

JACKSON COUNTY
WATER & SEWERAGE
AUTHORITY

Jefferson, Georgia

A Component Unit of Jackson County, Georgia

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2017



JACKSON COUNTY WATER & SEWERAGE AUTHORITY

A COMPONENT UNIT OF JACKSON COUNTY,
GEORGIA

By: *[Signature]* SCANNED
Date: 6/18/2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2017



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, 2017

**JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
JEFFERSON, GEORGIA
FOR THE FISCAL YEAR ENDED December 31, 2016**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



JEFFERSON, GEORGIA



June 13, 2018

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, 2017.

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, 2017, 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, 2017, 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-xvii 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, three-year staggered terms 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 an electronic 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 located in Hall County. 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 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.

As of April 2017, 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 multi-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, 2016. This was the tenth 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, 2016

Christopher P. Morill

Executive Director/CEO



Principal Officials and Consultants

Authority Board as of December 31, 2017

Board Members	Term
Dylan Wilbanks– Chairman	July 2015 - June 2018
Pat Bell – Vice Chairman	July 2015 - June 2018
Jim Smith– Board Member	July 2016 - June 2019
Chris Nichols – Board Member	July 2016 - June 2019
Don Clerici – Board Member	July 2017 - June 2020

General Manager

Eric G. Klerk

Finance Director

Judy W. Smith, CGFO

Chief Engineer

Joey P. Leslie, PE

Chief Information Officer

Michael D. Johnson, GISP

Wastewater Operations Manager

Mark S. Dudziak

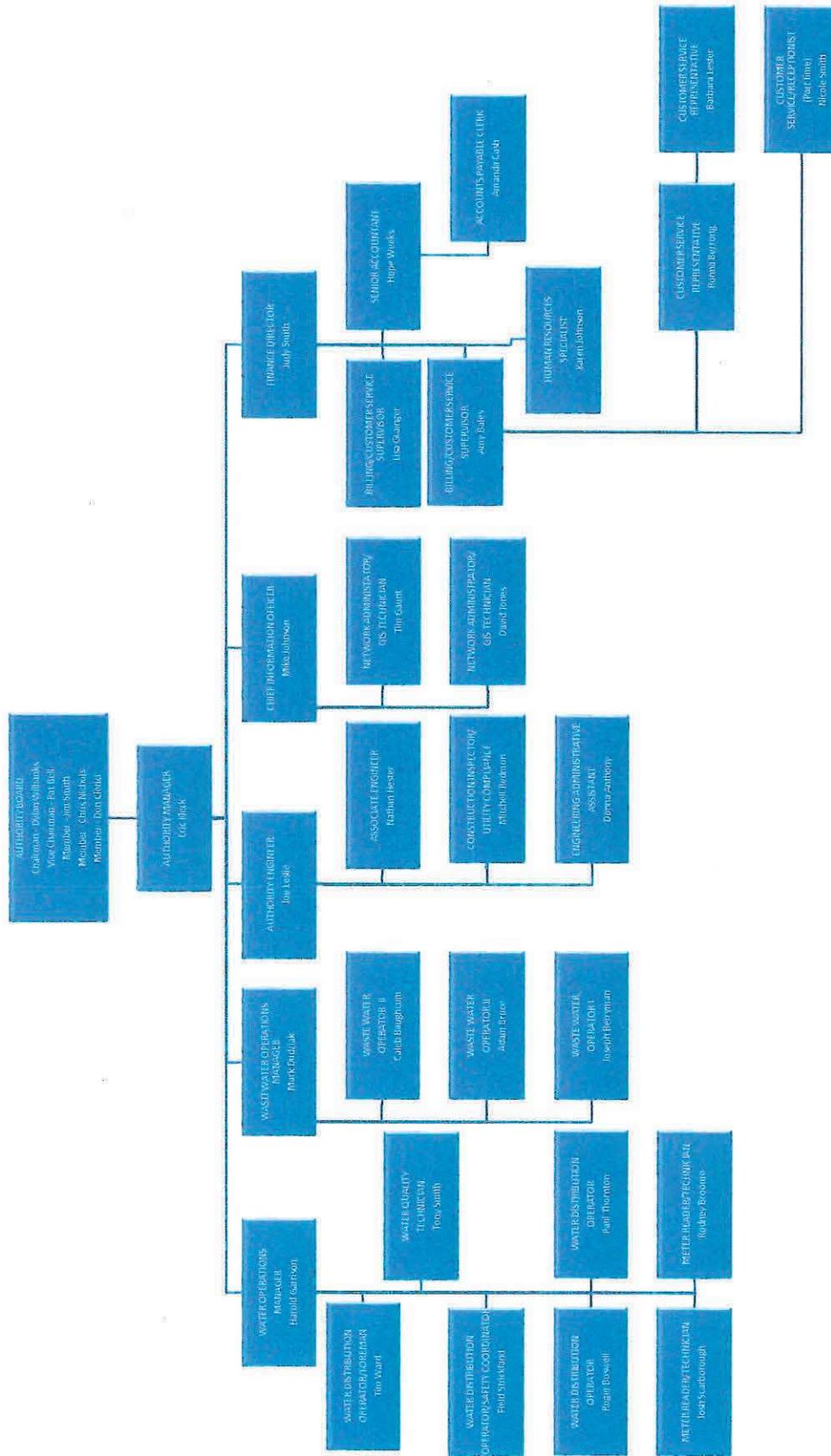
Attorneys

Hulsey, Oliver and Mahar, LLP

Auditors

Bates, Carter & Company, LLP

JCWSA ORGANIZATIONAL CHART 2017



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FINANCIAL SECTION



JEFFERSON, GEORGIA



Independent Auditors' Report

June 13, 2018

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, 2017 and 2016, 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, 2017, 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, Schedule of the Net Pension Liability - JCWSA Retirement Plan, Schedule of Contributions - JCWSA Retirement Plan, and the Schedule of Notes to Required Supplementary Information - JCWSA Retirement Plan 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 13, 2018 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.

Bates, Cate: Co, LLP

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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, 2017. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2017

- The Authority's net position increased by \$1.2 million or 1.7% from \$71.1 million to \$72.3 million. The number of sewer connection fees collected increased in 2017. The Authority added 232 new sewer customers in 2017. The number of water connection fees collected for the period substained the growth experienced in 2016: The authority connected 497 additional water customers to its system. For more detailed information see pages xiv-xv.
- Total operating revenues increased by (0.11)% from \$9.50 million to \$9.49 million. In 2017, Jackson County continued to rebound in residential and commerical development. This resulted in an increase of revenue for the Authority. For more detailed information regarding change see page xiv.
- Total operating expenses increased by 13.9% from \$7.9 million to \$9.0 million. The expenses associated with the VFD#8 pump replacement located at the Upper Oconee Basin Water Authority (Bear Creek) Water Treatment Facility account for \$168,779 of this increase. The Authority is responsible for all maintenance and repair costs relating to the water it purchases from the reservior at Bear Creek. The remainder of the increases for 2017 were associated with increased water purchases and increase to the salaries and benefits of the Authority's employees. For more detailed information regarding change see page xv.
- Capital contributions increased 80.0% from \$1.0 million to \$1.8 million. The increase in capital contributions is due primarily to the percentage of SPLOST proceeds dedicated to the Authority for water projects as outlined in the Jackson County 2016 SPLOST referendum. The Authority received \$946,300 in SPLOST revenue for the period.

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>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>% Change</u>
Current and Other Assets	\$ 11,536	\$ 12,798	\$ (1,262)	(10)
Capital Assets	<u>98,624</u>	<u>98,144</u>	<u>480</u>	<u>-</u>
Total Assets	<u>110,160</u>	<u>110,942</u>	<u>(782)</u>	<u>(1)</u>
Deferred charge on refunding	<u>891</u>	<u>1,136</u>	<u>(245)</u>	<u>(22)</u>
Total Deferred Outflows of resources	<u>891</u>	<u>1,136</u>	<u>(245)</u>	<u>(22)</u>
Long-term Liabilities	33,621	37,468	(3,847)	(10)
Other Liabilities	<u>5,073</u>	<u>3,527</u>	<u>1,546</u>	<u>44</u>
Total Liabilities	<u>38,694</u>	<u>40,995</u>	<u>(2,301)</u>	<u>(6)</u>
Deferred credit for on refunding	<u>13</u>	<u>-</u>	<u>13</u>	<u>DIV/0</u>
Total Deferred Inflows of resources	<u>13</u>	<u>-</u>	<u>13</u>	<u>DIV/0</u>
Net investment in capital assets	77,200	74,244	2,956	4
Net position restricted for debt service & capital asset acquisition	820	793	27	3
Unrestricted net position	<u>(5,676)</u>	<u>(3,954)</u>	<u>(1,722)</u>	<u>44</u>
Total Net Position	<u>\$ 72,344</u>	<u>\$ 71,083</u>	<u>\$ 1,261</u>	<u>2</u>

Table 2 - Capital Assets (\$ in thousands)

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>% Change</u>
Non-depreciable assets:				
Land	\$ 4,844	\$ 4,752	\$ 92	2
Construction in Progress	2,551	884	1,667	189
Land - water plant capacity	<u>2,381</u>	<u>2,381</u>	<u>-</u>	<u>-</u>
Total non-depreciable	<u>9,776</u>	<u>8,017</u>	<u>1,759</u>	<u>191</u>
Depreciable assets:				
Water Tanks	3,990	3,990	-	-
Water Lines	67,378	67,378	-	-
Meters	3,275	3,069	206	7
Building	658	651	7	1
Booster Pumps	1,667	1,667	-	-
Vehicles	620	542	78	14
Sewer System	23,074	22,141	933	4
Machinery & Equipment	1,852	1,646	206	13
Water Plant Capacity	<u>22,601</u>	<u>22,601</u>	<u>-</u>	<u>-</u>
Total depreciable assets	125,115	123,685	1,430	1
Less Accumulated Depreciation	<u>(36,267)</u>	<u>(33,559)</u>	<u>(2,708)</u>	<u>8</u>
Book value - depreciable assets	<u>88,848</u>	<u>90,126</u>	<u>(1,278)</u>	<u>(1)</u>
Book value - all capital assets	<u>\$ 98,624</u>	<u>\$ 98,143</u>	<u>\$ 481</u>	<u>190</u>
Percentage depreciated	(29)%	(27)%		

At December 31, 2017, the depreciable capital assets were (29)% depreciated, slightly above the 2016 percentage of (27)%. 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

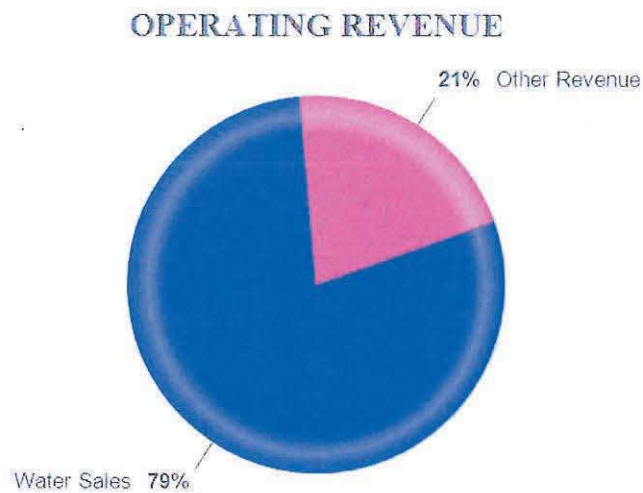
The Authority's capital assets at December 31, 2017 were \$98.6 million, net of \$36.3 million in accumulated depreciation. The investment, which includes the assets listed above, increased by \$0.5 million. The increase is primarily attributable to the addition in 2016 of the intangible land asset added to offset the Authority's contracted obligation to pay 25% of the Parks Creek Reservoir debt to the City of Jefferson. The Authority completed the Middle Oconee Wastewater Treatment Plant Sludge Press project in 2016. This project also increased the depreciable assets by \$855 thousand. See Note 5 - Capital Assets for more detailed information.

Long-term liabilities decreased by \$3.8 million. These liabilities represent revenue bonds, GEFA notes, and contracts payable, as well as the long-term portion of compensated absences. The Authority issued bonds in the amount of \$6 million dollars in 2017 for SPLOST projects to be paid from SPLOST proceeds dedicated by Jackson County Government to the Authority for water projects approved by the referendum passed by citizens of Jackson County. All payments were made as scheduled. See Note 6 - Long Term Debt for more detailed information.

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

	<u>2017</u>	<u>2016</u>	<u>Dollar Change</u>	<u>% Change</u>
Operating Revenues	\$ 9,487	\$ 9,499	\$ (12)	-
Nonoperating Revenues	12	12	-	-
Total Revenues	<u>9,499</u>	<u>9,511</u>	<u>(12)</u>	<u>-</u>
Depreciation Expense	2,717	2,710	7	-
Other Operating Expenses	6,257	5,229	1,028	20
Nonoperating Expenses	1,014	1,087	(73)	(7)
Total Expenses	<u>9,988</u>	<u>9,026</u>	<u>962</u>	<u>11</u>
Income Before Capital Contributions	(489)	484	(974)	(201)
Capital Contributions	1,750	1,004	746	74
Changes in Net Position	<u>1,261</u>	<u>1,488</u>	<u>(228)</u>	<u>(15.3)</u>
Beginning Net Position	71,083	70,590	493	1
Prior Period Adjustment	-	(995)	995	-
Beginning Net Position, as restated	<u>71,083</u>	<u>69,595</u>	<u>1,488</u>	<u>2</u>
Ending Net Position	<u>\$ 72,344</u>	<u>\$ 71,083</u>	<u>\$ 2,748</u>	<u>4</u>

The Major Sources of Operating Revenues are shown below:



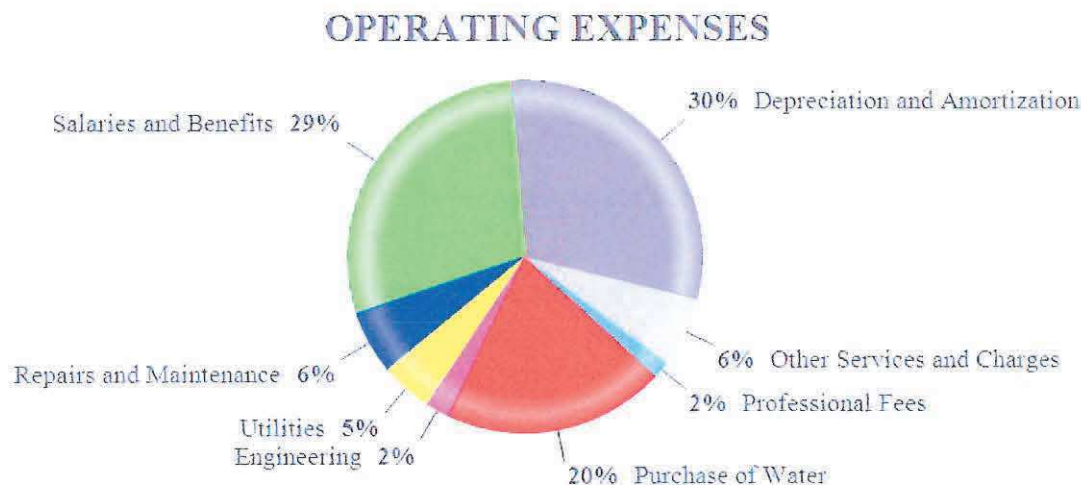
At December 31, 2017 the Authority's customer base was 8,295 water customers and 1,112 sewer customers. The largest wholesale customer is the City of Braselton.

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

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Water Sales	\$ 7,495	\$ 7,690	\$ (195)
Other Revenues	1,991	1,809	182
	<u>\$ 9,486</u>	<u>\$ 9,499</u>	<u>\$ (13)</u>

The increase in the operating revenues can be attributed to an increase in sewer tap-on fees, as well as, an increase in sewer revenue in 2017. The revenue from water sales in the same period decreased. This decrease is a temporary decrease due to the restructuring of the JCWSA Conservation Rate Schedule. In 2017, the base rate was decreased for all classes of customers and the tiered rate was increased slightly. Industrial customer rates were changed to a flat rate structure. See - Table G-10F Water & Sewer Rates for more detailed information.

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. An interconnection with the City of Commerce and the City of Gainesville exists for emergencies. The Authority has in place an Intergovernmental Agreement with the City of Jefferson whereby it contributes 25% towards the City's Parks Creek Reservoir project for a 25% share of the allocation from the future reservoir. 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.

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

	<u>2017</u>	<u>2016</u>	<u>Variance</u>	<u>% Change</u>
Salaries and Benefits	\$ 2,593	\$ 2,016	\$ 577	29
Repairs and Maintenance	528	546	(18)	(3)
Utilities	419	446	(27)	(6)
Engineering	193	184	9	5
Purchase of Water	1,815	1,292	523	40
Professional Fees	138	117	21	18
Other Services and Charges	571	628	(57)	(9)
Depreciation & Amortization	2,717	2,710	7	-
	<u>\$ 8,974</u>	<u>\$ 7,939</u>	<u>\$ 1,035</u>	<u>13</u>

The change in salaries and benefits and purchases of water during 2017 contributed to the largest increases in operating expenses. The increase to salaries and benefits were due to the addition of three employees, as well as, the increased cost of providing health benefits to the Authority's employees. The increase to the purchase of water is due to the increase in customer demands, as well as, the VFD#8 pump replacement that was completed in 2017. All maintenance and repair costs for the water purchased by JCWSA is paid for by the Authority.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

This audit is for the period of January 1, 2017 to December 31, 2017. The next anticipated rate increase will become effective February 2019 upon adoption of the 2019 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.

During 2017, a water and sewer connection fee analysis was conducted. The Authority anticipates an increase in both water and sewer connection fees to be effective in 2018.

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, 2017

(with comparative data for December 30, 2016)

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUND	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,343,757	\$ 4,508,218
Receivables - trade, net	1,131,741	876,604
Unbilled revenue	337,039	311,879
Inventory	179,666	225,309
Prepaid expenses	76,386	86,801
Restricted:		
Cash restricted - SPLOST construction	612,082	-
Cash restricted - revenue bond construction	4,866,797	5,804,009
Cash restricted - debt service	660,841	658,505
Cash restricted - debt service reserve	<u>327,776</u>	<u>326,394</u>
Total Current Assets	<u>11,536,085</u>	<u>12,797,719</u>
Noncurrent Assets		
Capital Assets:		
Capital assets, non-depreciable	9,775,863	8,016,944
Capital assets, depreciable	125,115,198	123,686,187
Less accumulated depreciation	<u>(36,266,976)</u>	<u>(33,558,881)</u>
Total Capital Assets, net	<u>98,624,085</u>	<u>98,144,250</u>
Other Assets		
Total Noncurrent Assets	<u>98,624,085</u>	<u>98,144,250</u>
TOTAL ASSETS	<u>110,160,170</u>	<u>110,941,969</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>891,040</u>	<u>1,136,493</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>891,040</u>	<u>1,136,493</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>\$ 111,051,210</u>	<u>\$ 112,078,462</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 NET POSITION
PROPRIETARY FUND
December 31, 2017
(with comparative data for December 30, 2016)

	BUSINESS-TYPE ACTIVITIES	
	ENTERPRISE FUND	
	2017	2016
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 874,738	\$ 318,803
Accrued payroll withholdings	46,524	68,157
Due to other governments	2,639	-
Contracts payable, current	1,145,820	1,133,149
Compensated absences payable, current	-	41,774
Current liabilities payable from restricted assets		
Accrued interest payable	168,938	191,485
Customer deposits	149,762	108,779
Held in trust for developers	85,840	85,840
Revenue bonds payable, current	2,599,169	1,579,181
Total Current Liabilities	5,073,430	3,527,168
Long-Term Liabilities		
Unearned revenue	8,387,667	8,387,667
Revenue bonds payable	12,009,480	14,608,649
Contracts payable	12,374,165	13,519,985
Compensated absences payable	-	86,965
Net pension liability	849,476	864,652
Total Long-term Liabilities	33,620,788	37,467,918
TOTAL LIABILITIES	38,694,218	40,995,086
DEFERRED INFLOWS OF RESOURCES		
Pension expense	13,312	
TOTAL DEFERRED INFLOWS OF RESOURCES	13,312	
TOTAL LIABILITIES & DEFERRED INFLOWS	38,707,530	40,995,086
NET POSITION		
Net investment in capital assets	77,199,594	74,243,788
Restricted for:		
Debt service	819,679	793,415
Unrestricted net position	(5,675,593)	(3,953,827)
TOTAL NET POSITION	\$ 72,343,680	\$ 71,083,376

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, 2017
(with comparative data for the year ended December 30, 2016)

	2017	2016
Operating revenues		
Pledged as security for revenue bonds:		
Charges for water service	\$ 7,495,221	\$ 7,689,652
Charges for sewer service	961,427	857,402
Water tap on fee - cost	940,248	945,000
Sewer tap on fees - cost	86,184	2,083
Other	3,440	4,443
Total operating revenues	9,486,520	9,498,580
Operating expenses		
Depreciation	2,716,547	2,710,154
Engineering	192,979	184,058
Insurance	82,948	70,863
Other service and charges	488,067	556,802
Professional fees	138,028	117,325
Purchase of water	1,814,918	1,291,561
Repairs and maintenance	527,555	546,406
Salaries and benefits	2,592,671	2,016,331
Utilities	419,405	446,003
Total operating expenses	8,973,118	7,939,503
Operating income	513,402	1,559,077
Non-operating revenues (expenses)		
Interest income	7,721	4,257
Interest expense	(1,014,977)	(1,086,690)
Gain / (Loss) on disposal of assets	(939)	3,500
Other non-operating revenues	4,983	3,978
Total non-operating revenues (expenses)	(1,003,212)	(1,074,955)
Income (loss) before contributions	(489,810)	484,122
Contributions		
Contributions from Jackson County for payments of capital debt	668,365	668,584
Donated sewer lines	-	330,509
Tap fees in excess of cost - water	-	5,197
Tap fees in excess of cost - sewer	135,449	-
Special purpose local option sales taxes transferred from Jackson County	946,300	-
Total contributions	1,750,114	1,004,290
Change in net position	1,260,304	1,488,412
Total Net Position, Beginning of Year	71,083,376	70,589,957
Prior Period Adjustment	-	(994,993)
Total Net Position, End of Year	\$ 72,343,680	\$ 71,083,376

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, 2017
(with comparative data for the year ended December 30, 2016)

	2017	2016
Cash flows from operating activities		
Receipts from customers and users	\$ 9,550,413	\$ 9,548,776
Payments to suppliers	(3,009,091)	(3,357,450)
Payments to employees	(2,744,907)	(2,106,412)
	3,796,415	4,084,914
Cash flows from capital and related financing activities		
Sales tax proceeds, county portion	612,076	-
Acquisition and construction of capital assets	(3,167,379)	(3,436,937)
Proceeds (costs) from sale of assets	-	3,500
Interest paid	(1,048,666)	(1,065,697)
Proceeds from issuance of long-term debt	-	8,037,851
Subsidy from Jackson County for payments of capital debt	668,365	668,584
Principal payments on long-term debt	(1,593,001)	(1,575,617)
Principal payments on UOBWA Contract	(896,854)	(882,321)
Tap fees in excess of costs	135,449	5,197
	(5,290,010)	1,754,560
Cash flows from investing activities		
Interest income	7,722	4,257
	7,722	4,257
Net cash provided by (used in) investing activities	7,722	4,257
Net increase (decrease) in cash and cash equivalents	(1,485,873)	5,843,731
Cash and cash equivalents at beginning of year	11,297,126	5,453,395
Cash and cash equivalents at end of year	\$ 9,811,253	\$ 11,297,126

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, 2017
(with comparative data for the year ended December 30, 2016)

	2017	2016
...CONTINUED		
Cash and cash equivalents shown on Statement of Net Position		
Cash and cash equivalents	\$ 3,343,757	\$ 4,508,218
Cash restricted - SPLOST construction	612,082	-
Cash restricted - revenue bond construction	4,866,797	5,804,009
Cash restricted - revenue bond debt service	660,841	658,505
Cash restricted - debt service reserve	327,776	326,394
Total cash and cash equivalents	\$ 9,811,253	\$ 11,297,126
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income	\$ 513,402	\$ 1,559,077
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Other non-operating revenues	4,983	3,978
Depreciation	2,716,547	2,710,154
(Increase) decrease in accounts receivable	55,085	34,197
(Increase) decrease in due from other governments	(1,158)	(1,613)
(Increase) decrease in inventory	45,643	(36,161)
(Increase) decrease in prepaid expense	10,415	8,522
Increase (decrease) in accounts payable	560,112	(116,793)
Increase (decrease) in accrued expenses	(150,372)	40,260
Increase (decrease) in customer deposits	40,983	13,635
Increase (decrease) in net pension liability	(15,176)	(130,341)
Increase (decrease) in due to other governments	2,639	-
Total Adjustments	3,269,701	2,525,838
Net cash provided by (used in) operating activities	\$ 3,783,103	\$ 4,084,915
Supplemental Information about non-cash activities:		
Interest capitalized	\$ 34,119	\$ 35,368
Donated water and sewer lines	-	330,509
Undepreciated cost of capital assets disposed	939	(3,500)
Reduction in subsidy receivable used to reduce long-term debt	-	59,470

The accompanying notes are an integral part of this statement

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.

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.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.

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, 2017, 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 2017 and 2016 were \$22,977 and \$36,070. None of these costs were capitalized in 2017 or 2016.

COMPENSATED ABSENCES

As of July 31, 2017, The Authority no longer allows vested or accumulated annual leave that is paid out at the end of employment. 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.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.

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

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NET INVESTMENT IN CAPITAL ASSETS

The "net investment in capital assets" reported on the statement of net position is calculated as follows:

	2017	2016
Net investment in capital assets:		
Cost of capital assets	\$ 134,891,061	\$ 131,703,131
Accumulated depreciation	(36,266,976)	(33,558,881)
Book value	98,624,085	98,144,250
Contracts payable related to capital assets	(14,722,953)	(14,653,134)
Unspent construction proceeds	5,813,103	5,804,009
Revenue bonds related to capital assets	(13,405,681)	(16,187,830)
Deferred charge on refunding	891,040	1,136,493
Net investment in capital assets	\$ 77,199,594	\$ 74,243,788

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 may have two types of items that qualify for reporting in this category. The first 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. The second is the deferred charge in pension expense, which represents contributions made into the defined benefit pension plan after the actuarial measurement date if applicable. These contributions will be recognized as pension expense in the next year.

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 one type of item that qualifies for reporting in this category. This item is the deferred charge in pension expense representing contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next fiscal year.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.

As of June 13, 2018, these deposits were fully insured and collateralized.

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. State statutes require collateral pledged in the amount of 110% of deposits.

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 deposits with such depository as set forth in code Section 45-8-13.1. State statutes require collateral pledged in the amount of 110% of deposits under the single bank pooled method or at least 100% of amounts greater than 20% of the daily pool balance held by any one covered depository under the multibank pooled method.

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

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

As of December 31, 2017, the Authority had the following investments which are all reported as cash equivalents:

Investment Type	Investment Maturities (in Years)		Rating (1)
	Fair Market Value -		
	Level 1	Less Than 1	
Fidelity Money Market	\$ 5,855,414	\$ 5,855,414	AAAm
Total	\$ 5,855,414	\$ 5,855,414	
Maximum Investment <i>1. Standard & Poors</i>		100 %	

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:

	2017	2016
Receivables:		
Accounts	\$ 888,848	\$ 887,551
SPLOST	334,224	-
Intergovernmental	11,810	10,652
Long term contracts receivable	9,434	10,995
Miscellaneous	127,732	169,502
Total gross receivables	1,372,048	1,078,700
Less: allowance for uncollectibles	(240,307)	(202,096)
Total net receivables	\$ 1,131,741	\$ 876,604

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the period ended December 31, 2017 was as follows:

	Beginning Balance	Addition(s)	Retirements	Transfers & Adjustments	Ending Balance
Business-type activities					
Non-depreciable assets:					
Land	\$ 2,752,046	\$ -	\$ -	\$ 92,303	\$ 2,844,349
Land - Water Plant Capacity	2,380,799	-	-	-	2,380,799
Land - Park Creek Reservoir	2,000,000	-	-	-	2,000,000
Construction in progress	<u>884,099</u>	<u>3,197,320</u>	<u>-</u>	<u>(1,530,704)</u>	<u>2,550,715</u>
Total non-depreciable capital assets	<u>8,016,944</u>	<u>3,197,320</u>	<u>-</u>	<u>(1,438,401)</u>	<u>9,775,863</u>
Depreciable assets:					
Buildings	650,944	-	-	7,066	658,010
Water tanks	3,989,889	-	-	-	3,989,889
Booster pumps	1,667,158	-	-	-	1,667,158
Water lines	67,377,811	-	-	-	67,377,811
Meters	3,069,214	-	-	205,988	3,275,202
Vehicles	541,991	-	-	78,287	620,278
Sewer system	22,141,468	-	-	932,268	23,073,736
Machinery and equipment	1,646,357	-	(9,391)	214,792	1,851,759
Water plant capacity	<u>22,601,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,601,355</u>
Total depreciable capital assets	<u>123,686,187</u>	<u>-</u>	<u>(9,391)</u>	<u>1,438,401</u>	<u>125,115,198</u>
Less accumulated depreciation for:					
Buildings	(256,837)	(20,453)	-	-	(277,290)
Water tanks	(1,453,205)	(81,628)	-	-	(1,534,833)
Booster pumps	(728,096)	(87,360)	-	-	(815,456)
Water lines	(18,305,249)	(1,347,947)	-	-	(19,653,196)
Water meters	(1,964,260)	(166,816)	-	-	(2,131,076)
Vehicles	(413,341)	(63,090)	-	-	(476,431)
Sewer system	(4,228,040)	(513,204)	-	-	(4,741,244)
Machinery and equipment	(1,300,841)	(108,191)	8,452	-	(1,400,580)
Water plant capacity	<u>(4,909,012)</u>	<u>(327,858)</u>	<u>-</u>	<u>-</u>	<u>(5,236,870)</u>
Total accumulated depreciation	<u>(33,558,881)</u>	<u>(2,716,547)</u>	<u>8,452</u>	<u>-</u>	<u>(36,266,976)</u>
Total depreciable capital assets, net	<u>90,127,306</u>	<u>(2,716,547)</u>	<u>(939)</u>	<u>1,438,401</u>	<u>88,848,222</u>
Business-type capital assets, net	<u>\$ 98,144,250</u>	<u>\$ 480,773</u>	<u>\$ (939)</u>	<u>\$ -</u>	<u>\$ 98,624,085</u>

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017 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
Parks Creek Reservoir	\$ 1,000,000	\$ 703,255	\$ -	\$ 296,745	General Fund
Hwy 60 VFD - 2015	200,000	-	-	200,000	General Fund
Emergency Generator - 2016	60,000	-	-	60,000	General Fund
SPLOST 6 Swann Rd	725,000	647,320	67,326	10,354	SPLOST
SPLOST 6 Pleasant Acres	1,650,000	463,665	21,592	1,164,743	SPLOST
Galilee Pump Station Generator	200,000	23,071	129,941	46,988	General Fund
JCWSA Building Addition 2016	557,000	232,924	233,514	90,562	General Fund
MOWWTP Sludge Holding Tank 2017	375,000	281,018	72,357	21,625	General Fund
SPLOST 6 Hwy 334	3,604,000	7,688	-	3,596,312	SPLOST
MOWWTP Expansion	171,500	101,923	-	69,577	General Fund
Wehunt Rd Sewer Ext	40,767	40,767	-	-	General Fund
Neptune R900 Remote Read	32,609	32,609	-	-	General Fund
Rear Parking Lot MLK	2,233	2,233	-	-	General Fund
Mulberry WRF Permit	16,500	5,369	-	11,131	General Fund
Move Arcade Tower	8,873	8,873	-	-	General Fund
Total all projects	\$ 8,643,482	\$ 2,550,715	\$ 524,730	\$ 5,568,037	

NOTE 6 - NOTES PAYABLE/LONG-TERM DEBT

Long-term liability activity for the period ended December 31, 2017, was as follows:

	Balance December 30, 2016	Increase	Decrease	Balance December 31, 2017	Due within one year	Due in more than one year
Revenue bonds payable:						
Revenue Bonds	\$ 15,998,000	\$ -	\$ (1,523,000)	\$ 14,475,000	\$ 2,552,000	\$ 11,923,000
For issuance premiums and discounts	189,830	-	(56,181)	133,649	47,169	86,480
Total revenue bonds payable	16,187,830	-	(1,579,181)	14,608,649	2,599,169	12,009,480
Notes Payable:						
Contracts payable:						
UOBWA contract payable	11,565,674	-	(896,853)	10,668,821	913,462	9,755,359
City of Jefferson contract payable	1,835,579	-	(70,001)	1,765,578	72,223	1,693,355
For issuance premiums and discounts	1,251,881	-	(166,295)	1,085,586	160,135	925,451
Total contracts payable	14,653,134	-	(1,133,149)	13,519,985	1,145,820	12,374,165
Net pension liability	864,652	134,568	(149,744)	849,476	-	849,476
Compensated absences payable	128,739	-	(128,739)	-	-	-
Total long-term liabilities	\$ 31,834,355	\$ 134,568	\$ (2,990,813)	\$ 28,978,110	\$ 3,744,989	\$ 25,233,121

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

REVENUE BONDS

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

The scheduled payments of principal and interest for all bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,552,000	\$ 483,710	\$ 3,035,710
2019	2,641,000	395,015	3,036,015
2020	2,708,000	302,515	3,010,515
2021	2,509,000	206,738	2,715,738
2022	2,234,000	115,511	2,349,511
2023-2027	1,831,000	72,983	1,903,983
	<u>\$ 14,475,000</u>	<u>\$ 1,576,472</u>	<u>\$ 16,051,472</u>

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 bonds as of December 31, 2017 was \$5,920,000.

The scheduled payments of principal and interest for the 2006A bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	1,130,000	310,800	1,440,800
2019	1,190,000	251,476	1,441,476
2020	1,255,000	189,000	1,444,000
2021	1,320,000	123,112	1,443,112
2022	1,025,000	53,812	1,078,812
	<u>\$ 5,920,000</u>	<u>\$ 928,200</u>	<u>\$ 6,848,200</u>

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. The outstanding balance on the 2011A bonds as of December 31, 2017 was \$891,000.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

The scheduled payments of principal and interest for the 2011A bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	297,000	26,017	323,017
2019	306,000	17,345	323,345
2020	288,000	8,410	296,410
	<u>\$ 891,000</u>	<u>\$ 51,772</u>	<u>\$ 942,772</u>

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 an interest rate of 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 outstanding balance on the 2011B bonds as of December 31, 2017 was \$1,664,000.

The scheduled payments of principal and interest for the 2011B bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	165,000	46,093	211,093
2019	170,000	41,522	211,522
2020	175,000	36,813	211,813
2021	179,000	31,966	210,966
2022	184,000	27,007	211,007
2023-2027	791,000	55,511	846,511
	<u>\$ 1,664,000</u>	<u>\$ 238,912</u>	<u>\$ 1,902,912</u>

During 2016, the Authority issued \$6,000,000 of Series 2016 revenue bonds to provide funds to finance approved projects related to SPLOST 6 funds to be received from Jackson County which will be used for capital improvements to the water system. These bonds bear an interest rate of 1.68% and mature September 1, 2023. The outstanding balance on the 2016 bonds as of December 31, 2017 was \$6,000,000.

The scheduled payments of principal and interest for the 2016 bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	960,000	100,800	1,060,800
2019	975,000	84,672	1,059,672
2020	990,000	68,292	1,058,292
2021	1,010,000	51,660	1,061,660
2022	1,025,000	34,692	1,059,692
2023-2027	1,040,000	17,472	1,057,472
	<u>\$ 6,000,000</u>	<u>\$ 357,588</u>	<u>\$ 6,357,588</u>

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

CONTRACTS PAYABLE

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.

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 a cash flow savings 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 outstanding balance on the contract as of December 31, 2017 was \$10,668,821.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

The scheduled payments of principal and interest for the Upper Oconee Basin Water Authority contract payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	998,580	324,311	1,322,891
2022	1,029,721	290,616	1,320,337
2023-2027	5,817,092	736,629	6,553,721
Total	\$ 10,668,821	\$ 2,499,062	\$ 13,167,883

City of Jefferson Contract

During 2016, the Authority entered into an intergovernmental agreement with the City of Jefferson for the City of Jefferson Building Authority Revenue Bonds, Series 2015. The Authority has agreed to pay twenty-five percent of the portion of the bonds related to the Park Creek Reservoir construction. These bonds, which bear interest rates from 2.00% to 4.25%, mature April 1, 2035. The outstanding balance on the contract as of December 31, 2017 was \$1,765,578.

The scheduled payments of principal and interest for the City of Jefferson contract payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	72,223	64,405	136,628
2019	75,557	61,335	136,892
2020	77,779	59,069	136,848
2021	81,112	55,763	136,875
2022	83,334	53,330	136,664
2023-2027	448,895	234,398	683,293
2028-3032	544,451	143,557	688,008
2033-2037	382,227	30,978	413,205
Total	\$ 1,765,578	\$ 702,835	\$ 2,468,413

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 \$31.7 million. Principal and interest paid for the current year was \$3.6 million which was approximately 87.4% of net revenues. The County provided a subsidy of \$668,365 to assist in making these payments.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 7 - UNEARNED REVENUE

Unearned revenue reported by the Authority at December 31, 2017 and 2016 is \$8,387,667 and \$8,387,667, respectively. For December 31, 2016, unearned revenue represents sewer tap fees received in advance of providing the service to customers that will be recognized as revenue as customers tap onto the Authority's sewer system. For December 31, 2017, sewer taps are paid at the time of connection to the system and are no longer prepaid; however, the Authority continues to track the prepaid taps listing from previous years for revisions and recognition purposes of the related developments and/or changes to capacity.

NOTE 8 - CONTINGENCIES AND COMMITMENTS

The Authority is occasionally a defendant in various lawsuits. At December 31, 2017, 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, 2017:

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, 2017.

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

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 10 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The Authority's defined benefit pension plan, Jackson County Water and Sewerage Authority Retirement Plan (the Plan), provides retirement and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association (GMA). GMEBS acts as a common investment and administrative agent for participating cities in Georgia. The Georgia Constitution enables the governing authority of the Authority, the Board, to establish, and amend from time-to-time, the contribution rates for the Authority and its plan participants. The Plan issues a stand-alone report. This report may be obtained from: Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The GMA, in its role as Plan Sponsor, has the sole authority to amend the provisions of the GMEBS Plan. The Authority has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan.

Participant counts as of July 1, 2017 (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits	-
Terminated plan participants entitled to but not yet receiving benefits	1
Active employees participating in the Plan	24
Total number of Plan participants	25
Covered compensation for active participants	\$ 1,501,771
Contributions as a percentage of covered-employee payroll	8.95%

Funding Policy

The Authority is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code set forth minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement. Authority employees are not required to contribute to the Plan. The annual Authority contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Net Pension Liability

The Authority's net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017.

The total pension liability in the July 1, 2017 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	3.75-8.75%, including inflation
Investment rate of return	7.75%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females set forward two years for males and set forward one year for females.

The actuarial assumptions used in the 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45%	6.71%
International equity	20	7.71
Real estate	10	5.21
Global fixed income	5	3.36
Domestic fixed income	20	2.21
TOTAL	<u>100%</u>	

* Rates shown are net of the 3.25% assumed rate of inflation.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in the Net Pension Liability

	<u>Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at March 31, 2016	\$ 994,993	\$ 130,341	\$ 864,652
Changes for the year:			
Service cost	69,051	-	69,051
Interest	77,112	-	77,112
Difference between expected and actual experience	(9,960)	-	(9,960)
Contribution-employer	-	134,354	(134,354)
Net investment income	-	20,606	(20,606)
Benefit payments	-	-	-
Administrative expense	-	(3,581)	3,581
Other charges	-	-	-
Net changes	<u>136,203</u>	<u>151,379</u>	<u>(15,176)</u>
Balances at March 31, 2017	<u>\$ 1,131,196</u>	<u>\$ 281,720</u>	<u>\$ 849,476</u>

The following presents the Authority's net pension liability calculated using the discount rate of 7.75%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>1 % Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Authority's net pension liability	<u>\$ 1,023,172</u>	<u>\$ 849,476</u>	<u>\$ 704,505</u>

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

For the year ended December 31, 2017, the Authority recognized pension expense of \$132,490. At December 31, 2017, the Authority reported the following deferred outflows of resources and deferred inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (8,964)
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(4,348)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	-
Authority contributions subsequent to the measurement date	-	-
TOTAL	<u><u>\$ -</u></u>	<u><u>\$ (13,312)</u></u>

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

Year Ended June 30,	
2018	\$ (2,083)
2019	(2,083)
2020	(2,083)
2021	(2,083)
2022	(996)
Thereafter	(3,984)

DEFINED CONTRIBUTION PENSION 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.

JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 2017 was \$68,830 and the Authority matching contribution was \$84,019.

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 April 12, 2018, the Authority issued \$8,700,000 of Series 2018 revenue bonds to provide funds to finance approved projects. These bonds bear an interest rate of 2.83% and mature September 1, 2032.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

**REQUIRED SUPPLEMENTARY
INFORMATION**



JEFFERSON, GEORGIA

**JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
JCWSA RETIREMENT PLAN
For the Year Ended December 31, 2017
"Unaudited"**

<u>For the Year Ended December 31,</u>	<u>2017</u>	<u>2016</u>
Net pension liability	\$ 849,476	\$ 864,652
Covered-employee payroll	\$ 1,501,771	\$ 1,335,860
Net pension liability as a percentage of its covered-employee payroll	56.56%	8.95%
Plan fiduciary net position as a percentage of the total pension liability	24.90%	13.10%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
JCWSA RETIREMENT PLAN
For the Year Ended December 31, 2017
"Unaudited"**

<u>For the Year Ended December 31,</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 134,354	\$ 126,672
Contributions in relation to the contractually required contribution	134,354	126,672
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 1,501,771	\$ 1,335,860
Contributions as a percentage of covered-employee payroll	8.95%	9.48%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**JACKSON COUNTY WATER AND SEWERAGE AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
 JCWSA RETIREMENT PLAN
 For the Year Ended December 31, 2017
 "Unaudited"**

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of March 31, 2017. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended December 31, 2017 reported in that schedule:

Valuation Date	July 1, 2017
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level Dollar for remaining unfunded liability
Remaining Amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 30 years
Asset Valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Investment rate of return	7.75%
Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION



JEFFERSON, GEORGIA

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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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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Primary government										
Net investment in capital assets	\$ 77,200	\$ 73,107	\$ 71,558	\$ 70,073	\$ 68,752	\$ 67,861	\$ 66,775	\$ 66,853	\$ 64,609	\$ 63,763
Restricted	820	793	816	805	1,133	1,239	2,022	2,296	2,062	2,261
Unrestricted	(4,771)	(2,817)	(1,785)	(3,746)	(4,303)	(4,595)	(4,606)	(5,775)	(6,440)	(7,112)
Total primary government net position	\$ 73,248	\$ 71,083	\$ 70,589	\$ 67,132	\$ 65,582	\$ 64,505	\$ 64,191	\$ 63,374	\$ 60,231	\$ 58,912

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	
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	\$ 8,107	\$ 6,954	\$ 1,153	\$ (1,033)	\$ 119	\$ 3,339	\$ 3,458
2016	\$ 9,499	\$ 7,940	\$ 1,559	\$ (1,075)	\$ 484	\$ 1,004	\$ 1,488
2017	\$ 9,487	\$ 8,973	\$ 513	\$ (1,003)	\$ (490)	\$ 1,750	\$ 1,260

In 2012, the Authority implemented GASB 63 & 65

Jackson County Water & Sewerage Authority
 Statement of Net Position
 December 31, 2017

Table 2A
 (amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assets:										
Cash, unrestricted	\$ 1,864	\$ 1,978	\$ 2,530	\$ 3,823	\$ 3,784	\$ 3,813	\$ 3,835	\$ 4,465	\$ 4,508	\$ 3,344
Cash, restricted	3,575	2,104	2,311	2,230	1,458	1,336	993	988	6,789	6,467
Receivables – sales tax	222	276	268	-	-	-	-	-	-	-
Receivables – other governments/interfund	53	9	11	30	57	52	15	9	11	12
Receivables – trade, net	392	456	501	404	445	474	738	801	866	1,120
Unbilled revenue	253	193	199	223	283	341	381	411	312	337
Inventory	48	44	74	65	74	98	111	189	225	180
Prepaid expenses	95	100	98	93	159	84	84	95	87	76
Loan fees, net	2	2	2	1	-	-	-	-	-	-
Bonds issuance cost, net	363	296	245	273	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets, net	105,306	104,747	104,044	101,179	100,293	98,702	98,040	97,052	98,144	98,624
Subsidized loan receivable	157	143	129	116	101	87	73	59	-	-
Total Assets	112,330	110,349	110,401	108,457	106,655	104,988	104,271	104,070	110,942	110,160
Deferred Outflows of resources:										
Deferred charge on refunding	-	-	-	-	636	525	422	1,405	1,136	891
Pension Expense	-	-	-	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	-	-	-	-	636	525	422	1,405	1,136	891
Liabilities:										
Accounts payable	670	267	163	303	193	275	267	436	319	875
Accrued Expenses	84	78	89	92	94	126	138	242	283	132
Accrued Interest	350	318	283	209	219	203	188	171	191	169
Due to other governments	-	-	-	-	-	-	-	-	-	-
Current portion of long-term debt	2,863	2,961	2,910	1,986	2,227	2,296	2,372	2,598	2,712	3,745
Customer Deposits	98	82	74	72	80	92	98	95	109	150
Unearned Revenue	9,071	9,091	9,097	9,071	9,031	8,360	8,360	8,388	8,388	8,388
Long-Term Debt	20,880	18,713	16,620	15,586	14,794	13,326	11,819	10,262	14,734	12,009
Upper Ocoee Basin Water Authority contract	19,401	18,608	17,791	16,948	15,543	14,715	13,850	12,693	13,395	12,374
Capital leases payable, short-term	-	-	-	-	-	-	-	-	-	-
Capital leases payable, long-term	-	-	-	-	-	-	-	-	-	-
Notes payable, short-term	-	-	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	865	849
Total Liabilities	53,418	50,118	47,027	44,267	42,182	39,394	37,092	34,885	40,995	38,692
Deferred Inflows of resources:										
Deferred credit for refunding	-	-	-	-	605	536	469	-	-	13
Total Deferred Inflows of Resources	-	-	-	-	605	536	469	-	-	13
Net Position:										
Net investment in capital assets	63,763	64,609	66,853	66,775	67,861	68,752	70,073	71,558	73,107	77,200
Restricted net position	2,261	2,062	2,296	1,956	1,239	1,133	805	817	793	820
Unrestricted net position	(7,112)	(6,440)	(5,775)	(4,541)	(4,595)	(4,303)	(3,746)	(1,785)	(2,817)	(4,771)
Total Net Position	\$ 58,912	\$ 60,231	\$ 63,374	\$ 64,190	\$ 64,504	\$ 65,582	\$ 67,132	\$ 70,590	\$ 71,084	\$ 73,248

In 2012, the Authority implemented GASB 65 & 65

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

Last Ten Fiscal Years

Table 3
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>	<u>Water Connection Fee</u>	<u>Sewer Tap Fee</u>	<u>Other</u>	<u>Intergovernmental Revenue</u>	<u>Total</u>
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
2016	\$ 7,690	\$ 857	\$ 945			\$ -	\$ 9,492
2017	\$ 7,495	\$ 961	\$ 940	\$ 86	\$ 3	\$ -	\$ 9,487

**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
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
2016	\$ 3,213	\$ -	\$ 2,016	\$ 2,710	\$ 7,940
2017	\$ 1,962	\$ 1,702	\$ 2,593	\$ 2,717	\$ 8,973

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)
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)
2016	\$ (1,087)	\$ 4	\$ 3	\$ 4	\$ (1,075)
2017	\$ (1,015)	\$ 8	\$ (1)	\$ 5	\$ (1,003)

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
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
2016	\$ -	\$ 331	\$ 5	\$ 669	\$ 3,339
2017	\$ 946	\$ -	\$ 135	\$ 668	\$ 1,750

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

Last Ten Fiscal Years

Table 7

<u>Fiscal Year</u>	<u>Gallons of Water Purchased (in millions)</u>	<u>Gallons of Water Billed (in millions)</u>	<u>Gallons of Water Unbilled (in millions)</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated (in millions)</u>
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
2016	1,122.5	951.7	170.9	15.22%	79.83
2017	1,181.9	913.5	268.4	22.71%	121.33
TOTAL	<u>9,912.50</u>	<u>8,609.30</u>	<u>1,303.80</u>	<u>13.15%</u>	<u>653.79</u>
Ten Year Average Totals	901.14	782.66	118.53	13.15%	59.44

Note¹: Gallons of wastewater data was revised from previously recorded amounts for 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>
2008	213	\$ 384.0	79.2	\$ 395.8
2009	102	\$ 150.0	4.0	\$ 20.0
2010	50	\$ 79.0	1.3	\$ 6.5
2011	47	\$ 77.0	0.0	\$ -
2012	109	\$ 152.0	2.7	\$ 13.3
2013	78	\$ 235.0	1.4	\$ 7.1
2014	260	\$ 336.0	0.0	\$ -
2015	231	\$ 562.0	5.5	\$ 27.5
2016	525	\$ 950.2	0.4	\$ 2.1
2017	497	\$ 940.3	44.3	\$ 221.6

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>
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
2016	8,063	232
2017	8,379	513

Data Source: JCWSA billing records

Note: The number of non-residential customers increased after a re-classification of customers project was completed in 2016 & 2017

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

Last Ten Fiscal Years

Table 10

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

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

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

Note 2: Sewer rate information for 2007-2008 was corrected at 12/31/2009.

Note: Rate structure revised in 2011 to three tiers for multiple classes of customers - please see Tables 10A-10F for years 2011-2016.

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/VILLAGE OF PENDERGRASS/BRASELTON FARMS/ CHARLOTTE ESTATES IRRIGATION *	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
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"	288.00	6.90	2,000	10.50	13.80
WATER 6"	492.00	6.90	2,000	10.50	13.80
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
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
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	10.50	13.80
FIRELINE 10"	762.00	6.90	2,000	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	2,000	10.50	13.80
HYDRANT - SMALL	19.00	6.90	2,000	10.50	13.80
W1 - COMMERCIAL - 5/8 & 3/4 W1 - COMMERCIAL	BASE	TIER 1	MIN	TIER #2	TIER #3
	22.00	2,001 - 14,600	2,000	14,601 - 60,000	OVER 60,000
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/SOPVILLAGE OF PENDERGRASSES IN FORTSONS/ CHARLOTTE ESTATES IRRIGATION *					
IRRIGATION 1"	22.00	5.75	1,500	8.75	11.50
IRRIGATION 1.5"	36.00	5.75	1,500	8.75	11.50
IRRIGATION 2"	42.00	5.75	1,500	8.75	11.50
LARGE METERS WATER 2"	BASE 84.00	TIER 1 1,501 - 35,000 6.90	MIN 1,500	TIER #2 35,001 - 281,000 10.50	TIER #3 OVER 281,000 13.80
LARGE METERS (3" - 4" - 6")	BASE 210.00	TIER 1 1,501 - 100,000 6.90	MIN	TIER #2 100,001 - 500,000 10.50	TIER #3 OVER 500,000 13.80
WATER 3"	282.00	6.90	1,500	10.50	13.80
WATER 4"	282.00	6.90	1,500	10.50	13.80
WATER 5"	492.00	6.90	1,500	10.50	13.80
SMALL METERS WATER 1"	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
SMALL METERS WATER 1.5"	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
FIRELINES & HYDRANTS	BASE	TIER 1 1,501 - 31,000 6.90	MIN	TIER #2 31,001 - 82,000 10.50	TIER #3 OVER 82,000 13.80
FIRELINE 3"	210.00	6.90	1,500	10.50	13.80
FIRELINE 8"	524.00	6.90	1,500	10.50	13.80
FIRELINE 10"	762.00	6.90	1,500	10.50	13.80
UNMETERED FIRELINE 4	282.00				
UNMETERED FIRELINE 6	492.00				
UNMETERED FIRELINE 8	524.00				
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 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 7.90	MIN 1,500		

*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 - 7,500	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	MIN	TIER #2	TIER #3
TRADITIONS/HERITAGE PT/SOP/VILLAGE OF PENDERGRASS/BRASELTON FARMS/ CHARLOTTE ESTATES IRRIGATION*	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	MIN	TIER #2	TIER #3
WATER 2"	84.00	1,501 - 35,000 6.90	1,500	35,001 - 291,000 10.50	OVER 291,000 13.80
LARGE METERS (3" - 4" - 6")	BASE	TIER 1	MIN	TIER #2	TIER #3
WATER 3"	210.00	1,501 - 100,000 6.90	1,500	100,001 - 500,000 10.50	OVER 500,000 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	MIN	TIER #2	TIER #3
WATER 1"	30.00	1,501 - 14,000 6.90	1,500	14,001 - 50,000 10.50	OVER 50,000 13.80
SMALL METERS	BASE	TIER 1	MIN	TIER #2	TIER #3
WATER 1.5"	42.00	1,501 - 31,000 6.90	1,500	31,001 - 82,000 10.50	OVER 82,000 13.80
FIRELINES & HYDRANTS	BASE	TIER 1	MIN	TIER #2	TIER #3
FIRELINE 3"	210.00	1,501 - 31,000 6.90	1,500	31,001 - 82,000 10.50	OVER 82,000 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	MIN	TIER #2	TIER #3
W1 - COMMERCIAL	22.00	1,501 - 14,600 6.90	1,500	14,601 - 60,000 10.50	OVER 60,000 13.80
JCWSA CONSERVATION RATES	BASE	TIER 1	MIN		
Sewer	18.00	7.80	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
2016 Rate Schedule**

Table 10F

JCWSA CONVERSION 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/MILLAGE 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
2017 Rate Schedule**

Table 10G

JCWSA CONSERVATION RATES

RESIDENTIAL CUSTOMERS	BASE	ALLOWANCE	TIER 1 0 - 5,700	TIER 2 5,701 - 7,500	TIER 3 OVER 7,500
5/8" or 3/4" Metered Connection	\$12.00	0	\$6.16	\$9.37	\$12.31
1" Metered Connection	\$15.21	0	\$6.16	\$9.37	\$12.31
1.5" Metered Connection	\$23.78	0	\$6.16	\$9.37	\$12.31
2" Metered Connection	\$36.62	0	\$6.16	\$9.37	\$12.31

COMMERCIAL CUSTOMERS	BASE	ALLOWANCE	TIER 1 0 - 14,600	TIER 2 14,601 - 60,000	TIER 3 OVER 60,000
5/8" or 3/4" Metered Connection	\$12.00	0	\$7.38	\$11.24	\$14.78
1" Metered Connection	\$15.21	0	\$7.38	\$11.24	\$14.78
1.5" Metered Connection	\$23.78	0	\$7.38	\$11.24	\$14.78
2" Metered Connection	\$36.62	0	\$7.38	\$11.24	\$14.78
3" Metered Connection	\$216.48	0	\$7.38	\$11.24	\$14.78
4" Metered Connection	\$299.99	0	\$7.38	\$11.24	\$14.78
6" Metered Connection	\$518.39	0	\$7.38	\$11.24	\$14.78
8" Metered Connection	\$662.74	0	\$7.38	\$11.24	\$14.78

INDUSTRIAL CUSTOMERS	BASE	ALLOWANCE	TIER 1
5/8" or 3/4" Metered Connection	\$12.00	0	\$10.50
1.5" Metered Connection	\$23.78	0	\$10.50
2" Metered Connection	\$36.62	0	\$10.50
3" Metered Connection	\$216.48	0	\$10.50
4" Metered Connection	\$299.99	0	\$10.50
6" Metered Connection	\$518.39	0	\$10.50
8" Metered Connection	\$662.74	0	\$10.50

FIRE LINE CUSTOMERS	BASE	ALLOWANCE	TIER 1 0 - 31,000	TIER 2 31,001 - 82,000	TIER 3 OVER 82,000
5/8" or 3/4" Metered Connection	\$12.00	0	\$7.38	\$11.24	\$14.78
1" Metered Connection	\$15.21	0	\$7.38	\$11.24	\$14.78
1.5" Metered Connection	\$23.78	0	\$7.38	\$11.24	\$14.78
2" Fire line Connection	\$36.62	0	\$7.38	\$11.24	\$14.78
3" Fire line Connection	\$216.48	0	\$7.38	\$11.24	\$14.78
4" Fire line Connection	\$299.99	0	\$7.38	\$11.24	\$14.78
6" Fire line Connection	\$518.39	0	\$7.38	\$11.24	\$14.78
8" Fire line Connection	\$662.74	0	\$7.38	\$11.24	\$14.78
10" Fire line Connection	\$807.46	0	\$7.38	\$11.24	\$14.78

12" Fire line Connection	\$997.10	0	\$7.38	\$11.24	\$14.78
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HYDRANT METER RENTALS (\$750 to \$1,500 DEPOSIT)	BASE	ALLOWANCE	TIER 1
Small Hydrant Meter (3/4")	\$12.00	0	\$12.31
Large Hydrant Meter (1.5" or larger)	\$36.62	0	\$12.31

IRRIGATION CUSTOMERS	BASE	ALLOWANCE	TIER 1
5/8" or 3/4" Metered Connections	\$12.00	0	\$12.31
1" Metered Connections	\$15.21	0	\$12.31
1.5" Metered Connections	\$23.78	0	\$12.31
2" Metered Connections	\$36.62	0	\$12.31

SEWER CUSTOMERS	BASE	ALLOWANCE	TIER 1 OVER 1,500
All Classes of sewer customers	\$19.08	1,500	\$8.27

SENIOR CUSTOMERS (60 YEARS & BETTER)

WATER RATES	BASE	ALLOWANCE	TIER 1 0- 5,700	TIER 2 5,701 - 7,500	TIER 3 OVER 7,500
All Residential Customers Only (No irrigation meters)	\$6.50	0	\$6.16	\$9.37	\$12.31

SEWER RATES	BASE	ALLOWANCE	TIER 1
All Residential Customers Only	\$6.00	0	\$8.27

**Jackson County Water & Sewerage Authority
Water & Sewer Connection Fee Schedule**

As of December 31, 2017

Table 11

Domestic Meter Size	Domestic Connection Fee	Administrative Fee
3/4" meter	\$2,000.00	\$40.00
1" meter	\$2,267.00	\$40.00
1.5" meter	\$2,667.00	\$40.00
2" meter	\$6,000.00	\$40.00
3" meter	\$12,750.00	\$40.00
4" meter	\$22,500.00	\$40.00
6" meter	\$45,000.00	\$40.00
8" meter	\$75,000.00	\$40.00
10" meter	\$105,000.00	\$40.00

Fire Line Size	Fire Line Connection Fee	Administrative Fee
2" line	\$6,000.00	\$40.00
3" line	\$7,500.00	\$40.00
4" line	\$11,250.00	\$40.00
6" line	\$15,000.00	\$40.00
8" line	\$18,750.00	\$40.00
10" line	\$37,500.00	\$40.00
12" line	\$52,300.00	\$40.00

Sewer ERU	Cost per ERU	Administrative Fee
300 gpd	\$5,000.00	N/A

Source: JCWSA Schedule of Fees

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

As of December 31, 2017

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

2017

Customer	Type of Facility	Annual Usage (in gallons)	Total Billing	Percentage of System Billing
City of Braselton	Municipality	275,460,000	647,331	8.64%
Toyota Industries Compressor Parts	Manufacturing	37,589,080	413,934	5.52%
TD Automotive Compressor of GA	Manufacturing	15,766,100	176,412	2.35%
City of Hoschton	Municipality	42,756,560	111,167	1.48%
Wayne Farms	Poultry Plant	7,769,580	97,831	1.31%
Versacold	Cold Storage Facility	6,612,640	74,261	0.99%
City of Jefferson	Municipality	19,874,500	60,617	0.81%
Atlanta Union Mission Corp	Non-Profit	2,180,580	30,715	0.41%
Bed Bath and Beyond	Warehouse	2,349,500	25,141	0.34%
Jackson County BOE - Gum Springs El	School	2,298,900	24,215	0.32%
TOTALS		412,657,440	1,661,624	22.17%

Nine Years Ago

2008

Customer	Type of Facility	Annual Usage (in gallons)	Total Billing	Percentage of System Billing
Georgia Power ¹	Power Plant	929,000	534,553	11.17%
TD Auto Compressor of Georgia	Manufacturing	10,595,190	169,900	3.55%
City of Jefferson	Municipality	45,279,600	168,868	3.53%
Jackson County BOE	County Schools (7)	9,495,340	151,677	3.17%
Georgia Freezer	Cold Storage Facility	8,240,540	79,480	1.66%
Louisiana Pacific	Wood Processing Plant	7,428,120	69,562	1.45%
City of Hoschton	Municipality	16,695,610	44,873	0.94%
Potters House	Non-Profit Organization	2,806,350	26,316	0.55%
Affordable Mobiles	Mobile Home Park	2,802,200	26,265	0.55%
City of Braselton	Municipality	745,000	2,159	0.05%
TOTALS		105,016,950	1,273,653	27.72%

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

Data Source: JCWSA billing records and 2007 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
2008	\$ 40,085,803	\$ 3,058,624	\$43,144,427	\$ 700	4.2%
2009	37,356,876	2,924,774	40,281,650	645	4.4%
2010	34,534,384	2,786,441	37,320,825	617	4.6%
2011	34,330,810	188,675	34,519,485	563	5.4%
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%
2016	30,840,964	-	30,840,964	509	7.0%
2017	\$ 28,128,633	\$ -	\$28,128,633	\$ 464	6.9%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Operating Income(Loss)	\$ (325,448)	\$ (768,763)	\$ 180,506	\$ 270,517	\$ (99,993)	\$ (435,301)	\$ 850,274	\$ 1,152,505	\$ 1,556,993	\$ 513,401
Plus: Depreciation	2,267,159	2,448,557	2,495,197	2,524,222	2,536,582	2,586,592	2,584,416	2,663,602	2,710,154	2,716,547
Interest Income	138,600	90,735	102,328	86,241	12,094	17,889	16,497	10,478	4,257	7,723
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	668,584	668,365
Non-Operating Revenues/Expenses	(40,307)	32,933	1,163	3,180	3,204	69,746	28,281	4,414	4,414	4,044
Net Revenues Available for Debt Service	\$ 3,636,316	\$ 3,384,486	\$ 4,359,318	\$ 4,965,631	\$ 4,438,659	\$ 4,438,658	\$ 5,065,784	\$ 5,201,720	\$ 4,944,402	\$ 3,910,080
Actual Debt Service on Bonds	\$ 2,214,698	\$ 2,917,502	\$ 2,907,728	\$ 2,762,869	\$ 1,822,740	\$ 1,525,092	\$ 1,352,794	\$ 1,064,594	\$ 1,085,988	\$ 1,048,666
Coverage Ratio	1.64	1.16	1.50	1.80	2.44	2.77	3.74	4.89	4.55	3.73
Net Revenues Available for Debt Service	3,636,316	3,384,486	4,359,318	4,965,631	4,438,659	4,225,698	5,065,784	5,201,720	4,944,402	3,910,080
Plus: Tap Fees in Excess of Cost	98,757	33,148	19,857	63,205	63,739	135,838	-	173,659	5,197	135,449
SPLOST Available for Debt Service	1,230,000	1,712,617	1,226,400	648,813	-	-	-	-	-	100,800
Total Revenues Available for Debt Service	\$ 4,965,072	\$ 5,130,251	\$ 5,605,575	\$ 5,677,649	\$ 4,502,397	\$ 4,361,536	\$ 5,065,784	\$ 5,375,379	\$ 4,949,599	\$ 4,146,329
Actual Debt Service on Bonds	\$ 2,214,698	\$ 2,917,502	\$ 2,907,728	\$ 2,762,869	\$ 1,822,740	\$ 1,525,092	\$ 1,352,794	\$ 1,064,594	\$ 1,085,988	\$ 1,048,666
Coverage Ratio	2.24	1.76	1.93	2.05	2.47	2.86	3.74	5.05	4.56	3.95
Total Revenues Available for Debt Service	\$ 4,965,072	\$ 5,130,251	\$ 5,605,575	\$ 5,677,649	\$ 4,502,397	\$ 4,361,536	\$ 5,065,784	\$ 5,375,379	\$ 4,949,599	\$ 4,146,329
Actual Debt Service on All Debt	\$ 4,053,724	\$ 4,748,823	\$ 4,736,577	\$ 4,601,847	\$ 3,432,616	\$ 3,573,309	\$ 3,572,007	\$ 4,767,510	\$ 3,603,395	\$ 3,538,520
Coverage Ratio	1.22	1.08	1.18	1.23	1.31	1.22	1.42	1.13	1.37	1.17

**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 ¹ (3)		
2008	61,620	\$ 1,822,227	\$ 29,572	7,200	9.5%
2009	62,472	1,777,266	28,449	6,963	10.9%
2010	60,485	1,728,540	28,578	7,984	10.8%
2011	61,313	1,860,727	30,348	10,982	9.1%
2012	60,571	1,930,943	31,879	11,660	8.5%
2013	61,044	2,000,778	32,776	11,346	7.7%
2014	61,870	2,114,593	34,178	12,167	6.4%
2015	63,360	2,224,570	35,110	12,567 ²	5.7%
2016	64,615	2,396,700	37,092	13,042	4.2%
2017	67,519	\$ 2,571,660	\$ 38,088	13,144	3.2%

Data sources:

- (1) US Bureau of the Census
- (2) Amount expressed in thousands
- (3) Federal Bureau of Economic Analysis; Then projected for 2017
- (4) Jackson Co. Board of Education from Governor's office
- (5) Federal Bureau of Labor Statistics

¹ Capital Personal Income was restated for 2008-2016 based on data from Bureau of Economic Analysis. Estimates are used .

² School Enrollment was restated for 2015 based on data from Governor's office.

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

Table 17

Employer	Type of Business	2016			2007		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carters/Oshkosh	Distributor	1,200	1	3.66%			
Bed, Bath & Beyond	Distributor	1,200	2	3.66%			
Wayne Farms, LLC	Poultry Processor	1,100	3	3.36%	1,400	1	7.59%
Kubota Industrial Equipment Corporation	Manufacturer	1,050	4	3.21%	539	3	2.92%
Homegoods	Distributor	750	5	2.29%			
TD Automotive Compressor Georgia LLC	Manufacturer	650	6	1.98%			
Mission Foods	Manufacturer	500	7	1.53%	478	5	2.59%
Jackson EIMC	Utility	430	8	1.31%	475	6	2.58%
Northridge Medical Center (BJC)	Hospital	422	9	1.29%	429	9	2.33%
Baker & Taylor, Inc.	Distributor	400	10	1.22%	515	4	2.79%
Toyota Industrial Compressors of America	Manufacturer	350	11	1.07%			
Roper Pump	Manufacturer	325	12	0.99%			
Haverty's	Distributor				395	10	2.14%
Jackson County BOE	School System				1,000	2	5.42%
Chateau Elan	Resort				440	8	2.39%
Jackson County Government	Government				460	7	2.49%
All Other Employers		24,381		74.43%	12,312		66.76%
Total		32,758		100.00%	18,443		100.00%

Sources: Georgia Department of Labor
 Jackson County Board of Education
 Jackson County 2008 CAFR

Note: This table represents 2016 and 2007 data as current data was not available before audit completion.

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

Last Ten Fiscal Years

Table 18

Full-time Equivalent Employees	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water:	4	3	4	4	4	4	4	6	7	8
Sewer:	3	3	3	3	4	3	3	3	3	4
Engineering/Inspection/ Construction:	4	3	3	3	3	3	3	3	4	4
GIS:	1	2	2	2	2	2	2	2	2	3
Administration/Finance:	6	7	7	7	7	7	8	8	8	10
Total	18	18	19	19	20	19	20	22	24	29

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).

Data Source: JCWSA personnel records

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

Table 19

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Drinking Water										
Water storage capacity (MG)	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20	5.15 ³
Miles of water main	425.47	397.49 ^{***}	415.66 ^{**}	415.66 ^{**}	396.87	396.87	432.19	403.85 ²	406.19 ²	406.71
Number of pumping stations	7	8	8	8	8	8	8	9	9	9
Wastewater treatment										
Miles of sewer main:	14.30 ³	14.80 ^{**}	64.84	64.84	64.84	64.84	64.84	64.84	65.32	65.32
Gravity flow	4.32	4.18	54.19	54.19	54.19	54.19	54.19	54.19	54.67	54.67
Force main	9.98	10.62 ^{**}	10.65	10.65	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	0.5	0.5	0.5	0.5	0.5	0.5
Annual engineering maximum plant capacity (millions of gallons)	109.5	109.5	109.5	109.5	182.5	182.5	182.5	182.5	182.5	182.5
Amount treated annually (millions of gallons)^{2c}	** 40.15	** 38.11	44.60	48.20	51.50	71.00	48.98	72.86	79.83	121.33
Unused capacity (millions of gallons)²	** 69.35	** 71.39	64.90	61.30	131.00	111.50	133.52	109.64	102.67	61.17
Percentage of capacity utilized	36.67%	34.80%	40.73%	44.02%	28.22%	38.90%	26.84%	39.92%	43.74%	66.48%
Engineering/inspection/construction Inspections conducted²	738	850	800	350	100	438	425	830	1,600	1,750

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

Notes: MG - millions of gallons - Tank storage only

Notes¹: Storage capacity is owned through entitlement share of Upper Oconee Basin (Bear Creek) reservoir.

Note²: In 2015 field verification resulted in decrease in total water lines due to identification of duplicate lines within GIS system

Note³: This number was revised in 2008 due to field audits performed in 2008

Note⁴: These numbers were revised due to better collection of data and engineering estimates

Note⁵: This number was revised in 2009 due to field audits performed in 2009 - all water lines remain in service

Note⁶: Data updated through GIS field audits performed in 2010.

Note⁷: In 2015 field verification resulted in decrease in total water lines due to identification of duplicate lines within GIS system

Note⁸: Water storage capacity was revised for 2017 and going forward. Previous years included system (pipe) capacity

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

Jackson County Water & Sewerage Authority
Performance Measures-System Statistics
For the year ended December 31, 2017

Table 20

WATER DISTRIBUTION & SEWER COLLECTION	2017
Feet of sanitary sewer system inspected by camera	9,800
Fire hydrants repaired/replaced/installed	70
Feet of sewer line rodded and flushed	20,600
Lines and/or valve repairs performed	10
Pump stations serviced and/or repaired	4
ENGINEERING MANAGEMENT	
Wastewater treatment capacity evaluations performed for proposed developments	3
Plan reviews performed for water line installation by developer	4
Developments installing water	4
Developments installing sewer	5
JCWSA water projects in progress	1
JCWSA wastewater projects in progress	1
Miles of water main installed by JCWSA	2.26
Miles of sewer main installed by JCWSA	0
METER MANAGEMENT	
Water stubs installed	50
Sewer stubs installed	209
Water meters tested	3
Meters replaced through meter replacement program	30
New water meters installed	497
WATER BUSINESS OFFICE	
Number of water/irrigation bills prepared ¹	103,255
Number of sewer bills prepared ¹	14,758
Number of water customers gained (net)	597
Number of sewer customers gained (net)	232

continued

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

For the year ended December 31, 2017

Table 20

continued

WASTEWATER TREATMENT PLANT	
Millions of gallons of wastewater treated	121.33
Dry tons of biosolids landfilled	596
Lab & industrial samples analyzed	1890
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

2017 JCWSA Annual GIS Statistical Report

Introduction

The JCWSA Geographic Information System (GIS) is 11 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 Analyst. Data collection and GIS operations, including most QA/QC, are handled by the GIS Analyst. The database components work as analytical tools within the GIS and interface with the 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 ensure 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.

During 2016 ongoing QA/QC of the Water and Sewer System continued concurrently with continued upgrades to the GIS System database and hosting servers. JCWSA staff worked through correcting water lines, implementing automated water meter update procedures, and implementing new Map procedures that will be utilized within the JCWSA Work order system. The focus during 2016 was to eliminate duplicate meter location and water lines.

During 2017 ongoing QA/QC of the Water and Sewer System continued concurrently with changes to the Work Order System and Data Integration. JCWSA staff worked through correcting water lines, implementing automated water meter update procedures, and implementing further improvements to Map procedures that will be utilized within the JCWSA Work order system. The focus during 2017 was to update and collect new meters, implement the first AMR Tower, and update data fields with inspection information from work orders completed against our GIS Based layers.

Statistics 2017

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 2017. The process is ongoing and will continue in 2018. The overall water line length increased in 2017 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 2017.

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 increase is attributed to field verification of water assets and identification of duplicate water lines and previously unknown assets as well as new construction.

Fire Hydrants (FH)

Fire hydrant counts for 2017 increased due to new construction and continued QA/QC efforts.

Water Valves (WV)

Gain was from accepted construction and QA/QC efforts.

Pump Stations

No Change.

Tanks

No Change.

Vaults

No Change.

Meters

The total number of collected water meters increased in 2017 because of field data collection and new construction. Implementation of a Neptune AMR system and identifying missing meter locations increased the overall count for 2017.

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

Gain was from accepted construction and QA/QC efforts.

SS Manholes

Gain was from accepted construction and QA/QC efforts.

SS Force Main

No Change.

2018 Projections

Data review is a continuing process. There will be statistical changes due to improvements to GIS accuracy during 2018. Growth due to new construction is anticipated to continue and line verification as well as meter collection is expected to continue. New construction will also be attributed to SPLOST projects including but not limited to the addition of Pleasant Acres, HWY 334 North and South, and various other SPLOST projects to bring water to the residents of Jackson County. JCWSA has also increased the collection accuracy of our GIS Equipment and is utilizing sub inch collection devices on new construction and verification projects. This will improve accuracy and detail for our GIS System in 2018 as we continue to verify and improve data quality.

Water

Water Line data is the largest set and the most difficult to collect. We will 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

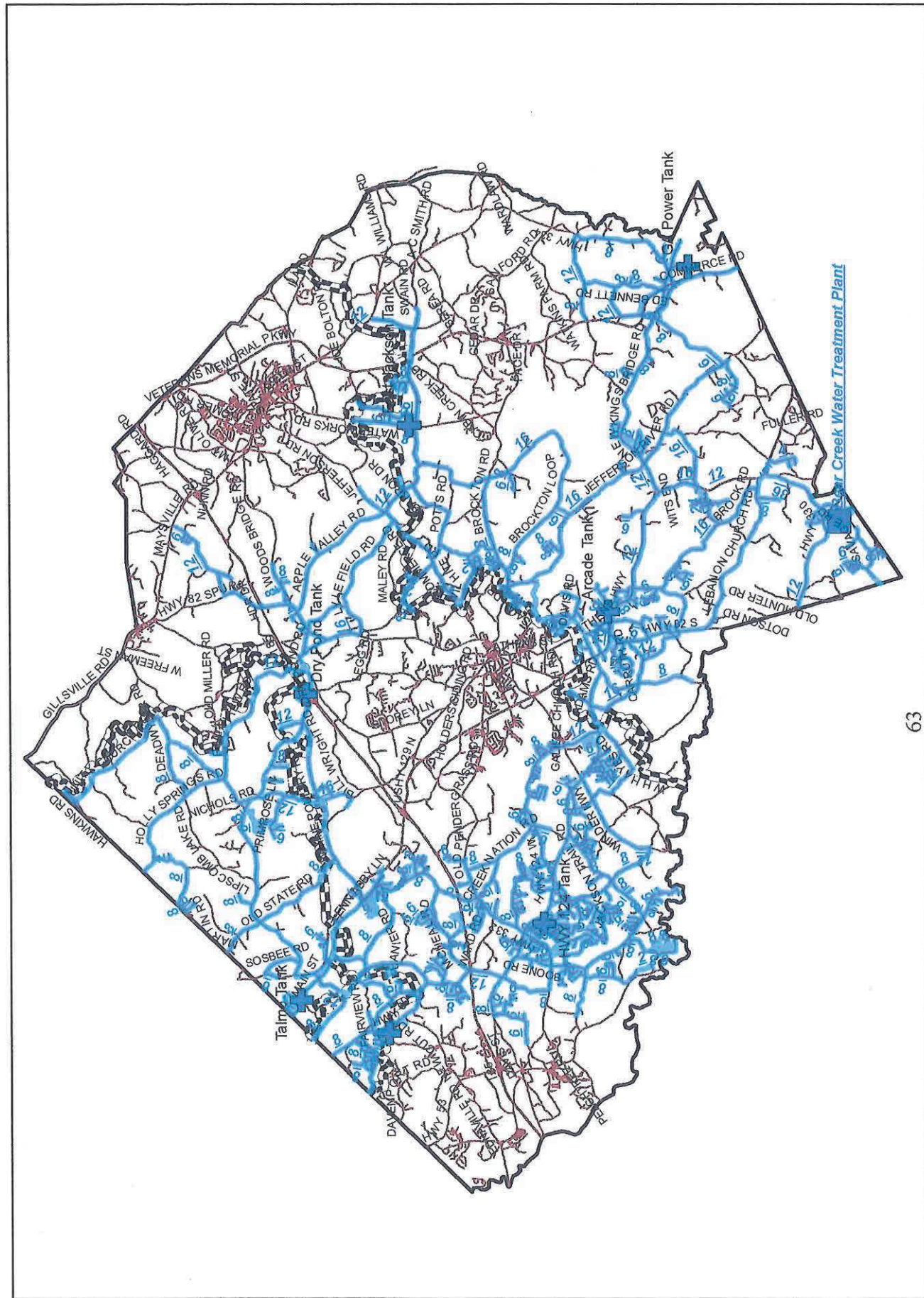
Sewer construction is anticipated to add some lines in 2018. Projects involving defunct subdivisions are revitalizing previously dead projects and we anticipate completion of some construction in 2018 and approval of new projects set for 2019.

2017 Jackson County Water and Sewerage Authority, GIS, Annual Statistics Report

Sanitary Sewer Assets		Type	Total Feet	Miles	Count	Change 16 to 17
SS Line, Gravity		Main Trunk Lines	79,231	15.01		0
SS Line, Gravity		Subdivision Lines	190,051	35.99		0
SS Line, Gravity		Commercial Lines	18,185	3.44		0
SS Line, Gravity		Other	1,215	0.23		0
		SS Lines Grand Total	288,682	54.67		0
SS Line, Gravity		New SS Lines Approved in 2017	0	0.00		
SS Line, Gravity		New SS Lines completed in 2017	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	56,237	10.65		0
SS Manhole, Gravity					1354	12
SS Manhole, Force Main, ARV & EPV Valves					57	0
SS Lift Stations		Lift Stations			9	1
Water Assets						
Water Lines, Diameter						
	.75 Service Line	Linear Feet, Water Line				233
		1,576				
		14,756				-2
		14,909				0
		301,350				3,276
		897,174				10,917
		237				0
		658,365				-11,323
		234,261				-109
		12,992				-1
		13,383				-1
Water Lines		Water Lines Grand Total	2,147,427	406.71		2,990
Water Lines		New Water Lines Approved in 2017	11,947	2.26		
Water Lines		New water line completed in 2017	11,947	2.26		
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					2220	20
Water Fire Hydrants					3024	31
Water Pump Stations					9	0
Water Tanks					7	0
Water Vaults					81	0
Water Meters					10832	1,737

Jackson County Water & Sewerage Authority

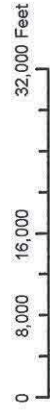
Water



NOT SURVEY GRADE, FOR REFERENCE USE ONLY

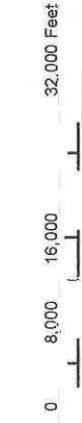
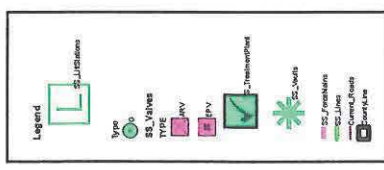
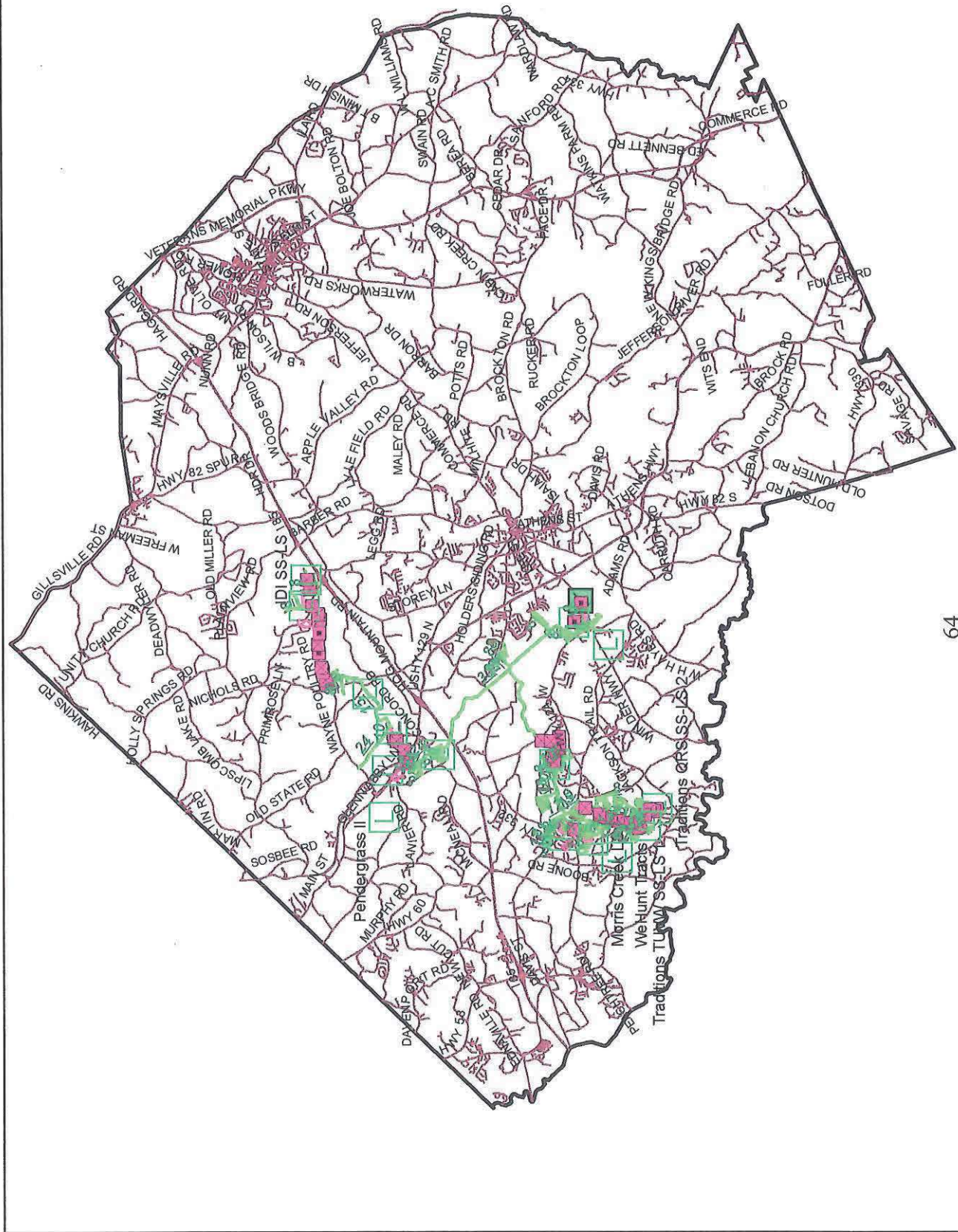
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 Last Modified: 5/15/2018 11:22:36 AM

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Jackson County Water & Sewerage Authority

Sewer

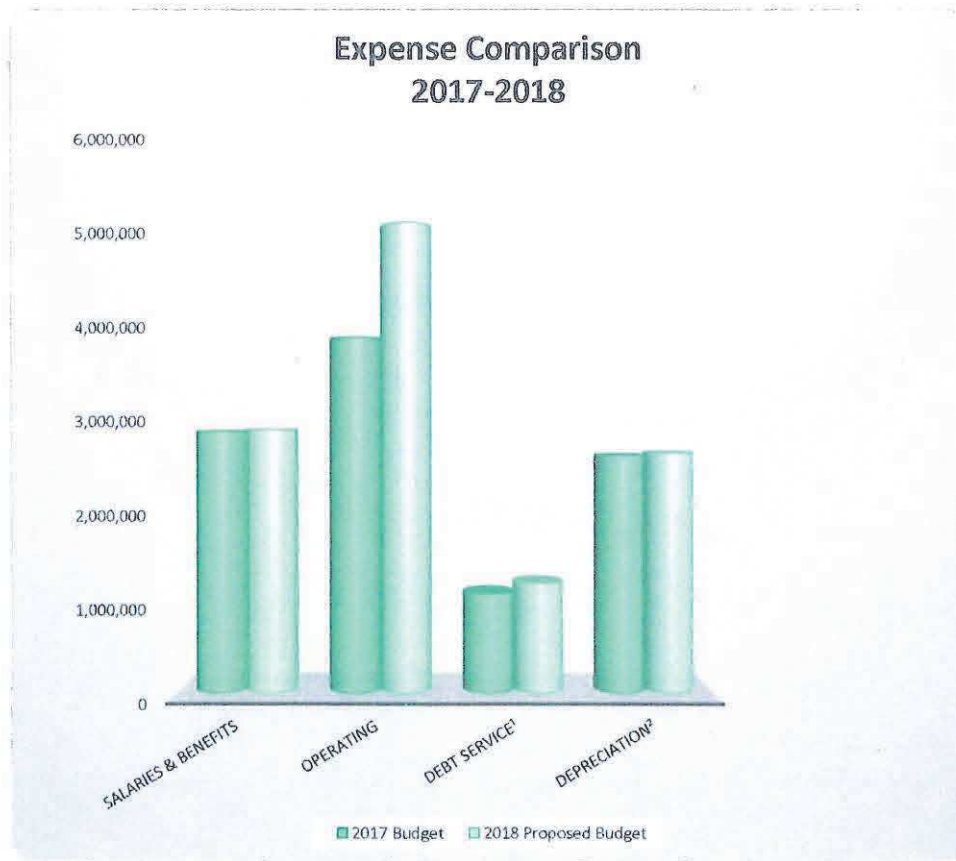


APPROVED

2018 BUDGET SUMMARY

Expense Totals

	2017 Budget	2018 Proposed Budget	Percent of Total 2018 Budget	Difference 2017-2018	Percent Change
Salaries & Benefits	2,890,708	2,911,756	24.30%	21,048	0.73%
Operating	3,926,956	5,188,687	43.31%	1,261,731	32.13%
Debt Service ¹	1,104,997	1,223,437	10.21%	118,440	10.72%
Depreciation ²	2,630,577	2,656,902	22.18%	26,325	1.00%
TOTAL	10,553,238	11,980,782	100.00%	1,427,544	13.53%



¹ Debt Service Includes Amortization of Bond Premium/Discount & Amortization of Deferred Refunding
The proposed new debt for 2018 has been included for budgeting purposes.

² Depreciation is a non-cash expense. JCWSA budgets for depreciation with intent to reserve cash for repair, maintenance and replacement of aging assets.

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

COMPLIANCE SECTION



JEFFERSON, GEORGIA



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 13, 2018

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, 2017 and 2016, 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 13, 2018.

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.

Bates, Carter & Co, LLP