



2022 Approved Budget



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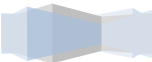
About the Budget

- FY 2021 water sales are projected to increase by approximately 2% compared to FY 2020 actual sales. A modest increase is projected due to more than average amounts of rain in the 1st and 2nd quarter of 2021. Water sales began to pick up in June 2021 and are expected to increase as the hot summer months of water usage are billed.

Sewer sales for FY 2021 are expected to increase by approximately 40% compared to FY 2020 actual sales. The main contributor to this expected increase is the base rate adjustment for sewer customers. The adjustment approved and implemented in 2021 has had the desired effect in offsetting the costs of maintenance and repair of the many lift stations in the Authority's system.

The increase in water and sewer sales for 2021 is due to an increase in the number of residential water customers by approximately 4.5 % as of July 31, 2021. The JCWSA sewer customer increase since 2020 at the same period is 16.9% due to the increase in development activity in Jackson County. At the end of 2020, JCWSA realized 592 new water connections. At the end of the second quarter of 2021, JCWSA has recognized 561 new water connections and has gained 96 new sewer connections.

In the 2020 rate study conducted by an independent consultant, a base rate increase of \$1.80 was recommended for all existing sewer customers to be done each year for the next five years. It was further recommended that 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 additional lift station. This recommendation was adopted by the JCWSA Board in 2020 to be implemented in 2021. The \$1.80 base rate increase for existing customers will be reflected in the 2022 rate schedule for year two of the approved five year implementation. The base fee for new sewer customers served by a lift station was implemented in full in 2021. No further sewer rate increases are recommended for 2022.



No increase is recommended for water customers in base or usage rates for 2022.

- The FY 2022 Annual Budget of \$15,551,752 is an increase of \$1,176,407 or 8.18% compared to the FY 2021 budget. The primary increases and decreases for the approved FY 2022 annual budget are:
 - The debt service requirement increases of \$300,438 or 21.4% for FY 2022 is due to the estimated interest expense and issuance costs for an anticipated new debt issue in 2021. This debt is approved to refund the 2011B series and pay for several capital projects to be completed over the next three 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) increase of \$481,127 or 8.01% is a direct result of the growth the system has experienced over the last two years. Some of the projected changes in expenses for 2022 are:
 - The Water Purchases expense increase of \$156,010 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 2022. 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 increase by \$116,729 in 2022.



- The repair and maintenance costs for the water system are expected to increase as a result of the Aging Meter Program. Any meters in service more than 10 years are recommended for replacement by the State Water Audit. This practice helps to decrease water loss and recover revenue that would otherwise be unbilled.
 - The maintenance costs for sewer lift stations, however, are expected to remain high. In 2021, 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.
 - As a good management practice, a contingency is in place in the event of emergency repairs to the system.
- Other Cost of Sales is projected to increase in 2022 in the amount of \$207,649.
 - 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 services for the sewer plant are expected to increase with the increased flow received.
 - Professional Services are projected to decrease in 2022 by \$(30,000).
 - Legal services expectations were decreased with the completion of several projects.
 - Auditing and other accounting related services have remained the same for several years with no increase. \$30,000 is budgeted for auditing and dissemination agent services.
 - Other Operating Expenses is expected to increase by \$32,328 in 2022.
 - Utility costs for the offices and field operations rise with the rate of inflation (5.4% at 8/11/2021), therefore an incremental increase is projected.



- Computer hardware is expected to increase for 2022 due to the need to replace obsolete computers that have reached the respective useful lives.
- Salaries and Benefits are projected to increase by \$125,166 or 3.26% for FY 2022. This increase is in line with the rate of inflation for the 2021.
 - As stated by the Authority's independent auditor during the presentation of the 2020 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 proposes to add three new positions to staff in 2022.
 - 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.
 - Collection System Operator: primarily responsible to check and maintain pump stations and inspect new sewer service connections. This employee also performs preventative maintenance in the sewer system and inspects the sewer system using CMOM established procedures.
 - IT Associate: responsible for remote and onsite staff support, network protocols, networking and configuration, mobile device management administration, identity provider/multi-factor authentication and VoIP phone administration. This staff member also provides redundancy in the IT department.
 - The cost of the full compensation for existing and approved additional employees contributes to the increase in the approved 2022 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 25.5% (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 and efficient work environment and an excellent level of service for JCWSA customers.



- Depreciation expense for 2022 is expected to increase by \$269,676 or 8.63% from the 2021 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. 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 2022 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)

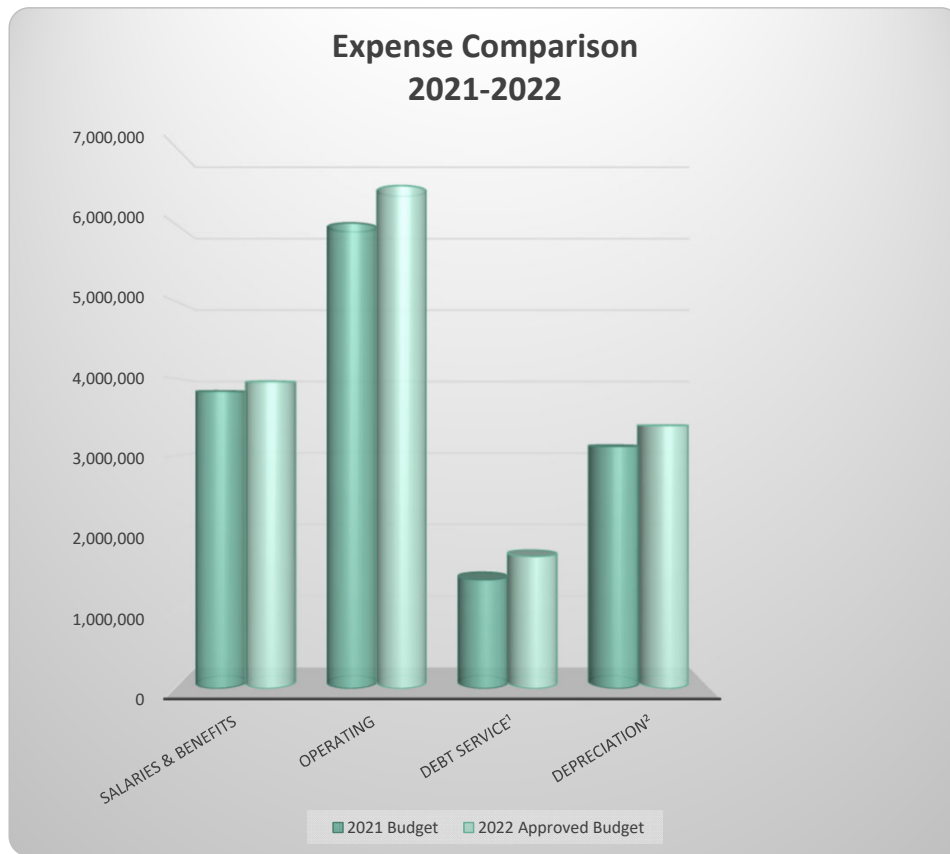


APPROVED

2022 BUDGET SUMMARY

Expense Totals

	2021 Budget	2022 Approved Budget	Percent of Total 2022 Budget	Difference 2021-2022	Percent Change
Salaries & Benefits	3,840,410	3,965,576	25.50%	125,166	3.26%
Operating	6,006,505	6,487,632	41.72%	481,127	8.01%
Debt Service ¹	1,404,224	1,704,662	10.96%	300,438	21.40%
Depreciation ²	3,124,207	3,393,883	21.82%	269,676	8.63%
TOTAL	14,375,345	15,551,752	100.00%	1,176,407	8.18%



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
2022 Approved Operating Budget

	2021	2022
REVENUES		
WATER SALES-METERED	\$ 7,477,380	\$ 7,800,155
WATER SALES - WHOLESALE	892,000	1,391,847
SEWER SALES-METERED	1,523,215	2,102,000
DAMAGE/TAMPERING/THEFT	26,000	43,000
SERVICE FEES (Includes new connection fees)	1,967,750	2,487,250
OTHER REVENUES	15,000	15,000
TOTAL REVENUES	<u>11,901,345</u>	<u>13,839,252</u>
COST OF SALES		
WATER PURCHASES	2,127,146	2,283,156
REPAIRS/MAINTENANCE	1,408,271	1,525,000
OTHER COST OF SALES	937,751	1,145,400
TOTAL COST OF SALES	<u>4,473,168</u>	<u>4,953,556</u>
GROSS PROFIT	<u>7,428,177</u>	<u>8,885,696</u>
EXPENSES		
SALARIES & BENEFITS	3,840,410	3,965,576
PROFESSIONAL SERVICES	90,000	60,000
OTHER OPERATING EXPENSES	1,272,837	1,305,165
CONTINGENCY EXPENSES	150,000	126,410
TOTAL EXPENSES	<u>5,353,247</u>	<u>5,457,151</u>
NET INCOME FROM OPERATIONS	<u>2,074,930</u>	<u>3,428,545</u>
OTHER INCOME(EXPENSES)		
INTEREST INCOME-CASH ACCOUNTS	7,000	8,000
INTEREST INCOME - 2018 BONDS	500	2,000
INTEREST INCOME-2006A BONDS	4,000	-
INTEREST INCOME - 2011 A&B BONDS	-	-
INTEREST INCOME - UOBWA BONDS	(50,000)	(25,000)
INTERGOVT. REV.-NON-OPERATING	-	-
TOTAL OTHER INCOME(EXPENSE)	<u>(38,500)</u>	<u>(15,000)</u>
CONSTRUCTION RELATED INCOME(EXPENSE)		
SPLOST PROCEEDS	1,992,000	5,000
STATE & FEDERAL GOVERNMENT GRANTS - CAPITAL	-	200,000
INTEREST CAPITALIZED	-	-
DONATED WATER/SEWER SYSTEM	500,000	1,500,000
BOND INTEREST & ISSUANCE EXPENSE*	(1,404,224)	(1,704,662)
ASSET DEPRECIATION EXPENSE	(2,796,348)	(3,066,024)
INTANGIBLE ASSET AMORTIZATION	(327,859)	(327,859)
PROJECT COST ABANDONED	(20,000)	(40,000)
CAPITAL CONTRIBUTION	20,000	20,000
TOTAL CONSTRUCTION RELATED	<u>(2,036,431)</u>	<u>(3,413,545)</u>
NET INCOME	<u>\$ -</u>	<u>\$ -</u>

JCWSA Ongoing Previously Approved Capital Projects

Job ID	Job Description	Starting	Job Status	Budget	Spent	Remaining
149.01.13	Parks Creek Reservoir/JCWSA expenses	3/28/16	In progress	\$ 1,000,000	\$ 985,404	\$ 14,596
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	2,029,464	1,926,896	102,567
248.04.17	SPLOST_6_Lewis Roberts/Ebenezer Loop	8/1/20	In progress	1,400,000	225,481	1,174,519
263.09.17	Package Plant (Mulberry_Regl_WWTP)	9/1/17	Pending	20,000	17,295	2,705
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	156,426	43,574
317.01.19	Doster Creek Force Main Straightening	1/1/19	In progress	120,000	94,491	25,509
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	205,000	98,295	106,705
F018.01.20	Water Resources Devt/Planning	1/1/20	In progress	200,000	167	199,833
F019.08.20	Bear Creek Dam Waterline	8/1/20	In progress	102,098	84,485	17,613
F023.01.21	Well Exploration/Development	1/1/21	In progress	350,000	103,750	246,250
F026.01.21	Roof Replacement MOWWTP	1/1/21	In progress	35,000		35,000
F031.01.21	Network Switch Upgrades	1/1/21	In progress	15,038		15,038
F032.01.21	Cartograph Work Order System	1/1/21	In progress	50,679	50,679	-
F033.01.21	Water Line Ext on Unity Church Rd	1/1/21	In progress	63,669	43,822	19,847
F034.02.21	SPLOST 6 Hwy 129 Loop	2/1/21	In progress	1,500,000	19,878	1,480,122
F035.02.21	Madison County Connection	2/1/21	In progress	12,875	12,875	-

SPLOST	\$ 3,414,169
Renewal & Extension Fund	\$ 1,077,201
	\$ 4,491,369

JCWSA Five Year Capital Improvement Plan

		2022	2023	2024	2025	2026	Funding Source	Grand Totals
Water Projects	Project Number							
Talmo Zone Elevated Storage (Forest Lakes)	F036.06.21	1,750,000	1,750,000				Proposed New Debt	3,500,000
Water Administration/Operating Facility*	TBD	3,000,000	3,000,000				Proposed New Debt	6,000,000
UOBWA Plant Expansion **	TBD						Renewal & Extension	-
Relocate Talmo Tank (Belmont Hwy)	TBD			1,000,000			Renewal & Extension	1,000,000
Well Exploration and Well Development	F023.01.21	246,250	350,000	350,000	350,000	304,400	Renewal & Extension	1,600,650
Water Transmission Lines	F024.01.21	-	350,000	350,000	350,000	350,000	Renewal & Extension	1,400,000
Parks Creek Reservoir	149.01.13	1,007,881	1,500,000	2,492,119		-	Proposed New Debt	5,000,000
Parks Creek Reservoir (ancillary costs)	149.01.13	300,000	300,000				Renewal & Extension	600,000
Bear Creek Dam Waterline	F019.08.20	665,515					Renewal & Extension	665,515
Vehicles (water) (3)	TBD	190,000					Renewal & Extension	190,000
Field Equipment	TBD	127,000					Renewal & Extension	127,000
Water Total		7,286,646	7,250,000	4,192,119	700,000	654,400		20,083,165
Wastewater Projects								
Doster Creek Sewer Upgrades	317.01.19	1,300,000	1,300,000	900,000			Proposed New Debt	3,500,000
Gravity Mains	F028.01.21		500,000	500,000	500,000	500,000	Renewal & Extension	2,000,000
Package Plant ***(Mulberry Regional WWTP)	263.09.17				1,000,000	1,500,000	Renewal & Extension	2,500,000
Vehicle (sewer)	TBD	40,000					Renewal & Extension	40,000
Middle Oconee Lift Station Pump Replacements (3)	TBD	68,900					Renewal & Extension	68,900
Wastewater Total		1,408,900	1,800,000	1,400,000	1,500,000	2,000,000		8,108,900
Total per Year		\$ 8,695,546	\$ 9,050,000	\$ 5,592,119	\$ 2,200,000	\$ 2,654,400		\$ 28,192,065

Priority A	Talmo Zone Elevated Storage (Forest Lakes) Water Administration/Operating Facility* Parks Creek Reservoir Doster Creek Sewer Upgrades
Priority B	Well Exploration and Well Development Water Transmission Lines Bear Creek Dam Waterline Middle Oconee Lift Station Pump Replacements (3) Vehicles (water) (3) Vehicle (sewer) Field Equipment Gravity Mains
Priority C	UOBWA Plant Expansion ** Relocate Talmo Tank (Belmont Hwy) Package Plant ***(Mulberry Regional WWTP)

Total to be Funded	
Proposed New Debt	\$ 18,000,000
Renewal & Extension	\$ 10,192,065
	<u>\$ 28,192,065</u>

2022 Exp	Renewal & Extension	1,637,665
2023 Exp	Renewal & Extension	1,500,000
2024 Exp	Renewal & Extension	2,200,000
2025 Exp	Renewal & Extension	2,200,000
2026 Exp	Renewal & Extension	2,654,400
		<u>\$ 10,192,065</u>

* The budget above does not include the amount to be received from sale of MLK property of \$900,000.

** This project is included as a place holder for future use. The funding will likely be done through the UOBWA with JCWSA paying its portion of the debt.

*** \$1.5 million projected for 2027

JCWSA
RECONCILIATION OF CAPITAL OUTLAY
AND FUNDING SOURCE(S)
2022

Net Income	\$ -
Cash - Approved Ongoing - Renewal & Extension Fund	\$ 1,077,201
Cash - Renewal & Extension Fund (reserved for 2022 Capital Outlay)	1,637,665
Cash - SPLOST Fund (reserved for 2022 Capital Outlay)	3,414,169
Cash - Operating Account (reserved for 2022 Capital Leases)	-
Proposed New Debt Issuance (2022 portion)	7,057,881
Total cash and cash equivalents	<u>13,186,915</u>
Capital Outlay Requests	
Talmo Zone Elevated Storage (Forest Lakes)	1,750,000
Water Administration/Operating Facility*	3,000,000
Well Exploration and Well Development	246,250
Parks Creek Reservoir	1,007,881
Parks Creek Reservoir (ancillary costs)	300,000
Bear Creek Dam Waterline	665,515
Middle Oconee Lift Station Pump Replacements (3)	68,900
Vehicles (3) Water	190,000
Field Equipment	127,000
Doster Creek Sewer Upgrades	1,300,000
Vehicles (1) Sewer	40,000
Total Reconciliation Capital Improvements	8,695,546
Approved Ongoing Projects	<u>4,491,369</u>
Net Difference	<u>\$ -</u>
Reconciliation of Cash Needs for Approved Ongoing Projects & New Requests	
Projected Cash Available - Renewal and Extension Fund @ YE	4,084,131
Projected Cash Available - SPLOST Fund @ YE	4,878,561
Construction Funds Available @ YE	18,420,848
Projected Total Cash Available @ YE	<u>27,383,540</u>
Ongoing Projects Remaining	4,491,369
Projected Debt payments for 2022*	3,641,954
Funds available to pay 2022 requests @ YE	<u>19,250,217</u>
Transfers to Renewal & Extension Fund - Budgeted 2022	2,400,000
SPLOST Proceeds - Budgeted 2022	-
Total funds available for 2022 Capital Projects	<u>21,650,217</u>
2022 Capital Requests	8,695,546
Projected Cash available at 2022 YE	<u>12,954,671</u>

Note: Remaining cash available for future use assumes all projects listed will be complete by the end of 2022. The proposed debt issuance is estimated to be \$18,000,000. 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 2022 are budgeted using the most conservative approach.

* Bear Creek debt payments are paid from the Operating Fund after operating expenses have been paid.