
Southwest Regional Water District Special Meeting Minutes

A special meeting of the Audit Committee was held Thursday, August 13, 2020 beginning at 7:00 p.m. at the administrative building with some members participating remotely via Microsoft Teams video meeting.

Meeting called to order at 7:00 p.m.

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

Kenny presented a report of tap fees collected during the last quarter, noting that tap fee revenue is up, and is expected to be higher in 2020 than in any year since 2007.

Three tap fee deposits were not timely deposited between March and May. An investigation revealed that one instance occurred the day staff was instructed to work from home and not report to the office due to the COVID emergency, thus no staff was available to make a bank deposit. The subsequent two instances were also COVID-related but resulted from a staff member retrieving the checks for new taps from the night drop box and treating them separate from the rest of the daily receipts, which resulted in a delay in their deposit. This is not consistent with our SOP, and that employee has been directed to comply with the District's SOP.

A report of ACH authorizations was presented and discussed. The only change in this report since the last meeting was that Chard Snyder has been removed as an authorized ACH agent, as they the District no longer uses Chard Snyder to administer employee benefits. It was requested that the multiple Paycor accounts be reviewed to determine the payroll component for each account, and to amend the ACH limit for each based on a reasonable range of weekly withdrawal.

The Quarterly credit card report was presented. A discussion of recent Visa card fraudulent charges was discussed, and possible suitable replacement credit cards were discussed. Bo Copeland moved to authorize the General Manager and the Finance Manager to apply for either a Capital One Spark Business Card or a Chase Ink Visa to replace the First Financial Visa that has been the subject of fraudulent changes on more than one occasion. Randy Rolke seconded the motion, and the motion passed.

Kenny Hoffman presented the District's investment report, noting that interest rates in all three of the District's investment accounts are hovering between 0.2% and 0.36%, which is down considerably from the past year, at which time we were earning approximately 2.25% in Star and Star Ohio.

An updated financial forecast was presented, with emphasis on the CIP spend and a declining cash balance heading into the next few years, and the effect that may have if the District wishes to pursue a debt issue. Bo Copeland shared an AWWA Cash Reserve Policy Guidelines document and requested staff to develop draft minimum cash reserve policy guidelines for the Board to consider. This would help to inform staff of appropriate CIP spending levels.

A revised draft Capital Asset Management Policy was presented for consideration and comment. Further revisions will be made to clarify the difference between the terms substantial completion, final close-out and when the asset is placed into service (as listed on the Capital Asset Form, and as described in the policy). Furthermore, language discussing the need to insure a capital asset and how and when to notify the District's insurer of the addition or deletion of a capital asset will be incorporated into the policy

and/or the Capital Asset Form. Once revised, this Policy will be presented to the full Board for consideration.

The Governor of Ohio lifted the moratorium on lock-offs on July 11, 2020. After notifying 758 delinquent customers via mail, the newsletter, phone calls, and the website the District resumed disconnects on July 28th, locking off 50 customers in Cycle 1, and then locking off 59 Cycle 2 customers on August 11th. The District typically locks off approximately 25 customers per month. We have administered 20 payment arrangements. There are currently 26 customers who have not contacted us to initiate restoration of their water service.

At the July 21st Board meeting, the Board approved a policy regarding the penalty status of customers. Within 2 days of that meeting, District staff had returned 302 customers from no-penalty status back to regular status in order to uniformly apply penalties. 43 customers remain in temporary no-penalty status as they have either an active payment arrangement or are engaged in a billing dispute or have a leak adjustment pending. To date, we've received no customer feedback whatsoever regarding the resumption of penalty status for those 302 customers.

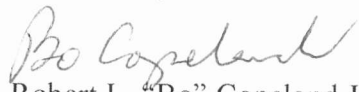
The 2019 audit is going very well – it has been conducted completely remotely, with Kenny having sent over 120 emails containing 725 files to our audit team. We have received feedback from the audit team that the work is mostly done, but there are several levels of review that must now be completed. We anticipate it will be at least a month or so before we hear anything.

It was requested that any items identified during Bob Schmidt's weekly review of invoices be added as a recurring item to the agenda.

The Committee will meet again on November 10, 2020 at 7:00 p.m.

Michael Egbert moved to adjourn the meeting at 8:26 p.m. Bob Schmidt seconded. All Yea.

Respectfully submitted,



Robert L. "Bo" Copeland Jr.
Secretary, Audit Committee