

SOUTHWEST LICKING COMMUNITY WATER & SEWER DISTRICT

P.O. BOX 215, ETNA, OH 43018

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AUDIT & FINANCE COMMITTEE MEETING MINUTES

November 24, 2015

1. OPENING

The November 24, 2015 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. Rector, 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; Ms. Loomis seconded. Vote, all aye. Agenda adopted.

3. APPROVAL OF MINUTES

The Minutes of the last committee meeting on May 5, 2015 had already been approved.

4. FINANCIALS

a. Summary Expense Comparison to Budget: Ms. Killen distributed and discussed the Summary Comparison to Budget for the nine months ending September 30, 2015. The line items detail where there were increases and decreases. Ms. Killen reviewed these with the committee members. She stated that the district's actual expenditures were under budget by \$120,337.62; although, she indicated that the Repairs and Maintenance budget might need to be amended. Ms. Killen distributed the Projections and 10 Year Capital Improvements Plan. Mr. Rector stated that the district will be looking at a waste water plant expansion to serve the western part of the district and that approximately \$165 million will need to be spent on projects within the next ten years. He stated that parts of the district's systems are old enough to require reinvestment in existing service areas, as well as investments for facilities to serve new areas. He distributed the November 2015 Draft of an Overview of District Debt and Future Projection Analysis. He commented that the projections are very conservative. The projections show that no rate adjustment is necessary as the district goes into calendar year 2016. Ms. Killen discussed the audit for 2016. Perry & Associates will conduct the audit again. Because information about

the district can be obtained by the auditors from online sources, she does not anticipate that the auditors will come into the office until April 2016.

b. Outstanding Check Discussion: As a result of a comment from the auditors in the last audit management letter, Ms. Killen and Mr. Rennick presented proposed "Policies and Procedures for Outstanding Checks." The purpose of the policies and procedures is to ensure that there is consistency and direction for handling outstanding checks which have not cleared the bank or have not been claimed within a reasonable period of time. The proposed policies and procedures are based on the determination that a two month time period is sufficient to allow time for checks to be cashed by vendors and other recipients of checks from the district. The proposed policy was discussed, and the committee indicated that the proposal should be submitted to the district board for review and action.

c. GASB 68/71 and Pension Liability: Mr. Rennick told the committee that there is a change which will take effect that will reflect how the PERS retirement contributions will be shown on the financial statements. He commented that this will significantly impact balance sheets, and the change will take effect at the end of 2015. He stated that even though the balance sheets will show this change as a liability (\$900,000), it actually has absolutely no effect on the district's rates or projections.

5. FRAUD ISSUES

Ms. Killen stated that there were no imminent fraud issues to discuss and that all safeguards are being followed to make sure fraud does not occur.

6. MEMBER'S COMMENTS

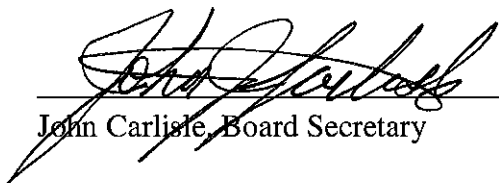
None.

7. ADJOURNMENT

Mr. Meade moved to adjourn. Mr. Kretzmann seconded.

The meeting was adjourned at 12:55 pm.

ATTEST:



John Carlisle, Board Secretary