



# Newton County Water and Sewerage Authority

## FYE 2022 Budget and Financial Plan



Prepared by:  
Mike Hopkins  
Executive Director  
11325 Brown Bridge Road  
Covington, GA 30016

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**AUTHORITY BOARD**

Jimmy French  
David Waller  
Terry Smith  
Elsie Bell  
Levie Maddox  
Lowell Chambers  
Leigh Anne Barrett  
Junior Hilliard

**SECRETARY TREASURER**  
Emily Mills**EXECUTIVE DIRECTOR**  
Michael Hopkins

(770) 787-1375 Main  
(770) 786-4536 FAX



11325 Brown Bridge Rd.  
Covington, GA 30016

**MESSAGE FROM THE EXECUTIVE DIRECTOR****Introduction**

I am pleased to present to you for fiscal year ending June 30, 2022 (the “FYE 2022”) the annual operating budget and financial plan (the “FYE 2022 Budget”). The budget provides a plan to achieve NCWSA’s initiatives, which include water quality, financial viability, water resource sustainability, reliability, and workforce development.

The ensuring financial plan allows NCWSA to remain committed to the ratepayers it is responsible to serve. The FYE 2022 Budget was developed under the premise that the customer deserves the highest quality water and wastewater services delivered in the most professional, courteous, and efficient manner, and further that the Authority is devoted to the improvement and enhancement of services to all its customers. The FYE 2022 Budget places the Authority on the right path to achieve the goals set forth in the following pages.

**Background**

Each year we confront a significant challenge. The upcoming year will undoubtedly be no different with the continuation of the COVID-19 Pandemic that began in the 3<sup>rd</sup> quarter of the FYE 2020. While challenges have been demanding, there have also been great opportunities. Regardless of ongoing events, our community is always foremost in our efforts, as the Authority performs its budget development process with careful consideration and due diligence.

In the near term and based on what we are discovering, the FYE 2022 Budget will focus on four (4) key Strategic Goals:

- Investment in Infrastructure
- Effective Maintenance and Operational Readiness
- Innovative Customer Service
- Workforce Protection and Development

There is also a shared understanding that to maintain financial stability, the Authority must establish the budget on prudent projections of water demand and housing growth and meet recommended financial policy goals for debt service coverage.

## Operating Budget

The FYE 2022 Budget is not reflective of an economy that continues to struggle out of the grips of the COVID-19 Pandemic. The FYE 2021 Budget numbers are positive, and they are more in line with pre-pandemic budgets. The continuing trend has seen water and sewer sales remain near-normal levels. The primary revenue loss throughout the pandemic has been in the collection of late fees and service disconnections. While the loss of revenue from late fees is a negative impact, the goodwill and assistance provided to our customers outweigh this issue. We, as a whole, have learned well from this tragic event. We are more agile as an organization than at any point in our 51-year history. As allowed by our financial policies, if the economy begins to turn in either a positive or negative direction, the staff can quickly respond to the situation and provide prompt notice to the Board of Directors.

On a more positive note, there has been an uptick in the economic development surrounding our community. As a result, large scale builders and developers are returning to Newton County to revive the failed subdivisions from the recession of 2008. There are currently four (4) residential development plans under review. Commercial development continues a similar pattern of years past, however on the industrial side, there has been a flurry of activity. Lidl US, a leading grocery retailer is building a regional distribution center in Covington. At the Stanton Springs Research & Development Park, Takeda Pharmaceuticals is looking to expand their current operations and Baymare, LLC., is building a data center there as well.

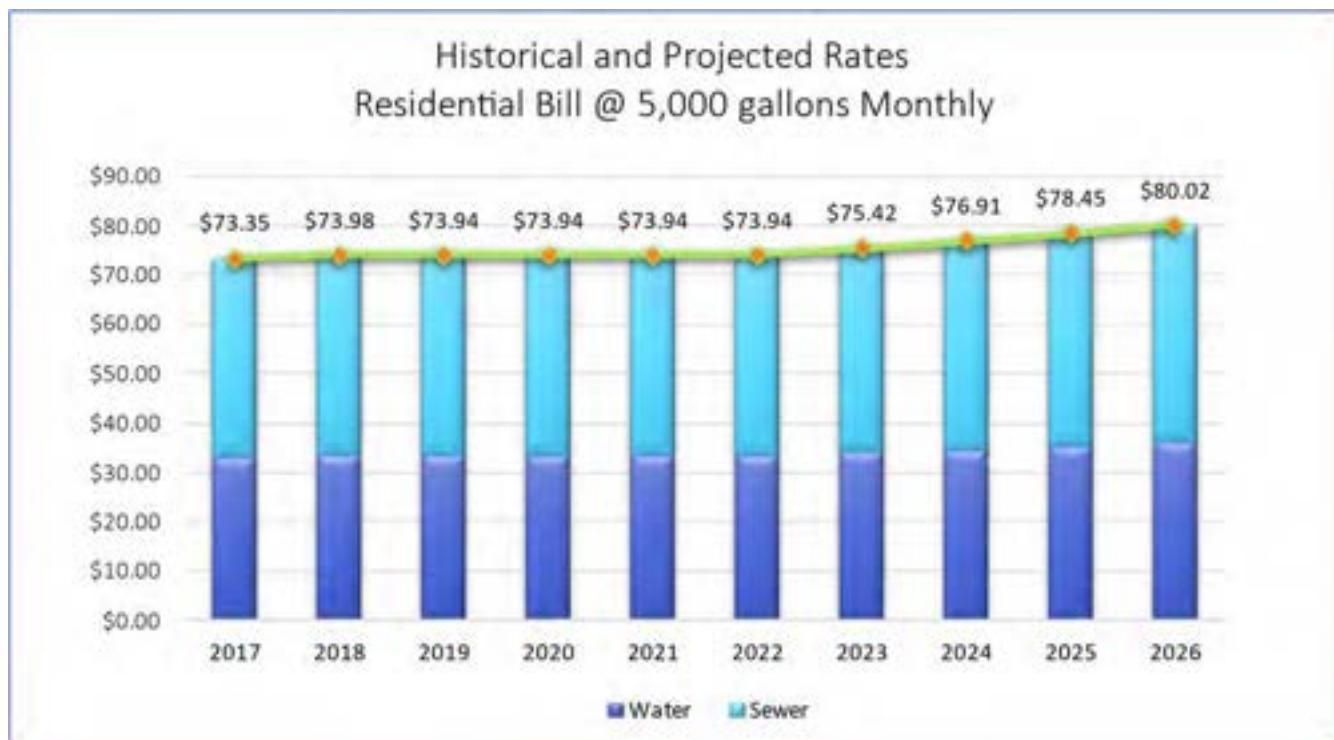
The FYE 2022 Budget is designed to reflect the most accurate cost to accomplish the following objectives:

1. Continue capital projects currently in-progress using funds that have been secured either by loan or the renewal and extension funds.
2. Encourage favorable economic development without placing an undue burden on the existing customer base.
3. Offer competitive salaries and an employee benefit package to retain a professional workforce.

## Operating Funds and Revenues

As indicated by the definition of an enterprise fund, appropriate fees and charges are established to ensure the Authority can operate on a self-sustaining basis. It is important to note that the Authority does not receive taxes or financial support from the local governing body. The primary source of funding is the Authority's customers. In a water and sewer utility such as the Authority, most of the revenue is derived from fees, rates, and billings that are charged to the beneficiaries of services ("User Charges"). User Charges are a way of recovering costs for providing a service from those that benefit directly from that service. The total process of: i) identifying water and sewer costs; ii) allocating costs to utility or service beneficiaries; and iii) designing rate structures to recover allocated costs is defined as the User-Charge System. As a part of the annual budget process, the Authority adopts rates and fees to provide revenue to satisfy the cost of operations and maintenance (including replacement) and liability (debt) service and debt service coverage. For the last six (6) years, user rates have remained static. Currently, the Authority is undertaking a total review of its rate classes and structures and is anticipating slight rate increases beginning in FYE 2023. The following graph represents the average residential customer bill using 5,000 gallons monthly.

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## Operating Expenditures

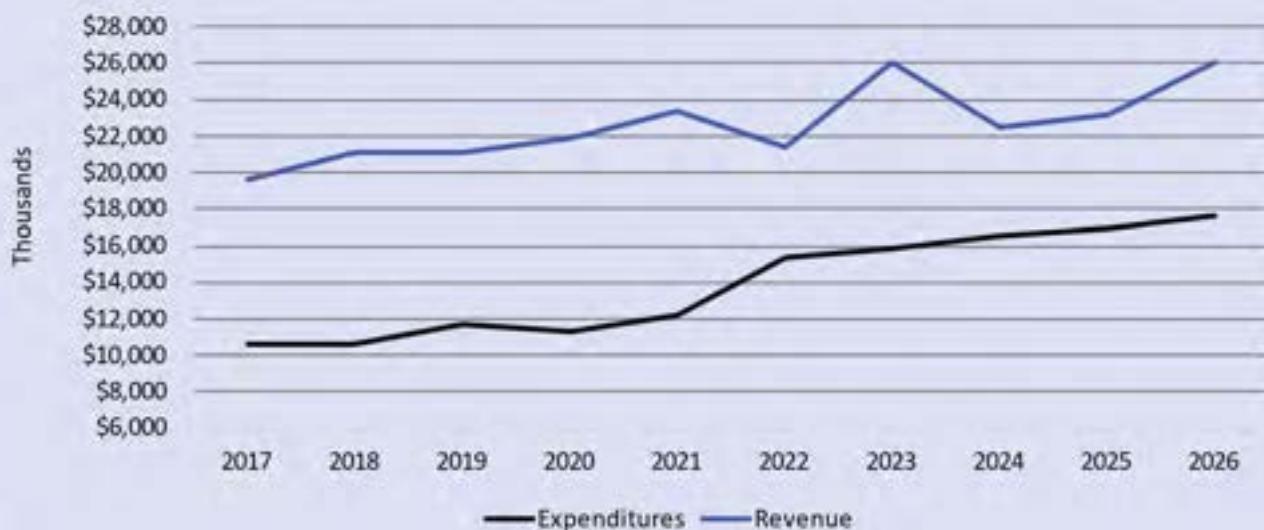
In planning expenditures, Authority staff ensures that through sound financial strategy, to keep ratepayer costs as low as good service will permit. Expenditures have been reviewed thoroughly and also evaluated by department directors, adjusting according to each department's need considering the possibility of lingering negative impacts from the pandemic, at least through the first half of the budget cycle.

The expenditures presented in the FYE 2022 Budget have been projected at post COVID 19 Pandemic levels. There is still uncertainty in the housing market with inflation moving upward, which could affect our operations and material purchases. However, great care has been taken in compiling the expense numbers for each line item and are assumed to be adequate to continue to provide exceptional service to the Authority's customers as has been historically achieved. The staff continues to review each expenditure with care using system resources wisely and efficiently. Commissioning of the A. Scott Emmons Water Reclamation Facility is expected in March of 2022. Additional costs for utilities, chemicals, solids disposal and maintenance have been added to the budget to cover the operations of the plant. Water tank maintenance is another large expenditure that has been added to water operations budget. We are preparing to enter into a ten (10) year contract that will cost approximately \$500,000 for the first three years and \$250,000 for the remaining term of the contract.

In recent budget cycles, the Authority's staff was able to come in under budget for total expenditures and will strive to do so in the coming year. The Authority's staff takes great pride in its ability to reduce the general expenditures, or "make do with less." This fiscally responsible approach has allowed the Authority to remain financially stable through the current economic times, while allowing the daily operation and maintenance costs to be covered solely by the water and sewer rates.

Below is a graph that represents Operating Revenue and Expense historical trends from FYE 2017 through FYE 2020 and projections for FYE 2021 to FYE 2026.

## Historical and Projected Operating Revenue and Expenditure Trends



## Capital Improvement Projects

The NCWSA's capital improvements plan ("CIP") is reviewed annually and has a short-term forecast period of five (5) years, with a long-term view out to thirty-five (35) years. The CIP is fully integrated into the NCWSA's overall financial model. The CIP is flexible and is maintained by the engineering and finance staff of NCWSA. The economic model provides the data necessary to make informed decisions to plan long-term capital projects and is instrumental when developing rate to provide funding for these projects. Four months into the pandemic, our initial response was to halt our CIP, we then paused, and found that the economy had not fallen as expected and was even accelerating. With the pandemic raging around us, the Authority made good use of its contractors and resources, continuing to drive the CIP forward with very good success.

## Conclusion

This document results from recommendations from the Authority's operations departments, and the support of the Authority's administration. A conscientious effort has been made to evaluate all budget requests and set priorities for those proposals that could be undertaken within available funding. The entire staff at the Authority recognizes the challenges of a demanding economy and uncertain times and is committed to achieving the goals set forth within this budget.

In comparison to the fiscal year ended June 30, 2021 annual operating budget and financial plan (the "FY2021 Budget"), the FY2022 Budget will see a return to the continuation of the most significant capital projects in its fifty-one (51) year history. This is due to the need to complete the A. Scott Emmons Water Reclamation Facility and adjacent outfalls within the Authority's water and sewer service area in eastern Newton County. The addition of the Baymare Data Center to the Stanton Springs Research & Development Park continues to give impetus to maintaining the capital improvement program in high gear. As in the "Great Recession of 2008," continuing capital projects during this challenging time will place the Authority in a favorable position when this crisis passes, allowing for even more excellent economic development opportunities.

In FYE 2020, the Authority began to expand its workforce and has made good progress in hiring quality workers. The COVID pandemic changed the overall dynamics of the employment market with unemployment soaring however recently released unemployment information from the Georgia Department of Labor shows a strong economic recovery with unemployment rates dropping. The budget for FYE 2022 includes an increase in the request for new employees to take advantage of the surplus in the available local workforce. The FYE 2022 Budget includes six new full-time positions. The current high rate of unemployment could provide for excellent staffing opportunities for the Authority.

The FYE 2022 Budget has been designed to provide for financial stability, while offering the highest standards of service possible for the ratepayers and the citizens of Newton County. The FYE 2022 Budget is evidence of our efforts to be a fiscally responsible, receptive, and proactive service provider. Our primary goal is to distribute high quality, safe and ample supply of potable water to meet our customer's needs at the lowest and most reasonable possible cost. The Authority also has the parallel mission of collecting and treating customer wastewater according to the Environmental Protection Division's standards at the lowest and most reasonable price.

I appreciate your support in examining the essential details covered within this working document. As you carefully review the information contained within this budget, I hope you take away from this document the importance of the teamwork and expertise it takes to provide the highest level of water and sewer service to our community.

#### Acknowledgement

I would like to thank the Board of Directors for their leadership and continued interest in and support at the highest level for prudent fiscal management. I would also like to extend my appreciation to all the Authority's employees and the Department Managers for their continued efforts and support for this year's budget allowing the Authority to complete its mission day in and day out. Our goals and objectives could not be met without all of your tireless efforts. Most importantly, I would like to say thank you to our valued customers, for whom it is an honor to serve.

Respectfully submitted,



Mike Hopkins

NCWSA Executive Director

June 16, 2021

Distinguished Budget Presentation Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Newton County Water & Sewer Authority  
Georgia**

For the Fiscal Year Beginning

July 01, 2020

*Christopher P. Morill*  
Executive Director

The Government Finance Officers Association of the United States and Canada ("GFOA") presented the Distinguished Budget Presentation Award to the Newton County Water & Sewerage Authority, Georgia for its annual budget for the fiscal year beginning July 1, 2020. This is the fourth year that NCWSA submitted and received this prestigious award. To receive this award, NCWSA had to publish a budget document that satisfies nationally recognized guidelines that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. We believe our current budget and financial plan for the fiscal year beginning July 1, 2021 continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



## SECTION 1

# INTRODUCTION AND OVERVIEW



## HISTORY AND GOVERNANCE



The Authority was created under provisions of House Bill Number 1662 enacted during the 1970 Session of the General Assembly of the State of Georgia as a public, nonprofit corporation to acquire and distribute supplies of water for industrial and domestic purposes within its service area. During its 1970 Session, the General Assembly enacted House Bill Number 1662, which enlarged the Authority's functions and capabilities to include the construction of facilities that provide for the collection, treatment, and disposal of sewage in thickly populated areas of Newton County. In 1970, the General Assembly created the Newton County Water and Sewerage Authority to provide an entity capable of providing water and sewer service in Newton County for areas not served by municipal governments. The Authority consists of a board that is comprised of eight (8) members. Three (3) are appointed by the City Councils of Covington, Oxford and Porterdale and the remaining five (5) are appointed by the Newton County Board of Commissioners.

Although initially established to provide water and

sewer services only to the unincorporated areas of Newton County, the Authority also provides service to the citizens in the unincorporated areas of Jasper County, Georgia and Rockdale County, Georgia, that extend into Newton County, as well as indirectly to additional areas of Walton County, Georgia, Jasper County, Georgia and Rockdale County, Georgia, as a result of Newton County providing wholesale services to other special-purpose districts. The Authority office is located at 11325 Brown Bridge Road, approximately five (5) miles west of the City of Covington.

The Authority has no taxing power. Operational and maintenance costs are funded by customer fees and charges. The acquisition and construction of capital assets are funded by capital contributions (cash and systems) from customers, including other utilities and developers, federal and state grants, and loans.

The Authority provides reliable, high-quality potable water used for drinking and water for irrigation, fire protection and other purposes. The Cornish Creek Surface Water Plant is the principal drinking water treatment facility, using the Alcovy River basin as its source. Sewer services, including industrial pretreatment, are provided from the Yellow River Water Reclamation Facility and a shared land application system with the City of Covington.

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## NCWSA BOARD OF DIRECTORS



NCWSA has an appointed, eight-member Board of Directors comprised of three (3) members from the Cities (one per City) of: Covington, Oxford, and Porterdale; and, five (5) members representing the County Commission Districts within the service area. The Board of Directors and management believe that NCWSA has a public responsibility to preserve the region's resources and set industry standards for the way water and sewer utilities conduct themselves.

### **Covington Director: David Waller – Years of Service: 8**

Executive Committee

Term Expires: June 30, 2023

### **Oxford Director: Terry Smith – Years of Service: 17**

Vice-Chair / Executive Committee

Term Expires: June 30, 2024

### **Porterdale Director: Lowell Chambers –Years of Service: 9**

Term Expires: June 30, 2022

### **Newton County Director District 1: Leigh Ann Barrett – Years of Service: 5**

Term Expires: June 30, 2021

### **Newton County Director District 2: Elsie Bell – Years of Service: 11**

Term Expires: June 30, 2025

### **Newton County Director District 3: Jimmy French –Years of Service: 25**

Chairman / Executive Committee

Term Expires: June 30, 2021

### **Newton County Director District 4: Junior Hilliard – Years of Service: 8**

Term Expires: June 30, 2023

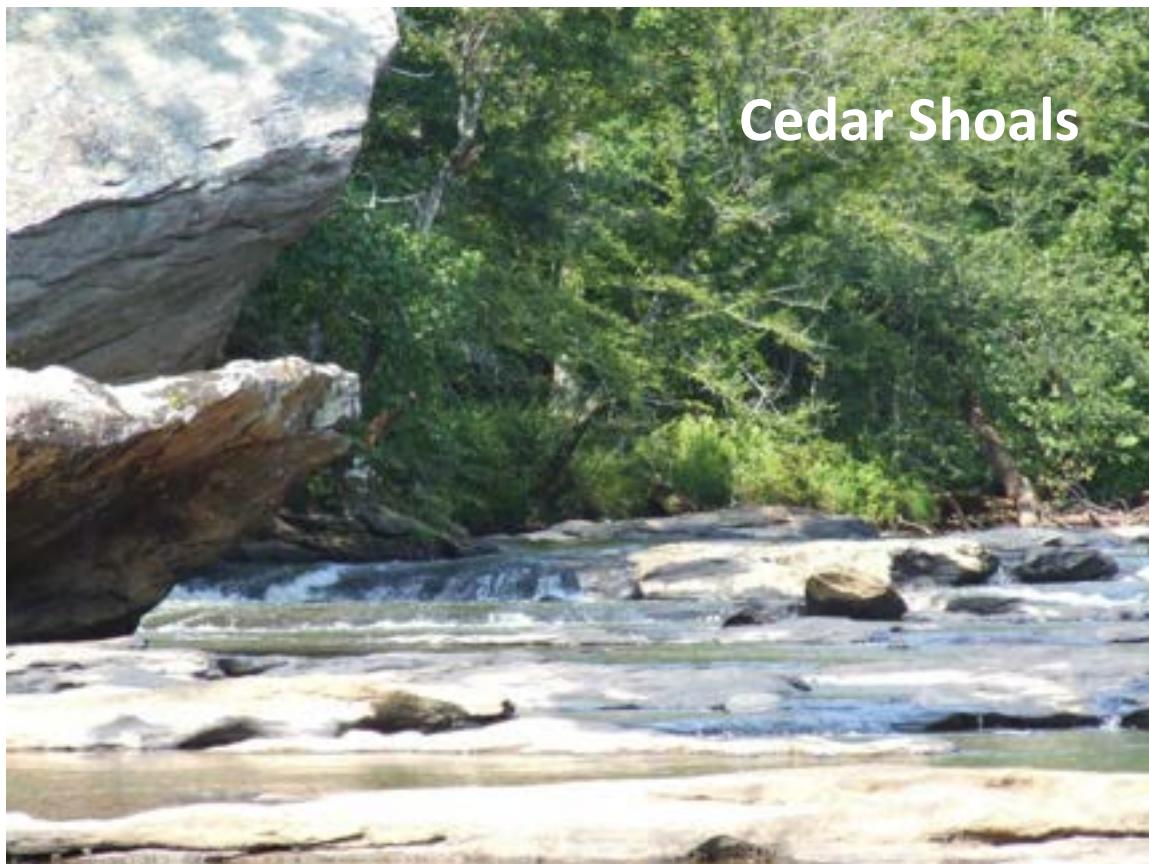
### **Newton County Director District 5: Levi Maddox – Years of Service: 5**

Term Expires: June 30, 2021

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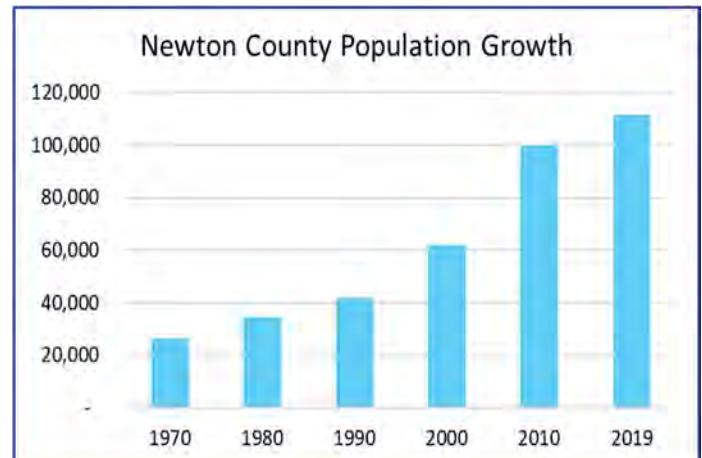
## NCWSA SYSTEM FACTS

<b>Water System:</b>	
Service Area	Unincorporated Newton County- 210 sq. miles
Miles of Water Mains	629 Miles – 2" to 30" Diameter Water Mains
Number of Storage Tanks	7 – Capacity 8.5 Million Gallons
Number of Pumping Stations	4
Number of Service Connections	25,652
<b>Sewer System:</b>	
Water Reclamation Facilities	1 – Yellow River 3.2 MGD
Miles of Sewer Lines	Gravity -117 Miles, Force Main- 23 Miles
Number of Lift Stations	8
Land Application	Covington / NCWSA 2000 ac. 9.7 MGD
Number of Service Connections	7,704
<b>Miscellaneous Statistical Information</b>	
Population Served	66,746
Number of Employees	60 Full-Time Employees
Annual Water Delivered	1.82 Billion Gallons
Annual Wastewater Treated	901 Million Gallons



## DEMOGRAPHIC AND ECONOMIC INFORMATION FOR NEWTON COUNTY

General Data	
Population (July 1, 2019)	111,744
Median Age	35.9
Sex	
Female	52.9%
Male	47.1%
Age Distribution	
<20 Years of Age	32,658
21-34 Years of Age	22,076
35-54 Years of Age	29,090
45-64 Years of Age	13,213
64-84 Years of Age	13,401
85+ Years of Age	1,306



Economic Data	
Median Income	\$ 57,254
Employed	84,678
Unemployment Rate	4.3%
Percent of Population Living Below Poverty Level	9.6%
Top 5 Employment Sectors (2019)	
Manufacturing	15.4%
Health Care & Social Assistance	12.2%
Retail Trade	11.8%
Accommodation & Food Services	8.6%
Educational Services	8.2%

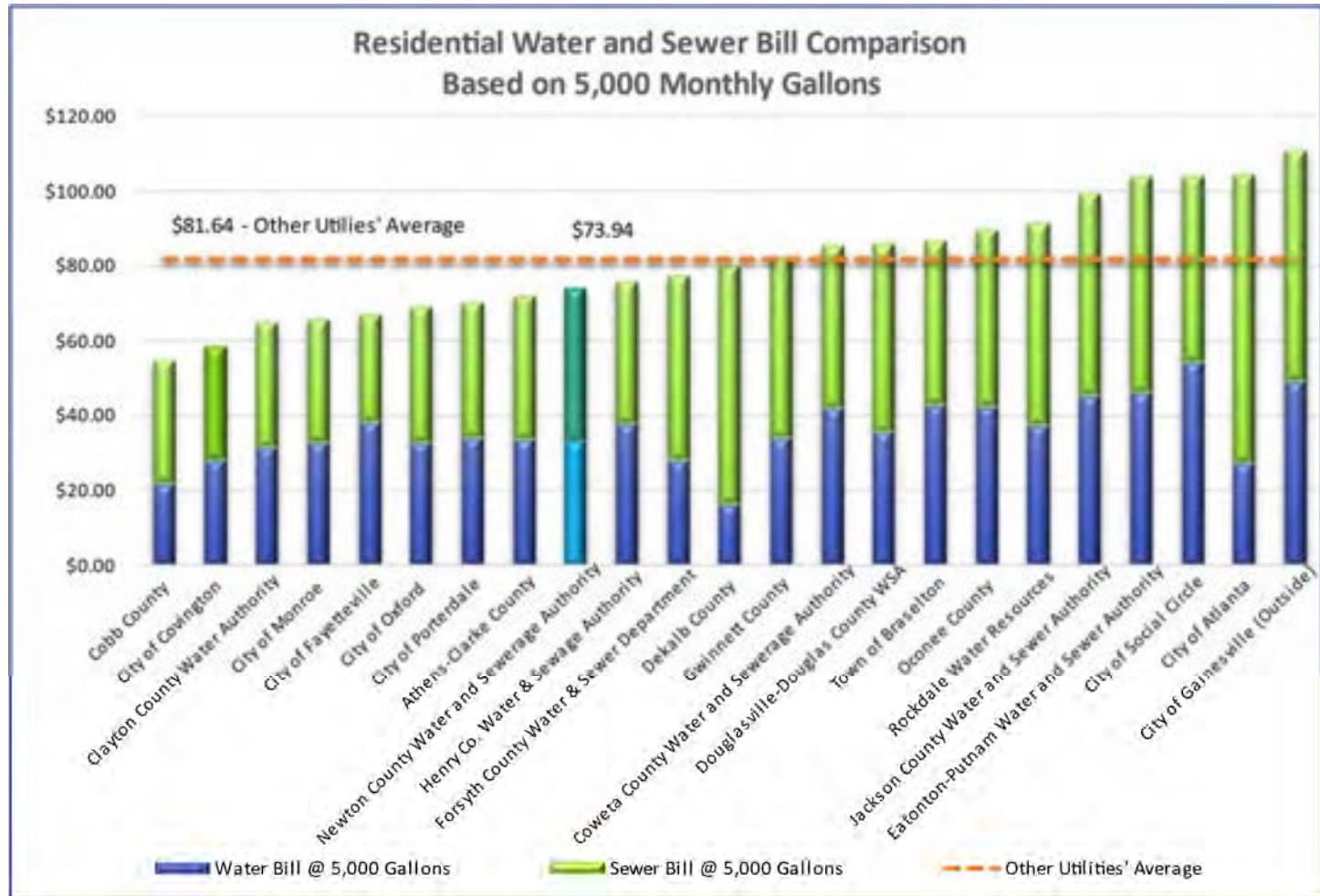
Housing	
Housing Units (July 1, 2019)	40,262
Owner-Occupied Housing Unit	67.6%
Median Value of Owner-Occupied Housing Units (2015-2019)	\$ 151,800
Median Gross Rent (2015-2019)	\$1,010
Residential Building Permits Issued	857

Education	
Schools – Public and Private	
PreK	13
Elementary	15
Middle	7
High	4
Enrolled Students	19,734
Educational Attainment (18 years and older)	
No High School Diploma	14.2%
High School or GED	34.1%
Some College, No degree, Associates Degree	33.8%
Bachelor's Degree or Higher	17.9%



## Water and Sewer Rate Comparison Information

The following table represents select peer water purveyors of the Newton County Water & Sewerage Authority (previously defined as "NCWSA") in the Atlanta metropolitan area and beyond.



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Top Ten Customers of the Newton County Water & Sewerage Authority

Account Name	Annual Usage	Average Monthly Usage	Average Daily Usage
Takeda Pharmaceuticals	261,323,000	21,776,917	715,953
The Oxford LP (Apartment Complex)	22,380,000	1,865,000	61,315
Orchard Cove Property Holdings (Apartment Complex)	17,022,000	1,418,500	46,636
Morning Hornet LLC	16,282,000	1,356,833	44,608
Covington LHA III, LLP (Apartment Complex)	12,733,000	1,061,083	34,885
Cedar Grove MH Park	8,328,000	694,000	22,816
Morning Hornet LLC	7,891,000	657,583	21,619
Newton County Board of Education	4,473,000	372,750	12,255
Salem Square Shopping Center	4,154,000	346,167	11,381
Newton County Board of Education	3,174,000	264,500	8,696
Combined Top Ten Users (Gallons)	357,760,000	29,813,333	980,164

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## Water System - Recent and Projected Customer and Demand Statistics

As indicated in the table below, water sales are expected to increase primarily due to average customer growth associated with ongoing new development and construction in the Authority's service area. Based on a review of the recent customer growth trends, it is assumed for the Forecast Period that the Authority may experience average annual growth in water customer accounts of 1.76% and sales of approximately 2.16% per year due to normal or general development. The single-family average monthly use per account is projected to remain constant at about 5,000 gallons per month per ERU during the Forecast Period. The average monthly user per residential ERU represents a continued decline in the average monthly use per household, which is being experienced by utilities in Georgia and nationwide and can be attributed to water conservation efforts and a recent two-year period of above-average seasonal rainfall levels.

Water System [1]						
Fiscal Year End June 30,	Average Annual Water Accounts	Average Annual Water ERUs [2]	Water Sales (000s of Gallons)	Average Monthly Water Use per ERU	Water Purchases (000s of Gallons)	ADF- MGD
2017 (Historical)	23,444	27,535	1,678,532	5,080	1,776,109	4.87
2018 (Historical)	23,903	28,044	1,624,419	4,827	1,827,303	4.52
2019 (Historical)	23,930	28,565	1,753,953	5,117	1,982,051	4.75
2020 (Historical)	24,595	29,259	1,757,208	5,005	1,880,944	5.15
2021 (Estimated)	25,131	30,894	1,803,014	5,019	1,875,128	5.14
2022 (Projected)	25,587	30,894	1,857,058	5,009	2,086,582	5.72
2023 (Projected)	26,046	31,668	1,912,583	5,033	2,148,969	5.89
2024 (Projected)	26,504	32,316	1,956,323	5,045	2,198,116	6.02
2025 (Projected)	26,962	33,045	2,007,549	5,063	2,255,673	6.18
2026 (Projected)	27,420	33,509	2,034,502	5,060	2,285,958	6.26
Average Annual Projected Growth Rate [3]	1.76%	2.21%	2.16%	-0.04%	2.84%	2.84%
ADF-MGD = Average Dail Flow expressed in Million Gallons per Day						
[1] Amounts shown include both retail and wholesale customers.						
[2] Equivalent residential units ("ERU") are determined based on: i) an application of meter equivalent factors to active accounts served for the residential and commercial class based on meter capacity information as published by the American Water Works Association; and ii) number of units served for the multi-family class.						
[3] Reflects the average annual projected compounded growth from FYE 2017 to FYE 2026.						

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## Sewer System – Recent and Projected Customer and Demand Statistics

The sewer system's historical and projected customer accounts and billed flow statistics have reflected similar trends as discussed for the water system. The following table provides a summary of the recent historical and projected sewer system customer billing statistics:

<b>Sewer System</b>				
Fiscal Year End June 30,	Average Annual Sewer Accounts	Average Annual Sewer ERUs [1]	Billed Sewer Flows (000s of Gallons) [2]	Average Monthly Sewer Gallons Billed per ERU
2017 (Historical)	6,878	9,288	563,740	5,058
2018 (Historical)	7,180	9,344	562,478	5,016
2019 (Historical)	7,265	9,611	655,476	5,683
2020 (Historical)	7,329	9,830	651,663	5,524
2021 (Estimated)	7,682	10,438	671,244	5,359
2022 (Projected)	7,939	10,600	643,273	5,057
2023 (Projected)	8,192	10,410	603,065	4,828
2024 (Projected)	8,445	10,718	621,438	4,832
2025 (Projected)	8,697	11,051	642,055	4,842
2026 (Projected)	8,949	11,303	655,391	4,832
Average Annual Projected Growth Rate [3]	2.97%	2.21%	1.69%	-0.51%
[1] Equivalent residential units ("ERU") are determined based on: i) an application of meter equivalent factors to active accounts served for the residential and commercial class based on meter capacity information as published by the American Water Works Association; and ii) number of units served for the multi-family class.				
[2] Based on metered water consumption, which serves as the basis for billed sewer flow.				
[3] Reflects the average annual projected compounded growth from FYE 2017 to FYE 2026.				

Consistent with the water system, the average monthly sewer flow billed per single-family account (based on metered domestic water use at the residential premise) remained comparable in FYE 2021 and compared to recent historical trends. For the financial forecast, residential and commercial customer account growth and use are projected with a consistent trend as that of the water system. Although as Takeda (the Authority's largest customer) has increased its water usage, not all its water is discharged into the sewer system, it is expected that the Authority will install a deduct water meter in FYE 2022 resulting in reduced sewer sales.

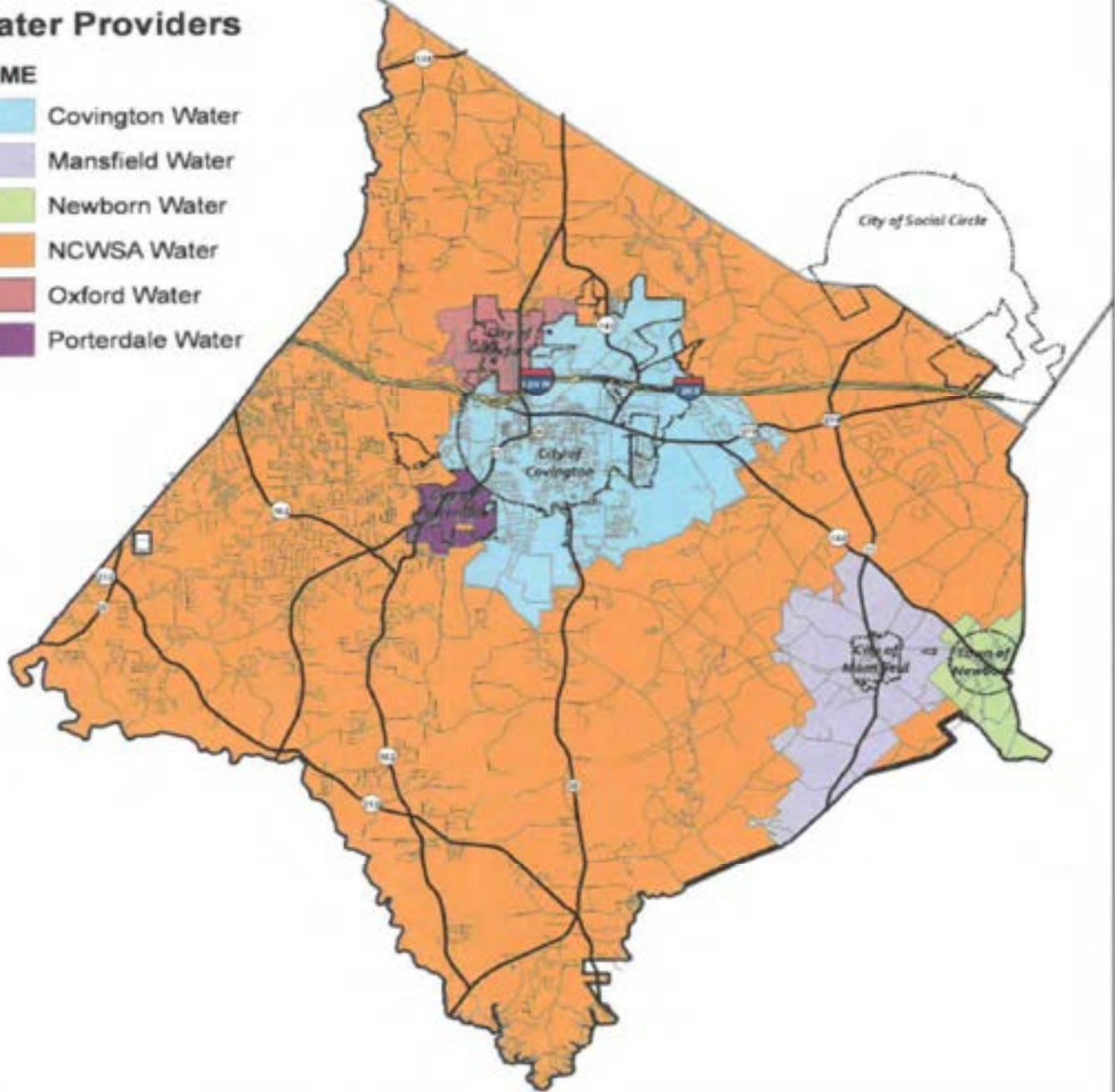
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## Newton County Water Service Area Map

### Water Providers

#### NAME

- Covington Water
- Mansfield Water
- Newborn Water
- NCWSA Water
- Oxford Water
- Porterdale Water



### Water Service Areas

#### Newton County

2019



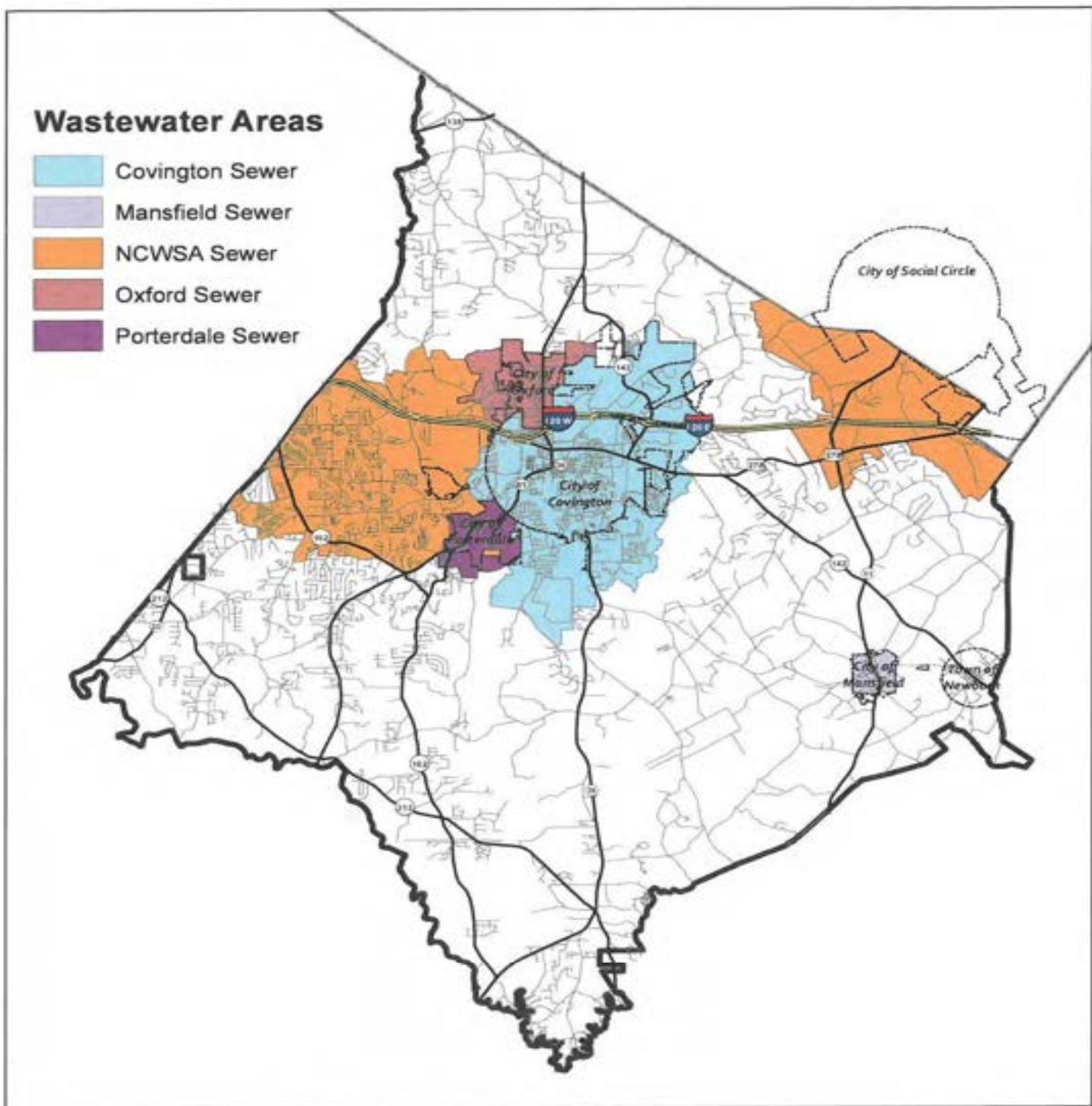
0 1 2 3 Miles



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## Newton County Sewer Service Area Map



### **Wastewater Collection and Treatment Areas**

#### **Newton County**

**2019**



0 1 2 3 Miles



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answered by calling Newton County/City of Covington GIS at 678-625-1620.

## NEWTON COUNTY WATER AND SEWERAGE AUTHORITY STRATEGIC PLAN

There is no greater privilege or responsibility than delivering safe drinking water and providing responsible sewer treatment to the Newton County community. These services protect public health and sustain a strong local tax base. The Newton County Water and Sewerage Authority (“the Authority”) operates, maintains, replaces, and manages these vital services for approximately 25,131 water customers and 7,682 sewer customers across our service area.

### Profile of the NCWSA

The Authority was created by the state legislature of Georgia in 1970 to manage the water distribution system for the unincorporated parts of Newton County, and to build and operate the sewer treatment system for the community. The Authority is a totally separate agency from Newton County Water Resources under the supervision of the Newton County Board of Commissioners (“BOC”). The Authority does not receive tax dollars – its source of funds comes only from its ratepayers. Governance is by an eight-member Board of Directors. Five (5) are appointed by the commission districts representing Newton County, and one member is appointed by the cities of Covington, Oxford, and Porterdale.

Water to serve customers who live within the Authority’s service area is purchased from Newton County Water Resources and is delivered by the Authority. Water to serve citizens who live in Walton County, the cities of Covington, Oxford, Porterdale, Mansfield, and Newborn, or areas served by the Jasper County Water and Sewer Authority, or the Alcovy Shores Water Authority is also purchased from Newton County Water Resources and delivered by the Newton County Water and Sewerage Authority, but it is through independent systems that each of these jurisdictions own and maintain.

The Authority owns and operates the Yellow River Water Reclamation Facility and the collection system within its service areas. Thanks to good planning and investment, the Authority has enough sewer capacity and water delivery capability to support the industry and commercial development that creates jobs and grows the local tax base in our region.

### Mission

Our mission is to provide the Authority’s customers with reliable, safe drinking water and to provide sewer services in an environmentally responsible and fiscally sound manner while focusing on cost efficiency and value-oriented service. Providing the best possible services will always be the number one priority for the Newton County Water & Sewerage Authority.

### Vision

The Newton County Water and Sewerage Authority will enhance the well-being and quality of life for the citizens and business members of our community. We will achieve this vision by:

- Providing reliable water and sewer services through the use innovative technology and best management practices.
- Committing to responsible water stewardship for environmental and economic benefits.
- Being a respected member of the Newton County and surrounding communities.

### Values

To achieve the Authority's mission and vision, we are committed to:

- Providing the highest quality water and sewer services for our customers.
- We will closely monitor our costs and continue looking for opportunities to maximize efficiency and productivity.

- Seek opportunities to restructure and leverage the technology that the water industry provides to us as we move towards another year of our existence.
- Maintaining strong relationships with municipal, county, state, federal government agencies as well as our community leaders.
- Protecting environmental resources.
- Enhancing economic viability and financial stability.

## Strategic Plan

The Authority's Strategic Plan establishes goals, strategies, and objectives that provide guidance towards fulfilling our mission. Key performance indicators have been shown to measure our progress along the way. Our priorities are summarized below, emphasizing budget commitments that emerged from the most recent review conducted with each department within the Authority. Although the Strategic Plan was created several years ago, the Senior Management Team One is responsible to review the plan annually and make appropriate changes to ensure we are concentrating on the core values of NCWSA and enhancing its strategic initiatives.

In conclusion, as we move into FYE 2022, we will continue our commitment with the ongoing support of the Board, our staff of professionals and our customers, I am confident that we will meet our community's challenges well into the future.

### Strategic Goal #1 - Financial Stability

Action Plan and Strategies:



1. Fulfill the core mission of maintaining financial solvency to insure long-term sustainability.
2. Plan, develop, and adhere to a balanced budget.
3. Submit the FYE 2022 Budget to obtain the GFOA Distinguished Budget Award.
4. Maintain our planned approach to the annual review and update of revenue sufficiency requirements ("Financial Model") to maintain its current levels of service and affordability of rates.
5. Maintain unrestricted cash reserves equivalent to ninety (90) days of budgeted operating expenses.
6. Evaluate its current competitive rate structure to facilitate financial and overall economic sustainability of the Authority and its customers.

### Strategic Goal #2 – Effective Maintenance and Operational Readiness

Action Plan and Strategies:



1. Complete the initial phase of an asset management plan for primary equipment and infrastructure to assist in the assessment of system needs.
2. Continue to evaluate the aging polyvinyl chloride ("PVC") pipe for replacement.
3. Maintain the Hydraulic Water Model in collaboration with the Authority's engineering consultant.
4. Begin a proactive water tank maintenance program that will be managed for the next ten (10) years.
5. Gain the United States Army Corps of Engineers ("USACE") approval for selected sections of stream back restoration along the Yellow River that includes the Authority's main sewer interceptor for the western region of Newton County.
6. Perform system-wide maintenance of valves, hydrants, and meters to reduce infrastructure repairs and service interruptions.
7. Pursue the use of new technology to enhance operations.

8. Maintain and update the Business Continuity Plan ("BCP"). The BCP outlines the decision-making framework and advanced arrangements and procedures that enable the Authority to maintain an acceptable level of operations from the impact of a service disruption in the event of a humanmade or natural disaster.

#### Strategic Goal #3 – Innovative Customer Service

##### Action Plan and Strategies:



1. Pursue new processes, solutions, and technologies to improve operations.
2. Improve customer satisfaction by providing 24/7 customer access to information and services through online tools.
3. Continue listen to customer needs and adopt policies to enhance the customer experience.

#### Strategic Goal #4 – Workforce Protection and Development

##### Action Plan and Strategies:



1. Invest in the development of employees by providing job skills training, succession planning and the transfer of technical knowledge.
2. Maintain competitive benefit and compensation packages to ensure successful recruitment and retention of a well-qualified workforce that is representative of the diverse community we serve.

#### Strategic Goal #5 – Investment in Infrastructure

##### Action Plan and Strategies:



1. Continually evaluate the five (5) year and ten (10) year Capital Improvement Plan for infrastructure needs due to challenges brought on by robust economic development within Newton County.
2. Identify safety issues, legal mandates, regulatory matters, permitting requirements, and critical reliability factors that will impact the future of the water and sewer utility.
3. Focus on the rehabilitation, upgrade, and replacement of existing water and sewer facilities.
4. Fully fund the Renewal and Extension Fund with planned deposits to meet the existing infrastructure capital replacement needs.
5. Secure sufficient water resources for current and future customers by working closely with local governmental jurisdictions.
6. Expand water mains within the Authority's service area to provide services to new customers and provide hydraulic benefits to the distribution system.

#### Strategic Goal #6 – Maintaining a Fiscally Responsible Level of Debt

##### Action Plan and Strategies:



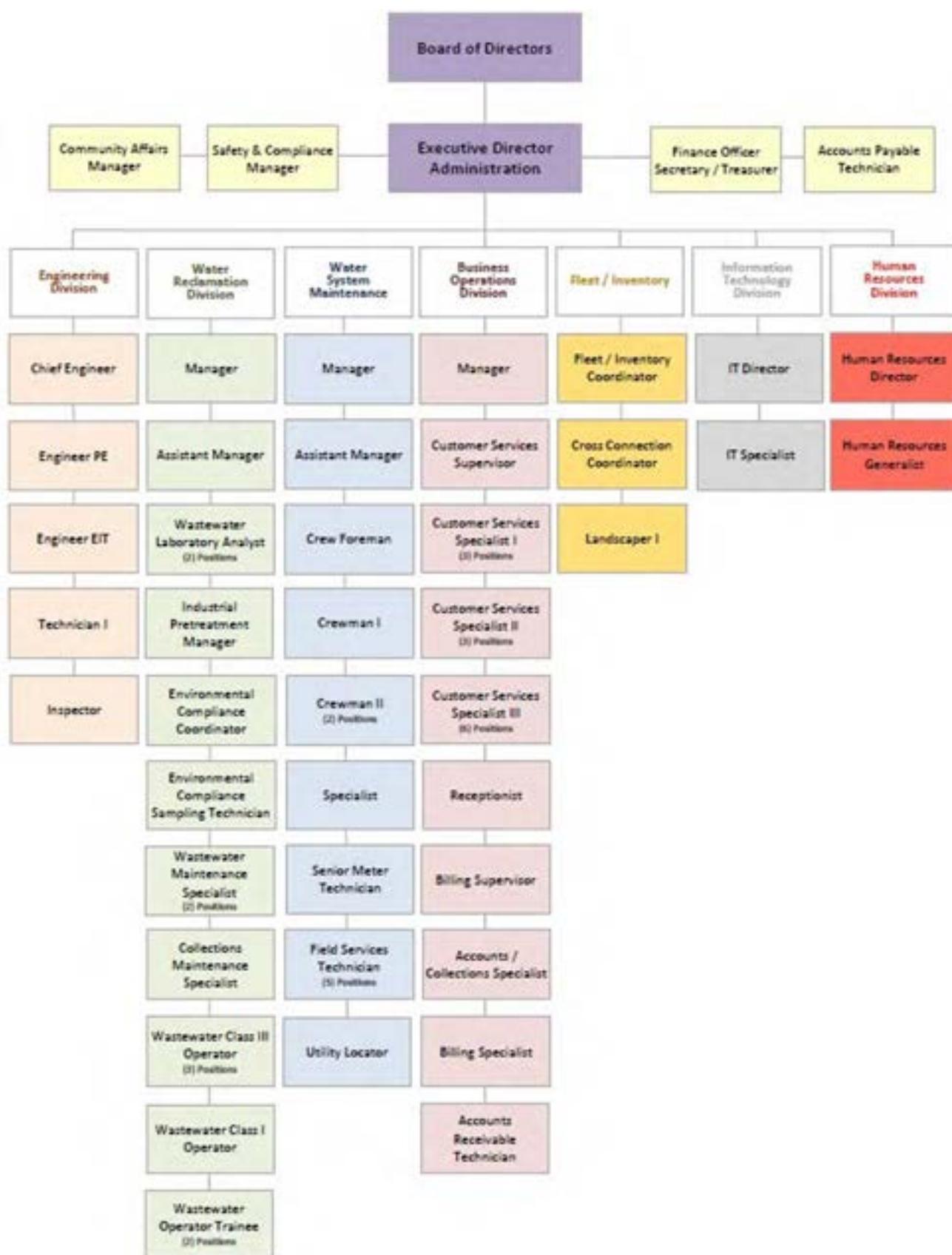
1. Continue to utilize pay-as-you-go ("PAYGO") funding philosophy when possible.
2. Closely evaluate the need/benefit of issuing new debt to fund new expansion infrastructure.
3. Partner with governmental agencies to secure alternate funding through the use of grants.
4. Pursue cost sharing alternatives for construction of new infrastructure that may benefit a unique class of customers.
5. Maintain a debt service coverage ratio of 1.50.

## SECTION 2

# FINANCIAL STRUCTURE, POLICY AND BUDGET PROCESS



## NCWSA ORGANIZATIONAL CHART



## FUND STRUCTURE

NCWSA operates a single proprietary, enterprise fund to report its financial position and the results of its operations. This type of fund is used to account for those operations financed and operated in a manner like private business or where the board has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability. This allows NCWSA to readily determine the cost of providing its service and the amount recovered through its rate and fees.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recognized as soon as they are earned and expenses are recognized as soon as the liability is incurred, regardless of the timing of the related cash inflows and outflows.

As a single enterprise fund, the Authority segregates revenues and expenditures by water and sewer. Although personnel are functionalized by departments, many employee responsibilities cross functions due to the number of employees (currently 66 budgeted positions). Therefore, budgeted expenditures are not currently segregated by department.

Relationship Between Departments (Functional Units) and Major Fund								
	Functional Unit (Department)							
	Administration	Engineering	Water Reclamation	Water Systems Maintenance	Business Operations	Fleet / Inventory	Information Technology	Human Resources
Water and Sewer Enterprise Fund [1]								
Major Activities:								
Operations & Maintenance	X	X	X	X				
Infrastructure Replacement & Expansion	X	X	X	X		X		
Customer Service					X		X	
Administration & Support	X				X	X	X	X

[1] NCWSA operates as a single proprietary, enterprise fund providing potable water and sewage transmission and treatment services.

## BASIS OF BUDGETING

The Authority's operations are accounted for in an enterprise fund. The accrual accounting method was utilized in the production of the FYE 2022 Budget for the Authority. Expenditures are generally recognized when the obligation is incurred, with the primary exception being principal and interest on the debt obligations of the Authority, which are recognized based on the funding obligation for such debt payment (i.e., deposits must be made to the sinking fund to allow funds to be built up to make payments when they become due). Additionally, capital improvement projects are recognized on an appropriations basis, which means existing funds must have identified and designated to fund the project even though the spending may occur over multiple fiscal years. NCWSA audited financial statements are prepared on the same basis of budgeting.

## FINANCIAL PRACTICES

Although the Board of the Newton County Water & Sewerage Authority has not formally adopted various financial policies, the Authority has established practices and standards facilitating internal control and financial planning.

### Operating Budget

NCWSA will pay for all current expenditures with current revenues and available funds. The Authority will avoid budgetary procedures that balance current expenditures at the expense of future years such as: i) postponing expenditures; ii) underestimating expenditures; iii) overestimating revenues; or iv) utilizing short-term borrowing to balance the budget. The budget will provide for adequate maintenance and repair of capital assets and their orderly replacement. The Authority will integrate performance measurement, service level and productivity indicators within the budget when possible.

### Investments

Disbursement, collection, and deposit of all funds will be appropriately scheduled to ensure the timely payment of expenditures and investment of funds. It is the policy of the Newton County Water and Sewerage Authority to invest funds in a manner, which will provide the highest investment return, with the maximum security, while meeting the daily cash flow demands of the Authority; and conforming to all state and local statutes governing the investment of funds.

Those investments take the form of either shares in a U. S. treasury money market fund or deposits in interest-bearing accounts at our financial institutions. Investments in the Money Market Fund are comprised of shares in a fund that holds U. S. Treasury securities. The Authority can access these invested funds as needed with just one-day notice to the fund manager. The interest-bearing accounts are fully collateralized at 110% of deposits by direct Federal obligations pledged to a collateral pool for public funds monitored by the State.

All receipts are deposited daily and are fully collateralized by the banking institution as part of the Georgia Office of Treasury and Fiscal Services' ("OTFS") Pooled Funds program. Acceptable collateral levels are marked to market by this State agency to ensure that the depository has pledged sufficient collateral to cover all public funds in the pool program. The collateralization requirements that have been established by the State are 110% of the bank balance.

### Debt Management

Because of its conservative basis of accounting for revenues, the Authority must not borrow money for operations. The following objectives are employed by the Authority in managing its' debt:

- Long-term debt will be confined to capital improvements that cannot be financed from current revenues.
- The payback period of the debt will not exceed the expected useful life of the project.
- Where possible, the Authority will use special assessment, revenue, or self-supporting bonds.
- Long-term debt will not be used for operations.
- The Authority will maintain good communications with bond rating agencies about its financial condition. It will follow a full disclosure policy on every financial repo and bond prospectus.

### Working Capital Reserve

The Newton County Water and Sewerage Authority established a practice of maintaining a minimum working capital reserve equal to approximately 90 days of the annual operating and maintenance expenses For FYE 2021 this amount was estimated to be approximately \$3,793,487.

## **Purchasing**

All purchases will be made following the Authority's procurement policy, as adopted by the Board of Directors.

### **Capital Improvement vs. Capital Outlay**

The Authority's capital budget includes equipment, land, and construction projects costing \$7,500 or more. The budget for a capital item remains in effect until completion of the item and does not expire automatically at the end of the fiscal year. Capital Outlay defines other machinery and equipment items costing less than \$7,500 and is provided for within departmental operating budgets.

Each department is required to develop and annually update a comprehensive Capital Equipment and Facility Asset Plan. The plan provides an expenditure analysis of a department's need for improvements to land, buildings and machinery and equipment purchases. This allows the Authority to plan for expenditures that will have a budgetary impact.

### **Budget Control Guideline**

The budgetary level of control is at the fund level. It is a department responsibility to control expenditures and expend funds only for items that have been budgeted. The Budget stipulates that expenditures shall not exceed the appropriation authorized by the budget. The Executive Director has the authority to transfer sums from one budget line item to another within the same department (water/sewer), without adopting a new budget resolution. However, no increase in the overall budget for any one department shall be made without the Authority's Board of Director's approval and amendment to the budget.

### **Revenue Projection and Monitoring**

The Administration Department is responsible for preparing revenue projections utilizing the Proportionate-Change Method of forecasting. This method calls for projecting each source of revenue by analyzing previous years' collection to obtain an average annual rate of change to project the next year's revenues.

The administration is responsible for monitoring the Authority's revenue collections. Monthly reports are generated from the Authority's financial system that compares actual receipts to monthly allotments. If the Authority does not achieve its projection, Administration will contact the Finance Officer to inquire as to the extenuating circumstances that may have affected revenue collections. If the problem is serious, the Finance Officer will work with Administration to resolve the issue. The Finance Officer determines whether the Executive Director and Authority Board of Directors need to act.

### **Expenditure Control and Monitoring**

Operational control of departmental budgets is maintained by a preliminary check of funds availability on a line-item basis. The Authority's purchasing system assures budget availability before the issuance of purchase orders. Encumbrances are established based on the issuance of purchase orders. In the event of insufficient funds within the account, purchase orders are not issued until an interdepartmental budget transfer is approved or the Authority Board of Directors makes additional funds available by budget amendment.

### **Financial Reports**

It is standard practice for NCWSA's Finance staff to produce monthly financial reports for review by the Board of Directors and staff.

### **Capital Improvement Plan**

It is standard procedure for NCWSA staff to review and recommend adjustments to the long-term Capital Improvement Plan each year. The Capital Improvement Plan is reviewed, amended, and adopted by NCWSA's Engineering Department and Board of Directors each year.

## Master Budget

A “Balanced Budget” is defined as: “Financial planning that produces a projected and actual fiscal year budget in which revenues are equal to or greater than total expenses”. NCWSA’s staff works throughout the year to review and develop the upcoming year’s master budget. It is standard practice for Departments to submit budget requests in January / February each year. This timeframe allows Authority management enough time to produce a balanced budget, which shows the sources and uses of all funds to be utilized during the fiscal year and present this finalized budget to the NCWSA’s Finance Committee and adopted by NCWSA’s Board in June each year. The budget process is explained in detail below.

## Monthly Financial Reviews

The Finance staff utilizes an independent CPA to evaluate managerial financial statements monthly.

## Cash Management Practices

The Authority manages its funds (cash) following the provisions of the Bond Resolution. Based on the provisions of the Bond Resolution the cash balances are designated into three (3) funds: i) the Revenue Fund; ii) the Sinking Fund; and iii) the Renewal and Extension Fund. The Revenue fund is the Authority’s primary account. All cash receipts and payments are made from this fund. The Revenue Fund maintains an unrestricted balance of no more than five thousand dollars (\$5,000). The Sinking Fund is utilized by the Authority to make monthly deposits in an amount that will be sufficient to make the upcoming principal and interest payments on all outstanding debts of the System, which would also include maintaining and required reserves of the Authority’s outstanding debts. All monies remaining after the payment of all obligations (i.e., operating expenses, debt service payments) are deposited into the Renewal and Extension Fund. The Renewal and Extension Fund is the primary holding fund for the cash reserves of the Authority. Monies in the Renewal and Extension Fund are maintained in the form of cash reserves and investments. The Renewal and Extension Fund can be used to: i) pay principal and interest payments on outstanding debts if the funds on deposit in the Sinking Fund are insufficient; ii) fund emergency events should the funds held in the Revenue Fund be deemed insufficient; iii) making replacements, additions, extensions, and improvements to the System; iv) payment of the charges of any depository for investment services; and v) paying the cost of acquiring its revenue bonds by redemption, payment, or otherwise following the provisions applicable to outstanding debts. As the Authority plans for capital additions, extensions, and replacements monies held in the Renewal and Extension Fund are appropriated for each individual project. Appropriations are amended when project costs are revised due to changes in project scope, bids received, and other factors.

## BUDGET PROCESS

### The Budget as a Financial Plan

While the Authority has only presented and adopted the Budget for the FYE 2022, as a component budget development, the Authority has evaluated the projected operating results for a five-year window (Fiscal Years 2022-2026). By looking at an extended window beyond the current upcoming Fiscal Year for which the budget must be produced, by doing so, staff strives to identify potential issues that may arise from: i) increased cost of operations and maintenance expenses from inflation; ii) changes in customer demand (use) characteristics from the effects of conservation; iii) changes in annual debt service requirements; and iv) changes in the Capital Improvement Plan. By looking at this extended time frame, staff can monitor potential issues and make minor course adjustments over time, instead of one-time larger adjustments before specific problems become critical.

### Rates and Fees

Accounting for water and sewer operations is performed on an enterprise fund basis. An enterprise fund is defined as “a fund established to account for operations that are financed and operated in a manner similar to private business

enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.”

As an enterprise fund, water and sewer operations are viewed as a business. Likewise, appropriate business principles related to cost identification, cost-effectiveness, and financial reporting are addressed accordingly.

As indicated by the definition of an enterprise fund, appropriate fees and charges are established to ensure the Authority can operate on a self-sustaining basis. In a water and sewer utility such as the Newton County Water & Sewerage Authority, most of the revenue is derived from user charges. User charges are defined as “fees, rates, and billings that are charged to the beneficiaries of services.” User charges are a way of recovering costs for providing a service from those that benefit directly from that service. The total process of i) identifying water and sewer costs; ii) allocating costs to utility or service beneficiaries; and iii) designing rate structures to recover allocated costs is defined as the user-charge system.

As a part of the annual budget process, the Authority adopts rates and fees to provide revenue to the Renewal and Extension Fund to satisfy operations, maintenance, and liability (debt) service.

The Newton County Water & Sewerage Authority is focused on providing high quality, affordable potable water to its customers at the quantity required to sustain their respective communities and economies. Planning, budgeting, operational efficiency, reliability, and quality are critical to the fulfillment of NCWSA’s mission. Because we are a water and sewerage authority, our budget driven by the community. We regularly meet with our city, county, economic development offices, and business partners to incorporate the future needs of our community into our ongoing planning and annual budget process.

NCWSA’s fiscal year is July 1st through June 30th. The budgeting process is a continuous cycle for NCWSA. Department managers are encouraged to build a case and accumulate documentation for the upcoming fiscal year budget as soon as the current budget year begins. The budget status is reviewed monthly by staff, management, and Board members.

In February of each fiscal year, the department directors begin compiling budget requests for submission to the Finance staff in the Administration Department. Although NCWSA has segregated departments based on water and sewer functions, the budget is compiled in aggregate for one comprehensive budget. Budget requests are then compiled, reviewed, discussed with management, aligned to strategic goals, and input into NCWSA’s financial model. Once a tentative master budget is developed, it is submitted to the Executive Director for review in the first week of March. The Executive Director suggests amendments to the draft budget and resubmits the budget to the administration staff to revise the draft master draft budget. Once this second draft of the master budget is completed, the Finance staff presents the master budget to the Executive Director. The Executive Director then presents the master budget to NCWSA’s Board of Directors’ Executive Committee for consideration. Recommendations of the Executive Committee are incorporated into the master budget and the draft budget is finalized. The finalized master budget is then presented to NCWSA’s Board for consideration to adopt. The adoption of the budget typically takes place at the June Board meeting. The FYE 2022 Budget reflects a culmination of the processes and provides appropriations to meet the goals and objectives of NCWSA.

## FYE 2022 Budget Calendar

The Budget process began January 1<sup>st</sup> with most of the initial work consisting of data collection and fundamental trend analysis. The budget then moves to the department level with meetings and discussions with the various departments within the NCWSA. This phase concludes with preliminary meetings with the Board of Directors Executive Committee and the “master budget” is drafted. The last step in the process is the preparation and approval of the final draft budget, which is then forwarded for comment and acceptance by of the entire Board of Directors. Below is the timeline used to develop the FYE 2022 Budget.



### Budget Amendments

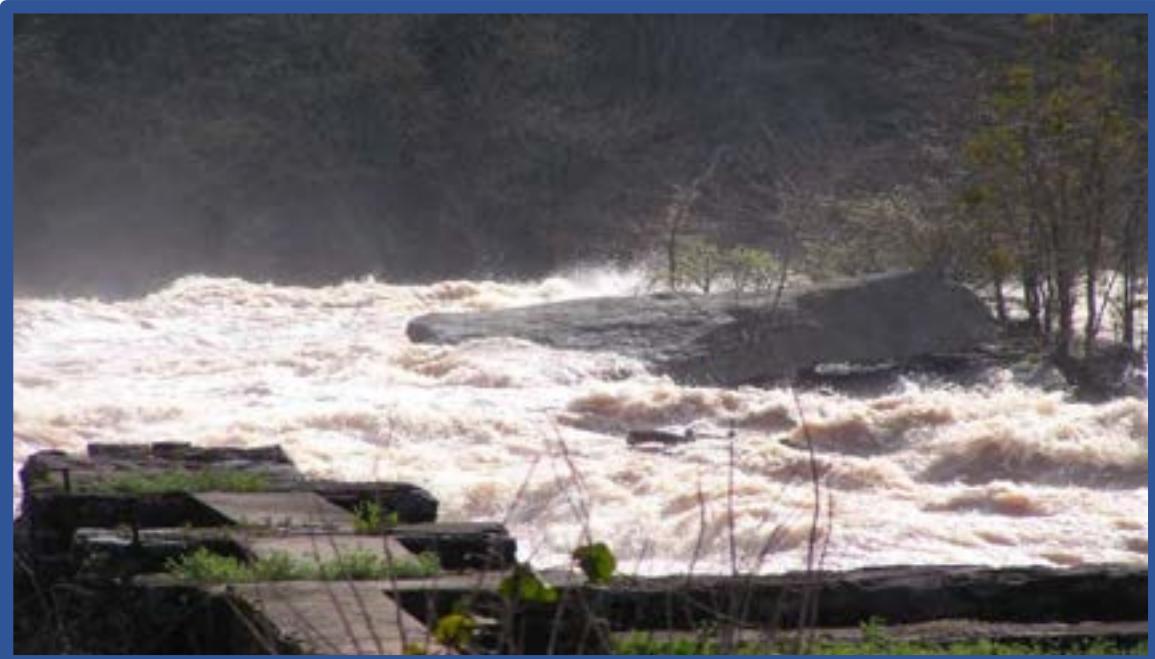
It is a standard practice of NCWSA to amend funds appropriated to functions and objects as needed throughout the year except for salaries and wages allocations. It is standard practice not to amend budgeted revenue figures. Contingency allocations may be utilized at the discretion of the Executive Director to cover shortages within given functions.

Management desires to identify forecasting errors during the budget year to more easily assess why they occurred and prevent them from occurring in the future.

Because the budgetary level of control is at the fund level, the Executive Director may approve all amendments that transfer appropriations from one budget line item to another without preparing a budget amendment for the Board approval. If an increase to the overall fund appropriation is needed, a budget amendment is prepared and reviewed by the Executive Committee before obtaining the Authority's Board of Directors.

# SECTION 3

## FINANCIAL SUMMARIES



## OPERATING BUDGET SUMMARY – FYE 2022

The past couple of years have been very challenging due to the uncertainty of the impact of the COVID-19 pandemic. At the onset of the pandemic, the initial reaction was to halt spending and place a hold on construction projects to take care of the community to the best we could. In an effort to assist the community, the Board authorized the temporary suspension of assessing late fees and service disconnections due to non-payment. Additionally, payments plans have also been established for those having a tough time. As time passes, we have adapted to the "new norm". In some respects, the impacts of the pandemic proved to be quite surprising. The housing market has exploded; however, supply and demand has proved to become quite challenging. The FYE 2021 Budget was prepared to reflect difficult times ahead. Authority staff has proven to remain fiscally prudent and responsible. Based on projected results for FYE 2021, the FYE 2022 Budget was prepared to reflect post pandemic levels recognizing an increase in inflation and the difficulty in securing goods and services. NCWSA's financial policies allow the staff to be responsive the changes in the economy, therefore staff will be closely monitoring budgets to actual performance and will be prepared to quickly respond to notify the Board of any necessary changes promptly.

Summary of Budget Sources and Uses						
Description	Fiscal Year Ending June 30,					
	2020 Actual	2021 Adopted Budget	2021 Adjusted Budget	2021 Projected Actual	2022 Adopted Budget	% Change 2021 v. 2022
<strong>Revenues and Sources of Funds</strong>						
Water Sales	\$ 12,152,046	\$ 11,766,464	\$ 11,766,464	\$ 12,604,141	\$ 12,941,417	2.87%
Sewer Sales	5,173,341	4,365,407	4,365,407	5,875,473	5,717,454	-3.62%
Connection Fees	3,066,955	809,286	809,286	4,571,838	2,435,501	-263.98%
Late Fees	842,719	182,504	182,504	95,185	-	-52.16%
Other Fees and Charges	455,055	55,414	55,414	87,500	92,500	9.02%
Intergovernmental	150,505	127,019	127,019	127,019	127,019	0.00%
Interest Income/Other (Non-operating)	65,144	7,586	7,586	19,085	35,788	220.18%
<strong>Total Revenues and Sources of Funds</strong>	<strong>\$ 21,905,765</strong>	<strong>\$ 17,313,680</strong>	<strong>\$ 17,313,680</strong>	<strong>\$ 23,380,241</strong>	<strong>\$ 21,349,679</strong>	<strong>-11.73%</strong>
<strong>Expenditures and Uses of Funds</strong>						
Personal Services	\$ 3,541,448	\$ 4,510,635	\$ 4,605,635	\$ 4,012,011	\$ 5,279,611	27.52%
Operating Expenses	6,828,554	7,435,398	7,437,855	7,231,174	8,991,119	23.66%
Other	968,845	876,758	876,758	942,167	1,113,966	19.59%
Debt Service	278,347	261,369	261,369	343,952	613,325	103.06%
Depreciation Expense*	4,168,371	4,100,000	4,100,000	4,200,000	4,700,000	12.20%
Reserves*	6,120,200	129,520	32,063	6,650,937	651,658	-18710.91%
<strong>Total Expenditures and Uses of Funds</strong>	<strong>\$ 21,905,765</strong>	<strong>\$ 17,313,680</strong>	<strong>\$ 17,313,680</strong>	<strong>\$ 23,380,241</strong>	<strong>\$ 21,349,679</strong>	<strong>-11.73%</strong>

\*Depreciation and reserves are not budgeted items.

## Explanation of Significant Budget Variances

### FYE 2022 Adopted Budget vs FYE 2021 Projected Actuals

#### Revenues

- The major difference in revenue is the fluctuation of Connection fees. They are driven by growth of our dynamic customer base, including some very large industrial users. We used a modest growth rate for residential and commercial connections. Industrial connections are projected based on commitments and contractual obligations.

- A new late payment policy became effective July 1, 2020. The COVID-19 pandemic created economic hardship within our community. The Authority temporarily suspended charging late payment fees and service disconnections for non-payment of utility bills. With the adoption of the new policy, late fee revenue was estimated to be reduced by 45%. With the pandemic, we remained conservative.
- Interest income was budgeted on more realistic results.

### Expenditures

- When the pandemic hit, we made the decision to reduce spending by getting by with only the necessities and the FYE 2021 Budget was adopted with that in mind. The FYE 2022 budget has been presented at post pandemic levels.
- The FYE2022 budget includes six (6) new positions and a cost-of-living increase of 3%. Additionally, our health insurance renewal increased about \$100,000.
- The A. Scott Emmons Water Reclamation Facility will become fully operational around the beginning of the calendar years. Appropriate increases for utilities, chemicals, fuel, operating supplies, solids disposal, and ancillary services have been budgeted.
- The water tank maintenance program has been reinstated. The first three (3) years of the ten (10) program is about \$500,000 annually and the remaining years are about \$250,000.
- We have also budgeted \$150,000 for third party assistance to support the Authority's efforts to improve our GIS/Mapping programs and to implement a mobile computerized maintenance management system ("CMMS") solution and training program.
- With the commencement in operations of the A. Scott Emmons WRF in FYE 2022, the GEFA Loan secured for the construction will be resettled and the first principal payments will be made.

### Net Position

The Authority reviews the existing and projected net position as a component of the budget process. Net position is defined as the total of assets and deferred outflows of resources less the total of liabilities and deferred inflows of resources.

The following chart is the projected Net Position of the Authority. As calculated, the net position includes a component known as the net investment in capital assets, which is defined as capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any debt attributable to the acquisition, construction, or improvement of those assets. At the end of FYE 2020 that amount was approximately \$110 million and or 82% of net position. In the table below the net change in Net Position is .49%, however, the change from the FYE 2021 Actuals to the FYE 2022 Budget decreases from \$6.65 million to \$.65 million which is primarily due to connection fees received in FYE 2021 of approximately \$2 million more than what is projected to be received in FYE 2022, the decreased spending due to our initial reaction to the COVID-19 pandemic, and the operational and debt service cost impacts of the A. Scott Emmons WRF coming on line in FYE 2022.



Net Position							
Description	Fiscal Year Ending June 30,						
	2018 Actual	2019 Actual	2020 Actual	2021 Adjusted Budget	2021 Projected Actual	2022 Budget	% Change FYE21 v. FYE22
Total Net Position - Beginning	\$ 113,139,938	\$ 120,424,391	\$ 125,988,562	\$ 133,414,148	\$ 133,414,148	\$ 140,065,085	4.99%
Operating Revenues	21,091,569	21,068,298	21,840,621	17,306,094	23,361,156	21,313,891	-11.83%
Non-Operating Revenues [1]	53,250	89,394	65,144	7,586	19,085	35,788	220.18%
Capital Contributions	715,506	370,140	1,305,386	-	-	-	0.00%
Total Revenues	\$ 21,860,325	\$ 21,527,832	\$ 23,211,151	\$ 17,313,680	\$ 23,380,241	\$ 21,349,679	-11.73%
Operating Expenditures	\$ 10,630,019	\$ 11,733,625	\$ 11,338,847	\$ 12,920,248	\$ 12,185,352	\$ 15,384,696	24.76%
Non-Operating Expenditures [2]	3,945,853	4,230,036	4,446,718	4,361,369	4,543,952	5,313,325	17.64%
Total Expenditures	\$ 14,575,872	\$ 15,963,661	\$ 15,785,565	\$ 17,281,617	\$ 16,729,304	\$ 20,698,021	22.96%
Increase (Decrease)	7,284,453	5,564,171	7,425,586	32,063	6,650,937	651,658	-18710.91%
Total Net Position - Ending	\$ 120,424,391	\$ 125,988,562	\$ 133,414,148	\$ 133,446,211	\$ 140,065,085	\$ 140,716,743	0.49%

[1] Amounts shown include capital contributions and interest income.

[2] Amounts shown include depreciation expense and interest expense and other fiscal charges.

## Working Capital

Working Capital is defined as the difference between current assets and current liabilities. Adequate levels of working capital are essential to mitigate current and future risks (e.g., revenue shortfall and unanticipated expenses) and to ensure stable services and fees. Working capital is a crucial consideration in long-term financial planning and credit rating agencies consider the availability of working capital in their evaluation of continued creditworthiness. It represents the relatively liquid portion of an enterprise fund capital, which constitutes a margin or buffer for meeting obligations.

As described on page 2-4, the Authority has established a practice of maintaining a minimum working capital reserve equal to approximately ninety (90) days of annual operating and maintenance expense. The table below represents the calculation of working capital and supports the financial stability of the Authority and its ability to continue its operations. The number of days of working capital is projected to decline primarily due to the extensive investment in the expansion of existing facilities and construction of new facilities as described in the Capital Improvement Plan. However, the Authority has planned for this and has developed strategies such as implementing nominal rate increases beginning in FYE 2023 to help mitigate the increased costs to operate the expanded facilities and keep the utility financially healthy.

Working Capital							
Description	Fiscal Year Ending June 30,						
	2018 Actual	2019 Actual	2020 Actual	2021 Adjusted Budget	2021 Projected Actual	2022 Budget	% Change FYE21 v. FYE22
Working Capital	\$ 19,947,095	\$ 20,734,616	\$ 22,728,756	\$ 21,435,659	\$ 21,435,659	\$ 10,026,781	-53.22%
Target - 90 Days of Operating Expenses	1,665,043	2,893,223	2,788,241	3,185,815	3,004,607	3,793,487	24.76%
Number of Days of Working Capital	1,065	645	734	606	642	238	-66.75%
Working Capital Net of O&M Reserve	\$ 18,282,052	\$ 17,841,393	\$ 19,940,515	\$ 18,249,844	\$ 18,431,052	\$ 6,233,294	-66.84%

## Major Operating Revenues

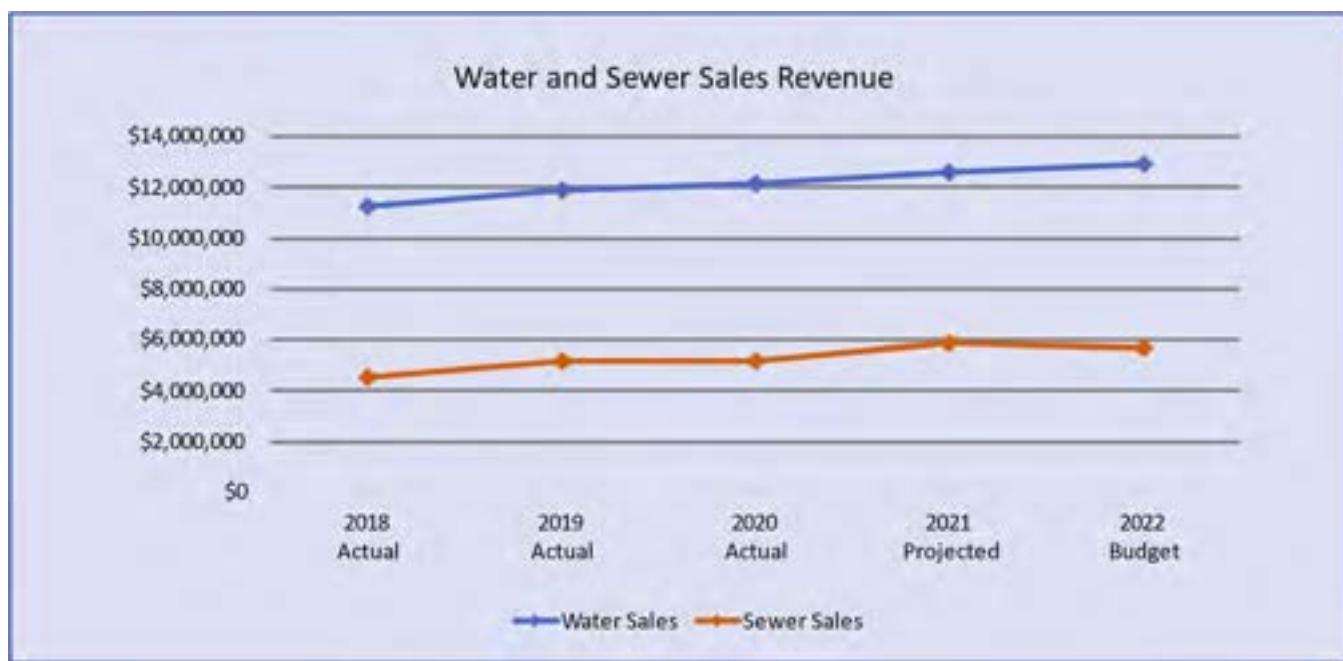
Revenue estimates are developed using several different methodologies. The Authority has annually prepared a forecast of the System revenues and expenditures for strategic planning purposes. With the assistance of a financial and utility consultant, an annual Financial Forecast is completed. The FYE 2022 budgeted revenues are estimated by reviewing FYE

2021 year-to-date (8, 9- and 10-month actuals) and historical trends based on water billing statistics and projected demands as illustrated on pages 1-6 and 1-7 of this document. Sales revenue is expected to increase due to: i) a significant increase in new retail construction and development in the Authority service area due to the improvement in the economy with the new demands consisting of both water and wastewater service and the absorption of vacant homes and units from growth; ii) additional customer demands associated with the extension of service to developed areas to provide regional retail water and wastewater service; and; iii) increases in large user service to existing and new customers. Connection fee revenues are derived from charges to new development. The decrease in connection fees for FYE 2022 are attributed to contractual commitments for industrial customers.

Major Operating Revenues							
Fiscal Year Ending June 30,							
Description	2018 Actual	2019 Actual	2020 Actual	2021 Adjusted Budget	2021 Projected Actual	2022 Budget	% Change 2021 v. 2022
Water Sales	\$ 11,226,266	\$ 11,892,212	\$ 12,152,046	\$ 11,766,464	\$ 12,604,141	\$ 12,941,417	2.68%
Sewer Sales	4,557,663	5,211,450	5,173,341	4,365,407	5,875,473	5,717,454	-2.69%
Connection Fees	3,635,426	2,249,991	3,066,955	809,286	4,571,838	2,435,501	-46.73%
Late Fees	1,100,363	1,097,297	842,719	182,504	95,185	-	-100.00%
Other Fees and Charges	434,796	492,950	455,055	55,414	87,500	92,500	5.71%
Intergovernmental	137,055	124,398	150,505	127,019	127,019	127,019	0.00%
Total	\$ 21,091,569	\$ 21,068,298	\$ 21,840,621	\$ 17,306,094	\$ 23,361,156	\$ 21,313,891	-8.76%

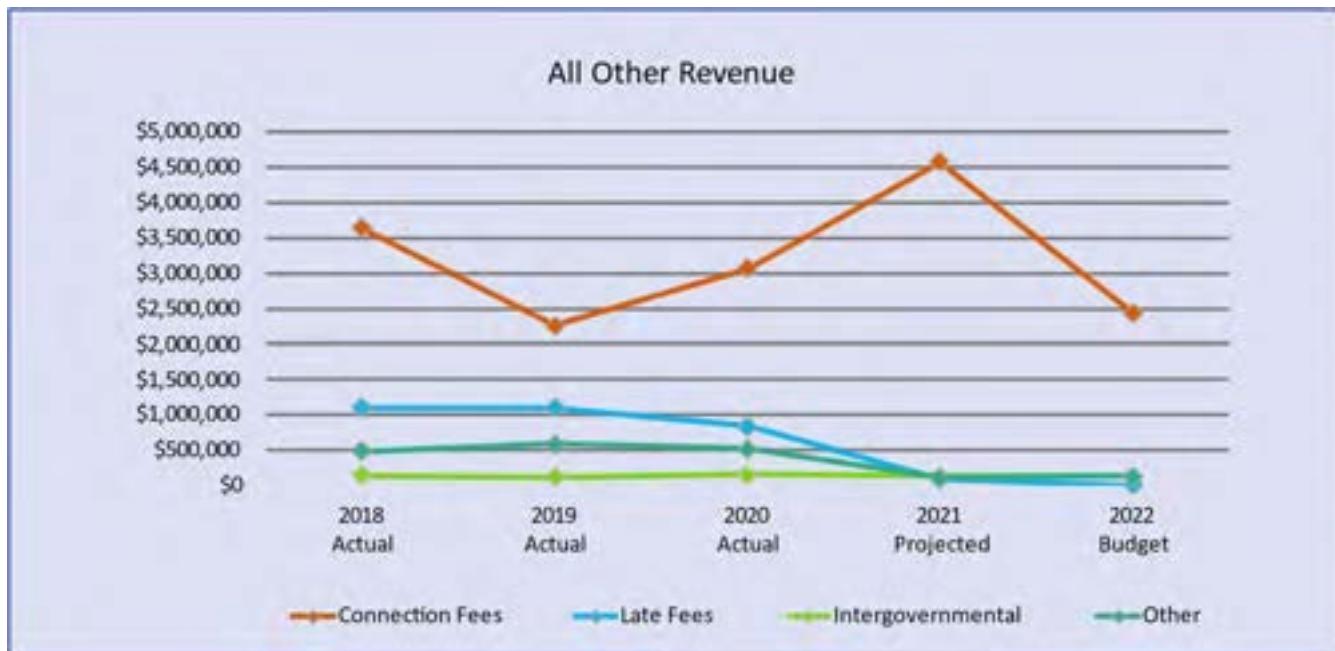
Amounts shown exclude non-operating revenues such as interest income, reserves, capital contributions and proceeds from proposed debt issuance.

**Water Sales** – Revenue derived from base charges, water supply charge (pass-through for purchased water) and volumetric water sales from customers. Water Sales are forecasted at \$12.9M of which 30% is attributable to base charges and 70% is attributable to volumetric charges (includes pass through for purchases water). This is 10% increase over the previous budget year. These sales do not include connections fees, user charges or other fees billed by the Authority. Water Sales account for 61% of total revenues.



**Sewer Sales** – Revenue derived from base and volumetric sewer sales from customers. These revenues are also referred to as the Yellow River WRF and Land Application revenue. Sewer Sales are projected to be lower from the previous fiscal

year by 2.7%. This is primarily due to the dynamics of our large industrial customers. Takeda and Facebook recycle water for manufacturing, cooling and fire protection. As Takeda (the Authority's largest customer) has increased its water usage, not all its water is discharged into the sewer system, it is expected that the Authority will install a deduct water meter in FYE 2022 resulting in reduced sewer sales. These sales do not include connections fees, user charges or other fees billed by the Authority. Sewer Sales account for 27% of total revenues.



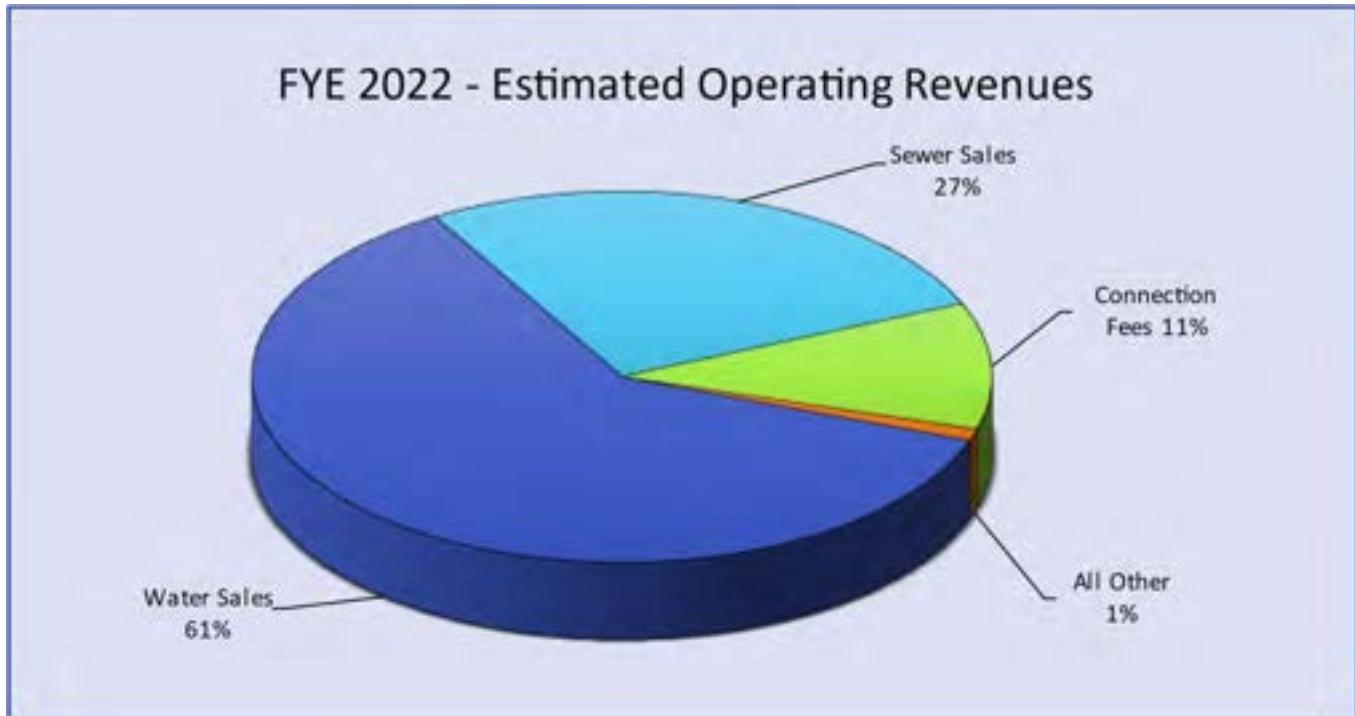
**Connection Fees** – A water and sewer connection fee is charged for all new residential and commercial development. Based on a review of the development plans under review, projections for FYE 2022 recognize approximately 330 water connections and 250 sewer taps. Both water and sewer connections fees account for 11% of revenues.

**Late Fees** – Penalties levied by the Authority on customers failing to pay monthly utility bills on or before the due date. With the onset of the pandemic and the potential impact on the community, the Authority temporarily suspended the assessment of late fees. In May of 2020, the Board approved recommendations to make changes to several service charge policies. Changes included: i) increasing the time allotted for Late Payment Fee assessment from 21 days to 28 days; ii) removing the Final Notice Charge of \$15.; iii) reducing the Disconnect for Non-Payment charge from \$50.00 to \$35.00; and iv) implementing a service application fee of \$50.00 to recover the cost of initiating service for a new customer. The overall impact is projected to reduce annual late fee collections. Coupled with the temporary suspension of late fees and service disconnections for non-payment, late fee revenues are forecasted to be minimal if any for FYE 2022.

**Other Fees and Charges** – Include Water and Sewer Developer Fees and Septage Revenue. Water and Sewer Developer Fees are collected for engineering and planning work pertaining to residential and commercial projects within the Authority's service area. Septage revenue is the fees charged to licensed septic tank haulers that recover waste from home septic systems and discharged at the YRWRF. Fee recovery offsets the cost of providing this service. Historically, fee recovery is approximately \$70,000 annually. Other Fees and Charges comprise about .4% of the total revenue stream for the Authority.

**Intergovernmental** – Also referred to as Sewer Revenue Assessments. These are assessments imposed to sewer treatment users located outside of the Authority's sewer service area for their calculated pro-rata share of operations of the Authority's Yellow River Water Reclamation Facility and the jointly owned land application secondary treatment facility.

These customers include the Cities of Covington, Oxford, Porterdale and the Newton County Board of Education with the bills delivered to each entity individually. Charges are derived from quarterly water meter readings provided by the municipality where the customers are located. The readings are then used to calculate the appropriated sewer charges for billing. Intergovernmental revenues are estimated to account for less than 1% of revenues.



#### FYE 2022 – Operating Revenue Detail by Function

Description	2021 Adjusted Budget	2021 Projected Actual	2022 Adopted Budget	Variance (Amount)	Variance (Percentage)
Fiscal Year Ending June 30,					
<b>Water Operating Revenues</b>					
Water Revenue	\$ 11,766,464	\$ 12,604,141	\$ 12,941,416	\$ 337,275	2.68%
Water Connection and Tap Fees	590,270	2,317,571	1,501,101	(816,470)	-35.23%
Late Charge / Other Revenue	182,504	95,185	5,001	(90,184)	-94.75%
<b>Total Water Operating Revenues</b>	<b>\$ 12,539,238</b>	<b>\$ 15,016,897</b>	<b>\$ 14,447,518</b>	<b>\$ (569,379)</b>	<b>-3.79%</b>
<b>Sewer Operating Revenues</b>					
Yellow River WRF	\$ 3,949,844	\$ 5,448,373	\$ 5,266,568	\$ (181,805)	-3.34%
Sewer Revenue Assessments	127,019	127,019	127,019	-	0.00%
Septage Revenue	53,045	72,000	72,000	-	0.00%
Sewer Connection Fees	219,016	2,254,267	934,400	(1,319,867)	-58.55%
Developer Fees	2,369	15,500	15,500	-	0.00%
Land Application Revenue	415,563	427,100	450,886	23,786	5.57%
<b>Total Sewer Operating Revenues</b>	<b>\$ 4,766,856</b>	<b>\$ 8,344,259</b>	<b>\$ 6,866,373</b>	<b>\$ (1,477,886)</b>	<b>-17.71%</b>
<b>Total Operating Revenue</b>	<b>\$ 17,306,094</b>	<b>\$ 23,361,156</b>	<b>\$ 21,313,891</b>	<b>\$ (2,047,265)</b>	<b>-8.76%</b>

## FYE 2022 – Retail Service Rates

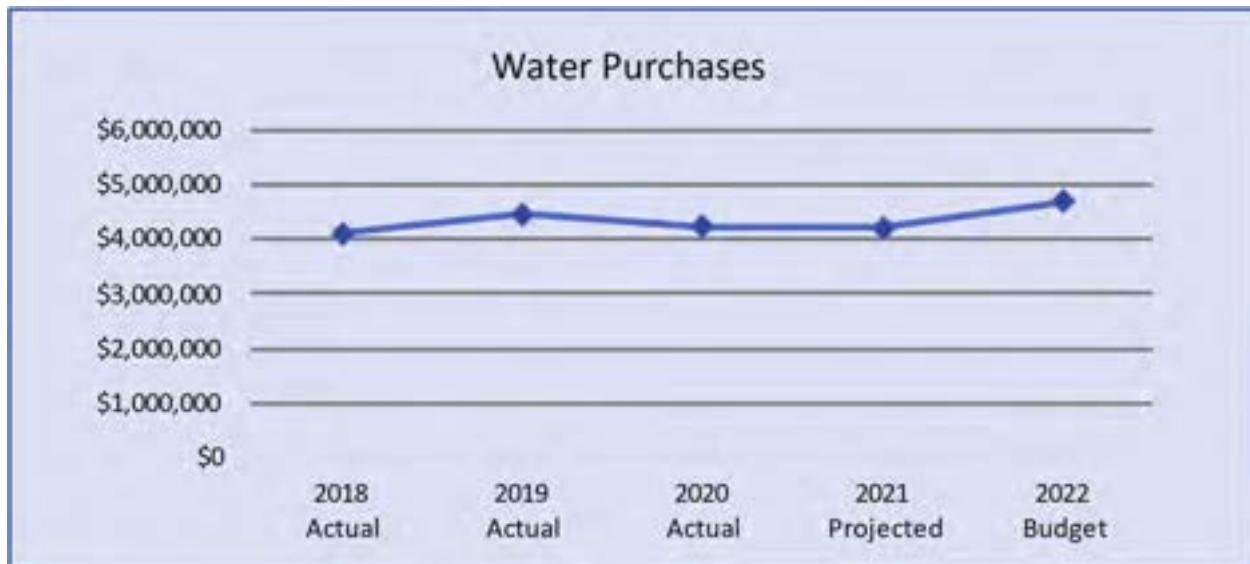
Water Retail Service Rates		Base Charge	Usage Charges (per 1,000 Gallons)			
Description			0 - 3,000	3,001 - 8,000	8,001 - 15,000	15,001 and Above
<b>Residential Service</b>						
Single Family	\$	11.72	\$ 2.87	\$ 6.48	\$ 7.87	\$ 9.39
Multi-Family	\$	11.72	\$ 2.87	\$ 6.48	\$ 7.87	\$ 9.39
<b>Commercial Service</b>						
3/4 Inch Metered Customer	\$	11.72		\$5.04 (All Usage)		
1 Inch Metered Customer	\$	17.97		\$5.04 (All Usage)		
1.5 Inch Metered Customer	\$	28.48		\$5.04 (All Usage)		
2 Inch Metered Customer	\$	43.73		\$5.04 (All Usage)		
3 Inch Metered Customer	\$	80.95		\$5.04 (All Usage)		
4 Inch Metered Customer	\$	122.42		\$5.04 (All Usage)		
6 Inch Metered Customer	\$	206.99		\$5.04 (All Usage)		
8 Inch Metered Customer	\$	321.67		\$5.04 (All Usage)		
10 Inch Metered Customer	\$	571.49		\$5.03 (All Usage)		

Sewer Retail Service Rates			
Description	Base Charge	Usage Charges (per 1,000 Gallons)	
<b>Residential Service</b>			
Single Family	\$ 5.25	\$7.08 (All Usage Above 1,000 Gallons)	
Multi-Family	\$ 5.25	\$7.08 (All Usage Above 1,000 Gallons)	
<b>Commercial Service</b>			
3/4 Inch Metered Customer	\$ 5.25	\$7.08 (All Usage Above 1,000 Gallons)	
1 Inch Metered Customer	\$ 13.46	\$7.08 (All Usage Above 1,000 Gallons)	
2 Inch Metered Customer	\$ 58.29	\$7.08 (All Usage Above 1,000 Gallons)	
3 Inch Metered Customer	\$ 123.71	\$7.08 (All Usage Above 1,000 Gallons)	
4 Inch Metered Customer	\$ 197.21	\$7.08 (All Usage Above 1,000 Gallons)	
6 Inch Metered Customer	\$ 277.60	\$7.08 (All Usage Above 1,000 Gallons)	
8 Inch Metered Customer	\$ 427.07	\$7.08 (All Usage Above 1,000 Gallons)	
10 Inch Metered Customer	\$ 1,177.21	\$7.08 (All Usage Above 1,000 Gallons)	

## FYE 2022 Major Operating Expenditures

The combined operating expenditures in the FYE 2022 Budget are projected to increase 26.3% when compared to the FYE 2021 Projected Actuals. The two (2) largest operating expenditures of the Authority are wholesale water purchases and personnel. Water purchases account for 31% of total operating expenditures. The cost of water purchases is driven by economic growth and higher wholesale charges and are expected to rise about 11%. This was forecasted upon review of

the growth we saw in FYE 2021, and the increased demands required from our industrial class customers Takeda and Facebook.



Salaries and benefits account for 34% of operating expenses. Personnel expenditures including salaries and wages, health insurance, payroll taxes and other employee-related expenses, are projected to increase 32% in FYE 2022. The increase is due to the addition of six (6) positions, a 3% cost-of-living increase and the increase in health care costs of approximately \$100,000 paid for on behalf of the employees by the Authority.



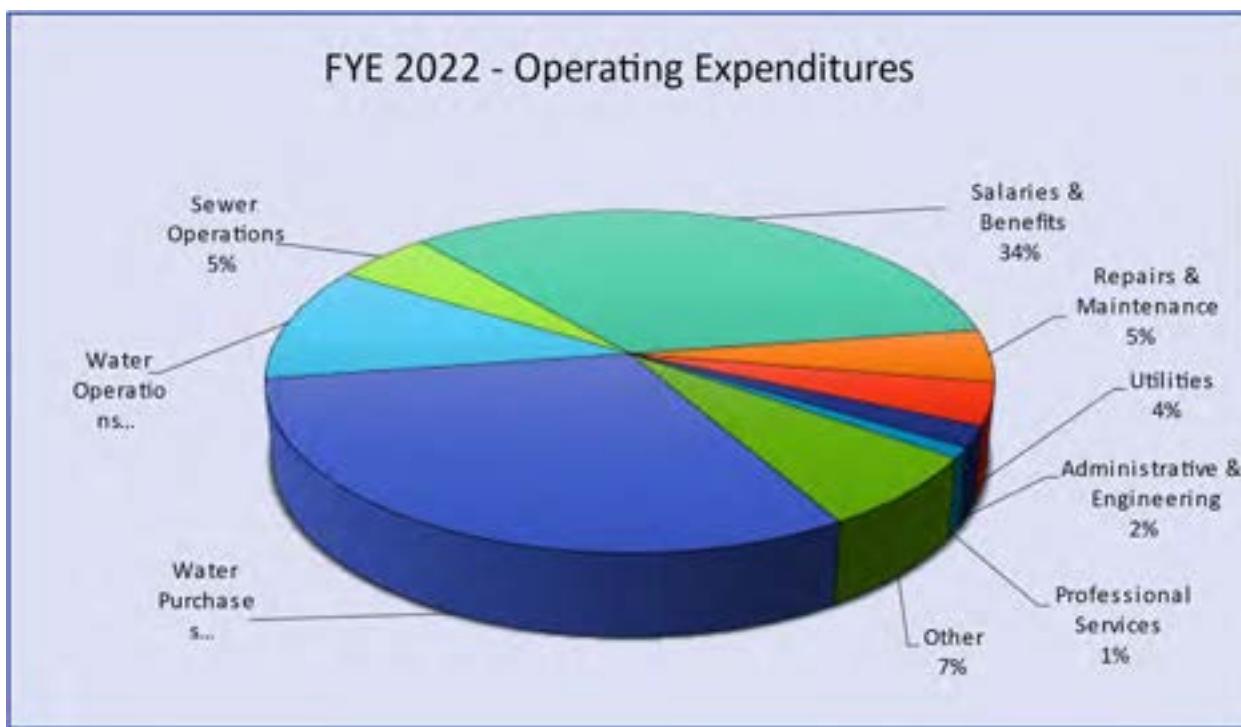
Having a better understanding of how the pandemic has impacted us, the FYE 2022 has been projected at pandemic spending. Water and Sewer Operations account for 16% of total operating expenditures. Water Operations will increase by approximately 58% due to the reinstatement of our water tank maintenance program. This ten (10) year program begins in FYE 2022 at \$500,000. Because the A. Scott Emmons WRF is expected to be operational around the beginning of the calendar year, the expenditure categories - Sewer Operations, Repairs & Maintenance, Utilities and Other have significantly increased in FYE 2022. Additionally, we have budgeted \$150,000 for third party assistance to help us manage and implement our GIS.

## Operating Expenditures

Description	Fiscal Year Ending June 30,						
	2018 Actual	2019 Actual	2020 Actual	2021 Adjusted Budget	2021 Projected Actual	2022 Budget	% Change 2020 v. 2021
Water Purchases	\$ 4,111,432	\$ 4,459,615	\$ 4,232,123	\$ 4,457,696	\$ 4,219,039	\$ 4,694,811	11.28%
Water Operations	810,301	752,394	663,184	872,384	1,015,000	1,602,921	57.92%
Sewer Operations	665,929	778,961	778,961	703,996	676,000	785,858	16.25%
Salaries and Benefits	3,036,492	3,443,282	3,541,448	4,605,635	4,012,011	5,279,611	31.60%
Repairs & Maintenance	547,412	551,538	556,236	607,021	582,181	761,447	30.79%
Utilities	457,920	464,447	486,692	504,695	455,450	682,979	49.96%
Administrative & Engineering	35,361	23,902	26,343	170,174	151,504	323,723	113.67%
Professional Services	98,165	91,978	85,015	121,889	132,000	139,380	5.59%
Other	867,007	1,167,508	968,845	876,758	942,167	1,113,966	18.23%
Total	\$ 10,630,019	\$ 11,733,625	\$ 11,338,847	\$ 12,920,248	\$ 12,185,352	\$ 15,384,696	26.26%

Amounts shown exclude depreciation expense, interest expense on outstanding debt and capital improvement projects.

### FYE 2022 - Operating Expenditures



It should be noted that Authority staff has successfully brought operating expenditures in below budgeted projections during the historical period (FYE 2012 – FYE 2021). Budgeted expenditures have been reviewed thoroughly and were further evaluated by each individual department head and were adjusted according to the needs of each department. The Authority's staff takes great pride in its ability to reduce general expenditures. This fiscally responsible approach has allowed the Authority to remain financially stable through the current economic times.

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FYE 2022 -Operating Expenditures Detail by Function

Description	2021 Adjusted Budget	2021 Projected Actual	2022 Adopted Budget	Variance (Amount)	Variance (Percentage)
Fiscal Year Ending June 30,					
<b>Water Operating Fund Expenditures</b>					
Salaries and Wages	\$ 1,654,420	\$ 1,520,000	\$ 1,770,229	\$ 250,229	16.46%
Payroll Taxes	108,616	116,280	135,227	18,947	16.29%
Overtime	26,580	16,000	26,580	10,580	66.13%
Uniforms	10,568	8,500	12,681	4,181	49.19%
Insurance – Health	514,006	350,000	614,706	264,706	75.63%
Retirement Plan	182,333	155,000	182,333	27,333	17.63%
Employee Education Reimbursement	14,853	3,500	14,853	11,353	324.37%
Travel and Training	30,931	31,000	40,210	9,210	29.71%
Safety / Wellness	5,517	6,300	6,068	(232)	-3.68%
Administrative	14,752	14,752	16,227	1,475	10.00%
Engineering Tech Services (External)	9,018	-	4,509	4,509	--
Planning	131,652	122,000	138,235	16,235	13.31%
Bank / Merchant Fees	220,759	250,000	231,797	(18,203)	-7.28%
UPC Contributions	12,298	14,000	15,987	1,987	14.19%
EPD Fees	18,459	18,459	18,459	-	0.00%
Sewer Expense Salem Village (RWR)	34,804	48,000	46,985	(1,015)	-2.11%
Office Supplies	30,000	30,000	30,000	-	0.00%
Customer Billing Services	169,036	162,000	169,036	7,036	4.34%
Communications	39,089	39,089	52,769	13,680	35.00%
Security	13,367	-	9,357	9,357	--
Water Conservation	26,917	15,000	26,917	11,917	79.45%
Miscellaneous	16,346	16,346	20,433	4,087	25.00%
Contingency	36,776	-	52,147	52,147	--
Bad Debts	18,388	113,437	116,448	3,011	2.65%
Legal	35,646	42,000	42,776	776	1.85%
Auditing	42,303	46,000	46,533	533	1.16%
Computer	39,181	39,181	39,951	770	1.97%
GIS / Mapping	-	-	100,000	100,000	--
Truck Maintenance	29,664	22,000	31,147	9,147	41.58%
Equipment Maintenance	11,935	13,000	15,515	2,515	19.35%
Tools / Equipment	10,300	5,000	10,300	5,300	106.00%
Facility / Grounds Maintenance	48,377	40,000	67,728	27,728	69.32%
Insurance – Liability P/C	78,268	70,000	86,094	16,094	22.99%
Fuel	38,301	38,301	42,131	3,830	10.00%
Utilities	46,371	40,000	47,762	7,762	19.41%
Maintenance Agreements	148,505	125,000	163,355	38,355	30.68%
Dues and Assessments	17,211	19,000	18,072	(928)	-4.88%
Utilities – Pumping Station	150,440	170,000	165,483	(4,517)	-2.66%
System Material	441,870	615,000	662,805	47,805	7.77%
System Maintenance	106,374	105,000	111,693	6,693	6.37%
Water Tank Maintenance	25,195	-	499,585	499,585	--
Purchased Water	4,457,696	4,219,039	4,694,811	475,772	11.28%
<b>Total Water Operating Fund Expenditures</b>	<b>\$ 9,067,122</b>	<b>\$ 8,658,184</b>	<b>\$ 10,597,934</b>	<b>\$ 1,939,750</b>	<b>22.40%</b>

## FYE 2022 -Operating Expenditures Detail by Function (continued)

Description	2021 Adjusted Budget	2021 Projected Actual	2022 Adopted Budget	Variance (Amount)	Variance (Percentage)
Fiscal Year Ending June 30,					
<b>Sewer Operating Fund Expenditures</b>					
Salaries and Wages	\$ 1,366,751	\$ 1,120,000	\$ 1,667,436	\$ 547,436	48.88%
Payroll Taxes	89,926	85,680	126,796	41,116	47.99%
Overtime	24,136	19,000	25,343	6,343	33.38%
Uniform	7,638	4,400	9,166	4,766	108.32%
Insurance – Health	229,041	261,000	260,912	(88)	-0.03%
Retirement	126,669	117,000	152,003	35,003	29.92%
Employee Education Reimbursement	14,760	4,000	14,760	10,760	269.00%
Travel and Training	15,015	8,000	19,520	11,520	144.00%
Safety / Wellness	2,186	2,186	2,295	109	4.99%
Dues and Assessments	10,165	10,165	12,198	2,033	20.00%
Insurance – Liability P/C	76,045	85,000	82,129	(2,871)	-3.38%
Administrative	14,752	14,752	14,752	-	0.00%
Bank Fees	73,720	65,000	81,092	16,092	24.76%
Office Supplies	5,669	4,500	7,086	2,586	57.47%
Customer Billing Services	27,005	10,000	27,005	17,005	170.05%
Communications	16,126	10,000	27,414	17,414	174.14%
Planning	42,834	54,000	59,968	5,968	11.05%
Miscellaneous	6,121	5,000	7,957	2,957	59.14%
Bad Debt	10,047	49,035	47,399	(1,636)	-3.34%
Contingency	20,696		23,579	23,579	--
Legal	17,823	22,000	23,170	1,170	5.32%
Auditing	26,117	22,000	26,901	4,901	22.28%
Maintenance Agreements	49,966	40,000	62,458	22,458	56.15%
Computer	16,682	10,000	16,550	6,550	65.50%
GIS / Mapping	-	-	50,000	50,000	--
Engineering Tech Services (External)	25,992	-	25,992	25,992	--
Easement Clearing	56,650	50,000	62,315	12,315	24.63%
Truck Maintenance	9,270	3,000	10,197	7,197	239.90%
Plant Maintenance	108,000	240,000	205,200	(34,800)	-14.50%
System Maintenance	146,384	95,000	146,384	51,384	54.09%
Equipment Maintenance	7,787	2,500	10,123	7,623	304.92%
Tools / Equipment	6,366	2,500	7,003	4,503	180.12%
Facility / Grounds	40,467	20,000	50,584	30,584	152.92%
Fuel	15,450	15,450	26,265	10,815	70.00%
Utilities	442,874	400,000	608,952	208,952	52.24%
Operating Supplies	17,346	14,000	26,019	12,019	85.85%
Plant Chemicals	50,662	45,000	75,993	30,993	68.87%
Utilities – Lift Stations	108,919	102,000	112,187	10,187	9.99%
Solids Disposal	73,645	60,000	81,019	21,019	35.03%
Industrial Pretreatment Program	37,861	20,000	39,754	19,754	98.77%
Land Application	415,563	435,000	450,886	15,886	3.65%
<b>Total Sewer Operating Fund Expenditures</b>	<b>\$ 3,853,126</b>	<b>\$ 3,527,168</b>	<b>\$ 4,786,762</b>	<b>\$ 1,259,594</b>	<b>35.71%</b>

## Long-Term Financial Plan

With the preparation of the annual budget, NCWSA updates its five-year financial forecast as illustrated below.

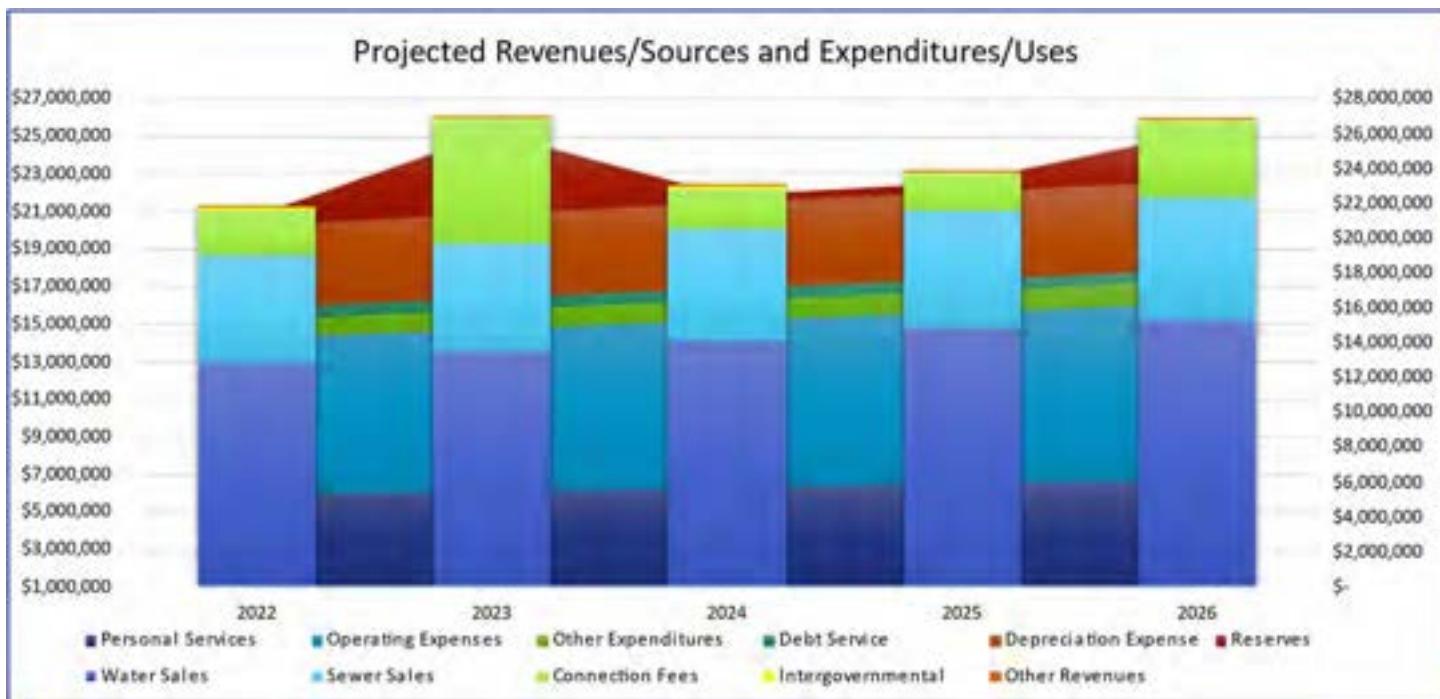
Forecast of Budgeted Sources and Uses					
Description	Fiscal Year Ending June 30,				
	2022 Adopted Budget	2023 Projected Budget	2024 Projected Budget	2025 Projected Budget	2026 Projected Budget
Revenues and Sources of Funds					
Water Sales	\$ 12,941,417	\$ 13,578,576	\$ 14,142,947	\$ 14,764,500	\$ 15,272,841
Sewer Sales	5,717,454	5,695,764	5,966,947	6,260,031	6,506,661
Connection Fees	2,435,501	6,583,407	2,126,803	1,926,803	4,004,307
Late Fees	-	-	-	-	-
Other Fees and Charges	92,500	87,500	87,500	87,500	87,500
Intergovernmental	127,019	127,019	127,019	127,019	127,019
Interest Income/Other (Non-operating)	35,788	19,130	16,952	22,405	23,030
Total Revenues and Sources of Funds	\$ 21,349,679	\$ 26,091,396	\$ 22,468,168	\$ 23,188,258	\$ 26,021,358
Expenditures and Uses of Funds					
Personal Services	\$ 5,279,611	\$ 5,491,546	\$ 5,712,203	\$ 5,941,950	\$ 6,181,168
Operating Expenses	8,991,119	9,257,560	9,618,351	9,797,294	10,149,528
Other	1,113,966	1,148,365	1,185,661	1,223,565	1,261,746
Debt Service	613,325	695,779	671,082	645,919	620,280
Depreciation Expense*	4,700,000	4,800,000	4,900,000	5,000,000	5,100,000
Reserves	651,658	4,698,146	380,871	579,530	2,708,637
Total Expenditures and Uses of Funds	\$ 21,349,679	\$ 26,091,396	\$ 22,468,168	\$ 23,188,258	\$ 26,021,358

\*Depreciation and reserves are not budgeted.

The Authority's Capital Improvement Plan, as discussed in Section 4, is by far the greatest challenge when planning for the future. For the past several years, we have been planning for the potential growth of our water and sewer system by increasing our reserves and building financial viability. Growth of our system will increase operating expenses and the need to issue additional debt is probable. We plan to mitigate the need of additional debt through seeking available grant funding and possible cost sharing. We are currently reviewing our user rates and the design of our utility rate structures to ensure full cost recovery. Because many of our plans to expand our infrastructure are contingent on if and when new industries come to new Newton County, for purposes of the five (5) year CIP, these projects are considered unfunded, and the impacts are not reflected in the financial forecast.

As we plan for the future, we are consistently serving our community by finding ways to provide reliable, safe drinking water and to provide sewer services in an environmentally responsible and fiscally sound manner while focusing on cost efficiency and value-oriented service.

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The graph above illustrates the relationship of revenues to expenditures from FYE 2022 through the forecast period FYE 2026. As illustrated revenues are projected to equal or exceed expenditures annually. As discussed throughout this document, rates for water and sewer services are designed to recover the cost of doing business as well as to i) fund annual debt service and debt service coverage; ii) fund capital projects (Pay-Go) and iii) contribute to working capital reserves.

Net Position - Forecast					
Fiscal Year Ending June 30,					
Description	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Total Net Position - Beginning	\$ 140,065,085	\$ 140,716,743	\$ 145,414,889	\$ 145,795,760	\$ 146,375,290
Operating Revenues	21,313,891	26,072,266	22,451,216	23,165,853	25,998,328
Non-Operating Revenues	35,788	19,130	16,952	22,405	23,030
Total Revenues	\$ 21,349,679	\$ 26,091,396	\$ 22,468,168	\$ 23,188,258	\$ 26,021,358
Operating Expenditures	\$ 15,384,696	\$ 15,897,471	\$ 16,516,215	\$ 16,962,809	\$ 17,592,441
Non-Operating Expenditures	5,313,325	5,495,779	5,571,082	5,645,919	5,720,280
Total Expenditures	\$ 20,698,021	\$ 21,393,250	\$ 22,087,297	\$ 22,608,728	\$ 23,312,721
Increase (Decrease)	651,658	4,698,146	380,871	579,530	2,708,637
Total Net Position - Ending	\$ 140,716,743	\$ 145,414,889	\$ 145,795,760	\$ 146,375,290	\$ 149,083,927

Below is a projection of the Authority's working capital. Funding of capital improvements has a direct impact on available working capital. As explained on page 3-12, because the actual timing of our CIP is continually changing, for purposes of the five (5) year CIP, we have included the financial impact of projects but have not funded all of them. We are evaluating the best way to fund these projects. Minimal rate increases have been included however we are currently reviewing our user rates and structures to make appropriate adjustments. The working capital forecast reflects how we have planned for future investments and will continue to guide our decision making in the future to meet our working capital target.

## Working Capital - Forecast

Fiscal Year Ending June 30,						
Description	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	
Working Capital	\$ 10,026,781	\$ 6,748,462	\$ 1,691,691	\$ 2,169,183	\$ 6,060,801	
Target 90 Days of Operating Expenses	3,793,487	3,919,924	4,072,491	4,182,610	4,337,862	
Number of Days of Working Capital	238	155	37	47	126	
Available Working Capital	\$ 6,233,294	\$ 2,828,538	\$ (2,380,800)	\$ (2,013,427)	\$ 1,722,939	

The FYE 2022 to FYE 2026 forecast represents the Authority's commitment to its strategic plan. The assumptions below will help guide us in aligning to NCWSA's strategic goals.

1. Planning for the increasing cost of inflation, the volatility in the supply and demand chain, and the challenges of finding good, quality employees.



2. Planning for potential growth within the planned mega-sites of Stanton Springs Research Park, East Atlanta, and Historic Heartlands.



### 3. Meeting the needs of our community while remaining fiscally sustainable.



#### 4. Beginning the operations of the A. Scott Emmons WRF in FYE 2022.

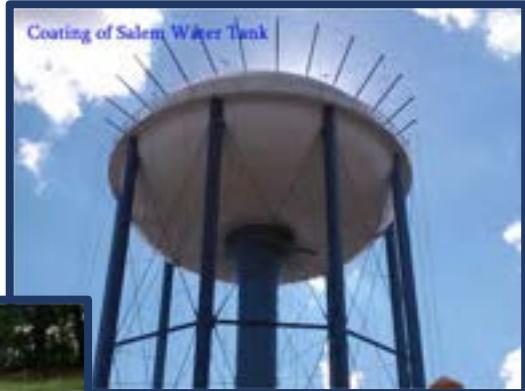


5. Recognizing the potential need for small incremental rate increases beginning in FYE 2023 contingent on the outcome of the current rate study.



6. Reviewing our current user rate structure to align with the demands of our system.





## SECTION 4 - CAPITAL AND DEBT

## NCWSA CAPITAL IMPROVEMENT AND REPLACEMENT PLAN FYE 2022 – FYE 2026

The Newton County Water & Sewerage Authority has a Capitalization Policy adopted by the Board of Directors. The policy clarifies NCWSA's definition of capital assets and provides guidance for acquiring and valuation of capital assets as well as the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 34.

Capital assets are defined by the Authority as assets with an initial, individual cost of \$7,500 or more and have an estimated useful life in excess of one year. All purchases below the applicable class threshold are to be expensed in the current period. Below is a table stating classes of assets, capitalization thresholds and estimated useful life.

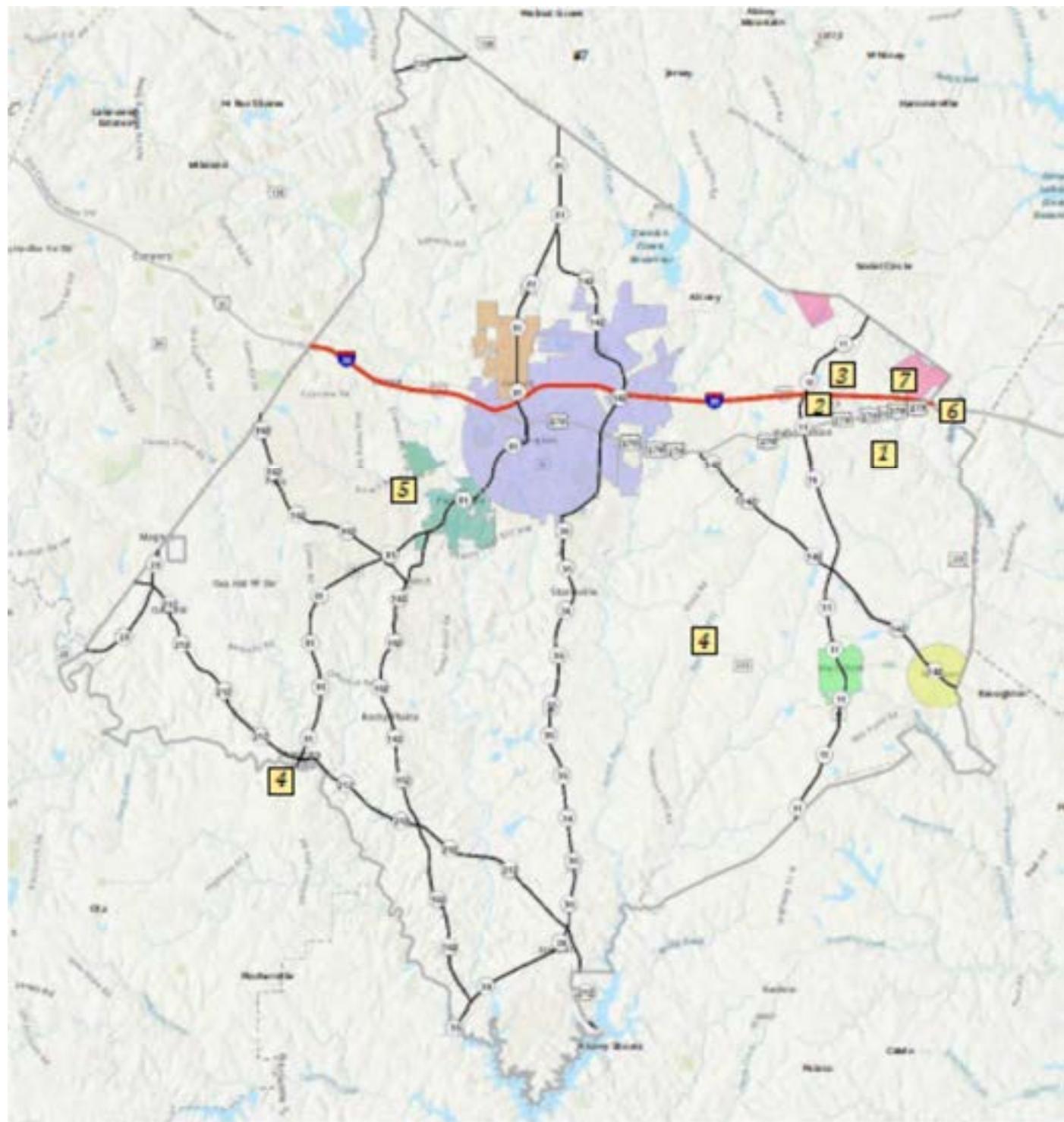
The Capital Improvement Plan ("CIP") consists of two (2) components. The first is for capital assets and improvements that are project-oriented and will be capitalized as projects are constructed. The second is for capital purchases that are non-recurring operating expense items for use that cost more than \$7,500 each and have an estimated useful life of more than one year. Capital items are tentatively approved for further discovery with the passing of the annual operating budget. The Authority's procurement policy must be followed regarding each item, with this information presented to the Authority Board for discussion and then final approval before the purchase is allowed. Capital asset purchases may include vehicles, shop and field equipment, sewer / collection equipment, office equipment and furniture, and computer equipment. The justification for each purchase is determined by whether it is required due to growth, improvements, or upgrades, or to replace an existing asset. As these purchases are completed and placed into service, there may be potential impacts on the operating budget. These impacts are stated in the description of each project beginning on page 4-6.

The NCWSA has completed and maintains a thirty-five-year capital improvement plan that is reviewed annually, however, for budgetary processes the overall CIP is broken down into five-year increments. Additionally, as part of the annual financial model update and rate sufficiency analysis, the Authority's financial consultant prepares a five (5) year forecast of revenue requirements that includes nonrecurring capital projects. This forecast helps the Authority determine funding sources for all capital projects whether it's PAYGO, use of reserves, rate revenues, or looking at financing scenarios.

The CIP Budget for FYE 2022 – FYE 2026 has been proven to be quite challenging as the Authority plans for its future needs. The need for new infrastructure is driven by development and growth. Large scale home builders/developers such as D.R. Horton, Pulte, and Crown Communities are actively building in the areas with the largest number of vacant lots remaining for the recession of 2008. The majority of the commercial development is similar to years past consisting of churches, convenience stores, and small businesses. However, on the industrial side, the potential for development is strong. In the (retailer) regional distribution center. The Stanton Springs Research & Development Park ("Stanton Springs"), located in the eastern section of Newton County is actively being marketed by local and state offices of economic development. The Stanton Springs Parkway extension was completed in early 2020, including all utilities, which place the park high on the State of Georgia's list of mega-sites in the Metro Atlanta area that are shovel ready. Stanton Springs is currently Takeda Pharmaceuticals (the Authority's largest customer) Facebook is constructing a large data center at the site. Takeda is currently in discussion with the Authority to expand their operations and find alternative solutions for water supply, such as recycled water. Additionally, Baymare, LLC will be building a large data center at Stanton Springs. As the potential for large development exists, the Authority has incorporated the need to expand its facilities into its CIP, but the challenge is to balance the timing and determine the financial resources needed to fund these projects.

The Authority is currently undergoing a user rate design study including the development of new service rates such as establishing a reclaimed water rate. We are looking to obtain federal, state, and local grants. Additionally, we are in the process of looking into low interest financing through GEFA. Many of the projects are contingent on if and when new industries come to new Newton County. For purposes of the five (5) year CIP, these projects are considered unfunded.

The map on page 4-2 represents the Authority's major capital projects currently underway. The map on page 4-3 depicts private development currently in planning or under construction.

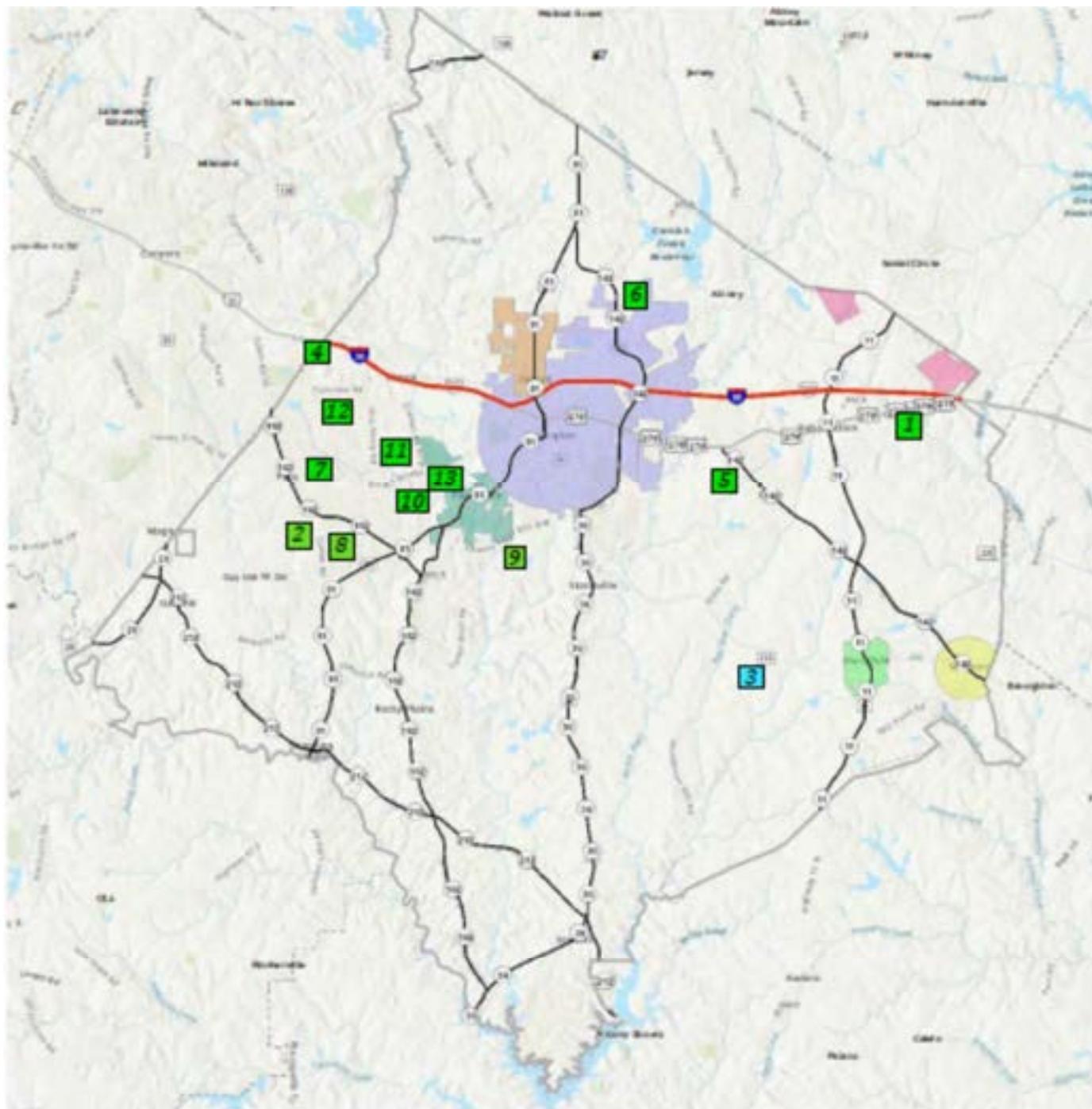


Capital Projects Map  
May 2021

Legend

 Capital Projects Reference No.

Map No.	Capital Project
1	A. Scott Emmons WRF at the Little River
2	Nelson Creek Trunk Sewer
3	Little River Trunk Sewer
4	Annual Construction Services
5	Campus Site Improvements
6	Dennis Creek Sewer Extension, Phs. II
7	Stanton Grove



### Private Development

May 2021

#### Legend

- Private Development Reference Number
- Water
- Water & Sewer

Map No.	Private Development	No. Units	Development Type
1	Facebook Phase II	Blkgs 5 and 6	Industrial
2	Popeye's		Commercial
3	Newton Co. Fire Station No. 4		Commercial
4	Lidl		Industrial
5	New Eastside HS		Institutional / School
6	5-Ring Studios		Commercial
7	Westfield Village	523	SFR
8	Westminster	142	SFR
9	Cedar Shoals / White Horse	348	Apartments & Townhomes
10	Villages on Natick	36	Townhomes
11	553 Kirkland Road	223	Townhomes
12	Prose Fairview	318	Apartments

## Capital Improvement Plan Summary (\$000s)

Description	FYE 2022 Budget	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	Total
<b>Capital Projects</b>						
Water System	\$ 8,296	\$ 7,450	\$ 2,750	\$ 1,500	\$ 1,500	\$ 21,496
Wastewater System	17,355	7,869	10,403	12,549	9,304	57,480
Miscellaneous	1,528	1,175	1,175	175	175	4,228
<b>Total Capital Projects</b>	<b>\$ 27,179</b>	<b>\$ 16,494</b>	<b>\$ 14,328</b>	<b>\$ 14,224</b>	<b>\$ 10,979</b>	<b>\$ 83,204</b>
<b>Estimated Funding Sources</b>						
Renewal & Extension / Reserves	\$ 10,055	\$ 8,470	\$ 5,448	\$ 2,515	\$ 1,675	\$ 28,163
Connection Fees	5,507	2,894	3,455	1,134	534	13,524
GEFA 2019 Loan CW2019003 [1]	11,617	-	-	-	-	11,617
Unfunded	-	5,130	5,425	10,575	8,770	29,900
<b>Total CIP Funding Sources</b>	<b>\$ 27,179</b>	<b>\$ 16,494</b>	<b>\$ 14,328</b>	<b>\$ 14,224</b>	<b>\$ 10,979</b>	<b>\$ 83,204</b>

[1] Amounts reflect the use of a low-interest loan secured through the Georgia Environmental Finance Authority (GEFA) for the construction of the A. Scott Emmons Water Reclamation Facility.



**A. Scott Emmons WRF**

List of Capital Improvement Projects FYE 2022 – FYE 2026 (\$000s)

Description	Total Project Budget	Estimated Prior Project Spend	Total Project Carry-Forward	FYE 2022 New Money	FYE 2022 Budget	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected
<b>Water System Capital Improvements</b>									
Beacon Hill Water System Upgrades	\$ 605	\$ 40	\$ 485	\$ 80	\$ 565	\$ -	\$ -	\$ -	\$ -
Paine's Crossing 24-Inch Water Transmission Main	6,185	268	5,482	435	3,252	2,665	-	-	-
I-20 Crossing @ US 278 for E. Atlanta Megasite	1,000	-	-	-	-	500	500	-	-
2 MG Water Elevated Storage Tank – Stanton Springs	4,200	-	4,200	-	2,240	1,960	-	-	-
GDOT / NCDOT W&S Relocations for Road Improvements	1,725	475	1,070	(820)	250	250	250	250	250
Oakridge Subdivision Well System Replacement	1,015	385	630	-	630	-	-	-	-
Annual Water Main Extension Program (Board Authorized)	5,000	-	-	1,000	1,000	1,000	1,000	1,000	1,000
Portable Water System Sampling Stations	35	1	34	-	34	-	-	-	-
GDOT SR 162 (Salem Road) Widening	1,659	9	1,648	(1,498)	75	825	750	-	-
Hydraulic and Quality Improvements	2,325	1,075	-	250	250	250	250	250	250
<b>Total Water System Capital Improvements</b>	<b>\$ 23,749</b>	<b>\$ 2,253</b>	<b>\$ 13,549</b>	<b>\$ (553)</b>	<b>\$ 8,296</b>	<b>\$ 7,450</b>	<b>\$ 2,750</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>
<b>Sewerage System Capital Improvements</b>									
Dennis Creek Trunk Sewer	\$ 1,198	\$ 91	\$ 27	\$ 1,080	\$ 1,107	\$ -	\$ -	\$ -	\$ -
Little River Outfall	7,496	4,496	3,000	(3,000)	-	-	2,400	600	-
Nelson Creek Gravity Sewer Outfall	5,626	4,476	1,150	(900)	250	180	720	-	-
A. Scott Emmons Water Reclamation Facility	28,646	16,423	12,300	(77)	12,224	-	-	-	-
Yellow River Trunk Sewer Rehabilitation	3,896	-	46	3,850	1,115	1,020	921	840	-
Yellow River WRF – New Bar Screen & 4th Effluent Pump	1,100	-	1,100	-	550	550	-	-	-
Wastewater Flow Meters – Meters – Construction	830	107	728	(5)	665	55	3	-	-
Replacement Sewer at Creek Crossing Chamisa / Lidl	125	25	65	35	100	-	-	-	-
Local Limits and Sewer Use Ordinance Evaluation	134	124	-	10	10	-	-	-	-
Brick Store Utility Improvements	823	23	800	(800)	-	400	400	-	-
Yellow River Water Reclamation Facility Expansion	22,700	-	-	2,700	300	130	2,925	10,575	8,770
A. Scott Emmons Water Reclamation Facility Phase II	25	25	125	(125)	-	-	-	-	-
Reclaimed RO System	8,000	-	-	500	500	5,000	2,500	-	-
Anticipated Sewerage Capital R&E Needs	4,045	1,375	-	534	534	534	534	534	534
<b>Total Sewerage System Capital Improvements</b>	<b>\$ 84,644</b>	<b>\$ 27,165</b>	<b>\$ 19,341</b>	<b>\$ 3,802</b>	<b>\$ 17,355</b>	<b>\$ 7,869</b>	<b>\$ 10,403</b>	<b>\$ 12,549</b>	<b>\$ 9,304</b>
<b>Miscellaneous Capital Improvements</b>									
Fleet / Capital Equipment Replacement / Other	\$ 1,475	\$ 175	\$ 625	\$ (25)	\$ 600	\$ 175	\$ 175	\$ 175	\$ 175
Main Campus Master Plan Renovations	63	60	3	-	3	-	-	-	-
Campus Site Improvements – Construction	998	848	150	-	150	-	-	-	-
Eagle's Nest Office Expansion (Main Office)	2,000	-	50	(50)	-	1,000	1,000	-	-
Business Case Analysis	75	-	-	75	75	-	-	-	-
Comprehensive Rate Study & Financial Model Update	50	20	30	-	30	-	-	-	-
Infrastructure Acquisition – Social Circle	670	-	-	670	670	-	-	-	-
<b>Total Miscellaneous Capital Improvements</b>	<b>\$ 5,331</b>	<b>\$ 1,108</b>	<b>\$ 858</b>	<b>\$ 670</b>	<b>\$ 1,528</b>	<b>\$ 1,175</b>	<b>\$ 1,175</b>	<b>\$ 175</b>	<b>\$ 175</b>
<b>Total Capital Improvement Program</b>	<b>\$113,724</b>	<b>\$ 30,521</b>	<b>\$ 33,748</b>	<b>\$ 3,919</b>	<b>\$ 27,179</b>	<b>\$ 16,494</b>	<b>\$ 14,328</b>	<b>\$ 14,224</b>	<b>\$ 10,979</b>

## Project Descriptions and Impacts – Capital Projects – FYE 2022

### Water System

1. **Beacon Hill Water System Upgrades** - This project consists of installing water infrastructure to remove all homeowners within the community well system to the NCWSA's water distribution system.

Estimated Probable Cost: \$605,000

Estimated Completion: FYE 2022

Operating Budget Impact: None. This is a very small system, and any operating impacts will be offset with revenue collected from new customers.

2. **24-Inch Water Main Interconnect with Reservoir** - With the development of the Stanton Springs Research Park, it will be necessary for the Authority to design and construct a transmission water main that will support the daily demands and necessary fire flows to support the types of industries that have been and will be established within the Authority's service territory.

Estimated Probable Cost: \$6,185,000

Estimated Completion: FYE 2023. This is a multi-year project currently in the design and easement acquisition phase.

Operating Budget Impact: This interconnect will have a minimal operating impact on the water system. However, the project completion is expected to increase end-user sales from the three (3) mega-sites industrial parks currently under development and home to Facebook and Takeda Pharmaceuticals. Revenue projections will be identified as this project is developed and will be included in the forecast as determined.

3. **24" Water Main under I-20 at Exit 101** - A larger water transmission main will be installed under I-20, connecting Stanton Springs South to the North Campus as well as Stanton Grove. This main will furnish additional water to perspective, large industrial users locating to the mega sites.

Estimated Probable Cost: \$1,000,000

Estimated Completion: FYE 2024

Operating Budget Impact: This project will have a minimal operating impact on the water system. However, the project completion is expected to increase end-user sales from the three (3) mega-sites industrial parks currently under development and home to Facebook and Takeda Pharmaceuticals. Revenue projections will be identified as this project is developed and will be included in the forecast as determined.

4. **2MG Elevated Water Storage Tank – Stanton Springs** – This project consists of installing a 2MG elevated water storage tank to serve the Stanton Springs Site aiding in hydraulic dampening and fire protection. The 16 "water main will start at 2 MG tank and extend to the Baymare site.

Estimated Probable Cost: \$4,200,000

Estimated Completion: FYE 2023

Operating Budget Impact: The Tank will have long-term impacts such as interior/exterior cleanings and coatings. The tank will be placed into a long-term maintenance schedule that is expensed from the water fund. Water lines have minimal impact. Adjustments to operating expenses will be made during the development of the annual budget.

5. **GDOT / NCDOT W&S Utility Relocations** – Various sized utility relocation projects due to GDOT projects (mainly road intersections) within state-owned/county roadways.

Estimated Probable Cost: \$250,000 annually

Estimated Completion: Ongoing

Operating Budget Impact: Water lines have minimal impact. Adjustments are made during the development of the annual budget.

6. **Oakridge Well System Upgrade** – This project consists of installing water infrastructure to remove all homeowners within the community well system to the NCWSA's water distribution system.

Estimated Probable Cost: \$1,015,000.

Estimated Completion: FYE 2022

Operating Budget Impact: None. This is a very small system, and any operating impacts will be offset with revenue collected from new customers.

7. **Annual Water Main Extension Program** – Based on the availability of funds, the Board has authorized a yearly water main extension program. These projects are determined by the in-house engineering staff to meet the needs of the water distribution system.

Estimated Probable Cost: \$1,000,000 annually.

Estimated Completion Date: Ongoing

Operating Budget Impact: Upon the development of these projects, operational impacts will be determined and incorporated into the operating budget.

8. **Potable Water System Sampling Stations** – To assure the proper collection of the distribution system's water quality samples, stand-alone sampling stations will need to be installed throughout the Authority's Service Area.

Estimated Probable Cost: \$34,000.

Estimated Completion Date: FYE 2022

Operating Budget Impact: None

9. **GDOT SR 163 (Salem Road) Phased Widening** – Phased relocation /relocation of 2 miles of water and sewer lines along Salem Road.

Estimated Probable Cost: \$1,659,000

Estimated Completion Date: FYE 2024

Operating Budget Impact: None

10. **Hydraulic and Quality Improvements** – These projects are determined by the in-house engineering staff based on the hydraulic needs of the water distribution system.

Estimated Probable Cost: \$250,000 annually.

Estimated Completion Date: Ongoing

Operating Budget Impact: Water lines have minimal impact. Adjustments are made during the development of the annual budget.

Sewerage System

1. **Dennis Creek Trunk Sewer** – The Dennis Creek Trunk Sewer will extend the Dennis Creek Outfall northward to a terminus on the north side of I-20. This sewer would service the Stanton Springs North Campus, a large acreage tract mega-site.

Estimated Probable Cost: \$1,198,000.

Estimated Completion Date: FYE 2022

Operating Budget Impact: Minimal. However, the project's completion is expected to increase end-user sales from the three (3) mega-sites industrial parks currently under development and home to Facebook and Takeda Pharmaceuticals. Revenue projections will be identified as this project is developed and will be included in the forecast as determined.

2. **Little River Outfall** – The Little River Outfall is a gravity sewer main that will serve the area north of I-20 and potentially become the connecting point for the City of Social Circle. Social City is located within both Walton and Newton Counties and has a population of 4,358.

Estimated Probable Cost: \$7,496,000

Estimated Completion Date: FYE 2025

Operating Budget Impact: Sewer Outfalls have minimal operating impacts on the sewer system. However, completion of the project is expected to increase end users' sales from the three (3) mega-sites industrial parks currently under development and home to Facebook and Takeda Pharmaceuticals. Revenue projections will be identified as this project is developed and will be included in the forecast as determined.

3. **Nelson Creek Gravity Sewer Outfall** – The Nelson Creek gravity sewer main will serve the areas to the west of the Dennis Creek and Little River outfalls. Nelson Creek Outfall will provide sewer service to Georgia State University once the existing package plant, which is currently serving the university, is removed. The outfall can serve the Historic Heartlands Mega Site a 2,700-acre GRAD (Georgia Ready Accelerated Development) site that is unique to the State of Georgia.

Estimated Probable Cost: \$5,626,000

Estimated Completion Date: FYE 2024

Operating Budget Impact: Sewer Outfalls have minimal operating impacts on the sewer system. However, completion of the project is expected to increase end users' sales from the three (3) mega-sites industrial parks currently under development and home to Facebook and Takeda Pharmaceuticals. This outfall will also serve a small development node (Mt. Pleasant) on its western boundary. Revenue projections will be identified as this project is developed and will be included in the forecast as determined.

4. **A. Scott Emmons Water Reclamation Facility** – The A. Scott Emmons Water Reclamation Facility will be located on the eastern side of Newton County. It will serve the surrounding mega-site developments of East Atlanta, Historic Heartland and Stanton Springs. Phase I will be a 1.25 MGD treatment facility that will return water to the Little River at Metro Atlanta treatment standards. The A. Scott Emmons WRF will be NCWSA's first stream discharge plant producing treated water cleaner than what currently exists in the stream today. Due to the proximity to the Metropolitan North Georgia Water District, this facility will be held to more stringent treatment limits.

Estimated Probable Cost: \$28,646,000

Estimated Completion Date: FYE 2022

Operating Budget Impact: The A. Scott Emmons WRF is an incremental capacity addition and will result in immediate fixed and increased variable operating costs as the facility is utilized. Operation costs have been included in the FYE 2022 budget.

5. **Yellow River Trunk Sewer Rehabilitation**- The Yellow River Trunk Sewer is the oldest sewer in the System, serving the western portion of Newton County, City of Covington, Oxford College, and the City of Oxford. A condition assessment is underway to determine the most critical areas that require rehabilitation.

Estimated Probable Cost: \$3,896,000

Estimated Completion Date: FYE 2025

Operating Budget Impact: This project will have minimal impact on operating costs.

6. **Yellow River WRF - New Bar Screen & 4th Effluent Pump** – The success of the redundant bar screen addition in FYE 2018 to the Yellow River WRF has prompted the replacement of the manual bar screen for the headworks of the WRF. This upgrade assures redundancy in a critical section of the waste removal process. A 4<sup>th</sup> pump for backup at the Effluent Pumping Station will provide system redundancy as well as pumping capacity during high flow rain events.

Estimated Probable Cost: \$1,100,000.

Estimated Completion Date: FYE 2023

Operating Budget Impact: Minimal operating impacts are expected. Preventive maintenance will allow for a +20-year useful life for the screens.

7. **Wastewater Flow Meters** – The NCWSA currently receives wastewater from the Cities of Covington, Oxford, Porterdale and Emory College located along the Turkey Creek Outfall. Conveyance costs are calculated through monthly water meter readings provided by each of the four (4) entities. This project will replace the remaining three (3) of seven (7) flow meters capable of accurately registering wastewater flows at a single connection point thus providing flow readings to both parties.

Estimated Probable Costs: \$830,000

Estimated Completion Date: FYE 2024

Operating Budget Impact: This project is expected to add \$21,000 a year in operating costs for these three (3). Cost recovery will be captured in the monthly billing process.

8. **Lidl Sewer Improvement** – This project will upgrade the 8" sewer crossing of Hurricane Creek to match the 12" sewer outfalls on either side of the creek.

Estimated Probable Costs: \$125,000

Estimated Completion Date: FYE 2022

Operating Budget Impact: This project will have minimal impact on operating costs.

9. **Brick Store Utility Improvements** – This project is for a sewer extension from Nelson Creek Interceptor Sewer to SR 11 for connection by the developer. Included in this project is the construction of an interim pump station at Hub 4-way plus force main to existing Old Brick Store WRF and the demolition/restoration of the existing Old Brick Store WRF.

Estimated Probable Costs: \$823,000.

Estimated Completion Date: FYE 2024

Operating Budget Impacts: Moderate. This project is developer driven. Operating impacts are due to the cost associated with mechanical sewer and are made during the development of the annual budget. Potential impact will be identified as the project scope is defined and revenue projections are determined for inclusion in the forecast.

10. **Yellow River Water Reclamation Facility Expansion** – The Yellow River Water Reclamation Facility located in Porterdale, GA, will need to be expanded to a hybrid land application and stream discharge facility. The YRWRF's current capacity is 4 MGD with limited spray field capacity left in the land application system. Going to the stream will require tertiary treatment infrastructure with similar discharge limits as the ASEWRF located at Stanton Springs.

Estimated Probable Costs: \$22,700,000

Estimated Completion Date: FYE 2026

Operating Budget Impact: The Yellow River WRF is an incremental capacity addition and will result in immediate fixed and increased variable operating costs as the facility is utilized. Adjustments to operating expenses will be made during the development of the annual budget.

11. **Reclaimed RO System** – NCWSA will construct a reclaimed system with its core processes, including ultrafiltration, reverse osmosis (RO), and reserve storage. The resultant water supply will be beneficial to Stanton Springs industries for process use or fire suppression systems. The RO system will remove the prominent by-products of Takeda's cooling water blowdown including total dissolved solids ("TDS"), and constituents of increased conductivity. In addition, the alkalinity will be raised such that the water will be compatible with industrial piping systems.

Estimated Probable Cost: \$8,000,000

Estimated Completion Date: FYE 2024

Operating Budget Impact: The project will have operational and maintenance costs upon completion and start-up which will be determined as the project progresses and will be incorporated into the annual budget. A new reclaimed water rate will also be created for cost recovery.

12. **Anticipated Sewer Capital Needs** – This project is for short to medium sewer outfalls and major laterals that might be needed as the overall wastewater system expands in the East Newton Service Area.

Estimated Probable Cost: \$534,000 annually

Estimated Completion Date: On going

Operating Budget Impact: Upon the development of these projects, operational impacts will be determined and incorporated into the operating budget.

#### Miscellaneous Capital Improvements

1. **Fleet / Capital Equipment / Other** – Items planned to be purchased in FYE 2022 include a standard truck, a heavy-duty truck, an extra heavy duty boom truck, a tractor and two (2) dump trailers, a utility terrain vehicle, and a tractor bush hog.

Estimated Project Cost: \$600,000 is budgeted for FYE 2022 and \$175,000 annually thereafter.

Estimated Completion Date: Ongoing

Operating Budget Impact: Anticipated fuel, insurance, and maintenance costs are added annually during budget development.

2. **Main Campus Master Plan Renovations** – The NCWSA purchased the adjacent tract of land that expands its main campus size to 15.85 acres. The initial master plan will address storm water, issues, site security, and landscape development.

Estimated Probable Costs: \$3,000 remaining

Estimated Completion Date: FYE 2022

Operating Budget Impact: This project is expected to add \$3,500 a year in operating costs beginning in FYE 2022.

3. **Campus Site Improvements** – This project is to improve functionally, safety, and appearance of the Authority's headquarters and campus.

Estimated Probable Costs: \$998,000

Estimated Completion Date: FYE 2022

Operating Impact: The impact of these improvements will increase the Facility/ Grounds Maintenance line item by approximately \$10,000 and has been included in the FYE 2022 operating budget.

4. **Eagles Nest Renovation** – The adjacent property (described above), contained a 3,000 square foot house to be renovated and used as a training/education center. Asbestos was discovered and has been completed removed with the outer shell of the house remaining. The renovation of this project is currently under design and architectural review.

Estimated Probable Cost: \$2,000,000.

Estimated Completion Date: FYE 2024

Operating Budget Impact: Operational impacts will be determined and incorporated into the operating budget as the project is defined.

5. **Infrastructure Acquisition SR-278 (Social Circle)** - This project will purchase a combination of 12" & 8" water mains at the Newton County / Social Circle boundary. A total of 12,700' of pipe, required appurtenances, and a master meter with the vault is included with the purchase. Also, two small lift stations and accompanying 6" force main serving the GDOT rest area located on I-20 East.

Estimated Probable Cost: \$670,000

Estimated Completion Date: FYE 2022

Operating Budget Impact: Operating costs of these new facilities have been included in the FY 2022 operating budget.

## DEBT OBLIGATIONS

### Description of Debt Standards

The Newton County Water & Sewerage Authority does not have a Board adopted debt policy; however, the Authority does utilize the following standards when considering the use of debt as a funding source:

- The Authority does not have debt limits per its enabling legislation; however, per Georgia Code: Article 9, Section 5, Paragraph I of the Georgia Constitution establishes the maximum debt limits for counties and other political sub- departments of the State. Under the Constitution, certain types of debt issued by a political sub- department, including counties, cannot exceed an amount that is equal to 10 percent (10%) of the assessed value of all taxable property located within that particular entity.
- Debt should be utilized only to construct new capital assets that provide benefit to future generations of the Authority's customers.
- The Authority strives to maintain a favorable financial margin, which results in a favorable bond rating, to obtain the lowest possible rate when issuing debt.
- The Authority will consider the expected useful life of any capital project financed through debt issuance. It will not secure debt with a term longer than the expected useful life of the capital project.

- In addition to the issuance of revenue bonds, the Authority considers using loans through the Georgia Environmental Finance Authority (GEFA) when considering sources for financing of capital projects through debt issuance.
- When fiscally responsible, the Authority will consider financing capital projects with cash and avoid debt issuance.
- Bond premiums, discounts, and issuance costs are deferred and amortized over the term of issued bonds using the effective interest method.
- Deferred charges on refunding are amortized over the shorter life of the refunded bonds or the refunding bonds using the effective interest method.
- Bond premiums, discounts, and deferred charges on refunding are presented as additions and reductions to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

### Summary of Debt Obligations

The Authority has issued debt to support the growing capital needs of the water and wastewater system. Current outstanding debt is in the form of low interest loans obtained through the GEFA loan program. The Authority currently does not have any revenue bonds (senior lien debt) outstanding. Therefore, the Authority does not have bond ratings. Based on the provisions of the GEFA State Revolving Loan obtained to finance the A. Scott Emmons WRF, the loan is secured by the Authority's full faith and credit. There is also a provision that the Authority shall not permit the Fixed Charges Coverage Ratio ("coverage") for any fiscal year to be less than 1.05. The Authority currently maintains a coverage ratio of 1.50. The table below summarizes the total estimated amount of outstanding debt on June 30, 2021.

Summary of Current Debt Obligations (Principal)		Fiscal Year Ended June 30, FY 2021
Description		
JDA GEFA Loan	\$	40,553
GEFA Loan 2012L22WQ		13,114,072
GEFA Loan CW2019003 [1]		19,470,528
<b>Total</b>	<b>\$</b>	<b>32,625,153</b>

[1] Amount shown is estimated at June 30, 2021. The debt incurred in the form of a construction line of credit (loan) in the amount of \$25M, is currently in the drawdown phase and repayment is determined when construction is complete and all funds have been drawn.

### Notes Payable

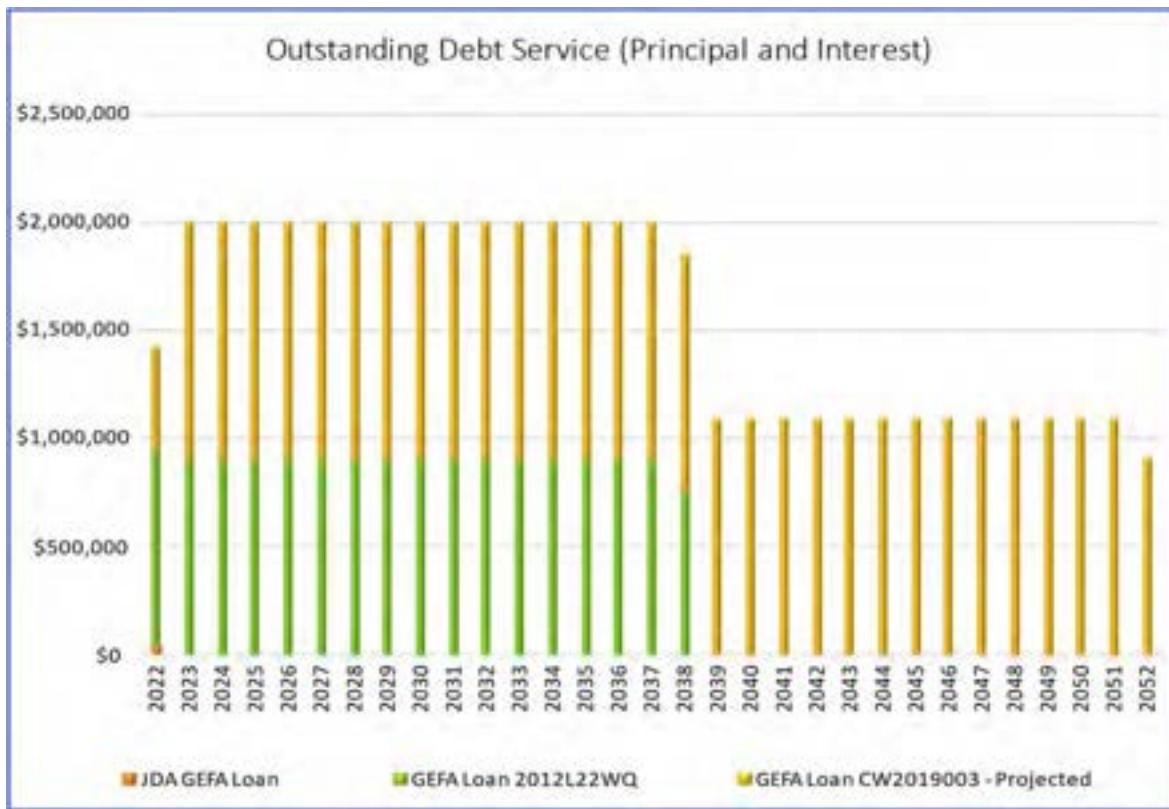
**JDA GEFA Loan** – The Authority entered into an intergovernmental agreement with the Joint Development Authority (“JDA”) and the City of Social Circle to develop a Research Park in Newton County. The Authority’s responsibility is to extend water and sewer service to the Research Park. The JDA incurred the debt for the extension of services. Upon receipt of project income in the form of water and sewer charges from Research Park, the Authority must apply project income of 92% of the quarterly payment obligations of the JDA note payable with GEFA. The Authority began receiving project income related to Research Park during the year ended June 30, 2016. At that time the Authority began applying project income to their portion of the JDA’s GEFA note payable. The principal obligation outstanding is \$40,533 with an interest rate of 4.65% and the final payment is due on July 1, 2021. FYE 2022 principal and interest payments are \$40,533 and \$1,185, respectively.

**GEFA Loan 2012L22WQ** – The Authority also incurred debt in the form of a construction line of credit for various water and sewer projects. The principal amount is \$13,114,072. The interest rate is 1.82% with a 20-year term, maturing in FY 2038. FYE 2022 principal and interest payments are \$671,973 and \$233,089 respectively.

**GEFA Loan CW2019003** – The Authority also incurred debt in the form of a construction line of credit in the amount of \$25,000,000 for the A. Scott Emmons Water Reclamation Facility. The authorized principal amount is \$25,000,000. The interest rate is 1.93% with a 30-year term, maturing in FYE 2048. Accrued interest is to be paid monthly until the Amortization Commencement date which is anticipated to be in May of 2022 when the first principal payment is due.

#### Outstanding Debt Service

The graph below shows the Newton County Water and Sewerage Authority's currently committed long-term Debt Service obligations.



#### Summary of Debt Service Payments

The remainder of the Authority's outstanding debt reflects essentially level debt service payments (i.e., regular annual payments) through the Fiscal Year 2038 when the 2012L22WQ GEFA Loan matures.

As previously noted, the financial forecast does include the projected debt service for GEFA Loan secured in April 2019, in the authorized amount of \$25,000,000 with a Water First interest rate of 1.95% for thirty years.

As stated in Section 2 – Cash Management Policies on page 2-5 of this document, the Authority makes monthly deposits in an amount that will be enough to make the upcoming principal and interest payments on all outstanding debts of the System. A summary of the Existing and Proposed Debt repayment schedule for the Forecast Period is shown in the table below.

Summary of Existing and Projected Debt Service Payments					
Description	Fiscal Year Ending June 30,				
	FYE 2022	FYE 2023	FYE 2024	FYE 2025	FYE 2026
JDA GEFA Loan	\$ 41,738	\$ -	\$ -	\$ -	\$ -
GEFA Loan 2012L22WQ	905,062	905,062	905,062	905,062	905,062
GEFA Loan CW2019003 - Projected [1]	481,781	1,098,386	1,098,386	1,098,386	1,098,386
<b>Total</b>	<b>\$ 1,428,581</b>	<b>\$ 2,003,448</b>	<b>\$ 2,003,448</b>	<b>\$ 2,003,448</b>	<b>2,003,448</b>

[1] Amounts shown are estimated. The debt incurred in the form of a construction line of credit (loan) in the amount of \$25M. Accrued interest is to be paid monthly until the Amortization Commencement date which is anticipated to be in May of 2022 when the first principal payment is due.

### Legal Debt Margin

The Authority does not have debt limits per its enabling legislation; however, per Georgia Code: Article 9, Section 5, Paragraph I of the Georgia Constitution establishes the maximum debt limits for counties and other political sub-departments of the State. Under the Constitution, certain types of debt issued by a political sub- department, including counties, cannot exceed an amount that is equal to 10 percent (10%) of the assessed value of all taxable property located within that particular entity.

NCWSA provides water and wastewater service to unincorporated Newton County, Georgia. Below is the legal debt margin as reported by the County for the Fiscal Year 2020.

Legal Debt Margin - Newton County, Georgia	
Fiscal Year Ended June 30,	
(Amount Expressed in Thousands)	FYE 2020
Assessed Value	\$ 3,033,417
Debt limit (10% of assessed value)	303,342
Debt applicable to limit:	
General obligation (GO) bonds	10,827
Less: Amount set aside for repayment of GO debt	-
Total net debt applicable to limit	10,827
Legal debt margin	\$ 292,515

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## SECTION 5

### DEPARTMENTAL INFORMATION



## NCWSA OPERATIONS GUIDE

### NCWSA Senior Management

The Authority's senior staff, including the heads of various departments or departments, is led by the Executive Director. Senior management as a group actively participates in the daily supervision, planning and administrative processes required by the Authority to meet its objectives. The Secretary / Treasurer is appointed annually by the Authority's Board of Directors.

Senior Management Team One		Years of Service
Mike Hopkins	Executive Director	24
Wayne Haynie	Chief Engineer	4
Emily Mills	Board Secretary/ Treasurer & Finance Officer	23
Tracy Clark	Human Resources Director	27
Krista Waits	Business Operations Manager	19
Tim McCart	Director of Information Systems	11
Kevin Miller	Water Reclamation Manager	17
Matt Wade	Water Maintenance System Manager	18

### Operating Department Personnel

The Newton County Water & Sewerage Authority is divided into eight (8) operating departments. Each department is responsible for a particular set of duties within NCWSA. As staffing vacancies occur, the operational needs of the Authority are evaluated, and positions may be filled internally or externally based on the needs of the position. Vacant positions may also be reclassified or eliminated. Specific staffing details are discussed in the following department descriptions. For FYE 2022, the Authority plans to add six (6) new positions. Each new position is described within the individual department staffing plan.

Full Time Equivalent (FTE) Summary					
Fiscal Year Ending June 30,					
Department	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Administration	3.00	3.00	3.00	3.00	5.00
Engineering	6.00	6.00	6.00	5.00	5.00
Water Reclamation	11.00	13.00	14.00	15.00	16.00
Water System Maintenance	14.00	14.00	14.00	14.00	14.00
Business Operations	15.00	15.00	16.00	17.00	19.00
Fleet / Inventory	2.00	3.00	3.00	3.00	3.00
Information Technology	1.00	1.00	2.00	2.00	2.00
Human Resources	1.00	1.00	1.00	1.00	2.00
Total	53.00	56.00	59.00	60.00	66.00

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## Operating Departments Mission, Accomplishments, and Initiatives

### Administration Department

#### *Mission Statement*

To provide exceptional, timely, and professional administrative support toward the Authority's mission, vision, and values, including specific administration of rate setting, treasury, financial management, audit and budget preparation, Board administration, administrative services, short-term and long-term planning, and legal services.



#### *Summary of Services*

The Executive Director is the liaison to the Board of Directors and oversees the Authority's day-to-day operations. The Executive Director provides leadership and initiates strategic planning to implement the Board of Directors' goals and vision. The Executive Director utilizes the talent and skills of the entire staff to fulfill the organizational objectives.

The Finance Team is under the Executive Director's purview and is responsible for promoting sound fiscal practices that ensure the Authority's long-term financial stability. Finance performs all financial-related services for the Authority, which include general ledger functions, investment tracking, debt management, accounts payable, accounts receivable, bank account reconciliation, maintenance of the Authority's cash flow model, monthly financial reporting, annual budget preparation, rate analysis/update, State of Georgia report preparation, and Capital Improvement Program reporting and the facilitation of the annual financial audit. Additionally, the Finance Team ensures that the financial accounting and reporting complies with Generally Accepted Accounting Principles ("GAAP") and the Governmental Accounting Standards Board ("GASB").

Additional services by the department include providing administrative support to the Board of Directors and appointed legal counsel. This includes the preparation and timely distribution of Board and Committee meeting packages, maintenance of all official documents, and timely development and filing of all noticing requirements according to the Open Meetings laws of the State of Georgia.

#### *Personnel*

The Administration Department will increase to five (5) full-time staff members. The two new positions will initially reside in the Administration Department until FYE 2025, at which time they will become new departments or integrated into an existing operations department.

<b>Administration - Position Summary</b>					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Executive Director	1.00	1.00	1.00	1.00	1.00
Finance Officer/ Secretary / Treasurer	1.00	1.00	1.00	1.00	1.00
Accounts Payable Technician	1.00	1.00	1.00	1.00	1.00
Safety / Compliance Manager	-	-	-	-	1.00
Community Affairs Manager	-	-	-	-	1.00
<b>Total</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>5.00</b>

## *FYE 2021 Accomplishments*

- Prepared and assisted with the completion of Board and Committee meeting minutes and Board, Administration, Finance, and Audit meeting packages.
- Ensured all meeting agendas, notices, and related material met compliance requirements with the Open Meetings laws of the State of Georgia.
- Maintained a system-wide financial software package.
- Effectively completed the annual financial audit with no significant findings/clean opinion.
- Analyzed the financial mode using current year numbers.
- Continued a transition to digital storage of all internal and external documents.
- Continued the development of a senior management succession plan.
- Awarded the GFOA Distinguished Budget Award for the fourth consecutive year.

## *Critical Success Factors*

The Administration Department has identified the following objectives it considers critical to the overall success of the Department and the Authority for FYE 2022:

- Provide administrative support to the Executive Director, Department Directors, and the Board of Directors.
- Provide technical support and compliance solutions that protect the Authority from legal, financial, and safety exposures.
- Provide administrative support to the Authority's customers.
- Incorporate and support the two new positions within the Administrative Department and begin developing initial standard operating procedures.

## *FYE 2022 Initiatives*



The following initiatives support the Authority's strategic plan to achieve financial stability and maintain a fiscally responsible debt level.

- Timely prepare and complete all Board, Finance, Audit reports, and Administration and Committee meeting packages for distribution.
- Submit for the GFOA Distinguished Budget Award and achieve the coveted award annually.
- All Finance Staff to complete the State of Georgia Level II Finance Officer Program.
- Administer agendas and notices for said meetings to comply with the Open Meetings laws of the State of Georgia.
- Transcribe and prepare for approval all Board, Finance and Audit, Administration, and Committee meeting minutes.
- Provide administrative support to the Executive Director, Department Directors, and Board of Directors.
- Continue to comply with the Open Records Meeting Laws of the State of Georgia.
- Hire and incorporate two new full-time positions: Community Affairs Manager and Safety/Risk Manager positions.
- Ensure regular work duties are completed promptly with few errors.

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## Performance Measures

Administration Department					
Performance Measures	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Obtain GFOA Distinguished Budget Award	Achieved	Achieved	Achieved	Achieved	Submit
Obtain Unqualified Opinion from External Audit	Achieved	Achieved	Achieved	Achieved	Maintain
Timely Preparation of Monthly Board Meeting Documents	Achieved	Achieved	Achieved	Achieved	Maintain
Open Records Request and Compliance	3 of 3 100%	4 of 4 100%	2 of 2 100%	4 of 4 100%	100% of Requests

## Engineering Department

### *Mission Statement*

Improve the Authority's value to its customers through continual application of lessons learned. Analyze, evaluate, design, and improve all areas of Authority operations. We are engaged through scientific and engineering principles, promoting thoughtful innovation within customer service, distribution/collection, treatment, capital program expansion, and business practices.

### *Summary of Services*



The Engineering Department plans, coordinates, and implements capital projects for NCWSA. The Engineering Department assists in planning non-routine capital projects and provides engineering, construction coordination, and management once projects begin. Recommendations from the Engineering Department drive the strategic position of NCWSA concerning capital improvement projects. The Engineering Department is also responsible for developing and maintaining the NCWSA's geographical information system ("GIS") and provides strategic and regulatory guidance for NCWSA operations.

### *Personnel*

The Engineering Department had difficulty hiring and retaining high-quality professional technical personnel, which is becoming the norm within the local area. The next five-year staffing plan utilizes various third-party technical consultants to augment the existing staff to complete critical engineering projects.

Engineering - Position Summary					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Chief Engineer	1.00	1.00	1.00	1.00	1.00
Engineer PE	1.00	1.00	1.00	1.00	1.00
Engineer EIT	1.00	1.00	1.00	1.00	1.00
Engineering Technician I	1.00	1.00	1.00	1.00	1.00
Engineering Technician II	1.00	1.00	1.00	-	-
Inspector I / Utility Locator	1.00	1.00	1.00	-	-
Inspector	-	-	-	1.00	1.00
<b>Total</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>5.00</b>	<b>5.00</b>



- The Monthly Engineering Report for the Board of Directors meeting was prepared, and the review of corresponding minutes were completed 100% on time.
- Prepared, received approval for, and implemented the FYE 2021 Capital Replacement, Relocation, and Capital Improvement Programs.
- Implemented and completed various proposed long-term financial program projects. This included the significant integration of the CIP and financial model.
- Completed and implemented assigned Strategic Plan activities.
- Development and implementation of workflow processes within the Engineering Division and the implementation of best management practices.
- Provided timely review of developer plan submittals and professional and courteous customer support from the entire Engineering Department.
- Provided engineering leadership and support for all Authority functions and legal activities.
- Provided project management of Authority-led capital improvement and corrective maintenance projects, including design, preparation of contract documents (plans and specifications), and related coordination and administrative tasks.
- Performed plan review and post-construction documentation of developer-led water and sewer facility improvement projects.
- Processed and coordinated applications for Developer Project Plans, plan review and coordination, and construction inspection of Developer projects.
- Responded to inquiries for engineering and related technical information, including water pressure, water availability, fire flow, hydrant location, and facility conflict evaluation and processing.
- Responded to customer inquiries for engineering and other technical information.
- Reviewed all new customer questionnaires.
- Provided technical support to the other operating divisions within the Authority.
- Completed various design projects.
- Improved external website communications with the implementation of new downloads.
- Instituted required inspections for water and sewer improvements.
- Perform water system flow and pressure tests.

### *Critical Success Factors*

The Engineering Department prioritizes and establishes schedules and methods to design and construct NCWSA capital improvement projects.

- Monitors and oversees engineering design activities, including preparing and reviewing engineering plans prepared by consultants, cost estimates, labor proposals, agreements, contracts, and project specifications.
- Utilize construction management methods to manage contractors building NCWSA's capital improvement projects in the field.

### *FYE 2022 Initiatives*

- Ensure additional transmission capacity for the Stanton Springs Corridor.
- Complete design of the Yellow River Gravity Sewer Improvement Project.
- Rehabilitate the central trunk sewer from Porterdale to Brown Bridge Road.

The Engineering Department has identified the following goals to promote our mission and support the Authority's strategic plan goals: investing in infrastructure, performing enhanced and effective maintenance, and workforce protection and development.

## Engineering

- Develop and implement the Wastewater Treatment Capacity Model.
- Ensure accurate cost recovery for sewer improvements.
- Develop and implement the Water Transmission Capacity Model.
- Ensure accurate cost recovery for water improvements.
- Inventory and evaluate interconnection master meters with the Consecutive System.
- Improve accuracy, water audit validity, and revenue accountability.

## Capital Projects

- Set the "road map" for capacity and capital improvement needs through 2060.
- Stay the course for significant treatment capacity expansion.
- Provide sewer treatment service expansion for our regional partners.
- Ensure adequate treatment capacity until the A. Scott Emmons WRF is commissioned.
- Complete planning, design, and construction of the Wastewater Flow Measurement Project.
- Improve revenue and inter-governmental accountability toward I&I reduction.
- Complete design of the Paine's Crossing Transmission Main.
- Strengthen the eastern portion of the water system for industrial growth.

## Staffing and Training

- Integrate GIS professional and daily activities with the City and County.
- Improve operating knowledge with staff obtaining Water Distribution or Wastewater System Collections Licensure.
- Sharpen internal hydraulic modeling skillsets by completing the ASCE Hydraulics Course.
- Improve sewer process skillsets by completing the ASCE Wastewater Process Course.

## Organization

- Convert from paper records (where possible) to digital for long-term preservation and accessibility.
- Implement total digital filing of day-to-day documents.
- Complete conversion to digital storage of drawings and files.
- Implement digital reporting of inspections through the use of iPad and inspection applications.
- Clean-up and reorganize the department's area on the 2nd floor to remove all clutter and stacks.
- Salvage outdated equipment and flat files.
- Reconfigure the open space into a library of historical and catalog records.

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## Performance Measures

Engineering Department					
Performance Measures	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
CIP Plan Review	Achieved	Achieved	Achieved	Achieved	Maintain
Developer Plan Review	12	9	10	8	12
Capital Projects - In House	4 Completed	7 Completed	3 Completed	3 Completed	5
Yearly Project Inspections (Includes Projects as well as Tap Inspections)	397	563	401	375	412

## Geographical Information Systems (Engineering Subgroup)

### *Mission Statement*

Geographical Information Systems (previously defined as “GIS”) provides enhanced access to high-quality geographic information. This access increases business operations’ effectiveness through information and process integration, crossing organization units to pursue better public service.

### *Summary of Services*

This department is responsible for coordinating and participating in database management for both the GIS and AutoCAD applications. This division updates and maintains GIS and AutoCAD databases for water, and sewer facilities from construction drawings to as-built information; performs data capturing and conversion, data entry, and graphic editing activities; develops user-friendly file management systems and completes geographic data analyses. This division utilizes professional Global Positioning System (“GPS”) equipment to collect geographical information in the field, locates Authority assets, resolves accuracy issues using GPS and integrates GPS data into the GIS database. The GIS viewing application provides accurate, accessible, and functional data to both desktop and mobile devices within the Authority. GIS also functions as a great reporting tool and has asset management capabilities.

### *Personnel*

GIS is a subgroup of the Engineering Department. Due to the difficulty in hiring qualified GIS personnel in our area, services will be provided by a selected consultant. The consultant’s scope of work will include the FYE 2022 initiatives listed below.

### *FYE 2021 Accomplishments*

- Upgraded GIS application and custom tools to the latest version of ArcGIS10.
- Assisted the Engineering Department with mapping and analysis requests for various projects, such as the updated automatic fire hydrant flushing program.
- Assisted Operations and Maintenance with various ongoing projects by providing maps and updating the ArcGIS Server web application.
- Produced maps and provided technical support for Authority personnel and maintained mapping support and training throughout the Authority.
- Responded to requests for map information from developers and other entities.
- Maintained GIS database replication solution (water, sewer).
- Continued to support the Business Operations, Water Reclamation, and the Water Maintenance Departments.

## Critical Success Factors

GIS's success is based on maintaining accurate, consistent, and up-to-date databases enabling timely response to requests for projects and services.

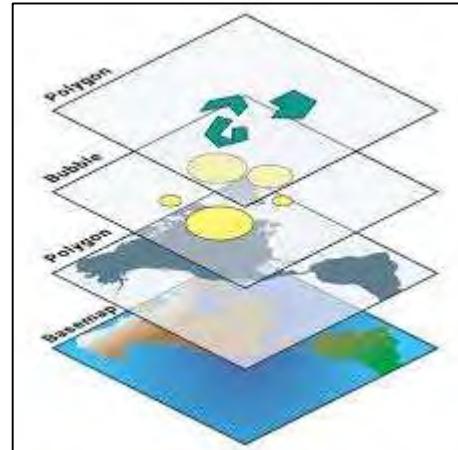
- Development and implement an intuitive, accessible, and user-friendly GIS system while adhering to professional level GIS/CAD standards and procedures.
- Support of design and construction of capital project drawings through field work, engineering design and as-built services.
- Maintain a high level of expertise in CAD and GIS support through training on new technology and tools.
- Closely interact with consultants while maintaining an all-hands-on deck approach towards the daily needs, updates, and smaller project requests by NCWSA Departments.

## FYE 2022 Initiatives



As a subgroup of the Engineering Department, GIS's initiatives support the Authority's strategic plan to invest in infrastructure and perform enhanced and effective maintenance.

- Continue to operate, develop, and maintain the Authority's Geographic Information System including updates and adding new data sources.
- Improve GIS information dissemination throughout the Authority.
- Coordinate the evaluation, selection and implementation of the Authority's GIS Viewer based on GIS Strategic plan recommendations.
- Implement a GIS-based mobile computerized maintenance management system ("CMMS") solution and training program.
- Improve the spatial component of GIS data using sub-meter GPS data.
- Respond to customer service requests for maps and producing within the standard of 48 hours.
- Maintain reliable GIS system software performance.
- Continue to Resolve GIS-related problems within 24 hours of notification.



## Performance Measures

Engineering Department - GIS (Subgroup)					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Deploy Mapping System to End Users	Field Crews 85%	Water Reclamation 100%	All Departments 93%	Complete All Departments 100%	Complete All Departments 100%
Update Water Valve Layer	32%	50%	54%	65%	25%
Update/Redesign Base Systems Maps	25%	75%	82%	100%	25%

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## Water Conservation (Engineering Subgroup)



### *Mission Statement*

To oversee programs that facilitate sustainable water use throughout NCWSA's service delivery area and to communicate conservation benchmarks to various regulatory agencies, schools, public and private organizations to reduce unnecessary water use and encourage responsible customers' essential habits.

### *Summary of Services*

The Water Conservation Team is responsible for complying with the Georgia Environmental Protection Department's water regulations, and in conjunction with the Georgia Water Stewardship Act to conduct an annual water system audit and phase in a water loss control / leak detection program. Environmental education plays a vital role in the department through the local school systems and various civic organizations.

### *Personnel*

While Water Conservation/Environmental Compliance is a subgroup of the Engineering Department, personnel with the appropriate expertise will be utilized from various departments to fulfill the Water Conservation Subgroup's needs.

### *FYE 2021 Accomplishments*

- Conducted a top-down approach on the annual water audit.
- Participated in the Newton County's Consecutive Systems Master Meter Program to calibrate its master meters to meet state requirements.
- Continued membership in the Georgia Association of Water Professionals ("GAWP") Water Loss Control Committee.
- Conducted educational workshops and irrigation workshops for local citizens.
- Collaborated with Keep Covington/Newton Beautiful and the Newton County Board of Education.
- Provided the community with the annual Consumer Confidence Report ("CCR") of water quality.
- Participated in required unregulated contaminant monitoring ("UCMR4") state sampling.
- Collaborated with the Newton County's Fire Department on hydrant flow tests, site maps, and non-revenue water calculation.
- Managed the SaveWaterNewton.com website.
- Participated in community events promoting water conservation and "Drink from the Tap".
- Initiated the development of a leak detection program for the water distribution system.
- Maintained and accounted for hydrant meter services and maintenance.
- Collaborated with Billing / Field Services on testing standard operating procedures for large meters, three-inch and above, along with residential field deployment system.
- Collaborated and strategized with Water Maintenance on a system-wide flushing program.

### *Critical Success Factors*

The Water Conservation Subgroup encourages water and wastewater customers to support and adopt procedures and programs that sustain water resources' efficient use.

- Strengthen NCWSA's conservation efforts within the community.
- Communicate water conservation information to external customers using newsletters, website management, social media outreach, student education, community workshops and training, community and stakeholder tours, community events and media relations.



The Water Conservation and Environmental Compliance subgroup will support the Authority's strategic plan goals to invest in infrastructure and perform enhanced and effective maintenance.

- Continue to sustain and monitor our non-revenue water with our annual water audit from a top-down to a bottom-up approach.
- Planning and sustaining The Water Loss Control Program.
- Reporting the success of The Water Loss Control Program.
- Continue to gain awareness and continue to develop our leak detection program.
- Provide Authority customers with annual water quality reports (CCR).
- Sustain the master meter planning and calibration to benefit our distribution system and surrounding entities.
- Conduct water conservation classes for schools, homeowner associations and comply with water restrictions.
- Recover apparent water loss with the lag time of meter reads.
- Maintain and gain knowledge on automated meter reading ("AMR") Field Deployment Manager to access real-time meter readings.
- Obtain Technical and Financial Resources for Water Loss Control Program.
- Continue to assess water resource management.
- Continue to update and monitor our billing spreadsheet from the Newton County Board of Commissioners.

### *Performance Measures*

Engineering Department - Water Conservation (Subgroup)					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Water Loss Audit Completed and Accepted by Georgia Environmental Protection Division	Achieved	Achieved	Achieved	Achieved	Maintain
Develop Water Conservation Mobile Unit	Achieved	Achieved	Achieved	Achieved	Maintain
Attend Community Wide Events with Mobile Water Conservation Unit	5 - With Unit	6 - With Unit	8 - With Unit	Canceled due to COVID-19	3 - With Unit
Updated and improve water conservation plan	Achieved	Achieved	Achieved	Achieved	Enhance return

### Water Reclamation Department

#### *Mission Statement*

Water Reclamation's mission is to provide reliable and sustainable sewer collection and treatment services for the Authority's customers. Additionally, this area is responsible for accomplishing its duties using effective management practices and ensuring an environmentally responsible operation.

#### *Summary of Services*

Plant Operations is responsible for the safe, legal, economical, and environmentally acceptable treatment and reclaiming of all sanitary sewer flows from the unincorporated areas of Newton County within its service delivery area.

This department's responsibilities include the maintenance and repair of the Authority's sewer collection system infrastructure, including sewer mains and laterals, and lift stations. Accomplishing this task also provides preventative maintenance programs to monitor flows and clean the system. The department's mission is to ensure the entire collection

system is clean and free-flowing while protecting the environment and public health. The division provides 24 hours emergency response to sewer emergency calls.

This department ensures compliance with commercial and industrial customers with the Authority's pretreatment/ source control program to protect the sewer collection system. This division achieves its purpose through inspection, issuance, and renewal of permits for non-domestic wastewater discharge.

The Water Reclamation Department is responsible for aspects of collecting and treating sewer. The Department manages seven (7) lift stations and 117 miles of interceptors, collectors, and outfalls. The Yellow River Water Reclamation Plant has a capacity of 3.2 MGD and is located in the county's heart within the City of Porterdale.



**Yellow River WRF Sludge Building**

### *Personnel*

With the planned expansion of facilities, particularly the A. Scott Emmons Water Reclamation Facility scheduled to begin operations in FYE 2022, a Wastewater Laboratory Analyst will be added to the department to help with the increased laboratory test required at the Emmons Stream Discharge Facility. The department will continue preparing wastewater operators for the various functions of the new Water Reclamation.

<b>Water Reclamation - Position Summary</b>					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Water Reclamation Manager	1.00	1.00	1.00	1.00	1.00
Assistant Water Reclamation Manager	1.00	1.00	1.00	1.00	1.00
Wastewater Laboratory Analyst	1.00	1.00	1.00	1.00	2.00
Industrial Pretreatment Manager	1.00	1.00	1.00	1.00	1.00
Environmental Compliance Coordinator	-	-	-	1.00	1.00
Environmental Compliance Sampling Tech	-	-	1.00	1.00	1.00
Wastewater Maintenance Specialist	2.00	2.00	2.00	2.00	2.00
Collections Maintenance Specialist	1.00	1.00	1.00	1.00	1.00
Wastewater Class III Operator	4.00	6.00	6.00	3.00	3.00
Wastewater Class I Operator	-	-	-	1.00	1.00
Wastewater Operator Trainee	-	-	-	2.00	2.00
<b>Total</b>	<b>11.00</b>	<b>13.00</b>	<b>14.00</b>	<b>15.00</b>	<b>16.00</b>

### *FYE 2021 Accomplishments*

- Staff and consultants have evaluated alternatives for the repair/replacement of sewer mains along the Yellow River. The project is currently in the survey and design phase for the Yellow River Gravity Sewer Bypass and Riverbank Stabilization Project.
- The A. Scott Emmons WRF is currently in the construction phase and is 76% complete.
- Filled the vacant Environmental Compliance Coordinator position with an experienced individual that has already shown to be a valuable resource to us and our commercial and industrial users.
- The Water Reclamation Facility had zero permit violations.

## Critical Success Factors

The primary responsibility of the Water Reclamation Department is the operation of the Yellow River Water Reclamation Facility and its collection system consisting of the Turkey Creek, Cainey Fork and Beaverdam Outfalls. Critical success factors include:

- Properly treating wastewater.
- Educating the public about sanitary sewers.
- Monitor treatment results and effecting the environmentally safe disposition of the residuals produced by the process.
- Comply with federal and state laws, and with rules and regulations promulgated to cover wastewater treatment.
- Continue to be a good neighbor by improving operating practices and investing in technologies that will minimize odors from the water reclamation facility and its collection systems.

## FYE 2022 Initiatives



The Water Reclamation Department's FYE 2022 initiatives support the Authority's strategic plan to invest in infrastructure, performing enhanced and effective maintenance and workforce protection and development.

- Maintain regulatory compliance and complete GA EPD reports as required.
- Obtain the Georgia Environmental Protection Division ("GA EPD") approval to operate the A. Scott Emmons WRF.
- Complete the elimination and remediation of the Brickstore LAS.
- Increase collection system duties and evaluate the infrastructure with the Collection Maintenance Specialist position. Purchase related equipment needed for collection operations and establish a CMOM to aid in preventative maintenance activities to ensure reliable sewer service.
- Effectively maintain existing equipment.
- Continue to explore all cost savings opportunities by tailoring equipment runtimes to maximize efficiency and monitoring chemical dosages. Furthermore, correspond with chemical suppliers to obtain the best pricing.
- Continue to provide quality service and respond quickly to sewer customers.
- Increase training activities and track certification and renewal criteria to ensure Licensed Operators, Maintenance Technicians, and Laboratory Analysts remain compliant and well informed on new technology and practices.
- Provide a stable and safe workplace for the Water Reclamation Department employees.



Water Reclamation Department					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Maintain TSS/BOD Below State Mandated Levels	Achieved	Achieved	Achieved	Achieved	Maintain
Obtain the GAEP Award for the Yellow River Water Reclamation Facility	Gold	Not Achieved Non-Violation	Gold	Gold	Maintain
Percentage of Employees with Class III Wastewater License	100%	100%	100%	100%	100%
Feet of Collection System Maintained/Inspected	1,836	2,080	2,324	2,432	2,100
GA EPD Violations	0	0	0	0	0

## Water System Maintenance Department

### *Mission Statement*

The Water System Maintenance Department's mission statement is to operate and maintain the facilities and systems required to reliably deliver water services uninterrupted to the Authority's customers in a prudent and sustainable manner.

### *Summary of Services*

The Water System Maintenance Department consists of the Maintenance Team and Field Services Team. The Maintenance Team is responsible for maintaining the water and sewer systems infrastructure, ensuring the Authority provides reliable services to its customers. Responsibilities include heavy repair, replacement, and installation of the NCWSA's valves, hydrants meters, and water mains. Additionally, the Maintenance Team is responsible for full-service meter installations establishing the water service connection for new customers. The Field Services Team carries out the Authority's day-to-day operations in conjunction with all other departments to fulfill all necessary daily business operations and customer care-related matters. Field Services is responsible for general maintenance and repairs to devices. Additionally, the team collects the raw data from the NCWSA's meters and provides to Business Operations for billing. Field Services interacts with customers onsite to provide expertise in water-related subjects.

The Water Systems Maintenance Department supports Customer Service, Billing and Collections, Water Conservation and Environmental Compliance, Engineering, Wastewater, and any other directives received by management.

### *Personnel*

The Water Maintenance Department has been operating in the "lean mode" since the beginning of the economic downturn in 2008, adding positions as growing demands are placed on the system. As vacancies arise within department, the operation



needs of the Authority are evaluated. There are no additional positions for FYE 2022, however, additional staff is under consideration for the future.

Water System Maintenance - Position Summary					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Water System Maintenance Manager	1.00	1.00	1.00	1.00	1.00
Assistant Water System Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00
Water Maintenance Crew Foreman	1.00	1.00	1.00	1.00	1.00
Crewman I	1.00	1.00	1.00	1.00	1.00
Crewman II	3.00	4.00	4.00	2.00	2.00
Water System Specialist	1.00	1.00	1.00	1.00	1.00
Senior Meter Technician	1.00	1.00	1.00	1.00	1.00
Field Services Technician	4.00	4.00	4.00	5.00	5.00
Utility Locator	-	-	-	1.00	1.00
Landscaper I	1.00	-	-	-	-
<b>Total</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>

### *FYE 2021 Accomplishments*

- Replaced failing and leaking service lines and main lines.
- Repaired and replaced damaged fire hydrants. Painted fire hydrants.
- Repaired and replaced damaged meters. Installed new meters.
- Operated and maintained water tanks and water booster pumping stations.
- Exercised and maintained main line valves weekly according to a valve maintenance program schedule.
- Maintained the Field Deployment software for water modeling and loss prevention.
- Maintained the GIS equipment for valve/hydrant program.
- Maintained the Electronic Radio Transmitter (“ERT”) for real-time customer usage care requests.
- Field deployment of hand-held meter reading instruments.
- Field deployment of secondary computer tablets (limited).
- Collaborated on residential water loss for an annual water audit.
- Collaborated on the large revenue meter calibration and loss prevention model.
- Provided training for employees on leak detection equipment.
- Coordinated hydrant meter maintenance program.
- Participated in EPD Sanitary Survey.
- Ensured water distribution training for new employees.
- Provided licensing renewal classes for existing employees.
- Ensured renewal of water distribution licenses for appropriate personnel.
- Continued high usage meter change-out program.
- Coordinated customer relations / information video.

### *Critical Success Factors*

- Sharpen crew skills through more intense excavation training and safety training.
- Cross-train all employees on both heavy and light equipment.
- Produce more reliable field notes and observations.
- Reliably provide services by minimizing nonrevenue water, which affects our purchased treated water.
- Protect the public health and environment by meeting / exceeding all Department of Health Services, EPA, and Regional / State Water Quality Control Board requirements.
- Maintain operational readiness in anticipation of disasters or emergencies.
- Continually train in all aspects of customer service.



The Water System's Maintenance Department's initiatives support the Authority's strategic plan to invest in infrastructure, innovative customer service and enhanced and effective maintenance.

- Perform immediate repairs to any failed infrastructure and equipment.
- Perform routine maintenance of equipment to prevent failures, provide reliability, and extend equipment life.
- Upgrade aging and outdated infrastructure before it becomes an expensive re-occurring problem and liability.
- Stay consistent with the valve exercising. Continue the initial phase of mapping for valves, hydrants, and vaults.
- Plan and execute monthly preventative maintenance and flushing activities with customer notification.
- Prompt collection of water quality samples by deadlines required under state regulations. Timely response to customer calls.
- Return customer calls within the same business day.
- Ensure timely completion of major repair/replacement of distribution piping and valves. Complete assigned repair/replacement jobs on time.
- Ensure timely completion of unscheduled maintenance-related work orders.
- Continue to use AMR meter technology to instruct customers on meter usage issues, including customer side leaks and pressure-related problems. Continue ERT upgrade to residential customer meters.
- Implement the second phase of field-deployed hand-held meter reading devices with MVRS software.
- Implement FCS to MVRS software for system upgrade.
- Install AMR data logging software to coincide/complement billing software.
- Complete MVRS mobile software training and installation of hardware upgrades.
- Initiate hardware upgrade for the MVRS reading system.
- Increase Beacon Cellular technology field deployment to five hundred (500) sites and study large meter capabilities.
- Complete the second phase of field tablet training and implementation.
- Implement large revenue meter change-out program on Authority meters.
- Continue monitoring and calibration of master meters for lost revenue issues.
- Install additional 40 water quality sampling sites.
- Coordinate high-density area hydrant maintenance/management program.
- Continue customer education/relations video.
- Implemented school outreach educational program
- Continue employee state licensing requirements pertinent to field services.
- Continue employee training on loss prevention software and instruments.

#### Performance Measures

Water Systems Maintenance Department					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Number of New Meters Installed in the Water System Annually	540	462	583	500	600
Annual Meters Replaced (Age/Defective)	1,429	1,725	1,729	1,600	1,500
Number of Main Line Breaks (Annual)	9	7	5	7	5
Miles of Pipe Maintained per Department FTE	28.1	26.1	24.2	22.0	21.0

## Business Operations Department

### *Mission Statement*

Business Operations consist of billing and customer services focusing on the customer. All activities within Business Operations are performed emphasizing a “customer comes first” philosophy.

### *Summary of Services*

**Customer Service** is responsible for the maintaining and using an efficient and accurate utility billing system, which provides for the timely collection of the Authority's water and sewer service revenues. Equally important is providing first class service to customers over the phone and in person at our main office.



**Billing** is responsible for the collecting of meter reading data to help ensure that all customers are billed timely and accurately. Customer Service is responsible for daily meter services such as turning on and off meters, placing door hangers, and responding to customer requests.

### *Personnel*

The Business Operation Department has fifteen (17) team members. Two additional staffing changes are planned for FYE 2022. Both positions will be frontline Customer Service Representatives.

Business Operations - Position Summary					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Business Operations Manager	1.00	1.00	1.00	1.00	1.00
Customer Services Supervisor	1.00	1.00	1.00	1.00	1.00
Customer Services Specialist I	2.00	2.00	3.00	3.00	3.00
Customer Services Specialist II	4.00	4.00	3.00	3.00	3.00
Customer Services Specialist III	2.00	2.00	3.00	4.00	6.00
Receptionist	1.00	1.00	1.00	1.00	1.00
Billing Services Supervisor	1.00	1.00	1.00	1.00	1.00
Accounts/Collections Specialist	1.00	1.00	1.00	1.00	1.00
Billing Specialist	1.00	1.00	1.00	1.00	1.00
Accounts Receivable Technician	1.00	1.00	1.00	1.00	1.00
Total	15.00	15.00	16.00	17.00	19.00

### *FYE 2021 Accomplishments*

- Processed over 2,100 service orders per month.
- Processed over 25,752 bills per month.
- Processed over 17,353 online payments per month.
- Processed over 532 payments per month for walk-up/drive-thru customers. (Front Lobby Limited Access due to COVID-19 Pandemic)
- Processed over 8,000 in mail and night drop, which equals to about 12,000 payments per month.
- Discontinued bank draft payments and moved to online service.

- Assisted over 1,589 customers with some form of extension or payment plan. This was a 20% increase from FYE 2020 and can be attributed to the effects of COVID-19.
- Worked with and adjusted over 1,100 customer accounts for reported leaks.
- Initiated a frequent rotation within the Customer Service Department to allow all employees to provide the same service level to every customer.
- Provided a smooth transition for customers affected by the COVID-19 Pandemic.
- Continued to cross-train employees in customer service and billing.
- Improved service interruption for the non-payment process. Suspended service interruption for non-payment on March 13, 2020, due to COVID-19.
- During the suspension of service interruption for non-payment, revamped the customer late fee and disconnection policy.
- Continued to fine-tune Paymentus, which offers Online Quick Pay, Self-Service Customer Portal, Pay-by- Email, IVR/ Automated Phone Payments, Mobile App, Paperless e-Billing, Staff Portal, and Outbound Customer Notifications.

### *Critical Success Factors*

The Business Operations Department is the first point of contact for over 25,000 customers. NCWSA strives to achieve a high degree of customer satisfaction through the following key actions:

- Engage customers in effective communication.
- Understand needs, problem solve and provide solutions.
- Implementation and follow-up.

### *FYE 2022 Initiatives*



Business Operations initiatives support the Authority's strategic plan goal of innovative customer service, financial stability, and workforce protection and development.

- Complete the implementation of the new Munis Utility Billing System Upgrade Version 11.
- Continue to provide job-specific training for Billing and Customer Service staff.
- Frontline staff to complete Word and Excel training classes.
- Timely billing of customer accounts.
- Continue to implement Paymentus features such as Pay-by-Text and Outbound Customer Notification.
- Implementation of e-Lockbox Payment Consolidator through Paymentus.
- Implementation of Outbound Customer Notification for delinquent accounts before shutoff.
- Obtain 45% of customer participation in some form of electronic payments.
- Timely completion of delinquent notices and delinquent shutoffs.
- Implement a new water/sewer rate structure as identified.
- Updating the SOP books for Customer Service and Billing.

### *Performance Measures*

Business Operations Department					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Number of Annual Customer Calls	154,774	153,000	169,010*	196,300*	215,000*
Number of Monthly Transactions Utilizing Third Party Bill Payment Options	12,456	15,000	15,621	15,000	17,000
Number of Abandon Calls (Average per Month)	94	85	98	100	150

\* Increase in annual customer calls can be attributed to the COVID-19 Pandemic.

## Fleet/Inventory Department

### *Mission Statement*

To provide procurement expertise to assure timely acquisition and distribution of goods and services for the NCWSA's operations following its policies and procedures.

### *Summary of Services*

The Fleet/Inventory Department provides the following services:



- Purchasing is responsible for creating and maintaining a procurement system that provides professional, responsive, efficient, and useful material and procurement support services to its internal and external customers.
- The warehouse is responsible for maintaining a safe and responsive warehouse and inventory control system that ensures supplies are available and ready when needed by Authority personnel.
- Fleet is responsible for maintaining the vehicles and machines for proper and safe operation.
- Facilities performs maintenance on the fire system, elevator, alarm, HVAC units, etc. for satisfactory operation.

### *Personnel*

The Fleet/Inventory Department has three (3) staff members. There are no planned staffing changes.

<b>Fleet / Inventory - Position Summary</b>					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Fleet / Facility Coordinator	1.00	1.00	1.00	1.00	1.00
Cross Connection Coordinator	1.00	1.00	1.00	1.00	1.00
Landscaper I	-	1.00	1.00	1.00	1.00
Total	2.00	3.00	3.00	3.00	3.00

### *FYE 2021 Accomplishments*

- Sustained appropriate levels of inventory and non-inventory support to encounter planned and emergency situations.
- Managed month-end closing and various reporting of Munis transactions.
- Trained supervisors and management staff in the Process Flow Approval System of Munis.
- Performed annual complete physical inventory.
- Guaranteed timely and continuous availability of inventories materials.
- Processed inventory deliverables promptly.
- Maintained and ensured timely and continuous availability of direct charged materials not on inventory.
- Assisted with new facility projects.
- Conducted weekly scheduled cycle counting.
- Reduced surplus inventory of equipment using GovDeals a company that provides auction services to various government agencies that allow them to sell surplus and confiscated items via the Internet.
- Purchased vehicles and engineered a valve machine maintenance truck.

- Purchased new equipment along with equipment trailer off state contracts.
- Documented fuel levels and maintained fuel levels for non-emergencies and emergency situations.

### *Critical Success Factors*

Fleet/Inventory provides centralized purchasing and warehouse management services. To achieve accountability and meet service requirements, key factors include:

- Providing the highest level of oversight of procurement for all departments
- Providing enhanced supply management, value-added services, and cost savings to NCWSA.

### *FYE 2022 Initiatives*



The Fleet/Inventory Department's initiatives support the Authority's strategic plan goals of financial stability, investment in infrastructure and enhanced and effective maintenance.

- Obtain and provided education in inventory management systems.
- Review and streamline purchasing practices and procedures.
- Maintain, purchase, and receive inventory items for scheduled projects/jobs.
- Continue to maintain appropriate levels of inventory and non-inventory support to meet planned and emergency situations.
- Continue assisting with new facility projects and upgrades.
- Maintain a network of local agency purchasing agents.
- Expanded the fleet with the purchase of an additional truck.
- Order non-inventory Request for Purchase Order ("RFPO") materials and services.
- Write and process RFPOs within 48 hours of RFPO receipt in Purchasing.
- Conduct purchase order follow-up on late deliveries.
- Continue policies and procedures for the disposal of surplus equipment.
- Continue the reviewing of minimum and maximum stock availability in warehouse and reordering points.
- Continue to maintain fleet and equipment maintenance adequately.
- Manage and evaluate preventative maintenance plan for fleet and equipment.
- Conduct and review fleet maintenance work orders.
- Evaluate stock levels in the warehouse and removal of surplus and obsolete stock.
- Process inventory deliverables promptly.
- Receipt inventory items for accounting processing within 24 hours of the receiving date.
- Conduct monthly scheduled cycle counting.
- Complete monthly cycle counting by last Tuesday each month.
- Ensure the timely and continuous availability of inventoried materials.
- Receive all materials that are direct charges, process paperwork and deliver or stage within 24 hours after delivery to dock.
- Coordinate and strategize fleet and equipment repairs and services.
- Continue quality fuel levels for inventory and non-inventory locations.
- Continue to utilize and update Network Fleet fully.

**(Remainder of page intentionally left blank)**

## Performance Measures

Fleet/Inventory Department					
Performance Measures	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Vehicles Maintained in Fleet	41	41	41	43	47
Service Calls to All Authority Offices	21	25	28	20	25
Value of Inventory	\$339,000	\$441,870	\$480,000	\$441,870	\$500,551
Goods and Services Requisition to Purchase Order Process Within Five Days of Receipt	95%	98%	98%	98%	98%

### Cross-Connection Control (Fleet/Inventory Subgroup)

#### *Mission Statement*

To protect the public from contaminated water or other substances flowing back onto NCWSA's water distribution system. NCWSA works 24 hours a day to maintain safe, high-quality water flowing to each customer. The Cross-Connection Control Program is in place to reduce the risk of contamination of the potable water by downstream user's plumbing system.

#### *Summary of Services*



The purpose of Cross-Connection Control is to isolate and protect the Newton County Water and Sewerage Authority's potable water supply / system against actual or potential backflow by containing, within a Consumer's premises. Any pollution or contamination that has entered, or may enter, into the Consumer's potable water system through any undiscovered or uncontrolled Cross-Connection must be prevented at all costs. The Department's primary goal is to eliminate uncontrolled Cross-Connections to non-potable systems and uncontrolled interconnections

to any potable water system that is not part of the Newton County Water and Sewerage Authority's Water System. Installing an appropriate Backflow prevention device(s) to isolate such system(s) from the NCWSA's potable water system will provide the necessary protection that is required under Georgia Law.

#### *Personnel*

Because Cross-Connection Control is a subgroup of the Fleet / Inventory Department, personnel information is contained on page 5-18.

#### *FYE 2021 Accomplishments*

- Sustained the back-flow prevention program.
- Maintained the Munis Program to better communicate with customer service representatives.
- Managed all existing, non-residential customers ensuring compliance with backflow regulations.
- Educated existing customers and new customers on backflow regulations and guidelines.
- Coordinated with independent backflow testers on a day-to-day basis.
- Attended pre-construction meetings to determine the degree of hazard on newly purchased meters.
- Inspected all new construction installations for a proper installment.
- Coordinated with the Engineering Department ensuring all new construction had correct detailed drawing on site plans.

- Obtained state-required number of continuing education units to maintain state backflow testing license.
- Maintained current credentials on backflow certified testers.

### *Critical Success Factors*

As water purveyors, NCWSA's absolute main focuses are to:

- Operate under the Federal Safe Drinking Water Act of 1974 and the State of Georgia Rules for Safe Drinking Water statutes.
- Maintain a Cross-Connection Control Program (Backflow Prevention Program) to protect the public potable drinking water supply.

### *FYE 2022 Initiatives*



As a subgroup of the Fleet/Inventory Department, the initiatives of Cross-Connection Control support the Authority's strategic plan goals of investing in infrastructure and performing enhanced and effective maintenance.

- Maintain the backflow prevention program.
- Continue educating existing customers and new customers on backflow regulations and guidelines.
- Maintain all necessary credentials for backflow testers.
- Have all current backflow testers, which test for NCWSA, educated on NCWSA backflow policies.
- Continue attending pre-construction meetings to ensure proper degree of hazard assessments on newly purchased meters.
- Continue to inspect all new customer installations for a proper installment.
- Continue working hand and hand with engineering to maintain a robust backflow program.
- Obtain all required CEUs to keep a backflow tester license.

### *Performance Measures*

Fleet/Inventory Department -Cross-Connection Control Subgroup (Subgroup)					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Number of Commercial/Industrial Backflows (% of System)	100%	100%	100%	100%	Maintain 100%
Number of Annual Backflow Test Received (Required %)	100%	100%	100%	100%	Maintain 100%
Number of Cross-Connection Violations Within the Water System	0	0	0	0	0

### Information Technology Department

#### *Mission Statement*

To provide comprehensive technology planning, development, integration, operation, maintenance, and support to all areas of the Authority to maximize efficiency.

#### *Summary of Services*

Information Systems ("IT") is responsible for managing all technology utilized at NCWSA including computer systems, communication systems, metering systems, as well as GPS, safety, and security systems. IT maintains a reliable and capable local area network ("LAN"). This allows for the effective and efficient integration of computer technologies into daily business practices of the Authority. The IT function plans, organizes, and controls the operation of the computer and peripheral management information systems equipment. Responsible for all day-to-day data and telephony operations

performed within the Authority. IT performs integrated systems analysis for all departments to analyze, recommend, and approve appropriate information technology and/or communications for purchase and compatibility with the Authority infrastructure. The following is a comprehensive, but not all-inclusive, list of the functions of Information Systems.

- Regular Operations (daily, weekly, monthly).
- Network administration and database administration.
- Installation, maintenance of servers and printers, workstations, and all peripherals.
- Scheduling, performing, and ensuring completion of backups.
- Analyzing logs and alarms. Clearing and compressing reports and logs.
- Munis support including security, updates, and assistance.
- Google Apps (email and calendaring).
- SAN and network storage.
- Web/ecommerce server.
- Telephony, including cellular and wireless communications.
- Tablet computers.
- Active Directory administration.
- Security and camera systems.



### *Personnel*

The Information Technology Department was created in 2006 and currently has two staff members.

Information Technology - Position Summary					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
IT Director	1.00	1.00	1.00	1.00	1.00
IT Specialist	-	-	1.00	1.00	1.00
Total	1.00	1.00	2.00	2.00	2.00

### *FYE 2021 Accomplishments*

- Upgraded five-year-old workstations,
- Protected LAN from spam, viruses, malware, spyware, intrusion, bots, and peer to peer software.
- Performed firewall penetration testing and security testing to ensure no external breaches of the network.
- Completed update Paymentus payment system migration / web payment system.
- Upgraded content management system.
- Implemented the XC2 FOGS program.
- Maintained the Redundant Virtual Server Infrastructure.
- Continued Cyber Security Training.
- Maintained time and attendance bio-metric hand scanners.
- Maintained the Backup server.

### *Critical Success Factors*

The most crucial success factor for the Information Technology Department is that all computer systems retain their operational status. Other factors include:

- Safekeeping of processing critical and confidential customer information.
- Efficient and reliable computer hardware and software support.
- Network stability and security.
- Expert knowledge in Customer Information Systems.



The Information Technology Department's initiatives support the Authority's strategic plan goals of financial stability and innovative customer service.

- Complete the implementation of the Munis Work Order System.
- Deploy Hands-Free Mobile Phone Devices.
- Evaluate and deploy additional field devices.
- Maintain a 20 percent (20%) computer replacement program.
- Timely resolution to user issues.
- Maintain reliable and dependable network performance.
- Continue cyber security training.
- Complete a Firewall Internal Setup Assessment

### Performance Measures

Information Systems Department					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Network Systems Uptime During Normal Business Hours	>99.9%	>99.9%	>99.9%	>99.9%	>99.9%
Telephone System Uptime During Normal Business Hours	>99.9%	>99.9%	>99.9%	>99.9%	>99.9%
Third-Party Payment Systems Uptime 24/7 365 Days Per Year	>99.9%	>99.9%	>99.9%	>99.9%	>99.9%
Response Time of Call To Help Desk Response within One (1) Business Day	>99.9%	>99.9%	>99.9%	>99.9%	>99.9%

### Human Resources Department

#### *Mission Statement*

Our mission is to maximize the potential of NCWSA's greatest assets – its employees. We are committed to recruit, develop, reward, retain, and protect the physical and human assets of NCWSA. Our vision as human resource and safety/risk management professionals is to embrace change and its opportunity. We will accomplish this by providing services that promote a work environment that is characterized by fair treatment of staff, open communication, personal accountability, trust, and mutual respect.

#### *Summary of Services*

Human Resources is responsible for ensuring NCWSA initiates and facilitates strategies for building a workforce supporting and enhancing the organization's objectives and values. The department is also responsible for overseeing employee benefits, classification and compensation, policies and procedures, employee relations, administrative support, and employee development.

#### *Personnel*

The Human Resources ("HR") Department was created in 2004, maintaining a staff of one (1). One new position will be added in FYE 2022. Due to the increase of new employees over the next five years, a Human Resources Generalist will be added to assist with the increased workload on the department.

Human Resources - Position Summary					
Position	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Human Resources Director	1.00	1.00	1.00	1.00	1.00
Human Resources Generalist	-	-	-	-	1.00
Total	1.00	1.00	1.00	1.00	2.00

### FYE 2021 Accomplishments

- Conducted several successful blood drive campaigns (every eight (8) weeks).
- Encouraged an active Committee participation in the Benevolent Fund, including donating to those in need at Christmas time.
- Continue team-building efforts within work groups.
- Continued to manage payroll internally along with filing the appropriate state and federal reports timely.
- Continued education through the Carl Vinson Program at UGA by attending two (2) annual conferences.
- Continued serving on the Board of Georgia Local Government Personnel Association, this year serving as Secretary.
- Hosted a Georgia Local Government Personnel Association ("GLGPA") Round Table meeting for neighboring GLGPA members to discuss H/R issues.
- Provided cardiovascular screenings for all employees through BCBS.
- Continued serving with the Rotary as NCWSA representative.
- Organized Employee Assistance Program training session.
- Organized fundraisers for different charities each month for causes such as Alzheimer's, Childhood Cancer, Veteran's, and Diabetes Breast Cancer Awareness. Starting in January 2018, we donate to local charities such as Newton Mentoring, the Boys & Girls Club, and the local food pantry.
- Continue working with the Wellness committee on ideas for employees. (Reduced activity due to the renovation of the Crowell house).
- The Wellness Team participated in the Firehouse 5K in May and the Fuzz Run in September 2019.
- Scheduled annual flu shots at NCWSA.
- Continued as a certified Drug-Free employer and continue email training (provided by the Chamber) for the employees and managers.
- Continued championing the Community Volunteer Committee and worked at the following functions: Fuzz Run, Yellow River Jam, Change the World, Twilight at Chimney Park, Fitness Night, Family Fun Day, and Fairy Festival Chimney Park. This includes scheduling employees as volunteers during the events.
- Scheduled CPR/First Aid training for all employees.
- Organized the Employee Appreciation lunch from the Varsity.
- Schedule various meetings for employees with insurance & retirement representatives.



### Critical Success Factors

Human Resources have identified the following objectives it considers critical to the overall success of the Department and the Authority for FYE 2022:

- Maintain and support information dispersal on the COVID-19 Pandemic.
- Monitor employee health and wellness of all NCWSA personnel.
- Review healthcare and retirement programs annually.

- Develop a program to transfer employees' knowledge in critical positions as the workforce ages and readies for retirement.
- Update job descriptions in a collaborative effort with Human Resources, supervisors, and department directors.
- Develop strategies to attract and retain employees through challenging budget years.
- Update all insurance schedules annually.
- Maintain Drug-Free Workplace by performing random monthly testing.
- Maintain a safe working environment.

### *FYE 2022 Initiatives*



Human Resource's primary initiative is to support the Authority's strategic plan goal of workforce protection and development.

- Write Standard Operating Procedures ("SOP") for Human Resources.
- Conduct a successful Authority wellness and health fair.
- Instruct employees on Employee Self Service to take advantage of more online involvement by employees including open enrollment for benefits.
- Reactivate the wellness program.
- Allow participation through lower levels of the organization.

### *Performance Measures*

Human Resources Department					
PERFORMANCE MEASURES	FYE 2018 Actual	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Goal
Employee Retention Rate	98%	97%	97%	98%	98%
Average Total Training Hours Per Employee Per Year	20.59	24	27.25	20	22.5
New FTE's Added Per Year	4	4	4	1	6

**(Remainder of page intentionally left blank)**

# GLOSSARIES



## GLOSSARY OF TERMS

Asset Management – A management paradigm and a body of management practices that is applied to the entire portfolio of assets at all levels of the organization, seeking to minimize the total cost of acquiring, operating, maintaining, and renewing the assets within an environment of limited resources; while continuously delivering the service level customers desire and regulators require, at an acceptable level of business risk to the organization.

Business Continuity Plan is the creation of a strategy through the recognition of threats and risks facing a company, with an eye to ensure that personnel and assets are protected and able to function in the event of a disaster. Business continuity planning ("BCP") involves defining potential risks, determining how those risks will affect operations, implementing safeguards and procedures designed to mitigate those risks, testing those procedures to ensure that they work, and periodically reviewing the process to make sure that it is up to date.

Depreciation – Loss in monetary value of an asset over time, due to its age and use.

Disinfection Byproduct Rule – Rule promulgated by the United States Environmental Protection Agency to regulate water contaminates produced when water is disinfected.

Department – A primary operating unit of NCWSA

Employee Benefits – This includes health insurance, life insurance, and dental insurance paid as an employee benefit.

ERT – A packet radio protocol developed by Itron for automatic meter reading. The technology is used to transmit data from utility meters over a short range so a utility vehicle can collect meter data without a worker physically inspecting each meter.

Master Budget – NCWSA's capital and operating budgets for all Departments / Entity-wide compiled into a single budget document

MVRS – A PC-based meter reading software solution for data collection and route management for Itron handheld computers, mobile collection systems, optical and touch probes.

Other Expense – Income from activities other than normal business operations

Other Income – Expenses from activities other than normal business operations

Pay Go/PAYGO – Method of paying for capital projects with cash on hand

Raw Water – Also referred to as source water is untreated, surface water.

Residuals Management – Treatment and land application of sludge produced in the course of treating wastewater

Right of Way – Areas (easement) where NCWSA has both water / wastewater pipelines underground

Source Water – Also referred to as raw water is untreated, surface water.

Surcharge – An additional charge for elements within the customer's wastewater that is above the allowable limits within NCWSA's Industrial Pretreatment Program.

Transmission System – Network of pipelines and water tanks whereby potable water is distributed to NCWSA's customers

WRF – Water Reclamation Facility. Plant where wastewater is treated through various processes to quality standards and pumped into NCWSA's land application system

## GLOSSARY OF ACRONYMS

AMR – Automated Meter Reading

ASCE – American Society of Civil Engineers

AWWA – American Water Works Association

BCP – Business Continuity Plan

CAFR – Comprehensive Annual Financial Report

CCR – Consumer Confidence Report

CIP – Capital Improvement Plan

CMMS – Computerized Maintenance Management System

CMOM – Capacity, Management, Operation and Maintenance

EIT – Engineer in Training

FTE – Full-Time Equivalent Employee(s)

GADOT – Georgia Department of Transportation

GA EPD – Georgia Environmental Protection Division

GAAP – Generally Accepted Accounting Principles

GASB – Governmental Accounting Standards Board

GAWP – Georgia Association of Water Professionals

GEFA – Georgia Environmental Finance Authority

GLFPA – Georgia Local Government Personnel Association

GIS – Geographic Information System

GPD – Gallons per Day

I&I – Inflow and Infiltration of Non-wastewater into the Sanitary Sewer Collection System.

MG – Million Gallons

MGD – Million Gallons per Day

NCWSA – Newton County Water & Sewerage Authority

RO – Reverse Osmosis

R&R/R&E – Renewal and Replacement / Renewal and Extension

SCADA – Supervisory Control and Data Acquisition

SOP – Standard Operating Procedure

TDS – Total Dissolved Solids

UGA – University of Georgia

WRF – Water Reclamation Facility.