



MINUTES OF A REGULAR MEETING OF THE BOARD OF COMMISSIONERS

September 2, 2025

1. CALL TO ORDER

The meeting was called to order at 3:00 p.m. by Board President Patricia Hale. All persons attended in person, except for any who joined by telephone as noted (*).

Commissioners Present

Commissioner Patricia Hale, President
Commissioner Ron Ricker, Vice President
Commissioner Charlotte Haines, Secretary

Staff and Consultants

Diane Pottinger, District Manager
Barb Shosten, Director of Finance
Max Woody, Director Operations & Engineering
Joe Bennett, District Attorney

2. PUBLIC COMMENT: None.

3. APPROVAL AND/OR ADJUSTMENTS TO AGENDA

Commissioner Haines moved approval of the agenda as presented. Commissioner Ricker seconded and the motion passed unanimously.

4. APPROVAL OF MINUTES

Upon motion by Commissioner Haines and second by Commissioner Ricker, the Board voted unanimously to approve minutes of the August 19, 2025 regular Board meeting.

5. APPROVAL OF VOUCHERS

Commissioner Haines moved to approve voucher numbers 7897 to 7910 and 121768 to 121810 in the amount of \$186,307.68 from the maintenance fund, and voucher number 1019 to 1023 in the amount of \$6,957.03 from the capital fund. Commissioner Ricker seconded. Mr. Woody answered questions about vouchers for construction notification signs and chlorine for testing. The motion passed unanimously.

6. OLD BUSINESS: None.

7. NEW BUSINESS: None.

8. DIRECTORS' AND MANAGER'S REPORTS

a. Director of Finance Report

Finance Director Shosten provided a detailed overview of the District's internal controls in response to a prior request from Commissioner Hale for more financial information. She explained that while Commissioners should be generally aware of the District's

financial condition, prevention of fraud is primarily ensured through a robust system of internal controls and external audits.

Ms. Shosten outlined the District's current internal controls, which include:

- Accountability Audit (biennial): Conducted by the State Auditor's Office, with primary focus on policies, procedures, and internal controls.
- Annual Financial Audit: Ensures materially accurate financial statements. Both the accountability and financial reports are published on the District's website, the State Auditor's website, the Electronic Municipal Market Access (EMMA) website and provided to Moody's Bonding Agency.
- Review and Approval Processes: All financial transactions require documented review, signatures, and dates.
- Reconciliation Procedures: Monthly reconciliations of internal records back to original source documents, including external bank and vendor statements.
- Education and Training: Ongoing staff education and cross-training to maintain consistency and accountability.
- Mandatory Staff Leave: Required time off for employees handling financial duties, to provide oversight and reduce risk.
- Segregation of Duties — separating responsibilities for authorizing, recording, and reconciling transactions.
- Dual Signatures on Checks/Wire Transfers — preventing unilateral disbursements.
- Procurement Controls — competitive bidding, purchase order requirements.
- Access Restrictions — limiting system access by role.
- Independent Reviews — regular spot-checks or internal reviews beyond auditor requirements.
- Board Reporting — monthly board review of vouchers and periodic reports of revenues and expenses as compared to budgets
- Budgeting Controls: Annual budgets, comparison reports, and variance and trend analysis to flag discrepancies.
- Long-Range Financial Forecasting: The District prepares multi-decade financial forecasts (currently extending to ~2070) in alignment with comprehensive planning, recognizing its responsibility as a perpetual entity.
- Rate Stabilization: Rates are set with a long-term view to ensure stable, predictable increases that sustain both the delivery of safe, high-quality water and the District's long-term financial strength for future generations.
- Hiring practices that ensure qualified, experienced and competent individuals are employed to assure strong financial stewardship, the protection of District assets and the reduction of fraud risk.

Ms. Shosten explained that in addition to standard audit, internal review and reconciliation practices, the District employs dual methods of financial reporting as internal controls. Official financial statements are prepared on an accrual basis in accordance with Governmental Accounting Standards Board (GASB), State Auditor guidelines, and legal requirements, while internal management reports are also maintained on a cash basis to ensure sufficient liquidity for principal payments, reserves, and other cash demands. Externally, costs are reported by object (e.g., supplies, salaries and

professional services), but internally they are also tracked by function of service (e.g., source of supply, meters, distribution system, utility plant) to align financial management with the District's operational mission. This combination of accrual and cash perspectives, and of object and functional reporting, provides both compliance accountability and practical control over the District's financial condition.

Ms. Shosten also reported that revenue is slightly over budget through August.

b. Director of Operations and Engineering

Mr. Woody reported:

- One of the newer employees earned his commercial driver's license (CDL).
- 6th Avenue NE/NE 168th St project (CIP 2022-3): The mainline has been installed and the crew recently completed the water quality sampling prior to putting the water line in service.
- Beach Drive Creek Crossing project (CIP 2021-04): Pressure testing and sampling was completed for nine service connections. Commissioners are welcome to observe the "under the creek" boring on Friday, September 12. The District will provide personal protective equipment (PPE).
- 41st to Beach Drive project (CIP 2022-01): Construction is wrapping up.
- There was a general discussion of notification methods for construction projects which varies depending on project size and complexity.

c. District Manager

Ms. Pottinger:

- Provided an update on SPU contract negotiations. She and Commissioner Ricker plans to review on the North City Water District draft that runs 127 pages.
- Updated commissioners on training from the District's IT consultant. The next meeting agenda will include approval of a new contract extension.
- Stated that the District is due to update its telephone system. She and Mr. Woody are working to make sure it fits in well with the telemetry project will be starting soon.
- Reported that staff's preferred date for the next all-staff meeting is December 12.
- Shared a *Daily Journal of Commerce* article about upcoming Sound Transit projects.

9. LEGAL REPORT: Mr. Bennett reported that he sent follow up letters to two of four property owners that jointly own a private road, asking that they sign a joint utility easement for the District.

10. COMMISSIONER REPORTS

- Commissioner Ricker reported that Ballinger Way will be closed from September 6 through October 10.
- Commissioner Hale relayed a conversation with a customer who was grateful to qualify for the District's low-income discount.

11. WORDS FOR THE GOOD OF THE ORDER: None.

12. NEXT MEETING

- Regular Board meeting on Monday, September 15, 2025 at 11:00 a.m.

13. UPCOMING EVENT

- WASWD Fall Conference, Spokane, WA, September 16-18, 2025

14. CONCLUSION

Commissioner Hale concluded the meeting at 4:07 p.m.

15. CONCLUSION

Commissioner Hale concluded the meeting at 5:11 p.m.

Commissioner Patricia M. Hale

Commissioner Charlotte Haines

Commissioner Ron Ricker