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## Southwest Regional Water District Special Meeting Minutes

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A special meeting of the Audit Committee was held on May 17, 2022, beginning at 7:00 p.m. at the administrative building.

The meeting was called to order at 7:00 p.m. Trustees present included: Bob Schmidt, Randy Rolke, and Mike Egbert. Sue Vance, General Manager, Phil Sackenheim, General Manager and Kenny Hoffman, Business and Finance Manager were also present.

Randy Rolke moved to appoint Bob Schmidt Chair of the Audit Committee. Mike Egbert seconded and the motion passed,

The committee reviewed Mike Egbert's ORWA winter conference expenses and recommended reimbursement of \$178.10. Mike Egbert's ORWA Annual Conference expenses were also reviewed for conformance with policy and the committee found no exceptions with his request for \$152.10 in reimbursement request.

The Committee requested staff ask those Trustees who attended the ORWA Annual Conference submit their expense requests in advance of the Tuesday, May 24<sup>th</sup> Board Meeting so that the Audit Committee can meet at 6:30 p.m. in advance of the Board Meeting for the sole purpose of reviewing expense requests.

The Audit Committee will also plan to meet at 6:30 p.m. before the July 19, 2022, Board Meeting for the sole purpose of reviewing ORWA Summer Conference expense reimbursement requests.

The tap fee audit covering the period of 2/1/22 – 5/10/22 was presented; one deposit was made untimely and was the result of a new staff member inadvertently failing to complete the process of remitting payments to the bank on a particular day. 32 taps were collected during the period audited.

ACH authorizations were reviewed with two changes noted since the last review. BNY Mellon was increased from \$1 to \$3,000 to allow for the semi-annual debt service payment due on 6/1/22 and Paycor was increased from \$500 to \$1000 to support Paycor's transition from weekly to monthly invoicing.

The District's quarterly Credit Card Report was reviewed. There are 6 active accounts, four of which are currently carrying charges. No changes were noted as being needed at this time.

A review of the District's investments was provided. Interest rates had been very low at .15% - .41%. Star Ohio just raised its rate to .81%. A discussion of projected interest rate increases over the upcoming year took place, and the Committee agreed with the Finance and Business Manager's recommendation to move \$2.5 million from First Financial Bank to Star Ohio with the goal of increasing interest revenue by approximately \$110,000 annually versus the current investment strategy. Kenny will make this shift in funds.

The audit trail for moving the District's investments was reviewed. The procedure is that when the Finance and Business Manager foresees an opportunity or a need to transfer investment funds, he will notify the Audit Committee and the General Manager by email providing them information about the need or opportunity for the transfer, and giving them time to object or request more information. If no

objection is made, the transfer will take place. The General Manager receives notification from Star Ohio of all movement to or from the Star account, and also has access to First Financial. Star Ohio can only move funds to financial institutions that are pre-authorized and acknowledged as accounts held by the District – they cannot transfer funds to any institution other than First Financial Bank and the District’s account(s). Also, any transfer into or out of First Financial Bank will create a positive pay exception, which the General Manager and the Finance Clerk will receive, and the exception must be cleared before the transfer will be complete.

The Auditor of State’s memo on Fuel Inventory and Fuel Cards and the District’s plans to move to the Voyager Fuel Card System was discussed. This will be piloted with supervisors before it is rolled out to all employees. Questions arose about employees using personal rewards points when using fuel cards. Staff will confer with legal counsel about how best to handle this possibility.

The Finance and Business Manager prepared and presented a preliminary financial forecast that indicates a need for increasing customer rates should the economy continue to decline. The current model suggests a need for a 15% increase in rates. However, this could be tempered by the fact that the CIP budget will likely not be spent due to supply chain issues. Additionally, the District has a sufficient cash balance to allow the use of cash reserves to attenuate a portion of any required rate increase. A decision on the necessity and magnitude of rate increase need not be made until later in the fall when more information is available on the expenses and revenues for 2022, the state of the CIP, and if there are indications the economy is rebounding or not.

The Committee requested that Kenny present the preliminary financial forecast to the full Board at the May 24<sup>th</sup> meeting.

Kenny provided the Committee a draft of the 2021 Financial Statements that will be submitted to the Auditor of State.

Bob Schmidt reported that the weekly review of invoices is going well, and he is pleased with the work of the finance department.

The next meetings of the Audit Committee are scheduled as follows:

Tuesday, May 24<sup>th</sup> at 6:30 p.m. for reviewing expense reports - ORWA Summer Conference  
Tuesday, July 19<sup>th</sup> at 6:30 p.m. for reviewing expense reports – ORWA Summer Conference  
Tuesday, September 6<sup>th</sup> at 7:00 p.m. – full Audit Committee Meeting

Randy Rolke moved to adjourn the meeting, seconded by Mike Egbert. All aye.

The meeting was adjourned at 8:32 p.m.

Attachments:

- ORWA 2022 Winter Meeting Reimbursement, Mike Egbert
- ORWA 2022 Annual Conference, Mike Egbert
- New Tap Fees Audit - February 1, 2022 to May 10, 2022
- Review ACH Authorizations
- Credit Card Current Balance Report

- Investment Portfolio Review
- April 2022 Cash Detail
- Interest Rate Outlook
- Investment Reallocation
- Fuel Card Program
- Auditor of State Advisory Memo
- Credit Card Policy, Revised October 2021
- Fuel Card Topic Paper
- Financial Forecast & Rate Review
- Inflation Charts
- Financial Forecast
- 2023 Prospective Water Rates
- Draft of 2021 Financial Statements/Auditor of State Report