



Laurens County Water and Sewer Commission

Board of Commissioners Meeting

December 13, 2022

Minutes

COMMISSIONERS PRESENT: Dime Hollingsworth (I), Philip O'Dell (II), Jurell Byrd, Secretary (III), Bill Teague, Vice Chairman (IV), Susan Curry, Treasurer (V), John McMurray (VI), Ted Davenport, Chairman (VII), and Jimmy Young (Municipal)

COMMISSIONERS ABSENT:

STAFF: Paula Bullard, Executive Assistant
Steve Griffin, Construction Manager
Damas Mattison, Regulatory Compliance and Operations Manager
Angie Nelson, Director of Administration and Customer Service
KC Price, Engineering Manager
Wendy Medlock, Director of Finance

ATTORNEY: Allen Wham

PRESS: Clinton Chronicle

GUESTS:

Call to Order

Invocation

Approval of November 22, 2022, Minutes

Chairman Remarks

Executive Director Remarks

LCWSC Monthly Financial Summary

LCWSC Monthly Operations Summary

New Business

1. FY 2022 Audit

Old Business

1. Lake Greenwood Water Treatment Facility Update

Executive Session

Upon returning to open session, the Commission may take any action deemed appropriate on matters discussed in executive session.

1. Contractual Matter related to Laurens CPW

Other Business

Adjourn

CALL TO ORDER

Chairman Davenport called the meeting to order at 8:22 am in the Training Rooms of the Laurens County Water and Sewer Commission.

INVOCATION

Delivered by Commissioner Curry.

APPROVAL OF MINUTES

Chairman Davenport asked if there were any additions or corrections to the November 22, 2022, minutes, as submitted to the Commissioners. None being submitted.

Commissioner Byrd MOVED *that the minutes be approved as submitted*. MOTION SECONDED by Commissioner Young. MOTION CARRIED. AYES, 7; NAYS, 0

CHAIRMAN REMARKS

Chairman Davenport shared that Mr. Field would not be in attendance of the meeting today due to not feeling well. He thanked Mr. Gary Bailey of Love Bailey Certified Public Accountants for his attendance to present the FY22 Audit. He thanked Ms. Medlock, her staff, Mr. Field, and all of the LCWSC Directors for their tireless effort in all departments. Chairman Davenport also thanked everyone and the press for their attendance at the meeting.

EXECUTIVE DIRECTOR REMARKS

Ms. Medlock, Finance Director shared that due to the absence of Mr. Field, she would oversee the meeting. She thanked Mr. Gary Bailey for his attendance and the work of his team with finalizing the LCWSC FY22 Audit. She also stated that the future goal of the accounting department is to finalize upcoming annual audits during the month of October or November.

LCWSC MONTHLY FINANCIAL SUMMARY

The monthly financial summary was presented to the Commissioners. A copy of the summary can be found in the Commissioner Board Packet.

As of November 30, 2022, LCWSC had a total of \$9,106,494 in cash for operating and reserve funds as compared to \$8,572,796, at this time in FY22.

Ms. Medlock discussed the highlights for Water Distribution, Wastewater, Lake Rabon, and the Town of Gray Court. She also supplied the percentage breakdown for operating revenue, operating expenses, capital revenue, and capital expenses by department as well as the overall combined percentage for each.

Ms. Medlock noted that LCWSC has received \$2,648,127, in contributed capital grants thus far for FY23. Year to date paid line extensions for FY23 total \$26,488, from customers, developers or industrial projects that are not grant funded. The year-to-date line extensions include Emerald Circle, Forrester Road, Catalan Court/ Pennington Farms, and Twin Branch, Ritchie Road, and Wasson Gin Road.

Mr. Griffin gave an update for the line extension projects. He stated that Emerald Circle and Wasson Gin Road are complete. Twin Branch Road and Forrester Road are in progress. Upcoming extensions are Ritchie Road, South Frontage Road, and Hwy 39.

LCWSC MONTHLY OPERATIONS SUMMARY

The monthly operations summary was presented to the Commissioners. A copy of the summary can be found in the Commissioner Board Packet.

Ms. Medlock noted that the average gallons per day per active residential tap for the month of November FY23 was 125. On average, each customer uses 134 gallons per day over a 12-month period. Ms. Medlock shared the precipitation graph noting that November FY23 precipitation was 6.13 inches which is 5.34 inches above that of November FY22. The precipitation data is a county average derived from rain gauges at Lake Rabon, Bush River Wastewater Treatment Plant, Bethany Tank, and the Clinton Pump Station.

Ms. Medlock reviewed the work order summary for the current month reporting that twenty-eight water taps, and twelve sewer taps were installed in the month of November 2022. A total of 207 new water taps and a forty-nine new sewer taps have currently been installed during FY23. Ms. Medlock presented a map indicating the distribution of all new taps installed throughout the county in FY23.

Mr. Mattison shared the water audit report. The water audit compares the water purchased to the water sold, water audited, and water unaccounted. The formula used is a rolling 12-month average for unaccounted water; the current month data is added as the one-year-old data is removed. For the month of November 2022, the unaccounted total is 16,123,706 gallons. The monthly goal for unaccounted water is *less than* 19,500,000 gallons.

In November 2022, there were six main line leak work orders closed, two repaired within two weeks and two repaired within two to four weeks. There were five lateral line leak work orders closed, two repaired within two weeks and three repaired within two to four weeks.

NEW BUSINESS

1. FY 2022 Audit

Ms. Medlock, Director of Finance introduced Mr. Gary Bailey of Love Bailey Certified Public Accountants to present the FY 2022 Audit.

Mr. Baily reported that the Laurens County Water and Sewer Commission (LCWSC) ended the fiscal year with an audit opinion of unmodified. An unmodified opinion occurs when the auditor concludes that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. He stated, “that the auditors do extra work on the federal money received and that LCWSC has spent all federal funds exactly as intended.”

Below are highlights of the FY2022 audit report.

Statement of Activities:

- Total revenue increased \$474K (3.84%) a steady increase over the last four years
 - Water sales increased \$568K
 - Wastewater treatment revenue decreased \$92K
 - Small increases/decreases in other revenue line items
- Operating expenses increased \$586K (5.47%)
 - Water Purchases decreased \$511K
 - Depreciation increased \$156K, due to additional assets capitalized
 - Salaries and related costs increased \$316K – pay increases, added one additional employee, plus increases in cost of health insurance and retirement contributions
 - Contract plant operations increased \$283K
 - Utilities/telephone increased \$91K
 - Engineering and consulting increased \$67K
 - Various other increases/decreases
- 70% of the operating expenses are from the following three categories:
 - Salaries/Benefits 29%
 - Water Purchases 16% (down from 22% in FY21)
 - Depreciation 25%

- Operating income was \$1.52M down slightly from \$1.63M
 - Operating income w/o depreciation was about the same in both years at \$4.4M
- Non-Operating Revenue (Expenses)
 - ARPA funds of \$355K
 - Increase in Capacity fees from \$435K to \$564K
 - Increase in interest expense due to additional debt
 - Change in the noncash OPEB/Pension due to decreases in the liability
- LCWSC received \$3.9M in federal funding toward capital projects plus contributed capital.
- Total change in net position was \$9.70M vs \$5.68M (FY21)

Statement of Net Position

- Unrestricted cash accounts decreased from \$7.94M to \$7.33M; net income from operations as well as decrease from working capital (AR up/AP down).
- Debt service, AR, inventories, and prepaid expenses are consistent with prior years – normal course of business balances.
- Noncurrent assets have increased due:
 - Restricted cash construction funds (PY) – used to pay the \$42M 2020 Bond Anticipation Note in July 2021.
 - Increase in capital assets is mostly due to the Water Treatment Facility
- Accounts payable is down \$1.9M to \$828K; FY2020 (\$3.7m) and FY2021 (\$2.8m) was higher than normal years due to the construction costs. The other accruals are consistent with prior years.
- Deferred revenue – deferred ARPA funds
- Overall debt decreased from FY21 \$96.87M to FY22 \$55.25M due to payoff of the \$42M 2020 Bond Anticipation Note.
- GASB68 resulted in the Commission recording their portion of the state pension liability:
 - FY2022: \$3.972M FY2021: \$4.571M
 - LCWSC retirement contribution rates have increased over time. For FY22 the rate was 16.41%.The cost is approximately \$110K more in FY22 vs FY15.
- GASB75 addresses Other Post Retirement Benefits which for LCWSC is post-retirement health insurance.
- GASB 75 requires that full liability is recorded in the financials:
 - FY2022: \$2.222M FY2021: \$3.385M

- Increase is due to a lower discount rate from 2.16% to 3.00%. The actuary calculates a higher return on investments and increase healthcare costs in the future resulting in a higher liability.
- Total Net Position shows \$68.013M which increased \$9.702M; unrestricted no longer has a negative balance due to GASB68 and GASB75.
- The FY22 operating expenditures (without depreciation) were \$8.436M; unrestricted cash is 87% of expenditures. The GFOA suggests having two months or 16.67%. We like that number to be 3 months (25%) due to timing of customer receipts, reimbursements for capital projects can lag 2-3months or longer.

Statement of Cash Flows

- Operating activities: a true sign of cash from operations: FY20 \$2.879M | FY21 \$4.391M
 - FY2021 had a large increase in Accounts Payable that skewed the cash from operations, the payables have been paid down \$1.9M
 - Helps pay for debt payments, capital assets and future cash reserves

Chairman Davenport asked if there were any questions or concerns with the FY21 audit report. None being presented.

Commissioner Curry MOVED to *accept the FY2021 audit as submitted*. MOTION SECONDED by Commissioner Hollingsworth. MOTION CARRIED. AYES, 7; NAYS, 0

OLD BUSINESS

1. Lake Greenwood Water Treatment Facility Update

Mr. Price provided an update on the Lake Greenwood Water Treatment Facility.

On Monday, November 28, 2022, Harper Construction began modification preparation to the piping of the filter system to create an even flow of air and water. Once, the first filter is back in production and functioning as planned the modification of the additional filters will occur individually.

The modifications are moving faster than initially expected; the first filter has been modified and will go online today. To determine if the media is correct a camera will be dropped into the filter to track progress. The modified filter will operate for one month with Harper returning at the end of January to begin the modification on the next filter.

The goal is that all filters will have modifications complete and back in full service by the end of March 2023. Suez is confident in the design and the build; the anticipation is that the progress will go quicker than originally expected.

On December 12, 2022, the lab received its first Annual Lab Certification Inspection; the lab passed the inspection without any issues.

LCWSC will soon administer the first basin washdown, no issues are expected.

There is currently one full tank plus a few feet in the second tank of chlorine. Prices remain stable; suppliers state that hypochlorite shipping is slower; however, there is not a shortage.

Executive Session

Upon returning to open session, the Commission may take whatever action deemed appropriate on matters discussed in executive session.

1. Contractual Matter related to Laurens Commission of Public Works

Commissioner O'Dell MOVED that the Board of Commissioners *enter into Executive Session at 9:14 am.* MOTION SECONDED by Commissioner Young. MOTION CARRIED. AYES, 7; NAYS, 0

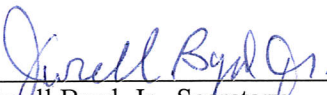
Commissioner Byrd MOVED that the Board of Commissioners *return to Regular Session at 9:26 am* MOTION SECONDED by Commissioner Hollingsworth . MOTION CARRIED. AYES, 7; NAYS,

ADJOURN

Commissioner Curry MOVED that the *Board of Commissioners meeting adjourn.* MOTION SECONDED by Commissioner McMurray. MOTION CARRIED. AYES, 7; NAYS, 0

There being no further business the Commission adjourned at 9:27 am.

I certify that the above Minutes accurately reflect the business conducted at the Commission meeting on December 13, 2022, also that the minutes were approved at the meeting held on January 24, 2023.



Jurell Byrd, Jr., Secretary