MINUTES OF THE METROPOLITAN WATER DISTRICT OF PLEASANT GROVE
May 11, 2022
5:00 pm

PRESENT:

Mark Bezzant	Chair
Brian Andrew	Vice-Chair
Frank Mills	Board Trustee
Paul Pierpont	Board Trustee
Neal Winterton	Board Trustee

STAFF PRESENT:

Denise Roy	Finance Director
Kathy Kresser	Assistant Secretary

The Board of Trustees of the Metropolitan Water District of Pleasant Grove held a meeting on May 11, 2022 in the Community Room 108 S 100 E, Pleasant Grove Utah at 5:00 pm.

Chair Mark Bezzant welcomed everyone to the meeting. He then noted that the meeting is being recorded and that no one from the public was in attendance.

1. To consider for adoption a Resolution **(2022-01MWD)** adopting the Metropolitan Water District of Pleasant Grove tentative budget for the fiscal year beginning July 1, 2022 and ending June 30, 2023, and providing an effective date. *Presenter: Director Roy*

Director Roy reported that for a couple of years now Pleasant Grove City has not been giving Metro any water rental revenues. In the 2023 budget she is proposing that the City give the District $250,000 to make sure that there is enough money in the budget to cover the increase in water assessment fees. There is $400,000 budgeted and she is hoping that they will not need all of that money, but they were almost at $300,000 in 2021. Next she noted that there is still $125,000 for water share acquisition if they have the opportunity to purchase more water shares. She said that they are still seeing cash-in-lieu of water shares still coming in and it will depend on development if we continue to see if that continues to come in.

Trustee Mills asked what the monetary value of a water share. Director Roy replied that they City is buying water shares for $4,000 per share, but that depends on what kind of water shares they are looking at.

Chair Bezzant asked if there any other questions regarding the budget, if there are none he would consider a motion.

MOTION: Trustee Andrew moved to adopt Resolution (2022-01MWD) adopting the Metropolitan Water District of Pleasant Grove tentative budget for FY beginning July 1, 2022 and ending June 30, 2023. Trustee Winterton seconded the motion. A roll call vote was taken with Brian Andrew voting yes, Mark Bezzant voting yes, Frank Mills voting yes, Paul Pierpont voting yes, and Neal Winterton voting yes. Motion passed with a unanimous consent of the Board.

2. To consider for adoption a Resolution (2022-02MWD) adopting and implementing the Utah State Auditors Fraud Risk Assessment Program including establishing an Audit Committee and related matters and providing an effective date. *Presenter Director Roy*

Director Roy commented that at the last meeting they went over the audit for the Metro Board and one of the comments that they received was that the auditors wanted a separate fraud risk assessment for the Board which would put them in compliance with the State Audit. They talked about some things that they could do to get a better score. The two things that they can do is establish an audit committee and then do a code of ethics for Metro. To establish an audit committee, they would need to have 5 members on the committee. One member would be the Chair of the Metro Board, one of the Board members, one would be the finance director, another would be the Mayor and then a financial professional that is outside of the organization. The City is using a college that she used to work with that is the Accounting Director at Alpine School District and they might want to use them also.

The things that the audit committee would be reviewing is the annual financial statements, reviewing the management letter and help writing the response to the management letter that she gives to the auditors. She said that they also need to have a fraud hotline which they can refer to the State Auditors hotline. The requirements also talk about the committee doing an internal audit once a year and prepare written findings to present to the Board.

Director Roy then reported that another thing that the Board can do is sign a Statement of Code of Ethics and Responsibilities. This is something that all the Board members would sign as part of the Fraud Risk Assessment. If they did these two items their score would be 365 which would be considered a very low risk for fraud risk assessment.

Trustee Mills asked if on the code of ethics would it be beneficial if there was a note put on there that all the Board Trustees have done the Open and Public Meeting training. Director Roy agreed that that can be added to that to the form.

Chair Bezzant asked if there were any other questions regarding the proposed Resolution for the Audit Committee, being none, he called for a motion.

MOTION: Trustee Mills moved to adopt Resolution (2022-02MWD) adopting and implementing the Utah State Auditors Fraud Risk Assessment Program including establishing an Audit Committee and related matters. Trustee Pierpont seconded the motion. A roll call vote was taken with Brian Andrew voting yes, Mark Bezzant voting yes, Frank Mills voting yes, Paul Pierpont voting yes, and Neal Winterton voting yes. Motion passed with a unanimous consent of the Board.

3. Review Q3 of FY2022 budget. *Presenter Director Roy*

Director Roy commented that the assets shows that there is about a half million dollars still in the fund balance and the liabilities are some of the debts that are on the books. Next, she talked about the deferred revenue and liabilities section. Something that came across in the audit last year is that they have had people turn in water shares over the amount that was required. These are called banked water shares and they didn't have them listed on the books anywhere. The auditors felt that these should be shown on the books.

Director Roy noted that there has been a lot of cash in lieu of water shares turned in and she will get with Neal Winterton and do an audit on the irrigation water assessment to make sure that the numbers are correct. She has also included the detail of the report which makes it easier to read and understand. The dates of Q3 are from January 2022 to March 2022.

Chair Bezzant asked if there were any further discussion or questions, being none, he called for a motion.

MOTION: Trustee Winterton moved to approve the 2022 Q3 Financial Report. Trustee Andrew seconded the motion. The motion passed with a unanimous with Board Trustee Members Andrew, Bezzant, Mills, Pierpont and Winterton voting "Yes."

4. Review and Approve minutes of the January 19, 2022 Metropolitan Water District of Pleasant Grove meeting.

Chair Bezzant asked if there were any corrections or comments on the minutes being none he called for a motion.

MOTION: Trustee Andrew moved to approve the minutes of the January 19, 2022 Metropolitan Water Board meeting. Trustee Mills seconded the motion. The motion carried unanimously with Board Trustee Members Andrew, Bezzant, Mills, voting "Yes." Trustees Pierpont and Winterton abstained.

The Board discussed a date in June for the public hearing and adopting the final budget. It was decided that June 22nd at 5:00 p.m. would be the next Board meeting.

Trustee Mills wanted to say a couple of things. First of all, he wanted to thank David Holdaway for his contribution to the Metro Board, along with what he contributed to the City before his passing. The next thing we wanted to mention was that there are times when he has thrown some questions at Director Roy that were a little personal. As he travels around with the State and has set in on meeting with other Boards there is a lot of them that would kill to have Director Roy and City Recorder Kresser on their Boards. Metro is lucky to have these two on the Board. Chair Bezzant thanked him for his comments and wondered if the Board could send a letter to Mrs. Holdaway thanking him for his service. He also noted that he went to the last City Council meeting and thanked Director Roy and Recorder Kresser for the great job that they are doing. He also pleased to see Neal Winterton as the new Public Works Director.

5. Adjourn.

MOTION: 5:30 pm Trustee Pierpont moved to adjourn. Trustee Andrew seconded the motion. The motion passed unanimously with Trustee's Andrew, Bezzant, Mills, Pierpont and Winterton voting "Yes."

The meeting adjourned at 5:30 p.m.

The Metropolitan Water District Meeting Minutes of <u>May 11, 2022</u> were approved by the Board on June 22, 2022.

Kathy T. Kresser, Assistant Secretary

(Exhibits are in the City Recorders office)

Metropolitan Water District of Pleasant Grove
SEAL
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