

**HARTSTENE POINTE WATER-SEWER DISTRICT
SPECIAL MEETING of the BOARD OF COMMISSIONERS
December 23, 2015
District Office 772 Chesapeake Dr., Shelton, WA 98584**

MINUTES

PRESENT: President R. Ray, Secretary M.A. Cary, Accounting and Administrative Services Manager (AAS) M. Carnahan, General Manager (GM) M. Jeffreys, Assistant Audit Manager Zac Wilson, Audit Lead Renata Sorna.

CALL TO ORDER: The meeting was called to order at 3:00 pm.

BUSINESS:

Accountability Audit Exit Conference: Audit Lead, Renata Sorna, presented a draft copy of the Audit Report. She commented that the District's Accounting and Administrative Services Manager, Miceal Carnahan, was very helpful during the audit and that all documents were well organized and easily accessed.

The Audit Lead presented the results of the audit in brief. The District complied with all areas of the accountability audit for FY2013 through FY2014. The areas examined during this audit period were financial condition, utility billing/receipting, 3rd party cash receipting, procurement/bid law, and contracted services.

The auditor had two recommendations for the District which are not included in the Audit Report. The auditor's office recommended guideline for debt ratio is 12% or less. The District Debt ratio in FY2013 was 12.2% and 14.5% in FY2014. The estimated debt ratio for FY2016 will increase to 20.2%. The auditor recommended the District evaluate the effect of acquiring more debt on the financial condition of the district before obtaining additional debt.

The auditor also recommended the District ensure all contractors awarded public works contracts are not disqualified from bidding, and to document the District's examination of a contractor's qualifications.

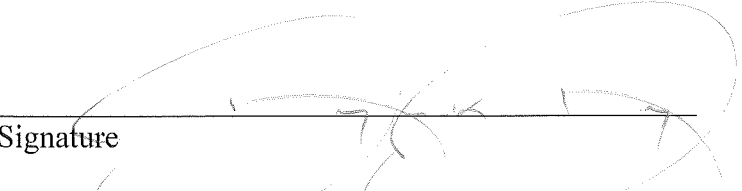
The total audit costs will be approximately \$6,500. The District's next scheduled accountability audit will be in the fall of 2017, estimated to cost approximately \$7,000 plus travel expenses.

The commissioners expressed their appreciation for the fine work the staff has done for the District in preparation for, and during, the audit.

The meeting was adjourned at 3:45 pm.

Respectfully Submitted By:

Signature



Roger Ray, President

Printed Name and Title

Approved at the Regular Meeting of the Board on: 1/14/16