



Newton County Water and Sewerage Authority

FYE 2023 Budget and Financial Plan



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MESSAGE FROM THE EXECUTIVE DIRECTOR

Introduction

I am pleased to present to you for fiscal year ending June 30, 2023 (the “FYE 2023”) the annual operating budget and financial plan (the “FYE 2023 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 Operating Budget for FYE 2023 is \$20,740,774 and the Capital Improvement Plan for FYE 2023 is \$33,232,015 as presented in detail in Section 3 of this document beginning on page 29. The ensuing financial plan allows NCWSA to remain committed to the ratepayers it is responsible for serving. The FYE 2023 Budget was developed with the belief that our customers deserve the highest quality water and wastewater services delivered professionally, courteously, and efficiently. Further, the Authority is devoted to improving and enhancing services to all its customers. The FYE 2023 Budget places the Authority on the right path to achieve the goals set forth in the following pages.

Background

Each year we confront significant challenges. The upcoming year will undoubtedly be no different with the continuation of the COVID-19 Pandemic (the “Pandemic”) that began in the 1st quarter of the FYE 2020. Although the Pandemic has slowed, the economy with its climbing inflation, will be a challenge for the upcoming fiscal year. While challenges such as the Pandemic and a sinking economy are demanding, great opportunities will always reveal themselves if we persevere to stay the course. 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 2023 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 establishes the budget on prudent projections of water demand, wastewater treatment, housing, and economic growth with sound financial policy to maintain debt service coverage.

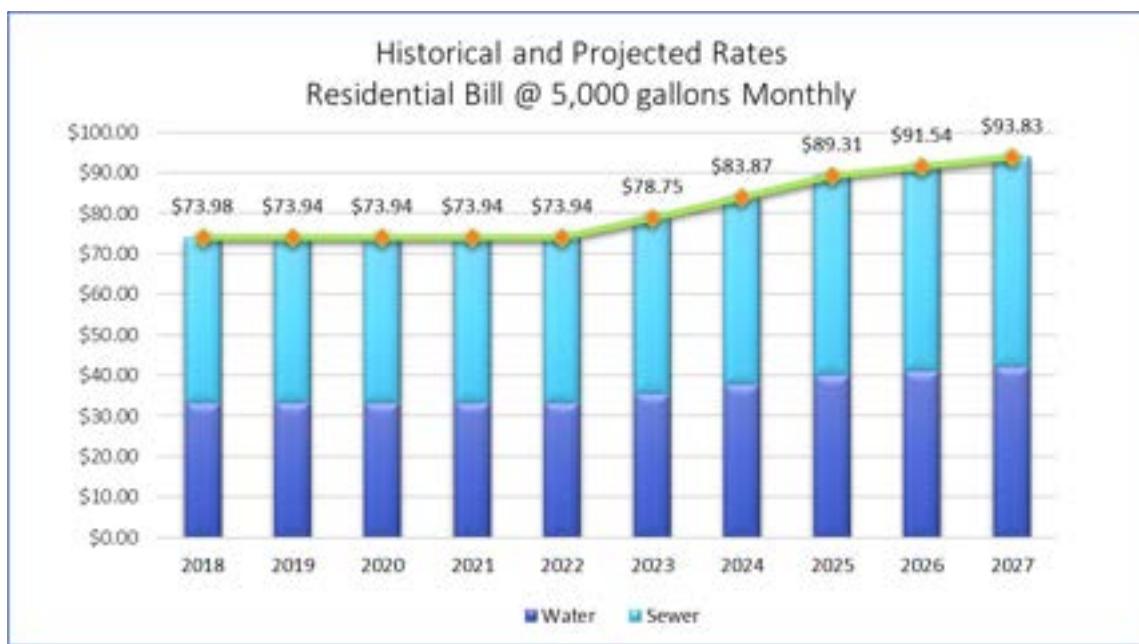
Operating Budget

The FYE 2023 Budget is designed to reflect the most accurate cost to accomplish the following objectives:

1. Continue capital projects currently in-progress using funds secured by Georgia Environmental Finance Authority ('GEFA') loans or the renewal and extension funds.
2. Encourage favorable economic development without placing an undue burden on the existing customer base. "New growth should pay for new growth."
3. Offer competitive salaries and an employee benefits 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 entire 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 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. User rates have remained static for the last six (6) years. Currently, the Authority is undertaking a total review of its rate classes and structures. For FYE 2023, a 6.5% rate increase was approved and applied to water and sewer rates. The following graph represents the average residential customer bill using 5,000 gallons monthly.



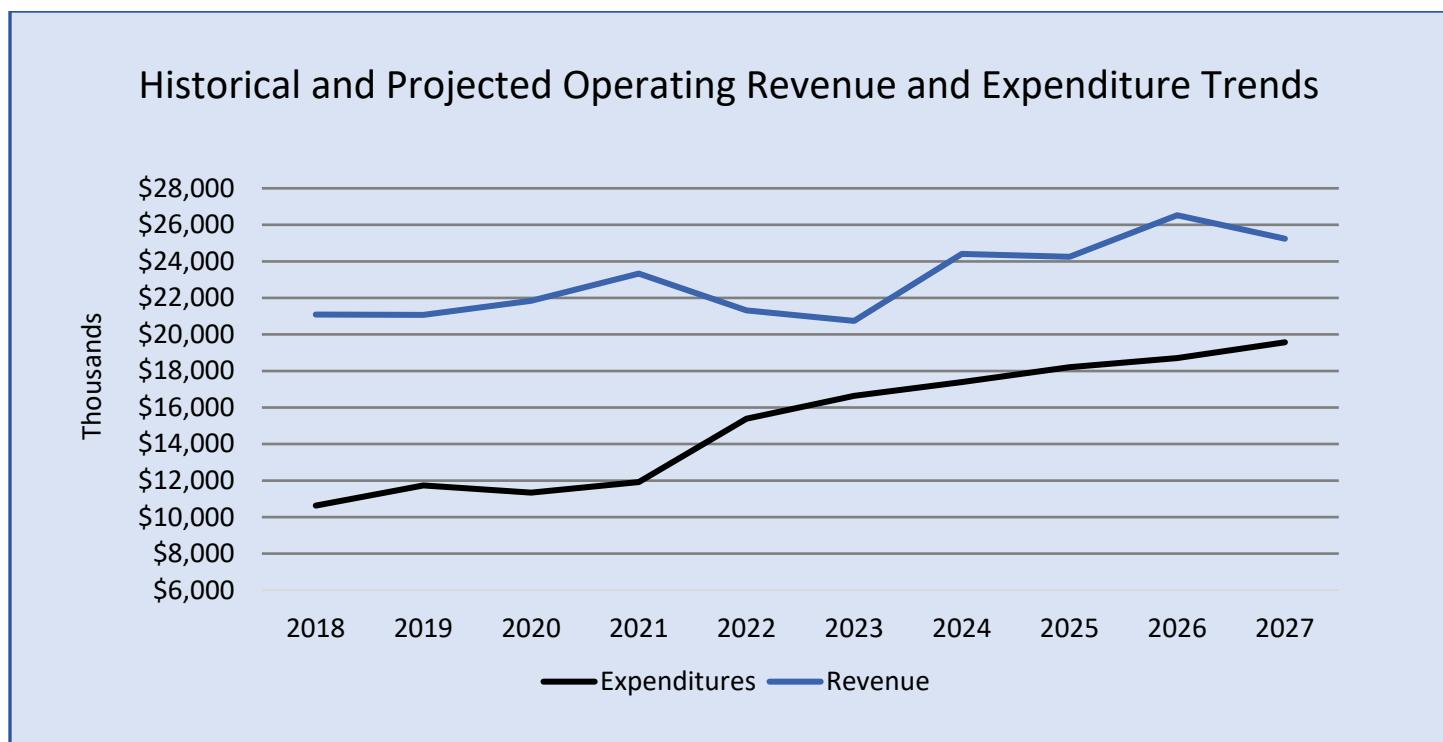
Operating Expenditures

In planning expenditures, Authority staff ensures through sound financial strategy to keep ratepayer costs as low as good service permits. Department directors have reviewed expenditures thoroughly and were further evaluated, with adjustments made according to each department's needs, considering the possibility of lingering negative impacts from the Pandemic and an unstable economy throughout the new budget cycle.

There is still uncertainty in the housing market, with inflation moving upward to 40-year highs, significantly affecting our operations and material purchases. However, great care has been taken in compiling the expense numbers for each fund and should be adequate to continue providing exceptional service to the Authority's customers as has been achieved in the past. The staff continues to review each expenditure with care using system resources wisely and efficiently.

The Authority's staff came in under budget for total expenditures in recent budget cycles and will strive to do so in the coming year. The Authority's staff takes great pride in reducing the general expenses or the "make do with less" approach that has been common in recent budgets. 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.

The graph below represents the trends for the past five (5) years (FYE 2018 – FYE 2021) of actual operating revenues and expenditures and a six (6) year projection for FYE 2022 to FYE 2027.



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 rates to provide funding for these projects. While our initial response is to stop during challenging times, we have been successful, as the great recession of 2007 proved that. The Authority made good use of its contractors and resources, driving the CIP forward with excellent success. We desire to continue moving forward and take advantage of the "opportunities" as they present themselves.

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, uncertain times, and is committed to achieving the goals set forth within this budget.

In comparison to the fiscal year ended June 30, 2022, (the "FYE 2022 Budget"), the annual operating budget and financial plan for FYE 2023 will see a return to the continuation of the most significant capital projects in its fifty-two (52) year history. This is due to the need to complete the A. Scott Emmons Water Reclamation Facility Phase IIA and adjacent outfalls within the Authority's water and sewer service area in eastern Newton County. In addition, the start of construction of the Baymare Data Center within the Stanton Springs Research & Development Park (South) 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 for when this crisis passes, allowing for even more excellent economic development opportunities.

One opportunity which is currently in the negotiation process would bring Rivian Advanced Auto Manufacturing Plant to Stanton Springs (North). The Rivian Plant will be a complete advanced electric truck manufacturing facility. The main components of the truck, such as the body and battery, will be produced on-site. The initial plans call for this site to build over 20 million square feet of manufacturing buildings on the 2000-acre campus. An industry of this size has enormous water and wastewater demands, requiring the NCWSA to design and build infrastructure out of the "norm" from its typical pipe and process infrastructure. The FYE 2023 Operating Budget and Financial Plan does not reflect the potential of this economic opportunity. As the negotiation process advances and comes to fruition, the budget will be amended in compliance with our budget process.

In FYE 2020, the Authority began to expand its workforce and has made good progress in hiring quality workers despite dealing with historically low unemployment levels. FYE 2023 will increase the total number of full-time employees in the NCWSA workforce to an all-time high of seventy-two. The FYE 2023 Budget includes four new full-time positions. As with other industries, locally and nationally, finding workers who can meet basic qualifications will be challenging.

The FYE 2023 Budget has been designed to provide financial stability while offering the highest standards of service possible for the ratepayers and the citizens of Newton County. The FYE 2023 Budget is evidence of our efforts to be a fiscally responsible, receptive, and initiative-taking 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 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.

Acknowledgment

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 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 15, 2022



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, 2021

Christopher P. Monill

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, 2021. This is the fifth year NCWSA has submitted and received this prestigious award. To receive this award, NCWSA had to publish a budget document that satisfies nationally recognized guidelines that meet program criteria as a policy document, an operations guide, a financial plan, and 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, 2022, continues to conform to program requirements. Therefore, we are submitting it to GFOA to determine its eligibility to receive our sixth consecutive Distinguished Budget 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. Instead, customer fees and charges fund operational and maintenance costs. 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 for drinking and 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 by the Yellow River Water Reclamation Facility and a shared land application system with the City of Covington. The newly commissioned A. Scott Emmons Water Reclamation Facility is a stream discharge facility serving the Stanton Springs Research & Development Park.

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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 NCWSA has a public responsibility to preserve the region's resources and set industry standards for how water and sewer utilities conduct themselves.

Covington Director: David Waller – Years of Service: 9

Executive Committee

Term Expires: June 30, 2023

Oxford Director: Terry Smith – Years of Service: 18

Vice-Chair / Executive Committee

Term Expires: June 30, 2024

Porterdale Director: Lowell Chambers – Years of Service: 10

Term Expires: June 30, 2027

Newton County Director District 1: Leigh Ann Barrett – Years of Service: 6

Term Expires: June 30, 2026

Newton County Director District 2: Elsie Bell – Years of Service: 12

Executive Committee

Term Expires: June 30, 2025

Newton County Director District 3: Sonya Elijah – Years of Service: 1

Term Expires: June 30, 2026

Newton County Director District 4: Junior Hilliard – Years of Service: 9

Term Expires: June 30, 2023

Newton County Director District 5: Ester Fleming – Years of Service: 1

Term Expires: June 30, 2026

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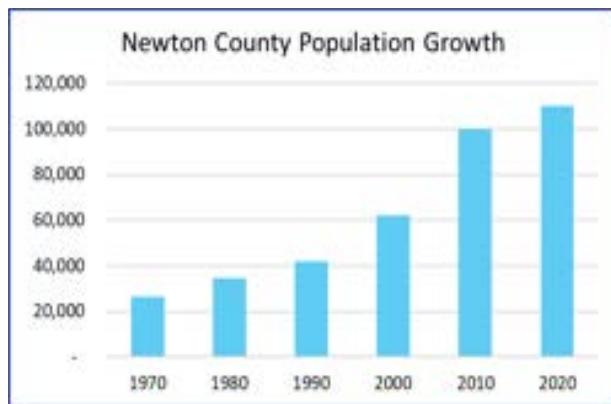
NCWSA SYSTEM FACTS

Water System:	
Service Area	Unincorporated Newton County- 210 sq. miles
Miles of Water Mains	659 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	25,739
Sewer System:	
Water Reclamation Facilities	2 – Yellow River 3.2 MGD and A Scott Emmons 1.25 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	7,621
Miscellaneous Statistical Information	
Population Served	66,746
Number of Employees	72 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, 2020)	109,835
Median Age	36.5
Sex	
Female	52.7%
Male	47.3%
Age Distribution	
<20 Years of Age	32,322
21-34 Years of Age	22,628
35-54 Years of Age	29,716
45-64 Years of Age	12,911
64-84 Years of Age	12,715
85+ Years of Age	1,543



Economic Data	
Median Income	\$ 59,178
Employed	49,853
Unemployment Rate	3.0%
Percent of Population Living Below Poverty Level	14.4%
Industry by occupation (2020)	
Educational, health care & social assistance	21.0%
Manufacturing	15.5%
Retail Trade	10.8%
Professional, scientific, and management, and administrative and waste management services	8.6%
Transportation and warehousing, and utilities	7.7%

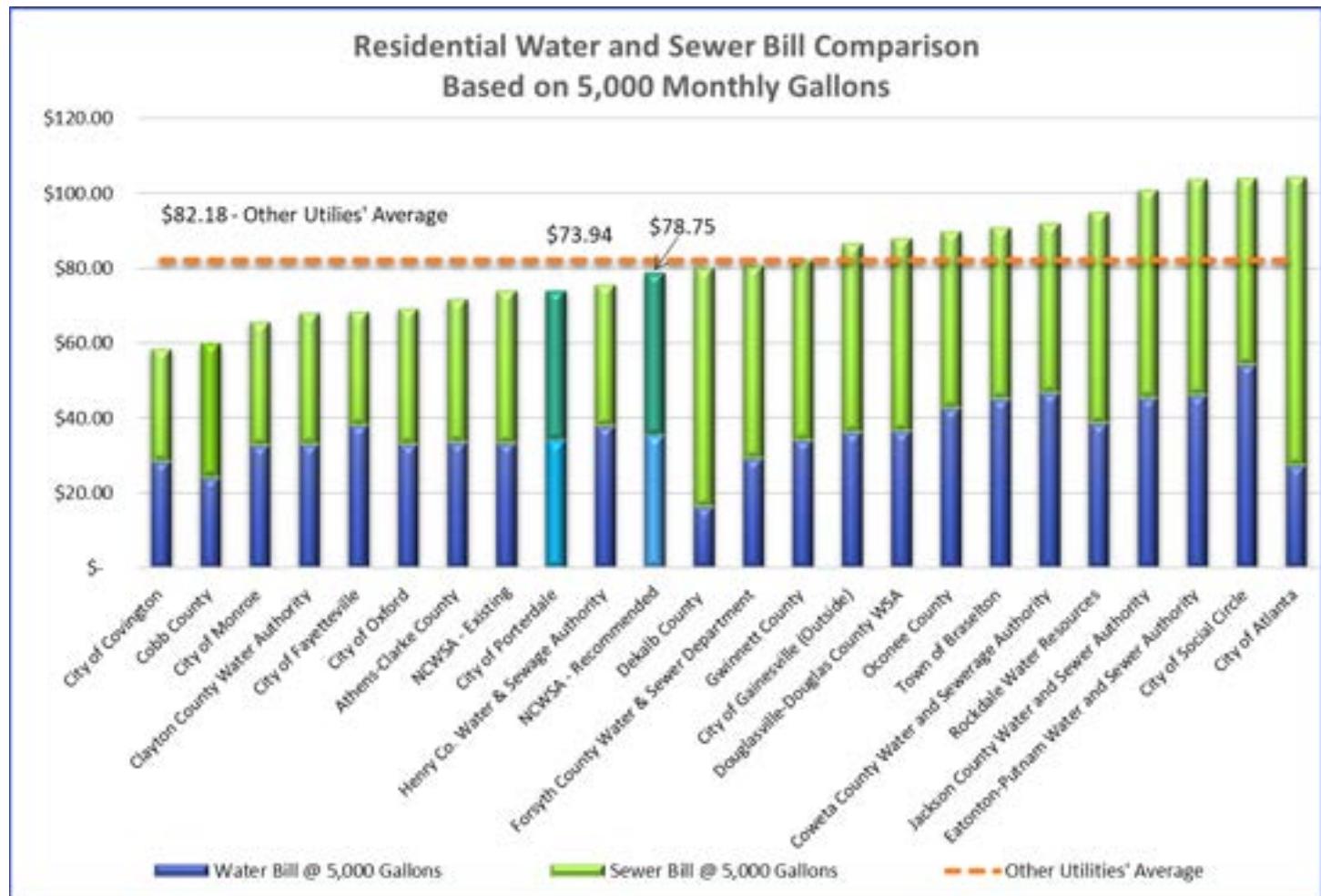


Education	
Schools – Public and Private	
PreK	13
Elementary	15
Middle	7
High	4
Enrolled Students	19,734
Educational Attainment (18 years and older)	
No High School Diploma	13.9%
High School or GED	34.3%
Some College, No degree, Associates Degree	33.0%
Bachelor's Degree or Higher	18.7%

Housing	
Housing Units (July 1, 2019)	42,721
Owner-Occupied Housing Unit	71.2%
Median Value of Owner-Occupied Housing Units (2016-2020)	\$ 159,200
Median Gross Rent (2016-2020)	\$1,071
Residential Building Permits Issued (2021)	1,150

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	Month Usage	Daily Usage
Takeda Pharmaceuticals	261,323,000	21,776,920	725,897
The Oxford LP (Apartment Complex)	22,380,000	1,865,000	62,167
Orchard Cove Property Holdings, LP (Apartment Complex)	17,022,000	1,418,000	47,283
Morning Hornet LLC	16,282,000	1,356,833	45,228
Covington LHA III, LLP (Apartment Complex)	12,733,000	1,061,083	35,369
Cedar Grove MH Park	8,328,000	694,000	23,133
Morning Hornet LLC	7,891,000	657,583	21,919
Newton County Board of Education	4,473,000	372,750	12,425
Salem Square Shopping Center	4,154,000	346,167	11,539
Newton County Board of Education	3,174,000	264,500	8,817
Combined Top Ten Users (Gallons)	357,760,000	29,813,336	993,777

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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 1.51% and sales of approximately 2.20% 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 experienced by utilities in Georgia and nationwide and can is attributed to water conservation efforts and a recent three-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
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	1,861,361	5.10
2021 (Historical)	25,360	30,647	1,800,760	4,897	1,875,128	5.14
2022 (Estimated)	25,739	30,970	1,801,952	4,849	1,917,964	5.25
2023 (Projected)	26,120	31,362	1,815,417	4,824	1,952,062	5.35
2024 (Projected)	26,481	32,106	1,875,907	4,869	2,017,104	5.53
2025 (Projected)	26,804	32,754	1,923,761	4,894	2,068,560	5.67
2026 (Projected)	27,092	33,111	1,946,181	4,898	2,092,667	5.73
2027 (Projected)	27,345	33,541	1,976,519	4,911	2,125,289	5.82
Average Annual Projected Growth Rate [3]	1.51%	2.01%	2.20%	0.19%	1.69%	2.85%
ADF-MGD = Average Daily 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) the number of units served for the multi-family class.						
[3] Reflects the average annual projected compounded growth from FYE 2018 to FYE 2027.						

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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 customer billing statistics:

Sewer System				
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
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 (Historical)	7,552	10,359	628,740	5,058
2022 (Estimated)	7,621	10,378	629,320	5,053
2023 (Projected)	7,675	10,531	631,069	4,994
2024 (Projected)	7,715	10,831	640,702	4,930
2025 (Projected)	7,732	10,279	589,707	4,781
2026 (Projected)	7,749	9,650	531,677	4,591
2027 (Projected)	7,766	9,719	537,393	4,608
Average Annual Projected Growth Rate [3]	0.88%	0.44%	-0.51%	-0.94%

[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) the number of units served for the multi-family class.

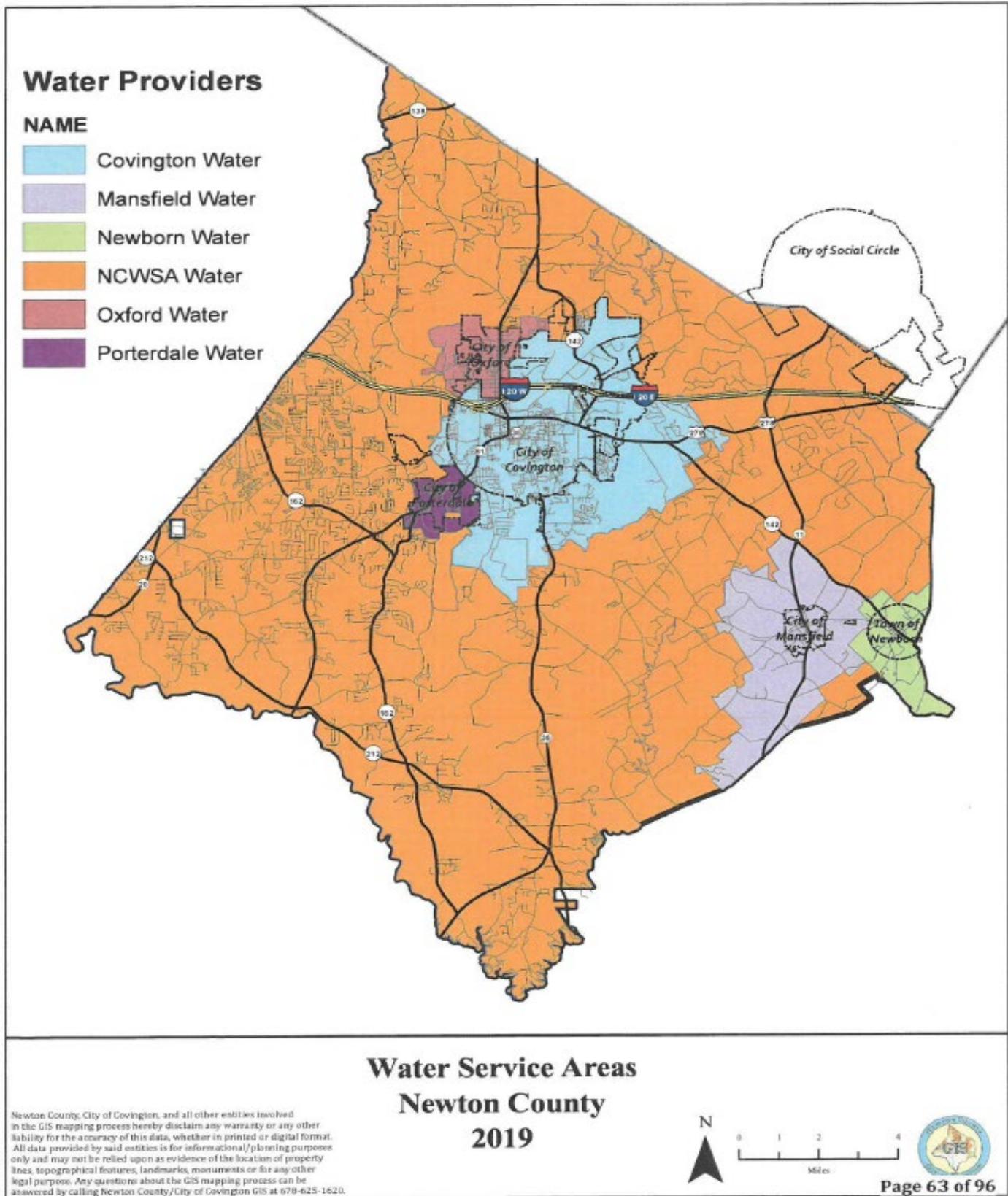
[2] Based on metered water consumption, which serves as the basis for billed sewer flow.

[3] Reflects the average annual projected compounded growth from FYE 2018 to FYE 2027.

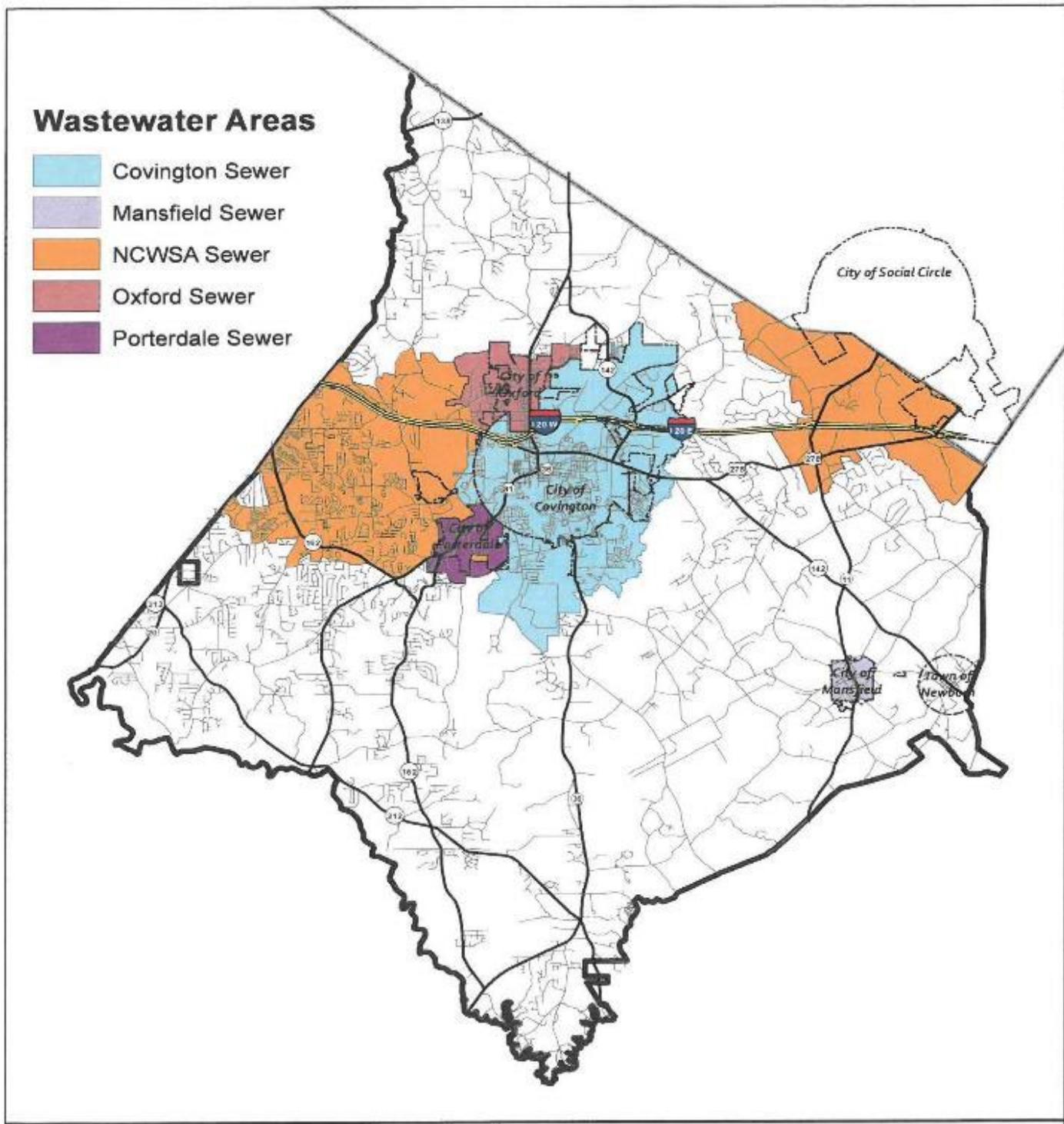
Consistent with the water system, the average monthly sewer flow billed per single-family account (based on metered domestic water use at the residential premise) remained comparable in FYE 2022 to recent historical trends. Therefore, for the financial forecast, residential and commercial customer account growth and use are projected with a consistent trend as the water system. Although 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 2025, resulting in reduced sewer sales.

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Newton County Water Service Area Map

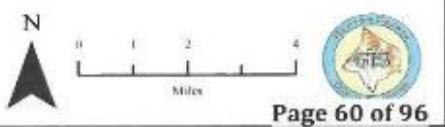


Newton County Sewer Service Area Map



Wastewater Collection and Treatment Areas Newton County 2019

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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 25,739 water customers and 7,621 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 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. Likewise, the 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. Once delivered to the master meter connection at the service delivery boundary, the Cities/Counties provide water services to their citizens through independent systems that each of these jurisdictions owns and maintains.

The Authority owns and operates the Yellow River Water Reclamation Facility, the A. Scott Emmons 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 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 of our community’s citizens and business members. We will achieve this vision by:

- Providing reliable water and sewer services with the use of 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, and federal government agencies, and 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. The current Strategic Plan was created in 2019 and is scheduled to be revised in September 2022. Due to the rapidly changing conditions within our region, we are revisiting our strategic plan sooner than the five-year life expectancy that we had hoped for in 2019. The Senior Management Team One will use a professional facilitator for reviewing the plan and making 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 2023, 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 2023 Budget to obtain the GFOA Distinguished Budget Award.
4. Maintain our planned approach to the annual review and update of revenue sufficiency requirements and financial model to maintain its current levels of service and affordability of rates.
5. Implement small incremental rate increases annually based on the recommendations of the financial model as needed to maintain a high- level of service for our customer base.
6. Maintain unrestricted cash reserves equivalent to ninety (90) days of budgeted operating expenses.
7. Evaluate its current competitive rate structure to facilitate the Authority's financial and overall economic sustainability for 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 assessing 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. Continue a proactive water tank maintenance program that will be managed for the next nine (9) 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 to listen to customer needs and adopt policies to enhance the customer experience.
4. Continue providing our most disadvantaged customers with the Low-Income Water Assistance Program (“LIHWAP”) the state and federal government provides.
5. Maximize the Tyler notify program as a beneficial service for our customers.

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. Expand our efforts beyond the local area to hire the professional staff that has recently left the Authority employment.
3. Integration of new professional positions into the appropriate departments within the Authority.
4. 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 rehabilitating, upgrading, and replacing 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 the 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 with grants.
4. Pursue cost-sharing alternatives for constructing new infrastructure that may benefit a unique class of customers.
5. Maintain a debt service coverage ratio of 1.50.

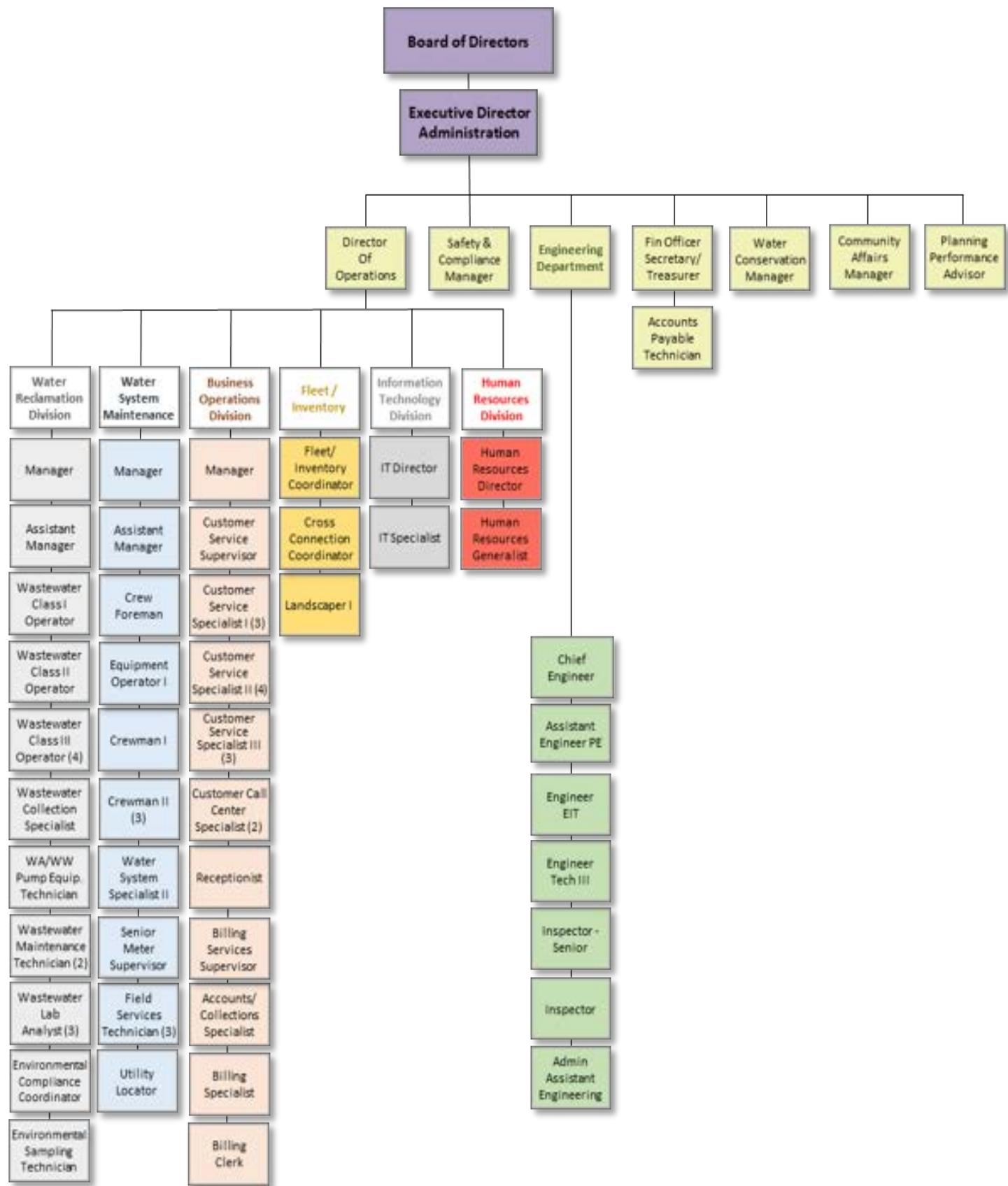


SECTION 2

FINANCIAL STRUCTURE, POLICY, AND BUDGET PROCESS



NCWSA ORGANIZATIONAL CHART



FUND STRUCTURE

NCWSA operates a single 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.

Enterprise 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 72 budgeted positions). Therefore, budgeted expenditures are not currently segregated by department.

Relationship Between Departments (Functional Units) and Major Fund								
	Functional Unit (Department)							
Water and Sewer Enterprise Fund [1]	Administration	Engineering	Water Reclamation	Water Systems Maintenance	Business Operations	Fleet / Inventory	Information Technology	Human Resources
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 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. Therefore, the accrual accounting method was utilized in the producing the FYE 2023 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 been 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 adequate maintenance and repair of capital assets and their orderly replacement. When possible, the Authority will integrate performance measurement, service level and productivity indicators within the budget.

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 that 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 the State has established 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 Authority employs the following objectives 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.
- The Authority will evaluate all financing options available and decide what financing options will best meet its needs. Options can include but not be limited to special assessment, self-supporting bonds revenue bonds, or low-interest loans from GEFA.
- 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 repurchase 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 2023, this amount is estimated to be approximately \$4,102,735.

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 the completion of the item and does not expire automatically at the end of the fiscal year. In addition, capital outlay is defined 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's 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 department shall be made without the Authority's Board of Directors approval and an 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 prior year collections to obtain an average annual rate of change to project the following 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 about extenuating circumstances that may have affected revenue collections. If the problem is severe, 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 presents the 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, 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 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 paying 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

Throughout the fiscal year, staff constantly assesses the many ways the Authority can accomplish its mission, vision, and values to serve the community. By doing this throughout the year, in January, when the budget cycle begins, staff will be able to establish goals, establish its capital improvement plan, and review its long-range financial plan to assist in the development of the budget.

While the Authority has only presented and adopted the Budget for the FYE 2023, as a component of the budget development process, the Authority has evaluated the projected operating results for a five-year window (Fiscal Years 2023-2027). 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 period, 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

As a part of the annual budget process, the Authority adopts rates and fees to provide revenue to satisfy operations, maintenance, depreciation, and liability (debt) service. 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 like private business enterprise and charges a fee to external users for goods or services. Any debt financing of an enterprise fund activities is securely pledged by net revenues from fees and charges. 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 entire 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.

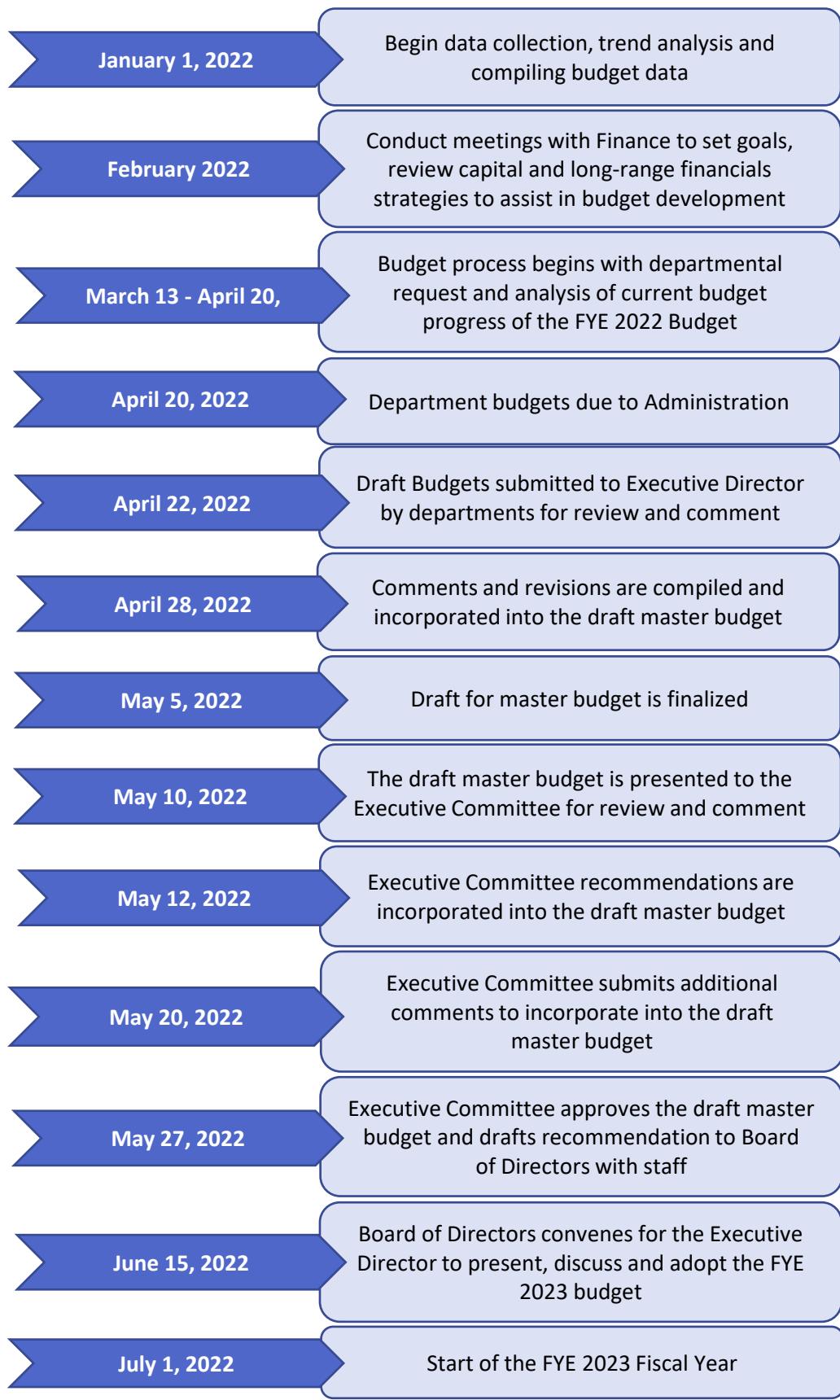
The Newton County Water & Sewerage Authority is focused on providing high-quality, affordable potable water to its customers at the quantity required to sustain their respective communities and economies. Planning, budgeting, operational efficiency, reliability, and quality are critical to fulfilling NCWSA's mission. Because we are a water and sewerage authority, our budget is 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. Staff, management, and Board members review the budget status monthly.

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 its consideration for adoption. 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 2023 Budget Calendar

The Budget process began January 1st, 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 preparing and approving the final draft budget, which is then forwarded for comment and acceptance by the entire Board of Directors. Below is the timeline used to develop the FYE 2023 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 salary and wage 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 Board approval. However, 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.



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SECTION 3

FINANCIAL SUMMARIES



OPERATING BUDGET SUMMARY – FYE 2023

The FYE 2023 Budget is not reflective of an economy struggling out of the grips of the Pandemic. However, this budget recognizes the difficulties of supply chain issues and the highest inflation since the 1980s. Overall, the FYE 2023 Budget numbers are positive. Water and sewer sales remained stable throughout the Pandemic; even as the economy has begun to decline, water and sewer sales are holding steady at the current five-year historical levels. The primary revenue loss throughout the Pandemic has been collecting late fees and service disconnections. While the loss of revenue from late payments is a negative impact, the goodwill and assistance provided to our customers outweighed this issue. We have learned well from this tragic event. We are more agile as an organization than at any point in our 52-year history. As our financial policies allow, if the economy begins to turn positively or negatively, the staff can quickly respond to the situation and provide prompt notice to the Board of Directors.

Summary of Budgeted Sources and Uses						
Description	Fiscal Year Ending June 30,					
	2021 Actual	2022 Adopted Budget	2022 Adjusted Budget	2022 Projected Actual	2023 Adopted Budget	% Change 2022 v. 2023
Revenues and Sources of Funds						
Water Sales	\$ 12,476,593	\$ 12,941,417	\$ 12,941,417	\$ 12,777,350	\$ 12,973,998	1.54%
Sewer Sales	5,472,306	5,717,454	5,717,454	5,764,235	5,959,825	3.39%
Connection Fees	4,701,793	2,435,501	2,435,501	4,883,891	1,574,641	-67.76%
Late Fees	8,106	--	--	17,200	1	-100.00%
Other Fees and Charges	524,776	92,500	92,500	87,501	69,502	-20.57%
Intergovernmental	148,485	127,019	127,019	127,019	127,019	0.00%
Interest Income / Other (Non-operating)	43,225	35,788	35,788	8,252	35,788	333.69%
Total Revenues and Sources of Funds	\$ 23,375,284	\$ 21,349,679	\$ 21,349,679	\$ 23,665,448	\$ 20,740,774	-12.36%
Expenditures and Uses of Funds						
Personal Services	\$ 3,835,631	\$ 5,279,611	\$ 5,279,611	\$ 4,370,217	\$ 5,887,875	34.73%
Operating Expenses	7,075,901	9,051,087	9,051,087	7,835,672	9,532,390	21.65%
Other	1,007,291	1,053,998	1,053,998	1,230,892	1,218,603	-1.00%
Debt Service	343,952	613,325	613,325	343,952	757,943	120.36%
Reserves	11,112,509	5,351,658	5,351,658	9,884,715	3,343,963	-66.17%
Total Expenditures and Uses of Funds	\$ 23,375,284	\$ 21,349,679	\$ 21,349,679	\$ 23,665,448	\$ 20,740,774	-12.36%

FYE 2023 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 depicting the current and five (5) subsequent year projections. The FYE 2023 budgeted revenues are estimated by reviewing FYE 2022 year-to-date (8, 9- and 10-month actuals) and historical trends based on water billing statistics and projected demands, as illustrated on pages 13 and 14 of this document. Sales revenue is expected to slightly increase due to: i) a modest projection in new retail construction and development in the Authority service; ii) additional customer demands associated with the extension of service to developed areas to provide regional retail water and wastewater service; iii) increases in large user service to existing and new customers; iv) a slight reduction in the estimated customer usage per month based on historical trends; and v) the implementation of a 6.5% increase in water and sewer retail rates effective July 1, 2022). A comparison of the FYE 2022 Adopted Revenue Budget to the FYE 2023 Adopted Revenue Budget reflects a decrease of 2.9%. In contrast, comparing the FYE 2022 Projected Actuals to the FYE 2023 Adopted Revenue Budget reflects a decrease of 12.4%. The Authority leadership wishes to err on the conservative side of budget practices.

Major Operating Revenues							Fiscal Year Ending June 30,	% Change
Description	2019 Actual	2020 Actual	2021 Actual	2022 Adjusted Budget	2022 Projected Actual	2023 Adopted Budget		
Water Sales	\$ 11,892,212	\$ 12,152,046	\$ 12,476,593	\$ 12,941,417	\$ 12,777,350	\$ 12,973,998	1.54%	
Sewer Sales	5,211,450	5,173,341	5,472,306	5,717,454	5,764,235	5,959,825	3.39%	
Connection Fees	2,249,991	3,066,955	4,701,793	2,435,501	4,883,891	1,574,641	-67.76%	
Late Fees	1,097,297	842,719	8,106	--	17,200	1	-100.00%	
Other Fees and Charges	492,950	455,055	524,776	92,500	87,501	69,502	-20.57%	
Intergovernmental	124,398	150,505	148,485	127,019	127,019	127,019	0.00%	
Total	\$ 21,068,298	\$ 21,840,621	\$ 23,332,059	\$ 21,313,891	\$ 23,657,196	\$ 20,704,986	-12.48%	

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

Explanation of Significant Budget Variances - Revenues

FYE 2023 Adopted Budget vs. FYE 2022 Projected Actuals

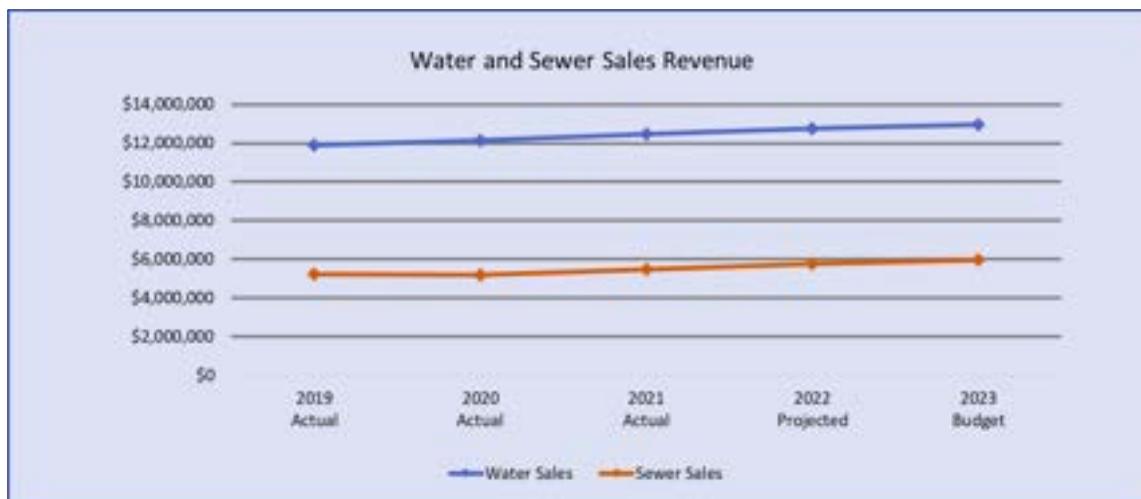
- The major difference in revenue is the fluctuation of Connection fees. They are driven by the growth of our dynamic customer base, including some very large industrial users. Consistent with the country's economic change and the slowing growth trend we saw during FYE 2022, a modest growth rate for new residential and commercial connections. Industrial connections are projected based on commitments and contractual obligations. As a result, the Authority does not anticipate any sizable industrial connection fees for FYE 2023.
- Pre-Pandemic, the new late payment policy was implemented and was estimated to reduce late fee revenue by 45%. During the crux of the Pandemic, the Board decided to temporarily suspend charging fees for late payments and service disconnections to help relieve the hardship felt within our community. During FYE 2022, the Authority slowly returned to charging these fees. For FYE 2023, the decision was made not to rely on these fees as a revenue source and set the budget at \$1.
- Other fees and charges include septic revenue and developer fees. A slowing economy results in a downward trend. Therefore, the other fees and charges category are more conservatively projected in FYE 2023.

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Discussion of Major Revenue Sources

Water Sales – Revenue derived from base charges, water supply charges (pass-through for purchased water), and volumetric water sales from customers. Water Sales are forecasted at \$13.0 million, of which 30% is attributable to base charges, and 70% is attributable to volumetric charges (including pass-through for water purchases). This is a 1.5% increase compared to the previous year's estimated actuals. These sales do not include connection fees, user charges, or other fees billed by the Authority. Water Sales account for 63% of total revenues.

Sewer Sales – Revenue derived from the base and volumetric sewer sales from customers. These revenues are also referred to as the Yellow River WRF and Land Application revenue. Sewer Sales is projected at \$6 million, an increase of 3.4% compared to the previous year's estimated actuals. This is primarily due to the dynamics of our large industrial customers. Takeda, Morning Hornet and Baymare Data Centers 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. In addition, it is expected that the Authority will install a deduct water meter in FYE 2025 resulting in reduced sewer sales. These sales do not include connection fees, user charges, or other fees billed by the Authority. Sewer Sales accounts for 29% of total revenues.



FYE 2023 – Retail Service Rates

Water Retail Service Rates					
Usage Charges (per 1,000 Gallons)					
Description	Base Charge	0 to 3,000	3,001 to 8,000	8,001 to 15,000	15,001 and Above
Residential Service					
Single-Family	\$ 12.48	\$ 3.06	\$ 6.90	\$ 8.38	\$ 10.00
Multi-Family	\$ 12.48	\$ 3.06	\$ 6.90	\$ 8.38	\$ 10.00
Commercial Service					
3/4 Inch Metered Service	\$ 12.48		\$ 5.04 (All Usage)		
1 Inch Metered Service	\$ 19.14		\$ 5.04 (All Usage)		
1 1/2 Inch Metered Service	\$ 30.33		\$ 5.04 (All Usage)		
2 Inch Metered Service	\$ 46.57		\$ 5.04 (All Usage)		
3 Inch Metered Service	\$ 86.21		\$ 5.04 (All Usage)		
4 Inch Metered Service	\$ 130.38		\$ 5.04 (All Usage)		
6 Inch Metered Service	\$ 220.44		\$ 5.04 (All Usage)		
8 Inch Metered Service	\$ 342.58		\$ 5.04 (All Usage)		
10 Inch Metered Service	\$ 608.64		\$ 5.04 (All Usage)		

Sewer Retail Service Rates			
Description		Base Charge	Usage Charges (per 1,000 Gallons)
Residential Service			
Single-Family		\$ 5.59	\$ 7.54 (All Usage)
Multi-Family		\$ 5.59	\$ 7.54 (All Usage)
Commercial Service			
3/4 Inch Metered Service		\$ 5.59	\$ 7.54 (All Usage)
1 Inch Metered Service		\$ 14.33	\$ 7.54 (All Usage)
2 Inch Metered Service		\$ 62.08	\$ 7.54 (All Usage)
3 Inch Metered Service		\$ 131.75	\$ 7.54 (All Usage)
4 Inch Metered Service		\$ 210.03	\$ 7.54 (All Usage)
6 Inch Metered Service		\$ 295.64	\$ 7.54 (All Usage)
8 Inch Metered Service		\$ 454.83	\$ 7.54 (All Usage)
10 Inch Metered Service		\$ 1,253.73	\$ 7.54 (All Usage)

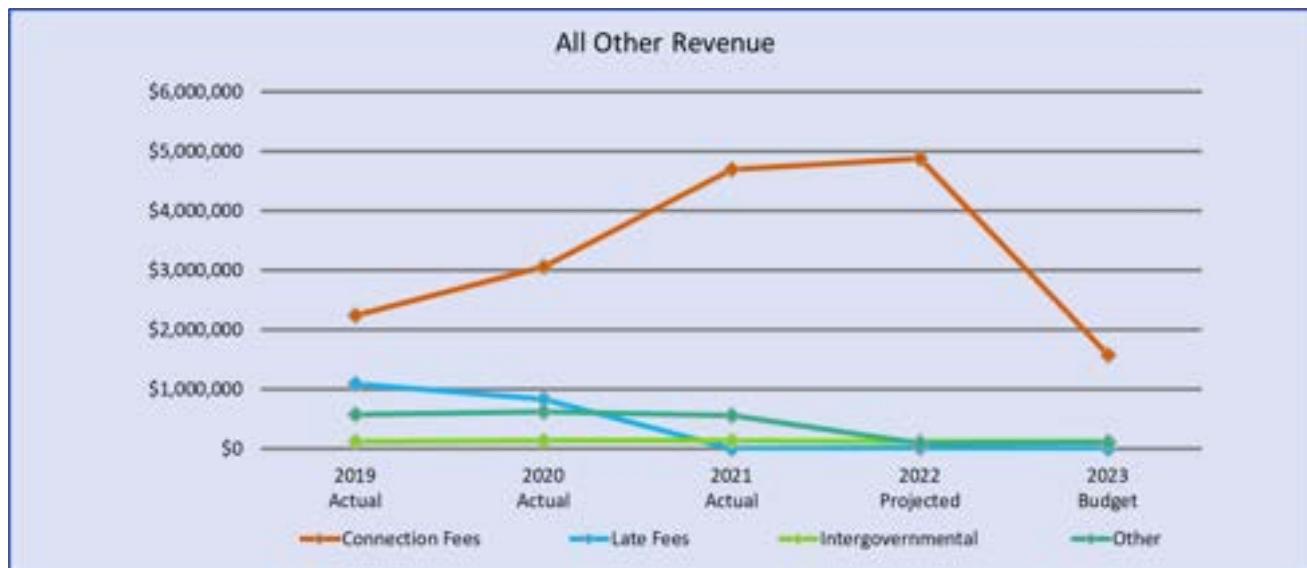
Connection Fees – Water and sewer connection fees are charged for all new residential and commercial development. Based on a review of the development plans, projections for FYE 2023 recognize approximately 380 water connections and 70 sewer taps. Both water and sewer connection fees account for 7% of revenues.

Late Fees – The Authority assesses penalties 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 2020, the Board approved recommendations to change 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. During FYE 2022, the Authority slowly returned to charging these fees. For FYE 2023, the decision was made not to rely on these fees as a revenue source and set the budget at \$1.

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 on 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 is discharged at the Yellow River Water Reclamation Facility (the "YRWRF"). Fee recovery offsets the cost of providing this service. Historically, fee recovery is approximately \$50,000 annually. Other Fees and Charges comprise about 0.3% of the total revenue stream for the Authority.

Intergovernmental – Also referred to as Sewer Revenue Assessments. These are assessments imposed on 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. These readings are then used to calculate the appropriated sewer charges for billing. Intergovernmental revenues are estimated to account for less than 0.6% of revenues.

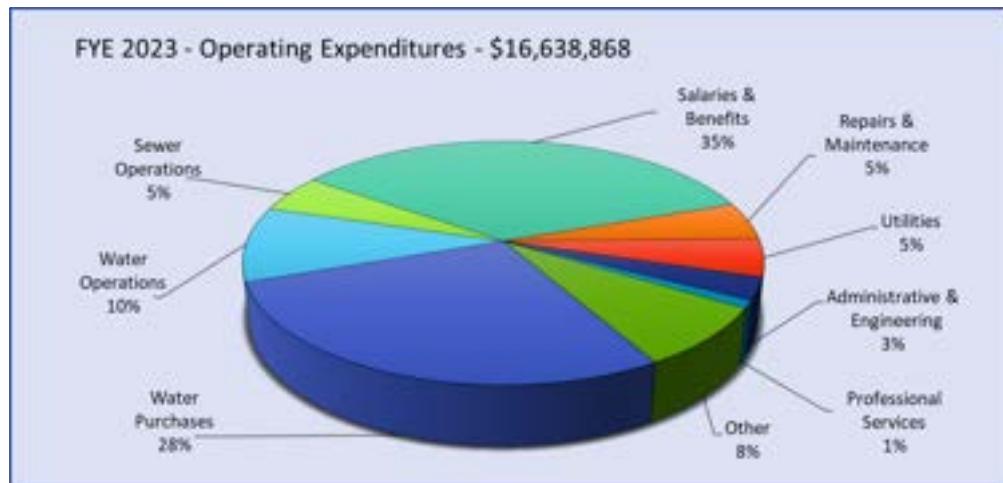
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FYE 2023 – Operating Revenue Detail by Function

Operating Revenue Detail by Function					
Description	Fiscal Year Ending June 30,				
	2022 Adjusted Budget	2022 Projected Actual	2023 Adopted Budget	Variance (Amount)	Variance (Percentage)
Water Operating Revenues					
Water Revenue	\$ 12,941,417	\$ 12,777,350	\$ 12,973,998	\$ 196,648	1.54%
Water Connection and Tap Fees	1,501,101	1,703,732	1,200,881	(502,851)	-29.51%
Late Charge / Other Revenue	30,436	17,200	2	(17,198)	-100.00%
Total Water Operating Revenues	\$ 14,472,954	\$ 14,498,282	\$ 14,174,881	\$ (323,401)	-2.23%
Sewer Operating Revenues					
Yellow River WRF	\$ 5,266,567	\$ 5,313,349	\$ 5,463,850	\$ 150,501	2.83%
Sewer Revenue Assessments	127,019	127,019	127,019	--	0.00%
Septage Revenue	72,000	72,000	54,000	(18,000)	-25.00%
Sewer Connection Fees	934,400	3,180,159	373,760	(2,806,399)	-88.25%
Developer Fees / Other	15,500	15,501	15,501	--	0.00%
Land Application Revenue	450,886	450,886	495,975	45,089	10.00%
Total Sewer Operating Revenues	\$ 6,866,372	\$ 9,158,914	\$ 6,530,105	\$ (2,628,809)	-28.70%
Total Operating Revenue	\$ 21,339,326	\$ 23,657,196	\$ 20,704,986	\$ (2,952,210)	-12.48%

FYE 2023 Major Operating Expenditures



As in the development of revenue estimates, expenditure 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 depicting the current and five (5) subsequent year projections. These projections take into consideration historical results, the projected needs of the Authority, and the application of a series of inflation and escalation factors. The combined operating expenditures in the FYE 2023 Budget are projected to increase 24% compared to the FYE 2022 Projected Actuals. A comparison of the FYE 2022 Adopted Expenditure Budget to the FYE 2023 Adopted Expenditure Budget reflects an increase of 23.8%. In

contrast, a comparison of the FYE 2022 Projected Expenditure Actuals to the FYE 2023 Adopted Expenditure Budget reflects a decrease of 8.2%.

Operating Expenditures		Fiscal Year Ending June 30,					
Description	2019 Actual	2020 Actual	2021 Actual	2022 Adjusted Budget	2022 Projected Actual	2023 Adopted Budget	% Change 2022 v. 2023
Water Purchases	\$ 4,459,615	\$ 4,232,123	\$ 4,188,062	\$ 4,694,811	\$ 4,315,419	\$ 4,694,811	8.79%
Water Operations	752,394	663,184	890,867	1,602,921	1,339,558	1,654,440	23.51%
Sewer Operations	778,961	778,961	740,575	785,858	731,811	911,872	24.60%
Salaries & Benefits	3,443,282	3,541,448	3,835,631	5,279,611	4,370,217	5,887,875	34.73%
Repairs & Maintenance	551,538	556,236	654,502	761,447	577,114	878,097	52.15%
Utilities	464,447	486,692	463,834	682,979	551,349	759,395	37.73%
Administrative & Engineering	23,902	26,343	28,469	383,691	204,883	486,149	137.28%
Professional Services	91,978	85,015	109,592	139,380	115,538	147,626	27.77%
Other	1,167,508	968,845	1,007,291	1,053,998	1,230,892	1,218,603	-1.00%
Total	\$ 11,733,625	\$ 11,338,847	\$ 11,918,823	\$ 15,384,696	\$ 13,436,781	\$ 16,638,868	23.83%

The amounts shown exclude depreciation, interest paid on outstanding debt, and capital improvement projects.

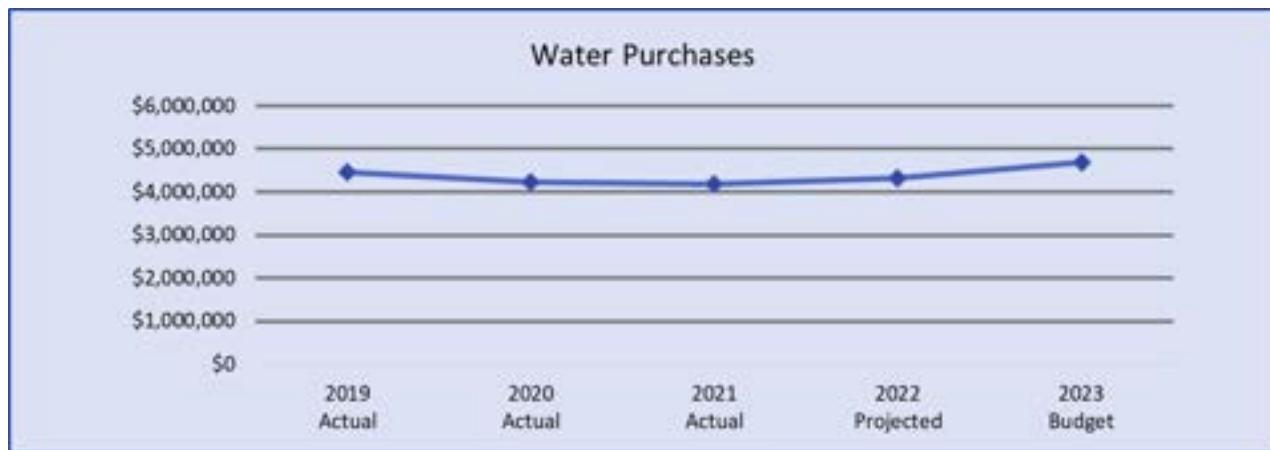
Explanation of Significant Budget Variances - Expenditures

FYE 2023 Adopted Budget vs. FYE 2022 Projected Actuals

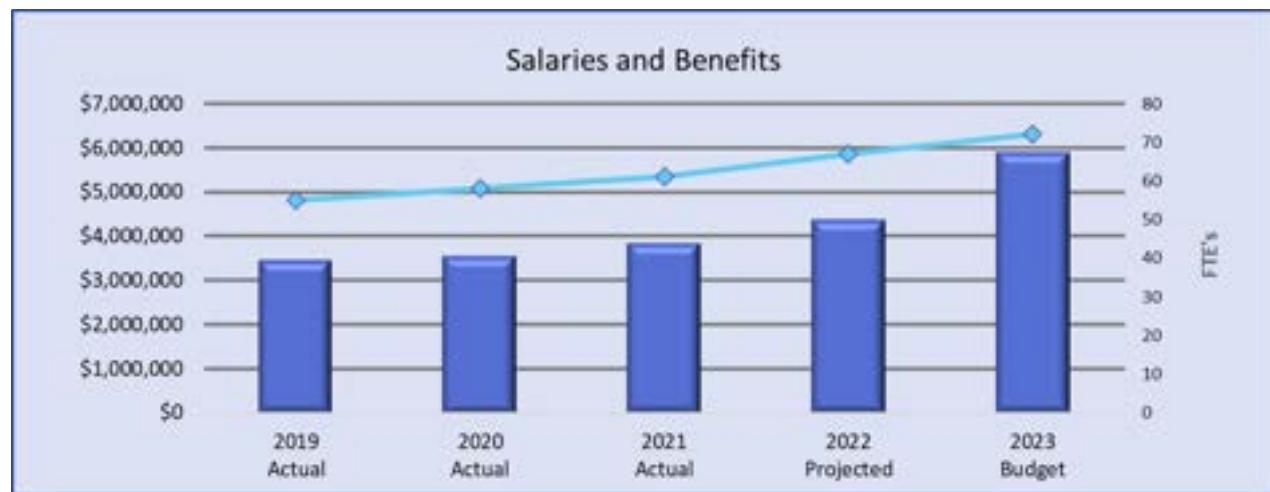
- The impact of rising inflation, the shortage of goods and materials, workforce shortages, and the war in Ukraine has resulted in a significant increase in the cost of operations, the cost of repairs and maintenance, and the cost of utilities.
- The FYE 2023 budget includes four (4) new positions. The budget also includes a cost-of-living increase of 8% for all employees, and additional salary adjustments will be given to lower - paid employees as part of the Authority's initiative to retain and recruit highly qualified employees. Additionally, our health insurance renewal increased by about \$110,000.
- The A. Scott Emmons Water Reclamation Facility will be in its first full year of operations in FYE 2023. Additional increases for utilities, chemicals, fuel, operating supplies, solids disposal, and ancillary services have been budgeted.
- The Authority acquired an additional water tank through a service area swap with the City of Covington, which added an estimated \$35,000 to the cost of the contract.
- Administrative and Engineering include the continued funding of \$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, engineering consultants to assist the Authority during staff shortages, and the potential use of consultants to assist the Authority with planning for the potential impacts of Rivian Advanced Auto Manufacturing Plant to Stanton Springs (North).

The two (2) largest operating expenditures of the Authority are wholesale water purchases and personnel. Water purchases account for 28% of total operating expenditures. The cost of water purchases is driven by economic growth and higher wholesale charges and is expected to rise about 9%. The Authority purchases water from Newton County and was notified that there will be an increase of \$0.05 per thousand gallons in its wholesale rate.

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Salaries and benefits account for 35% of operating expenses. Personnel expenditures including, salaries and wages, health insurance, payroll taxes, and other employee-related expenses, are projected to increase 35% in FYE 2023. The increase is due to the addition of four (4) positions, an 8% cost-of-living increase for all employees, and additional salary adjustments will be given to lower- paid employees as part of the Authority's initiative to retain and recruit highly qualified employees and the increase in health care costs of approximately \$110,000 paid for on behalf of the employees by the Authority.



Water and Sewer Operations account for 19% of total operating expenditures. Water Operations will increase by approximately 24%, and Sewer Operations will increase by approximately 25%. As stated above, these increases are primarily due to rising inflation, the shortage of goods and materials, and workforce shortages. This will also be the first full year of operations for the A. Scott Emmons Water Reclamation Facility. It should be noted that Authority staff has successfully brought operating expenditures below budgeted projections during the historical period (FYE 2012 – FYE 2021), and FYE 2022 is projected to be under budget as well. Budgeted expenditures have been reviewed thoroughly and were further evaluated by each department head and adjusted according to each department's needs. 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.

FYE 2023 -Operating Expenditures Detail by Function

Water Operating Expenditure Detail by Function					
Description	Fiscal Year Ending June 30,				
	2022 Adjusted Budget	2022 Projected Actual	2023 Adopted Budget	Variance (Amount)	Variance (Percentage)
Water Operating Fund Expenditures					
Salaries & Wages	\$ 1,770,229	\$ 1,657,179	\$ 1,971,663	\$ 314,484	18.98%
Payroll Taxes	135,227	128,017	148,750	20,733	16.20%
Overtime	26,580	16,244	19,935	3,691	22.72%
Uniforms	12,681	11,845	14,583	2,738	23.12%
Insurance – Health	614,706	363,695	676,177	312,482	85.92%
Retirement Plan	182,333	111,449	145,866	34,417	30.88%
Employee Education Reimbursement	14,853	2,529	15,299	12,770	504.94%
Travel & Training	40,210	23,669	48,252	24,583	103.86%
Safety / Wellness	6,068	4,706	6,068	1,362	28.94%
Administrative	16,227	14,144	17,850	3,706	26.20%
Engineering Tech Services (External)	4,509	--	92,435	92,435	0.00%
Planning	138,235	125,480	145,147	19,667	15.67%
Bank / Merchant Fees	231,797	233,553	257,295	23,742	10.17%
UPC Contributions	15,987	14,165	16,786	2,621	18.50%
EPD Fees	18,459	--	18,459	18,459	0.00%
Sewer Expense Salem Village	46,985	48,529	48,395	(134)	-0.28%
Office Supplies	30,000	23,684	33,000	9,316	39.33%
Customer Billing Services	169,036	203,256	219,747	16,491	8.11%
Communications	52,769	54,207	55,407	1,200	2.21%
Security	9,357	--	7,018	7,018	0.00%
Water Conservation	26,917	24,371	28,801	4,430	18.18%
Miscellaneous	20,433	9,598	22,476	12,878	134.17%
Contingency	52,147	--	53,711	53,711	0.00%
Bad Debts	116,448	126,867	119,941	(6,926)	-5.46%
Legal	42,776	48,352	42,776	(5,576)	-11.53%
Auditing	46,533	53,853	52,350	(1,503)	-2.79%
Computer	39,951	41,383	39,951	(1,432)	-3.46%
GIS / Mapping	100,000	23,154	100,000	76,846	331.89%
Truck Maintenance	31,147	28,950	31,147	2,197	7.59%
Equipment Maintenance	15,515	12,003	15,515	3,512	29.26%
Tools / Equipment	10,300	2,955	10,300	7,345	248.56%
Facility / Grounds Maintenance	67,728	59,100	67,728	8,628	14.60%
Insurance – Liability P/C	86,094	74,839	86,094	11,255	15.04%
Fuel	42,131	57,341	56,877	(464)	-0.81%
Utilities	47,762	42,692	50,150	7,458	17.47%
Maintenance Agreements	163,355	127,390	163,355	35,965	28.23%
Dues and Assessments	18,072	18,375	19,879	1,504	8.19%
Utilities – Pumping Station	165,483	178,028	182,031	4,003	2.25%
System Material	662,805	444,777	662,805	218,028	49.02%
System Maintenance	111,693	89,778	111,693	21,915	24.41%
Water Tank Maintenance	499,585	499,585	534,556	34,971	7.00%
Purchased Water	4,694,811	4,315,419	4,694,811	379,392	8.79%
Loan Origination Fee	--	218,000	--	(218,000)	-100.00%
Total Water Operating Fund Expenditures	\$ 10,597,934	\$ 9,533,161	\$ 11,105,079	\$ 1,571,918	16.49%

FYE 2023 -Operating Expenditures Detail by Function (continued)

Sewer Operating Expenditure Detail by Function					
Description	Fiscal Year Ending June 30,				
	2022 Adjusted Budget	2022 Projected Actual	2023 Adopted Budget	Variance (Amount)	Variance (Percentage)
Sewer Operating Fund Expenditures					
Salaries & Wages	\$ 1,667,436	\$ 1,307,822	\$ 1,963,258	\$ 655,436	50.12%
Payroll Taxes	126,796	94,722	150,887	56,165	59.29%
Overtime	25,343	20,588	25,343	4,755	23.10%
Uniforms	9,166	5,026	9,166	4,140	82.37%
Insurance – Health	260,912	307,036	313,094	6,058	1.97%
Retirement Plan	152,003	122,037	136,803	14,766	12.10%
Employee Education Reimbursement	14,760	--	14,760	14,760	0.00%
Travel & Training	19,520	15,848	25,376	9,528	60.12%
Safety / Wellness	2,295	2,737	2,295	(442)	-16.15%
Dues and Assessments	12,198	7,367	12,198	4,831	65.58%
Insurance – Liability P/C	82,129	74,487	82,129	7,642	10.26%
Administrative	14,752	12,120	14,752	2,632	21.72%
Bank / Merchant Fees	81,092	123,266	133,802	10,536	8.55%
Office Supplies	7,086	4,128	7,086	2,958	71.66%
Customer Billing Services	27,005	202	29,706	29,504	14,605.94%
Communications	27,414	8,870	28,236	19,366	218.33%
Planning	59,968	29,985	65,965	35,980	119.99%
Miscellaneous	7,957	1,839	8,753	6,914	375.97%
Bad Debts	47,399	47,016	48,821	1,805	3.84%
Contingency	23,579	--	24,286	24,286	0.00%
Legal	23,170	--	24,792	24,792	0.00%
Auditing	26,901	13,333	27,708	14,375	107.82%
Maintenance Agreements	62,458	55,776	62,458	6,682	11.98%
Computer	16,550	11,499	17,047	5,548	48.25%
GIS / Mapping	50,000	--	50,000	50,000	0.00%
Engineering Tech Services (External)	25,992	--	92,272	92,272	0.00%
Easement Clearing	62,315	74,591	68,547	(6,044)	-8.10%
Truck Maintenance	10,197	8,344	10,197	1,853	22.21%
Plant Maintenance	205,200	72,930	219,564	146,634	201.06%
System Maintenance	146,384	178,779	175,661	(3,118)	-1.74%
Equipment Maintenance	10,123	4,666	10,123	5,457	116.95%
Tools / Equipment	7,003	4,387	7,003	2,616	59.63%
Facility / Grounds	50,584	21,751	50,584	28,833	132.56%
Fuel	26,265	27,614	39,398	11,784	42.67%
Utilities	608,952	481,043	669,847	188,804	39.25%
Operating Supplies	26,019	18,788	28,621	9,833	52.34%
Plant Chemicals	75,993	61,913	133,802	71,889	116.11%
Utilities – Lift Stations	112,187	107,925	123,406	15,481	14.34%
Solids Disposal	81,019	77,199	89,121	11,922	15.44%
Industrial Pretreatment Program	39,754	15,100	40,947	25,847	171.17%
Land Application	450,886	450,886	495,975	45,089	10.00%
Loan Origination Fee	--	32,000	--	(32,000)	-100.00%
Total Sewer Operating Fund Expenditures	\$ 4,786,762	\$ 3,903,620	\$ 5,533,789	\$ 1,630,169	41.76%

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.

As reported in NCWSA's financial statements as of FYE 2021, the net position was \$141,630,042 and comprised of the following components:

- Net investments in Capital Assets: This component consists of capital assets, including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets = \$117,279,570 or 82.81%.
- Restricted: This component consists of net position with constraints placed on the used wither by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation = \$80,381 or 0.06%.
- Unrestricted: this component consists of all other net position that does not meet the definition of "restricted" of "net investment in capital assets" = \$ 24,270,091 or 17.14%.

As shown in the table below, the comparison of the FYE 2022 Adopted Budget to the FYE 2023 Adopted Budget reflects an increase of 2.3%. In contrast, a comparison of the FYE 2022 Projected Actuals to the FYE 2023 Adopted Budget reflects a decrease of 0.7%. The change in Net Position is due to the result of a lower connection fees and the choice by the Authority to conservatively budget both revenues and expenditures due to the current economic environment.

Net Position							
Description	Fiscal Year Ending June 30,						
	2019 Actual	2020 Actual	2021 Actual	2022 Adjusted Budget	2022 Projected Actual	2023 Adopted Budget	% Change 2022 v. 2023
Total Net Position - Beginning	\$ 120,424,391	\$ 125,988,562	\$ 133,414,148	\$ 141,630,042	\$ 141,630,042	\$ 146,855,891	3.69%
Operating Revenues	21,068,298	21,840,621	23,332,059	21,313,891	23,657,196	20,704,986	-12.84%
Non-Operating Revenues [1]	89,394	176,786	43,225	35,788	8,252	35,788	333.69%
Capital Contributions	370,140	1,193,744	1,352,287	--	--	--	0.00%
Total Revenues	\$ 21,527,832	\$ 23,211,151	\$ 24,727,571	\$ 21,349,679	\$ 23,665,448	\$ 20,740,774	-12.36%
Operating Expenditures	\$ 11,733,625	\$ 11,338,847	\$ 11,918,823	\$ 15,384,696	\$ 13,436,781	\$ 16,638,868	23.83%
Non-Operating Expenditures [2]	4,230,036	4,446,718	4,592,854	5,002,818	5,002,818	5,157,943	3.10%
Total Expenditures	\$ 15,963,661	\$ 15,785,565	\$ 16,511,677	\$ 20,387,514	\$ 18,439,599	\$ 21,796,811	18.21%
Increase (Decrease)	5,564,171	7,425,586	8,215,894	962,165	5,225,849	(1,056,037)	-120.21%
Total Net Position - Ending	\$ 125,988,562	\$ 133,414,148	\$ 141,630,042	\$ 142,592,207	\$ 146,855,891	\$ 145,799,854	-0.72%

[1] Amounts shown include capital contributions and interest income.
[2] Amounts shown include depreciation, 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. Therefore, 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. In addition,

it represents the relatively liquid portion of an enterprise fund capital, which constitutes a margin or buffer for meeting obligations.

As described on page 23, 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 (not including depreciation). 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. It should also be noted that in addition to the working capital reserve, the Authority's Rate Sufficiency and Financial Model estimates a deposit for the benefit of renewal and extension annually, which is equivalent to approximately 80% of depreciation.

Working Capital		Fiscal Year Ending June 30,						
Description	2019 Actual	2020 Actual	2021 Actual	2022	2022 Projected Budget	2023 Adopted Budget	% Change 2023 v. 2022	
				Adjusted Budget				
Working Capital	\$ 20,734,616	\$ 22,728,756	\$ 23,776,718	\$ 25,996,677	\$ 25,996,677	\$ 26,228,388	0.89%	
Target – 90 Days of Operating Expenses	2,893,223	2,795,880	2,930,858	3,793,487	3,313,179	4,102,735	23.83%	
Number of Days Working Capital	645	734	728	617	706	575	-18.52%	
Working Capital Net of O&M Reserve	\$ 17,841,393	\$ 19,932,876	\$ 20,845,860	\$ 22,203,191	\$ 22,683,499	\$ 22,125,654	-2.46%	

Long-Term Financial Plan

NCWSA's Five-Year Strategic Plan (discussion beginning on page 18) was created in 2019. However, due to the rapidly changing conditions within our region, we are revisiting our strategic plan sooner than the five-year life expectancy we had hoped. It is now scheduled to be revised in September of 2022. The Senior Management Team One will use a professional facilitator to review the plan and make appropriate changes to ensure we are concentrating on the core values of NCWSA and enhancing its strategic initiatives. This process will aid in developing the Long-Term Financial Plan and provide future guidance in budget development.

Included with the development of the annual budget, NCWSA updates its five-year financial forecast with the preparation of the annual budget. With the assistance of a financial and utility consultant, the Authority's rate sufficiency and financial model are updated annually. The model is designed to forecast revenue requirements for ten (10) years. This has proven to be a very effective tool used to i) forecast both operating and capital needs; ii) evaluate funding sources including, PAYGO, rate revenues, use of reserves, and financing scenarios; iii) calculate debt service coverage and manage debt load and future debt capacity; and iv) set utility rates and structures and miscellaneous charges. In addition, in tandem with its engineering consultant, the Authority has developed and maintains a thirty-five (35) year capital improvement plan. This plan reviews the condition of existing infrastructure to aid in determining maintenance, repair, and replacement needs as well as new infrastructure needs and is used in developing the ten (10) year financial forecast.

As discussed throughout this document, rates for water and sewer services are / will be 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.

The most significant challenge by far that the Authority currently faces is balancing the needs of our retail customers and the demand of existing and potential large industrial users. The Stanton Springs Research & Development Park ("Stanton Springs"), located in the eastern section of Newton County, has been successfully marketed by local and state economic

development offices. The Stanton Springs Parkway extension was completed in early 2020, including all utilities, which places the park high on the State of Georgia's list of shovel-ready mega-sites in the Metro Atlanta area. The Authority's largest customer, Takeda Pharmaceuticals, located in Stanton Springs, is currently discussing with the Authority to expand its operations and find alternative solutions for water supply, such as reclaimed water. In December of 2021, Governor Brian Kemp announced that Rivian, an electric truck manufacturing plant, would locate across the interstate within the boundaries of Stanton Springs North. As a result, the electric vehicle manufacturer Rivian Automotive Inc. is planning a facility east of Atlanta, the most significant economic development project in the state's history. The \$5 billion manufacturing facility is set to bring 7,500 jobs east of Atlanta along the I-20 corridor. Once completed, the facility is scheduled to produce 400,000 vehicles per year. The facility will span about 2,000 acres of the joint development authority of Jasper, Morgan, Newton, and Walton counties, which owns Stanton Springs Park. This project is still in negotiations and has the potential to become the Authority's largest industrial customer. An industry of this size has enormous water and wastewater demands, requiring the NCWSA to design and build infrastructure out of the "norm" from its typical pipe and process infrastructure. Due to the magnitude of the potential impact on the Authority, funds have been budgeted in FYE 2023 for consultants to assist the Authority in the discussion, review, and planning stages. The investment in infrastructure, impact on operations, potential funding sources, and the design of new utility rates needed for this project have not been included in the current financial plan. As the negotiation process advances and comes to fruition, the budget will be amended in compliance with our budget process.

The table below represents a five (5) year forecast of sources and uses based on the Authority's current needs.

Forecast of Budgeted Sources and Uses					
Description	Fiscal Year Ending June 30,				
	2023 Adopted Budget	2024 Projected Budget	2025 Projected Budget	2026 Projected Budget	2027 Projected Budget
Revenues and Sources of Funds					
Water Sales	\$ 12,973,998	\$ 15,071,589	\$ 16,394,184	\$ 16,991,251	\$ 17,652,771
Sewer Sales	5,959,825	6,806,315	6,793,187	6,455,253	6,668,940
Connection Fees	1,574,641	2,250,191	773,953	2,774,731	620,501
Late Fees	1	--	--	--	--
Other Fees and Charges	69,502	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	16,180	76,145	89,614	79,698
Total Revenues and Sources of Funds	\$ 20,740,774	\$ 24,358,794	\$ 24,251,988	\$ 26,525,368	\$ 25,236,429
Expenditures and Uses of Funds					
Personal Services	\$ 5,887,875	\$ 6,384,956	\$ 6,777,390	\$ 7,191,322	\$ 7,705,157
Operating Expenses	9,466,425	9,647,798	10,023,094	10,072,590	10,381,375
Other	1,284,568	1,358,141	1,404,880	1,440,432	1,483,671
Debt Service	757,943	794,135	772,717	779,112	745,695
Depreciation Expense*	4,400,000	4,450,000	4,500,000	4,550,000	4,600,000
Reserves	-1056,037	1,723,764	773,907	2,491,912	320,531
Total Expenditures and Uses of Funds	\$ 20,740,774	\$ 24,358,794	\$ 24,251,988	\$ 26,525,368	\$ 25,236,429

*Depreciation is not budgeted.

The Authority's Capital Improvement Plan, as discussed in Section 4, is also a 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. The growth of our system will increase operating expenses, and the need to issue additional debt is probable. We plan to mitigate the need for additional debt by 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 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.

The table below represents a forecast of the net position for the next five (5) fiscal years. Net position is estimated to increase by \$4.3 million to \$151,109,968 by the fiscal year ending June 30, 2028. This is due to the accumulated increases in capital assets, less annual depreciation, and cash generated through operations over the forecast period.

Net Position - Forecast					
Description	Fiscal Year Ending June 30,				
	2023 Adopted Budget	2024 Projected Budget	2025 Projected Budget	2026 Projected Budget	2027 Projected Budget
Total Net Position - Beginning	\$ 146,855,891	\$ 145,799,854	\$ 147,523,618	\$ 148,297,525	\$ 150,789,437
Operating Revenues	\$ 20,704,986	\$ 24,342,614	\$ 24,175,843	\$ 26,435,754	\$ 25,156,731
Non-Operating Revenues	35,788	16,180	76,145	89,614	79,698
Total Revenues	\$ 20,740,774	\$ 24,358,794	\$ 24,251,988	\$ 26,525,368	\$ 25,236,429
Operating Expenditures	\$ 16,638,868	\$ 17,390,895	\$ 18,205,364	\$ 18,704,344	\$ 19,570,203
Non-Operating Expenditures	5,157,943	5,244,135	5,272,717	5,329,112	5,345,695
Total Expenditures	\$ 21,796,811	\$ 22,635,030	\$ 23,478,081	\$ 24,033,456	\$ 24,915,898
Increase (Decrease)	(1,056,037)	1,723,764	773,907	2,491,912	320,531
Total Net Position - Ending	\$ 145,799,854	\$ 147,523,618	\$ 148,297,525	\$ 150,789,437	\$ 151,109,968

Below is a projection of the Authority's working capital. Funding of capital improvements has a direct impact on available working capital. As explained above, because the 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					
Description	Fiscal Year Ending June 30,				
	2023 Adopted Budget	2024 Projected Budget	2025 Projected Budget	2026 Projected Budget	2027 Projected Budget
Working Capital	\$ 26,228,388	\$ 24,927,097	\$ 21,949,419	\$ 21,504,059	\$ 18,791,565
Target 90 Days of Operating Expenses	4,102,735	4,288,166	4,488,994	4,612,030	4,825,530
Number of Days of Working Capital	575	525	440	420	350
Available Working Capital	\$ 22,125,654	\$ 20,638,931	\$ 17,460,425	\$ 16,892,029	\$ 13,966,036

The FYE 2023 to FYE 2027 forecast represents the Authority's commitment to its strategic plan. The assumptions below will help us align with NCWSA's strategic goals.



1. Planning for the increasing cost of inflation, the volatility in the supply and demand chain, workforce shortages and the challenges of finding good, quality employees, and rising interest rates.
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. Recognizing the potential need for small incremental rate increases beginning in FYE 2023.
5. Reviewing our current user rate structure to align with the demands of our system.
6. The potential development of a reclaimed water system to meet the needs of our large industrial customers.





SECTION 4 - CAPITAL AND DEBT

NCWSA CAPITAL IMPROVEMENT AND REPLACEMENT PLAN FYE 2023 – FYE 2027

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. In addition, it provides guidance for acquiring and valuing capital assets and implementing Governmental Accounting Standards Board ("GASB") Statement No. 34.

The Authority defines capital assets as assets with an initial, individual cost of \$7,500 or more and an estimated useful life of more than one year. All purchases below the applicable class threshold will 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 project-oriented capital assets and improvements that 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 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, upgrades, or replacing 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 50.

The NCWSA has completed and maintains a thirty-five-year capital improvement plan that is reviewed annually however, the overall CIP is broken down into five-year increments for budgetary processes. 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 is PAYGO, use of reserves, rate revenues, or looking at financing scenarios.

The CIP Budget for FYE ,2023 – FYE ,2027 has been quite challenging as the Authority plans for its future needs. The need for new infrastructure is driven by development and growth. The home building market has slowed considerably within our service territory compared to the housing starts within the City of Covington. Large-scale home builders/developers such as D.R. Horton, Pulte, and Crown Communities seemed to have paused building or at least reduced new home starts throughout the first eight months of 2022. Most commercial development remains unchanged compared to prior years, consisting of churches, convenience stores, and small businesses. In the industrial market, the potential for development remains strong. The Stanton Springs Research & Development Park ("Stanton Springs"), located in the eastern section of Newton County, has been successfully marketed by local and state economic development offices. The Stanton Springs Parkway extension was completed in early 2020, including all utilities, which places the park high on the State of Georgia's list of shovel-ready mega-sites in the Metro Atlanta area. Stanton Springs is the location of Takeda Pharmaceuticals (the Authority's largest customer), which is currently discussing with the Authority to expand its operations and find alternative solutions for water supply, such as reclaimed water. Additionally, two major data centers are being constructed across the parkway from Takeda.

In December of 2021, Governor Brian Kemp announced that Rivian, an electric truck manufacturing plant, would locate across the interstate within the boundaries of Stanton Springs North. As a result, the electric vehicle manufacturer Rivian Automotive Inc. is planning a facility east of Atlanta, the most significant economic development project in the state's history. The \$5 billion manufacturing facility is set to bring 7,500 jobs east of Atlanta along the I-20 corridor. Once completed, the facility is scheduled to produce 400,000 vehicles per year. The facility will span about 2,000 acres of the joint development authority of Jasper, Morgan, Newton, and Walton counties, which owns Stanton Springs Rivian's announcement has the potential to put a cherry on top of the massive amounts of growth Newton, and its surrounding

counties have enjoyed in the past few years. However, this project is still in negotiations and the impact to the Authority has not been reflected in the current financial plan.

As the potential for large-scale developments exists, the Authority has incorporated the need to expand its facilities into its CIP. At the same time, the challenge is to balance the timing and determine the financial resources needed to fund these projects.

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

The map on page 47 represents the Authority's major capital projects currently underway. The map on page 48 depicts private development currently in planning or under construction.



A. Scott Emmons WRF

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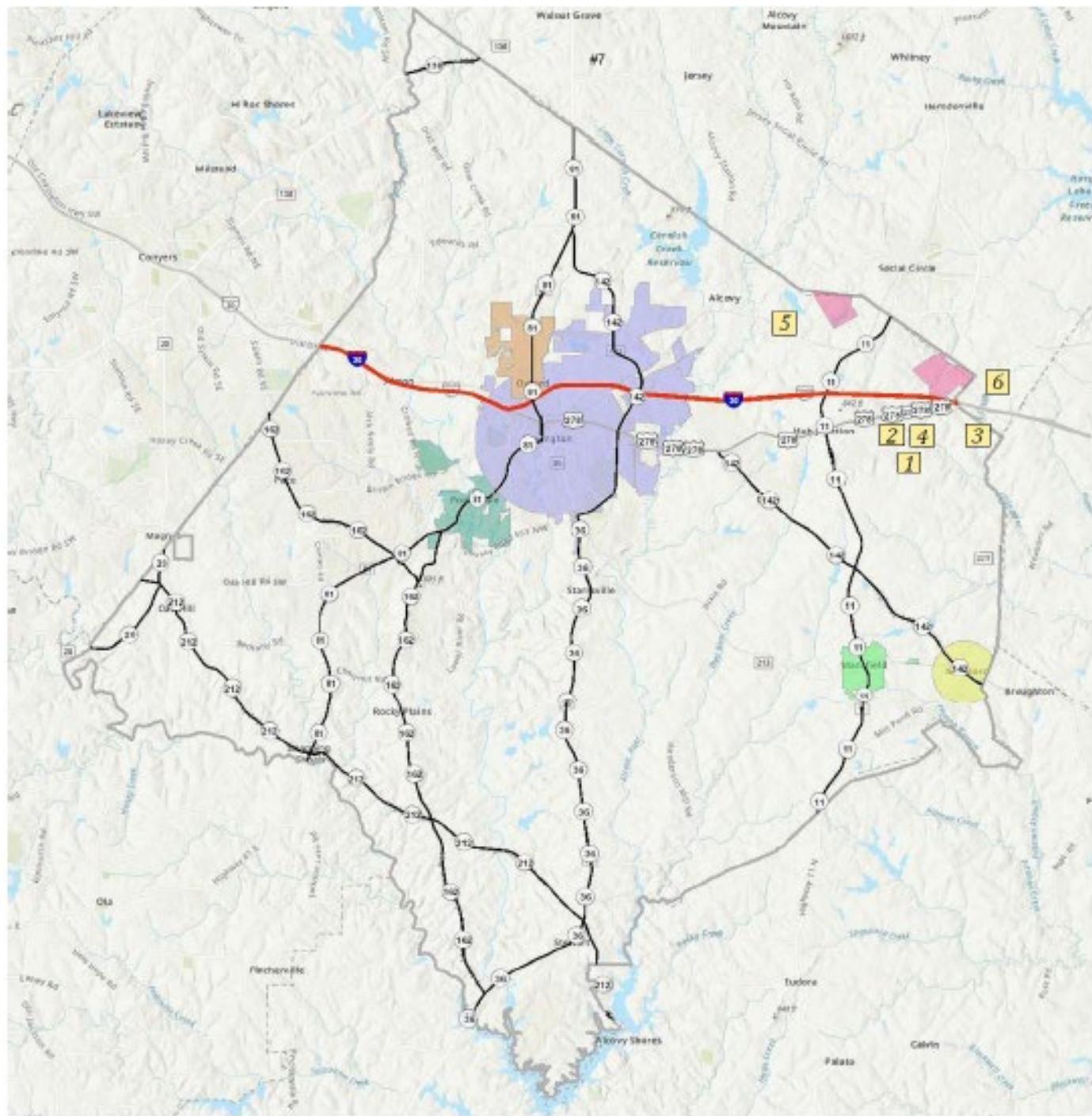


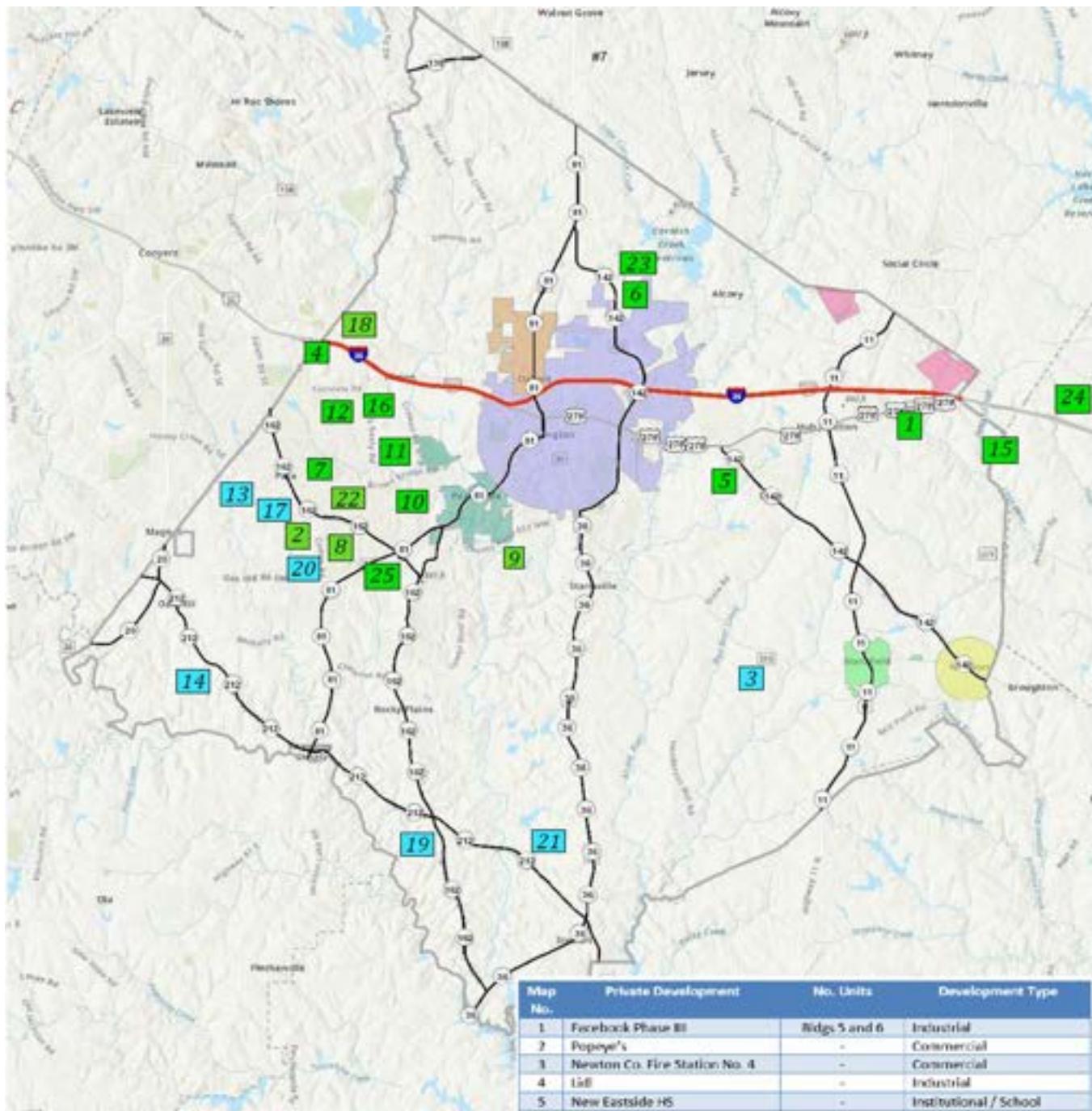
Table 2: Capital Projects Map

May 2022

Legend

0 Capital Projects Reference No.

Map Item No.	Capital Project
1	ASE WRF at the Little River
2	ASE WRF Phase II-A IWRF & Reclaimed System
3	Dennis Creek Sewer Extension, Phase III
4	East Newton Water Trans Improvements.
5	Paine Crossing Transmission Main
6	Social Circle Water & Sewer Improvements



Private Development

May 2022

Legend

- Private Development Reference Number
- Water
- Water & Sewer

Map No.	Private Development	No. Units	Development Type
1	Facebook Phase III	Ridg. 5 and 6	Industrial
2	Popeye's	-	Commercial
3	Newton Co. Fire Station No. 4	-	Commercial
4	LifB	-	Industrial
5	New Eastside HS	-	Institutional / School
6	3-Ring Studios	-	Commercial
7	Westfield Village*	521	SFR
8	Westminster	142	SFR
9	Cedar Shoals / White Horse	348	Apartments & Townhomes
10	Villages on Ram	36	Townhomes
11	513 Kirland Road	223	Townhomes
12	Prose Fairview	318	Apartments
13	Underwood Crossing, Phs. II & III	50	SFR
14	Simpson Creek Bluff	41	SFR
15	Baymare	-	Industrial
16	Covington Creek	53	SFR
17	Lynhurst Estates Phase II*	62	SFR
18	20 East Logistics Center	-	Industrial
19	Twin Rivers Phase I*	118	SFR
20	Mills Landing, Unit III*	16	SFR
21	Hanley Mill Phase II*	53	SFR
22	Bailey Glynn Phs. II*	-	SFR
23	Studio Village	225	SFR
24	Rivian	-	Industrial
25	Salem Townhomes & Retail	20	Townhomes

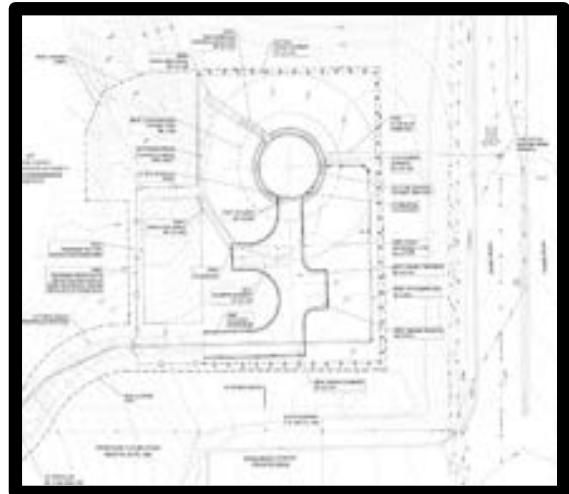
*Subdivisions that were abandoned during the 2008 Recession that are currently being developed

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

Description	FYE 2023 Budget	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	FYE 2027 Projected	Total
Capital Projects						
Water System	\$ 24,306	\$ 2,515	\$ 1,530	\$ 2,110	\$ 1,560	\$ 32,031
Sewer System	7,564	11,570	10,670	5,665	13,975	49,444
Miscellaneous	1,362	175	175	175	175	2,062
Total Capital Projects	\$ 33,232	\$ 14,260	\$ 12,375	\$ 7,950	\$ 15,710	\$ 83,527
Estimated Funding Sources						
Renewal and Extension / Reserves	\$ 5,283	\$ 1,310	\$ 2,895	\$ 5,283	\$ 5,283	\$ 17,648
Connection Fees	5,496	1,000	1,000	1,000	1,000	9,496
GEFA Loans [1]	21,174	1,000	--	--	--	22,174
Unfunded	1,279	10,950	8,480	2,925	10,575	34,209
Total CIP Funding Sources	\$ 33,232	\$ 14,260	\$ 12,375	\$ 7,950	\$ 15,710	\$ 83,527

[1] Amounts reflect the use of a low-interest loan secured through the Georgia Environmental Finance Authority (GEFA) for the construction of the East Newton Water Transmission Improvements Project.

East Newton Water Transmission Project



List of Capital Improvement Projects FYE 2023 – FYE 2027 (\$000s)

Description	Total Project Budget	Estimated Prior Project Spend	Total Project Carry-Forward	FYE 2023 New Money	FYE 2023 Budget	Projected			
						FYE 2024	FYE 2025	FYE 2026	FYE 2027
Water System Capital Improvements									
Beacon Hill Water System Upgrades	\$ 565	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 565	\$ --
East Newton Water Transmission Project	14,431	1,068	13,363	--	13,363	--	--	--	--
24" Water Main under I-20 @ Exit 101	1,000	--	--	--	--	1,000	--	--	--
1 MG Elevated Water Storage Tank – Stanton Springs	7,141	--	7,141		7,141	--	--	--	--
GDOT / NCDOT W&S Utility Relocations	1,291	41	--	250	250	250	250	250	250
Annual Water Main Extension Program	5,000	--	--	1,000	1,000	1,000	1,000	1,000	1,000
GDOT Relocation SR 162 @ SR 81 + Bypass at Flat Shoals	1,020	677	342	--	342	--	--	--	--
GDOT ST 162 (Salem Road) Widening	2,008	48	1,960	--	1,960	--	--	--	--
Hydraulic and Quality Improvements	3,481	2,081	--	250	250	265	280	295	310
Total Water System Capital Improvements	\$ 35,937	\$ 3,915	\$ 22,806	\$ 1,500	\$ 24,306	\$ 2,515	\$ 1,530	\$ 2,110	\$ 1,560
Sewer System Capital Improvements									
Dennis Creek Truck Sewer, Ph II	\$ 1,198	\$ 111	\$ 1,087	\$ --	\$ 1,087	\$ --	\$ --	\$ --	\$ --
Little River Outfall	5,576	4,476	--	--	--	--	500	600	--
Nelson Creek Gravity Sewer Outfall	5,646	4,387	59	--	59	--	--	230	970
Yellow River Trunk Sewer Rehabilitation	3,408	8	400	--	400	--	1,000	1,000	1,000
Yellow River WRF – New Bar Screen & 4 th Effluent Pump	3,360	--	--	3,360	3,360	--	--	--	--
Wastewater Flow Meters	770	107	663	--	663	--	--	--	--
Yellow River Gum Creek Trunk Sewer	1,065	--	15	--	15	--	50	250	750
Lidl Sewer Improvements	100	--	100	--	100	--	--	--	--
Yellow River Water Reclamation Facility Expansion	13,930	--	--	--	--	300	130	2,925	10,575
A. Scott Emmons Water Reclamation Facility Phase IIA	20,907	628	1,279	--	1,279	10,650	8,350	--	--
Anticipate Sewerage Capital Needs	4,201	1,001	--	600	600	620	640	660	680
Total Sewer System Capital Improvements	\$ 60,161	\$ 10,718	\$ 3,603	\$ 3,960	\$ 7,563	\$ 11,570	\$ 10,670	\$ 5,665	\$ 13,975
Miscellaneous Capital Improvement									
Fleet / Capital Equipment / Other	\$ 1,373	\$ 73	\$ --	\$ 600	\$ 600	\$ 175	\$ 175	\$ 175	\$ 175
Social Circle Infrastructure Purchase	670	--	670	--	670	--	--	--	--
Little River Recreational Area	71	11	60	--	60	--	--	--	--
Business Case Analysis	9	--	9	--	9	--	--	--	--
Comprehensive Rate Study & Financial Model Update	50	27	23	--	23	--	--	--	--
Total Miscellaneous Capital Improvements	\$ 2,173	\$ 111	\$ 762	\$ 600	\$ 1,362	\$ 175	\$ 175	\$ 175	\$ 175
Total Capital Improvement Projects	\$ 98,271	\$ 14,744	\$ 27,171	\$ 6,060	\$ 33,231	\$ 14,260	\$ 12,375	\$ 7,950	\$ 15,710

Project Descriptions and Impacts – Capital Projects – FYE 2023

Water System

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

Estimated Probable Cost: \$564,751

Estimated Completion: FYE 2025

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

2. **East Newton Water Transmission Project** - 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: \$14,430,839

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

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 Takeda Pharmaceuticals, Morning Hornet and Baymare Data Centers. Revenue projections will be identified as this project is developed and included in the forecast as determined.

3. **24" Water Main under I-20 @ Exit 101** - A larger water transmission main will be installed under I-20, connecting Stanton Springs South to the North Campus and Stanton Grove. This water main will furnish additional water to prospective, large industrial users locating in 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 Takeda Pharmaceuticals, Morning Hornet and Baymare Data Centers. Revenue projections will be identified as this project is developed and included in the forecast as determined.

4. **1 MG Elevated Water Storage Tank – Stanton Springs** – This project involves of installing a 1 MG elevated water storage tank to serve the Stanton Springs Site aiding in hydraulic dampening and fire protection. The 16 "water main will start at 1 MG tank and extend to the Baymare Data Center.

Estimated Probable Cost: \$7,141,217

Estimated Completion: FYE 2023

Operating Budget Impact: The tank will have long-term impacts such as interior/exterior cleanings and coatings. Therefore, the tank will be placed into a long-term maintenance schedule expensed from the water fund. Water lines have minimal impact. Operating expenses will be adjusted 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. **Annual Water Main Extension Program** – Based on the availability of funds, the Board has authorized a yearly water main extension program. The in-house engineering staff determines these projects to meet the needs of the water distribution system.

7. 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. **GDOT Relocation SR 162 @ SR 81 + Bypass at Flat Shoals** – These two (2) projects are utility relocations involving the installation of traffic circles or roundabouts at heavily traveled intersections. Both will require moving existing water mains to the back of the new right-of-way and out from under the pavement of the new construction. These projects are handled by our approved annual contractors, allowing us to move out of the construction zone first, reducing project delays and inconvenience to the citizens of Newton County.

Estimated Probable Cost: \$1,019,900

Estimated Completion Date: FYE 2023

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. GDOT is in the process of widening Salem Road a distance of seven miles, four of which are within Newton County. The project will require moving a critical water main outside the extents of the widening.

Estimated Probable Cost: \$2,007,406

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, escalated for inflation.

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 Ph II** – 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 Takeda Pharmaceuticals, Morning Hornet and Baymare Data Centers. 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 Walton and Newton Counties and has a population of 4,358. The last phase of this project is to install a sewer main to connect to Walton County to serve Stanton Grove.

Estimated Probable Cost: \$5,576,409

Estimated Completion Date: Approximately 80% of the project is completed, with the final phase to be completed in FYE 2026.

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 Takeda Pharmaceuticals, Morning Hornet and Baymare Data Centers. 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 Lines A and C will serve the areas west of the Dennis Creek and Little River outfalls. This outfall will provide sewer service to Georgia State University once the existing package plant, currently serving the university, is removed. The Nelson Creek gravity main Line B will serve the areas west of Hwy 11 and will provide sewer service to 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: \$5,646,329

Estimate Completion Date: Approximately 78% of the project is completed, with the final Line B to be completed in FYE 2027.

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 Takeda Pharmaceuticals, Morning Hornet and Baymare Data Centers. 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. **Yellow River Trunk Sewer Rehabilitation** - The Yellow River Trunk Sewer is the oldest sewer in the System, serving the western portion of Newton County, the 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: \$12,500,000. This project begins in FYE 2025, with project costs occurring annually.

Estimated Completion Date: Ongoing

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

5. **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. In addition, the 4th pump for backup at the Effluent Pumping Station will provide system redundancy and pumping capacity during high flow rain events.

6. Estimated Probable Cost: \$3,600,000

Estimated Completion Date: FYE 2024 / FYE 2025

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 receives wastewater from the Cities of Covington, Oxford, Porterdale, and Emory College along the Turkey Creek Outfall. Conveyance costs are calculated through monthly water meter readings provided by 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.

8. Estimated Probable Costs: \$663,000

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.

9. **Yellow River Gum Creek Tunk Sewer** – This project involves replacing six miles of 52-year-old gravity sewer mains, outfalls, and interceptors. This is the Authority's oldest sewer infrastructure and starting to show some of its age. The project is currently under design and study.

Estimated Probable Costs: \$1,064,716

Estimated Completion Date: FYE 2027

Operating Budget Impacts: Once the design has been completed, operating impacts, will be recognized in the operating budget.

10. **Lidl Sewer Improvements** - 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 2023

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

11. **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 – FY 2028

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. Operating expenses will be adjusted during the development of the annual budget.

Scott Emmons Water Reclamation Facility Phase II A – 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: \$20,278,609

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: \$600,00 annually and escalated for inflation.

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 Probable Cost: \$600,000 is budgeted for FYE 2023 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. **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 an accompanying 6" force main serving the GDOT rest area located on I-20 East.

Estimated Probable Cost: \$670,000

Estimated Completion Date: FYE 2023

Operating Budget Impact: Operating costs of these new facilities have been included in the FY 2023 operating budget.

3. **Little River Recreational Area** - The Authority now owns 4,456 acres surrounding the A. Scott Emmons WRF and has hired a consultant to help develop an educational/recreational master plan. Nearby industry would like to partner with the Authority in developing this plan.

Estimated Probable Cost: \$60,185

Estimated Completion Date: YE 2023

Operating Budget Impact: Upon completion of the master plan and partnership resources are determined, the impact, if any, to the operating plan will be known and included in the development of the 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 benefit 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 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 and a promissory note with the Joint Development Authority of Jasper County, Morgan County, Newton County, and Walton County (the "JDA"). Because the Authority does not have outstanding revenue bonds (senior lien debt), the Authority does not have bond ratings. The Authority pledges its revenue-raising power to secure the required payments and covenants to make funds available to satisfy such required payments. 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.

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The table below summarizes the total estimated amount of outstanding debt on June 30, 2022.

Summary of Current Debt Obligations (Principal)	
Description	Fiscal Year Ended June 30, 2022
JDA GEFA Loan	\$ 20,408
GEFA Loan 2012L22WQ	12,442,099
GEFA Loan CW2019003	25,000000
JDA Promissory Note	1,142,020
Total	\$ 38,605,020

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 Newtown 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. Therefore, 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 \$20,408 with an interest rate of 4.65%, and the final payment is due on January 1, 2023. FYE 2022 principal and interest payments are \$20,408 and \$358, 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 \$12,442,009. The interest rate is 1.82% with a 20-year term, maturing in FY 2038. FYE 2023 principal and interest payments are \$684,305 and \$220,757 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. The last draw was requested in June 2022. Accrued interest is to be paid monthly until the Amortization Commencement date, which is anticipated to be in January of 2023, when the first principal payment is due.

GEFA Loan GF2021013 – In November 2021, the Georgia Environmental Finance Authority (GEFA) approved a loan for a Georgia Fund loan in the amount of \$25,000,000. The loan agreement will be executed in FYE 2023. It will be used to finance the construction of a new transmission water main, a water storage reservoir, provide upgrades to the water reclamation facility, and related appurtenances.

Outstanding Debt Service

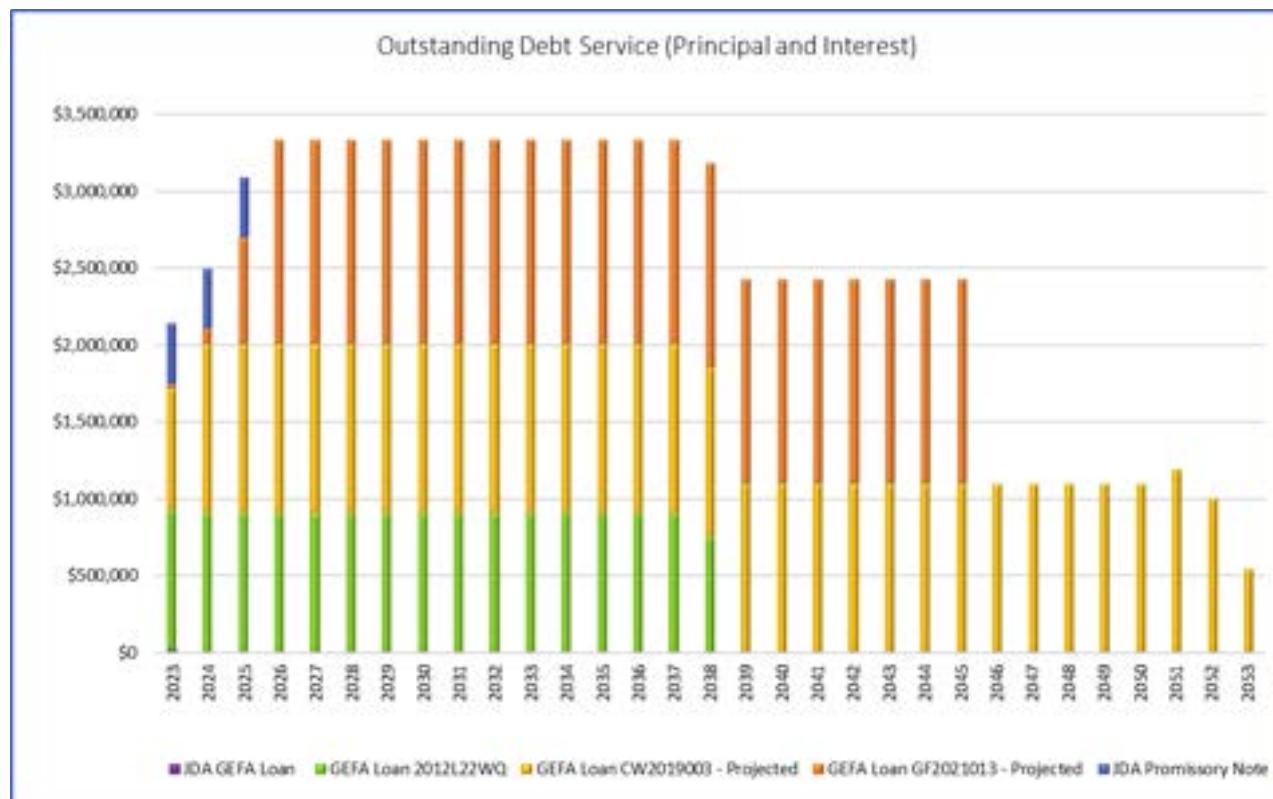
Summary of Debt Service Payments

The remainder of the Authority’s outstanding debt reflects essentially level debt service payments (i.e., regular annual payments) through the Fiscal Year 2053 when the CW2019003 GEFA Loan matures.

As stated in Section 2 – Cash Management Practices on page 25 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. The table below are the debt obligations for the forecast period.

Summary of Existing and Projected Debt Service Payments						
Description	FYE 2023 Budget	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	FYE 2027 Projected	
JDA GEFA Loan	\$ 20,766	\$ --	\$ --	\$ --	\$ --	
GEFA Loan 2012L22WQ	905,062	905,062	905,062	905,062	905,062	
GEFA Loan CW2019003 – Projected [1]	790,443	1,098,386	1,098,386	1,098,386	1,098,386	
GEFA Loan GF2021013 – Projected [2]	--	146,208	702,099	1,330,731	1,330,731	
JDA Promissory Note	392,263	388,454	384,646	--	--	
	\$ 2,108,534	\$ 2,538,111	\$ 3,090,194	\$ 3,334,179	\$ 3,334,179	

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



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Projected Debt Service and Debt Service Coverage Ratio

The projected debt service and debt service coverage ratio for the forecast period are shown below. The Authority meets all targets established or mandated.

Projected Debt Service Coverage Ratio					
Description	FYE 2023 Budget	FYE 2024 Projected	FYE 2025 Projected	FYE 2026 Projected	FYE 2027 Projected
Total Gross Revenues (including connection fees)	\$ 20,740,774	\$ 24,411,794	\$ 24,251,988	\$ 26,525,368	\$ 25,236,429
Less: Total Operating & Maintenance Expenses	16,638,868	17,390,895	18,205,364	18,704,344	19,570,203
Net Revenue	\$ 4,101,906	\$ 7,020,899	\$ 6,046,624	\$ 7,821,024	\$ 5,666,226
Total Debt Service (Cash Basis)	\$ 2,108,534	\$ 2,538,111	\$ 3,090,194	\$ 3,334,179	\$ 3,334,179
All-In Coverage Test					
Calculated Ratio	1.95	2.77	1.96	2.35	1.70
Target Ratio	1.50	1.50	1.50	1.50	1.50
Target Meet?	Yes	Yes	Yes	Yes	Yes
GEFA Fixed Charges Coverage Ratio	1.05	1.05	1.05	1.05	1.05
Target Met?	Yes	Yes	Yes	Yes	Yes

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 2021.

Legal Debt Margin – Newton County, Georgia	
	Fiscal Year Ended June 30,
(Amount Expressed in Thousands)	FYE 2021
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



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. In addition, the Authority's Board of Directors annually appoint the Secretary / Treasurer.

Senior Management Team One		Years of Service
Mike Hopkins	Executive Director	25
Vacant	Director of Operations	-
Vacant	Chief Engineer	-
Emily Mills	Board Secretary/Treasurer & Finance Officer	24
Tracey Clark	Human Resources Director	28
Krista Waits	Business Operations Manager	20
Tim McCart	Director Information Systems	12
Bryant Kirkley	Water Reclamation Manager	18
Matt Wade	Water System Maintenance Manager	19

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 2023, the Authority plans to add four (4) new positions. Each new position is described within the individual department staffing plan.

Department	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Administration	3.00	3.00	3.00	5.00	8.00
Engineering	6.00	6.00	6.00	7.00	7.00
Water Reclamation	12.00	13.00	15.00	16.00	17.00
Water System Maintenance	14.00	14.00	14.00	14.00	14.00
Business Operations	15.00	16.00	17.00	19.00	19.00
Fleet/Inventory	3.00	3.00	3.00	3.00	3.00
Information Technology	1.00	2.00	2.00	2.00	2.00
Human Resources	1.00	1.00	1.00	2.00	2.00
Total	55.00	58.00	61.00	68.00	72.00

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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 eight (8) full-time staff members with the addition of three (3) new positions. The Director of Operations, the Water Conservation Manager, the Safety & Compliance Manager, and the Community Affairs Manager will initially reside in the Administration Department until FYE 2024. They will then become new departments or be integrated into an existing operations department.

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Administration – Position Summary					
Position	FYE 2019	FYE 2020	FYE 2021	FY 2022	FYE 2023
Executive Director	1.00	1.00	1.00	1.00	1.00
Director of Operations	-	-	-	-	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
Planning Performance Advisor	-	-	-	-	1.00
Water Conservation Manager	-	-	-	-	1.00
Safety & Compliance Manager	-	-	-	1.00	1.00
Community Affairs Manager	-	-	-	1.00	1.00
Total	3.00	3.00	3.00	5.00	8.00

FYE 2022 Accomplishments

- Prepared and assisted with completing 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.
- Continue the development of a senior management succession plan.
- Awarded the GFOA Distinguished Budget Award for the fifth consecutive year.
- Completed StratOps 1.0, a new long-term management-driven organizational-wide operational strategic plan.

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 2023:

- 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.
- Continue with the total reorganization of all staff at NCWSA.
- Share the ten-year vision with all staff.

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FYE 2023 Initiatives

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



- 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 for approval.
- 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 (2) vacant positions and two (2) new full-time positions: Director of Operations, Planning Performance Advisor, Water Conservation Manager, Community Affairs Manager, and Safety/Compliance Manager.
- Complete StratOps 2.0 with the senior management team.
- Ensure regular work duties are completed promptly with few errors.

Performance Measures

Administration Department – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 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%	2 of 2 100%	4 of 4 100%	5 of 5 100%	100% of Requests
Fill Vacant Positions Within the Department	Achieved	Achieved	Achieved	Unsuccessful	Achieve

Engineering Department

Mission Statement

Improve the Authority's value to its customers by continually applying 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. In addition, 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. As a result, 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 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Chief Engineer	1.00	1.00	1.00	1.00	1.00
Assistant Engineer PE	1.00	1.00	1.00	1.00	1.00
Engineer EIT	1.00	1.00	1.00	1.00	1.00
Engineer Technician III	1.00	1.00	1.00	1.00	1.00
Inspector - Senior	1.00	1.00	1.00	1.00	1.00
Inspector	-	-	-	1.00	1.00
Administrative Assistant Engineering	1.00	1.00	1.00	1.00	1.00
Total	6.00	6.00	6.00	7.00	7.00

FYE 2022 Accomplishments

- The Monthly Engineering Report for the Board of Directors meeting was prepared, and the review of corresponding minutes was completed 100% on time.
- Prepared, received approval for, and implemented the FYE 2022 Capital Replacement, Relocation, and Capital Improvement Programs.
- It has 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 engineering and related technical information inquiries, 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 2023 Initiatives

- Ensure additional transmission capacity for the Stanton Springs Corridor.
- Complete design of the Yellow River Trunk Sewer Rehabilitation Project.
- Rehabilitate the central trunk sewer from Porterdale to Brown Bridge Road.
- Obtain the stream discharge permit for the A. Scott Emmons Water Reclamation Facility through the GA EPD.

The Engineering Department has identified the following goals to promote our mission and support the Authority's strategic plan goals: investing in infrastructure, performing effective maintenance and operational readiness, 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 within the Stanton Springs Development/Industrial Park.
- 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 the construction of the East Newton Water Transmission Project.
- 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 with iPad and inspection applications.
- Cleanup 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.

Performance Measures

Engineering Department – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
CIP Plan Review	Achieved	Achieved	Achieved	Achieved	Maintain
Developer Plan Review	9	10	8	11	12
Complete Capital Projects – In House	7	3	3	2	3
Yearly Project Inspections, Including Tap Inspections	563	401	375	336	350
Fill Vacant Positions Within the Department	Unsuccessful	Unsuccessful	Unsuccessful	1 Position Filled	Fill 2 Positions

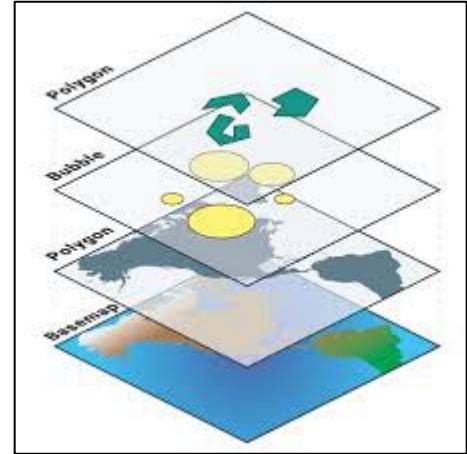
Geographical Information Systems (Engineering Subgroup)

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, locate Authority assets, resolve accuracy issues using GPS, and integrate GPS data into the GIS database. The GIS viewing application provides accurate, accessible, and functional data to 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 SAM which was the consultant that was selected among a group of six firms that offered proposals to NCWSA in FYE 2021. Although SAM is the nation's largest geospatial and construction services firm, we have the specialized expertise and scale to manage projects from coast to coast with unparalleled speed and responsiveness. The consultant's scope of work will include the FYE 2023 initiatives listed below.

FYE 2022 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, 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 Water Maintenance Departments.

Critical Success Factors

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

- Develop 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 fieldwork, 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 2023 Initiatives

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



- 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 produce them within 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					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Deploy Mapping System to End Users	Water Reclamation 100%	Complete All Departments 93%	Complete All Departments 100%	Complete All Departments 100%	Maintain 100%
Update Water Valve Layer	50%	54%	65%	90%	95%
Update/Redesign Base Systems Maps	75%	82%	100%	90%	95%
Continue Third-Party Mapping with "SAM"	-	-	Consultant Selected	25%	80%

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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, and 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. The Georgia Water Stewardship Act conducts an annual water system audit and phase in a water loss control/leak detection program. In addition, 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 2022 Accomplishments

- Conducted a top-down approach to the annual water audit.
- Participated in 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") on water quality.
- Participated in required unregulated contaminant monitoring ("UCMR4") state sampling.
- Collaborated with Newton County's Fire Department on hydrant flow tests, site maps, and nonrevenue water calculations.
- 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 a 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.

- Hiring a quality Water Conservation Manager that will lead the subgroup into a fully operational water conservation department within the organization.

FYE 2023 Initiatives

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



- Continue to sustain and monitor our nonrevenue 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 and 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					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 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	95%
Attend Community-Wide Events with Mobile Water Conservation Unit	6-With Unit	8- With Unit	Canceled Due to COVID-19	2-With Unit	5-With Unit
Update and Improve Water Conservation Plan	Ongoing	Ongoing	Ongoing	Ongoing	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 maintaining and repairing the Authority's sewer collection system infrastructure, including sewer mains, laterals, and lift stations. Accomplishing this task, the department 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. In addition, 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. In addition, 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 sewerage. In addition, 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.

FYE 2023 will see the commissioning of the A. Scott Emmons Water Reclamation Facility located south of the Stanton Springs Industrial/Development Park. The Emmons WRF will be the first stream discharge facility in the Authority's fifty-two-year history. Just as its namesake, the Emmons WRF will offer unique recreational and educational opportunities for the citizens of the four surrounding counties.



Personnel

With the planned expansion of facilities, particularly the A. Scott Emmons Water Reclamation Facility is scheduled to be fully operational in FYE 2023. Current staffing will be split and rotated between the Yellow River and Emmons WRFs to facilitate cross-training between a land application facility and a stream discharge facility, allowing some staffing redundancy. A Class I Operator will be added to the department to help manage the daily operation of the Emmons Stream Discharge Facility. In addition, the department will continue looking for qualified candidates to work in Water Reclamation.

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Water Reclamation Department – Position Summary

Position	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Water Reclamation Manager	1.00	1.00	1.00	1.00	1.00
Water Reclamation Assistant Manager	1.00	1.00	1.00	1.00	1.00
Class I Operator	-	-	-	-	1.00
Class II Operator	1.00	1.00	1.00	1.00	1.00
Class III Operator	4.00	4.00	4.00	4.00	4.00
Wastewater Collection Specialist	1.00	1.00	1.00	1.00	1.00
W/WW Pump Equipment Technician	-	-	1.00	1.00	1.00
WW Maintenance Technician	2.00	2.00	2.00	2.00	2.00
WW Lab Analyst	1.00	2.00	2.00	3.00	3.00
Environmental Compliance Coordinator	1.00	1.00	1.00	1.00	1.00
Environmental Sampling Technician	-	-	1.00	1.00	1.00
Total	12.00	13.00	15.00	16.00	17.00

FYE 2022 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 commissioning stage.
- 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, the A. Scott Emmons Water Reclamation Facility and its collection systems that consist 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.
- Comply with federal and state laws and rules and regulations promulgated to cover wastewater treatment.
- Continue to be a good neighbor by improving operating practices and investing in technologies that minimize odors from the water reclamation facility and its collection systems.

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FYE 2023 Initiatives

The Water Reclamation Department's FYE 2023 initiatives support the Authority's strategic plan to invest in infrastructure, performing effective maintenance and operational readiness, 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.
- Increase collection system duties and evaluate the infrastructure with the Collection Maintenance Specialist position. Purchase related equipment for the 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.

Performance Measures

Water Reclamation Department – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Maintain TSS/BOD State Mandated Levels	Achieved	Achieved	Achieved	Achieved	Maintain
Obtain GAWP Gold Award for Yellow River WRF	Not Achieved Non-Violation	Gold	Gold	Gold	Maintain
Obtain NACWA Gold Award for Yellow River WRF	Did Not Submit	Did Not Submit	Gold	Gold	Maintain
Percentage of Licensed Operators	100%	100%	100%	90%	100%
Feet of Collection System Inspected	2,080	2,234	2,432	2,005	2,000
Georgia EPD Violation	0	0	0	0	0
Fill Vacant Positions Within the Department	Unsuccessful	Unsuccessful	Unsuccessful	1 Position Filled	2 Positions Filled

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 prudently and sustainably

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 and establishing water service connection for new customers. The Field Services Team conducts the Authority's day-to-day operations 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 it to Business Operations for billing. Finally, field Services interact 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. As a result, there are no additional positions for FYE 2023. Staffing within the water systems maintenance department is one of the Authority's biggest problems. Even with more than adequate compensation increases, the department cannot retain employees for the long haul. In addition, private Business has successfully “poached” members of the department's staff, and it is challenging to compete regarding salary and wages.

Water System Maintenance Department – Position Summary					
Position	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Water System Maintenance Manager	1.00	1.00	1.00	1.00	1.00
Water System Maintenance Assistant Manager	1.00	1.00	1.00	1.00	1.00
Water Maintenance Crew Foreman	1.00	1.00	1.00	1.00	1.00
Equipment Operator I	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	3.00	3.00	3.00	3.00
Water System Specialist II	1.00	1.00	1.00	1.00	1.00
Senior Meter Supervisor	1.00	1.00	1.00	1.00	1.00
Field Services Technician	3.00	3.00	3.00	3.00	3.00
Utility Locator	1.00	1.00	1.00	1.00	1.00
Total	14.00	14.00	14.00	14.00	14.00

FYE 2022 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 the 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.

FYE 2023 Initiatives

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



- Perform immediate repairs to any failed infrastructure and equipment.
- Perform routine equipment maintenance 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.
- 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 a 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 System Maintenance Department – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Number of New Meters Installed in System Annually	462	583	500	422	400
Annual Meters Replaced (Aged/Defective)	1,725	1,729	1,600	752	1,600
Number of Main Line Breaks (Annual)	7	5	7	4	5
Miles of Pipe Maintained per Department FTE	26.1	24.2	22.0	21.5	20.0
Number of Valves Exercised (Annual)	382	196	341	201	200
Fill Vacant Positions	Unsuccessful	2 Positions Filled	1 Position Filled	1 Position Filled	2 Positions Filled

Business Operations Department

Mission Statement

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



Summary of Services

Customer Service is responsible for 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 collecting 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 nineteen (19) team members between billing and customer service, with fifteen (15) employees, the majority being assigned to Customer Service.

Business Operations Department – Position Summary					
Position	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Business Operations Manager	1.00	1.00	1.00	1.00	1.00
Customer Service Supervisor	1.00	1.00	1.00	1.00	1.00
Customer Services Specialist I	2.00	2.00	2.00	3.00	3.00
Customer Services Specialist II	4.00	4.00	4.00	4.00	4.00
Customer Services Specialist III	2.00	2.00	3.00	3.00	3.00
Customer Call Center Specialist	-	1.00	1.00	2.00	2.00
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
Billing Clerk	1.00	1.00	1.00	1.00	1.00
Total	15.00	16.00	17.00	19.00	19.00

FYE 2022 Accomplishments

- Processed over 2,100 service orders per month.
- Processed over 25,752 bills per month.
- Processed over 18,343 online payments per month.
- Processed over 2,521 payments per month for walk-up/drive-thru customers.
- Processed over 8,000 in mail and night drop, which equals about 12,000 payments per month.
- Assisted over 1,681 customers with some form of extension or payment plan. This was a 20% increase from FYE 2021 and can be attributed to the effects of COVID-19.
- Worked with and adjusted over 985 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.
- Completed and implemented the customer's late fee and disconnection policy based on recovering the Authority's cost to provide this service.
- 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.
- The mobile notification of customers has been well received by the customer and has been positive regarding late fee penalties and disconnections.

Critical Success Factors

The Business Operations Department is the first point of contact for over 26,000 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 2023 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 50% 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 recommended by the Finance Department.
- Updating the SOP books for Customer Service and Billing.

Performance Measures

Business Operations Department – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Number of Customer Calls (Annual)	153,000	169,010	196,300	264,955	250,000
Number of Third-Party Transactions (Monthly)	14,986	15,621	15,401	19,771	18,500
Number of Abandon Calls (Monthly Average)	85	98	100	86	90
Number of Payment Arrangements (Monthly Average)	-	136	185	114	100

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.

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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 perform 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.

Inventory / Fleet Department – Position Summary					
Position	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Inventory/Fleet 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	1.00
Total	3.00	3.00	3.00	3.00	3.00

FYE 2022 Accomplishments

- Sustained appropriate inventory levels and non-inventory support to encounter planned emergencies.
- Managed month-end closing and various reporting of Muni's transactions.
- Trained supervisors and management staff in the inventory/purchasing processes.
- Performed annual complete physical inventory.
- Guaranteed timely and continuous availability of inventory 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 equipment inventory 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 emergencies.

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 2023 Initiatives

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



- Renewed educational credits 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 inventory levels and non-inventory support to meet planned emergencies.
- Maintain a network of local agency purchasing agents.
- 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 the disposal of surplus equipment.
- Continue reviewing minimum and maximum stock availability in the warehouse and reordering points.
- Continue to maintain fleet and equipment maintenance adequately.
- Manage and evaluate preventative maintenance plans for fleet and equipment.
- Conduct and review fleet maintenance work orders.
- Evaluate stock levels in the warehouse and remove 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 the last Tuesday of each month.
- Ensure the timely and continuous availability of inventoried materials.
- Receive all direct charges materials, 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.

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Performance Measures

Inventory/Fleet Department – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Vehicles Maintained in Fleet	41	41	43	46	46
Facility Service Work Orders	25	28	20	18	20
Value of Inventory	\$441,870	\$480,000	\$441,870	\$550,551	\$621,560
Goods and Services Requisition to Purchase Order Process Within Five Days of Receipt	95%	98%	98%	98%	98%

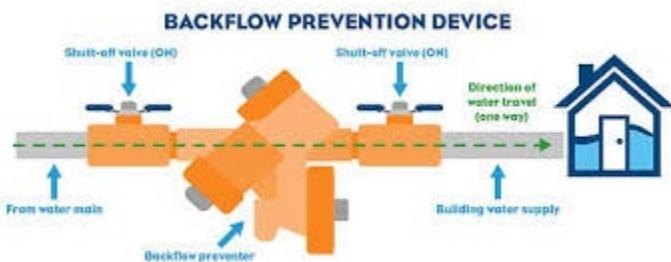
Cross-Connection Control (Fleet/Inventory Subgroup)

Mission Statement

To protect the public from contaminated water or other substances flowing back onto NCWSA's water distribution system.

NCWSA works 24 hours daily to maintain safe, high-quality water flowing to each customer. In addition, the Cross-Connection Control Program is in place to reduce the risk of contamination of the potable water by downstream users' plumbing systems.

Summary of Services



Cross-Connection Control aims 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 under Georgia Law.

Personnel

Because Cross-Connection Control is a Fleet / Inventory Department subgroup, personnel information is contained within the Inventory/ Fleet Department's table.

FYE 2022 Accomplishments

- Sustained the backflow 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 drawings 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 2023 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 effective maintenance and operational readiness.



- 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 who test for NCWSA educated on NCWSA backflow policies.
- Continue attending pre-construction meetings to ensure the proper degree of hazard assessments on newly purchased meters.
- Continue to inspect all new customer installations for 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

Inventory/Fleet Department- Cross Connection Control (Subgroup) – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Number of Commercial/Industrial Backflow Devices (% Within System)	100%	100%	100%	100%	100% Maintain
Number of Backflow Tests Received from Third-Party Testers (% Required Annual)	100%	100%	100%	100%	100% Maintain
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, 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 the 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 and 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 includes security, updates, and assistance.
- Office 365 (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 Department – Position Summary					
Position	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
IT Director	1.00	1.00	1.00	1.00	1.00
IT Specialist	-	1.00	1.00	1.00	1.00
Total	2.00	2.00	2.00	2.00	2.00

FYE 2022 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 network breaches.
- Completed update Paymentus payment system migration/web payment system.
- Replaced XC2 backflow program with AquaResource online.

- Upgraded content management system.
- Implemented the XC2 FOGS program.
- Maintained the Redundant Virtual Server Infrastructure.
- Continued Cyber Security Training.
- Maintained time and attendance biometric hand scanners.
- Maintained the Backup server.
- Completed Risk and Vulnerability Assessment with CISA.
- Completed an environment upgrade to replace Google Workspace with Office 365.
- Deployed a new IT environment for the new ASE facility.

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.

FYE 2023 Initiatives

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.
- Complete upgrade from MUNIS 11.3 to 2019.1
- Evaluate and deploy additional field devices.
- Maintain a twenty percent (20%) computer replacement program.
- Timely resolution to user issues.
- Maintain reliable network performance.
- Continue cyber security training.
- Complete a Firewall Internal Setup Assessment.

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Performance Measures

Information Technology Department – Performance Measures					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Network Systems Uptime During Normal Business Hours	>99%	>99%	>99%	>99%	>99%
Telephone System Uptime During Normal Business Hours	>99%	>99%	>99%	>99%	>99%
Response Time of Call to Help Desk Response Within One (1) Business Day	>99%	>99%	>99%	>99%	>99%
Third-Party Payment Systems Uptime 24/7 365 Days Per Year	>99%	>99%	>99%	>99%	>99%
Cybersecurity Training	Continuous/ Random	Continuous/ Random	Continuous/ Random	Continuous/ Random	Continuous/ Random

Human Resources Department

Mission Statement

Our mission is to maximize the potential of NCWSA's greatest assets – its employees. We are committed to recruiting, 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 characterized by fair staff treatment, 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, with a staff of one (1). One new position was added in FYE 2022. This additional position was due to the potential increase of new employees over the next five years. A Human Resources Generalist will assist with the increased workload on the department.

Human Resources Department – Position Summary					
Position	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Human Resources Director	1.00	1.00	1.00	1.00	1.00
Human Resources Generalist	-	-	-	1.00	1.00
Total	1.00	1.00	1.00	2.00	2.00

FYE 2022 Accomplishments

- Conducted several successful blood drive campaigns (every eight (8) weeks).
- Encouraged 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 and file the appropriate state and federal reports promptly.
- 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.
- Continued serving with the Rotary as NCWSA representative.
- Organized Employee Assistance Program training session.
- Organized fundraisers for different monthly charities for causes such as Alzheimer's, Childhood Cancer, Veteran's, and Diabetes Breast Cancer Awareness. Starting in January 2018, we stated annual donations 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).
- 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 and other quarterly events for employees.
- 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 2023:

- Maintain and support information dispersal on the COVID-19 Pandemic and its effects on employees' health and morale.
- 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 collaboratively with 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 2023 Initiatives

Human Resources 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					
Performance Measures	FYE 2019 Actual	FYE 2020 Actual	FYE 2021 Actual	FYE 2022 Actual	FYE 2023 Goal
Employee Retention	97%	97%	96%	95%	98%
Average Total Training Hours Per Employee Per Year	24	27.25	20	22	20
New FTEs Positions Added Annually	4	4	1	6	4
Interviews Conducted (Annually)	23	50	21	44	35

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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 the monetary value of an asset over time due to its age, and use.

Disinfection Byproduct Rule – The United States Environmental Protection Agency promulgated to regulate water contaminants produced when water is disinfected.

Department – A primary operating unit of NCWSA.

Employee Benefits - Include health, life, 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 water and/or 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 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

BCP – Business Continuity Plan

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)

GDOT – 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

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.