

JACKSON COUNTY
WATER & SEWERAGE
AUTHORITY

Jefferson, Georgia

A Component Unit of Jackson County, Georgia

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2015





JACKSON COUNTY WATER & SEWERAGE AUTHORITY

**A COMPONENT UNIT OF JACKSON COUNTY,
GEORGIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2015

**Prepared by:
Judy W. Smith, Finance Director
and
JCWSA Finance Department**

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY

JEFFERSON, GEORGIA

A COMPONENT UNIT OF JACKSON COUNTY, GEORGIA

FINANCIAL STATEMENTS

(WITH INDEPENDENT AUDITORS' REPORT)

Year Ended

December 31, 2015

**JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
JEFFERSON, GEORGIA
FOR THE FISCAL YEAR ENDED December 31, 2015**

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May 20, 2016

Authority Board
Jackson County Water and Sewerage Authority
Jackson County, Georgia
Jefferson, Georgia

The Jackson County Water and Sewerage Authority (the “Authority”) is required to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Authority for the year ended December 31, 2015.

This report consists of management’s representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the 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 Authority’s financial statements have been audited by Bates, Carter and Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2015, 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. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority’s financial statements for the year ended December 31,

2015, are presented in conformity with GAAP. The independent auditors' report is presented on pages viii-x as the first component of the financial section of this report.

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). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found on pages xi-xvi immediately following the report of the independent auditors.

Profile of the Government

The Jackson County Water and Sewerage Authority is a public body, corporate and political, and was created by the Jackson County Water and Sewerage Authority Act (Georgia Laws 1986, pages 5473 *et seq.*, as amended). The Authority owns and operates a water and sewerage system that primarily serves the unincorporated area of Jackson County, Georgia.

The Authority's board consists of five members. Board members are appointed by the Jackson County Board of Commissioners on a rotating schedule. Board members serve, without compensation, a three year staggered term for a period not to exceed nine years. An Authority board member can be reappointed after three consecutive terms with at least one year of inactive status. The day-to-day operations of the Authority are supervised by the Authority Manager who is appointed by the Authority Board.

The Authority operates under an annual Board-approved budget for planning and operating related purposes. The Authority is not required by law to adopt an annual budget. The budget, which is developed on a line item program budget concept, sets out the allocation of anticipated operating revenue. The Authority utilizes a purchase order system. All items are approved against the budget before being purchased.

The Authority employs an enterprise fund concept to account for its operations which are financed and operated in a manner similar to private business enterprises. An enterprise fund is a proprietary fund. All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and measurable, and expenses are recognized when the service is received, and the related liability is incurred. All utility service receivables are recorded at year end. Since the Authority operates solely on its generated revenue, there are no appropriations.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

Water Source

The Authority supplies its customers primarily by purchasing water from the Bear Creek Reservoir and Water Treatment Plant which is operated by the Upper Oconee Basin Water Authority. The 505 acre reservoir is located in southeast Jackson County. The Authority owns 25% of the Bear Creek Reservoir and 43.9% of the water treatment plant. This water is pumped from the reservoir into the adjacent water treatment plant where the water is conditioned and filtered, after which it is chlorinated and pumped into the Authority's system ready for use. The Authority supplements its need for treated water for its customers by purchasing, on an as needed basis, from the City of Commerce at the northeast portion of Jackson County and from the City of Gainesville. This is done mainly in response to high demands on the system such as water main breaks or other unforeseen circumstances.

Local Economy

Jackson County is located in Northeast Georgia with U.S. Interstate Highway 85 (I-85) running through the City of Jefferson, which serves as the County Seat. The City of Atlanta is less than one hour away from Jackson County traveling south on I-85. Athens, Georgia, the home of The University of Georgia is approximately twenty miles from the County Seat of Jackson. With the county's close proximity to I-85 and other major highways and railways, Jackson County remains a gateway for the metro Atlanta suburbs to expand north.

The County's largest employer is Carters/Oshkosh employing 1,200 employees. Carters/Oshkosh is a major source of employment and income in Jackson County operating as a manufacturer of children's clothing.

Long-term Financial Planning

The Authority has developed a capital improvement plan consisting of numerous water line extensions, and upgrades to the water system and wastewater treatment plant. The Authority has identified a series of projects from its Capital Improvement Plan with the highest priority for funding. To ensure that adequate funding will be available to finance these capital improvements, the Authority Manager and the various department managers, with the assistance of a financial analyst, have developed a three-year financial plan which is presented to the Board for approval periodically. Consideration has been given to expected increases in revenues as well as projected costs of future projects.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Jackson County Water and Sewerage Authority for its comprehensive annual financial report for the year ended

December 31, 2014. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that 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.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Authority. We would like to express our appreciation to all of the employees of the Jackson County Water and Sewerage Authority who contributed to this report's preparation. We would also like to thank the Jackson County Water and Sewerage Authority board members for their interest and support in planning and conducting the financial operations of the Authority in a responsible and progressive manner.

Respectfully Submitted,



Eric G. Klerk
Authority Manager



Judy W. Smith
Finance Director



Government Finance Officers Association

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

Presented to

**Jackson County
Water & Sewerage Authority
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



Principal Officials and Consultants

Authority Board as of December 31, 2015

Board Members	Term
Dave Ehrhardt – Chairman	July 2014 - June 2017
Shade Storey – Vice Chairman	July 2013 - June 2016
Pat Bell– Board Member	July 2015 - June 2018
Dylan Wilbanks – Board Member	July 2015 - June 2018
Joe Hicks– Board Member	July 2013 - June 2016

General Manager
Eric G. Klerk

Finance Director
Judy W. Smith, CGFO

Chief Engineer
Joey P. Leslie, PE

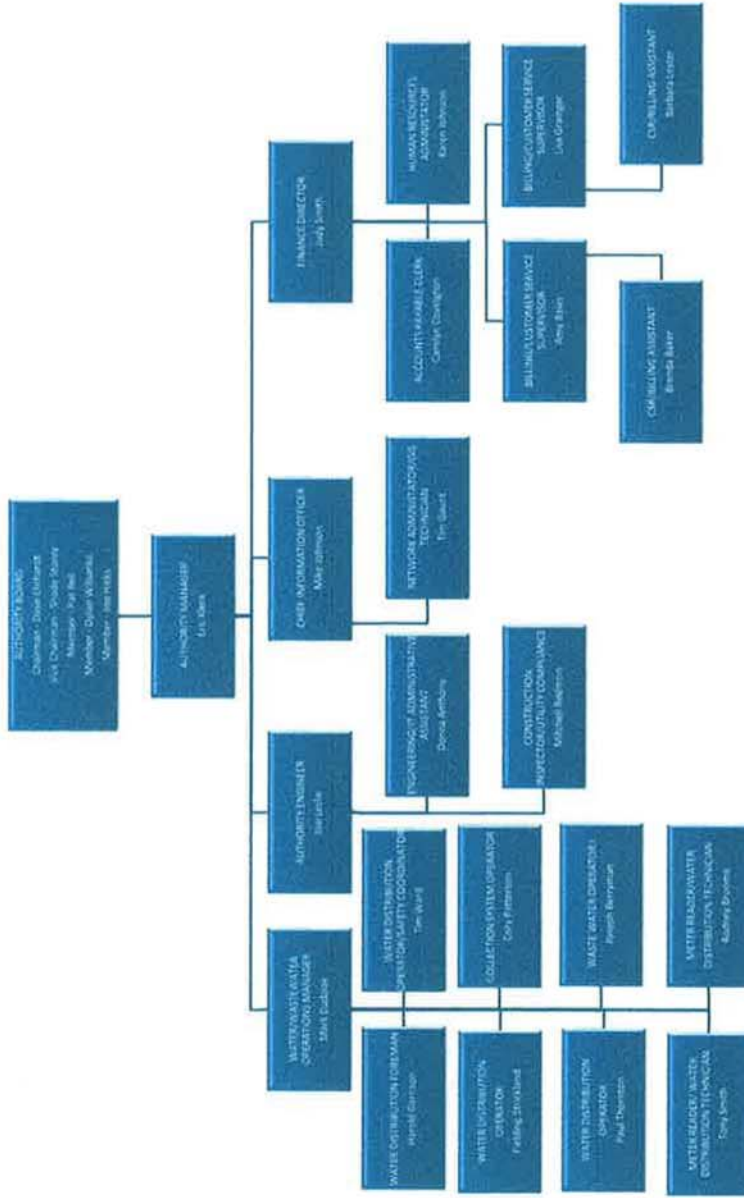
Chief Information Officer
Michael D. Johnson, GISP

Water/Wastewater Operations Manager
Mark S. Dudziak

Attorneys
Hulsey, Oliver and Mahar, LLP

Auditors
Bates, Carter & Company, LLP

JCWSA ORGANIZATIONAL CHART 2015





Independent Auditors' Report

June 9, 2016

To the Members of the Board
JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
Jefferson, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of JACKSON COUNTY WATER AND SEWERAGE AUTHORITY, a component unit of JACKSON COUNTY, GEORGIA as of December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the government'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.

Auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the JACKSON COUNTY WATER AND SEWERAGE AUTHORITY, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the JACKSON COUNTY WATER AND SEWERAGE AUTHORITY's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2016 on our consideration of the JACKSON COUNTY WATER AND SEWERAGE 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 JACKSON COUNTY WATER AND SEWERAGE AUTHORITY's internal control over financial reporting and compliance.

Batis, Cath : Co, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the JACKSON COUNTY WATER AND SEWERAGE AUTHORITY's comparative financial statements present an analysis of the Authority's financial performance during the fiscal year ended December 31, 2015. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2015

- The Authority's net position increased by \$3.5 million or 5.2% from \$67.1 million to \$70.6 million. The majority of the increase in net position is attributable to the refunding of the Upper Oconee Basin Water Authority debt. In 2015, operating revenues continued to increase while operating expenses decreased. For more detailed information see pages xiv-xv.
- Total operating revenues increased by 8.28% from \$7.49 million to \$8.11 million. In 2015, the JCWSA realized an increase in metered water and sewer sales, as well as an increase in the number of water connection fees purchased. For more detailed information regarding change see page xiv.
- Total operating expenses increased by 6.1% from \$6.6 million to \$7.0 million. For more detailed information regarding change see page xv.
- Capital contributions increased 73.7% from \$1.9 million to \$3.3 million. This increase is due to the capital grant that is recognized from the refunding of the Upper Oconee Basin Water Authority debt in 2015 in addition to the payments made by the Jackson BOC of the sinking fund requirement of that debt for 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements consist of the following parts: Management's Discussion and Analysis, Independent Auditors' Report, and Basic Financial Statements. The financial statements include notes which explain in detail some of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

These statements are presented using the accrual basis of accounting. The accrual basis of accounting reports results of activities based on the occurrence of an economic event, regardless of the timing of revenue collections or payment of expenses. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable and compensated absences).

Statement of Net Position

The Statement of Net Position presents the total assets and liabilities of the Authority with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenues, Expenses and Changes in Fund Net Position

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. The Statement of Revenues, Expenses and Changes in Fund Net Position distinguishes operating revenues and expenses from non-operating revenues and expenses.

Operating revenues generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues for the Authority are charges to customers for sales and services. Operating expenses for the Authority include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet the foregoing definitions are reported as non-operating revenues and expenses.

FINANCIAL ANALYSIS

Net Position

A summary of the Authority's Net Position and the changes are shown below:

Table 1- Condensed Statement of Net Position (\$ in thousands)

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>% Change</u>
Current and Other Assets	\$ 7,018	\$ 6,231	\$ 787	13
Capital Assets	<u>97,052</u>	<u>98,040</u>	<u>(988)</u>	<u>(1)</u>
Total Assets	<u>104,070</u>	<u>104,271</u>	<u>(201)</u>	<u>-</u>
Deferred charge on refunding	<u>1,405</u>	<u>422</u>	<u>983</u>	<u>233</u>
Total Deferred Outflows of resources	<u>1,405</u>	<u>422</u>	<u>983</u>	<u>233</u>
Long-term Liabilities	34,047	36,498	(2,451)	(7)
Other Liabilities	<u>839</u>	<u>594</u>	<u>245</u>	<u>41</u>
Total Liabilities	<u>34,886</u>	<u>37,092</u>	<u>(2,206)</u>	<u>(6)</u>
Deferred credit for on refunding	<u>-</u>	<u>469</u>	<u>(469)</u>	<u>(100)</u>
Total Deferred Inflows of resources	<u>-</u>	<u>469</u>	<u>(469)</u>	<u>(100)</u>
Net investment in capital assets	71,558	70,073	1,485	2
Net position restricted for debt service & capital asset acquisition	817	805	12	1
Unrestricted net position	<u>(1,785)</u>	<u>(3,746)</u>	<u>1,961</u>	<u>(52)</u>
Total Net Position	<u>\$ 70,590</u>	<u>\$ 67,132</u>	<u>\$ 3,458</u>	<u>5</u>

Table 2 - Capital Assets (\$ in thousands)

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>% Change</u>
Non-depreciable assets:				
Land	\$ 2,752	\$ 2,752	\$ -	-
Construction in Progress	950	582	368	63
Land - water plant capacity	<u>2,381</u>	<u>2,381</u>	-	-
Total non-depreciable	<u>6,083</u>	<u>5,715</u>	<u>368</u>	<u>63</u>
Depreciable assets:				
Water Tanks	3,990	3,990	-	-
Water Lines	67,246	67,246	-	-
Meters	2,700	2,423	277	11
Building	651	651	-	-
Booster Pumps	1,667	853	814	95
Vehicles	522	411	111	27
Sewer System	20,897	20,897	-	-
Machinery & Equipment	1,563	1,458	105	7
Water Plant Capacity	<u>22,601</u>	<u>22,601</u>	-	-
Total depreciable assets	<u>121,837</u>	<u>120,530</u>	<u>1,307</u>	<u>1</u>
Less Accumulated Depreciation	<u>(30,869)</u>	<u>(28,205)</u>	<u>(2,664)</u>	<u>9</u>
Book value - depreciable assets	<u>90,968</u>	<u>92,325</u>	<u>(1,357)</u>	<u>(1)</u>
Book value - all capital assets	<u>\$ 97,051</u>	<u>\$ 98,040</u>	<u>\$ (989)</u>	<u>62</u>
Percentage depreciated	(25)%	(23)%		

At December 31, 2015, the depreciable capital assets were (25)% depreciated, slightly above the 2014 percentage of (23)%. This comparison indicates that the Water Authority is replacing its assets at about the same rate as they are depreciating which is a positive indicator.

Capital Asset and Long-term Debt Activity

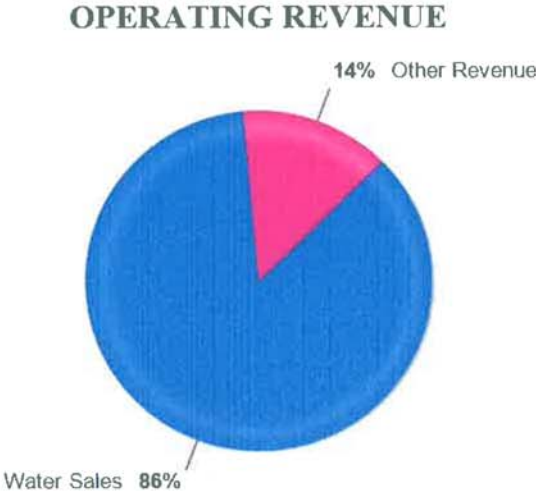
The Authority's capital assets at December 31, 2015 were \$97.1 million, net of \$30.9 million in accumulated depreciation. The investment, which includes the assets listed above, decreased by \$(989) thousand. The decreases were primarily related to accumulated depreciation of all depreciable assets in 2015. See Note 5 - Capital Assets for more detailed information.

Long-term liabilities decreased by (\$2.5) million. These liabilities represent revenue bonds, GEFA notes, and contracts payable, as well as the long-term portion of compensated absences. No new debt was issued during 2015. All payments were made as scheduled.

Table 3 - Condensed Comparative Statements of Activities and Changes in Net Position (\$ in thousands)

	2015	2014	Dollar Change	% Change
Operating Revenues	\$ 8,107	\$ 7,492	\$ 615	8
Nonoperating Revenues	15	64	(49)	(77)
Total Revenues	8,122	7,556	566	7
Depreciation Expense	2,664	2,584	80	3
Other Operating Expenses	4,291	4,058	233	6
Nonoperating Expenses	1,048	1,269	(221)	(17)
Total Expenses	8,003	7,911	92	1
Income Before Capital Contributions	119	(355)	474	(134)
Capital Contributions	3,339	1,905	1,434	75
Changes in Net Position	3,458	1,550	1,908	123.1
Beginning Net Position	67,132	65,582	1,550	2
Ending Net Position	\$ 70,590	\$ 67,132	\$ 3,458	5

The Major Sources of Operating Revenues are shown below:



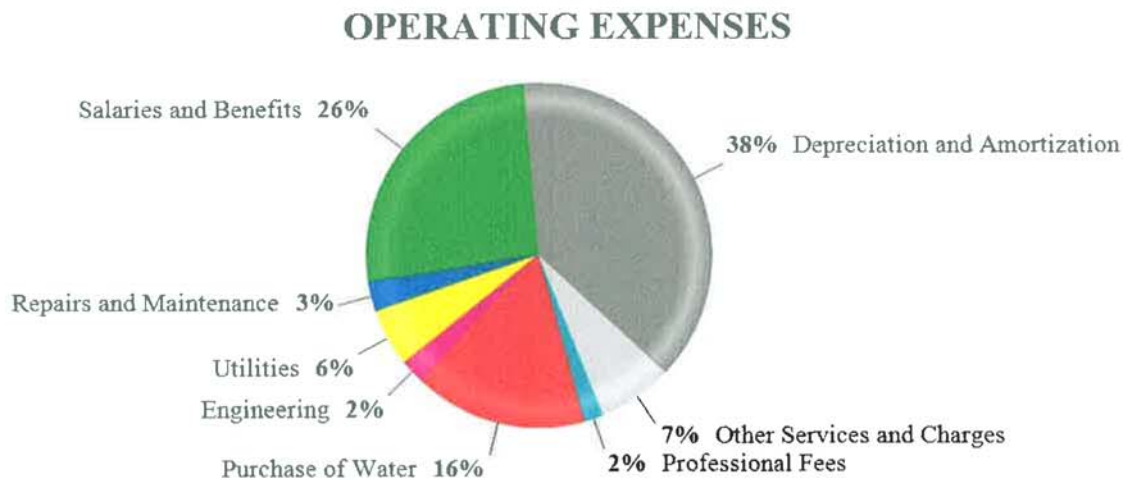
At December 31, 2015 the Authority's customer base was 7,836 water customers and 949 sewer customers. The largest wholesale customer is the City of Braselton.

Changes in Major Sources of Operating Revenues (\$ in thousands)

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Water Sales	\$ 6,964	\$ 6,433	\$ 531
Other Revenues	1,141	1,060	81
	<u>\$ 8,105</u>	<u>\$ 7,493</u>	<u>\$ 612</u>

The majority of the increase in the operating revenues came from increased water sales in 2015; however, the JCWSA also realized an increase in sewer sales and water connection fees.

The Major Sources of Operating Expenses are shown below:



Percentages may not equal 100% due to rounding.

The Authority is a distributor of water. Presently the Authority relies solely on supplying its customers with water purchased from Bear Creek Reservoir and the City of Commerce. The Authority also provides sewer service to 949 customers as of December 31, 2015. The sewage received into the system is treated at the Middle Oconee Wastewater Treatment Plant. The treatment plant is able to treat up to 500,000 gallons of sewage per day. The Authority has in place an Intergovernmental Agreement with the City of Jefferson whereby each entity may utilize treatment of up to 100,000 gallons of sewage per day of committed capacity from each entity's respective treatment plants. As of December 31, 2015, this agreement has not been acted upon by either party.

Changes in Major Sources of Operating Expenses (\$ in thousands)

	<u>2015</u>	<u>2014</u>	<u>Variance</u>	<u>% Change</u>
Salaries and Benefits	\$ 1,819	\$ 1,580	\$ 239	15
Repairs and Maintenance	194	236	(42)	(18)
Utilities	387	355	32	9
Engineering	152	142	10	7
Purchase of Water	1,126	1,209	(83)	(7)
Professional Fees	121	226	(105)	(46)
Other Services and Charges	492	310	182	59
Depreciation & Amortization	2,664	2,585	79	3
	<u>\$ 6,955</u>	<u>\$ 6,643</u>	<u>\$ 312</u>	<u>5</u>

The change in Contract Services, Utilities and Salaries and Benefits expenses (respectively) during 2015 contributed to the largest increases in operating expenses. These increases were due to continued increases in the cost of utility services to operate water pumping and sewer lift stations, the addition of employees, the increased costs of providing benefits to the Authority's employees, and the continued costs of required contracted services to maintain the system. The decrease in professional fees from 2014 to 2015 is primarily because of the decreased need of legal services in the 2015 period.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

This audit is for the period of January 1, 2015 to December 31, 2015. The next anticipated rate increase will become effective February 2015 upon adoption of the 2017 Annual Budget by the Authority Board. A rate analysis is conducted every 2-3 years by an independent rate consultant. Results are reviewed by staff and presented to the Authority Board along with recommendations for a multiyear rate adjustment plan.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Authority's customers, investors, and other interested parties with an overview of the Authority's financial operations and financial condition. Should the reader have questions regarding the information in this report or wish to request additional information, please contact the Jackson County Water and Sewerage Authority Finance Director at P.O. Box 869, Jefferson, Georgia 30549.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
(A COMPONENT UNIT OF JACKSON COUNTY, GEORGIA)
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2015
(with comparative data for December 30, 2014)

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUND	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,465,230	\$ 3,834,856
Receivables - trade, net	800,534	738,493
Receivables - other governments	9,039	15,076
Unbilled revenue	411,494	380,908
Inventory	189,148	111,093
Prepaid expenses	95,323	83,571
Subsidized loan receivable, current	13,993	13,993
Restricted:		
Cash restricted - SPLOST construction	-	18
Cash restricted - debt service	661,805	666,936
Cash restricted - debt service reserve	326,360	326,331
Total Current Assets	6,972,926	6,171,275
Noncurrent Assets		
Capital Assets:		
Capital assets, non-depreciable	6,083,218	5,714,521
Capital assets, depreciable	121,837,793	120,531,227
Less accumulated depreciation	(30,868,923)	(28,205,321)
Total Capital Assets, net	97,052,088	98,040,427
Other Assets		
Subsidized loan receivable	45,477	59,469
Total Other Assets	45,477	59,469
Total Noncurrent Assets	97,097,565	98,099,896
TOTAL ASSETS	104,070,491	104,271,171
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	1,405,214	421,664
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,405,214	421,664
TOTAL ASSETS & DEFERRED OUTFLOWS	\$ 105,475,705	\$ 104,692,835

CONTINUED...

The accompanying notes are an integral part of this statement

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
(A COMPONENT UNIT OF JACKSON COUNTY, GEORGIA)
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2015
(with comparative data for December 30, 2014)

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUND	
	2015	2014
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 436,094	\$ 267,236
Accrued payroll withholdings	50,312	41,437
GEFA loans payable, current	22,870	22,870
Upper Oconee Basin Water Authority contract payable, current	1,041,944	864,675
Compensated absences payable, current	35,221	31,765
Current liabilities payable from restricted assets		
Accrued interest payable	171,194	188,005
Customer deposits	95,144	97,540
Held in trust for developers	85,840	-
Revenue bonds payable, current	1,533,650	1,484,571
Total Current Liabilities	<u>3,472,269</u>	<u>2,998,099</u>
Long-Term Liabilities		
Unearned revenue	8,387,667	8,360,167
GEFA loans payable	74,327	97,196
Revenue bonds payable	10,187,830	11,721,480
Upper Oconee Basin Water Authority contract payable	12,692,551	13,850,367
Compensated absences payable	71,104	64,506
Total Long-term Liabilities	<u>31,413,479</u>	<u>34,093,716</u>
TOTAL LIABILITIES	<u>34,885,748</u>	<u>37,091,815</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred credit for refunding	-	468,971
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>468,971</u>
TOTAL LIABILITIES & DEFERRED INFLOWS	<u>34,885,748</u>	<u>37,560,786</u>
NET POSITION		
Net investment in capital assets	71,558,386	70,072,730
Restricted for:		
Debt service	816,970	805,262
Capital asset acquisition	-	18
Unrestricted net position	(1,785,399)	(3,745,961)
TOTAL NET POSITION	<u>\$ 70,589,957</u>	<u>\$ 67,132,049</u>

The accompanying notes are an integral part of this statement

**JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
(A COMPONENT UNIT OF JACKSON COUNTY, GEORGIA)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND**

Year Ended December 31, 2015

(with comparative data for the year ended December 30, 2014)

	2015	2014
Operating revenues		
Pledged as security for revenue bonds:		
Charges for water service	\$ 6,963,576	\$ 6,433,254
Charges for sewer service	725,488	575,467
Water tap on fee - cost	388,542	335,756
Other	2,667	-
Intergovernmental operating revenues	26,721	148,708
Total operating revenues	8,106,994	7,493,185
 Operating expenses		
Depreciation	2,663,602	2,584,416
Engineering	151,965	141,429
Insurance	59,584	51,290
Other service and charges	432,569	259,166
Professional fees	120,709	226,368
Purchase of water	1,126,497	1,209,323
Repairs and maintenance	193,682	236,062
Salaries and benefits	1,819,084	1,580,318
Utilities	386,798	354,541
Total operating expenses	6,954,490	6,642,913
 Operating income	1,152,504	850,272
 Non-operating revenues (expenses)		
Interest income	10,478	16,497
Interest expense	(1,048,156)	(1,268,729)
Gain / (Loss) on disposal of assets	-	18,944
Other non-operating revenues	4,414	28,281
Total non-operating revenues (expenses)	(1,033,264)	(1,205,007)
 Income (loss) before contributions	119,240	(354,735)
 Contributions		
Contributions from Jackson County for payments of capital debt	1,370,721	1,586,316
Capital grants	1,794,103	300,000
Donated sewer lines	185	18,585
Tap fees in excess of cost - water	173,659	-
Total contributions	3,338,668	1,904,901
 Change in net position	3,457,908	1,550,166
 Total Net Position, Beginning of Year	67,132,049	65,581,883
 Total Net Position, End of Year	\$ 70,589,957	\$ 67,132,049

The accompanying notes are an integral part of this statement

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
(A COMPONENT UNIT OF JACKSON COUNTY, GEORGIA)
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2015
(with comparative data for the year ended December 30, 2014)

	2015	2014
Cash flows from operating activities		
Receipts from customers and users	\$ 8,022,422	\$ 7,259,150
Payments to suppliers	(2,421,051)	(2,478,297)
Payments to employees	(1,800,156)	(1,569,893)
	<u>3,801,215</u>	<u>3,210,960</u>
Net cash provided by (used in) operating activities		
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(1,612,242)	(1,891,359)
Proceeds (costs) from sale of assets	-	29,703
Interest paid	(1,081,400)	(1,367,880)
Proceeds from issuance of long-term debt	12,640,094	-
Subsidy from Jackson County for payments of capital debt	1,370,721	1,586,316
Principal payments on long-term debt	(1,421,877)	(1,376,877)
Principal payments on UOBWA Contract	(842,876)	(828,344)
Payments to escrow agent for bond refunding	(14,319,961)	-
Receipts from capital grants	1,794,103	300,000
Receipts for sewer taps - unearned	27,500	-
Receipt of funds held for developers	85,840	-
Tap fees in excess of costs	173,659	-
	<u>(3,186,439)</u>	<u>(3,548,441)</u>
Net cash provided by (used in) capital and related financing activities		
Cash flows from investing activities		
Interest income	10,478	16,493
	<u>10,478</u>	<u>16,493</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	625,254	(320,988)
Cash and cash equivalents at beginning of year	4,828,141	5,149,129
	<u>5,453,395</u>	<u>4,828,141</u>
Cash and cash equivalents at end of year	<u>\$ 5,453,395</u>	<u>\$ 4,828,141</u>

CONTINUED...

The accompanying notes are an integral part of this statement

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
(A COMPONENT UNIT OF JACKSON COUNTY, GEORGIA)
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2015
(with comparative data for the year ended December 30, 2014)

	2015	2014
...CONTINUED		
Cash and cash equivalents shown on Statement of Net Position		
Cash and cash equivalents	\$ 4,465,230	\$ 3,834,856
Cash restricted - SPLOST construction	-	18
Cash restricted - revenue bond debt service	661,805	666,936
Cash restricted - debt service reserve	326,360	326,331
Total cash and cash equivalents	\$ 5,453,395	\$ 4,828,141
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income	\$ 1,152,504	\$ 850,272
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Other non-operating revenues	4,414	28,281
Depreciation	2,663,602	2,584,416
(Increase) decrease in accounts receivable	(92,627)	(304,475)
(Increase) decrease in inventory	(78,055)	(13,357)
(Increase) decrease in prepaid expense	(11,752)	(46)
Increase (decrease) in accounts payable	140,560	11,973
Increase (decrease) in accrued expenses	18,928	11,737
Increase (decrease) in customer deposits	(2,396)	5,564
Increase (decrease) in due to other governments	6,037	36,595
Total Adjustments	2,648,711	2,360,688
Net cash provided by (used in) operating activities	\$ 3,801,215	\$ 3,210,960
Supplemental Information about non-cash activities:		
Interest capitalized	\$ 34,538	\$ 43,042
Donated water and sewer lines	185	18,585
Undepreciated cost of capital assets disposed	-	10,759
Reduction in subsidy receivable used to reduce long-term debt	13,993	13,993

The accompanying notes are an integral part of this statement

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of JACKSON COUNTY WATER AND SEWERAGE AUTHORITY have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

REPORTING ENTITY

The JACKSON COUNTY WATER AND SEWERAGE AUTHORITY is the basic level of government that has oversight responsibility and control over all activities related to water and sewerage systems in JACKSON COUNTY, Georgia. The Authority receives most of its operating revenues from sales of water service and connection fees. The Authority receives the rest of the funding from local and state government sources and must comply with the requirements of these funding entities. The Authority is also included as a component unit within the JACKSON COUNTY, Georgia governmental "reporting entity" as defined by GASB pronouncement 14, because the JACKSON COUNTY Board of Commissioners appoints all members of the Authority's board and guarantees a substantial portion of the debt of the Authority.

GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

Because the Authority is a special-purpose government engaged only in business type activities, it is not required to present a statement of activities to comply with the provisions of GASB Statement 34.

FUND ACCOUNTING

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The Authority has one fund, which is a proprietary (enterprise) fund.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to the private sector - where the intent of the governing body is that the expenses, including depreciation of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Proprietary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues for the Authority are charges to customers for sales and services. Operating expenses for the Authority 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 government's policy to use the restricted resources first, then unrestricted resources as they are needed.

BUDGETS

The Authority is not legally required to adopt a budget. However, the Authority Board has approved an annual operating budget for planning, control, and evaluation purposes.

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes amounts in demand deposits. Cash equivalents include those investments that have an initial maturity of three months or less.

State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool (Georgia Fund 1); repurchase agreements; and bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions.

Investments are reported at fair value as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

RESTRICTED ASSETS

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 they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

Certain proprietary fund assets are restricted for construction funded through Special Purpose Local Option Sales Tax (SPLOST) revenue. The related current liabilities to be repaid from these restricted assets are displayed separately on the Statement of Net Position.

INVENTORY

Inventory of supplies not allocable to contracts in progress is stated at the lower of cost (first-in, first-out) or market.

PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items.

BOND AND LOAN ISSUANCE COSTS, PREMIUMS AND DISCOUNTS

Premiums and discount are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Amortization costs for the years 2015 and 2014 were \$89,673 and \$36,230. None of these costs were capitalized in 2015 or 2014.

COMPENSATED ABSENCES

Vested or accumulated annual leave of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrued to employees. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, in the proprietary fund of the Authority are recorded at cost. The Authority defines capital assets as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of five years. The Authority has no assets that would be classified as infrastructure. Since the Authority has records of actual cost, estimates of historical cost of capital assets have not been necessary. Capital assets donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets are depreciated in the proprietary funds of the government using the straight-line method over the following estimated useful lives:

Water tanks and lines	50 Years
Sewer lines	50 Years
Sewer lift stations & water treatment facilities	50 Years
Water pump stations	20 Years
Equipment	5-10 Years
Vehicles	5 Years
Buildings	40 Years
Building improvements	10-30 Years
Water plant capacity - dam/reservoir	100 Years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category. It is the deferred charge on refunding. A deferred charge on refunding 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. The amortization is part of the interest expense for the year.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

In addition to liabilities, the statement of financial 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 and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. It is the deferred credit on refunding. A deferred credit on refunding 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. The amortization is a reduction of the interest expense for the year.

NOTE 2 - DEPOSITS AND INVESTMENTS

The goal of the Authority in investing is to obtain a reasonable return on investments with a minimum exposure to potential loss of capital due to market fluctuations.

INTEREST RATE RISK

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

CREDIT RISK

The Authority has no investment policy that would further limit its investment choices.

CONCENTRATION OF CREDIT RISK

The Authority places no limit on the amount it may invest in any one issuer.

CUSTODIAL CREDIT RISK - DEPOSITS

In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. The Authority's policies permit it to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured.

State statutes require collateral pledged in the amount of 110% of deposits. Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

Under the *dedicated method*, a depository shall secure the deposits of each of its public depositors separately.

Under the *pooled method*, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposit with such depository as set forth in code Section 45-8-13.1.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

The Authority utilized the dedicated method to secure deposits of public funds.

As of December 31, 2015, the Authority had the following investments which are all reported as cash equivalents:

Investment Type	Investment Maturities (in Years)					Rating (1)
	Fair Value	Less Than 1	1-5	6-10	More than 10	
Fidelity Money Market	\$ 988,165	\$ 988,165	\$ -	\$ -	\$ -	AAAm
Total	<u>\$ 988,165</u>	<u>\$ 988,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Maximum Investment		100 %				

1. Standard & Poors

NOTE 3 - CUSTOMER DEPOSITS

Customer deposits are amounts paid by customers to guarantee their payment of water bills.

NOTE 4 - RECEIVABLES

Trade receivables as of year-end, including applicable allowances for uncollectible accounts, are as follows:

	<u>2015</u>	<u>2014</u>
Receivables:		
Accounts	\$ 616,548	\$ 635,585
Long term contracts receivable	6,778	2,202
Miscellaneous	358,497	248,182
Total gross receivables	<u>981,823</u>	<u>885,969</u>
Less: allowance for uncollectibles	<u>(181,289)</u>	<u>(147,476)</u>
Total net receivables	<u>\$ 800,534</u>	<u>\$ 738,493</u>

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the period ended December 31, 2015 was as follows:

	Beginning Balance	Addition(s)	Retirements	Transfers & Adjustments	Ending Balance
Business-type activities					
Non-depreciable assets:					
Land	\$ 2,752,046	\$ -	\$ -	\$ -	\$ 2,752,046
Land - Water Plant Capacity	2,380,799	-	-	-	2,380,799
Construction in progress	581,676	1,675,078	-	(1,306,381)	950,373
Total non-depreciable capital assets	5,714,521	1,675,078	-	(1,306,381)	6,083,218
Depreciable assets:					
Buildings	650,944	-	-	-	650,944
Water tanks	3,989,889	-	-	-	3,989,889
Booster pumps	853,478	-	-	813,680	1,667,158
Water lines	67,245,882	185	-	-	67,246,067
Meters	2,423,444	-	-	276,500	2,699,944
Vehicles	411,013	-	-	111,324	522,337
Sewer system	20,897,418	-	-	-	20,897,418
Machinery and equipment	1,457,804	-	-	104,877	1,562,681
Water plant capacity	22,601,355	-	-	-	22,601,355
Total depreciable capital assets	120,531,227	185	-	1,306,381	121,837,793
Less accumulated depreciation for:					
Buildings	(217,110)	(19,863)	-	-	(236,973)
Water tanks	(1,289,949)	(81,628)	-	-	(1,371,577)
Booster pumps	(565,994)	(74,743)	-	-	(640,737)
Water lines	(15,613,124)	(1,345,287)	-	-	(16,958,411)
Water meters	(1,588,277)	(204,930)	-	-	(1,793,207)
Vehicles	(297,108)	(62,443)	-	-	(359,551)
Sewer system	(3,318,616)	(430,416)	-	-	(3,749,032)
Machinery and equipment	(1,061,849)	(116,433)	-	-	(1,178,282)
Water plant capacity	(4,253,294)	(327,859)	-	-	(4,581,153)
Total accumulated depreciation	(28,205,321)	(2,663,602)	-	-	(30,868,923)
Total depreciable capital assets, net	92,325,906	(2,663,417)	-	1,306,381	90,968,870
Business-type capital assets, net	\$ 98,040,427	\$ (988,339)	\$ -	\$ -	\$ 97,052,088

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

The Authority has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2015 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

Project	Project Authorization	Expended to Date	Contracts in Progress	Authorized Not Obligated	Funding Source
MOWWTP 0.5 MGD Improvements - Phase III	\$ 884,275	\$ 841,475	\$ 31,457	\$ 11,343	General Fund
Valentine Park LS- 2015	57,685	57,685	-	-	General Fund
Bear Creek VFD -2015	125,000	-	-	125,000	General Fund
Parks Creek Reservoir	1,000,000	17,725	-	982,275	General Fund
Utility Billing IVR System	17,450	683	-	16,767	General Fund
Mark Dodd Road Line Extension	34,603	20,583	-	14,020	General Fund
Whitetail Drive Line Extension	16,863	12,222	-	4,641	General Fund
Middle Oconee LS Addtl. Pump	38,000	-	-	38,000	General Fund
Total all projects	<u>\$ 2,173,876</u>	<u>\$ 950,373</u>	<u>\$ 31,457</u>	<u>\$ 1,192,046</u>	

NOTE 6 - NOTES PAYABLE/LONG-TERM DEBT

Long-term liability activity for the period ended December 31, 2015, was as follows:

	Balance December 30, 2014	Increase	Decrease	Balance December 31, 2015	Due within one year	Due in more than one year
Revenue bonds payable:						
Revenue Bonds	\$ 12,880,000	\$ -	\$ (1,413,000)	\$ 11,467,000	\$ 1,469,000	\$ 9,998,000
For issuance premiums and discounts	326,051	-	(71,571)	254,480	64,650	189,830
Total revenue bonds payable	<u>13,206,051</u>	<u>-</u>	<u>(1,484,571)</u>	<u>11,721,480</u>	<u>1,533,650</u>	<u>10,187,830</u>
Notes Payable:						
GEFA Notes	120,066	-	(22,869)	97,197	22,870	74,327
Total notes payable	<u>120,066</u>	<u>-</u>	<u>(22,869)</u>	<u>97,197</u>	<u>22,870</u>	<u>74,327</u>
Contracts payable:						
UOBWA contract payable	14,715,042	12,447,996	(14,715,042)	12,447,996	882,321	11,565,675
For issuance premiums and discounts	-	1,381,939	(95,440)	1,286,499	159,623	1,126,876
Total contracts payable	<u>14,715,042</u>	<u>13,829,935</u>	<u>(14,810,482)</u>	<u>13,734,495</u>	<u>1,041,944</u>	<u>12,692,551</u>
Compensated absences payable	96,271	54,002	(43,948)	106,325	35,221	71,104
Total long-term liabilities	<u>\$ 28,137,430</u>	<u>\$ 13,883,937</u>	<u>\$ (16,361,870)</u>	<u>\$ 25,659,497</u>	<u>\$ 2,633,685</u>	<u>\$ 23,025,812</u>

The Authority issues bonds where the Authority pledges income derived from the acquired or constructed assets to pay debt service.

During 2006, the Authority issued \$12,090,000 of Series 2006A revenue bonds to provide funds to partially advance refund the Authority's 1999B and 2000A series bonds. These bonds which bear interest rates from 3.50% to 5.25% mature September 1, 2022. The County has entered into a contract with the Authority to provide funds from County tax revenues to repay these bonds if the net revenues of the Authority are insufficient. The outstanding balance on the refunded 1999B and 2000A as of December 31, 2015 was \$2,085,000 and \$6,865,000.

During 2011, the Authority issued \$2,517,000 of Series 2011A revenue bonds to provide funds to repay the Authority's remaining 1999A series bonds. These bonds which bear interest rates at 2.92% mature September 1, 2020. The County has entered into a contract with the Authority to provide funds from County tax revenues to repay these bonds if the net revenues of the Authority are insufficient.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

During 2011, the Authority issued \$2,526,000 of Series 2011B revenue bonds to provide funds to fully repay the Authority's 2002 GEFA loan. These bonds which bear interest rates from 2.77% mature September 1, 2026. The County has entered into a contract with the Authority to provide funds from County tax revenues to repay these bonds if the net revenues of the Authority are insufficient.

The scheduled payments of principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1,469,000	513,583	1,982,583
2017	1,523,000	449,500	1,972,500
2018	1,592,000	382,910	1,974,910
2019	1,666,000	310,343	1,976,343
2020	1,718,000	411,147	2,129,147
2021-2025	3,293,000	108,778	3,401,778
2026-2030	206,000	5,706	211,706
	<u>\$ 11,467,000</u>	<u>\$ 2,181,967</u>	<u>\$ 13,648,967</u>

UPPER OCONEE BASIN WATER AUTHORITY CONTRACT

On November 1, 1997, the Upper Oconee Basin Water Authority (the Issuer) issued \$60,770,000 of Revenue Bonds, Series 1997 (UOBWA) in order to finance the acquisition, construction and installation of a water supply reservoir and a water treatment plant (collectively the Project). These Bonds, which mature July 1, 2027, bear interest at rates from 4.25% to 5.25%. The Issuer is governed by a board composed of ten members, four of whom are the chief elected officials of the member counties: Athens-Clarke, Barrow, Jackson, and Oconee Counties, whose regular terms shall be concurrent with their terms of office; four of whom are appointed by the governing authority of each Member County, whose terms shall be for one year; one who is appointed by the by the Upper Oconee Resource Management Commission, whose term shall be for a period of two years; and one who is appointed by the previously identified nine members of the board, whose term shall be for a period of two years.

Jackson County entered into an Intergovernmental Agreement dated July 22, 1996, with UOBWA, Barrow County, and Oconee County that requires each county to pay its proportional share of the principal and interest payments on this debt. Those shares are Barrow County 37.520%, Jackson County 41.521%, and Oconee County 20.959%. While Jackson County has the legal obligation to make these payments, it is anticipated that the payments will be financed by the sale of water by the Jackson County Water and Sewerage Authority. In the event that the funds from such sales are not sufficient to pay the principal and interest, Jackson County has the obligation to levy property taxes sufficient to make them.

In order to present the impact of this project fairly, the debt and related intangible asset, "Water Plant Capacity", are recorded as part of the Jackson County Water & Sewerage enterprise fund even though the legal obligation belongs to Jackson County. The Water Plant Capacity intangible asset is being amortized on a straight line basis over the life of the underlying assets of the UOBWA, 100 years for the dam/reservoir and 50 years for the water treatment facility.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

During 2015, the Upper Oconee Basin Water Authority issued \$12,447,996 of revenue bonds (Series 2015A and 2015B) for a full refunding of the Authority's Series 2005 revenue bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$3,290,430. The accounting loss for the County on the refunding was approximately \$1,189,840. This loss was deferred and is being amortized over the remaining life of the new debt in accordance with GASB No. 23 using the effective interest method.

The scheduled payments of principal and interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 882,321	\$ 448,666	\$ 1,330,987
2017	896,854	433,261	1,330,115
2018	913,462	410,591	1,324,053
2019	940,451	382,782	1,323,233
2020	969,515	354,133	1,323,648
2021-2025	5,358,285	1,225,944	6,584,229
2026-2027	2,487,108	125,912	2,613,020
Total	<u><u>\$ 12,447,996</u></u>	<u><u>\$ 3,381,289</u></u>	<u><u>\$ 15,829,285</u></u>

GEFA LOANS

The Authority entered into a loan with the Georgia Environmental Facilities Authority (GEFA) during 1999 to provide water service to the Hidden Oaks Subdivision. The loan had a draw capacity of \$449,422. Only \$173,100 of this loan is required to be repaid at zero interest, with the balance being a subsidy. The loan is payable quarterly beginning June 1, 2000 and matures June 1, 2020.

During 2003, the Authority obtained an additional loan from GEFA for \$2,882,291 at 3.98%. This loan along with a \$1,500,000 grant from the U.S Department of Commerce Economic Development Administration and a \$300,000 grant from the Appalachian Regional Commission was used to pay for sewer additions to serve new and existing industrial customers in the Allen Creek and Possum Creek area of the county including Toyota Industries North American, Inc.

The scheduled payments of principal are as follows:

	<u>Principal</u>	<u>Subsidy</u>	<u>Total</u>
2016	8,877	13,993	22,870
2017	8,877	13,993	22,870
2018	8,877	13,993	22,870
2019	8,877	13,993	22,870
2020	2,220	3,497	5,717
	<u><u>\$ 37,728</u></u>	<u><u>\$ 59,469</u></u>	<u><u>\$ 97,197</u></u>

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

PLEDGED REVENUES

Jackson County Water and Sewer Authority has pledged future water and sewer revenues, net of specified operating expenses, to repay an original debt of \$39.5 million. This debt is payable solely from water and sewer net revenues and is payable through 2027. The total principal and interest remaining to be paid is \$29.6 million. Principal and interest paid for the current year was \$4.8 million which was approximately 88.9% of net revenues. The County provided a subsidy of \$1.4 million to assist in making these payments.

NOTE 7 - UNEARNED REVENUE

Unearned revenue reported by the Authority at December 31, 2015 and 2014 is \$8,387,667 and \$8,360,167, respectively. For December 31, 2015 and 2014, unearned revenue represents sewer tap fees received in advance of providing the service to customers. This will be recognized as revenue as customers tap onto the Authority's sewer system.

NOTE 8 - CONTINGENCIES AND COMMITMENTS

The Authority is occasionally a defendant in various lawsuits. At December 31, 2015, there were no outstanding suits that would have a material adverse effect on the financial condition of the Authority.

NOTE 9 - RISK FINANCING ACTIVITIES

The Authority is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases worker's compensation insurance from a commercial insurance company.

The Authority contracted with St. Paul Travelers to purchase combined automobile, crime, liability and property insurance. The deductible is determined by type of claim however \$5,000 is the maximum deductible for any claim other than the umbrella excess liability protection which is \$10,000 per event.

The following is a summary of coverage at December 31, 2015:

Umbrella excess liability protection	\$	4,000,000	per occurrence/aggregate
General liability		3,000,000	aggregate
Products and completed work		3,000,000	aggregate
Personal injury		1,000,000	per person
Automobile Liability		1,000,000	per occurrence
Public entity employment liability		3,000,000	per occurrence
Failure to supply		1,000,000	aggregate
Sewer backup and premises damage		750,000	per occurrence
Cyber liability	\$	1,000,000	per occurrence

The Authority has no outstanding claims in excess of coverage for which a liability should be recorded as of December 31, 2015.

Settled claims in the past three years have not exceeded the coverages.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 - DEFINED CONTRIBUTION PLAN

Effective May 14, 2009, the Authority, by resolution, adopted the ICMA 401a Money Purchase Plan, which operates in conjunction with the Deferred Compensation Plan discussed in NOTE 11. The Authority has the ability to amend the adoption agreement to change the contribution requirements and other matters related to the plan. The plan issues a stand alone report, it may be obtained from: ICMA Retirement Corporation, 777 North Capitol Street, NE, Washington D.C., 20002.

Employees hired after January 1, 2002 must complete one year of service to be eligible. The Authority contribution for various levels of employee contributions are listed below:

<u>Employee Contribution</u>	<u>Authority Contribution</u>	<u>Employee Contribution</u>	<u>Authority Contribution</u>
- %	4.0 %	4.0 %	6.0 %
1.0 %	4.5 %	5.0 %	6.5 %
2.0 %	5.0 %	6.0 %	7.0 %
3.0 %	5.5 %		

The employee contribution for 2015 was \$47,688 and the Authority matching contribution was \$71,765.

NOTE 11 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the Authority and are not reported in these financial statements.

NOTE 12 - SUBSEQUENT EVENTS

Effective January 1, 2016, the Authority adopted the Georgia Municipal Employees Benefit System Defined Retirement Plan for the Jackson County Water and Sewer Authority. The unfunded actuarial accrued liability as of that date is \$675,245.

STATISTICAL SECTION

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

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Financial Trends	
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<i>These schedules contain information to help the reader assess the government's most significant local revenue source.</i>	
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Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

Jackson County Water & Sewerage Authority
Net Position by Component

Last Ten Fiscal Years

Table 1
(amounts expressed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Primary government										
Net investment in capital assets	\$ 71,558	\$ 70,073	\$ 68,752	\$ 67,861	\$ 66,775	\$ 66,853	\$ 64,609	\$ 63,763	\$ 61,296	\$ 50,898
Restricted	817	805	1,133	1,239	2,022	2,296	2,062	2,261	1,184	1,945
Unrestricted	(1,802)	(3,746)	(4,303)	(4,595)	(4,606)	(5,775)	(6,440)	(7,112)	(6,352)	(2,382)
Total primary government net position	\$ 70,573	\$ 67,132	\$ 65,582	\$ 64,505	\$ 64,191	\$ 63,374	\$ 60,231	\$ 58,912	\$ 56,128	\$ 50,461

In 2012, the Authority implemented GASB 63 & 65

**Jackson County Water & Sewerage Authority
Changes in Net Position**

Last Ten Fiscal Years

Table 2

(amounts expressed in thousands)

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income/(Loss)	Total			Change In Net Position
				Nonoperating Revenues/(Expenses)	Income/(Loss) before Capital Contributions	Capital Contributions	
2006	\$ 5,467	\$ 5,240	\$ 227	\$ (1,021)	\$ (794)	\$ 6,433	\$ 5,639
2007	5,438	5,806	(368)	(1,736)	(2,104)	7,770	5,666
2008	5,421	5,746	(325)	(2,070)	(2,395)	5,180	2,785
2009	5,869	6,637	(768)	(1,955)	(2,723)	4,043	1,320
2010	5,999	5,819	180	(1,684)	(1,504)	4,646	3,142
2011	6,834	6,564	270	(2,245)	(1,975)	2,792	817
2012	6,480	6,580	(100)	(1,467)	(1,567)	2,076	509
2013	6,340	6,775	(435)	(1,286)	(1,721)	2,799	1,078
2014	7,493	6,643	850	(1,205)	(355)	1,905	1,550
2015	\$ 8,104	\$ 6,954	\$ 1,150	\$ (1,033)	\$ 117	\$ 3,339	\$ 3,455

In 2012, the Authority implemented GASB 63 & 65

Jackson County Water & Sewerage Authority
Statement of Net Position
December 31, 2015

Table 2A
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assets:										
Cash, unrestricted	\$ 413	\$ 308	\$ 1,864	\$ 1,978	\$ 2,530	\$ 3,823	\$ 3,784	\$ 3,813	\$ 3,835	\$ 4,465
Cash, restricted	9,877	6,904	3,575	2,104	2,311	2,230	1,458	1,336	993	988
Receivables – sales tax	249	410	222	276	268	-	-	-	-	-
Receivables – other governments/interfund	66	181	53	9	11	50	57	52	15	9
Receivables – trade, net	370	494	392	456	501	404	445	474	738	801
Unbilled revenue	219	273	253	193	199	223	283	341	381	411
Inventory	185	87	48	44	63	65	74	98	111	189
Prepaid expenses	117	119	95	100	98	93	159	84	84	95
Loan fees, net	2	2	2	2	2	1	-	-	-	-
Bonds issuance cost, net	532	441	363	296	245	273	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets, net	93,933	102,019	105,306	104,747	104,044	101,179	100,293	98,702	98,040	97,052
Subsidized loan receivable	185	171	157	143	129	116	101	87	73	59
Total Assets	106,148	111,409	112,330	110,349	110,401	108,457	106,655	104,988	104,271	104,070
Deferred Outflows of resources:										
Deferred charge on refunding	-	-	-	-	-	-	636	525	422	1,405
Total Deferred Outflows of Resources	-	-	-	-	-	-	636	525	422	1,405
Liabilities:										
Accounts payable	409	751	670	267	163	303	193	275	267	436
Accrued Expenses	37	67	84	78	89	92	94	126	138	157
Accrued Interest	186	369	350	318	283	209	219	203	188	171
Due to other governments	133	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	1,581	2,109	2,863	2,961	2,910	1,986	2,227	2,296	2,372	2,598
Customer Deposits	36	58	98	82	74	72	80	92	98	95
Unearned Revenue	7,031	8,675	9,071	9,091	9,097	9,071	9,031	8,360	8,360	8,388
Long-Term Debt	24,302	22,967	20,880	18,713	16,620	15,586	14,794	13,326	11,819	10,262
Upper Oconee Basin Water Authority contract	21,716	20,179	19,401	18,608	17,791	16,948	15,543	14,715	13,850	12,693
Capital leases payable, short-term	-	-	-	-	-	-	-	-	-	-
Capital leases payable, long-term	-	-	-	-	-	-	-	-	-	-
Notes payable, short-term	256	106	-	-	-	-	-	-	-	-
Total Liabilities	55,687	55,281	53,418	50,118	47,027	44,267	42,182	39,394	37,092	34,800
Deferred Inflows of resources:										
Deferred credit for refunding	-	-	-	-	-	-	605	536	469	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	605	536	469	-
Net Position:										
Net investment in capital assets	50,898	61,296	63,763	64,609	66,853	66,775	67,861	68,752	70,073	71,558
Restricted net position	1,945	1,184	2,261	2,062	2,296	1,956	1,239	1,133	805	817
Unrestricted net position	(2,382)	(6,352)	(7,112)	(6,440)	(5,775)	(4,541)	(4,595)	(4,303)	(3,746)	(1,802)
Total Net Position	\$ 50,461	\$ 56,128	\$ 58,912	\$ 60,231	\$ 63,374	\$ 64,190	\$ 64,504	\$ 65,582	\$ 67,132	\$ 70,573

In 2012, the Authority implemented GASB 63 & 65

**Jackson County Water & Sewerage Authority
Operating Revenues by Sources**

Last Ten Fiscal Years

Table 3
(amounts expressed in thousands)

Fiscal Year	Water	Wastewater	Water Connection Fee	Intergovernmental Revenue	Total
2006	\$ 4,263	\$ 496	\$ 705	\$ 2	\$ 5,467
2007	4,818	341	254	26	5,438
2008	4,595	325	285	216	5,421
2009	5,222	286	117	242	5,867
2010	5,546	310	58	100	6,014
2011	6,233	373	54	174	6,834
2012	5,583	426	128	343	6,480
2013	5,446	457	99	337	6,340
2014	6,433	575	336	149	7,493
2015	\$ 6,964	\$ 725	\$ 389	\$ 27	\$ 8,104

**Jackson County Water & Sewerage Authority
Operating Expenses by Function**

Last Ten Fiscal Years

Table 4
(amounts expressed in thousands)

Fiscal Year	Water	Wastewater	Administration	Depreciation	Total
2006	\$ 2,009	\$ 471	\$ 811	\$ 1,948	\$ 5,240
2007	2,168	480	1,086	2,071	5,806
2008	1,900	378	1,200	2,267	5,745
2009	2,108	831	1,249	2,449	6,637
2010	2,072	-	1,252	2,495	5,819
2011	2,717	-	1,323	2,524	6,564
2012	2,667	-	1,377	2,537	6,580
2013	2,756	-	1,433	2,587	6,775
2014	2,478	-	1,580	2,584	6,643
2015	\$ 2,472	\$ -	\$ 1,819	\$ 2,664	\$ 6,954

Source: Statement of Revenues, Expenses & Changes in Fund Net Assets (FS)

Note: In 2010 the Authority began combining operating expenses for water and wastewater.

**Jackson County Water & Sewerage Authority
Non-operating Revenues and Expenses**

Last Ten Fiscal Years

Table 5
(amounts expressed in thousands)

Fiscal Year	Interest and Fiscal Charges ¹	Interest Revenue	Gain/(Loss) on Disposal of Capital Assets	Other Revenues or (Expenses)	Total Nonoperating Revenue or (Expenses)
2006	\$ (1,175)	\$ 109	\$ (5)	\$ 50 ²	\$ (1,021)
2007	(2,116)	351	11	18	(1,736)
2008	(1,955)	139	(186)	25	(1,977)
2009	(1,867)	91	(187)	9	(1,954)
2010	(1,787)	102	-	1	(1,684)
2011	(1,647)	88	(690)	4	(2,245)
2012	(1,484)	12	1	3	(1,467)
2013	(1,373)	18	-	70	(1,286)
2014	(1,269)	16	19	28	(1,205)
2015	\$ (1,048)	\$ 10	\$ 19	\$ (15)	\$ (1,033)

Notes: ¹ Net of capitalized amounts.

² Grants were reclassified to capital contributions starting in year 2006

**Jackson County Water & Sewerage Authority
Annual Capital Contributions by Source**

Last Ten Fiscal Years

Table 6
(amounts expressed in thousands)

Fiscal Year	Special Purpose Local Option Sales Tax	Developer Lines	Tap Fees In Excess of Cost	Other	Total Capital Contributions
2006	\$ 1,591	\$ 3,977	\$ 670	\$ 194	\$ 6,433
2007	1,654	5,253	615	248	7,770
2008	1,491	1,994	99	1,596	5,180
2009	1,247	1,182	33	1,581	4,043
2010	1,379	1,667	20	1,580	4,646
2011	649	-	63	2,080	2,792
2012	-	26	64	1,987	2,076
2013	-	683	136	1,980	2,799
2014	-	19	-	1,886	1,905
2015	\$ -	\$ -	\$ 174	\$ 3,165	\$ 3,339

**Jackson County Water & Sewerage Authority
Usage and Billing Schedule**

Last Ten Fiscal Years

Table 7

Fiscal Year	Gallons of Water Purchased (in millions)	Gallons of Water Billed (in millions)	Gallons of Water Unbilled (in millions)	Average Percent Unbilled	Gallons of Wastewater Treated (in millions)
2006	799.5	651.5	148.0	22.72%	17.74
2007	807.7	743.5	64.2	8.63%	37.23
2008	569.5	492.9	76.6	15.54%	40.15
2009	832.1	735.4	96.7	13.15%	38.11
2010	905.7	822.5	83.2	10.12%	44.60
2011	941.4	867.0	74.4	8.58%	48.20
2012	733.3	607.7	125.6	20.67%	51.50
2013	781.9	698.1	83.8	12.00%	71.00
2014	1009.0	920.0	89.5	9.02%	48.98
2015	1,027.5	857.0	170.5	17.45%	72.86
TOTAL	<u>8,407.60</u>	<u>7,395.60</u>	<u>1,012.50</u>	<u>13.79%</u>	<u>470.37</u>

Note¹: Gallons of wastewater data was revised from previously recorded amounts for 2006 & 2007 due to additional information received

Data Sources: JCWSA Billing records, Upper Oconee Daily Usage Readings, JCWSA Engineering Departments, and Wastewater Operations Manager.

**Jackson County Water & Sewerage Authority
Annual Tap Sales**

Last Ten Fiscal Years

Table 8
(dollar amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Number of Water Taps Sold</u>	<u>Water Tap Fees Received</u>	<u>Number of Sewer Taps Sold</u>	<u>Sewer Tap Fees Received</u>
2006	1,146	\$ 1,375	544	\$ 1,580
2007	577	868	317	1,644
2008	213	384	79.16	395.8
2009	102	150	4	20.0
2010	50	79	1.31	6.5
2011	47	77	-	0.0
2012	109	152	2.66	13.3
2013	78	235	1.41	7.1
2014	260	336	-	-
2015	231	\$ 562	5.5	\$ 27.5

Data Sources: JCWSA billing records, financial records, and Engineering Department.

**Jackson County Water & Sewerage Authority
Number of Customers by Type**

Last Ten Fiscal Years

Table 9

<u>Year</u>	<u>Residential Customers</u>	<u>Commercial Customers</u>
2006	6,128	39
2007	6,712	41
2008	6,874	53
2009	6,983	59
2010	7,012	61
2011	7,083	61
2012	7,221	63
2013	7,366	66
2014	7,487	155
2015	7,679	157

Data Source: JCWSA billing records

**Jackson County Water & Sewerage Authority
Water and Sewer Rates**

Last Ten Fiscal Years

Table 10

	Fiscal Year				
	2010	2009	2008	2007	2006
Water Rates					
¹ Base rate (meter size)					
3/4"	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 15.00
1"	25.00	25.00	25.00	25.00	20.00
1.5"	35.00	35.00	35.00	35.00	30.00
2"	70.00	70.00	70.00	70.00	60.00
3"	175.00	175.00	175.00	175.00	150.00
4"	240.00	240.00	240.00	240.00	200.00
6"	410.00	410.00	410.00	410.00	350.00
8"	525.00	525.00	525.00	525.00	450.00
10"	\$ 635.00	\$ 635.00	\$ 635.00	\$ 635.00	\$ 550.00
Usage rate (per 1,000 gallons)					
2001-6000 ²	\$ 5.75	\$ 5.75	\$ 5.75	\$ 5.75	\$ 5.00
6001 and over	8.75	8.75	8.75	8.75	8.75
Irrigation Rates					
Base rate	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 15.00
Usage rate (per 1,000 gallons)					
2001-6000 ²	\$ 5.75	\$ 5.75	\$ 5.75	\$ 5.75	\$ 5.00
6001 and over	8.75	8.75	8.75	8.75	8.75
Sewer Rates					
Base rate	\$ 15.00	\$ 15.00	\$ 15.00 ³	\$ 15.00 ³	\$ 15.00
Usage rate (per 1,000 gallons)					
2001 and over	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ -
Fire Line Rates					
Base rate (meter size)					
2"	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ -
3"	175.00	175.00	175.00	175.00	-
4"	240.00	240.00	240.00	240.00	-
6"	410.00	410.00	410.00	410.00	-
8"	525.00	525.00	525.00	525.00	-
10"	\$ 635.00	\$ 635.00	\$ 635.00	\$ 635.00	\$ -

Note: Increases in water and sewer rates must be approved by the Water Authority Board.

Note 1: Base rate includes 0-2,000 gallons per month usage.

Note 2: Per 1,000 gallons rate includes usage of 2001 and over for 2000 - 2006.

Note 3: Sewer rate information for 2007-2008 was corrected at 12/31/09.

Note: Rate structure revised in 2011 to three tiers for multiple classes of customers - please see Tables 10A-10E for years 2011-2015.

Data Source: JCWSA Rates and Schedules of Service Policy

Jackson County Water & Sewerage Authority
2011 Rate Schedule

Table 10A

JCWSA CONSERVATION RATES	BASE	TIER 1	MIN	TIER #2	TIER #3
WATER W-1 + W-1 GF	19.00	2,001 - 5,700	2,000	5,701 - 7,500	OVER 7,500
IRRIGATION	BASE	TIER 1	MIN	TIER #2	TIER #3
TRADITIONS/HERITAGE PT/SOP/WILLAG OF PENDERGRASS/BASELTON FARMS/CHARLOTTE ESTATES IRRIGATION 1'	7.25	1,001 - 5,700	1,000	5,701 - 7,500	OVER 7,500
IRRIGATION 1"	22.00	5.75	2,000	8.75	11.50
IRRIGATION 1.5"	30.00	5.75	2,000	8.75	11.50
IRRIGATION 2"	42.00	5.75	2,000	8.75	11.50
LARGE METERS	BASE	TIER 1	MIN	TIER #2	TIER #3
WATER 2"	84.00	2,001 - 35,000	2,000	35,001 - 291,000	OVER 291,000
WATER 2"		6.90		70.50	73.80
LARGE METERS [3" - 6"]	BASE	TIER 1	MIN	TIER #2	TIER #3
WATER 3"	210.00	2,001 - 100,000	2,000	100,001 - 500,000	OVER 500,000
WATER 4"	280.00	6.90	2,000	70.50	73.80
WATER 6"	492.00	6.90	2,000	70.50	73.80
SMALL METERS	BASE	TIER 1	MIN	TIER #2	TIER #3
WATER 1"	30.00	2,001 - 14,000	2,000	14,001 - 50,000	OVER 50,000
WATER 1"		6.90		70.50	73.80
SMALL METERS	BASE	TIER 1	MIN	TIER #2	TIER #3
WATER 1.5"	42.00	2,001 - 31,000	2,000	31,001 - 82,000	OVER 82,000
WATER 1.5"		6.90		70.50	73.80
FIRELINES & HYDRANTS	BASE	TIER 1	MIN	TIER #2	TIER #3
FIRELINE 3"	210.00	2,001 - 31,000	2,000	31,001 - 82,000	OVER 82,000
FIRELINE 8"	624.00	6.90	2,000	70.50	73.80
FIRELINE 10"	762.00	6.90	2,000	70.50	73.80
UNMETERED FIRELINE 4	268.00				
UNMETERED FIRELINE 6	492.00				
UNMETERED FIRELINE 8	624.00				
UNMETERED FIRELINE 10	762.00				
HYDRANT - LARGE	30.00	6.90	2,000	70.50	73.80
HYDRANT - SMALL	19.00	6.90	2,000	70.50	73.80
WI - COMMERCIAL - 5.0 & 3/4	BASE	TIER 1	MIN	TIER #2	TIER #3
WI - COMMERCIAL	22.00	2,001 - 14,500	2,000	14,501 - 60,000	OVER 60,000
WI - COMMERCIAL		6.90		70.50	73.80
JCWSA Conservation Rates	BASE	TIER 1	MIN		
Sewer	\$18.00	\$7.80	2,000		

Jackson County Water & Sewerage Authority
2012 Rate Schedule

Table 10B

JCWSA 2012 Rate Schedule

JCWSA CONSERVATION RATES WATER W-1 + W-1 GF	BASE	19.00	TIER 1 1,501 - 5,700	5.75	MIN	1,500	TIER #2 5,701 - 7,500	8.75	TIER #3 OVER 7,500	11.50
IRRIGATION	BASE	7.25	TIER 1 1,501 - 5,700	5.75	MIN	1,000	TIER #2 5,701 - 7,500	8.75	TIER #3 OVER 7,500	11.50
TRADITIONS/HERITAGE PT/SOP/VILLAGE OF PENDERGRASS/BRASELTON FARMS/ CHARLOTTE ESTATES IRRIGATION *	BASE	22.00								
IRRIGATION 1"		30.00								
IRRIGATION 1.5"		42.00								
IRRIGATION 2"										
LARGE METERS	BASE	84.00	TIER 1 1,501 - 35,000	6.90	MIN	1,500	TIER #2 35,001 - 291,000	10.50	TIER #3 OVER 291,000	13.80
WATER 2"										
LARGE METERS (3" - 4" - 6")	BASE	210.00	TIER 1 1,501 - 100,000	6.90	MIN	1,500	TIER #2 100,001 - 500,000	10.50	TIER #3 OVER 500,000	13.80
WATER 3"		288.00								
WATER 4"		492.00								
WATER 6"										
SMALL METERS	BASE	30.00	TIER 1 1,501 - 14,000	6.90	MIN	1,500	TIER #2 14,001 - 50,000	10.50	TIER #3 OVER 50,000	13.80
WATER 1"										
SMALL METERS	BASE	42.00	TIER 1 1,501 - 31,000	6.90	MIN	1,500	TIER #2 31,001 - 82,000	10.50	TIER #3 OVER 82,000	13.80
WATER 1.5"										
FIRELINES & HYDRANTS	BASE	210.00	TIER 1 1,501 - 31,000	6.90	MIN	1,500	TIER #2 31,001 - 82,000	10.50	TIER #3 OVER 82,000	13.80
FIRELINE 3"		624.00								
FIRELINE 8"		762.00								
FIRELINE 10"		288.00								
UNMETERED FIRELINE 4		492.00								
UNMETERED FIRELINE 6		624.00								
UNMETERED FIRELINE 8		762.00								
UNMETERED FIRELINE 10		30.00								
HYDRANT - LARGE		19.00								
HYDRANT - SMALL										
W1 - COMMERCIAL - 5/8 & 3/4 W1 - COMMERCIAL	BASE	22.00	TIER 1 1,501 - 14,600	6.90	MIN	1,500	TIER #2 14,601 - 60,000	10.50	TIER #3 OVER 60,000	13.80

JCWSA CONSERVATION RATES Sewer	BASE	18.00	TIER 1	7.80	MIN	1,500
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*The Tier 1 rate consumption allowance will be 1,001 - 5,700 for this customer class.

Jackson County Water & Sewerage Authority
 2013 Rate Schedule
 Table 10C

JCWSA 2013 Rate Schedule

JCWSA CONSERVATION RATES	BASE	TIER 1 1,501 - 5,700	MIN	TIER #2 5,701 - 7,200	TIER #3 OVER 7,200
WATER W-1 + W-1 GF	19.00	5.75	1,500	8.75	11.80
IRRIGATION	BASE	TIER 1 1,501 - 5,700	MIN	TIER #2 5,701 - 7,200	TIER #3 OVER 7,200
TRADITIONS/HERITAGE PT/SOP/VILLAGE OF PENDERGRASS/BRASELTON FARMS/ CHARLOTTE ESTATES IRRIGATION *	7.25	5.75	1,000	8.75	11.80
IRRIGATION 1"	22.00	5.75	1,500	8.75	11.50
IRRIGATION 1.5"	30.00	5.75	1,500	8.75	11.50
IRRIGATION 2"	42.00	5.75	1,500	8.75	11.50
LARGE METERS	BASE	TIER 1 1,501 - 35,000	MIN	TIER #2 35,001 - 291,000	TIER #3 OVER 291,000
WATER 2"	84.00	6.90	1,500	10.50	13.80
LARGE METERS (3" - 4" - 6")	BASE	TIER 1 1,501 - 100,000	MIN	TIER #2 100,001 - 500,000	TIER #3 OVER 500,000
WATER 3"	210.00	6.90	1,500	10.50	13.80
WATER 4"	288.00	6.90	1,500	10.50	13.80
WATER 6"	492.00	6.90	1,500	10.50	13.80
SMALL METERS	BASE	TIER 1 1,501 - 14,000	MIN	TIER #2 14,001 - 50,000	TIER #3 OVER 50,000
WATER 1"	30.00	6.90	1,500	10.50	13.80
SMALL METERS	BASE	TIER 1 1,501 - 31,000	MIN	TIER #2 31,001 - 82,000	TIER #3 OVER 82,000
WATER 1.5"	42.00	6.90	1,500	10.50	13.80
FIRELINES & HYDRANTS	BASE	TIER 1 1,501 - 31,000	MIN	TIER #2 31,001 - 82,000	TIER #3 OVER 82,000
FIRELINE 3"	210.00	6.90	1,500	10.50	13.80
FIRELINE 6"	624.00	6.90	1,500	10.50	13.80
FIRELINE 10"	762.00	6.90	1,500	10.50	13.80
UNMETERED FIRELINE 4	288.00				
UNMETERED FIRELINE 6	492.00				
UNMETERED FIRELINE 8	624.00				
UNMETERED FIRELINE 10	762.00				
HYDRANT - LARGE	30.00	6.90	1,500	10.50	13.80
HYDRANT - SMALL	15.00	6.90	1,500	10.50	13.80
W1 - COMMERCIAL - 5/8 & 3/4	BASE	TIER 1 1,501 - 14,600	MIN	TIER #2 14,601 - 60,000	TIER #3 OVER 60,000
W1 - COMMERCIAL	22.00	6.90	1,500	10.50	13.80

JCWSA CONSERVATION RATES	BASE	TIER 1	MIN
Sewer	18.00	7.00	1,500

*The Tier 1 rate consumption allowance will be 1,001 - 5,700 for this customer class.

All rates are calculated per 1,000 gallons.

Jackson County Water & Sewerage Authority 2014 Rate Schedule

Table 10D

JCWSA CONSERVATION RATES	BASE	TIER 1 1,501 - 5,700	MIN*	TIER #2 5,701 - 7,500	TIER #3 OVER 7,500
WATER W-1 + W-1 GF	19.00	5.75	1,500	8.75	11.50
IRRIGATION	BASE	TIER 1 1,501 - 5,700	MIN	TIER #2 5,701 - 7,500	TIER #3 OVER 7,500
TRADITIONS/HERITAGE	7.25	5.75	1,000	8.75	11.50
IRRIGATION 1"	22.00	5.75	1,500	8.75	11.50
IRRIGATION 1.5"	30.00	5.75	1,500	8.75	11.50
IRRIGATION 2"	42.00	5.75	1,500	8.75	11.50
LARGE METERS	BASE	TIER 1 1,501 - 35,000	MIN	TIER #2 35,001 - 291,000	TIER #3 OVER 291,000
WATER 2"	84.00	6.90	1,500	10.50	13.80
LARGE METERS [3" - 4" - 6"]	BASE	TIER 1 1,501 - 100,000	MIN	TIER #2 100,001 - 500,000	TIER #3 OVER 500,000
WATER 3"	210.00	6.90	1,500	10.50	13.80
WATER 4"	288.00	6.90	1,500	10.50	13.80
WATER 6"	492.00	6.90	1,500	10.50	13.80
SMALL METERS	BASE	TIER 1 1,501 - 14,000	MIN	TIER #2 14,001 - 50,000	TIER #3 OVER 50,000
WATER 1"	30.00	6.90	1,500	10.50	13.80
SMALL METERS	BASE	TIER 1 1,501 - 31,000	MIN	TIER #2 31,001 - 82,000	TIER #3 OVER 82,000
WATER 1.5"	42.00	6.90	1,500	10.50	13.80
FIRELINES & HYDRANTS	BASE	TIER 1 1,501 - 31,000	MIN	TIER #2 31,001 - 82,000	TIER #3 OVER 82,000
FIRELINE 3"	210.00	6.90	1,500	10.50	13.80
FIRELINE 8"	624.00	6.90	1,500	10.50	13.80
FIRELINE 10"	762.00	6.90	1,500	10.50	13.80
UNMETERED FIRELINE 4	288.00				
UNMETERED FIRELINE 6	492.00				
UNMETERED FIRELINE 8	624.00				
UNMETERED FIRELINE 10	762.00				
HYDRANT - LARGE	30.00	6.90	1,500	10.50	13.80
HYDRANT - SMALL	19.00	6.90	1,500	10.50	13.80
W1 - COMMERCIAL - 5/8 & 3/4	BASE	TIER 1 1,501 - 14,600	MIN	TIER #2 14,601 - 60,000	TIER #3 OVER 60,000
W1 - COMMERCIAL	22.00	6.90	1,500	10.50	13.80

Note: All rates are calculated per 1,000 gallons.

JCWSA CONSERVATION RATES	BASE	TIER 1	MIN*
SEWER	18.00	7.50	1,500

**Jackson County Water & Sewerage Authority
2015 Rate Schedule**

Table 10E

JCWSA CONVERSATION RATES	BASE	ALLOWANCE	TIER 1 1,501 - 5,700	TIER 2 5,701 - 7,500	TIER 3 OVER 7,500
WATER W-1 & W-1 GF	\$20.14	1,500	\$6.10	\$9.28	\$12.19

IRRIGATION	BASE	ALLOWANCE	TIER 1 1,501 - 5,700	TIER 2 5,701 - 7,500	TIER 3 OVER 7,500
TRADITIONS/HERITAGE PT/SOP/VILLAGE OF PENDERGRASS/BRASELTON FARMS/CHARLOTTE ESTATES IRRIGATION	\$7.69	1,000	\$6.10	\$9.28	\$12.19
IRRIGATION 1"	\$23.32	1,500	\$6.10	\$9.28	\$12.19
IRRIGATION 1.5"	\$31.80	1,500	\$6.10	\$9.28	\$12.19
IRRIGATION 2"	\$44.52	1,500	\$6.10	\$9.28	\$12.19

LARGE METERS	BASE	ALLOWANCE	TIER 1 1,501 - 35,000	TIER 2 35,001 - 291,000	TIER 3 OVER 291,000
WATER 2"	\$89.04	1,500	\$7.31	\$11.13	\$14.63

LARGE METERS (3"-6")	BASE	ALLOWANCE	TIER 1	TIER 2	TIER 3
WATER 3"	\$222.60	1,500	\$7.31	\$11.13	\$14.63
WATER 4"	\$305.28	1,500	\$7.31	\$11.13	\$14.63
WATER 6"	\$521.52	1,500	\$7.31	\$11.13	\$14.63

SMALL METERS	BASE	ALLOWANCE	TIER 1 1,501 - 14,000	TIER 2 14,000 - 50,000	TIER 3 OVER 50,000
WATER 1"	\$31.80	1,500	\$7.31	\$11.13	\$14.63

SMALL METERS	BASE	ALLOWANCE	TIER 1 1,501 - 31,000	TIER 2 31,001 - 82,000	TIER 3 OVER 82,000
WATER 1.5"	\$44.52	1,500	\$7.31	\$11.13	\$14.63

FIRELINES & HYDRANTS	BASE	ALLOWANCE	TIER 1	TIER 2	TIER 3
FIRELINE 3"	\$222.60	1,500	\$7.31	\$11.13	\$14.63
FIRELINE 8"	\$661.44	1,500	\$7.31	\$11.13	\$14.63
FIRELINE 10"	\$807.72	1,500	\$7.31	\$11.13	\$14.63
FIRELINE 12"	\$985.42	1,500	\$7.31	\$11.13	\$14.63
HYDRANT - LARGE	\$31.80	1,500	\$7.31	\$11.13	\$14.63
HYDRANT - SMALL	\$20.14	1,500	\$7.31	\$11.13	\$14.63

W-1 COMMERCIAL (5/8" & 3/4")	BASE	ALLOWANCE	TIER 1	TIER 2	TIER 3
W1 - COMMERCIAL	\$23.32	1,500	\$7.31	\$11.13	\$14.63

SEWER RATES	BASE	ALLOWANCE	TIER 1 OVER 1,500
SW - ALL CUSTOMER CLASSES	\$19.08	1,500	\$8.27

SENIOR RATES - 60 YEARS+			
WATER RATES	BASE	ALLOWANCE	TIER 1 OVER 1,500
SNW - ALL SENIOR CUSTOMERS (RES)	\$19.00	1,500	\$6.10

SEWER RATES	BASE	ALLOWANCE	TIER 1 OVER 1,500
SNS - ALL SENIOR CUSTOMERS (RES)	\$18.00	1,500	\$8.27

**Jackson County Water & Sewerage Authority
Charges for Service**

As of December 31, 2015

Table 11

Residential and Commercial Charges

Domestic Meter Size	Domestic Connection Fee	Administrative Fee	(0-1500 gallons) Monthly Minimum
3/4" meter	\$2,000.00	\$40.00	\$20.14
1" meter	\$2,267.00	\$40.00	\$31.80
1.5" meter	\$2,667.00	\$40.00	\$44.52
2" meter	\$6,000.00	\$40.00	\$89.04
3" meter	\$12,750.00	\$40.00	\$222.60
4" meter	\$22,500.00	\$40.00	\$305.28
6" meter	\$45,000.00	\$40.00	\$521.52
8" meter	\$75,000.00	\$40.00	\$661.44
10"meter	\$105,000.00	\$40.00	\$807.72

Fire Line Size	Fire Line Connection Fee	Administrative Fee	Monthly Minimum Charge
2" line	\$6,000.00	\$40.00	\$89.04
3" line	\$7,500.00	\$40.00	\$222.60
4" line	\$11,250.00	\$40.00	\$305.28
6" line	\$15,000.00	\$40.00	\$521.52
8" line	\$18,750.00	\$40.00	\$661.44
10" line	\$37,500.00	\$40.00	\$807.72
12" line	\$52,300.00	\$40.00	\$985.42

Source: JCWSA Schedule of Fees

**Jackson County Water & Sewerage Authority
Miscellaneous Charges**

As of December 31, 2015

Table 12

Damage	Charges
Replacement of R900 Radio Head	\$ 175.00
Replacement of Antenna	75.00
Replacement of Meter	350.00
Replacement of Meter Box (with meter setter)	350.00
Replacement of Meter Box (without meter setter)	200.00
Replacement of Meter Box (upper section)	125.00
Replacement of Lid (with meter setter)	75.00
Replacement of Lid (without meter setter)	50.00
Replacement of inside/outside Piping	100.00
Raise/Lower Meter Box	100.00
Relocate Meter Box	650.00
Uncover Meter Box	50.00
Meter Reinstallation	200.00
Service Theft	Charges
Tampering Fee	250.00
Tampering Fee - 2nd Offense	500.00
Theft of Service	\$ 1,000.00

Data Source: JCWSA Rates and Schedule of Services Policy

Jackson County Water & Sewerage Authority
Principal Water Customers
For Current Year and Nine Years Ago

Table 13

Current Year

2015

Customer	Type of Facility	Annual Usage (in gallons)	Total Billing	Percentage of System Billing
City of Braselton	Municipality	251,393,000	629,847	9.04%
Georgia Power ¹	Power Plant	4,298,850	549,629	7.89%
Toyota Industries Compressor Parts	Automotive	29,016,960	400,256	5.75%
TD Automotive Compressor of GA	Automotive	26,033,900	353,020	5.07%
City of Hoschton	Municipality	48,729,310	131,569	1.89%
Jackson County BOE	County School System (8)	8,705,750	100,521	1.44%
Wayne Farms	Poultry Plant	6,156,990	77,298	1.11%
Versacold (formerly Georgia Freezer)	Cold Storage Facility	5,274,740	67,178	0.96%
Piedmont Water Company	Water Company	7,119,800	66,846	0.96%
City of Jefferson	Municipality	8,855,700	27,010	0.39%
TOTALS		395,585,000	2,403,174	34.51%

Nine Years Ago

2005²

Customer	Type of Facility	Annual Usage (in gallons)	Total Billing	Percentage of System Billing
Georgia Power ¹	Power Plant	368,000	533,172	15.87%
City of Jefferson	Municipality	121,388,000	279,193	8.31%
City of Hoschton	Municipality	37,380,450	105,919	3.15%
Louisiana Pacific	Wood Processing Plant	10,354,000	56,830	1.69%
Georgia Freezer	Cold Storage Facility	106,330,000	53,225	1.58%
Jackson County BOE	County School System	68,581,850	42,930	1.28%
City of Braselton	Municipality	12,510,000	32,526	0.97%
Potters House	Non-Profit Organization	4,157,000	20,905	0.62%
Affordable Mobiles	Mobile Home Park	3,890,000	19,510	0.58%
Brant McMillan	Chicken Farm	1,116,100	5,701	0.17%
TOTALS		366,075,400	1,149,911	34.24%

Note¹: Per contract Georgia Power pays a monthly fixed fee of \$44,373 regardless of actual usage.

Note²: Data for 2006 is not available for ten year comparison due to software conversion. Data for 2005 (ten years) is Data Source: JCWSA billing records and 2006 bond POS.

**Jackson County Water & Sewerage Authority
Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

Table 14

Fiscal Year	Revenue Bonds/Contracts	Notes/ Loans	Total		
			Amount	Per Capita	As a Share of Personal Income
2006	\$ 44,284,539	\$ 3,313,563	\$47,598,102	\$ 853	3.4%
2007	42,066,995	3,188,164	45,255,159	764	3.9%
2008	40,085,803	3,058,624	43,144,427	700	4.4%
2009	37,356,876	2,924,774	40,281,650	645	5.0%
2010	34,534,384	2,786,441	37,320,825	617	5.4%
2011	34,330,810	188,675	34,519,485	563	6.1%
2012	32,399,004	165,806	32,564,810	538	6.6%
2013	30,194,690	142,936	30,337,626	501	7.1%
2014	27,921,093	120,066	28,041,160	463	7.7%
2015	\$ 25,455,974	\$ 97,196	\$25,553,171	\$ 422	8.4%

Notes: The authority's bond covenants stipulate that it may issue debt as long as certain conditions are met. The major criterion is that the net earnings of the system must be at least 1.2 times the highest combined debt service requirement.

Source: Debt per capita is derived from total debt divided by population (U.S Census Bureau).

Jackson County Water & Sewerage Authority
Pledged Revenue Coverage
 Last Ten Fiscal Years
 Table 15

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Operating Income(Loss)	\$ 226,672	\$ (367,600)	\$ (325,448)	\$ (768,763)	\$ 180,506	\$ 270,517	\$ (99,993)	\$ (435,301)	\$ 850,274	\$ 1,152,505
Plus: Depreciation	1,948,308	2,071,285	2,267,159	2,448,557	2,495,197	2,524,222	2,536,582	2,586,592	2,584,416	2,663,602
Interest Income	108,719	350,756	138,600	90,735	102,328	88,241	12,094	17,889	16,497	10,478
Plus: Jackson County Subsidy	-	-	1,596,312	1,581,024	1,580,124	2,079,471	1,986,772	1,986,772	1,586,316	1,370,721
Non-Operating Revenues/Expenses	21,980	(33,343)	(40,307)	32,933	1,163	3,180	3,204	69,746	28,281	4,414
Net Revenues Available for Debt Service	\$ 2,305,679	\$ 2,021,098	\$ 3,636,316	\$ 3,384,486	\$ 4,359,318	\$ 4,965,631	\$ 4,438,659	\$ 4,438,658	\$ 5,065,784	\$ 5,201,720
Actual Debt Service on Bonds	\$ 1,719,314	\$ 2,310,321	\$ 2,214,698	\$ 2,917,502	\$ 2,907,728	\$ 2,762,889	\$ 1,822,740	\$ 1,525,092	\$ 1,352,794	\$ 1,064,594
Coverage Ratio	1.34	0.87	1.64	1.16	1.50	1.80	2.44	2.77	3.74	4.89
Net Revenues Available for Debt Service	2,305,679	2,021,098	3,636,316	3,384,486	4,359,318	4,965,631	4,438,659	4,225,698	5,065,784	5,201,720
Plus: Tap Fees in Excess of Cost	669,992	614,738	98,757	33,148	19,857	63,205	63,739	135,838	-	173,659
SPLOST Available for Debt Service	-	1,466,050	1,230,000	1,712,617	1,226,400	648,813	-	-	-	-
Total Revenues Available for Debt Service	\$ 2,975,671	\$ 4,101,886	\$ 4,965,072	\$ 5,130,251	\$ 5,605,575	\$ 5,677,649	\$ 4,502,397	\$ 4,361,536	\$ 5,065,784	\$ 5,375,379
Actual Debt Service on Bonds	\$ 1,719,314	\$ 2,310,321	\$ 2,214,698	\$ 2,917,502	\$ 2,907,728	\$ 2,762,889	\$ 1,822,740	\$ 1,525,092	\$ 1,352,794	\$ 1,064,594
Coverage Ratio	1.73	1.78	2.24	1.76	1.93	2.05	2.47	2.86	3.74	5.05
Total Revenues Available for Debt Service	\$ 2,975,671	\$ 4,101,886	\$ 4,965,072	\$ 5,130,251	\$ 5,605,575	\$ 5,677,649	\$ 4,502,397	\$ 4,361,536	\$ 5,065,784	\$ 5,375,379
Actual Debt Service on All Debt	\$ 3,460,848	\$ 4,171,532	\$ 4,053,724	\$ 4,748,823	\$ 4,736,577	\$ 4,601,847	\$ 3,432,616	\$ 3,573,309	\$ 3,572,007	\$ 4,767,510
Coverage Ratio	0.86	0.98	1.22	1.08	1.18	1.23	1.31	1.22	1.42	1.13

**Jackson County Water & Sewerage Authority
Demographic and Economic Statistics**

Last Ten Fiscal Years

Table 16

Fiscal Year	Population (1)	Personal Income (2)	Capita	School Enrollment (4)	Unemployment Rate (5)
			Personal Income (3)		
2007	59,254	1,780,109	30,042	7,125	3.9%
2008	61,620	1,909,789	30,993	7,200	9.5%
2009	62,472	1,998,229	31,986	6,963	10.9%
2010	60,485	2,003,546	33,125	7,984	10.8%
2011	61,313	2,100,314	34,256	10,982	9.1%
2012	60,571	2,153,608	35,555	11,660	8.5%
2013	61,044	2,269,332	37,175	11,346	7.7%
2014	61,870	2,389,110	38,615	12,167	6.4%
2015	63,360	\$ 2,446,449	\$ 39,542	17,494	5.7%

Data sources:

- (1) US Bureau of the Census
- (2) Amount expressed in thousands
- (3) Federal Bureau of Economic Analysis; Then projected for 2011
- (4) Jackson Co. Board of Education.
- (5) Federal Bureau of Labor Statistics

Jackson County Water & Sewerage Authority
Principal Employers
 Current Year and Nine Years Ago

Table 17

Employer	Type of Business	2015			2006		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carters/Oshkosh	Manufacturer	1,200	1	4.13%			
Wayne Farms, LLC	Poultry Processor	1,100	2	3.79%	1,350	1	8.03%
Bed, Bath & Beyond	Manufacturer	1,055	3	3.63%			
Kubota Industrial Equipment Corporation	Manufacturer	700	4	2.41%	251	9	1.49%
TD Automotive Compressors	Manufacturer	650	5	2.24%			
Homegoods	Wholesale Trade	500	6	1.72%			
Mission Foods	Manufacturer	490	7	1.69%	385	7	2.29%
Northridge Medical Center (BJC)	Hospital	422	8	1.45%	411	5	2.44%
Toyota Industrial Compressors of America	Manufacturer	350	9	1.21%			
Baker & Taylor, Inc.	Manufacturer	350	10	1.21%	500	3	
Roper Pump	Manufacturer	325	11	1.12%	180	9	1.07%
Systemax Inc.	Wholesale Trade						
TenCate Geosynthetics	Manufacturer						
Haverty's	Distributor				450	4	2.68%
Braselton Poultry	Poultry Processor				235	10	1.40%
Jackson EMC	Utility				231	11	1.37%
Southeast Toyota	Manufacturer						
Jackson County BOE	School System				825	2	4.91%
Chateau Eian	Resort				500	3	2.97%
Jackson County Government	Government				400	6	2.38%
Jefferson BOE					285	8	1.69%
All Other Employers		21,886		75.40%	10,812		64.30%
Total		29,028		100.00%	16,815		100.00%

**Jackson County Water & Sewerage Authority
Schedule of Number of Employees**

Last Ten Fiscal Years

Table 18

Full-time Equivalent Employees	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water:	5	4	4	3	4	4	4	4	4	6
Sewer:	3	3	3	3	3	3	4	3	3	3
Engineering/Inspection/ Construction: ²	-	3	4	3	3	3	3	3	3	3
GIS: ¹	1	1	1	2	2	2	2	2	2	2
Administration/Finance:	7	7	6	7	7	7	7	7	8	8
Total	16	18	18	18	19	19	20	19	20	22

Note: All Managers and directors are included in their departments. A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Note¹: GIS department was not in operation until 2006

Note²: Engineering department was not in operation until 2007

Data Source: JCWSA personnel records

Jackson County Water & Sewerage Authority
Operating and Capital Indicators
 Last Ten Fiscal Years

Table 19

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Drinking Water										
Water storage capacity (MGD) ¹	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20
Miles of water main	390.60	424.00	425.47	***	415.66	415.66	396.87	396.87	432.19	403.85
Number of pumping stations	7	7	7	8	8	8	8	8	8	9
Wastewater treatment										
Miles of sewer main:	14.32	14.32	* 14.30	*	54.19	54.19	54.19	54.19	54.19	54.19
Gravity flow	8.07	6.07	4.32	4.18	43.54	43.54	43.54	43.54	43.54	43.54
Force main	6.25	8.25	9.98	10.62	10.65	10.65	10.65	10.65	10.65	10.65
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (MGD)	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.5
Annual engineering maximum plant capacity (millions of gallons)	109.5	109.5	109.5	109.5	109.5	109.5	182.5	182.5	182.5	182.5
Amount treated annually (millions of gallons) ³	17.74	** 37.23	** 40.15	** 38.11	44.60	48.20	51.50	71.00	48.98	72.86
Unused capacity (millions of gallons) ²	91.76	** 72.27	** 69.35	** 71.39	64.90	61.30	131.00	111.50	133.52	109.64
Percentage of capacity utilized	-	34.00%	36.67%	34.80%	40.73%	44.02%	28.22%	38.90%	26.84%	39.92%
Engineering/inspection/construction inspections conducted ²	-	644	738	850	800	350	100	438	425	830

Notes: MGD - millions of gallons per day. Additional operating indicators can be found in Schedules 7-9

Notes¹: Storage capacity is owned through entitlement share of Upper Oconee Basin (Bear Creek) reservoir. Data unavailable prior to 2002

Notes²: Data is not available prior to 2007

Note³: In 2015 field verification resulted in decrease in total water lines due to identification of duplicate lines within GIS system.

Note⁴: This number was revised in 2008 due to field audits performed in 2008

Note⁵: These numbers were revised due to better collection of data and engineering estimates

Note⁶: This number was revised in 2009 due to field audits performed in 2009 - all water lines remain in service

Note⁷: Data updated through GIS field audits performed in 2010.

Data Sources: JCWSA GIS Department, Engineering Department, Wastewater Department data, Water Department data

Note⁸: In 2015 field verification resulted in decrease in total water lines due to identification of duplicate lines within GIS system.

Jackson County Water & Sewerage Authority
Performance Measures-System Statistics
For the year ended December 31, 2015

Table 20

WATER DISTRIBUTION & SEWER COLLECTION	2015
Feet of sanitary sewer system inspected by camera	10,200
Fire hydrants repaired/replaced/installed	24
Feet of sewer line rodded and flushed	17,500
Lines and/or valve repairs performed	136
Pump stations serviced and/or repaired	28
ENGINEERING MANAGEMENT	
Wastewater treatment capacity evaluations performed for proposed developments	4
Plan reviews performed for water line installation by developer	6
Developments installing water	2
Developments installing sewer	1
JCWSA water projects in progress	2
JCWSA wastewater projects in progress	0
Miles of water main installed by JCWSA	0.6
METER MANAGEMENT	
Water stubs installed	22
Sewer stubs installed	0
Water meters tested	13
Meters replaced through meter replacement program	0
New water meters installed	231
WATER BUSINESS OFFICE	
Number of bills prepared ¹	93,102
Number of water customers gained (net)	194
Number of sewer customers gained (net)	76

continued

**Jackson County Water & Sewerage Authority
Performance Measures-System Statistics**

For the year ended December 31, 2015

Table 20

continued

WASTEWATER TREATMENT PLANT	
Millions of gallons of wastewater treated	72.86
Dry tons of biosolids landfilled	3.8
Lab & industrial samples analyzed	475
WATER TREATMENT PLANT	
All water sold by JCWSA is purchased from either Upper Oconee Basin Water Authority or the City of Commerce. Both water systems treat the water prior to purchase.	N/A

Data Sources: JCWSA GIS Department, Engineering Department, Wastewater Department data, and Water Department data

Note¹: Actual number of bills mailed out. Water and sewer services are billed together each month for each service address. A small number of customers have separate irrigation service

Jackson County Water & Sewerage Authority

Table 21

2015 JCWSA Annual GIS Statistical Report

Introduction

The JCWSA Geographic Information System (GIS) is 8 years old and steadily improving. The entire GIS and All Databases were designed and constructed, in house, by the Chief Information Officer (CIO) and Network Administrator / GIS Technician. Data collection and GIS operations, including most QA/QC, are handled by the GIS Technician. The database components work as analytical tools within the GIS and interface with our Document Control System (DCS) and The DCS Data Base. The DCS contains both electronic copy, stored on hard drives, and hardcopy components, cataloged and stored in the Drawing Library. DCS Database data entry and data maintenance is handled by the Engineering Assistant.

The annual GIS Statistical Report is a simple one-page spreadsheet report, produced in January, to quantify the state of the GIS and our Water and Sewer assets. By looking at some keystone numbers, we can get a feel for stability of the data, County wide growth of the system, and system trends.

This process also allows us to take a granular level look at the data to determine if everything is still on track and functioning as designed by looking at year over year changes in the numbers and reasons therefore. Individual data fields and key fields are examined to see if the system is producing the desired results. This is also a time to do house cleaning and error checking.

During 2007 we concentrated on finding and collecting information to compile the best, most complete picture of the Water and Sewer System possible with what data we could gather and assimilate. Inside the GIS, this data quickly became a very valuable and useful tool. By the end of 2007, in general, one could be 98% confident that items drawn in the GIS were physically present on the ground. Our weak point was in Diameters and "Map Grade" XY accuracy. 2008 and 2009 were years of document research and error checking to insure that our data was as accurate as possible. In this bad economy, we have also had to deal with subdivisions and other projects that became defunct.

We are still gathering new data, while focusing on QA/QC. We spent a major portion of 2009 improving the XY accuracy of the Water Layer and Sewer Layer and making sure information regarding size and other attributes was both present and correct.

During 2009, the County Board of Commissioners created and published a list of defunct subdivisions located within Jackson County. This information has been incorporated into our GIS Water Line and Sewer Line data. An additional bit of related information, that might have some bearing, is whether a defunct subdivision has begun any construction. The resulting statistics are reported as line items however, it is too early to draw specific conclusions regarding exactly what this may indicate, as a forecasting tool, going forward.

During 2010 we concentrated on the ongoing process of completing QA/QC of the Water and Sewer System GIS data. Line diameters were reviewed and revised utilizing Asbuilt drawings and valve information collected during the Valve Collection Project. Water Vault data was updated during 2010 which involved inspection of the vault sites, performing vault inventory, and imagery collection.

During 2011 ongoing QA/QC of the Water and Sewer System GIS data was performed. Line size verification from 2010 was continued as well as Asbuilt review and integration. New Hydrants and Valves were collected however slow economic growth resulted in very few new installations.

During 2012 ongoing QA/QC of the Water and Sewer System GIS data was performed. Line size verification continued and GIS data was utilized to produce a water model within AutoCAD. New Hydrants and valves were collected due to a small amount of economic growth and installation of new water lines serving Jackson County Equestrian Park, Bolton Gordon Rd, and Harris Lord Cemetery Rd.

During 2013 ongoing QA/QC of the Water and Sewer System GIS data was performed. Line size verification and pressure zone corrections were performed. New hydrants, Water Lines, and Hydrants were installed due to some economic growth and citizen requests for water lines. Water lines were installed on the HWY 129 corridor, Roquemore, Clarence Wages, and Ramblers Inn. Interns from UNG also performed water meter collection throughout the summer.

During 2014 ongoing QA/QC of the Water and Sewer System Continued. Line size verification and pressure zone configurations were verified. Water lines were also installed on Akers Rd and additional line sizes were corrected, added, or deleted. An intern from UNG performed valve inspection and collected Hydrant pictures for the water system and an asset picture attachment process was adopted.

During 2015 ongoing QA/QC of the Water and Sewer System continued concurrently with upgrades to the GIS Systems database and hosting servers. New water lines on Mark Dodd Rd and White Tail Drive were installed by JCWSA Water Distribution Staff. Interns from UNG were also utilized to analyze the status of the Meter Collection process and finalize cleanup processes.

Statistics 2015

Location XY, Length, Diameter, Other Attributes

A continuing effort to physically locate and map assets on the ground using map grade GPS resulted in improved map accuracy during 2015. The process is ongoing and will continue in 2016. The overall water line length decreased in 2015 with some shifting in line sizes as valve and line data were reviewed. Data collection efforts and QA/QC resulted in increases in Water Valves and Fire Hydrants for 2015.

Water

Water Lines

Review of the waterlines layer, with focus on achieving map grade XY accuracy, resulted in changes to total linear feet of lines and shifting of linear feet totals between the various diameters. Total water line length decrease is attributed to field verification of water assets and identification of duplicate water lines within the GIS System.

Fire Hydrants (FH)

Fire hydrant counts for 2015 increased due to new construction and continued QA/QC efforts.

Water Valves (WV)

Gain was from accepted construction and QA/QC efforts.

Pump Stations

Increased due to completion of upgrades to Commerce Pumping Station and Talmo Rehab project.

Tanks

No Change.

Vaults

Increase to construction and collection previously uncollected vault data.

SS (Sanitary Sewer)

SS Line statistics were not listed by diameter 2011. They are reported in a more meaningful breakdown related to usage in 2012 and remained unchanged for 2013. The reporting categories are Main Trunk Lines, Subdivision Lines, and Commercial Lines

SS Line, Gravity, Main Trunk lines

Review of the main trunk line is complete. Errors in diameter labeling have been resolved, resulting in some redistribution of length measurements as well as field verification.

SS Line, Gravity, Subdivision lines and Commercial lines

No Change.

SS Manholes

No Change.

SS Force Main

No Change.

2016 Projections

Data review is a continuing process. There will be statistical changes due to improvements to GIS accuracy during 2016. Growth due to new construction is anticipated and line verification as well as meter collection is expected to continue.

Water

Water Line data is the largest set and the most difficult to collect. This data will improve as related data collection projects precede. We may continue to see some length shifting between

diameters, and some length changes due to other factors, such as, “found pipe”. New construction should contribute to system growth with the approval of SPLOST 6. New lines installed from SPLOST and new construction are anticipated to increase throughout the next few years. JCWSA has also implemented a hosted field map which is available to the public and JCWSA Staff at WWW.JCWSA.COM. It is anticipated that ongoing field verification will aid in the QA/QC process and JCWSA will observe further shifts in line sizes, pipe length, assets quantities, and information collected.

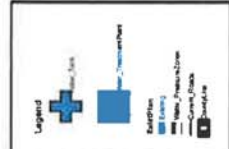
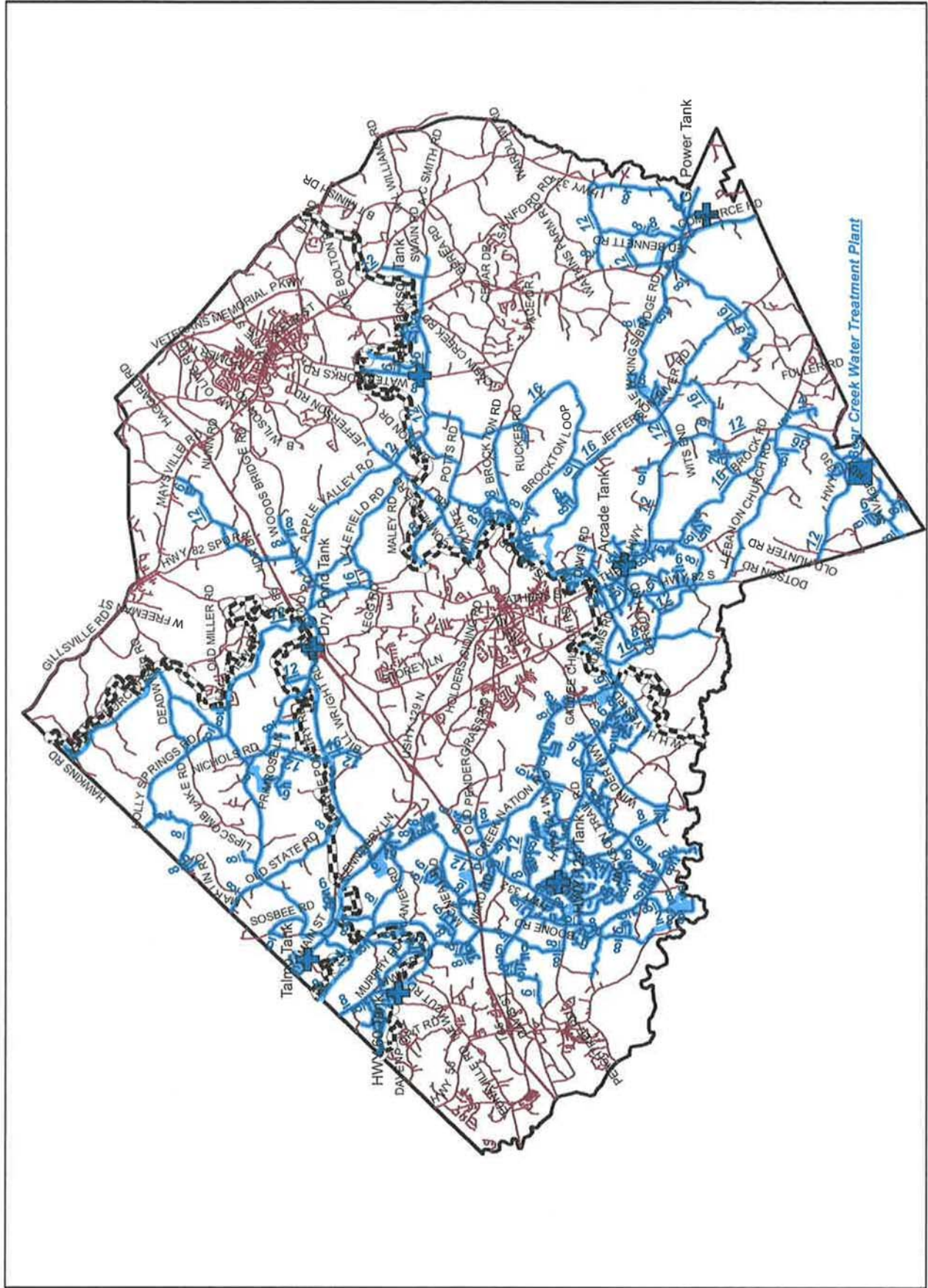
Sewer

Minimal Sewer construction is anticipated.

2015 Jackson County Water and Sewerage Authority, GIS, Annual Statistics Report

Sanitary Sewer Assets		Type	Total Feet	Miles	Count	Change 14 to 15
SS Line, Gravity		Main Trunk Lines	78,119	14.80		0
SS Line, Gravity		Subdivision Lines	188,849	35.77		0
SS Line, Gravity		Commercial Lines	17,944	3.40		0
SS Line, Gravity		Other	1,215	0.23		0
		SS Lines Grand Total	286,127	54.19		0
SS Line, Gravity		New SS Lines Approved in 2015	0	0.00		
SS Line, Gravity		New SS Lines completed in 2015	0	0.00		
SS Line, Gravity		In Defunct Subdiv No Construction	20,627	3.91		
SS Line, Gravity		In Defunct Subdiv With Construction	106,616	20.19		
SS Line, Gravity		Defunct Total	127,243	24.10		
SS Line, Force Main		Force Main Lines	56,212	10.65		0
SS Manhole, Gravity					1338	0
SS Manhole, Force Main, ARV & EPV Valves					57	0
SS Lift Stations		Lift Stations			8	0
Water Assets						
Water Lines, Diameter						
.75 Service Line						
		Linear Feet, Water Line				
		1,074				0
	2	10,876				2,269
	4	14,863				857
	6	296,237				1,044
	8	879,872				-47,504
	10	237				-3,970
	12	669,356				-33,077
	16	234,492				-69,248
	24	12,993				0
	36	13,383				0
Water Lines		Water Lines Grand Total	2,132,309	403.85		-149,629
Water Lines		New Water Lines Approved in 2015	3,156	0.60		
Water Lines		New water line completed in 2015	3,156	0.60		
Water Lines		In Defunct Subdiv No Construction	28,323	5.36		
Water Lines		In Defunct Subdiv With Construction	238,749	45.22		
Water Lines		Defunct Total	267,072	50.58		
Water Valves					2157	4
Water Fire Hydrants					2992	4
Water Pump Stations					9	1
Water Tanks					7	0
Water Vaults					81	9
Water Meters					11142	2,774

Jackson County Water & Sewerage Authority Water



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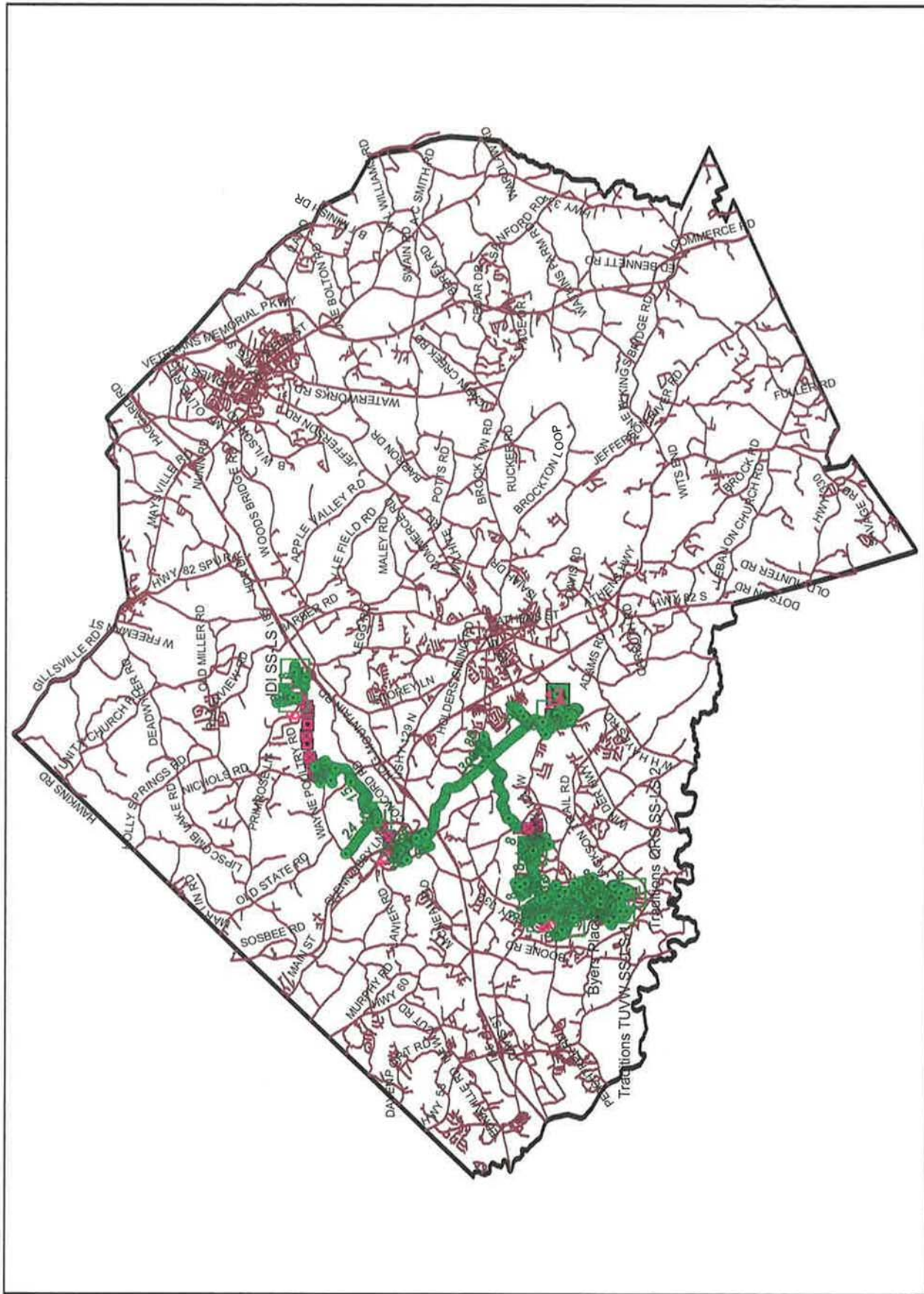
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Jackson County Water & Sewerage Authority

Sewer



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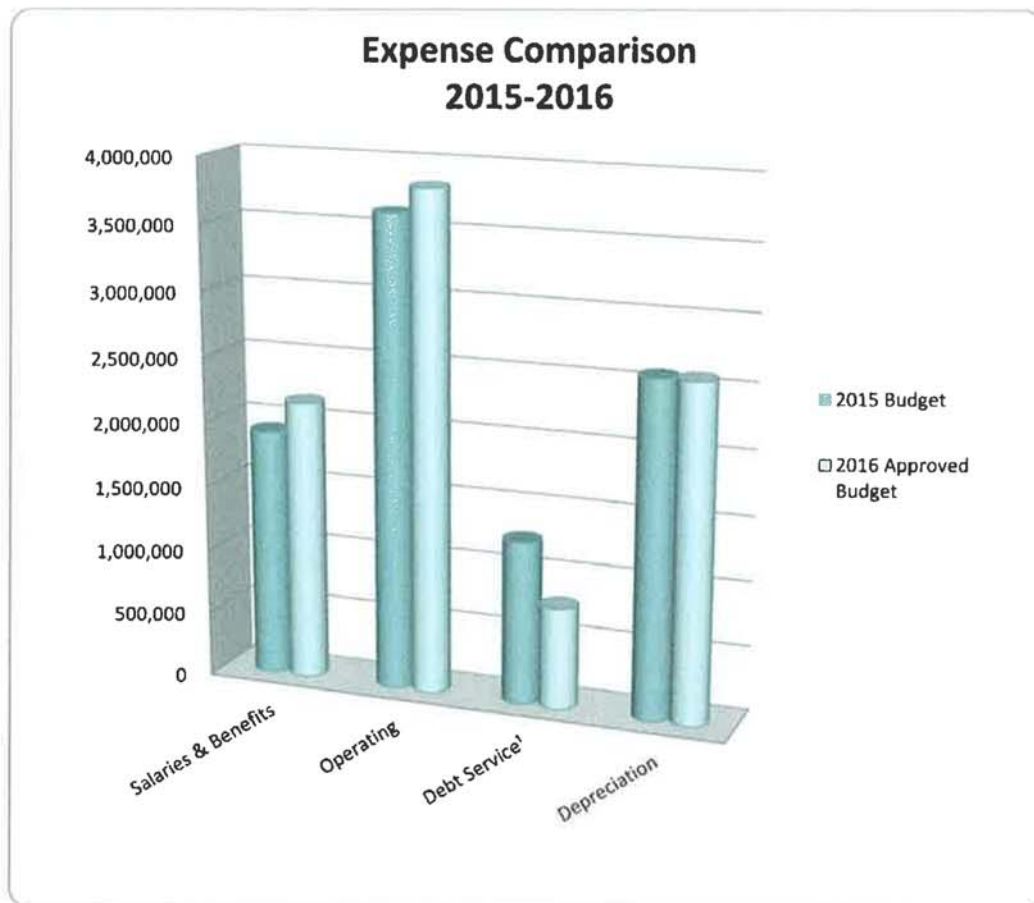


APPROVED

2016 BUDGET SUMMARY

Expense Totals

	2015 Budget	2016 Budget	Percent of Total 2016 Budget	Difference 2015-2016	Percent Change
Salaries & Benefits	1,915,760	2,164,091	23.12%	248,331	12.96%
Operating	3,631,531	3,828,558	40.91%	197,027	5.43%
Debt Service ¹	1,261,817	784,275	8.38%	(477,542)	-37.85%
Depreciation	2,583,279	2,582,614	27.59%	(665)	-0.03%
TOTAL	9,392,387	9,359,538	100.00%	(32,849)	-0.35%



¹ Debt Service Includes Amortization of Bond Premium/Discount & Amortization of Deferred Refunding



INDEPENDENT AUDITORS' 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

June 9, 2016

To the Members of the Board
 JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
 Jefferson, 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 of JACKSON COUNTY WATER AND SEWERAGE AUTHORITY, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the JACKSON COUNTY WATER AND SEWERAGE AUTHORITY's basic financial statements, and have issued our report thereon dated June 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JACKSON COUNTY WATER AND SEWERAGE 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 JACKSON COUNTY WATER AND SEWERAGE AUTHORITY's internal control. Accordingly, we do not express an opinion on the effectiveness of the JACKSON COUNTY WATER AND SEWERAGE 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 over financial reporting 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 JACKSON COUNTY WATER AND SEWERAGE AUTHORITY's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Boden, Carter : Co, LLP