46,754	-	(29,141)	2,061,646
System Franchises and Engineering Studies	29,502,473	2,320,340	-	-	31,822,813
Total Accumulated Depreciation	\$ 309,692,367	\$ 17,767,139	\$ -	\$ (12,940,085)	\$ 314,519,421
Total Capital Assets, Being Depreciated, Net	\$ 435,175,929	\$ 767,975	\$ -	\$ (360,194)	\$ 435,583,710
Capital Assets, Net	\$ 490,309,501	\$ 23,334,412	\$ -	\$ (15,165,084)	\$ 498,478,829



STORMWATER FUND

For the Stormwater Fund, the major classes of utility capital assets and accumulated depreciation at April 30, 2018 are shown in the table below. As indicated by the totals information found at the bottom of the table, net capital assets increased by \$1,726,515, or 3.8 percent, during the 2018 fiscal year.

Capital Assets by Major Class:	April 30, 2017	Increases	Transfers	Decreases	April 30, 2018
Capital Assets, Not Being Depreciated:					
Land and Easements	\$ 1,561,878	\$ 3,894	\$ -	\$ (930)	\$ 1,564,842
Construction in Progress	1,254,564	3,878,823	-	(3,692,721)	1,440,666
Total Capital Assets, Not Being Depreciated:	\$ 2,816,442	\$ 3,882,717	\$ -	\$ (3,693,651)	\$ 3,005,508
Capital Assets, Being Depreciated:					
Building and Structures	\$ 738,424	\$ -	\$ -	\$ -	\$ 738,424
Operating and Maintenance Equipment	136,335	-	-	-	136,335
Field Equipment	671,288	94,071	-	-	765,359
Road Equipment	969,589	390,021	-	-	1,359,610
Piping	129,068,561	4,215,262	-	-	133,283,823
Technology and Office Equipment	91,391	(20)	-	(3,063)	88,308
Furniture and Fixtures	64,897	-	-	(3,000)	61,897
System Franchises and Engineering Studies	166,933	40,741	-	-	207,674
Total Capital Assets, Being Depreciated	\$ 131,907,418	\$ 4,740,075	\$ -	\$ (6,063)	\$ 136,641,430
Less: Accumulated Depreciation For:					
Building and Structures	\$ 164,956	\$ 20,480	\$ -	\$ -	\$ 185,436
Operating and Maintenance Equipment	94,001	9,731	-	-	103,732
Field Equipment	631,932	25,957	-	-	657,889
Road Equipment	830,712	46,980	-	-	877,692
Piping	87,658,622	3,080,387	-	-	90,739,009
Technology and Office Equipment	69,159	5,603	-	(1,905)	72,857
Furniture and Fixtures	39,974	4,617	-	(1,525)	43,066
System Franchises and Engineering Studies	21,354	6,238	-	-	27,592
Total Accumulated Depreciation	\$ 89,510,710	\$ 3,199,993	\$ -	\$ (3,430)	\$ 92,707,273
Total Capital Assets, Being Depreciated, Net	\$ 42,396,708	\$ 1,540,082	\$ -	\$ (2,633)	\$ 43,934,157
Capital Assets, Net	\$ 45,213,150	\$ 5,422,799	\$ -	\$ (3,696,284)	\$ 46,939,665

CONSTRUCTION COMMITMENTS

Total construction commitments outstanding for construction in process as of April 30, 2018 were \$18,372,352. There will be sufficient funds available for completion of the construction in process and other planned projects because contracts are not approved by the Board of Directors and signed until the cash is in hand for the stated amount of each contract or project commitment.



NOTE 7: LONG-TERM OBLIGATIONS

LOANS PAYABLE

PURPOSE

The Georgia Environmental Finance Authority (GEFA) is a State of Georgia agency that offers low interest financing to other political subdivisions for their water and sewer capital needs. On October 3, 2002, the Authority entered into an agreement with GEFA to provide funding for the installation of backflow prevention devices on approximately 45,000 water meters.

Based on the actual reimbursable costs that were incurred on the backflow project, the final amount of the loan was \$4,244,307. The obligation has a simple interest rate of 3.0 percent and was closed at the end of the 2006 fiscal year. Beginning on June 1, 2006, the Authority began making the first of 238 monthly payments of \$23,611. The final payment, which will occur on April 1, 2026, will be \$24,219. At April 30, 2018, the outstanding principal balance was \$2,013,312.

On May 21, 2003, the Authority entered into a second agreement with GEFA to provide funding for the construction of wetlands at the Huie land application site. This constructed wetland project includes a flow distribution structure, approximately 13,500 feet of pipeline and the construction of a 55-acre wetlands wastewater treatment system, with inlet and outlet structures.

Based on the actual reimbursable costs that were incurred on the constructed wetlands project, the final amount of the loan was \$7,682,558. The debt obligation has a simple interest rate of 3.0 percent and was closed in January of 2006. Beginning on February 1, 2006, the Authority began making the first of 237 monthly payments of \$42,737. Due to a calculation error in the original amortization schedule, the payment amount was revised on February 1, 2007 to \$42,860. The final payment, which will occur on November 1, 2025, will be \$42,112. At April 30, 2018, the outstanding principal balance was \$3,483,775.

In January 2017, GEFA approved a \$25,000,000 Clean Water loan to fund a portion of the Authority's Large Sewer Outfall Replacement initiative. The interest rate on this loan is 0.65 percent. The loan was executed on June 29, 2017. Disbursements made during the FY 2018 totaled \$1,107,674 and make up the total outstanding principal balance of the loan on April 30, 2018. Interest only payments are made monthly on the outstanding principal balance during the construction phase.



LOANS OUTSTANDING

As of April 30, 2018, the Authority was obligated to make monthly payments of principal and interest on the two GEFA loans in repayment as follows:

For Fiscal Years Ending April 30,	Principal	Interest	Total Payments
2019	\$ 641,477	\$ 156,170	\$ 797,647
2020	660,722	136,925	797,647
2021	681,333	116,314	797,647
2022	701,808	95,839	797,647
2023	723,154	74,493	797,647
2024-2026	2,088,593	89,907	2,178,500
Total	\$ 5,497,087	\$ 669,648	\$ 6,166,735

A third GEFA loan is in the construction phase with an outstanding principal balance of \$1,107,674. Interest only payments are made monthly on the outstanding principal balance during the construction. Interest payments made on this loan for this fiscal year were \$362.

REVENUE BONDS

PURPOSE

As construction needs arise that cannot be paid for out of existing cash reserves, the Clayton County Water Authority issues revenue bonds to raise the necessary capital to fund those capital projects. With revenue bonds, the Authority pledges net revenues derived from the acquired asset to pay debt service. Net revenues include operating revenues, impact fees, and other income less operating expense, excluding depreciation. For the fiscal year ended April 30, 2018, net revenues totaled \$53,156,258 and debt service related to the revenue bonds totaled \$20,700,880. The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverage. Management believes the Authority is in compliance with all such significant financial limitations and restrictions.

BONDS OUTSTANDING

SERIES 2009 WATER AND SEWERAGE REFUNDING REVENUE BONDS

On December 30, 2009, the Authority issued \$17,785,000 in Series 2009 Water and Sewerage Revenue Refunding Bonds. Depending upon the specific year, the amount maturing ranges from \$0 to \$2,895,000 with the longest maturity for the issue being slightly more than nine years from the date of issuance. Interest rates for the various maturities in this series ranges from 3.00% to 4.00%. The final payment of \$2,895,000 on May 1, 2018, retires the series.

The Series 2009 Bonds were issued to refund the outstanding Series 2001 bonds. This transaction resulted in an economic gain of \$1,175,638 and a reduction of \$1,271,179 in future debt service payments for the Authority.



SERIES 2011 WATER AND SEWERAGE REFUNDING REVENUE BONDS

On October 11, 2011, the Authority issued \$13,190,000 in Series 2011 Water and Sewerage Revenue Refunding Bonds. Depending upon the specific year, the amount maturing ranges from \$0 to \$2,325,000 with the longest maturity for the issue being ten years from the date of issuance. Interest rates for the various maturities, in this series, ranges from 2.00% to 5.00%. After redeeming the \$2,155,000 in bonds that mature on May 1, 2018, there will remain a balance of \$4,565,000 outstanding on this series.

The Series 2011 Bonds were issued to refund all but a portion of the outstanding Series 2003 bonds and the issuance costs of the Series 2011 bonds. This transaction resulted in an economic gain of \$874,464 and a reduction of \$951,509 in future debt service payments for the Authority.

SERIES 2012 WATER AND SEWERAGE REFUNDING REVENUE BONDS

On March 1, 2012, the Authority issued \$56,235,000 in Series 2012 Water and Sewerage Revenue Refunding Bonds. Depending upon the specific year, the amount maturing ranges from \$0 to \$19,565,000 with the longest maturity for the issue being eleven years from the date of issuance. Interest rates for the various maturities in this series ranges from 3.00% to 5.00%. The first maturity is not due until May 1, 2021.

The Series 2012 Bonds were issued to refund all but a portion of the outstanding Series 2005 bonds. This transaction resulted in an economic gain of \$5,984,084 and a reduction of \$7,064,532 in future debt service payments for the Authority.

SERIES 2013 WATER AND SEWERAGE REFUNDING REVENUE BONDS

On June 4, 2013, the Authority issued \$64,910,000 in Series 2013A and 2013B Water and Sewerage Revenue Refunding Bonds. Depending upon the specific year, the amount maturing ranges from \$0 to \$15,020,000 with the longest maturity for the issue being seven years from the date of issuance. Interest rates for the various maturities in this series ranges from .40% to 5.00%. After redeeming the \$10,945,000 in bonds that mature on May 1, 2018, there will remain a balance of \$28,600,000 outstanding on this series.

The Series 2013A and 2013B Bonds were issued for the advance refunding all but the current portion of the outstanding Series 2003 and 2004 bonds. This transaction resulted in an economic gain of \$7,608,149 and a reduction of \$8,050,635 in the future debt service payments for the Authority.

BOND PRINCIPAL AND INTEREST PAYMENT SCHEDULE

As of April 30, 2018, the Authority was obligated to make payments of principal, due on May 1, and interest due on May 1 and November 1, for various revenue bond issues as follows:

For Fiscal Years Ending April 30,	Principal	Interest	Total Payments
2019	\$ 15,995,000	\$ 4,004,092	\$ 19,999,092
2020	17,260,000	3,592,465	20,852,465
2021	15,905,000	2,977,075	18,882,075
2022	17,965,000	2,209,975	20,174,975
2023	18,705,000	1,409,375	20,114,375
2024	19,565,000	489,125	20,054,125
Total	\$ 105,395,000	\$ 14,682,107	\$ 120,077,107



The long-term portion of revenue bonds outstanding at April 30, 2018 is as follows:

Total Bonds Outstanding	\$	105,395,000	
Less: Current Portion		<u>(15,995,000)</u>	\$ 89,400,000
Adjustments:			
Unamortized Bond Premium			<u>6,954,932</u>
Net Long-Term Portion of Revenue Bonds Outstanding	\$		<u>96,354,932</u>

DEBT SERVICE RESERVE

The various bond indentures contain limitations and restrictions on annual debt service requirements, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage of 120 percent of annual debt service. Management believes the Authority is in compliance with such financial limitations and restrictions. The available reserve at April 30, 2018 is:

Restricted Debt Service Assets	\$	39,435,098
Less: Principal and Interest Due May		<u>(18,093,978)</u>
Available Reserve, April 30, 2018	\$	<u>21,341,120</u>

ARBITRAGE LIABILITY

At April 30, 2018, the Authority has revenue bonds outstanding, which are subject to arbitrage limitations. The term “*arbitrage rebate*” refers to the required payment to the U. S. Treasury Department of excess earnings received on applicable tax-exempt bond proceeds that are invested at a higher yield than the yield of the tax-exempt bond issue. The Authority’s ultimate rebate of arbitrage earnings on these issues is contingent on various factors, including future yields on invested proceeds.

Based on the interim calculations that were performed as of April 30, 2018, the Authority has no arbitrage rebate liability. The rebate obligations are generally computed and adjusted, as applicable, on a periodic basis in accordance with regulations promulgated by the U. S. Treasury Department. Required rebates are generally due and payable in five-year intervals during the life of debt issues, with rebates due upon the retirement of the debt issues.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended April 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Portion of Ending Balance Due Within One Year
Revenue Bonds Payable	\$ 121,090,000	\$ -	\$ 15,695,000	\$ 105,395,000	\$ 15,995,000
Amounts for Issuance Premiums	8,927,798	-	1,972,866	6,954,932	-
Total Bonds Payable	\$ 130,017,798	\$ -	\$ 17,667,866	\$ 112,349,932	\$ 15,995,000
Loans Payable	\$ 6,119,630	\$ 1,107,673	\$ 622,542	\$ 6,604,761	\$ 641,477
Compensated Absences	1,716,609	1,083,617	1,049,317	1,750,909	1,049,317
Net Pension Liability	35,781,953	-	2,075,395	33,706,558	-
Total Long-term Liabilities	\$ 173,635,990	\$ 2,191,290	\$ 21,415,120	\$ 154,412,160	\$ 17,685,794



NOTE 8: 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 risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage from coverage in the prior year.

NOTE 9: SELF-INSURANCE

WORKERS' COMPENSATION

The Authority is self-insured for the comprehensive and collision protections on its vehicles and for its workers' compensation losses. For workers' compensation losses greater than \$350,000, the Authority has purchased reinsurance. As of April 30, 2018, there were no known losses for which an accrual was considered necessary and no estimated claims that have been incurred but not reported.

MEDICAL INSURANCE

On May 1, 2015, the Authority established a fund to provide resources for the payment of employee medical and dental claims. The Authority pays 100 percent of an employee's medical and dental insurance premiums and 60 percent of their dependent's premiums. Tobacco users pay a surcharge to cover their additional costs. Blue Cross and Blue Shield of Georgia serves as our third-party administrator.

The employee's portion of the medical and dental costs is withheld from the employee and transferred to the medical insurance fund each period. The Clayton County Water Authority self-funded medical plan has an unlimited lifetime maximum per participant.

Specific medical and prescription drug claims in the Authority's medical plan exceeding \$100,000 per policy year are covered through a private insurance carrier. A liability of \$568,208 for the estimated cost of claims, including adjustment costs, incurred prior to, but paid after, April 30, 2018 has been accrued and is included in the Statement of Net Position.

At April 30, 2018, claims paid were \$943,234 more than premiums collected. This includes the amount of \$568,208 in estimated claims that were accrued.

	2018	2017
Incurred claims	\$ 5,041,677	\$ 4,537,527
Claim payments	(4,473,469)	(4,235,230)
Unpaid claims at April 30,	<u>\$ 568,208</u>	<u>\$ 302,297</u>

NOTE 10: CONTINGENCIES

The Authority is a defendant in four lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Authority's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Authority.



NOTE 11: OTHER POSTEMPLOYMENT BENEFITS

PLAN DESCRIPTION

As authorized by the Authority's Board of Directors, the Clayton County Water Authority administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The Clayton County Water Authority Other Postemployment Benefits Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for pre-funding other postemployment health benefits and is reported in accordance with GASB Statement 45. The assets of the Trust are used exclusively for OPEB expenses based on the Trust agreement.

Employees are eligible for the health care plan when they retire if they are immediately eligible to draw a monthly benefit from the pension plan. Up through the age of 64, the plan provides healthcare insurance for eligible retirees through the Authority's group health insurance plan, which covers both active and retired members. Retirees can purchase coverage for their spouses at the group plan rate. At age 65, Medicare-eligible retirees may enroll in a fully insured Medicare Supplemental Plan C. Currently, 147 retirees, beneficiaries, and dependents are receiving group health benefits under the plan. No other separate post-employment benefit financial reports are issued by this sole employer plan.

Benefit provisions are established by the Board of Directors through the passage of a resolution. The Retiree Health Plan is shown as a fiduciary fund in this financial report.

MEMBERSHIP

The following schedule derived from the most recent actuarial valuation report reflects membership in the OPEB Plan as of January 1, 2017.

Membership Status as of January 1, 2017	Count
Inactive plan members or beneficiaries currently receiving benefits	153
Inactive plan members entitled to but not receiving benefits	0
Active Plan Members	360
Total	513

PLAN ACCOUNTING POLICIES

The Authority accounts for the OPEB Trust Fiduciary Fund on an accrual basis. Contributions from the Authority are recognized when due, pursuant to formal commitments, and on statutory or contractual requirements. Investment income is recognized by the plan when earned. All investments are valued at fair value.

Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Contributions are recognized when paid or legally due to the Trust.

FUNDING POLICY

The contribution requirements of plan members and the Authority are established and may be amended by the Board of Directors. The other postemployment benefits that are due to retirees, during the fiscal year, are funded and expensed on a pay-as-you-go basis from the appropriate utility fund.



During the fiscal year ended April 30, 2009, the Board of Directors chose to contribute \$5,240,690 in cash to the Retiree Health Insurance Trust Fund. This contribution represented monies that had previously been designated in the Water and Sewer Fund for paying retiree health insurance premiums in future periods. During the fiscal year ended April 30, 2013 and 2014, the Board of Directors approved contributions of \$1,000,000 and \$1,140,000, respectively for the same purpose. During the fiscal years ended April 30, 2018, 2017, 2016 and 2015, no additional contribution was made more than expenses paid.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined, in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

PLAN DISCLOSURES

Effective May 1, 2017, the Authority implemented the provisions of new GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, which significantly changed the disclosures required related to OPEB plans. The information disclosed below is presented in accordance with this new standard.

The same actuarial assumptions, methods, participant data and plan provisions used in the January 1, 2017 Actuarial Valuation of Postretirement Health and Life Insurance Benefits with the following exceptions: 1) This discount rate used was increased from 5.09% to 5.11%. 2) The actuarial cost method used was changed from projected unit credit to entry age normal. 3) The measurement date of April 30, 2018 for roll-forward valuation, valuation date of January 1, 2017 did not change, and no gains or losses were assumed.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount contributed to the plan, the amount of expenses paid directly by the two enterprise funds and changes in the Authority's net OPEB obligation to the Retiree Health Plan.

Annual Required Contribution (ARC)	\$ 2,019,000
Interest on Prior Years' Net OPEB Obligation	104,000
Adjustments to Annual Required Contribution	<u>450,303</u>
Annual OPEB Cost	\$ 2,573,303
Less:	
Contributions Made to Plan During Fiscal Year	-
Expenses Paid Directly by Business-Type Activities	<u>886,728</u>
Increase (Decrease) in Net OPEB Obligation	\$ 1,686,575
Net OPEB Obligation (Asset) - Beginning of Fiscal Year	<u>2,028,000</u>
Net OPEB Obligation (Asset) - End of Fiscal Year	<u><u>\$ 3,714,575</u></u>

The Authority's annual OPEB cost, the percentage of annual cost contributed to the plan and the net OPEB obligation for the fiscal years ended April 30, 2009 through April 30, 2018 are shown in the following table. FYE 2009 was the Authority's initial year of implementation for GASB Statement No. 45.



For Fiscal Years Ending,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
4/30/2009	\$ 1,842,000	316.07%	\$ (3,979,690)
4/30/2010	1,842,000	37.62%	(2,818,690)
4/30/2011	1,945,000	53.32%	(1,943,000)
4/30/2012	1,952,000	62.30%	(1,207,000)
4/30/2013	1,910,000	96.28%	(1,136,000)
4/30/2014	1,892,000	104.59%	(1,223,000)
4/30/2015	1,933,000	46.04%	(180,000)
4/30/2016	1,940,000	45.88%	870,000
4/30/2017	2,025,000	42.81%	2,028,000
4/30/2018	2,573,303	33.68%	3,714,575

FUNDING STATUS AND FUNDING PROGRESS

As of January 1, 2017, the most recent actuarial valuation date, the plan was 40.13 percent funded. The actuarial accrued liability for benefits was \$26,532,000, and the fair market value of assets held in the trust was \$10,646,000 resulting in an unfunded actuarial accrued liability (UAAL) of \$15,886,000. The covered payroll, the annual payroll of active employees covered by the plan, was \$19,191,000 and the ratio of the UAAL to the covered payroll was 82.78 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include: assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. The [Schedule of Funding Progress](#), presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Management has chosen to have the actuarial study performed every other year because of its cost. Because of this, the Schedule of Funding Progress shows five years of data beginning in FY 2009, the Authority's initial year of implementation of GASB 45.

The investment return assumption, discount rate, is to be selected as the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. If the excess of the Annual Required Contribution over the current year's cost is set aside annually in a trust or other fund to pay future benefits, the discount rate represents the long-term rate of return expected to be earned on fund assets. If, however benefits continue to be funded on a pay-as-you-go basis, the discount rate should reflect the return on the unrestricted general funds of the employer.



SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

NET OPEB LIABILITY

The components of the net OPEB liability at April 30, 2018 were:

	4/30/2018
Total OPEB Liability	\$ 34,201,173
Plan Fiduciary Net Position	12,060,960
Net OPEB Liability	\$ 22,140,213
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	35.26%

The required schedule of changes in net OPEB liability and related ratios follows the notes to the financial statements in the section Required Supplemental Information. This information presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total OPEB liability.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The methods and assumptions used are found in the table that follows.

Actuarial Methods and Assumptions	
Valuation Date	January 1, 2017 Measurement Date of April 30, 2018 for roll-forward valuation, valuation date of January 1, 2017 did not change (<i>no gains or losses assumed</i>)
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value as of April 30, 2018
Remaining Amortization Period	30 Years; new 30-yr basis is established each valuation for the difference between UAAL and amount expected to remain unfunded
Amortization Method	30-year level percentage of payroll assuming total annual payroll growth of 3.0%, closed basis, subject to an overall minimum of 30-year level percentage of payroll amortization on the entire UAAL. A new 30-year basis is established each valuation for the difference between the Unfunded Actuarial Accrued Liability as of the valuation date, and the amount that would be expected to remain unfunded based on the expected schedule developed at establishment of each amortization base. This method results in prior contribution deficiencies to be treated as part of a new base and therefore amortized over 30 years. The adjustment to the ARC component of the annual OPEB Cost uses the current valuation's 30-year, end of year amortization factor, consistent with GASB Technical Bulletin 2008-1 - Determining the annual Required Contribution Adjustment for Postemployment Benefits.
Actuarial Assumptions:	
Discount Rate/Investment Rate	5.11%
Salary Scale	Consistent with the Retirement System valuation, 2% for four years, 3% for the next 5 years, and 4% after.
Health Cost Trend Rate:	
Non-Medicare	7.0% for 2017 decreasing by 0.5% per year to an ultimate rate of 5.0% by 2021
Medicare	5.0% per year
Year in which ultimate rate reached	Non-Medicare HMO/POS: 2021; Medicare Supplement: N/A
Administrative Costs:	
Non-Medicare	Included as separate cost, assumed 0% trend for 2017 and 2018 and 3% thereafter
Medicare	Assumed to be included in the premiums
Life Insurance	5% administrative load



Sensitivity of the net OPEB liability to changes in the discount rate: The following table presents the Authority’s net OPEB liability calculated using the discount rate of 5.11%, as well as what the Authority’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 4.11%, or one percentage point higher, 6.11%, than the current rate:

	1% Decrease 4.11%	Current Discount Rate 5.11%	1% Increase 6.11%
Net OPEB Liability	\$ 28,808,191	\$ 22,140,213	\$ 16,913,258

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate: The following table presents the Authority’s net OPEB liability calculated using the current trend rate as well as what the Authority’s net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower and one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 17,215,951	\$ 22,140,213	\$ 28,513,520

SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2018
Actuarially determined contribution	\$ 2,019,000
Contributions related to the actuarially determined contribution	886,728
Contribution deficiency (excess)	\$ 1,132,272
Covered-employee payroll	\$ 19,191,102
Contribution as a percent of payroll	4.62%

Note to the Schedule: The schedule will present 10 years of information once it is accumulated.

NOTE 12: PUBLIC EMPLOYEE RETIREMENT SYSTEM (PERS)

PLAN DESCRIPTION

As authorized by the Authority’s Board of Directors, the Clayton County Water Authority participates in the Clayton County, Georgia Public Employee Retirement System (“the plan”, “PERS”). The Clayton County Public Employee Retirement System (the Plan) is a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by a five-person Board of Trustees that consists of four members who are in the following roles: 1) the Chief Financial Officer for Clayton County; 2) the Human Resources Director of the County; 3) the Chairperson of the Clayton County Commissioners, or designee; and 4) the Chairperson of the Board of Directors for the Authority, or designee. The fifth person on the board is a member-at-large and is selected by the four other members of the board of trustees. The Plan is funded by participants and the plan sponsors (Clayton County and the Clayton County Water Authority). Clayton County has a June 30 fiscal year-end and the Clayton County Water Authority has an April 30 fiscal year-end. This Board has the authority to establish and amend benefit provisions.

The Plan is funded in conformity with the minimum funding standards in Section 47-20-10 of the Public Retirement Systems standard law. Participants in the Plan consist of the Clayton County Board of Commissioners and the Clayton County Water Authority. In addition, the Plan is part of the County’s financial reporting entity and is therefore included in the County’s financial statements as a Pension Trust Fund. The Clayton County PERS issues a publicly available



financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Clayton County Staff Attorney, 112 Smith Street, Jonesboro, Georgia 30236.

Plan Membership as of June 30, 2017	Number of Participants
Inactive plan members or beneficiaries currently receiving	1,289
Inactive plan members entitled to but not yet receiving	287
Active plan members	2,422
Total	3,998

BENEFITS PROVIDED

Under the Plan, a member may retire and receive normal retirement benefits at the earlier of age 60 and 7 years of participation or age 55 and 25 years of credited service for any employee hired prior to January 1, 2016. For employees hired on, or after January 1, 2016, a member may retire and received normal retirement benefits at age 62 with 10 years of credited service or age 60 with 35 years of credited service. For employees hired before January 1, 2016 early retirement is available at the earlier of age 50 and 25 years of credited service or age 55 and 15 years of credited service. For employees hired on or after January 1, 2016 early retirement is available at age 60 with 15 years of service or age 55 with 25 years of service. Additionally, the Plan has provisions for disability retirement, late retirement, and deferred vested benefits.

Normal retirement benefits paid to members equal 2.5 percent of the member's average monthly salary multiplied by years of credited service up to 32 years. For members hired after January 1, 2016, the multiplier is 2 percent. Average monthly compensation is based on the 36 highest consecutive completed whole or partial months of service during the last 60 months of service. For members hired on or after January 1, 2016 average monthly compensation is based on the highest 60 months of service during the last 120 months. For early retirement, if a member has 25 years of credited service, the benefit is reduced 0.5 percent for each month the member's age is less than 55. If the participant has less than 25 years of credited service, the benefit is reduced 0.5 percent for each month the member's age is less than 60.

CONTRIBUTIONS

Each participant will contribute 7.5 percent of compensation beginning July 1, 2015. The contribution rate from July 1, 2006 through June 30, 2015 was 5.5 percent of compensation. The contribution rate from August 8, 1998 through June 30, 2006 was 3.5 percent of compensation and for July 1, 1995 through August 7, 1998 was 2.0 percent of compensation. If a participant terminates employment before meeting the requirements for any of the above benefits, they are entitled to receive a return of their contributions with 5 percent interest.

Employers are required to contribute at an actuarially determined rate. Based on the present valuation, a normal contribution rate of 11.62 percent of active participants' compensation is payable leaving a balance of 4.12 percent to be paid by the employers. In the previous valuation, the normal contribution rate was 11.87 percent of active participants' compensation, leaving a balance of 4.37 percent to be paid by employers.

The employers also contribute toward the liquidation of the unfunded accrued liability. The 9.78 percent additional contribution made by the employers will liquidate the unfunded accrued liability within 30 years. This compares to a



9.53 percent additional contribution in the prior year valuation to liquidate the unfunded accrued liability within 30 years. This assumes the funds to liquidate the unfunded liability increase 3.00 percent each year.

For the year ended June 30, 2017, total contributions to the Plan by the Authority were \$2,940,655 and by members were \$1,474,062.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the members provide services. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are financed through investment earnings.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

GASB 68 IMPLEMENTATION

Effective May 1, 2015, Clayton County along with the Clayton County Water Authority, implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the Authority’s accounting treatment of pensions. The information that follows is presented in accordance with these new standards.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At April 30, 2018, the Authority reported a liability for its proportionate share of the net pension liability in the amount of \$33,706,558. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. The Authority’s proportionate share of the net pension liability was based on a five-year average of actual contributions made by the Authority as of June 30, 2017. At June 30, 2017, the Authority’s proportionate share was 15.97 percent; an increase of 0.46 percent from its allocation measured as of June 30, 2016.

For the year ended April 30, 2018, the Authority recognized pension expense of \$1,307,579. At April 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,960,164	\$ -
Changes of assumptions	1,469,366	10,819,771
Net difference between projected and actual earnings on pension plan investments	4,534,266	-
Changes in proportion	884,359	-
Contributions made subsequent to the measurement date *	2,062,235	-
Total	\$10,910,390	\$10,819,771



Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended April 30,</i>	
2018	\$ (615,003)
2019	(615,003)
2020	(1,198,801)
2021	(2,899,035)
2022	(157,844)
Total	\$ (5,485,686)

Contributions made subsequent to the measurement date of June 30, 2017 will be recognized as a reduction in the net pension liability in the year ended April 30, 2019.

ACTUARIAL ASSUMPTIONS

The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Assumptions	
Inflation	3.00%
Salary Increases	2.00% per annum for 3 years, 3.00% per annum for the following 5 years, and 4.00% per annum thereafter
Investment Rate of Return	8.00%

Mortality rates: For healthy annuitants, mortality rates are based on the RP-2014 blue-collar base rates with a load of 7.75% with fully generational mortality improvements based on the Modified Buck MP-2014 projection scale. For healthy non-annuitants, mortality rates are based on the RP-2014 blue-collar base rates with fully generational mortality improvements based on the Modified Buck MP-2014 projection scale. For disabled participants, mortality is based on the RP-2014 projection scale.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building block method, which best—estimate ranges of expected future real rates of return 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 rates of return by the target asset allocation percentages. Estimates for the expected rates of return for each asset class have been derived through a combination of measuring historical average rates of return and applying capital market assumptions for future expected rates of return for each asset class as provided by our investment consultants. These rates of return estimates for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are; Domestic Equities 17.47%, International Equities 22.73%, Fixed Income 4.1%, and Money Market 0.72%.

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate is based on a projection of the plan's current membership based on actuarial assumptions. Contributions are assumed to be made in accordance with County ordinance with additional contributions being made, if necessary, to meet the minimum funding statutes under Georgia state law. Contributions expected to be made by future new members are included to the extent contributions under Clayton County's



ordinance are expected to exceed the normal cost for new members. Based on these assumptions, the pension plan’s fiduciary net position was projected to be sufficient to cover future benefit payments for current members. Therefore, the long term expected rate of return of 8.0% on pension plan investments was applied to all projected benefit payments.

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate: The following table presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 7.00%, or one percentage point higher, 9.00%, than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability	\$ 45,717,805	\$ 33,706,558	\$ 23,675,552

Pension plan fiduciary net position: Detailed information about the Plan’s fiduciary net position is available in the separately issued Clayton county Public Employees Retirement System financial report, which can be obtained at the offices of the Clayton County Board of Commissioners.



V. REQUIRED SUPPLEMENTARY INFORMATION



2018

Required Supplementary Information





OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN- SCHEDULE OF FUNDING PROGRESS

Clayton County Water Authority
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded Actuarial Accrued Liability (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	Percentage of Covered Payroll ((B - A) / C)
1/1/2009	\$0	\$18,208,000	\$18,208,000	0.00%	\$15,770,000	115.46%
1/1/2011	5,347,000	21,984,000	16,637,000	24.32%	16,678,000	99.75%
1/1/2013	6,227,000	20,743,000	14,516,000	30.02%	16,834,000	86.23%
1/1/2015	10,100,000	25,707,000	15,607,000	39.29%	17,065,000	91.46%
1/1/2017	10,646,000	26,532,000	15,886,000	40.13%	19,191,000	82.78%

Note to the Schedule: CCWA has an actuarial analysis performed every two years.

OPEB LIABILITY SCHEDULE

	4/30/2018
Total OPEB Liability	
Service cost	\$ 998,561
Interest	1,683,533
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(108,791)
Net benefit payments (<i>expected payments used</i>)	(886,728)
Net change in total OPEB liability	\$ 1,686,575
Total OPEB liability - beginning	32,514,598
Total OPEB liability - ending (a)	\$ 34,201,173
Plan Fiduciary Net Position	
Employer contributions	\$ 886,728
Contributions - active members	-
Net investment income	935,979
Benefit payments (<i>expected payments used</i>)	(886,728)
Administrative expenses	(51,775)
Other	-
Net change in plan fiduciary net position	\$ 884,204
Plan fiduciary net position - beginning	11,176,755
Plan fiduciary net position - ending (b)	12,060,960
Client's net OPEB liability - ending (a) - (b)	\$ 22,140,213
Plan fiduciary net position as a percentage of the total OPEB liability	35.26%
Covered-employee payroll	\$ 19,191,102
Net OPEB liability as a percentage of covered-employee payroll	115.37%



SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

	2017	2016	2015
Authority's proportion of the net pension liability	15.97%	15.51%	15.25%
Authority's proportionate share of the net pension liability	\$33,706,558	\$35,781,953	\$40,945,632
Authority's covered payroll during the measurement period	\$20,072,613	\$19,663,781	\$19,026,582
Authority's proportionate share of the net pension liability as a % of its covered payroll	167.92%	181.97%	215.20%
Plan fiduciary net position as a percentage of the total pension liability	66.19%	61.87%	59.09%

Note to the Schedule: The schedule will present 10 years of information once it is accumulated.

SCHEDULE OF CONTRIBUTIONS

	2017	2016	2015
Contractually required contribution	\$2,842,162	\$2,935,466	\$2,286,727
Contributions in relation to the contractually required contribution	\$2,940,655	\$2,756,799	\$2,700,229
Contribution deficiency (excess)	\$0	\$0	\$0
Authority's covered payroll	\$20,072,613	\$19,663,781	\$19,026,582
Contributions as a percentage of covered payroll	14.65%	14.02%	14.19%

Note to the Schedule: The schedule will present 10 years of information once it is accumulated.

Notes to the Schedule of Contributions:

Valuation Date: Actuarially determined contributions are calculated, as of the beginning of the fiscal year, in which contributions are made. The actuarially determined contribution is based on the July 1, 2017 Actuarial Valuation.

Changes of assumptions used to determine the actuarially determined contribution: Effective July 1, 2015, the mortality table for healthy participants was changed to the RP-2014 blue-collar base rates with a load of 7.75% with fully generational mortality improvements based on the Modified Buck MP 2014 projection scale. For non-annuitants, the mortality table was changed to RP2014 blue-collar base rated with fully generation mortality improvements based on the Modified Buck MP 2014 projection scale. The mortality table for disabled participants was changed to RP2014 disabled base rates with Modified Buck MP 2014 projection scale. The assumption for Future Administration expenses was changed to 0.325% of payroll.

Methods and Assumptions used to determine the actuarially determined contribution:

Actuarial Methods and Assumptions	
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	Level Percent of Payroll; Open
Amortization Period	30 Years
Asset Valuation Method	Actuarial value as specified in the Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year July 1, 2016 – June 30, 2017
Administrative Expenses	0.325% of Payroll
Inflation	3.00% per annum
Salary Increases	2% for 4 years, 3% for the next 5 years, and 4% thereafter for all employees
Investment Rate of Return	8.00%, net of pension plan investment expenses
Retirement and Termination rate	As specified in the Actuarial Valuation Report for Clayton County, Georgia Public Employee Retirement System for the plan year July 1, 2016 – June 30, 2017
Mortality	See "Changes of Assumptions used to Determine the Actuarially Determined Contribution" in section above.



VI. SUPPLEMENTARY INFORMATION



2018

Supplementary Information





SCHEDULE OF OPERATING REVENUES

Clayton County Water Authority
Schedule of Operating Revenues
Proprietary Funds
For the Fiscal Year Ended April 30, 2018

	Water and Sewer	Stormwater	Total
Sale Of Water:			
Residential	\$ 16,325,691	\$ -	\$ 16,325,691
Commercial	5,117,509	-	5,117,509
Multi-Family	8,811,570	-	8,811,570
Industrial	2,857,067	-	2,857,067
Institutional	1,554,586	-	1,554,586
City and County	1,355,976	-	1,355,976
Other Customer Classes	4,327,165	-	4,327,165
Backflow	734,861	-	734,861
Base Charges	10,554,355	-	10,554,355
Total Sale of Water	\$ 51,638,780	\$ -	\$ 51,638,780
Sewer Service:			
Residential	\$ 13,046,366	\$ -	\$ 13,046,366
Commercial	4,491,787	-	4,491,787
Multi-Family	9,283,219	-	9,283,219
Industrial	2,225,496	-	2,225,496
Institutional	1,192,540	-	1,192,540
City and County	457,678	-	457,678
Other Customer Classes	4,087,360	-	4,087,360
Base Charges	9,532,510	-	9,532,510
Total Sewer Service	\$ 44,316,956	\$ -	\$ 44,316,956
Stormwater Fees:			
Residential	\$ -	\$ 3,357,483	\$ 3,357,483
Governmental	-	1,264,415	1,264,415
Institutional	-	531,950	531,950
Non-Residential	-	4,715,437	4,715,437
Total Stormwater Fees	\$ -	\$ 9,869,285	\$ 9,869,285
Tapping Fees:			
Water	\$ 1,298,521	\$ -	\$ 1,298,521
Sewer	10,075	-	10,075
Total Tapping Fees	\$ 1,308,596	\$ -	\$ 1,308,596
Penalties and Reconnect Charges:			
Penalties and Late Fees	\$ 2,471,084	\$ 166,679	\$ 2,637,763
First Time Service Fee	386,790	-	386,790
Bad Check and Other Charges	60,630	320	60,950
Reconnect Charges	1,083,245	-	1,083,245
Total Penalties and Reconnect Charges	\$ 4,001,749	\$ 166,999	\$ 4,168,748
Sales of Pellets, Timber and Materials:			
Pellets	\$ 14,211	\$ -	\$ 14,211
Timber	1,492,637	-	1,492,637
Other Materials	12,265	4,197	16,462
Total Sales of Pellets, Timber and Materials	\$ 1,519,113	\$ 4,197	\$ 1,523,310
Other Operating Revenues:			
Reimbursement for Damages to System	\$ 196,307	\$ -	\$ 196,307
Rental Income	202,496	-	202,496
Sewer Monitoring Fees	8,632	-	8,632
Miscellaneous Revenues	251,700	-	251,700
Total Other Operating Revenues	\$ 659,135	\$ -	\$ 659,135
Total Operating Revenues	\$ 103,444,329	\$ 10,040,481	\$ 113,484,810



SCHEDULE OF OPERATING EXPENSES – DIRECT WATER OPERATING EXPENSES

Business-Type Activities
Water and Sewer Fund
Schedule Of Operating Expenses By Business Unit
Direct Water Operating Expenses
For Fiscal Year Ended April 30, 2018

Operating Expense	Water Production Manager	Water Production Oper/Maint	William J. Hooper Water Plant	Morrow Pumping Station	Noah's Ark Pumping Station	Elevated Tanks	J.W. Smith Water Plant
Salaries, Wages and Benefits	\$ 212,340	\$ 141,399	\$ 774,424	\$ -	\$ -	\$ -	\$ 503,299
Operating Materials and Supplies	869,052	2,624	666,197	18,467	623	196	300,601
Vehicle Supplies	520	2,011	706	577	2,375	-	267
Administrative Supplies	395	323	2,931	37	37	-	1,935
Utilities	778	1,440	1,166,631	230,134	506,165	12,809	958,445
Maintenance and Repairs	117	306	69,268	4,516	6,367	94	52,573
Outside Services	1,844	130	305,591	6,118	2,950	13,444	64,841
Rentals	-	-	1,352	-	-	-	-
Accounting Charges	-	-	-	-	-	-	-
General Expenses	101,378	3,780	25,983	1,035	2,826	3,299	14,858
Expenses Capitalized	-	-	-	-	-	-	-
Grand Total	\$ 1,186,424	\$ 152,013	\$ 3,013,083	\$ 260,884	\$ 521,343	\$ 29,842	\$ 1,896,819

Operating Expense	Blalock Jr. Reservoir and Dam	Jonesboro Pumping Station	Forest Park Pumping Station	Shoal Creek Reservoir	Hicks Water Production Complex	Well Program	Water Quality Laboratory
Salaries, Wages and Benefits	\$ -	\$ -	\$ -	\$ -	\$ 651,614	\$ -	\$ 186,894
Operating Materials and Supplies	-	1,307	-	43	209,613	89	54,857
Vehicle Supplies	-	-	-	-	2,385	-	1,936
Administrative Supplies	-	110	-	-	8,675	-	898
Utilities	-	217,009	11,525	-	452,852	3,940	977
Maintenance and Repairs	169	5,175	355	771	78,174	198	543
Outside Services	7,950	25,120	1,126	7,916	189,472	50	46,614
Rentals	-	-	-	2	-	-	2,727
Accounting Charges	-	-	-	-	-	-	-
General Expenses	32	1,375	440	1,796	23,700	297	13,284
Expenses Capitalized	-	-	-	-	(45)	-	-
Grand Total	\$ 8,151	\$ 250,096	\$ 13,446	\$ 10,528	\$ 1,616,440	\$ 4,574	\$ 308,730

Operating Expense	Meter Installation	Water Distribution Maintenance	Meter Testing and Repair	Leak Detection and Repair	Backflow Testing and Repair	Total Direct Water
Salaries, Wages and Benefits	\$ 183,734	\$ 1,897,276	\$ 424,913	\$ 126,084	\$ 276,267	\$ 5,378,244
Operating Materials and Supplies	557,308	431,482	50,068	1,412	25,365	3,189,304
Vehicle Supplies	5,644	72,541	5,776	158	8,638	103,534
Administrative Supplies	2,300	16,029	1,595	126	2,480	37,871
Utilities	1,508	27,634	5,039	2,806	4,857	3,604,549
Maintenance and Repairs	2,720	39,892	443	121	5,175	266,977
Outside Services	155,466	515,798	1,062	25,122	2,739	1,373,353
Rentals	707	-	1,162	-	-	5,950
Accounting Charges	-	-	-	-	-	-
General Expenses	1,858	27,611	6,046	606	10,501	240,705
Expenses Capitalized	(911,245)	(82,259)	-	-	-	(993,549)
Grand Total	\$ -	\$ 2,946,004	\$ 496,104	\$ 156,435	\$ 336,022	\$ 13,206,938


SCHEDULE OF OPERATING EXPENSES – DIRECT WASTEWATER OPERATING EXPENSES

Business-Type Activities
Water and Sewer Fund
Schedule Of Operating Expenses By Business Unit
Direct Wastewater Operating Expenses
For Fiscal Year Ended April 30, 2018

Operating Expense	Water		Northeast Water		Shoal Creek	
	Reclamation Manager	W.B. Casey WRRF	Reclamation Facility	Northeast Solids Handling	Water Reclamation Facility	Shoal Creek Solids Handling
Salaries, Wages and Benefits	\$ 205,842	\$ 809,520	\$ 803,394	\$ 64,144	\$ 638,645	\$ 101,295
Operating Materials and Supplies	889	281,255	161,754	94,000	31,739	42,880
Vehicle Supplies	266	7,491	7,679	-	2,812	-
Administrative Supplies	270	7,450	6,680	227	4,208	-
Utilities	1,142	942,403	466,594	33,016	231,335	23,983
Maintenance and Repairs	117	78,014	127,510	3,386	92,872	5,584
Outside Services	560,176	339,778	138,788	237,430	98,237	148,289
Rentals	-	6,021	1,100	-	-	-
Accounting Charges	-	-	-	-	-	-
General Expenses	82,489	41,935	34,437	4,949	24,548	4,836
Expenses Capitalized	(28)	(2,722)	(1,730)	-	(1,730)	-
Grand Total	\$ 851,163	\$ 2,511,145	\$ 1,746,206	\$ 437,152	\$ 1,122,666	\$ 326,867

Operating Expense	R.L. Jackson		Natural		Wastewater	
	Transfer Pump Station	Treatment Operations	Panhandle Road Wetlands	Huie Constructed Wetlands	Conveyance Maintenance	Conveyance System Inspection
Salaries, Wages and Benefits	\$ -	\$ 852,289	\$ -	\$ -	\$ 996,180	\$ 1,458,818
Operating Materials and Supplies	82	15,855	240	450	267,145	57,374
Vehicle Supplies	-	20,216	-	-	32,903	37,847
Administrative Supplies	-	3,225	-	-	11,312	8,284
Utilities	585,780	74,332	46,535	35,149	14,788	19,299
Maintenance and Repairs	8,697	24,052	1,481	2,146	146,784	48,642
Outside Services	95,896	19,363	8,618	6,014	792,411	379,749
Rentals	475	-	-	-	1,189	863
Accounting Charges	-	-	-	-	-	-
General Expenses	4,549	16,642	1,832	1,456	21,922	29,449
Expenses Capitalized	-	(1,730)	-	-	-	(7,612)
Grand Total	\$ 695,479	\$ 1,024,244	\$ 58,706	\$ 45,215	\$ 2,284,634	\$ 2,032,713

Operating Expense	Laboratory/ Environmental		Sludge		Influent Pump		Sewage Lift		Total Direct	
	Compliance	Compliance	Sludge Pelletizing	Sludge Pelletizing	Station	Station	Station	Station	Wastewater	Wastewater
Salaries, Wages and Benefits	\$ 426,694	\$ -	\$ 735,156	\$ -	\$ -	\$ 297,610	\$ -	\$ 7,389,587	\$ -	\$ -
Operating Materials and Supplies	27,585	-	180,645	-	-	168,007	-	1,329,900	-	-
Vehicle Supplies	2,878	-	23,018	-	-	15,315	-	150,425	-	-
Administrative Supplies	2,351	-	5,323	-	-	1,402	-	50,732	-	-
Utilities	2,649	-	457,943	-	106,801	246,684	-	3,288,433	-	-
Maintenance and Repairs	1,239	-	103,860	-	115	54,529	-	699,028	-	-
Outside Services	34,481	-	233,733	-	7,573	106,773	-	3,207,309	-	-
Rentals	-	-	4,096	-	-	-	-	13,744	-	-
Accounting Charges	-	-	-	-	-	-	-	-	-	-
General Expenses	9,435	-	17,285	-	1,653	40,460	-	337,877	-	-
Expenses Capitalized	(433)	-	(991)	-	-	-	-	(16,976)	-	-
Grand Total	\$ 506,879	\$ -	\$ 1,760,068	\$ -	\$ 116,142	\$ 930,780	\$ -	\$ 16,450,059	\$ -	\$ -



SCHEDULE OF OPERATING EXPENSES – INDIRECT OPERATING EXPENSES

Business-Type Activities
Water and Sewer Fund
Schedule Of Operating Expenses By Business Unit
Indirect Operating Expenses
For Fiscal Year Ended April 30, 2018

Operating Expense	Meter Services	J.W. Smith Recreation Park	Smith Community Use Building	Shamrock Recreation	Shamrock Community Use Building	Wetlands Center	Program Management/ Engineering Manager
Salaries, Wages and Benefits	\$ 1,483,180	\$ 81,793	\$ -	\$ 139,582	\$ -	\$ 88,886	\$ 420,661
Operating Materials and Supplies	168,815	558	1,611	3,951	6,583	4,828	527
Vehicle Supplies	59,357	4,386	-	3,206	-	294	241
Administrative Supplies	10,724	232	96	2,197	558	889	732
Utilities	22,940	6,805	294	10,318	14,197	11,017	5,294
Maintenance and Repairs	11,491	2,816	-	4,958	5,027	4,554	118
Outside Services	7,968	2,818	3,799	7,298	12,541	17,568	267,332
Rentals	-	-	-	535	154	390	-
Accounting Charges	-	12	-	-	106	-	-
General Expenses	12,226	853	227	1,498	777	1,397	68,479
Expenses Capitalized	(287)	-	-	-	-	-	-
Grand Total	\$ 1,776,414	\$ 100,273	\$ 6,027	\$ 173,543	\$ 39,943	\$ 129,823	\$ 763,384

Operating Expense	Construction Services	Engineering	Geographic Information System	Distribution and Conyenance Manager	Utility and Landscaping Services	Utility Locators	General Services Manager
Salaries, Wages and Benefits	\$ 733,315	\$ 248,053	\$ 553,730	\$ 457,203	\$ 513,481	\$ 342,473	\$ 223,657
Operating Materials and Supplies	4,724	130	2,311	13,842	91,483	22,615	846
Vehicle Supplies	9,898	-	3,493	4,440	16,604	17,017	428
Administrative Supplies	6,769	1,109	524	1,246	1,848	1,316	1,123
Utilities	15,175	3,534	4,932	23,701	3,710	8,348	2,740
Maintenance and Repairs	1,677	-	309	3,648	9,100	2,231	1,526
Outside Services	2,143	610,748	10,865	41,498	2,380	58,838	4,083
Rentals	-	-	-	-	-	-	-
Accounting Charges	-	-	-	-	-	-	-
General Expenses	14,852	7,079	125,623	74,605	7,386	5,694	65,416
Expenses Capitalized	(79,378)	-	-	(56)	-	(1,696)	-
Grand Total	\$ 709,175	\$ 870,653	\$ 701,787	\$ 620,127	\$ 645,992	\$ 456,836	\$ 299,819

Operating Expense	Garage	Warehouse	Equipment Maintenance	Grounds Right of Way Maintenance	Building Maintenance/ Projects	Miscellaneous	Total Indirect
Salaries, Wages and Benefits	\$ 268,796	\$ 372,408	\$ 765,139	\$ 318,190	\$ 767,766	\$ -	\$ 7,778,313
Operating Materials and Supplies	15,518	2,447	15,172	16,713	24,958	275,032	672,664
Vehicle Supplies	5,304	780	13,196	11,490	15,376	2,253	167,763
Administrative Supplies	2,459	1,778	3,803	1,659	4,062	230	43,354
Utilities	9,719	25,078	11,702	4,752	7,753	-	192,009
Maintenance and Repairs	9,259	2,340	1,234	5,487	2,074	-	67,849
Outside Services	23,113	14,122	26,777	14,112	17,346	-	1,145,349
Rentals	1,148	-	816	2,301	-	-	5,344
Accounting Charges	-	-	-	-	-	-	118
General Expenses	3,300	7,105	14,971	3,261	7,900	2,886	425,535
Expenses Capitalized	(650)	-	-	-	(6,265)	-	(88,332)
Grand Total	\$ 337,966	\$ 426,058	\$ 852,810	\$ 377,965	\$ 840,970	\$ 280,401	\$ 10,409,966



SCHEDULE OF OPERATING EXPENSES – ADMINISTRATIVE OPERATING EXPENSES

Business-Type Activities
Water and Sewer Fund
Schedule Of Operating Expenses By Business Unit
Administrative Operating Expenses
For Fiscal Year Ended April 30, 2018

Operating Expense	General Manager	Human Resources	Public Relations	Board Members	Information Technology	Contracts, Compliance, Risk Mgmt
Salaries, Wages and Benefits	\$ 715,373	\$ 920,049	\$ 133,708	\$ 48,178	\$ 1,505,196	\$ 517,545
Operating Materials and Supplies	4,383	8,057	22,133	120	130,924	562
Vehicle Supplies	848	-	-	-	-	-
Administrative Supplies	8,688	20,799	26,409	21	9,562	30,328
Utilities	59,794	12,606	1,745	3,472	213,604	3,850
Maintenance and Repairs	16,155	-	-	-	-	-
Outside Services	309,840	93,996	79,682	18,743	522,197	62,347
Rentals	-	450	1,010	-	-	250
Accounting Charges	-	-	-	-	-	-
General Expenses	431,002	109,577	28,142	26,286	799,652	14,290
Expenses Capitalized	(122)	(1,997)	-	-	(130,538)	(481)
Grand Total	\$ 1,545,961	\$ 1,163,537	\$ 292,829	\$ 96,820	\$ 3,050,597	\$ 628,691

Operating Expense	Finance	Customer Accounts Director	Customer Accounting	Customer Service	Water Conservation	Total Administrative
Salaries, Wages and Benefits	\$ 1,173,576	\$ 353,526	\$ 465,426	\$ 2,040,893	-	\$ 7,873,470
Operating Materials and Supplies	2,128	3,632	916	90,831	35,570	299,256
Vehicle Supplies	116	-	-	-	-	964
Administrative Supplies	13,272	1,730	29,702	33,379	-	173,890
Utilities	16,091	12,769	4,195	23,765	-	351,891
Maintenance and Repairs	98	740	3	1,270	-	18,266
Outside Services	68,348	42,532	514,698	122,644	-	1,835,027
Rentals	-	-	6,097	-	-	7,807
Accounting Charges	-	-	2,674,885	-	-	2,674,885
General Expenses	282,400	5,855	6,817	28,050	2,975	1,735,046
Expenses Capitalized	-	(1,018)	-	(2,568)	-	(136,724)
Grand Total	\$ 1,556,029	\$ 419,766	\$ 3,702,739	\$ 2,338,264	\$ 38,545	\$ 14,833,778



SCHEDULE OF OPERATING EXPENSES – STORMWATER OPERATING EXPENSES

Business-Type Activities
Stormwater
Schedule Of Operating Expenses By Business Unit
Indirect and Direct Operating Expenses
For Fiscal Year Ended April 30, 2018

Operating Expense	Stormwater Management	Engineering	Total Indirect Stormwater	Maintenance	Total Direct Stormwater
Salaries, Wages and Benefits	\$ 157,446	\$ 251,603	\$ 409,049	\$ 1,092,761	\$ 1,092,761
Operating Materials and Supplies	1,150	3,014	4,164	113,741	113,741
Vehicle Supplies	246	2,148	2,394	44,077	44,077
Administrative Supplies	9,681	1,748	11,429	6,074	6,074
Utilities	7,340	4,883	12,223	13,045	13,045
Maintenance and Repairs	372	279	651	14,053	14,053
Outside Services	69,615	155,011	224,626	1,370,666	1,370,666
Rentals	-	350	350	4,144	4,144
Accounting Charges	352,846	-	352,846	-	-
General Expenses	93,815	7,482	101,297	24,488	24,488
Expenses Capitalized	-	-	-	(28,217)	(28,217)
Grand Total	\$ 692,511	\$ 426,518	\$ 1,119,029	\$ 2,654,832	\$ 2,654,832



	Capital Assets				Allowance for Depreciation				Net Book Value
	Beginning Balance	Additions	Transfers/Splits	Ending Balance	Beginning Balance	Additions	Transfers/Splits	Ending Balance	
Road Equipment									
Trucks	\$ 3,287,312	\$ 135,773	\$ -	\$ 3,343,601	\$ (2,829,701)	\$ (205,456)	\$ -	\$ (2,955,673)	\$ 387,928
Trailers (Non-Forestry)	309,119	27,400	-	320,569	(247,629)	(21,370)	-	(253,049)	67,520
Automobiles/Pick-Ups	3,095,851	420,439	-	3,278,593	(2,141,632)	(349,392)	-	(2,253,327)	1,025,266
Total Road Equipment	\$ 6,692,282	\$ 583,612	\$ -	\$ 6,942,763	\$ (5,218,962)	\$ (576,218)	\$ -	\$ (5,462,049)	\$ 1,480,714
Piping									
Water Distribution System	\$ 127,091,046	\$ 3,647,764	\$ -	\$ 130,738,810	\$ (35,879,013)	\$ (1,715,079)	\$ -	\$ (37,594,092)	\$ 93,144,718
Sewer Outfall/Cool Sys/FCD MINS	152,966,879	8,273,449	-	161,240,328	(46,647,397)	(2,083,677)	-	(48,731,074)	112,509,254
Piping (In-Plant/Building)	45,738,199	-	-	45,738,199	(19,681,877)	(1,128,611)	-	(20,810,488)	24,927,711
Valves (In-Plant/Building)	6,338,823	52,842	3,780	6,394,888	(2,261,492)	(152,156)	(1,606)	(2,414,900)	3,979,988
Gates (In-Plant/Building)	1,385,748	-	-	1,385,748	(524,104)	(32,664)	-	(556,768)	828,980
Forest Park Water & Sewer Lines	4,585,997	-	-	4,585,997	(3,146,636)	(134,882)	-	(3,281,518)	1,304,479
In-Plant/Building/Other	1,927,130	-	-	1,927,130	(394,193)	(26,673)	-	(420,866)	1,506,264
Total Piping	\$ 340,033,822	\$ 11,974,055	\$ 3,780	\$ 352,011,100	\$ (108,534,712)	\$ (5,273,742)	\$ (1,606)	\$ (113,809,706)	\$ 238,201,394
Technology and Office Equipment									
Computers and Printers	\$ 49,298	\$ -	\$ -	\$ 42,248	\$ (45,992)	\$ (2,270)	\$ -	\$ (41,212)	\$ 1,036
Data Processing Equipment	11,454,336	1,678,431	-	12,618,369	(9,146,780)	(532,349)	-	(9,239,806)	3,378,563
Audio-Visual Equipment	190,693	14,816	-	145,509	(189,325)	(3,377)	-	(132,702)	12,807
Photo Copying Equipment	164,228	(9,721)	-	154,507	(135,427)	(10,921)	-	(136,627)	17,880
Communication Equipment	1,243,263	5,259	-	928,619	(898,225)	(53,006)	-	(758,390)	170,229
Miscellaneous Equipment	8,565	-	-	8,565	(7,650)	(203)	-	(7,853)	712
Video Equipment	615,820	-	-	602,117	(511,737)	(36,671)	-	(534,705)	67,412
Total Technology and Office Equipment	\$ 13,726,203	\$ 1,698,506	\$ -	\$ 14,499,934	\$ (10,935,136)	\$ (638,797)	\$ -	\$ (10,851,295)	\$ 3,648,639
Furniture and Fixtures									
Desks, Tables, & Racks	\$ 816,245	\$ 6,685	\$ -	\$ 802,552	\$ (713,485)	\$ (18,325)	\$ -	\$ (711,432)	\$ 91,120
Seating	137,969	-	-	134,824	(117,938)	(3,082)	-	(117,875)	16,949
Storage Units	353,218	-	-	350,228	(318,575)	(7,774)	-	(323,359)	26,869
Shelving	32,391	-	-	32,391	(31,666)	(335)	-	(32,001)	390
Aerial Photos, Misc	342,104	15,552	-	357,656	(239,114)	(3,583)	-	(242,697)	114,959
Appliances	675,356	-	-	672,299	(623,255)	(13,655)	-	(634,282)	38,017
Total Furniture and Fixtures	\$ 2,357,283	\$ 22,237	\$ -	\$ 2,349,950	\$ (2,044,033)	\$ (46,754)	\$ -	\$ (2,061,646)	\$ 288,304
System Franchises, Engineering Studies									
Non-Tangibles	\$ 70,122,958	\$ 490,577	\$ -	\$ 70,613,535	\$ (29,502,473)	\$ (2,320,340)	\$ -	\$ (31,822,813)	\$ 38,790,722
Total System and Engineering Studies	\$ 70,122,958	\$ 490,577	\$ -	\$ 70,613,535	\$ (29,502,473)	\$ (2,320,340)	\$ -	\$ (31,822,813)	\$ 38,790,722
Total All Classes	\$ 775,233,772	\$ 18,579,720	\$ -	\$ 780,513,213	\$ (309,692,367)	\$ (17,767,139)	\$ -	\$ (314,519,421)	\$ 465,993,792
Construction In Progress	24,768,096	22,521,831	-	32,485,037	-	-	-	-	32,485,037
TOTAL CAPITAL ASSETS	\$ 800,001,868	\$ 41,101,551	\$ -	\$ 812,998,250	\$ (309,692,367)	\$ (17,767,139)	\$ -	\$ (314,519,421)	\$ 498,478,829



SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION BY DEPARTMENT – WATER AND SEWER FUND

	Capital Assets				Allowance for Depreciation				Net Book Value
	Beginning Balance	Additions	Transfers/Splits	Ending Balance	Beginning Balance	Additions	Transfers/Splits	Ending Balance	
Administrative									
General Manager	\$ 12,134,370	\$ 628,309	\$ (2,333)	\$ 12,756,751	\$ (4,589,155)	\$ (296,202)	\$ 2,333	\$ (4,880,148)	\$ 7,876,603
Human Resources	145,123	-	(4,440)	130,464	(107,081)	(3,868)	3,810	(100,606)	29,858
Public Relations	64,171	-	(801)	63,370	(46,456)	(2,013)	-	(47,927)	15,443
Board Member	36,901	-	-	36,901	(27,674)	(1,557)	-	(29,231)	7,670
Information Services	8,109,600	763,463	3,635	8,199,145	(5,720,934)	(472,639)	(2,208)	(5,695,521)	2,503,624
Risk Management	120,537	41,004	(1,901)	158,818	(27,949)	(8,108)	1,309	(34,260)	124,558
Finance	289,368	-	(1,704)	267,974	(255,464)	(6,142)	1,704	(236,043)	26,931
Customer Accounts Director	632,299	14,816	(248,399)	398,716	(108,847)	(32,606)	56,098	(85,355)	313,361
Meter Reading & Repair	964,106	183,956	(11,995)	1,109,742	(626,064)	(101,464)	13,842	(694,141)	415,601
Customer Accounting	1,701,760	-	(101,758)	1,583,919	(1,647,145)	(8,970)	101,758	(1,539,714)	44,205
Customer Service	322,230	6,685	245,291	560,597	(120,121)	(22,095)	(54,837)	(188,892)	371,705
Total Administrative	\$ 24,520,465	\$ 1,638,233	\$ (123,604)	\$ 25,261,397	\$ (13,276,890)	\$ (955,664)	\$ 123,809	\$ (13,531,838)	\$ 11,729,559
Water Reclamation									
Water Reclamation DM	\$ 643,706	\$ -	\$ -	\$ 643,706	\$ (277,559)	\$ (16,485)	\$ -	\$ (294,044)	\$ 349,662
WB Casey Sr WPCP	73,190,981	276,388	(1,084,443)	72,362,828	(29,673,140)	(1,935,505)	650,450	(30,940,768)	41,422,060
NE Clayton WPCP	67,442,641	105,474	(150,298)	67,346,504	(24,506,622)	(2,314,988)	150,237	(26,654,100)	40,692,404
NE Solids Handling	3,384,132	-	152,053	3,530,776	(1,454,081)	(101,266)	(152,032)	(1,704,151)	1,826,625
Shoal Creek WRP	24,844,293	105,474	8,847,020	33,795,287	(9,777,119)	(186,099)	(3,209,768)	(13,172,022)	20,623,265
Shoal Creek Solids Handling	4,446,640	-	-	4,446,640	(1,356,403)	(124,075)	-	(1,480,478)	2,966,162
Transfer Pump Station	7,977,342	-	-	7,976,817	(4,791,721)	(172,686)	-	(4,963,882)	3,012,935
Laboratory/Environmental Comp.	613,605	-	-	603,630	(513,542)	(10,253)	-	(515,406)	88,224
Sludge Pelletizing	8,857,977	362,957	1,079,861	10,030,699	(4,127,016)	(255,064)	(651,020)	(4,789,631)	5,241,068
Influent Pump Station	2,149,859	5,327	(15,025)	2,140,161	(1,057,038)	(49,384)	6,219	(1,100,203)	1,039,958
Natural Treatment Operations	30,537,400	249,027	34,435,516	64,568,755	(16,033,386)	(488,994)	(10,152,847)	(26,038,030)	38,530,725
Panhandle Rd Const Wetlands	8,865,724	7,546	(8,847,020)	-	(3,028,325)	(192,448)	3,209,767	11,006	-
Hue Constructed Wetlands	34,456,364	-	(34,455,764)	-	(9,328,712)	(844,810)	10,172,922	600	-
Total Water Reclamation	\$ 267,410,664	\$ 1,112,193	\$ (23,035)	\$ 267,445,803	\$ (105,924,664)	\$ (6,692,057)	\$ 17,709	\$ (111,652,715)	\$ 155,793,088
Water Production									
Water Production Manager	\$ 521,972	\$ -	\$ -	\$ 521,972	\$ (286,344)	\$ (14,691)	\$ -	\$ (301,035)	\$ 220,937
Water Production O&M Support	50,968	-	-	50,146	(49,136)	(272)	-	(48,954)	1,192
WJ Hooper Water Plant	41,407,249	202,107	(8,963)	41,502,147	(14,553,447)	(1,173,812)	5,693	(15,668,237)	25,833,910
Morrow Pumping Station	2,433,449	11,992	(1,424)	2,444,017	(585,321)	(120,163)	324	(705,160)	1,738,857
Noah's Ark Pumping Station	4,561,674	11,992	(3,969)	4,569,697	(2,157,907)	(91,381)	1,681	(2,247,607)	2,322,090
Cajun Queen Pumping Station	-	-	-	-	-	-	-	-	-
Elevated Tanks	3,708,878	175,650	-	3,884,528	(1,688,543)	(64,336)	-	(1,752,879)	2,131,649
JW Smith Water Plant	22,441,344	137,233	23,570	22,598,799	(11,200,003)	(518,295)	(11,536)	(11,727,014)	10,871,785
Bialock Jr Reservoir	3,852,866	-	-	3,852,866	(1,639,497)	(56,125)	-	(1,695,622)	2,157,244
Jonesboro Pumping Station	2,093,473	11,992	(3,949)	2,101,516	(973,833)	(43,439)	1,663	(1,015,609)	1,085,907
Forest Park Pumping Station	435,739	12,042	10,384	458,065	(392,412)	(2,992)	(81)	(395,485)	62,580
Shoal Creek Reservoir	8,909,816	11,992	-	8,921,808	(3,190,502)	(154,913)	-	(3,345,415)	5,576,393
Terry Hicks Water Plant	24,171,148	129,458	(7,765)	24,289,946	(12,551,663)	(683,384)	4,345	(13,228,032)	11,061,914
Well Program	568,541	-	-	568,541	(166,738)	(14,900)	-	(181,638)	386,903
Water Quality Lab	316,591	13,130	-	328,548	(211,054)	(15,312)	-	(225,419)	103,129
J.W. Smith Recreation Park	217,222	28,696	160,249	382,448	(183,700)	(5,530)	(104,141)	(269,652)	112,796
Smith Community Use Building	160,249	-	(160,249)	-	(100,283)	(3,858)	104,141	-	-
Lake Shamrock Recreation	952,043	-	4,877	953,003	(744,086)	(24,059)	(4,877)	(769,105)	183,898
Shamrock Community Use Bldg	598,403	-	(267)	598,136	(585,200)	(12,962)	4,877	(391,976)	206,160
Wetland Center	809,309	-	(4,877)	804,432	(593,285)	-	-	(593,285)	211,147
Total Water Production	\$ 118,210,934	\$ 746,284	\$ 7,884	\$ 118,830,615	\$ (51,636,022)	\$ (3,016,314)	\$ 2,099	\$ (54,562,124)	\$ 64,268,491

Continued on next page



	Capital Assets				Allowance for Depreciation				Net Book Value	
	Beginning Balance	Additions	Transfers/Splits	Ending Balance	Beginning Balance	Additions	Transfers/Splits	Ending Balance		
Distribution and Conveyance										
Distribution and Conveyance Management	\$ 2,059,942	\$ -	\$ -	\$ 2,058,298	\$ (1,448,117)	\$ (38,574)	\$ -	\$ 907	\$ (1,485,784)	\$ 572,514
Meter Installation	2,284,920	1,165,476	-	3,449,582	(356,631)	(194,741)	-	814	(550,558)	2,899,024
Water Line Maintenance	162,985,669	4,309,027	24,503	156,406,538	(65,639,346)	(2,882,080)	(58,562)	10,912,315	(57,667,673)	98,738,865
Meter & Backflow Testing	4,481,531	-	(22,844)	4,453,312	(888,827)	(302,310)	22,844	5,375	(1,162,918)	3,290,394
Leak Detection & Repair	231,494	-	-	231,494	(63,896)	(19,689)	-	-	(83,585)	147,909
Backflow Testing and Repair	4,501,404	-	-	4,498,252	(3,268,543)	(303,081)	-	1,861	(3,569,763)	928,489
Utility & Landscaping Services	436,252	127,540	(3,448)	507,886	(284,503)	(55,761)	(1,510)	52,441	(289,333)	218,553
Sewer Tap Maintenance	158,907,558	8,456,552	24,976	167,349,243	(50,189,913)	(2,323,955)	35,097	39,738	(52,439,033)	114,910,210
Sewer Rehabilitation	2,067,633	31,354	(3,200)	2,085,715	(1,625,395)	(119,287)	2,266	10,072	(1,732,344)	353,371
Water & Sewer Locators	264,550	-	(26,022)	238,528	(191,615)	(11,930)	2,324	-	(201,221)	37,307
Total Distribution and Conveyance	\$ 338,220,953	\$ 14,089,949	\$ (6,035)	\$ 341,278,848	\$ (123,956,786)	\$ (6,251,408)	\$ 2,459	\$ 11,023,523	\$ (119,182,212)	\$ 222,096,636
Engineering										
Program Mgmt & Eng/DM	\$ 774,416	\$ 318,454	\$ 1,779	\$ 1,090,374	\$ (309,961)	\$ (30,248)	\$ (1,218)	\$ 4,275	\$ (337,152)	\$ 753,222
Watershed Protection	1,037,938	-	-	1,037,938	(489,924)	(34,598)	-	-	(524,522)	513,416
Program Management	5,145,332	55,508	2,442	5,202,653	(1,925,970)	(199,025)	(2,442)	629	(2,126,808)	3,075,845
Drafting & Mapping	227,153	-	(10,258)	216,895	(199,851)	(2,933)	10,160	-	(192,624)	24,271
Geographic Info System	1,073,815	67,175	(1,072)	1,116,200	(611,495)	(62,220)	(1,437)	23,718	(651,434)	464,766
Total Engineering	\$ 8,258,654	\$ 441,137	\$ (7,109)	\$ 8,664,060	\$ (3,537,201)	\$ (329,024)	\$ 5,063	\$ 28,622	\$ (3,832,540)	\$ 4,831,520
General Services										
General Services/DM	\$ 2,829,238	\$ 88,315	\$ (1,601,953)	\$ 1,294,535	\$ (2,001,694)	\$ (43,444)	\$ 1,503,232	\$ 20,674	\$ (521,232)	\$ 773,303
Sewage Lift Station	11,505,114	320,350	(30,037)	11,738,969	(5,803,090)	(283,916)	30,037	52,124	(6,004,845)	5,734,124
Garage	489,798	26,603	(9,589)	453,807	(461,584)	(9,711)	9,589	52,488	(409,218)	44,589
Warehouse	462,971	-	(24,401)	426,616	(355,678)	(15,417)	24,401	11,140	(335,554)	91,062
Equipment Maintenance	1,275,898	89,906	(43,225)	1,320,437	(1,122,436)	(49,408)	43,225	1,405	(1,127,214)	193,223
Grounds/Right-of-Way Maint	547,371	12,502	(12,470)	544,975	(420,371)	(31,572)	12,470	2,428	(437,045)	107,930
Building Maint/Projects	965,660	14,248	(1,137)	978,771	(726,960)	(67,016)	1,798	-	(792,178)	186,593
Miscellaneous	536,052	-	1,874,711	2,274,380	(468,991,000)	(22,188)	(1,775,891)	136,364	(2,130,706)	143,674
Total General Services	\$ 18,612,102	\$ 551,924	\$ 151,899	\$ 19,032,490	\$ (11,360,804)	\$ (522,672)	\$ (151,139)	\$ 276,623	\$ (11,757,992)	\$ 7,274,498
Total All Departments	\$ 775,233,772	\$ 18,579,720	\$ -	\$ 780,513,213	\$ (309,692,367)	\$ (17,767,139)	\$ -	\$ 12,940,085	\$ (314,519,421)	\$ 465,993,792
Construction In Progress	24,768,096	22,521,831	(14,804,890)	32,485,037	-	(17,767,139)	-	-	-	32,485,037
TOTAL CAPITAL ASSETS	\$ 800,001,868	\$ 41,101,551	\$ -	\$ 812,998,250	\$ (309,692,367)	(17,767,139)	-	12,940,085	(314,519,421)	498,478,829



SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION BY ASSET CLASS – STORMWATER FUND

	Capital Assets				Allowance for Depreciation				Net Book Value	
	Beginning Balance	Additions	Transfers/Splits	Deductions	Ending Balance	Beginning Balance	Additions	Transfers/Splits		Deductions
Land and Easements										
Land	\$ 797,804	\$ -	\$ -	\$ -	\$ 797,804	\$ -	\$ -	\$ -	\$ -	\$ -
Easements	17,074	3,894	-	(930)	20,038	-	-	-	-	-
Dams/Earthen Embankment	747,000	-	-	-	747,000	-	-	-	-	-
Total Land and Easements	\$ 1,561,878	\$ 3,894	\$ -	\$ (930)	\$ 1,564,842	\$ -	\$ -	\$ -	\$ -	\$ -
Building and Structures										
Fencing	\$ 20,310	\$ -	\$ -	\$ -	\$ 20,310	\$ (10,764)	\$ (2,031)	\$ -	\$ -	\$ (12,795)
Outdoor Lighting	4,807	-	-	-	4,807	(1,722)	(481)	-	-	(2,203)
Exterior Signing	595	-	-	-	595	(569)	(25)	-	-	(594)
Building & Structures	701,881	-	-	-	701,881	(148,345)	(17,547)	-	-	(165,892)
Building Services	10,831	-	-	-	10,831	(3,556)	(396)	-	-	(3,952)
Total Building and Structures	\$ 738,424	\$ -	\$ -	\$ -	\$ 738,424	\$ (164,956)	\$ (20,480)	\$ -	\$ -	\$ (185,436)
Operating/Maintenance Equipment										
Pumping Equipment	\$ 48,242	\$ -	\$ -	\$ -	\$ 48,242	\$ (31,083)	\$ (5,335)	\$ -	\$ -	\$ (36,418)
Treatment Equipment	-	-	-	-	-	-	-	-	-	-
Monitoring/Control Equipment	28,904	-	-	-	28,904	(7,843)	(963)	-	-	(8,806)
Lifting/Handling Equipment	-	-	-	-	-	-	-	-	-	-
Garage Equipment	-	-	-	-	-	-	-	-	-	-
Laboratory Equipment	33,513	-	-	-	33,513	(29,848)	(3,150)	-	-	(32,998)
Safety Equipment	19,014	-	-	-	19,014	(18,565)	(283)	-	-	(18,848)
Shop/Cleaning Equipment & Tools	3,825	-	-	-	3,825	(3,825)	-	-	-	(3,825)
Miscellaneous Other Equipment	2,837	-	-	-	2,837	(2,837)	-	-	-	(2,837)
Total Operating/Maintenance Equipment	\$ 136,335	\$ -	\$ -	\$ -	\$ 136,335	\$ (94,001)	\$ (9,731)	\$ -	\$ -	\$ (103,732)
Field Equipment										
Construction Equipment	\$ 628,409	\$ 94,071	\$ -	\$ -	\$ 722,480	\$ (590,249)	\$ (25,648)	\$ -	\$ -	\$ (615,897)
Drilling/Cutting Equipment	8,687	-	-	-	8,687	(8,443)	(229)	-	-	(8,672)
Specialized Maint Equipment	18,222	-	-	-	18,222	(18,172)	(50)	-	-	(18,222)
Measuring/Drafting Equipment	14,056	-	-	-	14,056	(14,056)	-	-	-	(14,056)
Energy Utility Sources	1,914	-	-	-	1,914	(1,012)	(30)	-	-	(1,042)
Total Field Equipment	\$ 671,288	\$ 94,071	\$ -	\$ -	\$ 765,359	\$ (631,932)	\$ (25,957)	\$ -	\$ -	\$ (657,889)
Road Equipment										
Trucks	\$ 790,718	\$ 376,871	\$ -	\$ -	\$ 1,167,589	\$ (710,025)	\$ (28,185)	\$ -	\$ -	\$ (738,210)
Trailers (Non-Forestry)	30,977	13,150	-	-	44,127	(30,055)	(1,090)	-	-	(31,145)
Automobiles/Pick-Ups	147,894	-	-	-	147,894	(90,632)	(17,705)	-	-	(108,337)
Total Road Equipment	\$ 969,589	\$ 390,021	\$ -	\$ -	\$ 1,359,610	\$ (830,712)	\$ (46,980)	\$ -	\$ -	\$ (877,692)
Piping										
Stormwater Infrastructure	\$ 129,068,561	\$ 4,215,262	\$ -	\$ -	\$ 133,283,823	\$ (87,658,622)	\$ (3,080,387)	\$ -	\$ -	\$ (90,739,009)
Total Piping	\$ 129,068,561	\$ 4,215,262	\$ -	\$ -	\$ 133,283,823	\$ (87,658,622)	\$ (3,080,387)	\$ -	\$ -	\$ (90,739,009)
Total										
	\$ 797,804	\$ 3,894	\$ -	\$ (930)	\$ 797,804	\$ -	\$ -	\$ -	\$ -	\$ -
	20,038	-	-	-	20,038	-	-	-	-	-
	747,000	-	-	-	747,000	-	-	-	-	-
	\$ 1,564,842	\$ 3,894	\$ -	\$ (930)	\$ 1,564,842	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 7,515	\$ -	\$ -	\$ -	\$ 7,515	\$ (10,764)	\$ (2,031)	\$ -	\$ -	\$ (12,795)
	2,604	-	-	-	2,604	(1,722)	(481)	-	-	(2,203)
	1	-	-	-	1	(569)	(25)	-	-	(594)
	535,989	-	-	-	535,989	(148,345)	(17,547)	-	-	(165,892)
	6,879	-	-	-	6,879	(3,556)	(396)	-	-	(3,952)
	\$ 552,988	\$ -	\$ -	\$ -	\$ 552,988	\$ (164,956)	\$ (20,480)	\$ -	\$ -	\$ (185,436)
	\$ 11,824	\$ -	\$ -	\$ -	\$ 11,824	\$ (31,083)	\$ (5,335)	\$ -	\$ -	\$ (36,418)
	-	-	-	-	-	-	-	-	-	-
	20,098	-	-	-	20,098	(7,843)	(963)	-	-	(8,806)
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	515	-	-	-	515	(29,848)	(3,150)	-	-	(32,998)
	166	-	-	-	166	(18,565)	(283)	-	-	(18,848)
	-	-	-	-	-	(3,825)	-	-	-	(3,825)
	-	-	-	-	-	(2,837)	-	-	-	(2,837)
	\$ 32,603	\$ -	\$ -	\$ -	\$ 32,603	\$ (94,001)	\$ (9,731)	\$ -	\$ -	\$ (103,732)
	\$ 106,583	\$ -	\$ -	\$ -	\$ 106,583	\$ (590,249)	\$ (25,648)	\$ -	\$ -	\$ (615,897)
	15	-	-	-	15	(8,443)	(229)	-	-	(8,672)
	-	-	-	-	-	(18,172)	(50)	-	-	(18,222)
	-	-	-	-	-	(14,056)	-	-	-	(14,056)
	872	-	-	-	872	(1,012)	(30)	-	-	(1,042)
	\$ 107,470	\$ -	\$ -	\$ -	\$ 107,470	\$ (631,932)	\$ (25,957)	\$ -	\$ -	\$ (657,889)
	\$ 429,379	\$ -	\$ -	\$ -	\$ 429,379	\$ (710,025)	\$ (28,185)	\$ -	\$ -	\$ (738,210)
	12,982	-	-	-	12,982	(30,055)	(1,090)	-	-	(31,145)
	39,557	-	-	-	39,557	(90,632)	(17,705)	-	-	(108,337)
	\$ 481,918	\$ -	\$ -	\$ -	\$ 481,918	\$ (830,712)	\$ (46,980)	\$ -	\$ -	\$ (877,692)
	\$ 42,544,814	\$ -	\$ -	\$ -	\$ 42,544,814	\$ (87,658,622)	\$ (3,080,387)	\$ -	\$ -	\$ (90,739,009)
	\$ 42,544,814	\$ -	\$ -	\$ -	\$ 42,544,814	\$ (87,658,622)	\$ (3,080,387)	\$ -	\$ -	\$ (90,739,009)

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	Capital Assets				Allowance for Depreciation				Net Book Value
	Beginning Balance	Additions	Transfers/Splits	Ending Balance	Beginning Balance	Additions	Transfers/Splits	Ending Balance	
Technology and Office Equipment									
Computers and Printers	\$ 22,935	\$ (20)	-	\$ 19,852	\$ (18,730)	\$ (901)	-	\$ 1,905	\$ 2,126
Audio-Visual Equipment	472	-	-	472	(472)	-	-	-	-
Photo Copying Equipment	7,679	-	-	7,679	(7,445)	-	-	-	234
Communication Equipment	24,032	-	-	24,032	(15,802)	(1,602)	-	-	6,628
Video Equipment	36,273	-	-	36,273	(26,710)	(3,100)	-	-	6,463
Total Technology and Office Equipment	\$ 91,391	\$ (20)	-	\$ 88,308	\$ (69,159)	\$ (5,603)	-	\$ 1,905	\$ 15,451
Furniture and Fixtures									
Desks, Tables, Racks, Seating	\$ 15,062	\$ -	\$ -	\$ 15,062	\$ (13,225)	\$ (538)	\$ -	\$ -	\$ 1,299
Storage Units	13,600	-	-	13,600	(10,039)	(845)	-	-	2,716
Lamps, Décor, Plants	20,425	-	-	20,425	(8,985)	(1,947)	-	-	9,493
Appliances	15,810	-	-	12,810	(7,725)	(1,236)	-	1,525	5,374
Total Furniture and Fixtures	\$ 64,897	\$ -	\$ -	\$ 61,897	\$ (39,974)	\$ (4,617)	-	\$ 1,525	\$ 18,831
System Franchises, Engineering Studies									
Non-Tangibles	\$ 166,933	\$ 40,741	\$ -	\$ 207,674	\$ (21,354)	\$ (6,238)	\$ -	\$ -	\$ 180,082
Total System and Engineering Studies	\$ 166,933	\$ 40,741	\$ -	\$ 207,674	\$ (21,354)	\$ (6,238)	\$ -	\$ -	\$ 180,082
Total Before Construction in Progress	\$ 133,469,296	\$ 4,743,969	\$ -	\$ 138,206,272	\$ (89,510,710)	\$ (3,199,993)	\$ -	\$ 3,430	\$ 45,498,999
Construction In Progress	\$ 1,254,564	\$ 3,878,823	\$ -	\$ 1,440,666	\$ -	\$ -	\$ -	\$ -	\$ 1,440,666
TOTAL CAPITAL ASSETS	\$ 134,723,860	\$ 8,622,792	\$ -	\$ 139,646,938	\$ (89,510,710)	\$ (3,199,993)	\$ -	\$ 3,430	\$ 46,939,665

SCHEDULE OF CAPITAL ASSETS AND DEPRECIATION BY DEPARTMENT – STORMWATER FUND

	Capital Assets				Allowance for Depreciation				Net Book Value
	Beginning Balance	Additions	Transfers/Splits	Ending Balance	Beginning Balance	Additions	Transfers/Splits	Ending Balance	
Stormwater									
Management	\$ 2,374,053	\$ 40,741	\$ -	\$ 2,410,972	\$ (238,358)	\$ (25,635)	\$ -	\$ 1,979	\$ 2,148,958
Engineering	145,437	(20)	-	144,375	(83,273)	(14,860)	-	531	46,773
Maintenance	130,949,806	4,703,248	-	135,650,925	(89,189,079)	(3,159,498)	-	920	43,303,268
Total Stormwater	\$133,469,296	\$ 4,743,969	\$ -	\$ 138,206,272	\$ (89,510,710)	\$ (3,199,993)	\$ -	\$ 3,430	\$45,498,999
Construction in Progress	1,254,564	3,878,823	(3,692,721)	1,440,666	-	-	-	-	1,440,666
TOTAL CAPITAL ASSETS	\$134,723,860	\$ 8,622,792	\$ -	\$ 139,646,938	\$ (89,510,710)	\$ (3,199,993)	\$ -	\$ 3,430	\$46,939,665



DEBT SERVICE ACCOUNTS

The various bond resolutions require the creation of accounts designated as Water and Sewerage System Sinking Funds to receive and disburse funds for principal and interest on the bonds and for maintain designated reserves.

The resolutions require monthly transfers into these accounts, which are sufficient to pay the principal of and interest on the bonds, as each mature in each current year. In addition, a debt service reserve must be maintained with a minimum balance governed by the 2013 Bond Series resolutions.

Disbursements made from the Sinking Fund account are restricted to payment for interest, principal at maturity, redemption prior to maturity and paying agent fees.

Funds may be invested in securities which are direct and general obligations of the United States or are guaranteed by the United States as to both principal and interest and which mature within 24 months after the date of purchase or in other securities which are 100% insured or collateralized by United States direct and general obligations.

SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES – DEBT SERVICE ACCOUNTS

Clayton County Water Authority
Business-Type Activities
Water And Sewer Fund
Debt Service Accounts
Schedule Of Restricted Assets And Related Payables
April 30, 2018

Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents		\$ 18,093,978
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents		21,341,120
Interest Receivable		47,952
Total Restricted Assets - Debt Service		<u>\$ 39,483,050</u>
Current Liabilities Payable From		
Restricted Assets:		
Accounts Payable		\$ -
Accrued Interest, due May 1		2,098,978
Current Portion of Principal		15,995,000
Total Current Liabilities Payable From Restricted Assets		<u>\$ 18,093,978</u>

NOTE: All outstanding bonds issued 1998 through 2014 rank on a parity with each other and have as security for their payment a first lien on the net revenues of the Authority's Water and Sewer Fund.



SCHEDULE OF CHANGES IN RESTRICTED ASSETS – DEBT SERVICE ACCOUNTS

Clayton County Water Authority
Business-Type Activities
Water And Sewer Fund
Debt Service Accounts
Schedule of Changes in Restricted Assets
For The Fiscal Year Ended April 30, 2018

Beginning Balance, May 1	\$ 39,116,515
Increases:	
Interest Earned	\$ 340,362
Transfers from Operating Account	20,070,666
Total Increases	\$ 20,411,028
Decreases:	
Revenue Bond Interest Paid	\$ 4,345,348
Revenue Bond Principal Paid	15,695,000
Paying Agent and Trustee Fees	4,145
Total Decreases	\$ 20,044,493
Ending Balance, April 30	\$ 39,483,050



SCHEDULE OF REVENUE BONDS PAYABLE

Revenue Bond	Interest Rate	Issue Date	Maturity Date	Amount of Bonds		
				Issued	Retired	Outstanding
2009 Series	3.00 - 4.00%	2009	2018	\$ 17,785,000	\$ 14,890,000	\$ 2,895,000
2011 Series	2.00 - 5.00%	2011	2020	13,190,000	6,470,000	6,720,000
2012 Series	3.00 - 5.00%	2012	2023	56,235,000	-	56,235,000
2013a Series	4.00 - 5.00%	2013	2020	17,015,000	-	17,015,000
2013b Series	0.40 - 1.80%	2013	2019	47,895,000	25,365,000	22,530,000
Total				\$ 486,470,000	\$ 381,075,000	\$ 105,395,000

NOTES TO SCHEDULE OF BONDS PAYABLE:

The maturity date for all bonds is May 1.

The 2009 Water and Sewerage Refunding Revenue Bonds partially refunded the 2001 Series Bonds.

The 2011 Water and Sewerage Refunding Revenue Bonds partially refunded the 2003 Series Bonds.

The 2012 Water and Sewerage Refunding Revenue Bonds partially refunded the 2005 Series Bonds.

The 2013a Water and Sewerage Refunding Revenue Bonds fully refunded the 2003 Series Bonds.

The 2013b Water and Sewerage Refunding Revenue Bonds partially refunded the 2004 Series Bonds.

RENEWAL AND EXTENSION ACCOUNT

A Renewal and Extension account is maintained to ensure that funds are available for plant renewal and replacement. The bond resolutions state that \$1,500,000 is the minimum amount required in the account.

The \$1,500,000 is restricted by the bond resolutions to the following uses:

- An emergency having a major effect upon the water and sewerage system, caused by an extraordinary occurrence, and provided the Revenue Fund has insufficient money to meet the emergency;
- Making replacement, additions, extension and improvements deemed reasonable and necessary and in the best interest of the Authority and bondholders, provided the consulting engineer's recommendations and written approval has first been obtained; and
- Paying bond principal and interest falling due at any time when money is not available in the Debt Service Account.


SCHEDULE OF RESTRICTED ASSETS AND RELATED PAYABLES – RENEWAL AND EXTENSION ACCOUNT

Business-Type Activities
Water And Sewer Fund
Renewal And Extension Account
Schedule Of Restricted Assets And Related Payables
April 30, 2018

Current Assets:	
Restricted Assets:	
Cash and Cash Equivalents	\$ 1,033,748
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	76,203,627
Total Restricted Assets - Renewal And Extension Account	<u>\$ 77,237,375</u>
Current Liabilities Payable From Restricted Assets:	
Accounts Payable	\$ 1,033,748
Total Current Liabilities Payable From Restricted Assets	<u>\$ 1,033,748</u>

SCHEDULE OF CHANGES IN RESTRICTED ASSETS – RENEWAL AND EXTENSION ACCOUNT

Business-Type Activities
Water And Sewer Fund
Renewal And Extension Account
Schedule of Changes in Restricted Assets
For The Fiscal Year Ended April 30, 2018

Beginning Balance, May 1, 2017	\$ 76,358,557
Increases:	
Interest Earned	\$ 75,228
Contributions From Subdividers	-
Contributions From General Operations	30,538,489
Total Increases	<u>\$ 30,613,717</u>
Decreases:	
Capital Expenditures	\$ 29,734,899
Ending Balance, April 30, 2018	<u>\$ 77,237,375</u>



VI. STATISTICAL SECTION



2018

STATISTICAL SECTION





STATISTICAL SECTION INDEX

This part of the Clayton County Water Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Authority's financial health.

Financial Trends Page 109

These schedules contain trend information to help the user understand and assess how the Authority's financial performance and well-being have changed over time.

Revenue Capacity Page 115

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate its user service charges.

Debt Capacity Page 128

These schedules present information to help the user assess the affordability of the Authority's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information Page 130

These schedules offer demographic and economic indicators to help the reader understand the socioeconomic environment within which the Authority's financial activities take place and to help make comparisons over time and with other entities.

Operating Information Page 132

These schedules contain information about the Authority's operations and resources to help the user understand how the Authority's financial information relates to the services it provides.

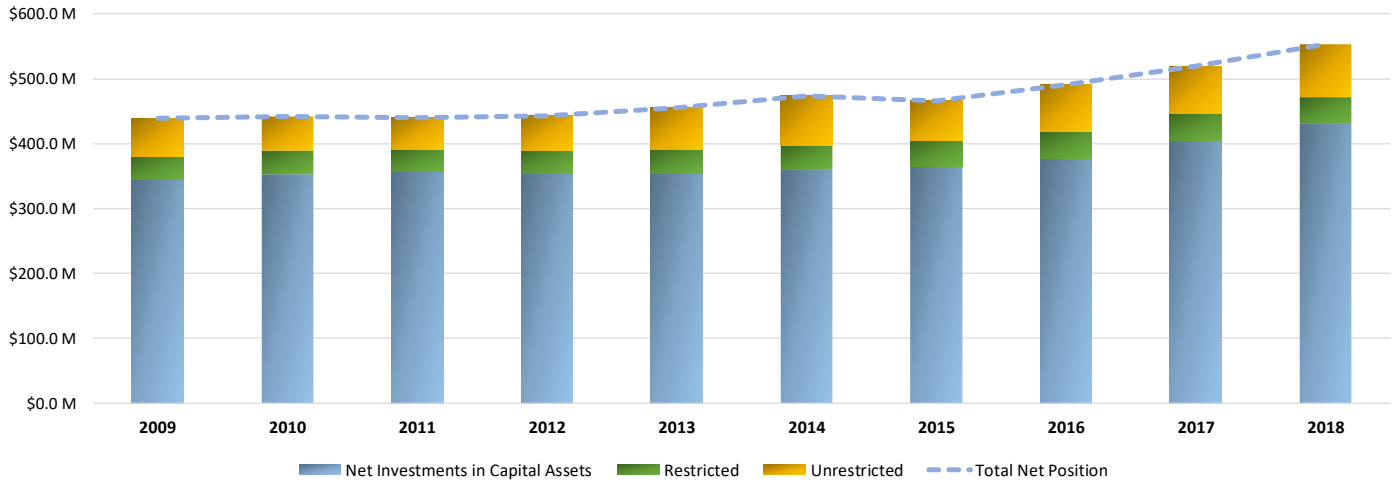
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



SCHEDULE 1: NET POSITION BY COMPONENT

Clayton County Water Authority
NET POSITION BY COMPONENT
Last Ten Fiscal Years

Primary Government	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Investments in										
Capital Assets	\$344,067,681	\$353,148,603	\$356,338,134	\$354,049,151	\$354,398,904	\$359,847,929	\$365,481,468	\$378,009,241	\$404,598,481	\$430,137,653
Restricted	36,692,882	36,203,402	34,975,543	35,851,835	36,376,890	37,591,626	40,616,194	40,933,389	41,237,229	41,556,984
Unrestricted	58,367,944	52,808,126	48,992,377	53,448,458	64,900,780	76,247,397	59,581,468	72,013,809	73,619,344	82,135,375
Total Net Position	\$439,128,507	\$442,160,131	\$440,306,054	\$443,349,444	\$455,676,574	\$473,686,952	\$465,679,130	\$490,956,439	\$519,455,054	\$553,830,012



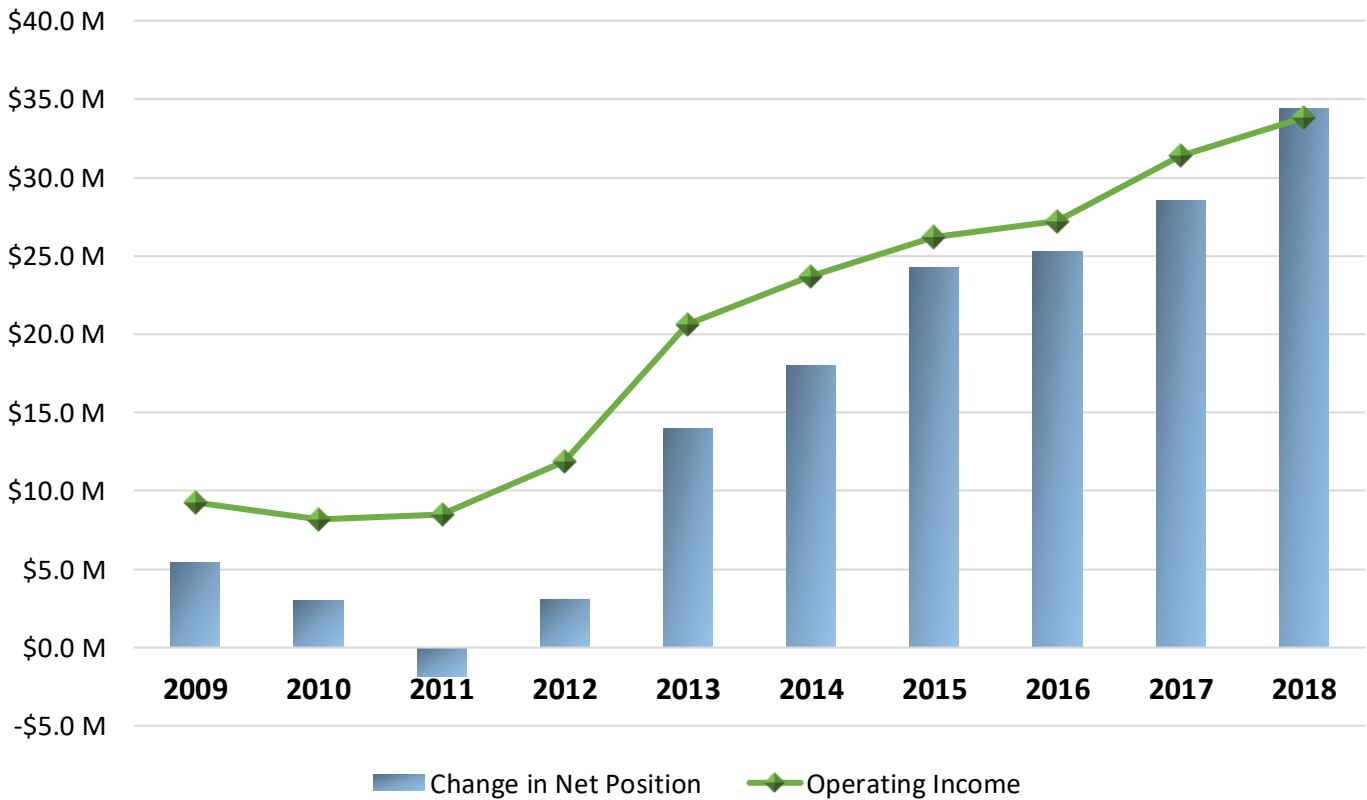
Notes:
 The Authority began providing Stormwater Utility Services in Fiscal Year 2008.
 Net Position was restated in fiscal year 2015 due to the implementation of GASB No. 68, Accounting and Reporting for Pensions. Unrestricted net pension was reduced by \$33,607,906 for net pension liability.



SCHEDULE 2: CHANGES IN NET POSITION

Clayton County Water Authority
CHANGES IN NET POSITION
 Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total			Change in Net Position
				Revenues/ (Expenses)	Nonoperating before Capital Contributions	Income (Loss)	
2009	\$87,741,077	\$78,472,840	\$9,268,237	\$ (9,364,694)	\$ (96,457)	\$ 5,502,549	\$ 5,406,092
2010	89,473,257	81,278,939	8,194,318	(9,464,996)	(1,270,678)	4,302,302	3,031,624
2011	89,686,456	81,168,475	8,517,981	(10,879,203)	(2,361,222)	507,145	(1,854,077)
2012	90,097,691	78,193,867	11,903,824	(9,669,871)	2,233,953	809,437	3,043,390
2013	92,612,568	71,970,701	20,641,867	(7,925,751)	12,716,116	1,277,029	13,993,145
2014	98,347,042	74,621,825	23,725,217	(6,063,769)	17,661,448	348,930	18,010,378
2015	103,088,847	76,894,781	26,194,066	(5,634,367)	20,559,699	3,713,878	24,273,577
2016	105,466,115	78,265,751	27,200,364	(4,601,897)	22,598,467	2,678,842	25,277,309
2017	112,975,923	81,599,292	31,376,631	(5,147,471)	26,229,160	2,269,455	28,498,615
2018	113,484,810	79,641,734	33,843,076	(4,716,378)	29,126,698	5,248,260	34,374,958

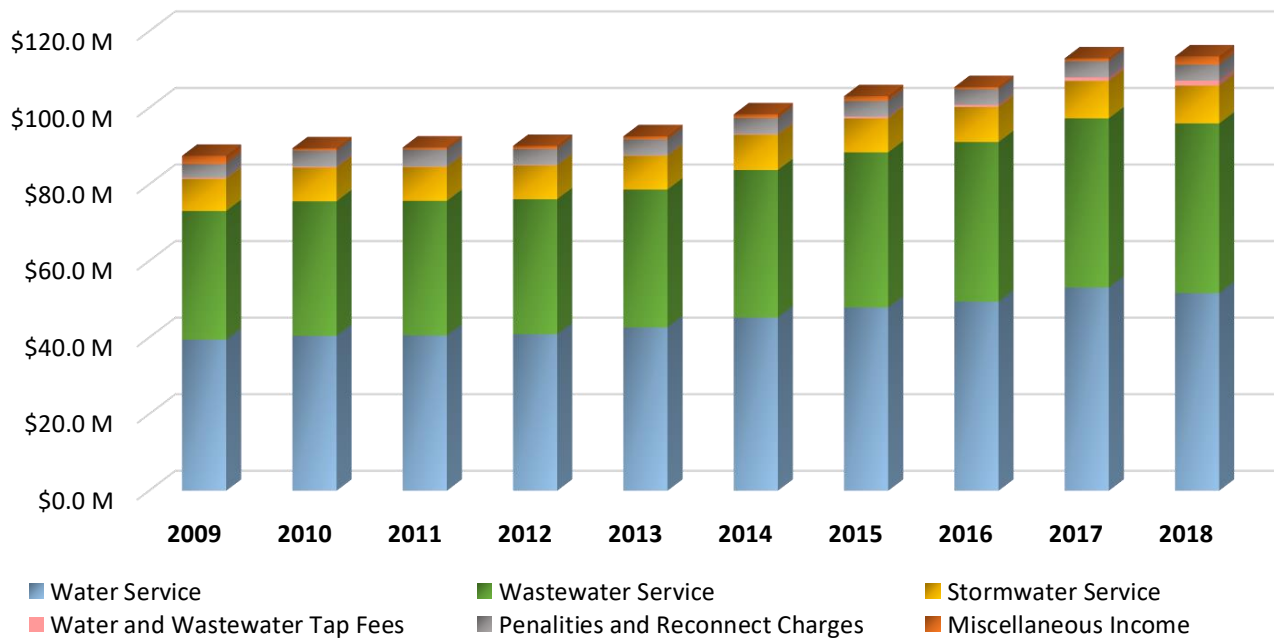




SCHEDULE 3: OPERATING REVENUES BY SOURCE

Clayton County Water Authority
OPERATING REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	Water Service	Wastewater Service	Stormwater Service	Water and Wastewater Tap Fees	Penalties and Reconnect Charges	Miscellaneous Income	Total
2009	\$ 39,491,798	\$ 33,589,398	\$ 8,420,466	\$ 226,792	\$ 3,645,236	\$ 2,129,920	\$ 87,503,610
2010	40,483,822	35,147,385	8,795,285	243,803	4,190,306	612,656	89,473,257
2011	40,582,754	35,148,237	8,859,096	134,353	4,428,917	533,099	89,686,456
2012	40,921,924	35,238,977	8,817,272	120,080	4,176,454	822,984	90,097,691
2013	42,668,980	36,021,876	8,806,125	141,110	4,140,089	834,388	92,612,568
2014	45,257,155	38,518,066	9,256,014	147,245	4,151,497	1,017,065	98,347,042
2015	47,878,265	40,511,433	8,904,863	434,708	4,083,185	1,276,393	103,088,847
2016	49,402,423	41,702,605	9,153,440	543,879	4,084,382	579,386	105,466,115
2017	53,110,970	44,182,570	9,758,230	927,741	4,230,691	765,721	112,975,923
2018	51,638,780	44,316,956	9,869,285	1,308,596	4,168,748	2,182,445	113,484,810



Notes:

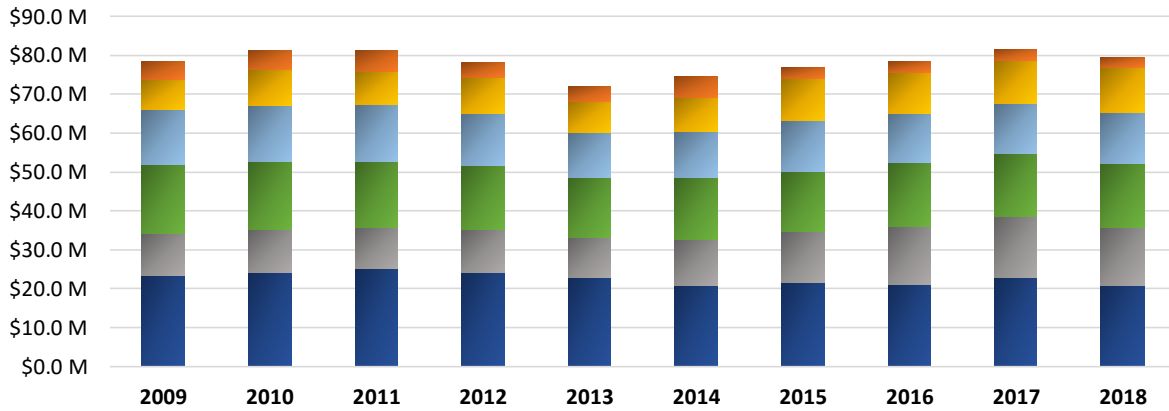
1. Miscellaneous Income includes Sales of Pellets, Timber and Materials and Other Operating Revenues.



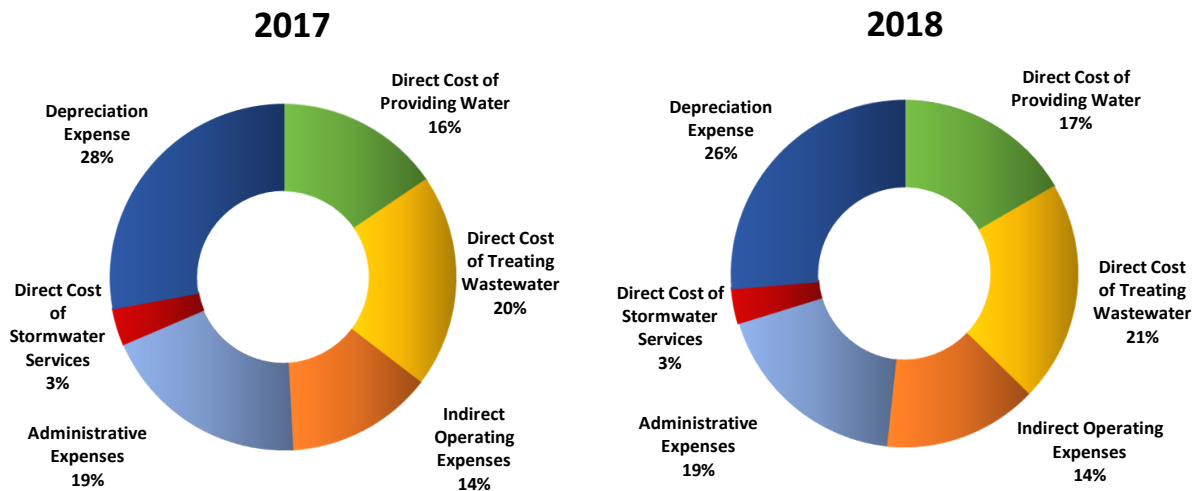
SCHEDULE 4: OPERATING EXPENSE BY FUNCTION

Clayton County Water Authority
OPERATING EXPENSE BY FUNCTION
 Last Ten Fiscal Years

Fiscal Year	Direct Cost of Providing Water	Direct Cost of Treating Wastewater	Indirect Operating Expenses	Administrative Expenses	Direct Cost of Stormwater Services	Total Expenses before Depreciation	Depreciation Expense	Total Operating Expenses
2009	\$ 14,041,212	\$ 17,657,662	\$ 7,904,903	\$ 10,911,205	\$ 4,573,188	\$ 55,088,170	\$ 23,384,670	\$ 78,472,840
2010	14,472,265	17,700,390	8,997,632	10,808,461	4,962,752	56,941,500	24,337,439	81,278,939
2011	14,445,285	17,245,305	8,473,871	10,501,177	5,333,818	55,999,456	25,169,019	81,168,475
2012	13,402,560	16,515,463	9,255,517	10,928,317	3,812,880	53,914,737	24,279,130	78,193,867
2013	11,540,882	15,248,122	8,195,943	10,448,241	3,635,044	49,068,232	22,902,469	71,970,701
2014	11,786,815	16,068,233	8,705,040	11,642,974	5,393,363	53,596,425	21,025,400	74,621,825
2015	13,172,973	15,478,178	10,645,097	13,129,577	2,877,188	55,303,013	21,591,768	76,894,781
2016	12,754,527	16,469,567	10,511,474	14,831,159	2,520,871	57,087,598	21,178,153	78,265,751
2017	12,656,515	16,246,840	11,196,737	15,870,455	2,854,446	58,824,993	22,774,299	81,599,292
2018	13,206,938	16,450,059	11,528,995	14,833,778	2,654,832	58,674,602	20,967,132	79,641,734



- Depreciation Expense
- Administrative Expenses
- Direct Cost of Treating Wastewater
- Direct Cost of Providing Water
- Indirect Operating Expenses
- Direct Cost of Stormwater Services




SCHEDULE 5: NONOPERATING REVENUES AND EXPENSES

Clayton County Water Authority
NONOPERATING REVENUES AND EXPENSES
 Last Ten Fiscal Years

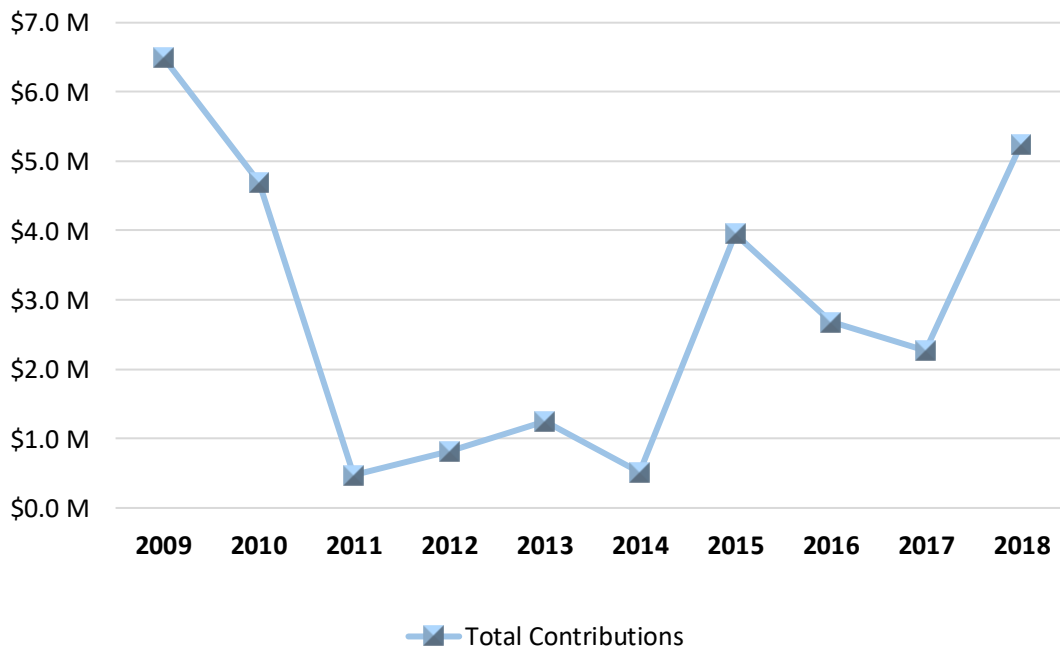
Fiscal Year	Interest Expense	Interest Income	Gain (Loss) on Disposal of Capital Assets	Net Other Revenues (Expenses)	Total Nonoperating Revenues (Expenses)
2009	\$(11,285,906)	\$ 878,836	\$ (370,758)	\$ (339,454)	\$ (11,117,282)
2010	(10,464,834)	176,064	(413,828)	(341,054)	(11,043,652)
2011	(9,951,262)	90,008	(723,065)	(294,884)	(10,879,203)
2012	(9,172,172)	39,334	(306,035)	(238,633)	(9,677,506)
2013	(8,008,878)	47,178	(46,539)	(16,729)	(8,024,968)
2014	(5,376,941)	35,181	(402,773)	(481,982)	(6,226,515)
2015	(5,188,543)	40,554	(713,394)	(13,185)	(5,874,568)
2016	(4,701,058)	119,358	(9,601)	(10,596)	(4,601,897)
2017	(4,250,920)	206,141	(1,093,078)	(9,614)	(5,147,471)
2018	(3,938,428)	465,865	(1,237,170)	(6,645)	(4,716,378)



SCHEDULE 6: ANNUAL CAPITAL CONTRIBUTIONS BY SOURCE

Clayton County Water Authority
ANNUAL CAPITAL CONTRIBUTIONS BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	Impact Fees	Grant Subsidy	Subdividers		Total Contributions
			Donated Infrastructure	Donated Other Assets	
2009	\$ 1,011,720	\$ 517,212	\$ 4,387,702	\$ 574,349	\$ 6,490,983
2010	291,604	497,781	2,347,498	1,556,263	4,693,146
2011	223,692	-	186,084	67,520	477,296
2012	173,408	7,633	596,455	39,574	817,070
2013	258,206	99,217	873,186	21,798	1,252,408
2014	292,035	162,746	56,000	895	511,675
2015	927,778	615,201	2,213,954	197,146	3,954,079
2016	1,220,074	76,845	1,133,323	248,600	2,678,842
2017	1,334,529	249,500	685,426	-	2,269,455
2018	2,580,852	416,710	2,250,698	-	5,248,260



Note: Grant Subsidy column includes grants and reimbursements from Other Governments.

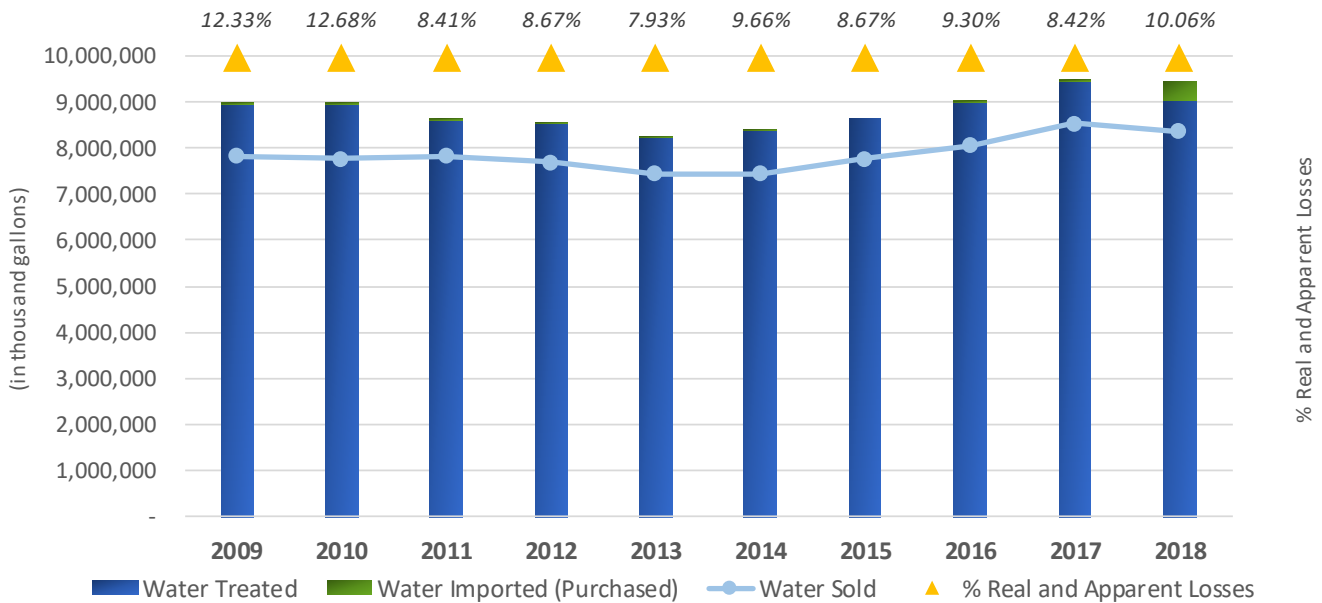


SCHEDULE 7: GALLONS OF WATER TREATED AND CONSUMED

Clayton County Water Authority
GALLONS OF WATER TREATED AND CONSUMED
 Last Ten Fiscal Years

(in thousand gallons)

Fiscal Year	Water Treated	Water Imported (Purchased)	Water Available	Water Sold	Non-Revenue Water	% Non-revenue Water	Unbilled Authorized Consumption	% Real and Apparent Losses
2009	8,937,795	58,000	8,995,795	7,817,860	1,177,935	13.09%	69,090	12.33%
2010	8,962,724	34,000	8,996,724	7,759,403	1,237,321	13.75%	96,561	12.68%
2011	8,617,470	37,080	8,654,550	7,823,417	831,133	9.60%	103,613	8.41%
2012	8,541,170	9,767	8,550,937	7,700,805	850,132	9.94%	109,144	8.67%
2013	8,205,933	11	8,205,944	7,442,676	763,268	9.30%	112,826	7.93%
2014	8,361,131	4,270	8,365,401	7,444,278	921,123	11.01%	113,052	9.66%
2015	8,641,919	-	8,641,919	7,767,732	874,187	10.12%	124,956	8.67%
2016	9,002,922	14,560	9,017,482	8,051,729	965,753	10.71%	127,327	9.30%
2017	9,435,769	1,330	9,437,099	8,539,097	898,002	9.52%	102,999	8.42%
2018	9,031,224	406,510	9,437,734	8,358,331	1,079,403	11.44%	130,312	10.06%



Note: Information is from customer billing records, meter reading records and water production records.

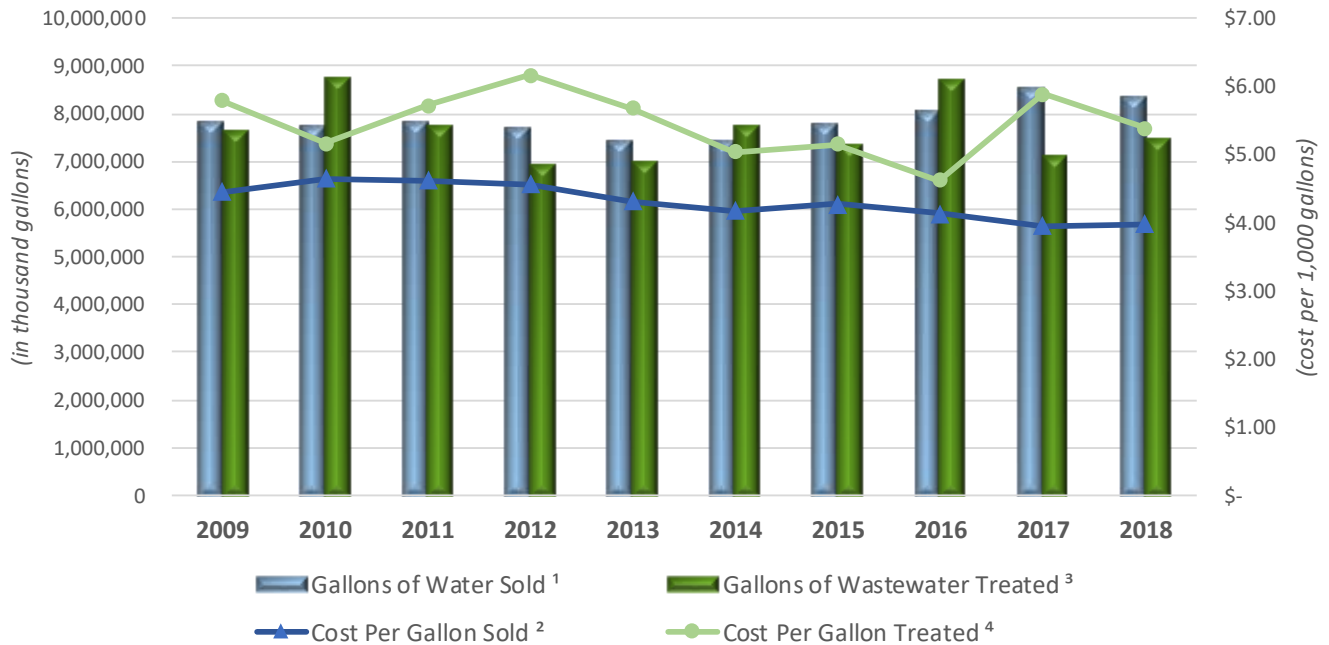


SCHEDULE 8: GALLONS OF WATER SOLD AND WASTEWATER TREATED

Clayton County Water Authority
GALLONS OF WATER SOLD AND WASTEWATER TREATED
 Last Ten Fiscal Years

(in thousand gallons)

Fiscal Year	Gallons of Water Sold ¹	Cost Per Gallon Sold ²	Gallons of Wastewater Treated ³	Cost Per Gallon Treated ⁴
2009	7,817,860	\$ 4.45	7,637,213	\$ 5.79
2010	7,759,403	4.65	8,745,866	5.17
2011	7,823,417	4.62	7,736,072	5.72
2012	7,700,805	4.57	6,890,218	6.17
2013	7,442,676	4.32	6,970,915	5.68
2014	7,444,278	4.17	7,727,264	5.04
2015	7,767,732	4.28	7,329,418	5.15
2016	8,051,729	4.14	8,703,540	4.61
2017	8,539,097	3.96	7,100,709	5.88
2018	8,358,331	3.99	7,451,024	5.39



Notes:

1. See Schedule 7, Gallons of Water Consumed.
2. See Schedule 26, Itemized cost per gallon.
3. See Schedule 9, Gallons of Wastewater Treated.
4. See Schedule 27, Itemized cost per gallon.

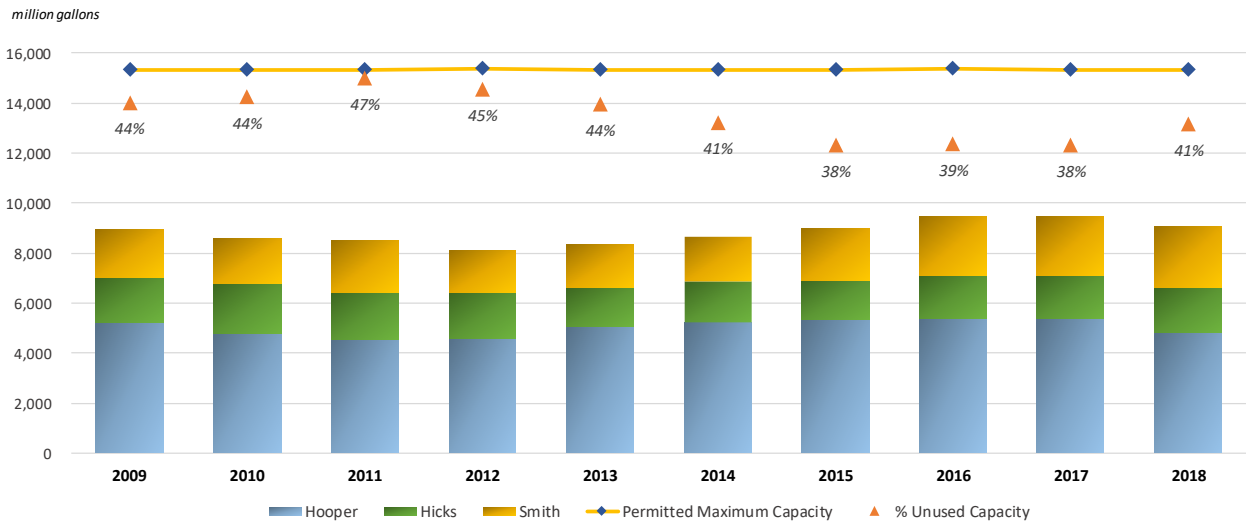


SCHEDULE 9: ANNUAL WATER PRODUCED BY PLANT

Clayton County Water Authority
ANNUAL WATER PRODUCED BY PLANT
 Last Ten Fiscal Years

(in million gallons)

Water Production Plant	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Daily Plant Capacity (MGD)	Annual Permitted Capacity	Annual Unused Capacity	% Unused Capacity
Hooper	5,227	4,797	4,535	4,561	5,059	5,242	5,344	5,400	5,400	4,846	20	7,300	2,454	34%
Hicks	1,794	1,950	1,905	1,870	1,579	1,605	1,577	1,698	1,698	1,758	12	4,380	2,622	60%
Smith	1,935	1,857	2,060	1,692	1,714	1,788	2,073	2,325	2,325	2,424	10	3,650	1,226	34%
Wells	14	7	11	31	26	9	8	10	13	3	1	331	329	99%
Total Water Produced	8,970	8,611	8,511	8,154	8,378	8,643	9,001	9,433	9,436	9,031	42.0	15,330	6,302	41%



Additional Supply	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Daily Plant Capacity (MGD)	Annual Permitted Capacity	Annual Unused Capacity	% Unused Capacity
Imported Water (Interconnects)	0	0	32	0	0	3	0	15	1	407	15	5,428	5,021	93%

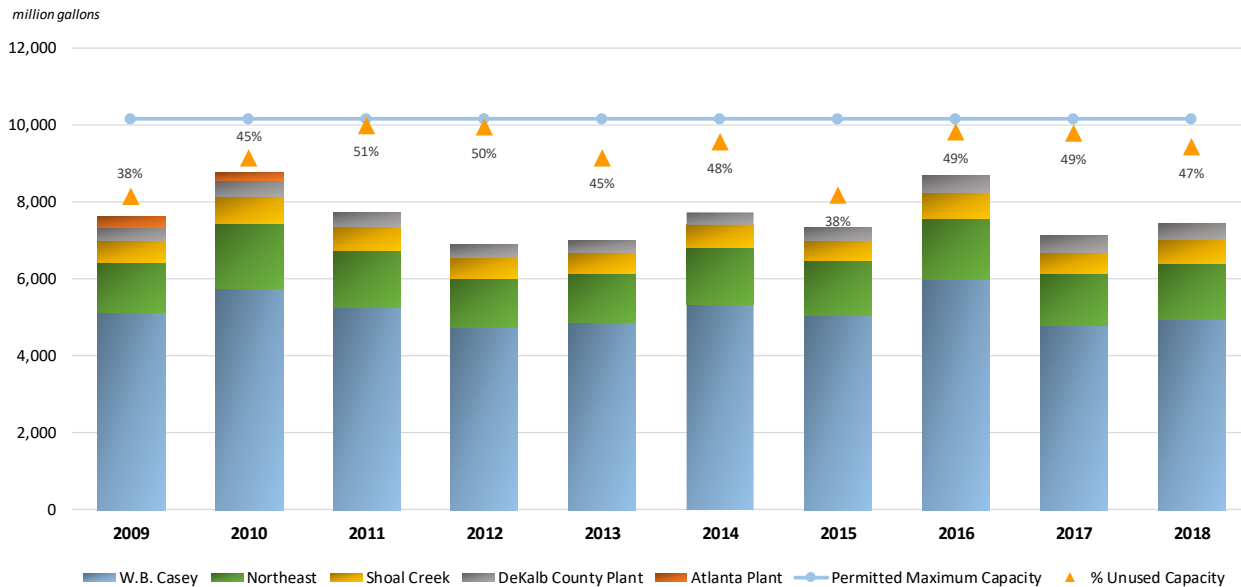


SCHEDULE 10: ANNUAL WASTEWATER TREATED BY PLANT

Clayton County Water Authority
ANNUAL WASTEWATER TREATED BY PLANT
 Last Ten Fiscal Years

(in million gallons)

Water Reclamation Plant	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Daily Plant Capacity (MGD)	Annual Permitted Capacity	Annual Unused Capacity	% Unused Capacity
W.B. Casey	5,100	5,763	5,256	4,724	4,841	5,333	5,060	5,976	4,798	4,955	24.0	6,351	1,396	22%
Northeast	1,346	1,684	1,458	1,278	1,298	1,475	1,404	1,601	1,341	1,460	10.0	2,190	730	33%
Shoal Creek	542	699	654	578	541	587	531	681	544	616	4.4	1,606	990	62%
DeKalb County Plant	360	435	367	310	290	333	334	447	417	420	1.0	N/A	N/A	N/A
Atlanta Plant	289	164	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A
Total Wastewater Treated	7,637	8,745	7,735	6,890	6,970	7,728	7,329	8,704	7,101	7,451	39.4	10,147	3,116	31%



Notes:

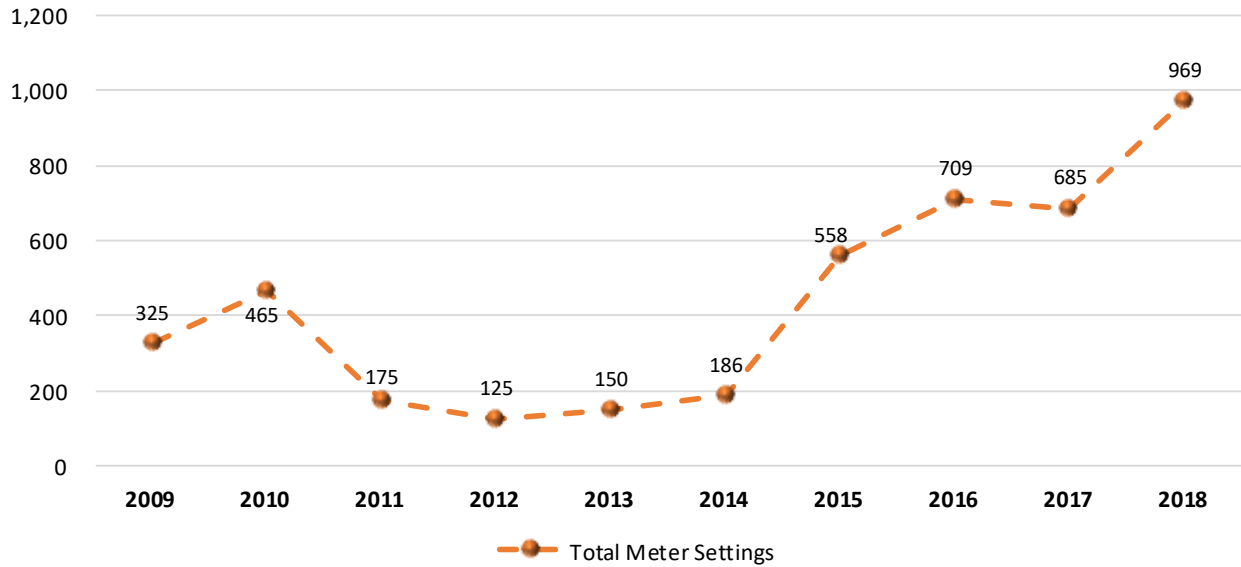
1. CCWA's new Atlanta Lift Station became operational in FY 2010 and the flows previously going to the Atlanta Plant were redirected to Casey.



SCHEDULE 11: ANNUAL NEW WATER METER SETTINGS

Clayton County Water Authority
ANNUAL NEW WATER METER SETTINGS
 Last Ten Fiscal Years

Fiscal Year	Total Meter Settings	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8" +
2009	325	250	19	33	7	13	0	0	0	3
2010	465	343	31	44	14	26	0	0	2	5
2011	175	149	11	5	4	4	0	0	2	0
2012	125	100	5	10	3	3	0	0	4	0
2013	150	100	8	26	7	7	0	0	1	1
2014	186	131	12	35	1	5	1	0	1	0
2015	558	471	23	42	4	11	1	1	4	1
2016	709	634	20	30	6	9	2	3	2	3
2017	685	632	8	25	4	10	1	1	2	2
2018	969	809	14	109	7	14	4	2	1	9





SCHEDULE 12: MINIMUM MONTHLY WATER CHARGES AND BASE CHARGES

Clayton County Water Authority
MINIMUM MONTHLY WATER CHARGES AND BASE CHARGES
 Last Ten Fiscal Years

		<i>Size of Customer Meter</i>									
		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Corresponding Minimum Usage (In Thousand Gallons)		3	4	8	25	56	111	167	222	333	444
Minimum Monthly Water Charge:											
January 1, 2004	- December 31, 2004	\$ 10.20	\$ 13.60	\$ 27.20	\$ 85.00	\$ 190.40	\$ 377.40	\$ 567.80	\$ 754.80	\$ 1,132.20	\$ 1,509.60
January 1, 2005	- December 31, 2005	\$ 11.73	\$ 15.64	\$ 31.28	\$ 97.75	\$ 218.96	\$ 434.01	\$ 652.97	\$ 868.02	\$ 1,302.03	\$ 1,736.04
January 1, 2006	- December 31, 2006	\$ 12.33	\$ 16.44	\$ 32.88	\$ 102.75	\$ 230.16	\$ 456.21	\$ 686.37	\$ 912.42	\$ 1,368.63	\$ 1,824.84
January 1, 2007	- December 31, 2007	\$ 12.96	\$ 17.28	\$ 34.56	\$ 108.00	\$ 241.92	\$ 479.52	\$ 721.44	\$ 959.04	\$ 1,438.56	\$ 1,918.08
January 1, 2008	- July 31, 2009	\$ 13.62	\$ 18.16	\$ 36.32	\$ 113.50	\$ 254.24	\$ 503.94	\$ 758.18	\$ 1,007.88	\$ 1,511.82	\$ 2,015.76
Corresponding Minimum Usage (In Thousand Gallons)		3	4	6	20	45	89	134	178	266	355
August 1, 2009	- August 31, 2010	\$ 14.43	\$ 19.24	\$ 28.86	\$ 96.20	\$ 216.45	\$ 428.57	\$ 644.54	\$ 856.18	\$ 1,279.46	\$ 1,707.55
Base Charge Dependent on Meter Size		5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
September 1, 2010	- December 31, 2011	\$ 8.50	\$ 9.00	\$ 11.50	\$ 20.00	\$ 40.00	\$ 60.00	\$ 75.00	\$ 112.00	\$ 140.00	\$ 168.00
January 1, 2012	- December 31, 2012	\$ 8.93	\$ 9.45	\$ 12.08	\$ 21.00	\$ 42.00	\$ 63.00	\$ 78.75	\$ 117.60	\$ 147.00	\$ 176.40
January 1, 2013	- December 31, 2013	\$ 9.38	\$ 9.92	\$ 12.68	\$ 22.05	\$ 44.10	\$ 66.15	\$ 82.69	\$ 123.48	\$ 154.35	\$ 185.22
January 1, 2014	- April 30, 2016	\$ 9.85	\$ 10.42	\$ 13.31	\$ 23.15	\$ 46.31	\$ 69.46	\$ 86.82	\$ 126.65	\$ 162.07	\$ 194.48
May 1, 2016	- Present	\$ 10.05	\$ 10.62	\$ 13.58	\$ 23.62	\$ 47.23	\$ 70.85	\$ 88.56	\$ 132.25	\$ 165.31	\$ 198.37

Note:

Based on the size of their meters, customers are billed a minimum usage or base charge regardless of their actual consumption. Any usage in excess of the minimum or base charge is assessed an additional charge based on the per thousand gallon rate shown on Schedule 15.

¹ On January 1, 2008, the Authority instituted a tiered rate structure for Residential Customers. There was no increase in the minimum for those customers.

² On August 1, 2009 the corresponding minimum usage for some meter sizes changed. The minimum bill for residential customers remained at \$13.62.

³ On September 1, 2010, a base charge dependent on the size of the customer's meter was implemented.

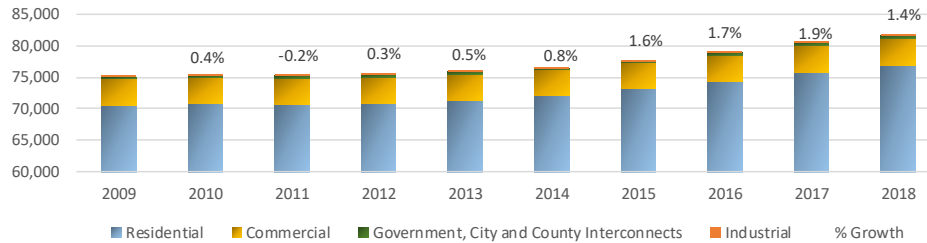


SCHEDULE 13: NUMBER OF WATER AND WASTEWATER CUSTOMERS BY TYPE

Clayton County Water Authority
NUMBER OF WATER AND WASTEWATER CUSTOMERS BY TYPE
 Last Ten Fiscal Years

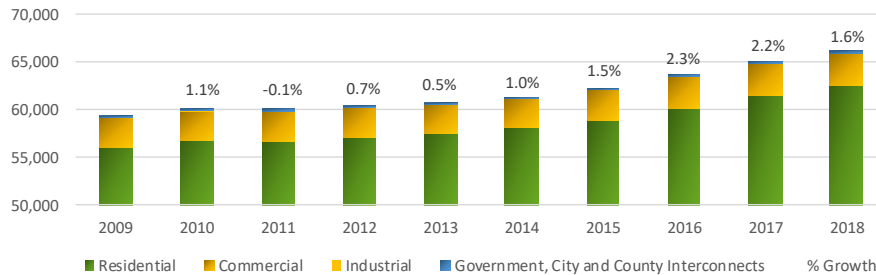
Fiscal Year	Residential	Commercial	Industrial	Government, City and County Interconnects	Total Water Customers	% Growth
2009	70,476	4,209	49	318	75,052	
2010	70,856	4,159	51	317	75,383	0.4%
2011	70,656	4,124	50	426	75,256	-0.2%
2012	70,930	4,086	54	434	75,504	0.3%
2013	71,335	4,057	50	440	75,882	0.5%
2014	72,054	4,069	50	315	76,488	0.8%
2015	73,107	4,104	54	425	77,690	1.6%
2016	74,224	4,294	52	433	79,003	1.7%
2017	75,658	4,329	53	457	80,497	1.9%
2018	76,747	4,493	53	354	81,647	1.4%

Total Water Customers



Fiscal Year	Residential	Commercial	Industrial	Government, City and County Interconnects	Total Wastewater Customers	% Growth
2009	55,996	3,165	37	195	59,393	
2010	56,679	3,140	38	193	60,050	1.1%
2011	56,669	3,114	38	197	60,018	-0.1%
2012	57,096	3,085	43	196	60,420	0.7%
2013	57,454	3,046	38	202	60,740	0.5%
2014	58,097	3,007	38	197	61,339	1.0%
2015	58,913	3,093	39	195	62,240	1.5%
2016	60,123	3,240	37	243	63,643	2.3%
2017	61,467	3,279	37	245	65,028	2.2%
2018	62,425	3,408	37	187	66,057	1.6%

Total Wastewater Customers

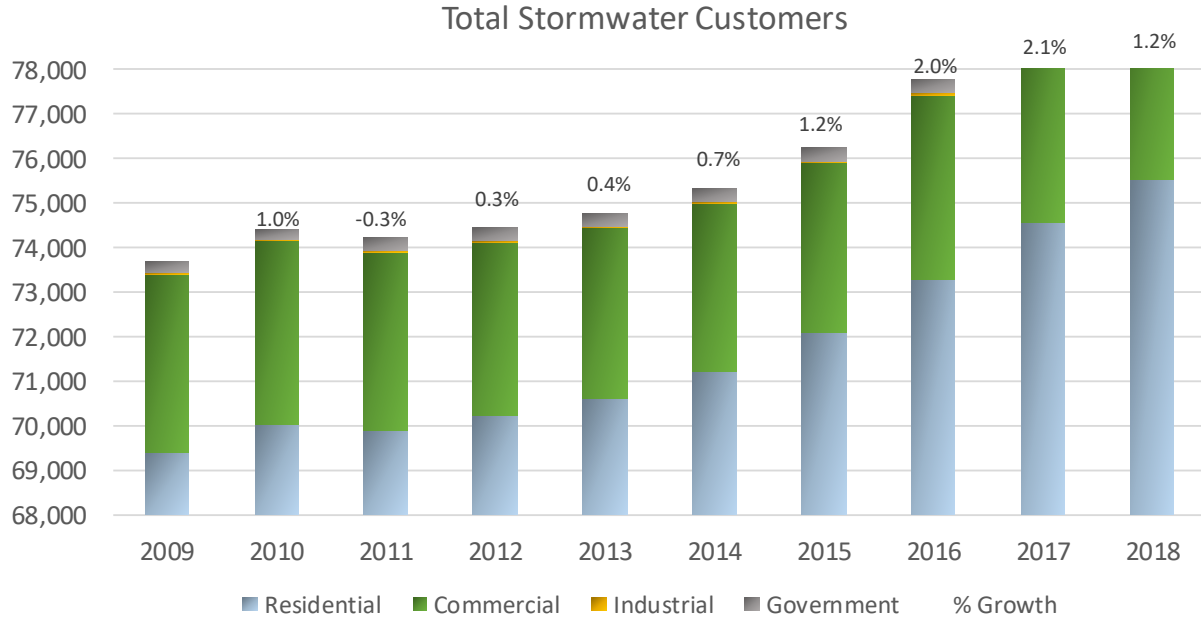




SCHEDULE 14: NUMBER OF STORMWATER CUSTOMERS BY TYPE

Clayton County Water Authority
NUMBER OF STORMWATER CUSTOMERS BY TYPE
 Last Five Fiscal Years

Fiscal Year	Residential	Commercial	Industrial	Government	Total Stormwater Customers	% Growth
2009	69,407	3,987	46	240	73,680	
2010	70,022	4,112	46	237	74,417	1.0%
2011	69,909	3,990	43	284	74,226	-0.3%
2012	70,228	3,885	47	288	74,448	0.3%
2013	70,603	3,831	46	291	74,771	0.4%
2014	71,232	3,765	46	288	75,331	0.7%
2015	72,113	3,806	47	286	76,252	1.2%
2016	73,293	4,135	47	299	77,774	2.0%
2017	74,572	4,445	48	308	79,373	2.1%
2018	75,521	4,527	48	228	80,324	1.2%

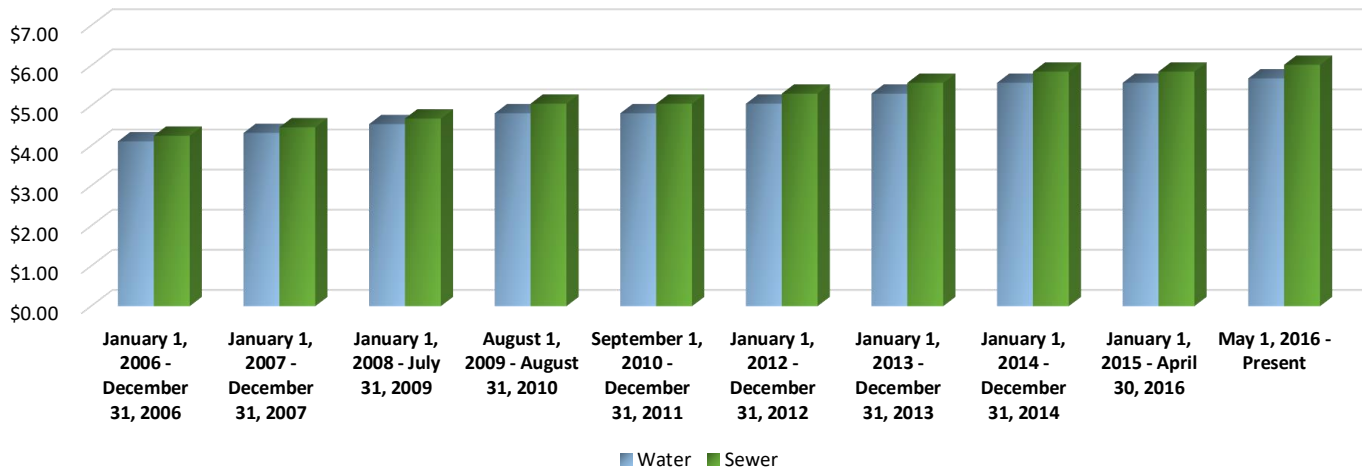




SCHEDULE 15: WATER AND SEWER RATES

Clayton County Water Authority
WATER AND SEWER RATES
 Last Ten Fiscal Years

Period	Per Thousand Gallons	
	Water	Sewer
January 1, 2006 - December 31, 2006	\$4.11	\$4.25
January 1, 2007 - December 31, 2007	\$4.32	\$4.46
¹ January 1, 2008 - July 31, 2009	\$4.54	\$4.68
August 1, 2009 - August 31, 2010	\$4.81	\$5.05
² September 1, 2010 - December 31, 2011	\$4.81	\$5.05
³ January 1, 2012 - December 31, 2012	\$5.05	\$5.30
⁴ January 1, 2013 - December 31, 2013	\$5.30	\$5.57
⁵ January 1, 2014 - December 31, 2014	\$5.57	\$5.85
⁶ January 1, 2015 - April 30, 2016	\$5.57	\$5.85
⁷ May 1, 2016 - Present	\$5.68	\$6.02



Notes:

Rates are applicable to customer usage after the minimum has been met. The minimum and the base rate are determined by the customer's meter size. (See Schedule 11)

Adjustments to water and sewer rates must be approved by the Board of Directors.

- As a means of implementing conservation measures, the rate structure was changed to reflect a tiered approach for residential customers.
- With the implementation of the base rate, residential customers were charged only \$2.00 and \$2.15, respectively, as the conservation water and sewer rates for the first three thousand gallons of usage.
- With the implementation of the base rate, residential customers were charged only \$2.10 and \$2.26, respectively, as the conservation water and sewer rates for the first three thousand gallons of usage.
- With the implementation of the base rate, residential customers were charged only \$2.21 and \$2.37, respectively, as the conservation water and sewer rates for the first three thousand gallons of usage.
- With the implementation of the base rate, residential customers were charged only \$2.32 and \$2.49, respectively, as the conservation water and sewer rates for the first three thousand gallons of usage.
- With the implementation of the base rate, residential customers were charged only \$2.32 and \$2.49, respectively, as the conservation water and sewer rates for the first three thousand gallons of usage.
- With the implementation of the base rate, residential customers were charged only \$2.37 and \$2.56, respectively, as the conservation water and sewer rates for the first three thousand gallons of usage.



SCHEDULE 16: STORMWATER RATES

Clayton County Water Authority
STORMWATER RATES
 Last Five Fiscal Years

Period	Residential	Commercial
May 1, 2011 - Present	\$3.75 per household	\$3.75 per 2,950 square feet

Notes:

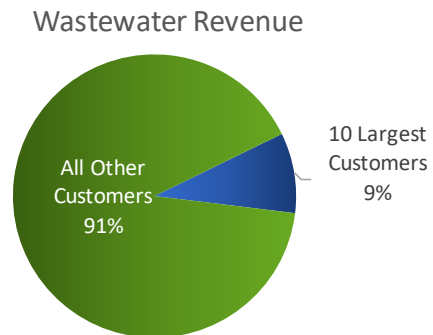
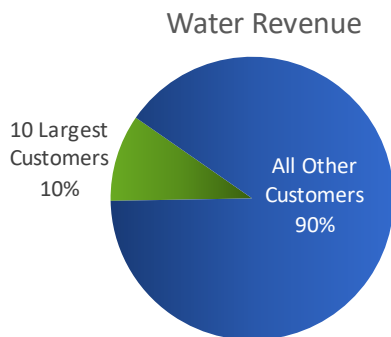
1. *The Authority began providing Stormwater Utility Services in Fiscal Year 2008.*
2. *Stormwater fees are based on the amount of impervious surfaces located on a parcel.*
3. *For ease of administration, there is a standard rate for residential lots.*



SCHEDULE 17: TEN LARGEST WATER AND WASTEWATER CUSTOMERS MEASURED BY CONSUMPTION IN GALLONS AND WATER AND WASTEWATER REVENUES

Clayton County Water Authority
TEN LARGEST WATER AND SEWER CUSTOMERS
MEASURED BY CONSUMPTION IN GALLONS AND WATER AND SEWER REVENUES
 For the Fiscal Year Ended April 30, 2018

Customer	Water		Wastewater	
	Revenue	Percent	Revenue	Percent
Fresh Express	1,429,372	2.77%	\$ 1,787,308	4.03%
City of College Park	\$ 1,317,647	2.55%	359,894	0.81%
Clorox Company	736,166	1.43%	335,834	0.76%
Clayton County Board of Commissioners	316,812	0.61%	303,548	0.68%
Club Chef Southeast LLC	313,571	0.61%	296,750	0.67%
Atlanta South Properties LLC	222,501	0.43%	226,981	0.51%
Deer Creek Mobile Home Park LLC	214,044	0.41%	212,526	0.48%
Marcre Sales Inc	210,290	0.41%	202,882	0.46%
Toto USA Inc	191,369	0.37%	180,517	0.41%
Gateway At Hartsfield LLC	176,260	0.34%	149,459	0.34%
10 Largest Customers	\$ 5,128,033	9.93%	\$ 4,055,698	9.15%
All Other Customers	46,510,747	90.07%	40,261,258	90.85%
Total	\$51,638,780	100.00%	\$44,316,956	100.00%



Notes:

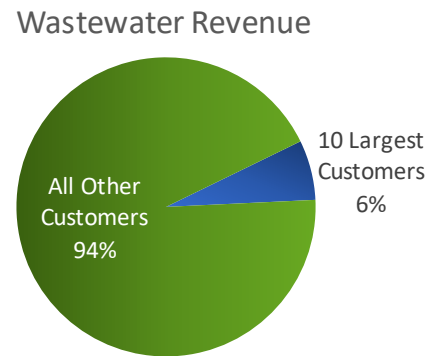
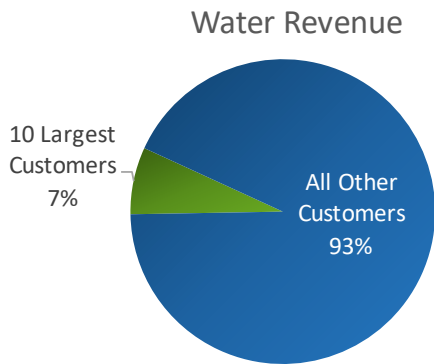
1. Dollar values reflected include base rate charges, as well as, multiple meters on various accounts.
2. Information is from customer service billing records.
3. CCWA has a wholesale agreement with City of College Park



SCHEDULE 18: TEN LARGEST WATER AND WASTEWATER CUSTOMERS MEASURED BY CONSUMPTION IN GALLONS AND WATER AND WASTEWATER REVENUES (TEN YEARS AGO)

Clayton County Water Authority
**TEN LARGEST WATER AND WASTEWATER CUSTOMERS
 MEASURED BY WATER AND WASTEWATER REVENUES**
 For the Fiscal Year Ended April 30, 2008 (Ten Years Ago)

Name of Company or Customer	Water		Wastewater	
	Revenue	Percent	Revenue	Percent
Fresh Express	\$ 807,786	2.02%	\$ 742,760	2.23%
Clorox Company	374,145	0.94%	91,632	0.27%
Southern Regional Hospital	311,878	0.78%	235,982	0.71%
Hunters Ridge Mobile Home Park	254,988	0.64%	263,575	0.79%
Hunters Bay Apartments	200,821	0.50%	206,797	0.62%
ToTo Industries (Atlanta) Inc.	197,489	0.49%	204,132	0.61%
Directorate of Engineering	298,261	0.75%	-	0.00%
ARC Communities 17 LLC	167,801	0.42%	173,457	0.52%
Deer Creek Estates	138,559	0.35%	142,838	0.43%
Miles Properties	93,154	0.23%	96,289	0.29%
10 Largest Customers	\$ 2,844,882	7.12%	\$ 2,157,462	6.47%
All Other Customers	37,120,522	92.88%	31,178,009	93.53%
Total	\$39,965,404	100.00%	\$33,335,471	100.00%

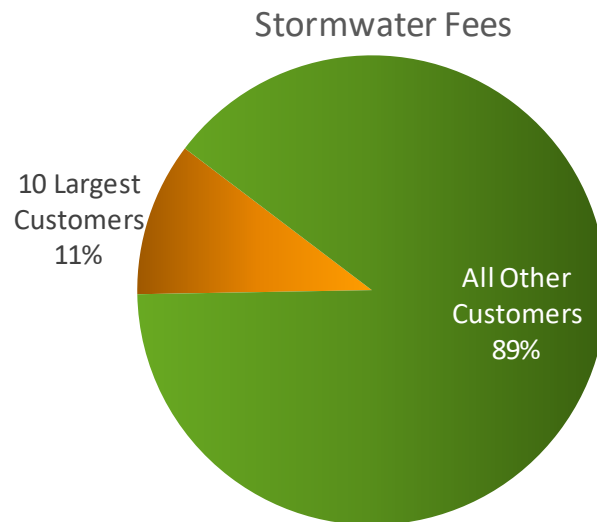




SCHEDULE 19: TEN LARGEST CUSTOMERS MEASURED BY STORMWATER USER FEES

Clayton County Water Authority
STORMWATER UTILITY
TEN LARGEST CUSTOMERS MEASURED BY STORMWATER USER FEES
 For the Fiscal Year Ended April 30, 2018

Customer	Stormwater Fees	Percent
Department of Aviation (<i>Hartsfield-Jackson Airport</i>)	\$ 613,976	6.22%
Georgia Department of Agriculture	84,551	0.86%
Urban Redevelopment Agency	76,461	0.77%
J C Penney Catalog Division	62,823	0.64%
Kroger	52,843	0.54%
Fort Gillem - Site Manager	46,839	0.47%
Georgia Power	31,016	0.31%
Tindall Corporation GA Division	26,490	0.27%
Federal Express	25,672	0.26%
Gillem Logistics Center Building 200 LLC	25,400	0.26%
10 Largest Customers	\$ 1,046,072	10.60%
All Other Customers	8,823,213	89.40%
Total	\$ 9,869,285	100.00%



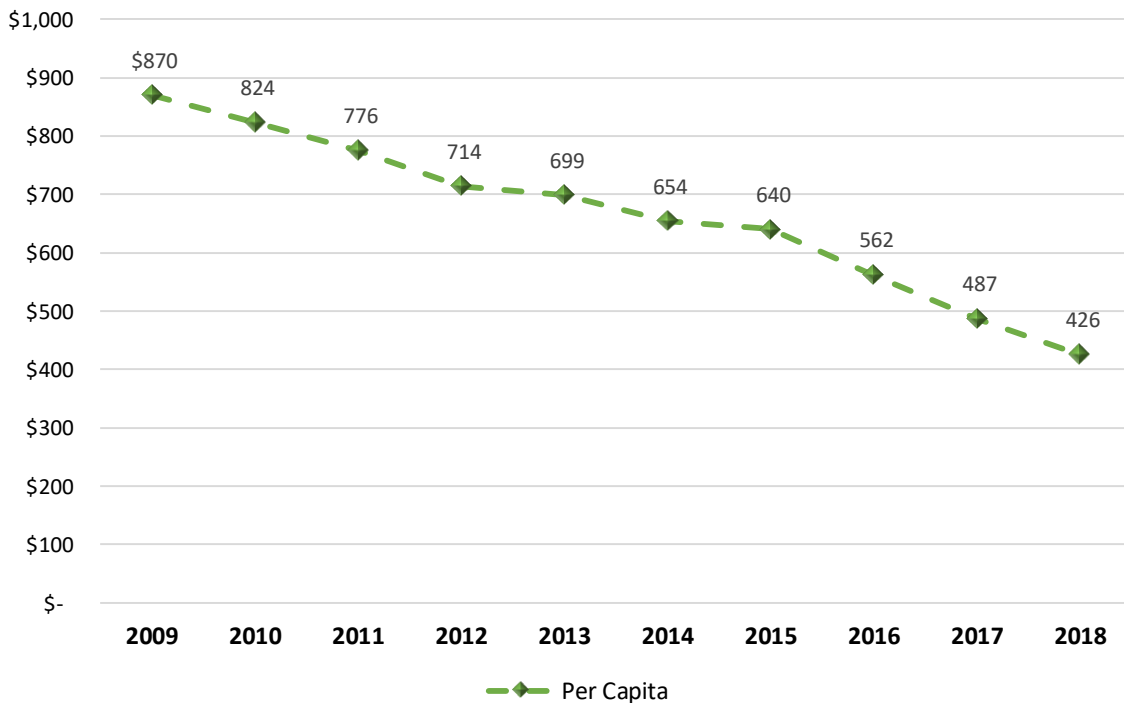
Note: FY 2007 - 2008 was the first year of the Stormwater Utility



SCHEDULE 20: RATIOS OF OUTSTANDING DEBT BY TYPE

Clayton County Water Authority
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	GEFA Loans	Total Amount	Per Capita	As a Share of Personal Income
2009	\$ 227,495,000	\$ 10,481,980	\$ 237,976,980	\$ 870	3.98%
2010	216,950,000	9,992,123	226,942,123	824	3.81%
2011	205,735,000	9,487,366	215,222,366	776	3.51%
2012	190,625,000	8,967,819	199,592,819	714	3.18%
2013	178,300,000	8,431,354	186,731,354	699	2.85%
2014	180,116,610	7,879,126	187,995,736	654	2.66%
2015	163,953,530	7,310,101	171,263,631	640	3.47%
2016	147,250,664	6,724,191	153,974,855	562	2.19%
2017	130,017,798	6,119,630	136,137,428	487	1.98%
2018	112,349,932	6,604,761	118,954,693	426	1.73%



Notes:

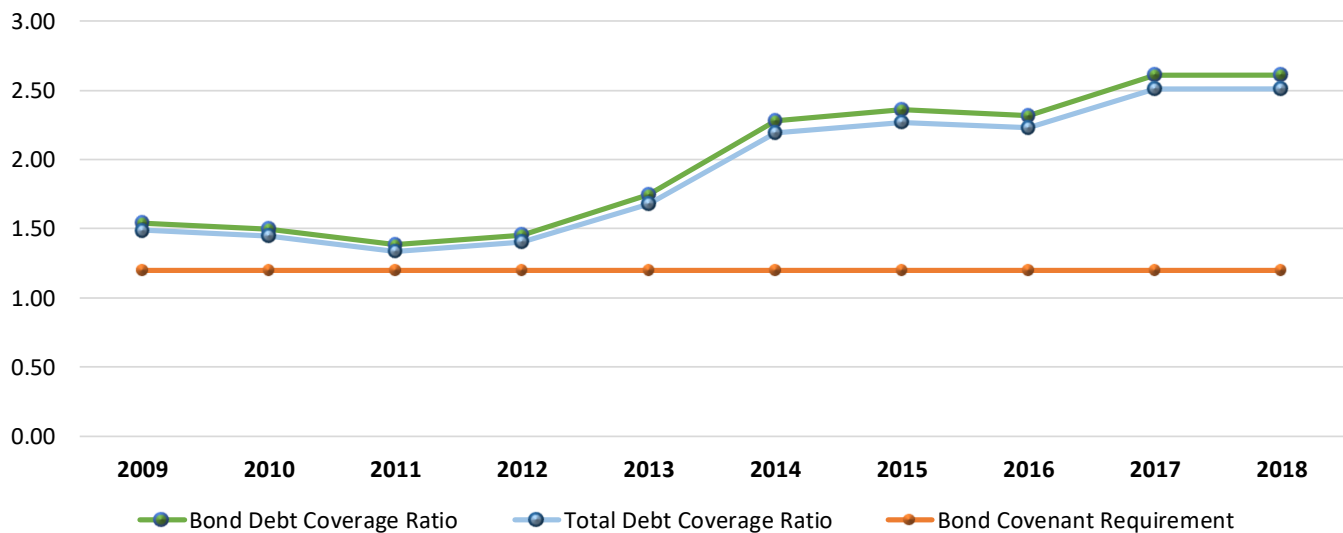
1. Certain economic information was not available for this period, the prior period's data for population and personal income was used in the calculation.
2. Revenue Bonds equal the Revenue Bonds Payable (net of premium)



SCHEDULE 21: DEBT SERVICE COVERAGE

Clayton County Water Authority
DEBT SERVICE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses <i>(excludes Deprec)</i>	Net Cash Flow Available for Debt Service	Bond Annual Debt Service	Bond Debt Coverage Ratio	GEFA Loan Debt Service	Total Debt Coverage Ratio	Bond Covenant Requirement
2009	\$ 81,330,240	\$ 47,728,607	\$ 33,601,633	\$ 21,797,732	1.54	\$ 797,647	1.49	1.20
2010	81,850,879	49,546,582	32,304,297	21,565,183	1.50	797,647	1.44	1.20
2011	80,835,611	51,006,748	29,828,863	21,557,268	1.38	797,647	1.33	1.20
2012	81,265,317	49,669,638	31,595,679	21,705,160	1.46	797,647	1.40	1.20
2013	83,882,779	48,955,857	34,926,922	20,017,027	1.74	797,647	1.68	1.20
2014	89,383,063	44,287,188	45,095,875	19,783,983	2.28	797,647	2.19	1.20
2015	95,320,360	48,612,496	46,707,864	19,780,828	2.36	797,647	2.27	1.20
2016	97,429,249	51,317,854	46,111,395	19,879,133	2.32	797,647	2.23	1.20
2017	104,702,175	52,617,533	52,084,642	19,968,503	2.61	797,647	2.51	1.20
2018	106,898,748	54,900,741	51,998,007	19,903,233	2.61	797,647	2.51	1.20



Notes:

1. Gross Revenues - Refer to "Operating Revenues by Source" (Schedule 3), includes impact fees and beginning in FY 2008, Stormwater Fund Revenues and Expenses were deducted from amounts.
2. Operating Expenses - Refer to "Operating Expenses by Function"(Schedule 4),beginning in FY 2008, Stormwater Fund Revenues and Expenses were deducted from amounts andbeginning in FY 2008, Transfer from Stormwater Fund for Administrative costs was deducted.
3. Net Revenues Available for Debt Service: Represents operating income before depreciation and after making certain adjustments.
4. Includes Intergovernmental Non-Operating Revenue (Schedule 5)



SCHEDULE 22: DEMOGRAPHIC AND ECONOMIC STATISTICS

Clayton County Water Authority DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Calendar		Personal Income	Per Capita Personal Income	Average Annual Pay	Total Full-Time and Part-Time Employment	Labor Force	Average Unemployment Rate			Total Housing Units
Year	Population	(in thousands)					Clayton County	State of Georgia	United States	
2008	273,690	\$ 5,979,930	\$ 21,849	\$ 126,855	41,805	137,223	7.50%	7.20%	7.20%	107,167
2009	275,580	5,960,557	21,629	118,660	40,652	133,824	9.60%	10.00%	10.00%	107,245
2010	277,463	6,140,280	22,130	103,353	40,922	131,098	10.20%	9.40%	9.40%	104,705
2011	279,580	6,274,560	22,443	101,357	42,674	129,784	9.40%	8.50%	8.50%	104,463
2012	267,180	6,551,330	24,520	116,109	47,552	130,580	9.00%	8.10%	8.10%	103,913
2013	264,220	6,551,720	24,301	117,301	46,620	129,950	8.40%	7.50%	7.50%	104,343
2014	267,542	7,157,660	26,257	125,119	48,430	125,119	7.20%	6.20%	6.20%	104,535
2015	273,955	6,936,580	25,630	115,708	48,990	125,051	5.90%	5.30%	5.30%	104,719
2016	279,462	6,728,520	24,550	121,278	53,637	129,852	5.40%	4.90%	4.90%	104,996
2017	280,380	6,857,750	24,420	121,278	53,637	134,540	5.80%	4.40%	4.40%	104,996

Sources:

U.S. Department of Commerce, Bureau of Economic Analysis

U.S. Department of Labor, Bureau of Labor Statistics

FRED Economic Data (<https://research.stlouisfed.org/fred2/series/PI13063>)

U.S. Census Bureau (<http://quickfacts.census.gov/qfd/states/13/13063.html>)

<http://www.bestplaces.net/economy/county/georgia/clayton>



SCHEDULE 23: TEN LARGEST EMPLOYERS

Clayton County Water Authority
TEN LARGEST EMPLOYERS
 Previous Year and Five Years Ago

2018

Employer	Rank	Employees	% of Total Employment
Clayton County Board of Education	1	7,300	4.68%
Delta Airlines, Inc.	2	6,200	3.97%
Clayton County Government	3	2,399	1.54%
Southern Regional Health System	4	1,450	0.93%
Gate Gourmet Inc.	5	1,200	0.77%
Fresh Express	6	800	0.51%
Wal-Mart	7	450	0.29%
Fedex Ground	8	800	0.51%
Clayton State University	9	675	0.43%
Southern Company/Georgia Power	10	543	0.35%
Subtotal (10 Largest Employers)		21,817	13.98%

2013

Employer	Rank	Employees	% of Total Employment
Clayton County Board of Education	1	7,100	5.46%
Delta Airlines/Tech Ops	2	6,000	4.62%
Southern Regional Medical Center	3	2,100	1.62%
Fresh Express, Inc.	4	1,100	1.62%
Southern Company/Georgia Power	5	766	0.59%
Clayton State University	6	750	0.58%
Fedex Ground	7	750	0.58%
Saia Motor Freight Line	8	500	0.38%
R+L Carriers	9	430	0.33%
ToTo, USA, Inc	10	425	0.33%
Subtotal (10 Largest Employers)		19,921	16.11%

Source:

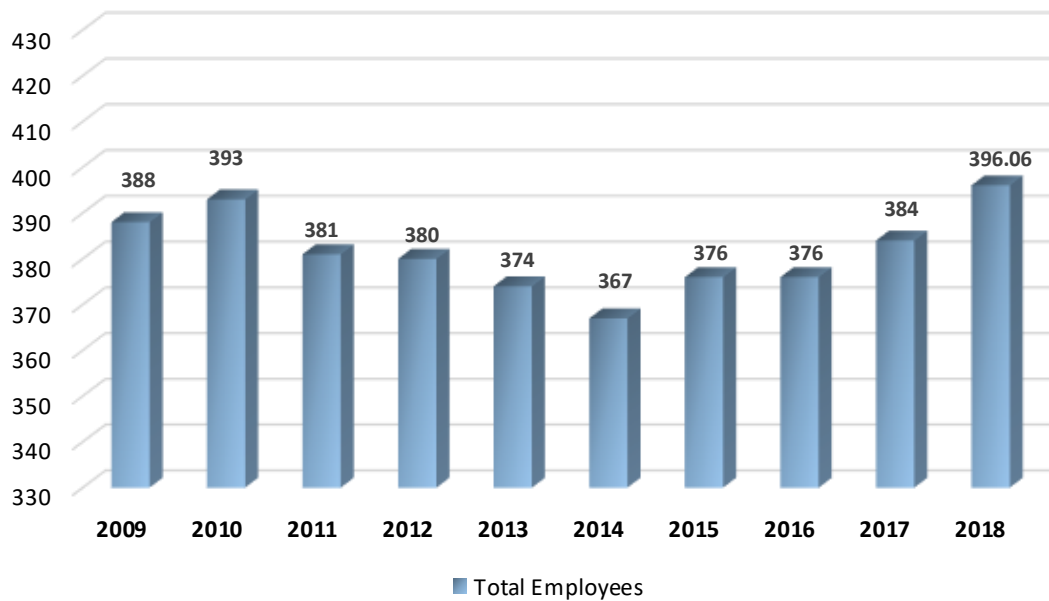
<http://www.claytoncountyga.gov/departments/finance/annual-budget.aspx>



SCHEDULE 24: NUMBER OF EMPLOYEES BY JOB CLASS

Clayton County Water Authority
NUMBER OF EMPLOYEES BY JOB CLASS
 Last Ten Fiscal Years

General Classification	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Managers	8	8	8	8	7	8	9	9	9	14
Office	98	105	106	104	105	106	110	112	117	98
Meter Readers	21	20	17	15	12	12	12	13	13	14
Warehouse	6	6	6	6	6	6	6	6	6	5
Garage (Vehicle Maintenance)	4	4	4	4	4	4	3	4	4	5
Building and Ground Maintenance	32	31	21	30	31	29	27	16	30	22
Maintenance and Construction	98	75	73	69	66	62	67	68	64	77
Wastewater Operator	42	40	40	40	40	39	39	40	40	43
Water Plant Operator	27	26	26	24	24	24	24	24	23	22.6
Laboratory	5	6	5	5	6	6	6	5	5	8.5
Plant and Equipment Maintenance	11	11	12	13	13	13	13	13	13	15
Sewer Line Maintenance	9	34	34	33	31	30	32	32	29	38
Inspectors	7	7	9	9	10	9	9	14	13	11
Draftsman and Surveyors	9	9	9	9	8	8	8	9	7	11
Field Service	11	11	11	11	11	11	11	11	11	12
Total Employees	388	393	381	380	374	367	376	376	384	396



Source: Human Resources Department files

Note: Employee count is by position only and does not represent Full-Time Equivalent Employees (FTEs)



SCHEDULE 25: OPERATING AND CAPITAL INDICATORS

Clayton County Water Authority OPERATING AND CAPITAL INDICATORS Last Ten Fiscal Years

Water Production	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Size of Watershed (Square Miles drained)	184.0	184.0	184.0	184.0	184.0	184.0	184.0	184.0	184.0	184.0
Water Storage Capacity (Million Gallons)	36.2	36.2	36.2	36.2	36.2	32.2	32.1	32.1	32.1	32.1
Miles of Distribution Lines	1,460	1,462	1,463	1,463	1,463	1,463	1,463	1,463	1,463	1,463
Number of Pumping Stations	4	4	4	4	4	4	4	4	4	4
Number of Production Plants	3	3	3	3	3	3	3	3	3	3
Daily Treatment Capacity (MGD-Million Gallons Per Day)	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Annual Treatment Capacity (Million Gallons)	15,330	15,330	15,330	15,372	15,330	15,330	15,330	15,372	15,330	15,330
Amount Treated Annually (Million Gallons)	8,611	8,511	8,154	8,378	8,643	9,001	9,433	9,436	9,436	9,031
Unused Capacity (Million Gallons)	6,719	6,819	7,176	6,994	6,687	6,329	5,897	5,936	5,894	6,299
Percentage of Unused Capacity	43.8%	44.5%	46.8%	45.5%	43.6%	41.3%	38.5%	38.6%	38.4%	41.1%

Water Reclamation	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Miles of Sewer Lines	1,363	1,367	1,367	1,367	1,367	1,367	1,367	1,367	1,367	1,367
Number of Treatment Plants	3	3	3	3	3	3	3	3	3	3
Number of Lift Stations	38	40	39	39	39	38	38	40	40	40
Daily Treatment Capacity (MGD-Million Gallons Per Day)	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4
Annual Treatment Capacity (Million Gallons)	14,016	14,016	14,016	14,054	14,016	14,016	14,016	14,054	14,016	14,016
Amount Treated Annually (Million Gallons)	8,745	7,735	6,890	6,970	7,728	7,329	8,704	7,101	7,101	7,451
Unused Capacity (Million Gallons)	5,271	6,281	7,126	7,084	6,288	6,687	5,312	6,954	6,915	6,565
Percentage of Unused Capacity	37.6%	44.8%	50.8%	50.4%	44.9%	47.7%	37.9%	49.5%	49.3%	46.8%

Notes:

1. MGD = Millions of Gallons per Day

2. Additional information can be found in Schedules (8), (9) and (10)


SCHEDULE 26: ANALYSIS OF COST OF WATER SOLD

Clayton County Water Authority
ANALYSIS OF COST OF WATER SOLD
 For The Fiscal Years Ended April 30, 2018 and 2017

Cost To Produce Water	Fiscal Year Ended April 30, 2018	Fiscal Year Ended April 30, 2017
Direct Costs	\$ 12,656,515	\$ 12,656,515
Direct Depreciation (<i>Schedule 27</i>)	6,668,878	6,957,102
Less:		
Tapping Fees Charged	(919,681)	(919,681)
Net Direct Costs	\$ 18,405,712	\$ 18,693,936
Indirect and Administrative Costs (<i>Schedule 28</i>)	12,961,658	12,945,186
Net Interest Expense (<i>Schedule 28</i>)	1,323,598	1,545,834
Indirect Depreciation Expense (<i>Schedule 28</i>)	638,327	633,217
Total Cost of Water Produced	\$ 33,329,295	\$ 33,818,173
Total Gallons Billed (<i>Thousands</i>)	8,358,331	8,539,104
Cost Per Thousand Gallons	\$ 3.99	\$ 3.96


SCHEDULE 27: ANALYSIS OF COST OF WASTEWATER TREATED

Clayton County Water Authority
ANALYSIS OF COST OF WASTEWATER TREATED
 For The Fiscal Years Ended April 30, 2018 and 2017

Cost To Treat Wastewater	Fiscal Year Ended April 30, 2018	Fiscal Year Ended April 30, 2017
Direct Costs	\$ 16,450,059	\$ 16,469,567
Direct Depreciation (Schedule 27)	9,419,215	11,027,242
Less:		
Tapping Fees Charged	(10,075)	(8,060)
Sale of Pellets	(14,211)	(13,842)
Net Direct Costs	\$ 25,844,988	\$ 27,474,907
Indirect and Administrative Costs (Schedule 28)	\$ 11,123,835	\$ 10,768,992
Net Interest Expense (Schedule 28)	2,157,973	2,508,161
Indirect Depreciation Expense (Schedule 28)	1,040,719	1,027,412
Total Cost of Sewer Treated	\$ 40,167,515	\$ 41,779,472
Total Gallons Treated (Thousands)	7,451,024	7,100,709
Cost Per Thousand Gallons	\$ 5.39	\$ 5.88



SCHEDULE 28: ALLOCATION OF CERTAIN EXPENSES

Clayton County Water Authority ALLOCATION OF CERTAIN EXPENSES For The Fiscal Year Ended April 30, 2018

ALLOCATION OF INDIRECT AND ADMINISTRATIVE COSTS

Indirect Expenses		\$10,409,966
Administration Expenses		14,833,778
Less:		
Stormwater Transfers for Overhead Costs		(1,158,251)
Net Indirect and Administrative Costs		<u>\$24,085,493</u>

Allocated on Basis of Revenues

	Amount	Percent	
Sale of Water	\$ 51,638,780	53.82%	\$12,961,658
Sewer Service Charges	44,316,956	46.18%	11,123,835
Total Allocated Indirect and Administrative Costs	<u>\$ 95,955,736</u>	<u>100.00%</u>	<u>\$24,085,493</u>

ALLOCATION OF NET INTEREST EXPENSE

Total Interest Expense		\$ 3,938,428
Less:		
Interest Earned on Investments		456,857
Net Interest Expense		<u>\$ 3,481,571</u>

Allocated on Basis of Net Capital Assets

Water Distribution System	\$169,770,318	38.02%	\$ 1,323,598
Sewer Distribution System	276,790,793	61.98%	2,157,973
Total Allocated Net Interest Expense	<u>\$446,561,111</u>	<u>100.00%</u>	<u>\$ 3,481,571</u>

ALLOCATION OF INDIRECT DEPRECIATION EXPENSE

Total Depreciation Expense		\$17,767,139
Less:		
Direct Depreciation Expense - Water		(6,668,878)
Direct Depreciation Expense - Sewer		(9,419,215)
Total Indirect Depreciation Expense		<u>\$ 1,679,046</u>

Allocated on Basis of Net Capital Assets

Water Distribution System	\$169,770,318	38.02%	\$ 638,327
Sewer Distribution System	276,790,793	61.98%	1,040,719
Total Allocated Indirect Depreciation	<u>\$446,561,111</u>	<u>100.00%</u>	<u>\$ 1,679,046</u>



COMPLIANCE SECTION



2018

Compliance Section



**COMPLIANCE SECTION INDEX**

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



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

To the Board of Directors
Clayton County Water Authority
Clayton County, 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, each major fund and the remaining fund information of the Clayton County Water Authority (the "Authority") as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 5, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
September 5, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Clayton County Water Authority
Clayton County, Georgia

Report on Compliance For Each Major Federal Program

We have audited the Clayton County Water Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended April 30, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2018.



Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
September 5, 2018



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended April 30, 2018, the Clayton County Water Authority received three loan disbursements from the Georgia Environmental Finance Authority as a pass-through entity of capitalization grants for the Clean Water State Revolving Fund program.

Federal Grantor/Pass-through Grantor/Program Title	CFDA	Grantor Program Number	State/Local Pass-Through Entity	Federal Expenditures	Subrecipient Expenditures
U.S. Environmental Protection Agency	66.458	GEFA-CWSRF- 2016037	Georgia Environmental Finance Authority	\$ 1,107,673	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BASIS OF PRESENTATION AND ACCOUNTING

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Clayton County Water Authority, Georgia (the "Authority"). The Authority reporting entity is defined in [Note 1](#) to the Authority's financial statements. Federal financial assistance received directly from federal agencies and federal assistance passed through other government agencies are included on the schedule.

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting for proprietary fund types as more fully described in [Note 1](#) to the Authority's financial statements.

The Authority has elected not to utilize the ten percent federal de minimus indirect cost rate for the year ended April 30, 2018.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Authority did not receive non-cash federal awards during the year ended April 30, 2018.



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CLAYTON COUNTY WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified not considered
to be material weaknesses?

Yes None Reported

Type of auditor's report issued on compliance for
major programs

Unmodified

Any audit findings disclosed that are required to
Be reported in accordance with the Uniform Guidance?

Yes No

Identification of major program:

CFDA Number

66.548

Name of Federal Program or Cluster

Capital Grants for Clean Water State Revolving Loan Funds

Dollar threshold used to distinguish between
Type A and Type B programs

\$750,000

Auditee qualified a low risk auditee?

Yes No



CLAYTON COUNTY WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.



SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

**CLAYTON COUNTY WATER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED APRIL 30, 2018**

No findings for fiscal year ended April 30, 2018.