
Southwest Regional Water District Special Meeting Minutes

A special meeting of the Audit Committee was held on May 12, 2020 beginning at 7:00 p.m. at the administrative building.

Meeting called to order at 7:00 p.m. May 12, 2020

Attendance: Bo Copeland, Bob Schmidt, Randy Rolke, Mike Egbert, Sue Vance, Kenny Hoffman.

2019 Audit: May 31 deadline to upload info to State system. Auditor may postpone audits.

See attachment for report on tap fees. 2 tap fee deposits not made within one business day. One at beginning of COVID-19 situation and one at end of April. Investigating.

See report on credit card balances. Walmart and Sears cards were closed. No action or discussion.

Positive Pay control on ACH from our bank account. Humana requires ACH. Some others. Maximum allowable amount set at 150% of average normal transaction over last 12 months. Will leave the same; possibly lower Humana since generally about the same amount.

Don't yet have full financials for April but see attachments. 0.77% with Star Ohio as of mid-May. 0.50% with Star Ohio Plus as of mid-May (Star Ohio Plus rate is tiered with rate getting cut in half above \$2,500,000 balance). Kenny recommended transferring \$700k from First Financial into Star Ohio. Kenny recommended target \$500 - \$800k on hand at First Financial. In order to see negative return in Star Ohio, we would have to see severe deflation. Committee agreed to move \$1,000,000 from First Financial Bank to Star Ohio.

COVID-19 Implications:

- Bob referenced Feb. 10, 2020, financial forecast. Beginning cash balance was slightly over \$7M. 2020 forecast revenue was \$8,656,000 and forecast expenditures were \$9.7M. projected ending cash balance of \$4.1M.
- CIP: 10.7% completed, 15.8% in progress, 26.2% in design, 47.3% on hold. Plan to review at future Board meeting, including discussion of risk of deferring projects.
- Vehicles purchases on hold per last board meeting.
- April Cycle 1 consumption was up, potentially due to estimated readings in March being low.
- Need to watch Operating Ratio to keep ≥ 1 .
- May need to look at changing policies regarding delinquent account, collections, and assessments. Will take any proposed changes to Policy Committee.
- Potential revisions to 2020 budget:
 - Will wait and see before changing budget for water sales.
 - Possibly forecast 5 fewer taps in 2020.
 - Misc. revenues down due to inability to disconnect or charge a disconnect fee.
 - Small adjustments on the operating and maintenance expenses.

- Admin Expenses forecast down. Guess of \$100k write-offs for non-payment of accounts, as worst-case scenario. Also, budget \$15k for additional PPE.
- Depreciation adjustment to match actual.
- Project lower interest rates.
- 2021 grant funds may be much lower.
- Net retained earnings forecast to be down \$232k from budget.
- OPWC deferred second half debt payment to future year.
- Reducing capital project expenditures (~\$2.2 - \$2.3 M) will allow us to maintain Operating Ratio ≥ 1.0 .
- Mike Egbert mentioned that Lowe's is donating PPE to local essential workers.
- Discussed reviewing situation again at next committee meeting and possibly make report to Board at that time.
- Anticipate audit report complete by next committee meeting
- Next Audit Committee meeting August 11.
- If financial forecast at the time indicates the need, consider an agenda item for a temporary increase in service availability charge.

Meeting adjourned at 8:23 p.m.