



2021 Approved Budget



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About the Budget

- FY 2020 metered water sales are projected to increase by approximately 7.0 % compared to FY 2019 actual sales. Metered sewer sales for FY 2020 are expected to increase by approximately 15.0 % compared to FY 2019 actual sales.

Water sales to other public utilities are expected to remain steady for the remainder of 2020, an increase of 4.85% is expected from the sales of 2019.

The increase in water and sewer sales for 2020 is due to an increase in the number of residential water customers by approximately 2.83 % as of July 31, 2020. The JCWSA sewer customer increase since 2019 to date is 8.25% due to the increase in development activity in Jackson County. At the end of 2019, JCWSA realized 614 new water connections. At the end of the second quarter of 2020, JCWSA has recognized 277 new water connections and has allocated an additional 47 ERUs for sewer treatment.

The 2021 Approved Budget includes a usage rate adjustment of 5% for all classes of sewer customers. All existing sewer customers will see an additional \$1.80 added to the base fee for the next five years, while any sewer customers moving into a new subdivision served by a lift station will have an additional \$9.00 added to the base fee to help offset the maintenance and repair costs of the added lift station. Water customers will have no increase to usage or base rates in 2021.

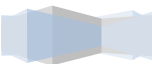
- The FY 2021 Annual Budget of \$14,375,345 is an increase of \$615,307 or 4.47% compared to the FY 2020 budget. The primary increases and decreases for the Approved FY 2021 annual budget are:
 - The debt service requirement increases of \$457,307 or 48.29% for FY 2021 are due to the estimated interest expense and issuance costs for an anticipated new debt issue in 2021. This debt is Approved to pay for several capital projects to be completed over the next five years as presented in the capital portion of the budget document.



- JCWSA began paying 100% of the Bear Creek debt in 2020 as committed during a meeting between the Jackson County BOC and the JCWSA Board in 2007. The agreement was the Authority would take on the debt in full when the Authority's purchases reached an annual average of three million gallons per day. This will continue until the debt is paid in full in 2027. In addition to the debt associated with the Bear Creek Reservoir, the Authority has always borne the cost of all maintenance and operating requirements, capital improvements and replacements, and all water purchases from the reservoir.
- The operating expense (net) decrease of \$(456,594) or (6.97)% is primarily due to the decrease in GDOT required relocation of Authority lines. There are no additional relocations that must be accounted for in the operating budget known at this time. Some of the projected changes in expenditures for 2021 are:
 - The Water Purchases expenditure increase of \$23,987 is due to the projected increase in water purchases needed to serve JCWSA customers.
 - The Bear Creek capital replacement portion of the monthly invoice is budgeted for \$334,926 for 2021. This is the same amount that has been required since 2018. This amount will be required through the year 2046 and will be paid solely by JCWSA. This amount increases the water purchases expenditure for JCWSA each year.
 - Repairs/Maintenance expenditures are projected to decrease by \$(340,000) in 2021.
 - These decreases are largely a result of no known additional line relocation requirements by GDOT. An amount is budgeted for possible relocations, but staff was able to reduce the expected expenditure for 2021.
 - Other repair and maintenance costs that decreased are fire hydrant repair/maintenance and repair/maintenance of water tanks. Every effort is made to keep the costs of fire hydrant repairs as low as possible by routine inspection of the system. Lower maintenance costs are projected for water tanks in 2021.

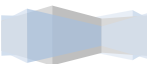


- Water Sampling is projected to increase in 2021 due to the growth experienced and the enlarged system, as well as, the need for additional sampling stations.
 - The maintenance costs for sewer lift stations, however, are expected to remain high. In 2020, several of the stations required multiple clean outs by a third-party using tanker trucks and jet cleaning equipment. This is largely a result of non-flushable waste products and construction debris.
- Other Cost of Sales is projected to decrease (net) in 2021 in the amount of \$(115,850).
 - Utility costs for water pumping and sewage lift stations continue to rise. JCWSA also proposes to add new stations in 2021 which will further increase these costs.
 - Other sewer costs that are projected to increase are sewer lab services and sludge handling due to the completion of the expansion of the Middle Oconee Wastewater Treatment Plant.
 - Utility line locate services were proposed to be contracted out in 2020 in order to better utilize the skill set of the water department employees. Instead, the locate services remained in-house to mitigate risk of liability. Contracted services for 2021 are expected to decrease significantly because of this action.
 - Professional Services are projected to increase by \$5,000 to account for the legal and auditing services for 2021. The Authority has kept its auditing cost low by utilizing skilled staff to do in-house preparation for the annual audit.
 - Other Operating Expenses is expected to decrease by \$(29,981) in 2021.
 - Utility costs for the offices and field operations rise with the rate of inflation (1.3% at 8/30/2020), therefore an incremental increase is projected.
 - Telephone and internet services expenditures have decreased for JCWSA. This is a result of the work done by the Authority's IT Administrator to negotiate better contracts and cut costs by \$(35,000). This was accomplished while



maintaining the most secure network possible for the Authority.

- Computer hardware and contracted services budgets also decreased for 2021 by \$(50,000).
- Salaries and Benefits are projected to increase by \$394,703 or 11.75% for FY 2021.
 - As stated by the Authority's independent auditor during the presentation of the 2019 CAFR, the percentage of salary and benefit costs compared to the financial statements indicates that the Authority staffing continues to be lean and is perhaps understaffed.
 - The Authority will add three new positions to staff in 2021.
 - Meter Installation/Maintenance Technician: responsible to administer all new meter installations, the aging meter program and act as back up to the existing meter readers for overflow work orders.
 - Procurement Clerk: primarily responsible for vendor management, contract management, inventory control, building and grounds management, bidding services and shipping and receiving.
 - Engineer Technician: responsible for CAD operation and general engineering tasks.
 - The cost of the full compensation for existing and approved additional employees contributes to the increase in the approved 2021 budget. Every effort is made to keep these costs as low as possible while maintaining an attractive compensation package for its employees. This is the best and most effective way to retain the Authority's most valuable resource: its employees.
 - The Authority continues to run its operations with a lean staff while providing excellent service for its customers. Compared to a survey done on local governments in the US¹, the average percentage of the total budget spent on salaries and benefits is typically more than 50%. Comparing this percentage to the Authority's spending at 26.11% (including the Approved new employees) of the total budget shows that efforts are continuously being made to keep these costs down while still providing a safe work environment and an excellent level of service for JCWSA customers.



- Depreciation expense for 2021 is expected to increase by \$219,891 or 7.57% from the 2020 Budget. This expense is a non-cash expense that is recognized to plan for funding of asset repair and replacement costs.
 - Annual revenues since 2014 have exceeded expenses. Any “net income” recognized by JCWSA is dedicated to the Renewal and Extension Fund to pay for depreciation and expansion of the system. This practice has allowed the Authority to pay for many capital projects using its available cash. Any net income going forward will be utilized to pay down the Authority’s debt and plan for repairs and replacement of the water and sewer system.
- The FY 2021 Approved Budget is balanced in accordance with Georgia state law.

¹Source: The Press of Atlantic City (https://www.pressofatlanticcity.com/news/breaking/cost-of-government-most-tax-dollars-go-toward-salaries-healthcare/article_23f00e24-cef0-11e4-bfa7-7b06dcd8f32b.html)

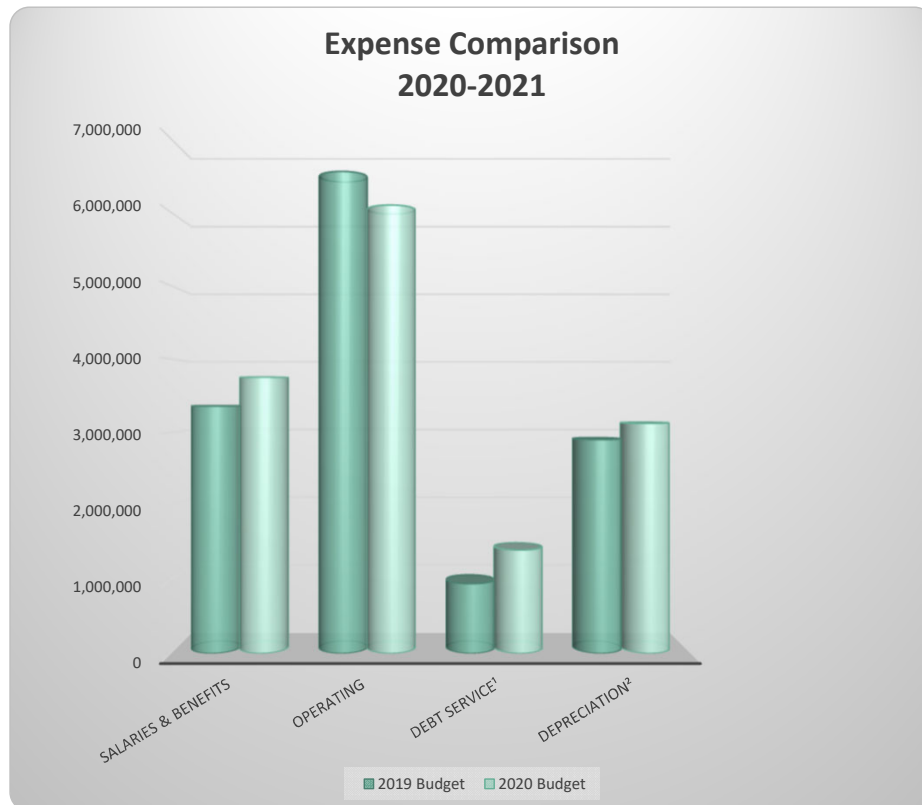


APPROVED

2021 BUDGET SUMMARY

Expense Totals

	2020 Budget	2021 Budget	Percent of Total 2021 Budget	Difference 2020-2021	Percent Change
Salaries & Benefits	3,359,058	3,753,761	26.11%	394,703	11.75%
Operating	6,549,748	6,093,154	42.39%	(456,594)	-6.97%
Debt Service ¹	946,917	1,404,224	9.77%	457,307	48.29%
Depreciation ²	2,904,316	3,124,207	21.73%	219,891	7.57%
TOTAL	13,760,039	14,375,345	100.00%	615,307	4.47%



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

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

Jackson County Water & Sewerage Authority
2021 Approved Operating Budget

	2020	2021
REVENUES		
WATER SALES-METERED	\$ 7,326,529	\$ 7,477,380
WATER SALES - WHOLESALE	838,510	892,000
SEWER SALES-METERED	1,183,500	1,523,215
DAMAGE/TAMPERING/THEFT	15,000	26,000
SERVICE FEES (Includes new connection fees)	1,951,500	1,967,750
OTHER REVENUES	15,000	15,000
TOTAL REVENUES	11,330,039	11,901,345
COST OF SALES		
WATER PURCHASES	2,103,159	2,127,146
REPAIRS/MAINTENANCE	1,748,271	1,408,271
OTHER COST OF SALES	1,140,250	1,024,400
TOTAL COST OF SALES	4,991,680	4,559,817
GROSS PROFIT	6,338,359	7,341,528
EXPENSES		
SALARIES & BENEFITS	3,359,058	3,753,761
PROFESSIONAL SERVICES	85,000	90,000
OTHER OPERATING EXPENSES	1,302,818	1,272,837
CONTINGENCY EXPENSES	150,000	150,000
TOTAL EXPENSES	4,896,876	5,266,598
NET INCOME FROM OPERATIONS	1,441,483	2,074,930
OTHER INCOME(EXPENSES)		
INTEREST INCOME-CASH ACCOUNTS	7,000	7,000
INTEREST INCOME - 2018 BONDS	75,000	500
INTEREST INCOME-2006A BONDS	7,500	4,000
INTEREST INCOME - 2011 A&B BONDS	-	-
INTEREST INCOME - UOBWA BONDS	(50,000)	(50,000)
INTERGOVT. REV.-NON-OPERATING	-	-
TOTAL OTHER INCOME(EXPENSE)	39,500	(38,500)
CONSTRUCTION RELATED INCOME(EXPENSE)		
SPLOST PROCEEDS	2,052,250	1,992,000
STATE & FEDERAL GOVERNMENT GRANTS - CAPITAL	-	-
INTEREST CAPITALIZED	-	-
DONATED WATER/SEWER SYSTEM	318,000	500,000
BOND INTEREST & ISSUANCE EXPENSE*	(946,917)	(1,404,224)
ASSET DEPRECIATION EXPENSE	(2,576,457)	(2,796,348)
INTANGIBLE ASSET AMORTIZATION	(327,859)	(327,859)
PROJECT COST ABANDONED	(20,000)	(20,000)
CAPITAL CONTRIBUTION	20,000	20,000
TOTAL CONSTRUCTION RELATED	(1,480,983)	(2,036,431)
NET INCOME	\$ -	\$ -

JCWSA Ongoing Previously Approved Capital Projects

Job ID	Job Description	Starting	Job Status	Budget	Spent	Remaining
149.01.13	Parks Creek Reservoir/JCWSA por	3/28/16	In progress	\$ 1,000,000	\$ 879,364	\$ 120,636
193.04.15	Hwy.60 VFD - 2015	4/1/15	In progress	205,530	-	205,530
208.01.16	SPLOST_6 Ga. Power Tank Upgrade	1/1/16	In progress	660,000	3,040	656,960
217.06.14	SPLOST_6 Pleasant Acres	6/1/16	In progress	1,650,000	893,511	756,489
230.10.16	SPLOST_6 Hwy_334	1/1/17	In progress	3,604,000	2,665,661	938,339
248.04.17	SPLOST_6 Lewis Roberts/Ebenezer Loop	8/1/20	In progress	825,000	-	825,000
263.09.17	Mulberry_Regl_WRF	9/1/17	Pending	-	-	-
284.01.18	Doster_Crk_Force_Main_Env_Design	1/1/18	In progress	40,000	15,991	24,009
307.01.19	Wash Down Pad for Field Equipment	1/1/19	In progress	75,000	3,300	71,700
314.01.19	Neptune AMR Towers	1/1/19	In progress	45,000	-	45,000
315.01.19	Water System Modeling	1/1/19	In progress	200,000	108,223	91,777
317.01.19	Doster Creek Force Main Straightening	1/1/19	In progress	80,000	41,130	38,870
F016.01.20	Talmo PS Backup Generator	1/1/20	In progress	100,000	-	100,000
F017.01.20	Sewer Planning/Modeling	1/1/20	In progress	175,000	-	175,000
F018.01.20	Water Resources Devt/Planning	1/1/20	In progress	200,000	146	199,854
F019.08.20	Bear Creek Dam Waterline	8/1/20	In progress	102,098	-	102,098
F020.09.20	Mulberry_Regl_WRF Land Acquisition	3/30/20	In progress	20,000	15,105	4,895
Not Assigned	SPLOST_6 Southwest Jackson	1/1/21	In progress	\$ 600,000	\$ -	\$ 600,000

SPLOST	\$ 3,776,788
Renewal & Extension Fund	\$ 1,179,369
	<u>\$ 4,956,157</u>

Five Year Capital Improvement Plan

	2021	2022	2023	2024	2025		
Water Projects						Funding Source	Grand Totals
UOBWA Plant Expansion				\$ 3,000,000		Proposed New Debt	3,000,000
Talmo Zone Elevated Storage		1,500,000	2,250,000	2,250,000		Proposed New Debt	6,000,000
Well Exploration and Well Development	350,000	350,000	350,000	350,000	350,000	Renewal & Extension	1,750,000
Water Transmission Lines	350,000	350,000	350,000	350,000	350,000	Renewal & Extension	1,750,000
Parks Creek Reservoir	500,000	500,000	500,000	500,000	500,000	Renewal & Extension	2,500,000
Water Total	1,200,000	2,700,000	3,450,000	6,450,000	1,200,000		<u>15,000,000</u>
Wastewater Projects							
Doster Creek Trunk Line Upgrade	1,300,000	1,300,000				Proposed New Debt	2,600,000
Gravity Mains	500,000	500,000	500,000	500,000	500,000	Renewal & Extension	2,500,000
Package Plant				1,000,000	1,500,000	Renewal & Extension	2,500,000
Wastewater Total	1,800,000	1,800,000	500,000	1,500,000	2,000,000		<u>7,600,000</u>
Total per Year	\$ 3,000,000	\$ 4,500,000	\$ 3,950,000	\$ 7,950,000	\$ 3,200,000		<u>\$ 22,600,000</u>

Priority A	UOBWA Plant Expansion	Total to be Funded	
	Talmo Zone Elevated Storage		
	Well Exploration and Well Development		Renewal & Extension \$ 11,000,000
	Doster Creek Trunk Line Upgrade		Proposed New Debt \$ 11,600,000
	Parks Creek Reservoir		<u>\$ 22,600,000</u>
Priority B	Water Transmission Lines		
	Gravity Mains		
	Package Plant		

2021 APPROVED CAPITAL BUDGET ADDITIONS

	Budget Requested	Purpose for Project	Funding Source
Water Capital Outlay Requests			
F250	\$ 47,000	Employee hired in 2020	Renewal & Extension Fund
Vacuum Trailer	120,000	Safer and more efficient excavation	Renewal & Extension Fund
Well Exploration and Well Development	350,000	This is for the first year of 5 year project (see 5 yr plan)	Renewal & Extension Fund
Water Transmission Lines	350,000	This is for the first year of 5 year project (see 5 yr plan)	Renewal & Extension Fund
Parks Creek Reservoir	500,000	Ongoing ancillary costs (CIP)	Renewal & Extension Fund
	<u>\$ 1,367,000</u>		
Sewer Capital Outlay Requests			
F550	\$ 70,000	Replacement of older vehicle	Renewal & Extension Fund
New Roof on Wastewater Administration Building	35,000	Complete roof replacement needed	Renewal & Extension Fund
Doster Creek Project	1,300,000	This is for the first year of 2 year project (see 5 yr plan)	New Debt
Gravity Mains	500,000	This is for the first year of 5 year project (see 5 yr plan)	Renewal & Extension Fund
Mulberry Land Acquisition	525,000	Additional budget request for project	Renewal & Extension Fund
Sewer Planning/Modeling	30,000	Additional budget request for project	Renewal & Extension Fund
	<u>\$ 2,460,000</u>		
Finance/IT Capital Outlay Requests			
Ford F150	\$ 30,883	Proposed New Employee	Renewal & Extension Fund
Managers' Vehicle	35,000	Replacement of Manager's vehicle	Renewal & Extension Fund
Network Switch Upgrades	15,038	Antiquated equipment	Renewal & Extension Fund
	<u>\$ 80,921</u>		
Engineering/GIS Capital Outlay Requests			
All projected listed in water & sewer requests. No specific Engineering projects identified.			
	<u>\$ -</u>		
SPLOST Projects expected to begin 2021			
Hwy. 129 Loop	1,000,000		SPLOST Fund
	<u>\$ 1,000,000</u>		
To be paid from Renewal & Extension Fund	\$ 2,607,921		
To be paid from SPLOST Fund	1,000,000		
To be paid from Operating Account	-		
To be paid from New Debt	1,300,000		
Total Capital Outlay Requests	<u>\$ 4,907,921</u>		

Note: The Proposed New Debt is approximately \$12M to partially fund projects identified in the 5 Yr. Capital Plan.

JCWSA
RECONCILIATION OF CAPITAL OUTLAY
AND FUNDING SOURCE(S)
2021

Net Income	\$ -
Cash - Approved Ongoing - Renewal & Extension Fund	\$ 1,179,369
Cash - Renewal & Extension Fund (reserved for 2021 Capital Outlay)	2,607,921
Cash - Approved Ongoing - SPLOST Fund	3,776,788
Cash - SPLOST Fund (reserved for 2021 Capital Outlay)	1,000,000
Cash - Operating Account (reserved for 2021 Capital Leases)	-
Proposed New Debt Issuance (partial)	1,300,000
Total cash and cash equivalents	<u>9,864,078</u>

Capital Outlay Requests	
F250	47,000
Vacuum Trailer	120,000
Well Exploration and Well Development	350,000
Water Transmission Lines	350,000
Parks Creek Reservoir	500,000
F550	70,000
New Roof on Wastewater Administration Building	35,000
Doster Creek Project	1,300,000
Gravity Mains	500,000
Mulberry Land Acquisition	525,000
Sewer Planning/Modeling	30,000
Ford F150	30,883
Managers' Vehicle	35,000
Network Switch Upgrades	15,038
Hwy. 129 Loop	1,000,000
Total Reconciliation of Debt Requirement/Capital Improvements	4,907,921
Approved Ongoing Projects	<u>4,956,157</u>
Net Difference	<u>\$ -</u>

Reconciliation of Cash Needs for Approved Ongoing Projects & New Requests

Projected Cash Available - Renewal and Extension Fund @ YE	1,995,853
Projected Cash Available - SPLOST Fund @ YE	3,730,882
Construction Funds Available @ YE	<u>3,066,059</u>
Projected Total Cash Available @ YE	<u>8,792,795</u>
Ongoing Projects Remaining	4,956,157
Projected Debt payments for 2021	<u>3,598,107</u>
Funds available to pay 2021 requests @ YE	<u>238,530</u>
Transfers to Renewal & Extension Fund - Budgeted 2021	2,607,500
SPLOST Proceeds - Budgeted 2021	1,992,500
New Debt Issuance (partial) - 2021	1,300,000
Total funds available for 2021 Capital Projects	<u>6,138,530</u>
2021 Capital Requests	<u>4,907,921</u>
Projected Cash available at 2021 YE	<u>1,230,609</u>

Note: Remaining cash available for future use assumes all projects listed will be complete by the end of 2021. The proposed debt issuance is estimated to be \$12,000,000. Only the portion expected to be spent on the listed project is accounted for in the reconciliation. Please see the 5 Year Capital Plan for more information. Transfers for 2021 are budgeted using the most conservative approach.