

KREBS UTILITIES AUTHORITY
BOARD MEETING MINUTES
JANUARY 16, 2018

1. Chairman Bobby Watkins called the meeting to order.
2. W Kay Scott, City Clerk/Treasurer, called the roll. Bobby Watkins – Present, Tommy Walker – Present, Connie Poole – Present, Jason Wagnon – Present, Daulfin Bennett – Present.
3. CONSIDER AND ACT TO APPROVE THE MINUTES OF THE DECEMBER 19, 2017 KUA BOARD MEETING. Chairman Watkins asked for a motion. Daulfin Bennett made the motion. Connie Poole seconded the motion. Chairman Watkins called for a vote. Tommy Walker – yes, Connie Poole – yes, Jason Wagnon – yes, Daulfin Bennett – yes. Motion passes.
4. CONSIDER AND ACT TO APPROVE THE CLAIMS. Chairman Watkins asked for a motion. Connie Poole made the motion. Jason Wagnon seconded the motion. Chairman Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes, Tommy Walker – yes. Motion passes.
5. FINANCIAL REVIEW WITH MIKE KERN. Page 3 of Income Statement. Revenues for the month of December 2017 were \$86,231.34 and for the six months ending \$523,391.70. Close to halfway on the budget. Expenses for the month of December 2017 were \$71,590.29 and for the six months ending \$489,989.06. We have a profit of \$33,402.64 for the six months ending. Page 7 – Statement of Cash Flows. Net cash provided by operating activities is \$75,830.21. Acquisition of property, plant and equipment was \$59,892.95. Interest paid on USDA loan was \$17,756.52 and Principal payments were \$23,679.48. Change in customer deposits-cash were \$2,408.98. The net decrease in cash was \$22,358.09. This is why I recommended to move the \$25,000 over. Mrs. Scott stated right but I don't think the FEMA money \$44,000 is in there yet. That would put us on the positive side about \$20,000 plus. FEMA money was for the Lake Eufaula intake line. We will have the rate increases on this next month's and it won't raise it a lot. Any questions?
6. BUSINESS PREVIOUSLY CONSIDERED. None.
7. BUSINESS NOT PREVIOUSLY CONSIDERED
 - A. REVIEW AND ACT TO ACCEPT THE FISCAL 2016/2017 AUDIT FINDINGS FROM RALPH OSBORN, CPA. Mr. Osborn addressed the board. Consider rate increases every year at 3 – 5% to keep up with the operating expenses. This starts on Page 8 in the audit. This is the balance sheet – Modified Cash Basis. It shows you had cash as of June 30, 2017 of \$258,000. The system has a net value of \$3,817,792. Current liabilities of \$342,438 and most of that is what is due to the General Fund of \$213,570 and \$60,179 Notes payable. That's what we would estimate that you would payoff to Rural Development this year. Then at the end of the year June 30th, you would have \$500,944 left and that's to be paid off by 2025. The next page is Revenue and Expense. This includes depreciation in the expense. Revenue was \$1,041,982 which was up slightly over the prior year. Expenses were \$1,041,519 so you had Net Operating Income of \$463. Investment Income of \$1,448 and Interest \$25,187. So the bottom line is you lost \$23,276 in the whole operation of the system but as Mr. Kern was talking about that is not on the cash basis. The next page is Statement of Cash Flows, you brought in \$1,049,484. Paid suppliers \$644,269 and employees \$246,076 so you had a Net from your operations of \$159,139. Bought capital assets of \$35,577; paid principal on the debt of \$57,685; Interest of \$25,187 so that took \$118,449. Had \$1,448 in interest so the bottom line is the increase in cash is \$42,138. If you look at it from a cash stand point you had a \$42,138 profit. Which on \$1,041,484 is less than four (4) tenth of one (1) percent. That means that if anything happens, your hurting – losing money. That's why we would recommend that you consider rate increases of 3 – 5% when you do your budget. Your insurance and utilities don't ask you when they raise the rates. This way you can continue to keep up with your operating expenses. Any questions?

Tommy Walker asked so in your opinion, everything looks pretty good. Mr. Osborn stated yes. You have improved on the use of purchase orders and we didn't see any other problems. We appreciate the opportunity to come down.

Chairman Watkins asked for a motion to accept the audit findings. Tommy Walker made the motion. Daulfin Bennett seconded the motion. Chairman Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes, Tommy Walker – yes. Motion passes.

8. COMMENTS FROM THE BOARD AND CHAIRMAN. Chairman Watkins asked if we have ever received an insurance check from the Tucker Energy fire. Mrs. Scott stated she is still talking to them. Mr. Walker asked if we need to get an attorney involved. Pat Layden, City Attorney, stated they want proof of loss and it takes time. Mr. Walker asked Mr. Layden and Mr. Kern if there is anything that they need? Mr. Layden stated he gave a copy of the code book for Ed Klink and department heads to look at. It was a bigger project than anticipated. Wants to put it on the agenda for next month for approval. Mr. Kern stated he appreciates the way the city is run. Recommend to other cities that they need to come look at the way you do it because you do a fine job.
9. ADJOURN. Chairman Watkins asked for a motion to adjourn. Tommy Walker made the motion. Connie Poole seconded the motion. Chairman Watkins called for a vote. Daulfin Bennett – yes, Jason Wagnon – yes, Connie Poole – yes, Tommy Walker – yes. Motion passes.