

**KITSAP COUNTY SEWER DISTRICT NO. 7**  
**Minutes of Meeting**  
**August 11, 2011**

The meeting was called to order by President Sarah Lee at 7pm. Those in attendance were Commissioners Lee and Chris Dew. Commissioner Roger Tielman was absent (excused absence.) Engineer Mike Yuhl and Manager Colleen Yuhl were on vacation.

The minutes of the July 15 meeting were approved.

Vouchers 11-8-1 through 11-8-8 were approved.

Financial Report – Manager Colleen Yuhl had prepared the Financial Reports for July 2011.

Old Business

Department of Revenue: Sarah Lee reported that DOR officially approved the amount of back taxes, \$12,154, the District owes. Under state law, the District only owes for the last four years of taxes. DOR also officially approved waiving of the 30% penalty. The penalties were waived because the District brought to DOR's attention that the District had not ever paid Public Utility Tax or Business and Occupation Tax. (The State Auditor's Office, which regularly audits the District, had never mentioned that the District should be paying taxes.)

The District has three options for paying the taxes:

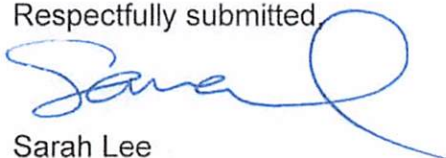
- 1) To pay the entire amount by September 1.
- 2) To pay the amount in four installments, beginning September 1. The District would also pay 3% interest.
- 3) To pay up to a year from now, which would mean that the District would pay interest in addition to the penalties

After discussion, the commissioners determined that the most conservative approach, with the least amount of risk to the District is to pay the back taxes in four monthly installments. This will allow the District to maintain a more consistent cash flow, which the Commissioners felt was important so the District will have cash available in case of emergency.

The Commissioners directed Manager Colleen Yuhl to inform DOR of the decision to pay in four installments.

The meeting was adjourned at 8:15 pm

Respectfully submitted,



Sarah Lee  
President, Board of Commissioners

