

**MINUTES OF THE BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
September 28, 2023**

BOARD MEMBERS PRESENT: Michael Slauson, Dan Mcelley, Mel Diffendaffer, Wesley Davis

STAFF MEMBERS PRESENT: Michael Simpson, Jennifer Pettingill, Jessica Isley, Jacob Lenihan, Eric Schoeny, Isaac Brown, Ty Jones

GUESTS PRESENT: None

SPECIAL MEETING:

Meeting called to order 12:53 by Ty Jones

FINANCIAL REPORT

Staff presented a brief history of the FY22 Audit. On May 8th auditors began field work with the District. They were scheduled for the full week but left on Wednesday. The following week, the District was live with the new Caselle software and had trainers on sight for a full week. On June 30th, CSD closed the auditing department and staff auditors left. The District was approved for an extension but with the leaving of auditing staff, there were gaps in information previously provided. July began budget, audit and rate discussions as well as a cash flow issue that arose.

While reviewing the ‘why’ of this audit’s timeline, staff recorded that last year 230 items were pulled as samples and sent to CSD and as of today over 360 items had been sent to CSD. The reason is due to the amount of changes we have seen in the last year, which included:

- Major change in staffing, particularly as it pertains to accounting and managerial staff.
- Change of account codes in August of 2022.
- Complete overhaul of the budget.
- Change in software from Springbrook to Caselle.
- Change in payment processors from Paymentus to Xpress BillPay.
- Changes in the inventory process and large adjustments, some totaling over \$300K.
- The District changed Purchase Orders and Accounts Payable processes last year, including the frequency of payments, and the amount of checks allowed to be approved and signed internally.
- The District renegotiated the Verizon lease, and due to implementation of GASB87 there were some changes for reporting as well. Each of these changes

All of these changes required additional testing and additional evaluation. These changes on top of additional changes staff have seen in 2023, while conducting this audit, has drastically pushed the timeline for the 2022 audit.

Currently, we are working on three items that need to be resolved prior to completing the audit. The sweep bank account does not match on the trial balance, retained earnings has a discrepancy in the trial balance as well as the trial balance has a discrepancy between 2021 ending balance and 2022 beginning balance. Staff have been working on these issues and is hopeful that the District will still meet the September 30th deadline.

Staff presented the draft financial statements to the board and explained that once the final financial statements are available, staff will need to complete the Management Discussion and Analysis (MD&A) portion of the audit and CSD will submit their final report. Dan thanked Jessica for her efforts on the budget and audit process. Staff informed the board that final financial statements will be sent out via email. Staff inquired if the board would like to require approval to submit the final audit or if the board would allow staff to submit without approval. The board agreed to have her submit without specific approval. Staff reported that the RFP for auditors is out there, 3 have informally responded. Dan asked about the location, and staff reported that the only one close is in Cedaredge.

ATTEST:


Melvin Diffendaffer


Dan Mcelley


Michael Slauson


Wesley Davis