

Are Your Water Revenues Washing Away?

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Drought conditions across the state have spurred a closer look at water resources with calls for conservation efforts. Do you know where your jurisdiction's water is going and whether it's being paid for? How can your jurisdiction plan for future water needs unless you know how much is currently being used?

Some jurisdictions do not bill themselves for water services, and some public facilities are not even metered. These services should be metered and billed so the usage and revenues can be recorded in the proper funds.

Is your jurisdiction seriously considering what to do about its unaccounted for water (ufw), which some people now call non-revenue water (nrw). Water the jurisdiction uses but is not billed to itself would be part of its ufw. The billing/payment would only move money from the general fund to the enterprise fund, but it would reduce ufw. At some point, the State of North Carolina may consider punitive action for those jurisdictions that do not reduce their ufw.

This accounting approach could have an impact on such issues as these:

- Indirect cost studies in which a department would not show all of its operating costs.
- Computation of reimbursement rates for housing inmates for federal marshals and others.
- Since the water is not metered, the water is considered non-revenue water or unaccounted for water or water loss. The jurisdiction did all the work of producing the water and delivering it, but did not record any revenue. Even worse, the leaking water may have entered the wastewater system and the jurisdiction then incurs additional costs to treat it.
- If the general fund is subsidizing the water/sewer fund, this would reduce the amount of the subsidy from the general fund to the enterprise fund.

The utility billing software generates a number of monthly reports that should be analyzed immediately so problems can be found and corrected as quickly as possible. Robert S. Segal, CPA PA can objectively review the water reports to identify accounting issues.

Learn more about Robert S. Segal, CPA PA's revenue enhancement/expense reduction services at <http://www.segalcpa.com/> . We're the only CPA firm in North Carolina dedicated to helping cities, counties, and school districts find money.

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