

Water Districts Board meeting

January 4, 2012, A.B. Gibson Center, 322 South Main Street, Laurinburg, NC

Scotland County Board of Commissioners meeting as the Water Districts Board

6:30 p.m. Wednesday, January 4, 2012

A.B. Gibson Center, 322 South Main Street, Laurinburg, NC

Water Districts Board Members present: Chairman Bob Davis, Vice Chair Joyce McDow and Commissioners John Alford, John Cooley, Carol McCall, Guy McCook and Clarence McPhatter. Staff present: County Manager Kevin Patterson, Finance Officer Charles Nichols, Attorney Ed Johnston and Clerk to the Board Ann Kurtzman.

At 6:30 p.m., Chairman Davis called the meeting of the Water Districts Board to order. He asked if anyone from the public wished to speak regarding the Water Districts. No one spoke.

Finance Officer Nichols said as of June 30, 2011, the Districts had an ending cash balance of \$549,517. Total revenue as of June 30, 2011, was \$1,023,405. Mr. Nichols said there was a change in net assets of \$-388,316 and was due to depreciation and reoccurring account receivables that were deemed un-collectable. That amount was written off as un-collectable account receivables.

Commissioner McCook commented that there were customers who were being billed and paying and customers who were being billed and not paying. Commissioner McCook asked what happens to the customer who hasn't been paying and then decides to hook on to County water.

County Manager Patterson said those who did not pay and want to tap on would be considered new customers and would have to pay the higher tap fee.

Mr. Patterson said the recent move by the Commissioners to increase water rates helped create a positive cash flow for both Districts. The County Manager said a positive cash flow would allow for major capital expenditures without the County having to use the General Fund.

Mr. Patterson explained the relationship the County has with the City in providing water to customers in the Water Districts. Mr. Patterson said the County buys water from the City, pays the City a fee per bill sent out and the City conducts the majority of the maintenance on the system.

Commissioner McCook said he would like to review the agreement the County has with the City regarding the Water Districts.

Mr. Nichols said although total net assets of the Districts are \$3 million, the actual cash in the bank account is \$549,517. Mr. Nichols said the \$549,517 is not in a separate account. It is in the main operating account and would require Board approval for use of the funds in the general fund. County Attorney Johnston said the LGC discourages the use of enterprise funds for general fund operation. Mr. Nichols said the money is there for replacement and repair.

County Commissioner McCook said the Commissioners would have the authority to reserve the funds for future repairs, expansion or replacement.

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Mr. Nichols said as of December 20, 2011, the County expects an estimated net gain of \$391,000 in both Water Districts. The projected net gain by June 30, 2012, minus the bond, principle and interest payments, would be \$377,000. Mr. Nichols said net change in cash for both Districts as of June 30, 2011, was \$43,000.

Commissioner Cooley asked how the Districts have a net gain of \$377,000 in one year when the previous net gain was \$549,000 over 10 years.

County Manager Patterson said in the past the water fees were below where they should have been. He said it is expected the new rates will put the system in the black. Chairman Davis and Commissioner Alford added that since the rates had not been raised over a period of years, the Districts were losing money.

Commissioner Cooley asked if depreciation affects net gain. Mr. Nichols said depreciation is not in the cash flow statement and it does not affect net gain, but depreciation is in the net asset report.

Motion was made by Commissioner McCook and duly seconded by Commissioner Alford to adjourn. Vote: Motion unanimously approved. Meeting adjourned at 7 p.m.

Ann W. Kurtzman
Clerk to the Board

Bob Davis
Chairman