



Regular Board Meeting Minutes
July 16, 2025

The Regular July Board meeting of the Lee Hammond MDWCA was called to order at 18:05 on July 16, 2025, at 414 RD 5500 by Barbara Kiipper.

Present

Barb Kiipper

Teresa Steven

Joe Lewis

Tye Bell

Doug Smith

Moses Herrera

Aaron Lee

Tiffany Alcon

Bye Manning- Auditor

After the review of the minutes of May 21, 2025, Barb asked if there were any questions or concerns, None Presented, Barb asked for a Motion to approve the minutes from May 21, 2025.

Joe Lewis Motioned, Tye Bell seconded to approve the May 21, 2025 minutes. All in favor. Motion carried.

A handwritten signature in black ink, appearing to be "Barb", written over a long, sweeping horizontal line that extends across the bottom right of the page.

Approval of Agenda

The agenda included, Approval of agenda, Consideration and approval of last meeting minutes, Financial report, Operational report, Discussion/approval of current job descriptions, Discussion/Approval of a proposal to do Engineering and bid documents for a replacement of Approx. 1000' of 6" PVC and valves and tie ins between 5510 and SJ river along the East side of 5500, Presentation and acceptance of the FY2024 Audit, Member/customer issues.

Barb asked for Motion to approve Agenda. **Tye Bell moved, Joe Lewis seconded to approve the agenda. Motion carried.**

Audit:

We moved the agenda around a little to have the presentation/acceptance of the FY2024 Audit. Each board member was given a book with all the audit information. The purpose of the audit is to give an opinion. Manning Accounting opinion is as such; The financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the association as of Dec. 31, 2024 and the respective changes in financial position and cash flows thereof, for the nine months then ended in accordance with accounting principles generally accepted in the United States of America. Lee Hammond MDWCA did have the following findings in the 2024 Audit.

2024-001-Purchase orders and receiving documents. Significant deficiency.

Corrective action plan: The association has instituted a process that now includes all purchases and have been following this process for more than a month. We are currently making some adjustments to our PO process to make it easier to maintain the records and be in compliance with all state and Association policies, and state law. By the End of June 2025.

2024-002-Failure to maintain payroll records. Significant deficiency.

Corrective action plan: We have added pay history information to the employee records and will keep them updated moving forward. A procedure will be added to our financial policy manual that details the appropriate process for this documentation to be maintained and updated. However, all hourly employees are on timeclock with gps records for all hours worked, so that data is available, however the time sheets do not include all of this information just their hours worked [er day, etc. The location data is available, but not on paper. Exempt employees hours worked are not tracked. All payroll will be reviewed by both the operations director and the executive director moving forward and this process will also be documented in the financial policy. To be approved by the board by the end of June 2025.

2024-003-Improper recording of Journal Entries. Significant deficiency.

Corrective action plan: All J/E will be signed and dated by the individual creating the J/E and will be reviewed by either the Executive director or the operations director for secondary review. This process will be documented in the financial policy. In place since April 23, 2025.

2024-004-Reconciliation of Bank accounts. Significant Deficiency.

Corrective action plan: All reconciliations will be signed and dated by the individual performing the reconciliation and will be reviewed by either the executive director or the operations director for the secondary review. This process will be documented in the financial policy. In place as of April 23, 2025.

2024-005-Improper recording and maintenance of fixed assets. Significant Deficiency.

Corrective action plan: We have already begun work to get this fixed asset inventory moved into a separate computerized asset management system that includes reporting and auditing features. Once completed, we will reconcile it without current inventory and we will get our fixed asset inventory certified at our June 2025 board meeting and to have it recertified in November of each year beginning in 2025. We will have appropriate language added to our financial policy and board policy manuals and be approved by the Board of Directors.

By the end of June, 2025.

2024-006-Lack of Internal Controls over A/R Balance. Significant Deficiency.

Corrective action plan: We will be adjusting our policies to move to a cash basis accounting system that will not include accounts receivables on our general ledger. By the end of June 2025

2024-007-Late payment of 941 Tax payment- Other Non-Compliance.

Corrective action plan: We are adding a check list to our financial policy manual that includes all such tax reports and payments including payroll taxes, unemployment taxes, and governmental gross receipts that will be checked each pay period and each month so that this doesn't happen again. Added to financial policy by the end of June 2025.

2024-008-Missing I-9 Documentation- Other Non-Compliance.

Corrective action plan: These issues have been remedied. Both I-9 forms have been corrected. This is already remedied and is in our policy manual as of May 2025.

2024-009-Pledged Collateral-Other Non-Compliance.

Corrective action plan: We are working with our bank to make sure that these collateral statements are delivered monthly as required. Also adding to our financial policy manual to ensure compliance with this in the future. Full changes by June 2025.

2024-010-Improper reimbursement of Travel Expense. Other Non-Compliance.

Corrective action plan: We have changed to a form similar to SJ County's travel documentation form that includes all of the required information. This will be added to the employee handbook and to our accounting policy manual. By the end of June 2025.

Motion to approve Presentation and acceptance of the FY2024 Audit. Joe Lewis Motioned, Tye Bell Seconded, all in favor.

System Report

Financial Report

Aaron gave a financial report for May and June, Revenue was \$120,270 88% of the budget. Expenditures were \$91,320 95% of budget. Other Revenue was \$1,300 which was interest income, which was about 173%. Other Expenditures were \$5,561 21% of Budget, We had to reimburse the cost of a fire hydrant to a customer who previously paid, but then ended up not needing it. Total Net Revenue for May was \$24,688.

June Revenue was \$112,543 72% of the budget. Other Revenue was \$4,973 663%. Expenditures were \$91,321 95% of Budget and other was 0. Net revenue for June was \$23,149.

Operation report:

May: We produced 15,046,358 and sold 13,857,021, Lost 1,189,337

June: We produced 19,032,873 and sold 16,771,927, Lost 2,260,946.

Lost number does not represent actual lost water, Its water accounted for just customers not billed or billed a different way and the usage was not posting correctly, so they were just adding up.

Discussion and approval of the changes to our current job descriptions/titles and duties. We now have Executive Director-Aaron, Operations Director-Tiffany, CSR-Sandra, Administrator-CPA, Field Service Foreman-Jason, Entry level Operators, Patrick and Taylor. No Motion, Just updated.

Discussion and approval of a proposal to do Engineering and bid documents for replacement of approx. 1000' 6" PVC and valves, tie ins between 5510 and the SJ River along the East side of 5500.

Aaron showed a map of where we have had breaks annually for the past 20 years. We would really like to replace this section that was installed 30+ years ago. We are estimating around \$10,000 for the engineering and bid documents.

We are installing some 6" Pipe in the wash by McGee park where a contractor hit our line. TRC will be installing this so we won't have to be in the hole, and they can dig deep enough and place pipe in as a whole and not in sections.

Motion to get Engineering and bid documents. Motion approved by Joe Lewis, Teresa Stevens seconded, all in favor.

Member/customer issues;

No Member or customer issues.

The Next board meeting will be August 20, 2025. Barb does not think she will be available for this one.

There being no further business, adjourned the meeting at 19:42.

