

SOUTHWEST LICKING COMMUNITY WATER & SEWER DISTRICT

P.O. BOX 215, ETNA, OH 43018

(740) 927-0410

AUDIT & FINANCE COMMITTEE MEETING MINUTES

November 29, 2016

1. OPENING

The November 29, 2016 meeting of the Audit & Finance Committee Meeting of the Southwest Licking Community Water and Sewer District was called to order by Mr. Kretzmann at 12:00 pm. Mr. Kretzmann, Mr. Fox, Mr. Conkel, Mr. Gilcher, Ms. Killen, Ms. Loomis and Mr. Rennick were present at roll call. Also present was Ms. Bobbie O'Keefe. Mr. Carlisle joined the meeting at 12:05 pm. 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 10, 2016 had already been approved.

4. FINANCIALS

Summary Expense Comparison to Budget: Ms. Killen distributed and discussed the Summary Comparison to Budget for the nine months ending September 30, 2016. She stated that each line item details where there were increases and decreases. Ms. Killen reviewed these with committee members. She stated that the district's actual expenditures were under budget by \$233,351.96. Attached to the summary was an analysis of overages for the three divisions that are over budget. Mr. Gilcher explained that there have been 49 emergency repairs so far in 2016, one of which was the Columbia Road repair that cost approximately \$25,000. Mr. Fox asked why the engineering fees were so low, and Ms. Killen stated that many of the engineering fees are capitalized. Ms. Killen stated that the legal fees were over budget as a result of the litigation with Pataskala. Mr. Rennick added that last year the district had to show a larger pension liability as a result of a change in the rules relative to GASB. Ms. Killen then distributed the Projections and 10 Year Capital Improvements Plan. She commented that the projections are very conservative. The projections show that no rate adjustment is necessary as the district goes into calendar year 2017. Mr. Rennick indicated that many entities prepare projections for the succeeding three to five years, but that the district staff prepares projections for 10 years. Mr.

Rennick further stated that there are many benefits to planning on a long term basis, and that having staff do it instead of consulting accountants will produce a better result. He commented that the district's finances are in excellent shape. Ms. Killen reported that the district received a completely clean audit report. Ms. Loomis stated it was the best audit the district has ever had.

5. FRAUD ISSUES

Ms. Loomis reported that the district is following all State of Ohio recommendations regarding internal audits to assure that there is no threat of fraudulent activity.

6. MEMBER'S COMMENTS

Ms. Killen: Ms. Killen circulated a document titled "Exhibit 1 (Total Existing Debt in Millions of Dollars)". This document shows the significant reduction in loan principal and interest owed by the district from \$108,600,000 at the end of 2004 to \$38,000,000 at the end of 2016. Ms. Killen stated that the Taylor Road loan is not yet reflected in the amounts shown.


Mr. Rennick stated that GASB has changed the rules regarding the health care liability of the Public Employees Retirement System (PERS) and how it should be shown. The new rule requires that a percentage of this liability be shown on the financial statements of all of the public entities in Ohio, even though the liability is not an actual obligation of these entities. He stated that this is similar to the change to the rule regarding the PERS pension liability now being shown on the financial statements of all public entities.

7. ADJOURNMENT

Mr. Fox moved to adjourn. Mr. Kretzmann seconded.

The meeting was adjourned at 12:40 pm.

ATTEST:



John Carlisle, Board Secretary