

**MINUTES OF SPECIAL MEETING  
OF THE BOARD OF COMMISSIONERS OF  
COAL CREEK UTILITY DISTRICT  
OF KING COUNTY, WASHINGTON**

**Held April 15, 2014**

A special meeting of the Board of Commissioners of Coal Creek Utility District was held at the District Office, 6801 – 132<sup>nd</sup> Place SE, Newcastle, Washington, on April 15, 2014. Commissioner Anderson called the meeting to order at 12:00 p.m. Commissioner Martin was present. Commissioner Kunkel had an excused absence. District Staff Robert Russell, Todd Hynek and Pam Nelson were present. John Milne, General Counsel, was also present.

**APPROVAL OF AGENDA**

The meeting agenda was approved as proposed.

**EXIT CONFERENCE WITH STATE AUDITOR'S OFFICE**

Renee Meyer, Janise Hansen, and Elisa Kim from the Washington State Auditor's Office were present for the purposes of an exit conference relating to the audit of the District for the year 2012. They reported there were no findings relative to the accountability audit and financial statement audit, but provided some management recommendations presented in a management letter to the District. They then addressed the substance of the management letter, including acknowledgement that an independent CPA firm prepares the District's financial statements. However, they noted the District remains responsible for the accuracy and proper presentation of the District's financial statements. Therefore, they encouraged Staff to continue training to ensure the financial statements are prepared in accordance with general accepted accounting principles (GAAP). They also felt certain public works project retainage was incorrectly characterized in the District's financial statements but did not affect the District's balance sheet.

Milne addressed the retainage matter, presented the facts of the public works projects and explained why the District's CPA had identified the retainage as revenue. District Staff had

previously addressed that issue with representatives from the State Auditor's Office who had provided guidance for the accounting of the retainage. Milne noted the District's characterization of the retainage was also supported by District's financial consultant, Financial Consulting Solutions Group, Inc. Further, the State Auditor's Office Helpdesk had also provided a written response that the retainage payable could be debited and the District CIP credited for the subject retainage amounts.

The exit conference then concluded and the State Auditor representatives left the meeting.

The Commissioners then commended Staff for their work during the audit and for their efforts which had resulted in twenty three continuous annual audits with no findings of non-compliance. The District's accomplishment will be shared with the District's customers in the next District newsletter.

### **ENGINEERING SERVICES CONSULTING AGREEMENT**

Russell advised he had previously reported District Staff had selected Stantec Consulting Services, Inc. as the most qualified engineering consultant to provide engineering consulting services to the District when the District's primary engineering consultant, PACE Engineers, was not available due to conflict or otherwise. Russell reported regarding Stantec's schedule of rates and charges, recommended the Board approve the consulting services agreement and authorize him to sign it on behalf of the District. Following discussion, Martin so moved. Anderson seconded the motion, which carried unanimously.

### **COMMISSIONERS' COMMENTS**

Martin provided staff with materials from the recent State Association conference she had attended. She also reported on a water advisory session she had attended, and requested discussion of the designation of the District's public information officer (PIO) be scheduled at a

future Board meeting. The General Manager is presently designated as the District's PIO, and she felt another District employee should have that responsibility to allow the General Manager more time to address operational and other issues during emergencies.

Martin provided District staff with her expense report.

**APPROVAL OF VOUCHERS**

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 042649 through 042692 in the amount of \$295,066.22.

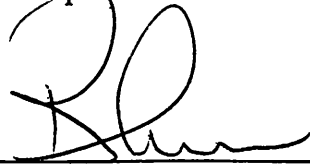
The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 010194 through 010216 in the amount of \$107,803.70.

The Board approved for payment Water/Sewer Maintenance Fund Voucher Nos. 010217 through 010229 in the amount of \$13,250.00

**OTHER DISTRICT BUSINESS**

As there was no further business or persons to be heard, the meeting was concluded at

1:15 p.m.



Richard D. Anderson, Commissioner



Pamela A. Martin, Commissioner