



2023 Approved Budget



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About the Budget

- FY 2022 water sales are expected to increase by approximately 4% compared to FY 2021 actual sales. The projected increase is due to the number of new customers added to the system.
- Sewer sales for FY 2022 are expected to increase by approximately 30% compared to FY 2021 actual sales. The contributors to this expected increase are the base rate adjustment for sewer customers and the increased number of customers added in recent years. The rate adjustment approved and implemented in 2021 has had the desired effect in offsetting the costs of maintenance and repair of the numerous lift stations in the Authority's system.

As stated, the increase in water and sewer sales for 2022 is due to an increase in the number of residential water customers by approximately 3.5 % as of June 30, 2022. The JCWSA sewer customer increase since 2021 is 11.7% due to the increase in development activity in Jackson County. At the end of 2021, JCWSA realized 837 new water and 211 new sewer connections. At the end of the second quarter of 2022, JCWSA has recognized 309 new water connections and 126 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 2021-2025. The \$1.80 base rate increase for existing customers will be reflected in the 2023 rate schedule for year three of the approved five year implementation. The base fee for new sewer customers served by a lift station was implemented in full in 2021. A usage rate increase of 5% is recommended for sewer customers in 2023. This will further offset the increasing costs of repairs to the lift stations due to the number of wipes being flushed into the system.



A 5% base and tiered usage rate increase is recommended for water customers in 2023. This is recommended in order to pay for increased costs of capital improvements and replacement/repair expenses in the aging water and sewer system.

- The FY 2023 Annual Budget of \$16,964,900 is an increase of \$1,413,148 or 9.1% from the FY 2022 budget. The primary increases and decreases for the proposed FY 2023 annual budget are:
 - The debt service requirement decrease of (\$806,807) or -47.3% for FY 2023 is the result of paying off the 2006A bond in 2022 and the refunding of the 2011B bond in 2021. The interest expense for the 2016 and 2018 bonds decreased from prior years as principal payments come due. Additionally, the UOBWA contract payable 2015B portion of debt will be paid in full in 2023 further lowering the interest expense recognized in the operating budget. Principal is not recognized as an expense in an Enterprise Fund budget, therefore is not included.
 - 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 \$1,287,989 or 19.9% is a direct result of the growth the system has experienced. Some of the projected changes in expenses for 2023 are:
 - The Water Purchases expense increase of \$339,844 is due to the projected increase in water purchases needed to serve the growing JCWSA customer base.
 - The Bear Creek capital replacement portion of the monthly invoice is budgeted for \$334,926 for 2023. This is the same amount that has been required since 2018. This cost will be required through the year 2046 and will be paid solely by



JCWSA. The capital replacement payment increases the water purchases expense for JCWSA each year.

- Repairs/Maintenance expenses are projected to increase by \$365,500 in 2023.
 - 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. Staff began a refurbishing project in 2022 to help keep these costs down and have replaced more than 138 meter chambers for reuse.
 - The repair and maintenance budget for the water system has increased as well. Major line breaks and repairs to pumping stations are expected to continue to rise.
 - The maintenance costs for sewer lift stations are expected to remain high. In 2022, 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 case of emergency repairs to the system.
- Other Cost of Sales is projected to increase in 2023 in the amount of \$209,500.
 - 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.
 - As the demand for water supply increases, the cost of pumping the water increases as well.



- Professional Services are projected to increase in 2023 by \$20,000.
 - Legal services expectations were increased slightly to meet the growing needs of the Authority.
 - Auditing and other accounting related services are expected to increase with added disclosure and compliance requirements.
- Other Operating Expenses is expected to increase by \$198,085 in 2023.
 - Utility costs for the offices and field operations rise with the rate of inflation (9.1% at June 30, 2022), therefore an increase is projected.
 - Computer hardware is expected to increase for 2023 due to the need to replace obsolete computers that have reached the respective useful lives.
- Salaries and Benefits are projected to increase by \$561,577 or 14.2% for FY 2023. This increase is due to the higher costs of human resources and proposed added staff.
 - As said by the Authority's independent auditor during the presentation of the 2021 ACFR, 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 2023.
 - Junior Engineer: Conducts studies, prepares bid documents, analyzes data, prepares engineering reports, and assists in planning and design projects.
 - Locator: Responsible for all water and sewer locates.
 - Maintenance/Asset Manager: Responsible for all water pump station, sewer lift station and valve maintenance. Also responsible for fleet, tool, and equipment maintenance.
 - The cost of the full compensation for existing and recommended added employees contributes to the increase in the proposed 2023 budget. Every effort is made to keep these costs as low as possible while supporting 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 26.7% (including the proposed new employees) of the total budget shows that efforts are continuously being made to keep these costs down while still supplying a safe and efficient work environment and an excellent level of service for JCWSA customers.
 - Depreciation expense for 2023 is expected to increase by \$370,389 or 10.9% from the 2022 Budget. This expense is a non-cash expense that is recognized to plan for funding of asset repair and replacement costs.
 - Annual revenues have historically exceeded expenses and expectations. 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 used to pay down the Authority’s debt and plan for repairs and replacement of the water and sewer system.
- The FY 2023 Proposed 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)

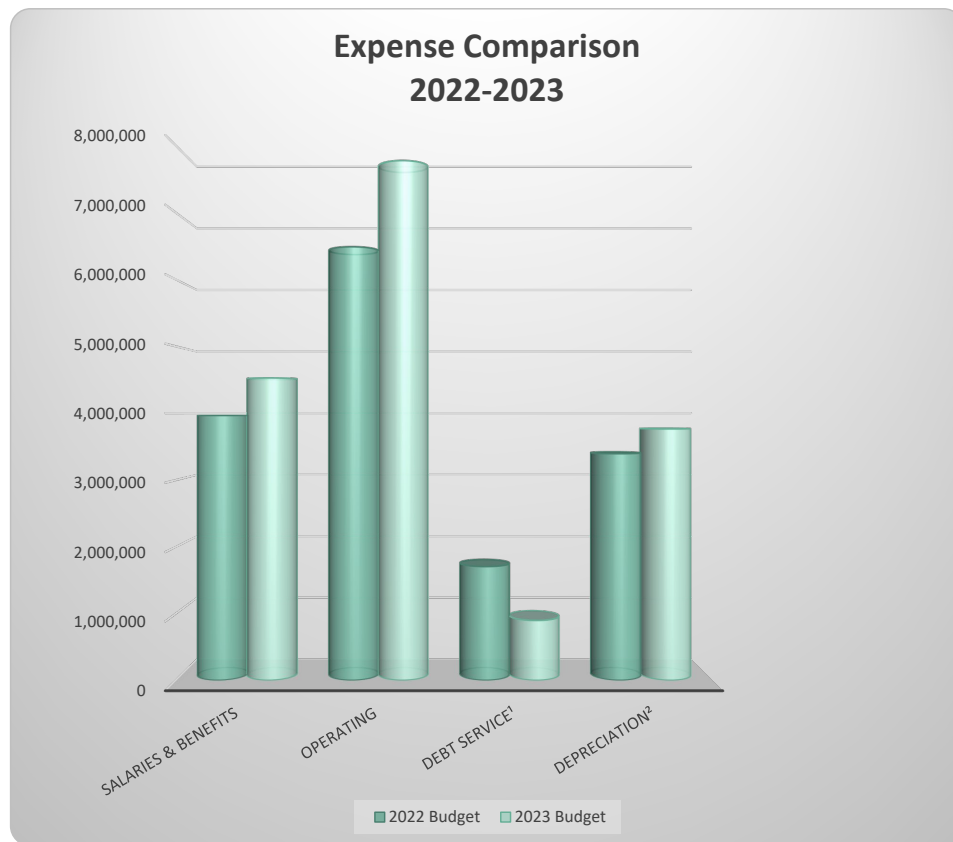


APPROVED

2023 BUDGET SUMMARY

Expense Totals

	2022 Budget	2023 Budget	Percent of Total 2023 Budget	Difference 2022-2023	Percent Change
Salaries & Benefits	3,965,576	4,527,153	26.7%	561,577	14.2%
Operating	6,487,632	7,775,621	45.8%	1,287,989	19.9%
Debt Service ¹	1,704,662	897,855	5.3%	(806,807)	-47.3%
Depreciation ²	3,393,883	3,764,272	22.2%	370,389	10.9%
TOTAL	15,551,752	16,964,900	100.0%	1,413,148	9.1%



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
2023 Approved Operating Budget

	2022	2023
REVENUES		
WATER SALES-METERED	\$ 7,800,155	\$ 8,356,150
WATER SALES - WHOLESALE	1,391,847	1,326,000
SEWER SALES-METERED	2,102,000	2,725,000
DAMAGE/TAMPERING/THEFT	43,000	88,000
SERVICE FEES (Includes new connection fees)	2,487,250	2,887,250
OTHER REVENUES	15,000	52,000
TOTAL REVENUES	<u>13,839,252</u>	<u>15,434,400</u>
COST OF SALES		
WATER PURCHASES	2,283,156	2,623,000
REPAIRS/MAINTENANCE	1,525,000	1,890,500
OTHER COST OF SALES	1,145,400	1,354,900
TOTAL COST OF SALES	<u>4,953,556</u>	<u>5,868,400</u>
GROSS PROFIT	<u>8,885,696</u>	<u>9,566,000</u>
EXPENSES		
SALARIES & BENEFITS	3,965,576	4,527,153
PROFESSIONAL SERVICES	60,000	80,000
OTHER OPERATING EXPENSES	1,305,165	1,503,250
CONTINGENCY EXPENSES	126,410	201,470
TOTAL EXPENSES	<u>5,457,151</u>	<u>6,311,873</u>
NET INCOME FROM OPERATIONS	<u>3,428,545</u>	<u>3,254,127</u>
OTHER INCOME(EXPENSES)		
INTEREST INCOME-CASH ACCOUNTS	8,000	12,000
INTEREST INCOME - 2018 BONDS	2,000	20,000
INTEREST INCOME-2006A BONDS	-	-
INTEREST INCOME - 2011 A&B BONDS	-	-
INTEREST INCOME - UOBWA BONDS	(25,000)	(25,000)
INTERGOVT. REV.-NON-OPERATING	-	-
TOTAL OTHER INCOME(EXPENSE)	<u>(15,000)</u>	<u>7,000</u>
CONSTRUCTION RELATED INCOME(EXPENSE)		
SPLOST PROCEEDS	5,000	1,000
STATE & FEDERAL GOVERNMENT GRANTS - CAPITAL	200,000	-
INTEREST CAPITALIZED	-	-
DONATED WATER/SEWER SYSTEM	1,500,000	1,500,000
BOND INTEREST & ISSUANCE EXPENSE*	(1,704,662)	(897,855)
ASSET DEPRECIATION EXPENSE	(3,066,024)	(3,436,414)
INTANGIBLE ASSET AMORTIZATION	(327,859)	(327,858)
PROJECT COST ABANDONED	(40,000)	(120,000)
CAPITAL CONTRIBUTION	20,000	20,000
TOTAL CONSTRUCTION RELATED	<u>(3,413,545)</u>	<u>(3,261,127)</u>
NET INCOME	<u>\$ -</u>	<u>\$ -</u>

Five Year Capital Improvement Plan

		Previously Approved Remaining Budget	2023	2024	2025	2026	2027			
Water Projects		Project Number						Funding Source	Grand Totals	
A	Parks Creek Reservoir (construction phase)	149.01.13	\$ 5,000,000					2021 Bond Issue	\$ 5,000,000	
A	Water Administration/Operating Facility*	F039.07.21	6,853,647					2021 Bond Issue	6,853,647	
A	Talmo Zone Elevated Storage (Forest Lakes)	F046.01.22	3,494,994					2021 Bond Issue	3,494,994	
A	Parks Creek Reservoir (ancillary costs)	149.01.13	422,750	250,000	500,000			Renewal & Extension	1,172,750	
A	Hwy. 60 VFD - 2015	193.04.15	205,530					Renewal & Extension	205,530	
A	Neptune AMR Towers	314.01.19	45,000					Renewal & Extension	45,000	
A	Water System Modeling	315.01.19	9,063					Renewal & Extension	9,063	
A	Talmo PS Backup Generator	F016.01.20	100,000					Renewal & Extension	100,000	
A	Water Resources Devt/Planning	F018.01.20	248,134	350,000	350,000	350,000	350,000	Renewal & Extension	1,998,134	
B	Bear Creek Dam Waterline	F019.08.20	556,374	500,000	500,000			Renewal & Extension	1,556,374	
B	Water Transmission Lines	F024.01.21	350,000	350,000	350,000	1,300,000	1,560,000	1,872,000	Renewal & Extension	5,782,000
A	Property to entrance of Admin Building	F038.07.21	-	35,000					Renewal & Extension	35,000
A	Water Administration/Operating Facility*	F039.07.21		1,000,000	1,000,000				Renewal & Extension	2,000,000
A	2022 Ford F750 - Water	F040.01.22	87,671						Renewal & Extension	87,671
A	2022 Meter Main. Truck	F041.01.22	201						Renewal & Extension	201
A	2022 Meter Main. Truck	F042.01.22	201						Renewal & Extension	201
C	UOBWA Plant Expansion **	TBD	-						Renewal & Extension	-
A	Replace Network Switches (IT)	TBD		75,000					Renewal & Extension	75,000
B	Replace JCWSA Servers (IT)	TBD			100,000				Renewal & Extension	100,000
A	Holly Springs Pump Station	TBD			500,000				Renewal & Extension	500,000
A	Mulching Head for Skid Steer	TBD		45,000					Renewal & Extension	45,000
B	Vehicles Water/Engineering (2)	Multiple		100,000	100,000				Renewal & Extension	200,000
A	SPLOST 6 GA Power Tank Upgrade	208.01.16	656,960						SPLOST	656,960
A	SPLOST 6 Lewis Roberts/Ebenezer Loop	248.04.17	219,399						SPLOST	219,399
A	SPLOST 6 Hwy 129 Loop	F034.02.21	1,480,122						SPLOST	1,480,122
Water Total			\$ 19,730,046	\$ 2,705,000	\$ 3,300,000	\$ 1,750,000	\$ 1,910,000	\$ 2,222,000	\$ 31,617,046	
Wastewater Projects										
A	Doster Creek Sewer Upgrades	317.01.19	\$ 3,384,408					2021 Bond Issue	\$ 3,384,408	
C	Package Plant (Mulberry Regional WWTP)	263.09.17					10,000,000	Possible New Bond	10,000,000	
C	Mulberry Regional WWTP Interceptor Line	TBD					10,000,000	Possible New Bond	10,000,000	
A	Sewer Planning/Modeling	F017.01.20	80,796					Renewal & Extension	80,796	
B	Gravity Mains	F028.01.21	500,000	250,000	250,000	500,000	1,000,000	1,000,000	Renewal & Extension	3,500,000
B	Package Plant (Mulberry Regional WWTP)	263.09.17	2,705	42,295	-	500,000	500,000		Renewal & Extension	1,045,000
A	Middle Oconee Lift Station Pump Replacement	F045.01.22	68,900	68,900					Renewal & Extension	137,800
A	2022 Ford F150 - Sewer	F044.01.22	40,000						Renewal & Extension	40,000
Wastewater Total			\$ 4,076,809	\$ 361,195	\$ 250,000	\$ 1,000,000	\$ 1,500,000	\$ 21,000,000	\$ 28,188,004	
Total per Year			\$ 23,806,855	\$ 3,066,195	\$ 3,550,000	\$ 2,750,000	\$ 3,410,000	\$ 23,222,000	\$ 59,805,050	

Priority A
Priority B
Priority C

* This budget includes approx. \$900K in funds being held in escrow until MLK Avenue closes.

** 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.

Total to be Funded	
2021 Bond Issue	\$ 18,733,049
SPLOST	2,356,481
Possible New Bond	20,000,000
Renewal & Extension	18,715,520
	\$ 59,805,050

Projected	2022 Exp	Renewal & Extension	\$ 2,717,326
	2023 Exp	Renewal & Extension	3,066,195
	2024 Exp	Renewal & Extension	3,550,000
	2025 Exp	Renewal & Extension	2,750,000
	2026 Exp	Renewal & Extension	3,410,000
	2027 Exp	Renewal & Extension	3,222,000
			\$ 18,715,520

JCWSA
RECONCILIATION OF CAPITAL OUTLAY
AND FUNDING SOURCE(S)
2023

Net Income	\$ -
Cash - Approved Ongoing - Renewal & Extension Fund	2,717,326
Cash - Renewal & Extension Fund (reserved for 2023 Capital Outlay)	3,066,195
Cash - SPLOST Fund (reserved for 2023 Capital Outlay)	2,356,481
Total cash and cash equivalents	<u>8,140,001</u>
Capital Outlay Requests	
Parks Creek Reservoir (ancillary costs)	250,000
Water Resources Devt/Planning	350,000
Bear Creek Dam Waterline	500,000
Water Transmission Lines	350,000
Property to entrance of Admin Building	35,000
Water Administration/Operating Facility*	1,000,000
Replace Network Switches (IT)	75,000
Mulching Head for Skid Steer	45,000
Vehicles (2)	100,000
Gravity Mains	250,000
Package Plant (Mulberry Regional WWTP)	42,295
Middle Oconee Lift Station Pump Replacement	68,900
Total Reconciliation Capital Improvements	3,066,195
SPLOST Ongoing Projects	2,356,481
Approved Ongoing Projects	<u>2,717,326</u>
Net Difference	<u>\$ -</u>

Reconciliation of Cash Needs for Approved Ongoing Projects & New Requests

Renewal and Extension Fund

Projected Cash Available - Renewal and Extension Fund @ YE	8,420,142
Ongoing Projects Remaining	(2,717,326)
Debt payments for 2023*	(2,339,603)
Transfers to Renewal & Extension Fund - Budgeted 2023	2,500,000
2023 Capital Requests	<u>(3,066,195)</u>
Projected Cash available at 2023 YE	<u>2,797,019</u>

SPLOST Fund

Projected Cash Available - SPLOST Fund @ YE	2,389,333
SPLOST Approved Ongoing Projects	(2,356,481)
SPLOST Debt payments for 2023	(1,057,472)
SPLOST Proceeds - Budgeted 2023	-
Projected SPLOST available for completion of projects	<u>(1,024,620)</u>

A shortfall of funds to complete SPLOST projects is estimated above

Note: Remaining cash available for future use assumes all projects listed will be complete by the end of 2023. Transfers for 2023 are budgeted using a conservative approach

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



2023 WATER/SEWER RATE SCHEDULE

Effective February 2023

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	\$12.60	0	\$7.01	\$10.64	\$13.98
	BASE	ALLOWANCE	TIER 1 0 - 5,700	TIER 2 5,701 - 7,500	TIER 3 OVER 7,500
1" Metered Connection	\$15.97	0	\$7.01	\$10.64	\$13.98
	BASE	ALLOWANCE	TIER 1 0 - 5,700	TIER 2 5,701 - 7,500	TIER 3 OVER 7,500
1.5" Metered Connection	\$24.97	0	\$7.01	\$10.64	\$13.98
	BASE	ALLOWANCE	TIER 1 0 - 5,700	TIER 2 5,701 - 7,500	TIER 3 OVER 7,500
2" Metered Connection	\$38.45	0	\$7.01	\$10.64	\$13.98

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	\$12.60	0	\$8.38	\$12.76	\$16.78
	BASE	ALLOWANCE	TIER 1 0 - 14,000	TIER 2 14,001 - 50,000	TIER 3 OVER 50,000
1" Metered Connection	\$15.97	0	\$8.38	\$12.76	\$16.78
	BASE	ALLOWANCE	TIER 1 0 - 31,000	TIER 2 31,001 - 82,000	TIER 3 OVER 82,000
1.5" Metered Connection	\$24.97	0	\$8.38	\$12.76	\$16.78
	BASE	ALLOWANCE	TIER 1 0 - 35,000	TIER 2 35,001 - 291, 000	TIER 3 OVER 291,000
2" Metered Connection	\$38.45	0	\$8.38	\$12.76	\$16.78
	BASE	ALLOWANCE	TIER 1 0 - 100,000	TIER 2 100,001 - 500,000	TIER 3 OVER 500,000
3" Metered Connection	\$227.30	0	\$8.38	\$12.76	\$16.78
	BASE	ALLOWANCE	TIER 1 0 - 100,000	TIER 2 100,001 - 500,000	TIER 3 OVER 500,000
4" Metered Connection	\$314.99	0	\$8.38	\$12.76	\$16.78
	BASE	ALLOWANCE	TIER 1 0 - 100,000	TIER 2 100,001 - 500,000	TIER 3 OVER 500,000
6" Metered Connection	\$544.31	0	\$8.38	\$12.76	\$16.78

INDUSTRIAL CUSTOMERS	BASE	ALLOWANCE	TIER 1
3/4" Metered Connection (low flow meters)	\$12.60	0	\$11.92
1" Metered Connection (low flow meters)	\$15.97	0	\$11.92
1.5" Metered Connection (low flow meters)	\$24.97	0	\$11.92
2" Metered Connection	\$38.45	0	\$11.92
3" Metered Connection	\$227.30	0	\$11.92
4" Metered Connection	\$314.99	0	\$11.92
6" Metered Connection	\$544.31	0	\$11.92
8" Metered Connection	\$695.88	0	\$11.93
10" Metered Connection	\$847.83	0	\$11.93
12" Metered Connection	\$1,046.96	0	\$11.93

FIRE LINE CUSTOMERS	BASE	ALLOWANCE	TIER 1 0 - 31,000	TIER 2 31,001 - 82,000	TIER 3 OVER 82,000
3" Fire line Connection	\$227.30	0	\$8.38	\$12.76	\$16.78
4" Fire line Connection	\$314.99	0	\$8.38	\$12.76	\$16.78
6" Fire line Connection	\$544.31	0	\$8.38	\$12.76	\$16.78
8" Fire line Connection	\$695.88	0	\$8.38	\$12.76	\$16.78
10" Fire line Connection	\$847.83	0	\$8.38	\$12.76	\$16.78
12" Fire line Connection	\$1,046.96	0	\$8.38	\$12.76	\$16.78

HYDRANT METER RENTALS (\$750 to \$1,500 DEPOSIT)	BASE	ALLOWANCE	TIER 1
Small Hydrant Meter (3/4')	\$150.00	1,500	\$13.98
Large Hydrant Meter (1.5" or larger)	\$150.00	1,500	\$13.98

IRRIGATION CUSTOMERS	BASE	ALLOWANCE	TIER 1
3/4" Metered Connections	\$12.60	0	\$13.98
1" Metered Connections	\$15.97	0	\$13.98
1.5" Metered Connections	\$24.97	0	\$13.98
2" Metered Connections	\$38.45	0	\$13.98
3" Metered Connections	\$227.30	0	\$13.98

SEWER CUSTOMERS	BASE	ALLOWANCE	TIER 1 OVER 1,500
All Classes of sewer customers	\$24.48	1,500	\$9.86

SEWER CUSTOMERS	BASE	ALLOWANCE	TIER 1 OVER 1,500
All New Sewer Customers served by lift station	\$28.08	1,500	\$9.86

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)	\$6.83	0	\$7.01	\$10.64	\$13.98

SEWER RATES	BASE	ALLOWANCE	TIER 1
All Residential Customers Only	\$11.40	1,500	\$9.86

SEWER RATES	BASE	ALLOWANCE	TIER 1
All New Sewer Customers served by lift station	\$15.00	1,500	\$9.86