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*Mission Statement: Meeting the challenge of protecting the environment and providing quality sewer service to the community.*

**MINUTES  
OF SPECIAL MEETING  
BOARD OF COMMISSIONERS**

**December 13, 2018  
Lake Stevens Sewer District Board Room**

**Attendees:** Commissioners Dan Lorentzen, Mariah Low and Kevin Kosche. General Manager Tonya Christoffersen. District Staff: Tara Bighouse and Mickie Cooper. State Auditors Michel Melseaux and Erika Davies.

1. **Called to Order** Commissioner Kosche called the meeting to order at 8:30AM and turned the meeting over to Michele and Erica.
2. **Audit Exit Meeting with representatives of the State Auditor's Office** – Michel Melseaux thanked the District for their patience and efforts during the audit process. He continued, the purpose of this Audit Exit meeting is to share their information. He complimented the District staff stating they were very good to work with and both Tonya Christoffersen and Mickie Cooper were exceptionally helpful and willing to help and provide the information needed.

Michel went over the accountability report. He stated there were no significant items and no findings. He explained the area they looked at was the self-insurance, payroll, general disbursement and IT. He gave kudos to what the District is doing.

Erika Davies reported it was such a clean audit with no results to talk about. She continued on to the financial statement report; 1. Internal controls: There were no identified material weaknesses or deficiencies. There were also no items of non-compliance; 2. Independent report on financial statements, in their opinion this is a good clean audit opinion, "Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses." 3. District prepared statements: presented in very clean audit. She explained there was only one exit item, they don't go over them it's just housekeeping but they can provide that information. There were also no material findings to report and a few trivial items the District chose not to correct, and the auditors agreed. Mickie explained the two items, compensated absences calculation to determine short term and long-term liability is a lengthy process to calculate and the FTE time it would take is not worth it when the liability is only \$400k. She also explained that if we fixed the \$10k developer donated facility error it would affect the financial statements and they would need to be re-audited. Mickie stated she will correct this error going forward.

Commissioner Kosche asked a few informative questions including any information they can give for the possibility of transferring of assets, etc. She answered and suggested to have a very clear agreement with what the transfer and cost will be. Tonya added she reached out and talked to Michel about it as well and was referred to the help desk and to reach out to legal. Commissioner Lorentzen asked about what triggers

the different audits. She explained the different types and ranges, based on money spent for a single audit and revenues for a financial audit.

Erika explained finalizing the audit, the report will be published before the end of the year. The management representation letter is now complete. The next audit is fall of 2019 on just the financial statements, the information does include a rate increase.

- 3. Conclude** – Commissioner Stevens concluded the meeting at 8:50AM with no action taken.

Signed in a regular open public meeting this 27<sup>th</sup> day of December, 2018



  
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Dan Lorentzen, Commissioner

  
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Marian Low, Secretary and Commissioner

  
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Kevin Kosche, President and Commissioner

