

MINUTES OF THE **SPECIAL** MEETING OF THE BOARD OF COMMISSIONERS  
OF BIRCH BAY WATER AND SEWER DISTRICT,  
HELD **November 3, 2006**

Commission President Patrick Alesse opened the meeting at 10:00 AM. Others present included Commissioner Don Montfort, General Manager Roger Brown, Treasurer Glenn Golay, Chris Johnson (Regional Audit Manager-State Auditor's Office) and Arden Flores, also with the Auditor's Office.

The purpose of the meeting was to conduct the Exit Conference for the audit recently concluded by the Auditor's Office for the years 2004 and 2005.

Chris Johnson described the coverage of the audit. The audit was planned and conducted to examine areas of District activity representing the highest risk of noncompliance, misappropriation or misuse of public resources. The audit also evaluated the District's accountability and compliance with certain state laws and regulations and the District's own policies in the following areas: Billing & receipting; payroll; conflicts of interest; bid compliance; insurance and bonding; open public meeting; and allowable expenditures. The District's financial statements are audited with an emphasis to determine that the amounts reported on the financial statements are timely, accurate, and complete in all material aspects. Balances and financial activity related to: Cash and cash equivalents; capital assets; revenues; expenditures; going concern; long-term debt; fixed assets; subsequent events; and overall presentation of the financial statements.

Mr. Johnson said that both for Accountability and Financial Statement Opinion, the auditor will issue a clean opinion with no findings.

Mr. Flores did recommend that the District examine carefully the statutory bid requirements in RCW 39.04.190 when purchasing equipment.

Mr. Flores then reviewed prior audit recommendations and stated that all have been resolved except one, dealing with adjustment of the Expenditure Policy for Meals as they pertain to District meetings. District staff will address this issue and adjust the policy as needed.

Both Mr. Johnson and Mr. Flores were complimentary of District staff and remarked that the audit results show that the District is doing a good job.

There were several questions from Commissioners Montfort and Alesse regarding the audit process generally and specifically the impact of the new Performance Audit requirements. Mr. Johnson answered these questions and described the progress the SAO is making on this new initiative.

There being no further business, the meeting was adjourned at 10:45 AM.

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COMMISSIONER

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COMMISSIONER

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COMMISSIONER

THIS IS TO CERTIFY that the above is a true and correct copy of the minutes for the special meeting of the Board of Commissioners of Birch Bay Water and Sewer District, Whatcom County, Washington, held **November 3, 2006**.

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**SECRETARY**

**(Minutes taken by Glenn Golay)**