

Delafield-Hartland Water Pollution Control Commission

Meeting Minutes for Thursday, July 20, 2023 5:30 PM

Commission Conference Room, Treatment Plant, 416 Butler Drive, Delafield, WI 53018

Call to Order: The meeting was called to order at 5:30 P.M.

Roll Call of Commissioners:

City of Delafield: Tim Aicher, Alderman, Chairman
Erv Sadowski, Citizen Member, Secretary
Kevin Maples, Citizen Member
John Seymour, Alternate

Village of Hartland: Dave Lamerand, Citizen Member, Vice Chair
Ann Wallschlager, Trustee
Adam Pfeiffer, Trustee

Also Present: Scott Luczak, General Manager
Ericka Buchberger, Finance Director/Treasurer

Guest: Jodi Dobson, CPA, Partner, Baker Tilly US, LLP

Approve Minutes of May 16, 2023 and June 5, 2023 Commission Meetings

Motion (Maples/Wallschlager) to approve the Commission Meeting minutes of May 16, 2023 and June 5, 2023. Carried (7-0).

Commission Matters

Tim Aicher reminded the commissioners that if they are an alternate they are welcome but not required to attend the meetings; however, Ericka will contact them if they are needed at a meeting and then they will be compensated.

General Manager's Report

Update on Biological Phosphorus Removal Construction Project

S. Luczak stated that the construction project is coming along adequately; although, there are hold ups caused by the delay in receiving electronics. It looks like some of these items won't be arriving until October or possibly December. At this point, it appears that the February 2024 deadline date will still be met. There was a short discussion on having shipments expedited but at no additional cost to Delafield-Hartland WPCC since the supply chain issues existed when the project was bid.

Sewer Extension for St. John's Estates / City of Delafield

S. Luczak stated that a motion for a sewer extension for a forty-five unit subdivision located where the old golf course of St. John's Northwestern Military Academy once was is needed. He confirmed that Delafield-Hartland WPCC's system will be able to handle the additional connections without any problems.

Motion (Lamerand/Sadowski) that we approve the sewer extension for St. John's Estates/City of Delafield contingent upon Delafield-Hartland WPCC receiving an approval letter from the City of Delafield. Carried (7-0).

Sewer Extension for Delafield Park Way / City of Delafield

S. Luczak stated that a motion for a sewer extension for a twenty-nine unit residential subdivision is also needed.

Motion (Sadowski/Lamerand) that we approve the sewer extension for Delafield Park Way/City of Delafield contingent upon Delafield-Hartland WPCC receiving an approval letter from the City of Delafield. Carried (7-0).

2022 Delafield-Hartland Water Pollution Control Commission Audit Report (Communication Report to Commissioners and Financial Statements)

J. Dobson, CPA, Partner of Baker Tilly US, LLP was present via Zoom to provide input on their audit report for the Commissioners. She stated that the 2022 audit went smoothly and the financial statements received an unmodified or clean opinion which is the highest level of assurance that they can provide. It signifies that this report is a fair presentation in all material respects of the financial position and results of operation at year-end. Another positive note is there were no concerns with estimates or accounting policies, and there weren't any significant changes this year from prior years which is good. There weren't any adjustments recorded except for the annual one related to Wisconsin Retirement System (GASB 68).

The internal controls portion of the audit is completed to communicate any items that come to the auditor's attention that could potentially result in misstatements in the financial statements. One internal control deficiency that is consistently communicated to DHWPCC is the lack of segregation of duties. This is common for many governmental organizations due to the size of the organization and staff. Reporting this year after year is required, but more importantly it establishes the importance of the Commissioner's role when approving transactions or seeing monthly statements (acts as an extra set of eyes which support checks and balances for internal controls).

J. Dobson also summarized future accounting standards that have been issued and may potentially impact Delafield-Hartland WPCC. In 2023, there is an accounting standard related to subscription based information technology arrangements. It will support picking up any contracts that are for connected to multi-year subscriptions for software. Another accounting standard that could be implemented in a couple of years is one that would be taking a broader look at different types of compensated absences besides vacation and sick leave and treating them all consistently.

Some additional financial statement highlights that J. Dobson discussed were the debt coverage calculation, investment in capital assets, and cash on hand. At first glance, it looks like WPCC did not meet the debt coverage for 2022; however, when the calculation backs out the unrealized market loss adjustment on investments, the debt coverage was met. Jodi also mentioned that since 2023 is the last year of debt payments, this calculation will ultimately go away. J. Dobson also touched on the investment in capital assets and how much of it is financed through outstanding debt. As of May 2023, the Commission is in a very strong position because we are 100% financed by equity. The Commission's cash on hand has dropped; however, this is not a significant concern since the Commission have reserves for capital projects, our debt is paid in full, and the cash on hand is adequate to cover operating costs.

There were no questions for Jodi after her presentation, but E. Buchberger will be contacting her at a later date to ask a question that later came up regarding the investment valuation method and/or timing that Baker Tilly used compared to the information provided by the Baird reports used to record the monthly investment transactions.

Financial Statements (May and June 2023)

E. Buchberger summarized what the financial statements are reporting and indicated there were two items to address; otherwise, everything remained consistent with prior months. The first notable item is that the work in progress number is increasing significantly which is expected since the construction project is moving along. The second item worth mentioning and also related to the construction position is the large amount reported in accounts payable. It is very seldom that the Commission has an accounts payable balance; however, due to the timing of construction draw #2, \$436,903.10 was credited to this account (the amount was fully paid in July 2023). Commissioners did not have any questions or comments. As always, the Commissioners are encouraged to contact E. Buchberger with any questions that they might have about the financial graphs or statements after the Commission meeting.

Approve Expenses and Transfers (May and June 2023)

Motion (Sadowski/Lamerand) to approve the expenses and transfers for May 2023. Carried (7-0).

Motion (Sadowski/Maples) to approve the expenses and transfers for June 2023. Carried (7-0).

Next Commission Meeting and Agenda Items

Information from Baker Tilly regarding the investment valuation method and/or timing that they used compared to the information provided by the Baird reports used to record the monthly transactions.

Closed Session

Motion to convene into Closed Session under Wisconsin Statutes Section 19.85(1)(c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility (Re: Compensation salary range for new General Manager position). Following the Closed Session, the Commission will then reconvene into Open Session to take any action if necessary, regarding the discussed foregoing matters and to continue with remaining agenda items.

Motion (Lamerand/Sadowski) to convene into Closed Session under Wisconsin Statutes Section 19.85(1)(c) for the purpose of considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility (Re: Compensation salary range for new General Manager position). Following the Closed Session, the Commission will then reconvene into Open Session to take any action if necessary, regarding the discussed foregoing matters and to continue with remaining agenda items.

Roll call vote taken: All ayes. Motion carried. Closed session was entered into at 6:01 PM.

Open Session

**Motion (Lamerand/Maples) to reconvene into open session.
Roll call vote taken: All ayes. Motion carried. Open session was entered into at 6:15 PM.**

Action/Discussion, if any, from Closed Session:

Motion (Sadowski/Lamerand) to approve DHWPCC's offer to hire the individual in question for an annual salary of \$117,000.00 and three weeks of vacation beginning in September 2023 with the salary increasing to \$120,000.00 when S. Luczak departs. Carried (7-0).

Adjourn Commission Meeting

Motion (Maples/Lamerand) to adjourn at 6:17 P.M. Carried (7-0).

Correspondence

None

Respectfully submitted by:

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