

MAWSS

Mobile Area Water & Sewer System

www.mawss.com

251-694-3100



2022



**POPULAR ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

What's Inside

About the Report	2
Mission, Vision, Core Values	3
The System & Board of Commissioners	4
Schedule of Ten Largest Customers	5
Revenues By Type	6-7
Rate Comparison	8
Operating Expenses	9
Consumption of Water	10
Debt Service	11
2022 Capital Project Expenditures	12-13
Net Positions	14-15
By The Numbers	16-17
Awards & Accolades	18
Fun Facts	19

About the Report

I am pleased to present the Mobile Area Water and Sewer Systems (MAWSS) Popular Annual Financial Report (PAFR) as part of our continuous effort to focus on providing excellent Customer Service and transparency to our customers. At MAWSS, we take pride in being good stewards of the funds collected from the great citizens of Mobile, AL.

The information in the PAFR is unaudited; however, the information contained in the PAFR was derived from our audited Annual Comprehensive Financial Report (ACFR), but presented in an easier to read format. The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Smith, Dukes & Buckalew. Copies of the ACFR are available on our website at <https://www.mawss.com/about/financial-reports/> and the PAFR is available at our main office location at 4725 Moffett Rd. Mobile, AL 36618 as well as on our website.

Thank you for your interest in MAWSS. We hope you stay connected with us on all social media outlets and track our capital project progress in 2023 by visiting our website at <https://www.mawss.com/projects/projects-overview/>.

Sincerely,



Van Shepard, CPA
Comptroller
Mobile Area Water and Sewer System



Mission, Vision, Core Values

Our Mission:

MAWSS will protect and enhance the health, safety and economic well being of our community through responsible management of water resources, while providing superior customer service.

Our Vision:

MAWSS will become a model utility to create and protect resources for future generations. We will lead our industry and provide services to accommodate regional economic development and growth.

Our Values:

Environment: We are guardians of the environment and honor this great responsibility by ensuring that our actions reflect our resolve to protect the health of the environment.

Customer Service: We are servants of the community and make every effort to fulfill this privilege by placing our customers first in all that we do.

Trust: Trust is the foundation of relationships. We strive to understand and rely on each other as we build strong teams and partnerships.

Employees: We acknowledge, respect, and promote the well-being and professional development of our employees because they are the heart of our organization.

Integrity: We weave virtue, honesty, sincerity, and acceptance of duty into our daily efforts so that integrity is the banner of our commitment.

Continuous Improvement: We always seek to improve our organization and ourselves because the community deserves the best we can offer.





The System

HISTORY OF THE SYSTEM

Mobile Water & Sewer System began on October 1, 1952, when the Board of Water and Sewer Commissioners entered into a contract with the City of Mobile to purchase the water and sanitary sewer systems on behalf of the city. Raw water was purchased from the City Water Works Board from 1952 to 1968. On January 1, 1968, the two Boards were merged, with the Board of Water and Sewer Commissioners taking over the raw water system.

Today, water is delivered from the 3,600-acre lake and pumping station by pipes to two reservoirs, where it is diverted either to domestic or industrial use. The reservoirs are at 220 feet, and industrial water is delivered by gravity to the industry at about 25 feet. Pumps at Big Creek Lake provide treated water to Mobile and untreated water to local industries.

Board of Commissioners



MAWSS is operated by the Board of Water and Sewer Commissioners under a deed of trust from the City of Mobile issued in 1952. Our seven commissioners are appointed to staggered six-year terms by members of the Mobile City Council.

Front (left to right) Maria Gonzalez, Commissioner, Sheri Weber, Chair, Linda St. John, Commissioner, Barbara Drummond, Commissioner
Back (left to right) Thomas Zoghby, Vice-Chair, Kenneth Nichols, Commissioner, Raymond Bell, Jr., Secretary-Treasurer

Ten Largest Customers

2021

User	Total Consumption	% of Total Treated Water Sold
Prichard Water and Sewer	1,471,640,000	13.18%
Spanish Fort Water	264,246,000	2.37%
Huls America/Degussa/Evonik	257,772,000	2.31%
Mitsubishi Polysilicon	201,477,000	1.80%
Alabama Power	177,602,000	1.59%
Alabama State Docks	177,485,800	1.59%
Phenolchemie Inc.	165,491,000	1.48%
Kimberly Clark Corp.	134,802,000	1.21%
Holcim (US) Inc.	90,382,000	0.81%
Mobile Infirmary	73,488,900	0.66%

2022

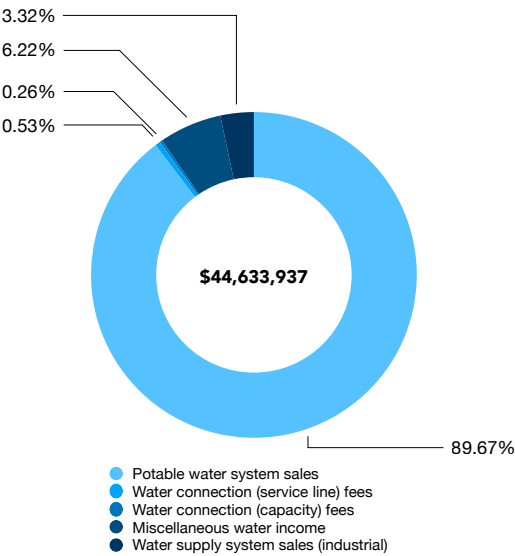
User	Total Consumption	% of Total Treated Water Sold
Prichard Water and Sewer	1,556,324,000	13.25%
Spanish Fort Water	359,726,000	3.06%
Phenolchemie Inc.	352,414,300	3.00%
Mitsubishi Polysilicon	296,390,100	2.52%
Alabama State Docks	265,254,100	2.26%
Huls America/Degussa/Evonik	231,338,500	1.97%
Alabama Power	218,151,100	1.86%
Kimberly Clark Corp.	142,614,000	1.21%
Kemira Water Solutions	100,653,800	0.86%
Holcim (US) Inc.	87,191,900	0.74%



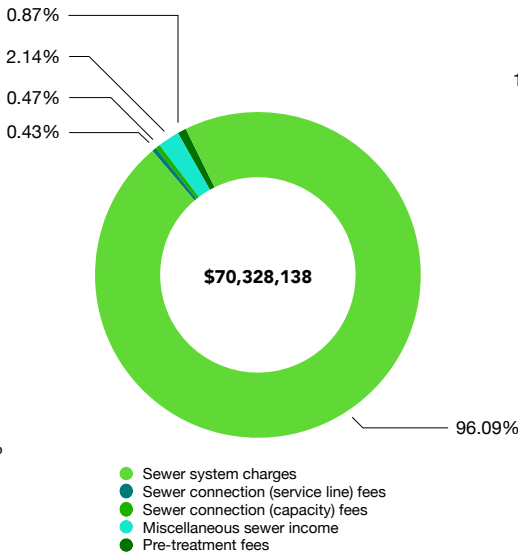
Revenues By Type

2021

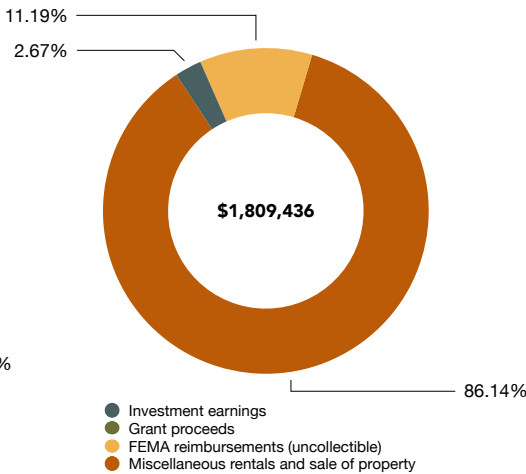
Water Revenue	
Potable water system sales	\$40,025,426
Water connection (service line) fees	\$234,992
Water connection (capacity) fees	\$115,150
Miscellaneous water income	\$2,777,858
Water supply system sales (industrial)	\$1,480,511
Total Water Revenue	\$44,633,937



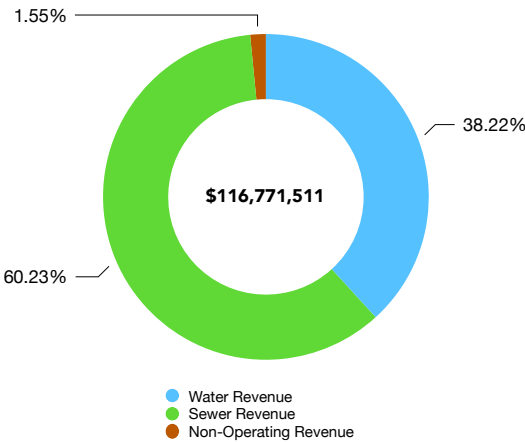
Sewer Revenue	
Sewer system charges	\$67,576,205
Sewer connection (service line) fees	\$304,820
Sewer connection (capacity) fees	\$329,890
Miscellaneous sewer income	\$1,508,330
Pre-treatment fees	\$608,893
Total Sewer Revenue	\$70,328,138



Non-Operating Revenue	
Investment earnings	-\$51,027
Grant proceeds	\$-
FEMA reimbursements (uncollectible)	\$213,844
Miscellaneous rentals and sale of property	\$1,646,619
Total Non-Operating Revenue	\$1,809,436

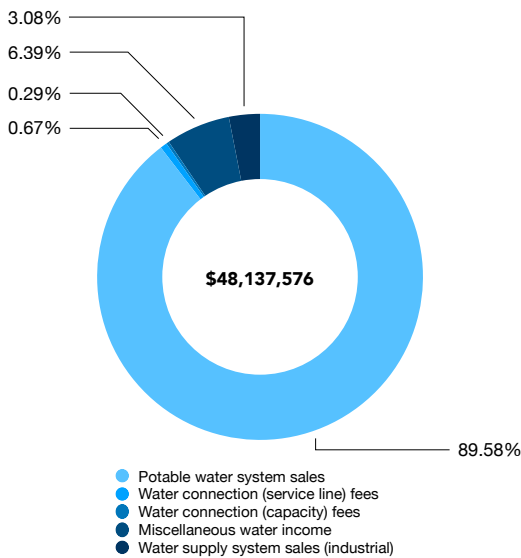


Total Revenue Breakdown	
Water Revenue	\$44,633,937
Sewer Revenue	\$70,328,138
Non-Operating Revenue	\$1,809,436
Total Revenue	\$116,771,511

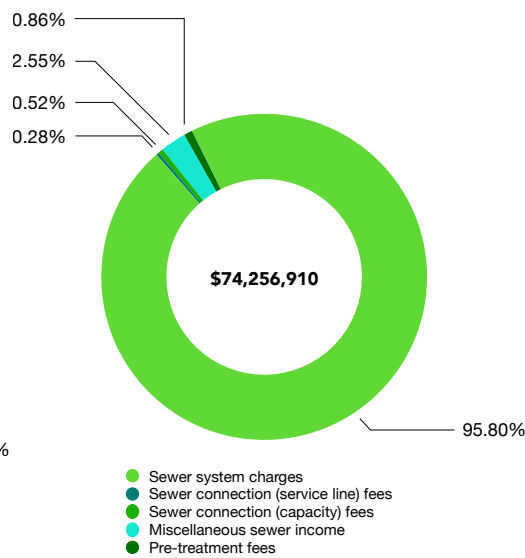


2022

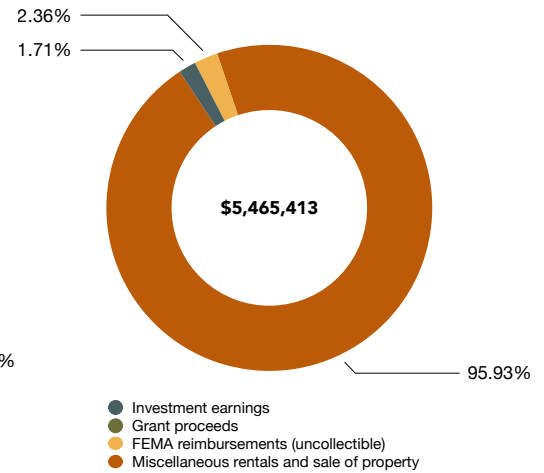
Water Revenue	
Potable water system sales	\$43,119,354
Water connection (service line) fees	\$323,966
Water connection (capacity) fees	\$137,900
Miscellaneous water income	\$3,075,711
Water supply system sales (industrial)	\$1,480,645
Total Water Revenue	\$48,137,576



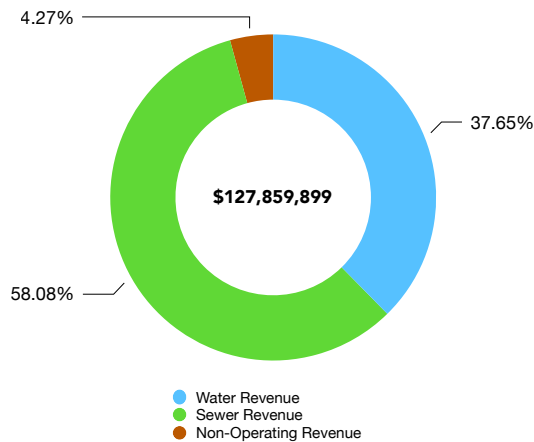
Sewer Revenue	
Sewer system charges	\$71,136,030
Sewer connection (service line) fees	\$206,506
Sewer connection (capacity) fees	\$382,694
Miscellaneous sewer income	\$1,893,919
Pre-treatment fees	\$637,761
Total Sewer Revenue	\$74,256,910



Non-Operating Revenue	
Investment earnings	\$93,381
Grant proceeds	\$-
FEMA reimbursements (uncollectible)	\$129,186
Miscellaneous rentals and sale of property	\$5,242,846
Total Non-Operating Revenue	\$5,465,413

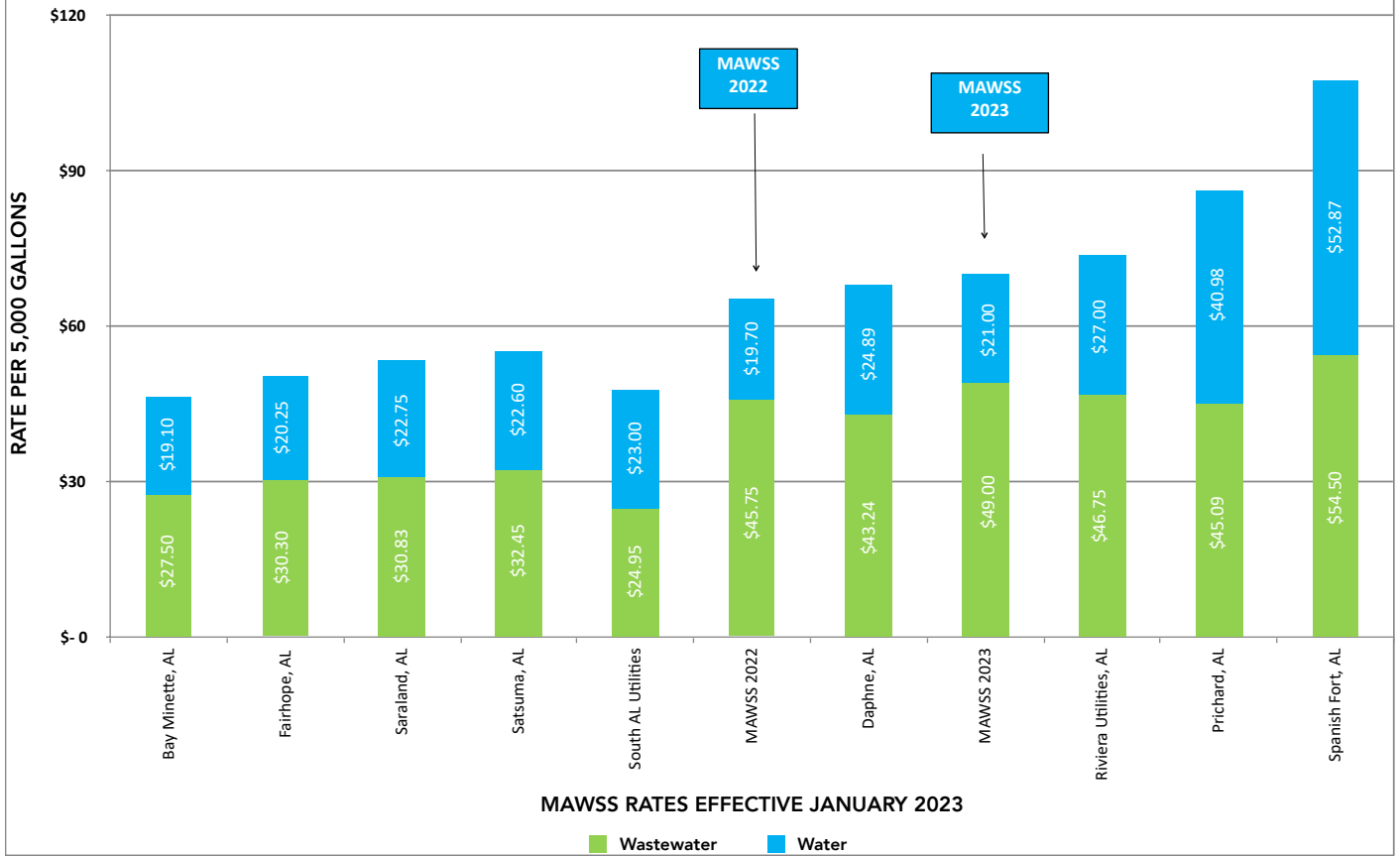


Total Revenue Breakdown	
Water Revenue	\$48,137,576
Sewer Revenue	\$74,256,910
Non-Operating Revenue	\$5,465,413
Total Revenue	\$127,859,899

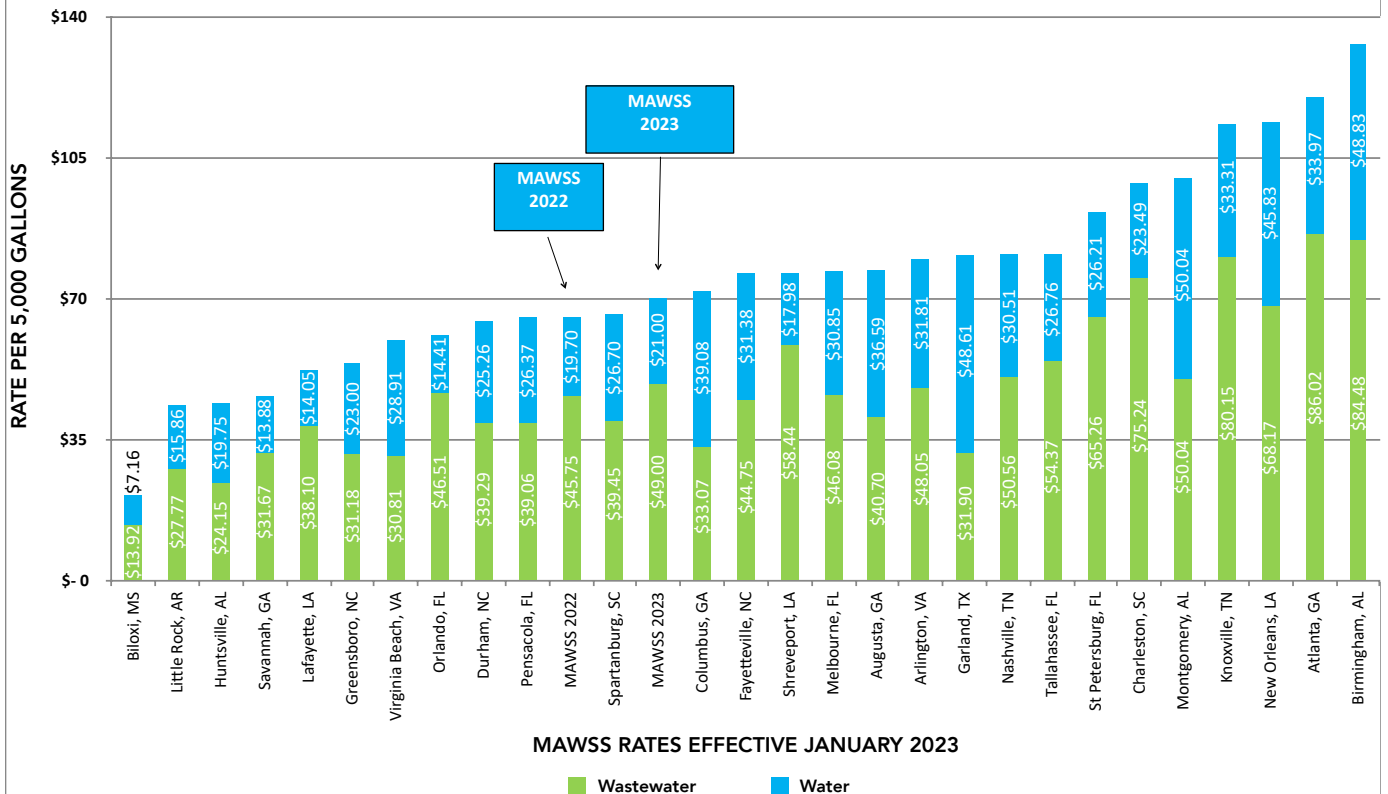


For 2022, operating revenues increased from \$114.9 million to \$122.4 million, an increase of \$7.5 million, or 6.5%. Volumetric potable water sales were up 5% and this caused revenues to increase in 2022. Nonoperating revenues increased by approximately \$3.6 million as well. During 2022, the Fed increased investment rates to help combat high inflation, as a result, investment earnings increased. The majority of the increase in non-operating revenues was from a settlement agreement that MAWSS received.

LOCAL AREA UTILITIES WATER AND WASTEWATER RATE COMPARISON



SOUTHEAST REGION UTILITIES WATER AND WASTEWATER RATE COMPARISON



Operating Expenses

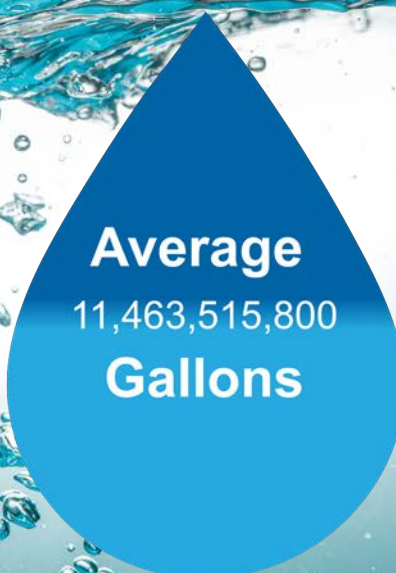
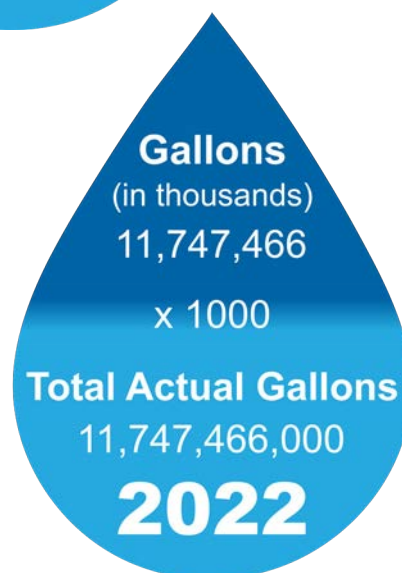
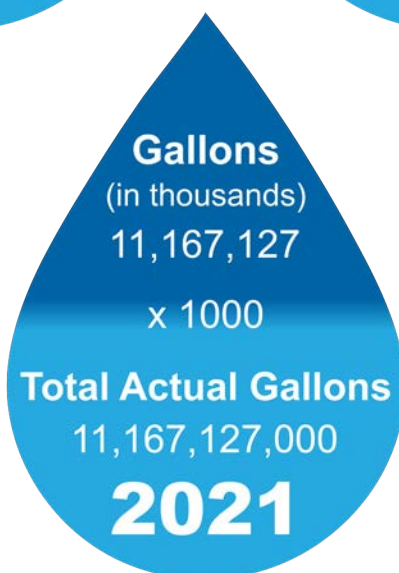
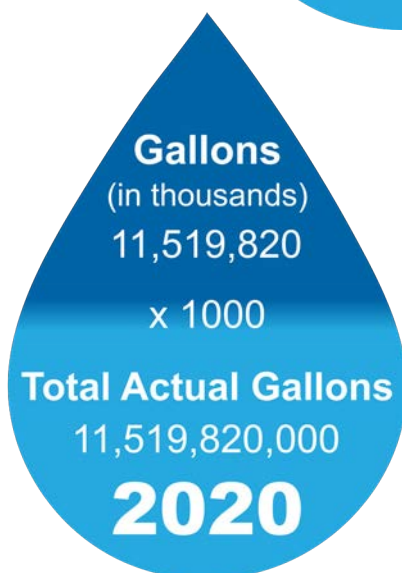
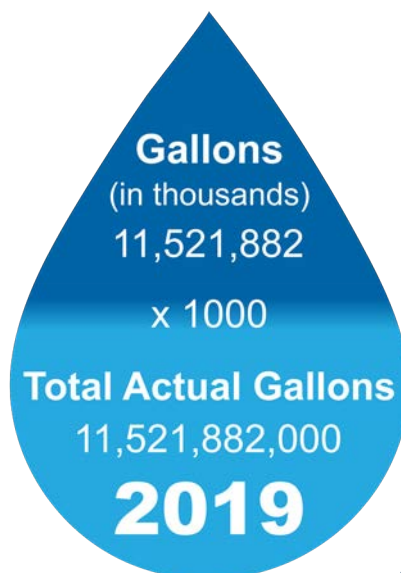
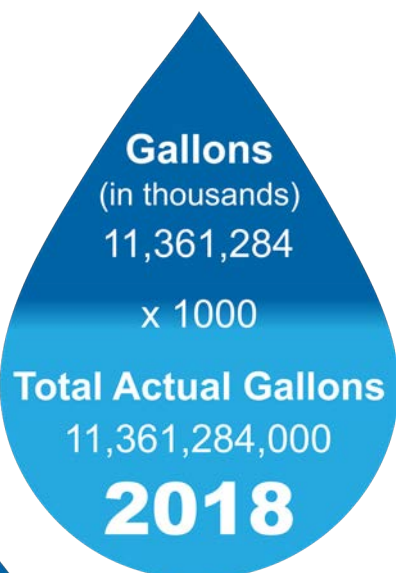
	2021	2022
Labor Cost	\$20,197,975	\$19,366,739
Payroll Taxes	\$1,521,536	\$1,468,053
Fringe Benefits	\$10,298,161	\$4,653,803
Other Post Employment Benefits	\$(2,690,185)	\$(2,115,655)
Administrative Expenses	\$2,017,524	\$2,674,537
Electricity and Natural Gas	\$4,803,640	\$5,024,241
Maintenance and Repairs	\$2,500,552	\$2,679,908
Misc Outside Services	\$12,073,391	\$13,071,992
Chemicals	\$2,958,745	\$4,075,410
Office Supplies and Expenses	\$91,226	\$92,743
Operating Supplies and Materials	\$3,045,834	\$2,716,344
Vehicle and Equipment Expenses	\$2,959,937	\$3,099,238
Total	\$59,778,336	\$56,807,353

Operating expenses decreased by \$2.9 million, or 4.9% in 2022. While we did have a reduction in labor costs and fringe benefits, there was still a big increase in Outside Services and Chemicals. A combination of these changes resulted in the decrease of operating expenses.



Water Consumption

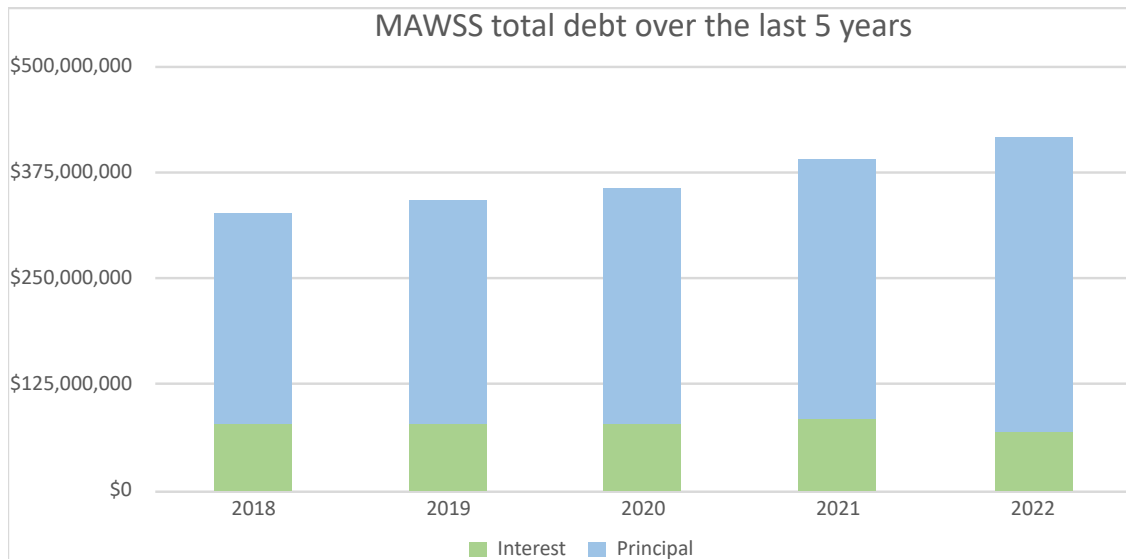
Over the Past 5 Years



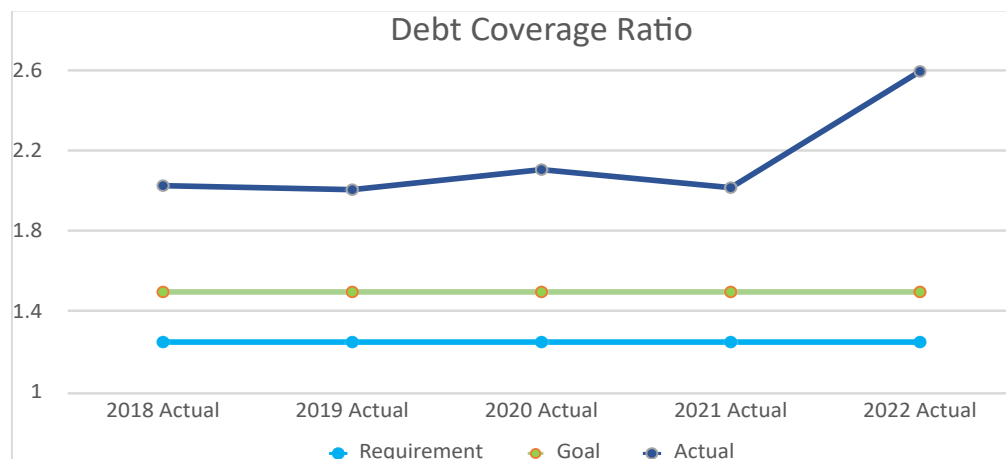
Debt Service

The Board currently holds an A3 rating with Moody's Investments. This is one of the highest ratings an entity can receive.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Interest	\$79,550,000	\$79,363,000	\$79,331,000	\$82,907,000	\$68,181,000
Principal	\$246,336,000	\$262,081,000	\$277,439,000	\$307,773,000	\$348,481,000
Total Debt Service	\$325,886,000	\$341,444,000	\$356,770,000	\$390,680,000	\$416,662,000



	<u>2018 Actual</u>	<u>2019 Actual</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>
Requirement	1.25	1.25	1.25	1.25	1.25
Goal	1.5	1.5	1.5	1.5	1.5
Actual	2.03	2.01	2.11	2.02	2.6



The Debt Coverage Ratio is an indicator that is used to measure the financial stability of an organization to pay back its debt. The ratio is calculated by subtracting operating expenses from operating revenue, this will determine your net operating income. Then you take the Net Operating Income and divide by your annual debt service payment. MAWSS is required to maintain a 1.25 per our trust indenture but we have set an internal benchmark of 1.5 but try to maintain a 2.0.

Reinvestment Back Into the System 2022 Capital Project Expenditures

PROJECT NUMBER	WATER PROJECTS	AMOUNT
3521300	Myers WTP Scada Improvements & System-Wide Water & Wastewater	\$99,305
3663400	Gaillard Pumping Station Electrical Modification	\$28,273
10164554	Stickney Finished Water Piping Improvements	\$17,887
10170707	Myers Solid Handling Improvements	\$3,597,898
10195981	Stickney Reservoir Improvements	\$53,063
10199152	Stickney Electrical Upgrade	\$2,591,215
10315599	Underground Storage Tank Replacement	\$237,636
10355200	Causeway Water Main River Crossing Replacements	\$78,370
10358538	Causeway Water Main Replacement	\$104,255
175668273	Big Creek Lake Dam Hoist and Gate Automation	\$14,979
M5712-2353	Schillinger Road Water and Sewer Relocation in Mobile County	\$350,589
M5712-2594	Survey & Identification of 24 Inch Waterline Easement	\$329,015
M5712-2640	Large Water Line Valves Replacement	\$29,873
M5712-2673	Mobile River 16" Waterline Replacement	\$21,193
M5712-2705A	2022 Annual Contract for Water Service Line Identification Under Previous Surfaces	\$794,595
M5712-2705B	Water Service Line Identification-Phase 2	\$1,092,981
M5712-2715	Big Creek Lake Boat Wash Facilities	\$189,847
M5712-2715B	Fox Landing Boat Wash Facility	\$188,179
M5712-2715C	Fox Landing Boat Wash- Civil Site Work	\$249,427
M5712-2715D	Fox Landing Boat Wash-Guard Booth	\$26,950
M5712-2723	Emergency Chlorine Scrubber Replacement at Myers WWTP	\$46,356
M5712-2727	Tennessee Street Water Relocation	\$115,013
M5712-2734	Apalachee River Emergency By-Pass	\$998,230
M5712-2740	Water line Replacement Roosevelt, Wilkins, Provident, Spring	\$66,347
VARIOUS	Miscellaneous Water Projects	\$51,547
		\$11,373,020

PROJECT NUMBER	OTHER PROJECTS	AMOUNT
5622.19	Island Road Tank Painting	\$460,892
10355207	Stickney WTP Physical Security Improvements	\$12,690
50108991	Duncan Avenue Water and Sewer Replacement	\$60,572
2018-3005-18	Texas Street Rehabilitation from Ann Street to Broad Street	\$1,291,070
2022-201	Automatic Flushers	\$117,148
2852200-04	Park Forest Scada OT Servers	\$219,984
2852200-05	Lift Stations VT-Scada Application Development	\$39,352
5603.ALU	St. Louis Street Development	\$25,608
AL19102	Scottish Highlands Water and Sewer	\$20,335
AMOB2100991	MAWSS Lab Renovation	\$949,950
M0042-4123	Widening Ziegler Boulevard from Athey Road to Forrest Hill Drive	\$43,857
M5712-2558	Utility Relocation at Dawes and Jeff Hamilton	\$17,985
M5712-2559	Utility Relocation from Snow Road to Ziegler Boulevard	\$25,272
M5712-2683	City Project for Right-of-Way Restoration North McGregor Avenue Reconstruction Water and Sewer Replacement	\$32,130
M5712-2716	Williams Wastewater Treatment Facility High Bay Garage Roof Replacement	\$86,069
M5712-2718	Various Roof Replacement Water Supply Facilities	\$131,287
M5712-2719	LED Lights Park Forest Parking	\$75,250
M5712-2720	Roof Replacement at Big Creek Pumping Station	\$241,353
M5712-2735	North McGregor Reconstruction Water Replacement	\$24,768
NS.15466.000	Widening McGregor Avenue from Airport Boulevard to Dauphin Street	\$112,508
VARIOUS	Miscellaneous Other Projects	\$15,952
		\$4,004,034

Reinvestment Back Into the System 2022 Capital Project Expenditures

PROJECT NUMBER	WASTEWATER PROJECTS	AMOUNT
5610.19	August Lift Station Force Main	\$928,875
5625.19	Mobile St Lift Station 051 Force Main Upgrade	\$52,702
5626.19	Hutchens Force Main Re-route	\$19,028
17049	Robert E Lee W & S Replacement	\$630
19008	Halls Mill Creek Sewer Abandonment	\$19,922
19051	Manhole Installation	\$154,145
20019	Florida Street Sewer Rehabilitation-Phase 1	\$481,758
21068	2021 Various Sewer Repairs	\$885,595
100316.28	New Product Review Committee Wastewater	\$27,490
100316.32	B051A01 System Rehab-Phase I	\$329,861
100316.35	B051A01 System Rehab - Phase 2	\$32,432
674299	Three Mile Creek Severe Weather Attenuation Basin	\$62,339
3197100	Smith WWTP Headworks	\$1,186,868
3226100	C C Williams Dewatering Facility and Other Improvements	\$8,087,112
3385400	Three Mile Creek Severe Weather Attenuation Tank Rehabilitation	\$44,105
3424000	Norton Lane Severe Weather Attenuation Tank and Lift Station	\$364,908
3677500	2022 Sewer Model Calibration	\$24,032
395044DR	Dog River Lift Station Relocation	\$18,309
5613.ALU	Magnolia Grove Lift Station and Force Main	\$301,575
5619.ALU	C C Williams P3 Digester Dome Repair	\$532,437
5627.ALU	C C Williams P1 Digester Dome Repair	\$64,752
AL22009	Meadow Run Court Emergency Sewer Replacement	\$249,450
CMOB190299	Eslava Creek Trunk Sewer Upgrades	\$794,720
CMOB190300	Crenshaw Street Lift Station and Sewer Force Main Improvements	\$1,549,754
M5712-2650	Eslava Creek Force Main Replacement	\$465,766
M5712-2650 PH-1	Eslava Creek Force Main Replacement Phase 1	\$9,271,530
M5712-2650 PH-2	Eslava Creek Force Main Replacement Phase 2	\$7,122,572
M5712-2687	Perch Creek Area CIPP Access Easement	\$20,943
M5712-2690-2	2021 Annual Contract-Access Roads and Easement Maintenance Year 2	\$1,032,875
M5712-2692-2	2021 Annual Contract-Manhole Frame - Year 2	\$17,125
M5712-2694	2021 Annual Contract-CIPP Rehabilitation Public Laterals Year 1	\$214,171
M5712-2695	Annual Contract For Manhole Rehabilitation	\$49,788
M5712-2695B	2021 Annual Contract-Manhole Rehabilitation Year 1	\$543,243
M5712-2696	2021 Annual Contract-CIPP Rehabilitation Large Diameter Sewer Mains Year 1	\$172,672
M5712-2697	2021 Annual Contract To Install And Replace Sewer Laterals Year 1	\$109,129
M5712-2700	Perch Creek Sanitary Sewer Trunk Line CIPP	\$24,355
M5712-2714	2022 Annual Contract-CIPP Small Diameter Sanitary Sewer Rehabilitation	\$70,301
M5712-2722	2022 Annual Low Pressure Force Main Check Valve Assembly	\$410,109
M5712-2730	Brooke Court Emergency Sewer Repair	\$76,086
M5712-2732	2023 Annual Contract For CIPP Rehabilitation of Small Diameter Sanitary Sewer Mains	\$361,850
M5712-2733	2023 Annual Contract For CIPP Rehabilitation of Large Diameter Sanitary Sewer Mains	\$600,609
M5712-2741	Various Sewer Line Repairs And Replacement	\$18,000
VARIOUS	Miscellaneous Wastewater Projects	\$301,983

\$37,095,908

TOTAL CAPITAL PROJECT EXPENDITURES - 2022

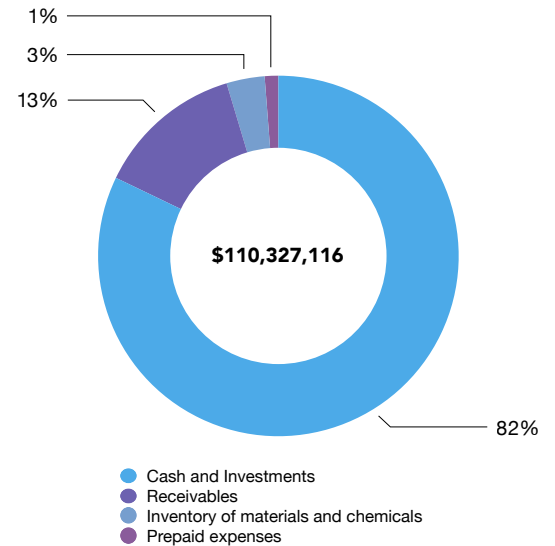
\$52,472,962

Net Position

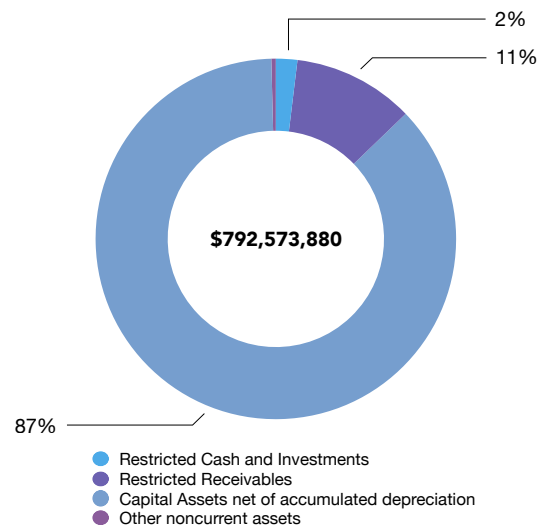
As an infrastructure-based organization, the Board is heavily invested in capital investments to maintain and improve its water and wastewater systems. Net position offers perspective of the Board's assets, liabilities, and equity. The information presented below applies to fiscal year ended December 31, 2022.

Assets and Deferred Outflows

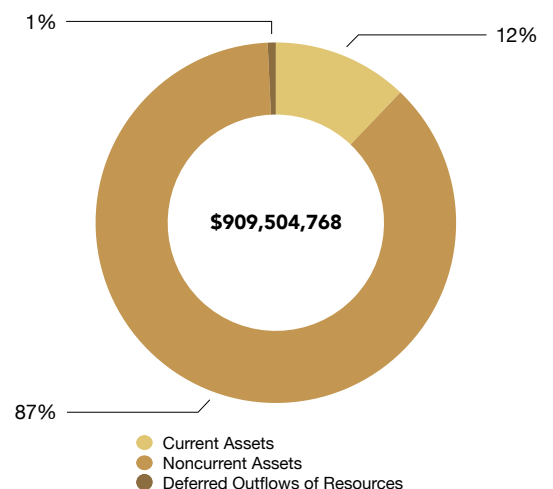
Current Assets	
Cash and Investments	\$90,612,042
Receivables	\$14,592,665
Inventory of materials and chemicals	\$3,776,903
Prepaid expenses	\$1,345,506
Total	\$110,327,116



Non current Assets	
Restricted Cash and Investments	\$15,206,161
Restricted Receivables	\$86,198,224
Capital Assets net of accumulated depreciation	\$687,988,443
Other noncurrent assets	\$3,181,052
Total	\$792,573,880

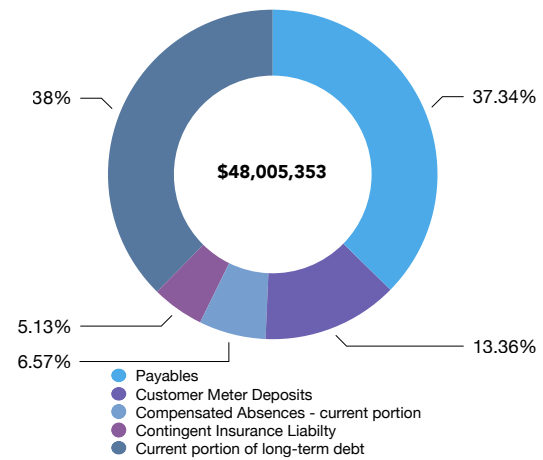


Assets and Deferred Outflows	
Current Assets	\$110,327,116
Noncurrent Assets	\$792,573,880
Deferred Outflows of Resources	\$6,603,772
Total	\$909,504,768

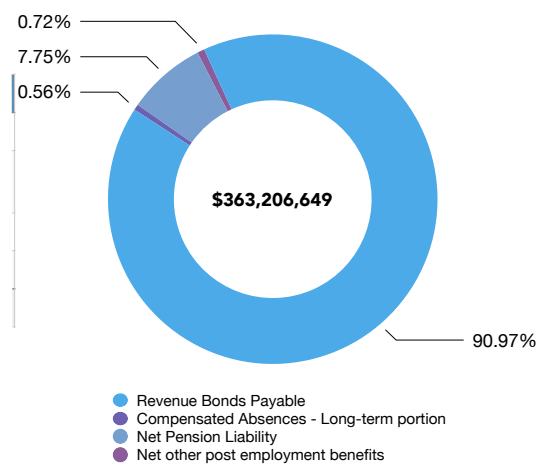


Liabilities, Deferred Inflows, and Net Position

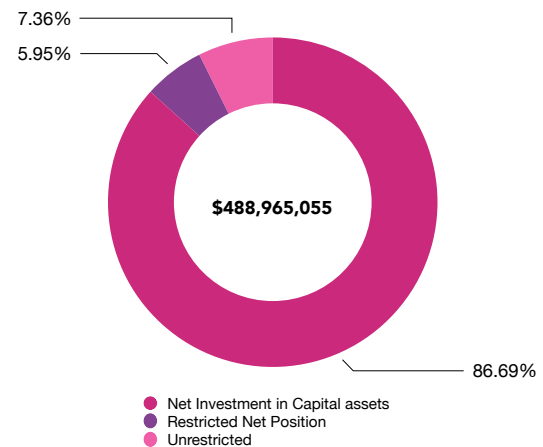
Current Liabilities	
Payables	\$17,923,174
Customer Meter Deposits	\$6,413,500
Compensated Absences - current portion	\$3,153,067
Contingent Insurance Liability	\$2,460,612
Current portion of long-term debt	\$18,055,000
Total	\$48,005,353



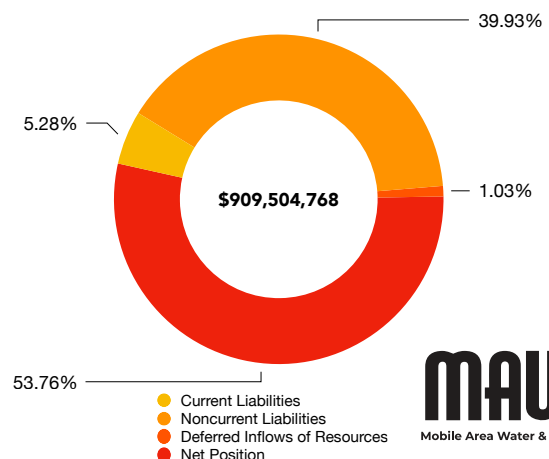
Non Current Liabilities	
Revenue Bonds Payable	\$330,426,478
Compensated Absences - Long-term portion	\$2,031,233
Net Pension Liability	\$28,150,430
Net other post employment benefits	\$2,598,508
Total	\$363,206,649



Net Position	
Net Investment in Capital assets	\$423,876,355
Restricted Net Position	\$29,103,118
Unrestricted	\$35,985,582
Total	\$488,965,055



Liabilities, Deferred Inflows, & Net Position	
Current Liabilities	\$48,005,353
Noncurrent Liabilities	\$363,206,649
Deferred Inflows of Resources	\$9,327,711
Net Position	\$488,965,055
Total	\$909,504,768



By The Numbers

What We Have

90,455

Customers

330

Employees

1559

Miles of
potable/raw water
mains

1246

Miles of
sewer gravity
mains

244

Miles of
sewer force
mains

202,000

Individual items kept on hand in our warehouse

9,000

Acres of land owned and managed surrounding Big Creek Lake
to act as a protective buffer

What We Do

210

Vehicles (*light and heavy duty*) serviced and repaired yearly

\$234,000

In billing assistance provided by our program
Neighbors in Need
with the help from an additional grant
LIHWAP (Low Income Household Water Assistance Program)

1,400+

Purchase Orders were closed

8,100+

Invoices were paid

37.5

Million Gallons of drinking
water are treated at our plants
every day

33.7

Million Gallons of wastewater
are collected
every day

1.056M

Bills issued annually

7152

Water samples taken by our lab
yearly

\$147M

For phase one (2019-2023) cost of MAWSS Master Plan
Responsible for the renewal of our aging infrastructure
(Does not include paygo projects)

18,405

Grease recycling containers distributed

21,914

Total gallons of grease recycled

1047

Food service facilities with completed inspections

59

Businesses have participated in our Diverse Suppliers Mentor
Protégé Program, 11 are currently doing business with MAWSS

Awards & Accolades

2022

- Distinguished Budget Presentation Award
- Lawyers of Distinction In-House Council Award of Excellence
- AWPCA Plant Award of Excellence (Myers and Stickney)

2021

- Outstanding Public Office Award
- Certificate of Achievement for Excellence in Financial Reporting Award
- AWPCA Best Operated Award / Distribution System (Three Year Award)
- Popular Financial Report Award
- AWPCA Award of Excellence (Myers and Stickney)
- AWPCA Eight Year ADEM AWOP Optimized Plant Award
- AWPCA Charles W. White Award (Best Plant Operator)

2020

- AWPCA Seven Year ADEM AWOP Optimized Plant Award (Myers)
- AWPCA Four Year ADEM AWOP Optimized Plant Award (Stickney)
- Corporate Advocate of the Year award with Southern Region Minority Development Council
- Wesley James Minority Business Advocate of the Year Award with the Mobile Area Chamber of Commerce
- Distinguished Community Service Award with Mobile ARC

2019

- Small Business Advocate of the Year award with the Alabama State Black Chamber of Commerce
- AWPCA Award of Excellence (Myers)
- AWPCA Best Operated Plant Award (Distribution)
- Six-Year ADEM AWOP Optimized Plant Award (Myers)
- Three Year ADEM AWOP Optimized Plant Award (Stickney)

2018

- AWPCA Award of Excellence (Stickney)
- AWPCA Best Operated Plant Award (Distribution)
- Five Year ADEM AWOP Optimized Plant Award (Myers)
- Two Year ADEM AWOP Optimized Plant Award (Stickney)



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Board of Water and Sewer Commissioners of the
City of Mobile
Alabama**

For its Annual Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO

Raw Water Systems

- Big Creek Lake
- Big Creek Dam
- Big Creek Lake Spillway
- Gaillard Pump Station (Big Creek Lake)
- Buck's Pump Station (Mobile River System)
- Saraland Reservoir and Pump Station (Mobile River System)
- 56 miles of Pipe line (Both Big Creek Lake and Mobile River Systems)

Potable Water

- Stickney WTP
- Myers WTP
- 1600 Miles of Pipe line
- 13 Booster Stations
- 5 Ground Storage Tanks
- 9 Elevated Water Storage Tanks
- 3 Reservoirs
- 32,915 Valves
- 12,402 Fire Hydrants

Wastewater Systems

- C.C. Williams WWTP
- Wright Smith WWTP
- 194 Lift Stations
- 1,246 Miles of Gravity Sewer
- 28,930 Manholes
- 98,808 Service Laterals
- 3 Severe Weather Attenuation Tanks (SWAT)
- 1 Severe Weather Attenuation Basin (SWAB)
- 3 Decentralized Treatment Systems





Mobile Area Water & Sewer System



www.mawss.com
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4725 Moffett Road
Mobile, AL 36618
Accounting Department
Mobile Area Water & Sewer System