

SOUTHWEST LICKING COMMUNITY WATER & SEWER DISTRICT

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AUDIT & FINANCE COMMITTEE MEETING MINUTES

May 10, 2016

1. OPENING

The May 10, 2016 meeting of the Audit & Finance Committee Meeting of the Southwest Licking Community Water and Sewer District was called to order by Mr. Meade at 12:00 pm. Mr. Kretzmann, Mr. Meade, Mr. Carlisle, Mr. Gilcher, Ms. Killen, Ms. Loomis and Mr. Rennick were present at roll call. Also present was Ms. O'Keefe. There were no members of the public present for the meeting.

2. ADOPTION OF AGENDA

Mr. Kretzmann made a Motion to approve the Agenda; Mr. Meade seconded. Vote, all aye. Agenda adopted.

3. APPROVAL OF MINUTES

The Minutes of the last committee meeting on November 24, 2015 had already been approved.

4. FINANCIALS

a. Ms. Killen reported that the budget for the upcoming year will be presented at the meeting on May 31, 2016. She stated that the budget will show all expenses, based on current expenses and prior years' averages. The new Capital Improvements Plan will also be presented. The budget contemplates a 3 percent increase for employees and the 5 percent increase that was approved by a previous board.

b. Ms. Killen reported that the auditor will be coming to the district offices earlier than anticipated. The new date is May 25. The lead auditor will be sending to Ms. Killen a list of documents that he will want to review so that she can get them ready.

c. Mr. Rennick presented the Basic Financial Statements (Unaudited) for the years ended December 31, 2015 and 2014, along with the Executive Summary for the Financial Statements. Mr. Rennick reported that the biggest change to the Financial Statements is the inclusion of pension liability as required by the new GASB 68. He indicated that because the district is in such a good financial position, the addition of this liability to the district's liabilities

does not present a problem. The amount the district is required to claim is \$899,759 for 2015. Mr. Rennick stated that all of the public employee retirement programs in Ohio fought against the inclusion of this liability in their financial statements, because it is a liability that will never be collected. Mr. Rennick also stated that other political subdivisions that are not in as good financial shape as the district could be negatively affected by this new liability; however, the district should not be adversely affected. During his presentation, Mr. Rennick covered the major areas included in the Executive Summary. He also highlighted pages 12-13 in the Financial Statement, which are the most instructive with regard to the district's cash flows. In summary, he stated that the district has done an excellent job of managing costs, and the fact that the district has not increased its rates in four years, while the debt has been decreasing, is an excellent indicator of how well the district is doing financially.

5. FRAUD ISSUES

Mr. Rennick stated that the district has several mechanisms in place to deal with the potential for fraud. He indicated that there are checks and balances in place to assure that the most common fraud activities are prevented. These are fraudulent adjustments to receivables and mishandling cash. He also reported that it is wise for the board to continue reviewing and signing all checks. He also stated that use of credit cards can be a problem for some entities. Ms. Killen discussed the fact that every credit card transaction (except gas for the vehicles) requires a purchase order in advance, and that she keeps the credit card so that no one can get it until the purchase order is approved. Mr. Rennick advised the board to continue to remain aware of what is happening relative to the district's financials.

6. MEMBER'S COMMENTS

None.

7. ADJOURNMENT

Mr. Kretzmann moved to adjourn. Ms. Loomis seconded.

The meeting was adjourned at 1:03 pm.

ATTEST:



John Carlisle, Board Secretary