
Southwest Regional Water District Special Meeting Minutes

A special meeting of the Audit Committee was held on March 21, 2023 at the administrative building.

The meeting was called to order at 5:00 p.m. Trustees present included: Bob Schmidt, Mike Egbert, and Randy Rolke. Phil Sackenheim, General Manager, and Kenny Hoffman, Business and Finance Manager were also present.

The tap fee audit covering the period of 01/24/2023 – 03/20/2023 was presented; all deposits were made timely. Thirteen taps were collected during the audit period.

ACH authorizations were reviewed. No changes were made since the last Audit Committee meeting.

The Quarterly Credit Card Report for January 2023 was reviewed. There are seven active accounts, six of which are currently carrying balances with none of any note.

A Rate Comparison of Ohio Rural Water Districts was presented. Southwest Regional Water District is solidly in the lower end of the range.

The District's Minimum Cash Balance Guidance was reviewed to explain the 2023 Minimum Cash Balance amount of \$4,512,360. This is the recommended amount of available cash needed at all times.

The District's Cash Detail as of 2/28/2023 was reviewed as well as a summary of the recent bank failures. Mr. Hoffman investigated other avenues for investing in US Treasury Bills. The Committee determined the fees for purchasing T-Bills were too steep yet it remains uneasy about keeping all of the District's investment "eggs in one basket" and asked Mr. Hoffman to investigate other avenues of investment for the sake of diversification to reduce risk. Mr. Hoffman was asked to obtain STAR Ohio's investment portfolio as well as investigating other avenues of investment approved by the Auditor of State to bring back to the Committee at the next meeting.

The District's past and future debt service schedules were presented. Our USDA loan will be paid off in 2029 leaving the District with only OPWC debts. It was discussed that we need to obtain more USDA funding to keep our 1926(b) protections.

The District has been the victim of check fraud. A check in the amount of \$3000 to a vendor was cashed by an unknown person. First Financial Bank is investigating the fraudulent transaction, a report was made with the Butler County Sheriff, and the vendor has been paid in full. Mr. Hoffman has done his due diligence to ensure the situation has been handled correctly and we expect to be made whole from the bank.

Mr. Hoffman presented a Financial Forecast showing projected results from 2023 to 2027. The 8% rate increase implemented in 2023 allows for the District to fund \$3.2 million in capital projects. If inflation remains at above normal levels during the next few years, the District may need to implement further rate increases of approximately 5% annually. Mr. Egbert mentioned that 2024 or 2025 may be a drought according to the historical weather index.

Mr. Schmidt's review of weekly invoices revealed nothing of interest to report.

Expense Reports for the ORWA Winter Quarterly Meeting were presented. Rob Brehm, \$175.50; Mike Egbert, \$26.00; Phil Sackenheim, \$26.00. The Committee recommends approval to the Board.

The next meeting of the Audit Committee is scheduled for July 18, 2023, at 5:00 p.m. in the Roger S. Gates Meeting Room.

The meeting was adjourned by common consent at 6:24 p.m.

Respectfully submitted,



Phil Sackenheim
General Manager

Attachments:

- Special Meeting Agenda, 03/21/2023
- New Tap Fees Audit – January 24, 2023 to March 20, 2023
- Review of ACH Authorizations
- Credit Card Current Balance Report
- Rate Comparison between Ohio Rural Water Districts
- Minimum Cash Balance Guidance document
- Minimum Cash Balance, 2023 Calculation
- February 28, 2023 Cash Detail
- Bank Failures
- First Financial Bank Memo Regarding Recent Bank Closures
- Yellow Cardinal Advisors Proposal: US Treasury Bills
- Raymond James Proposal: US Treasury Bills and Notes
- Debt Service Schedule
- Check Fraud documentation
- Financial Projection
- 2023 ORWA Winter Quarterly Expense Reports