

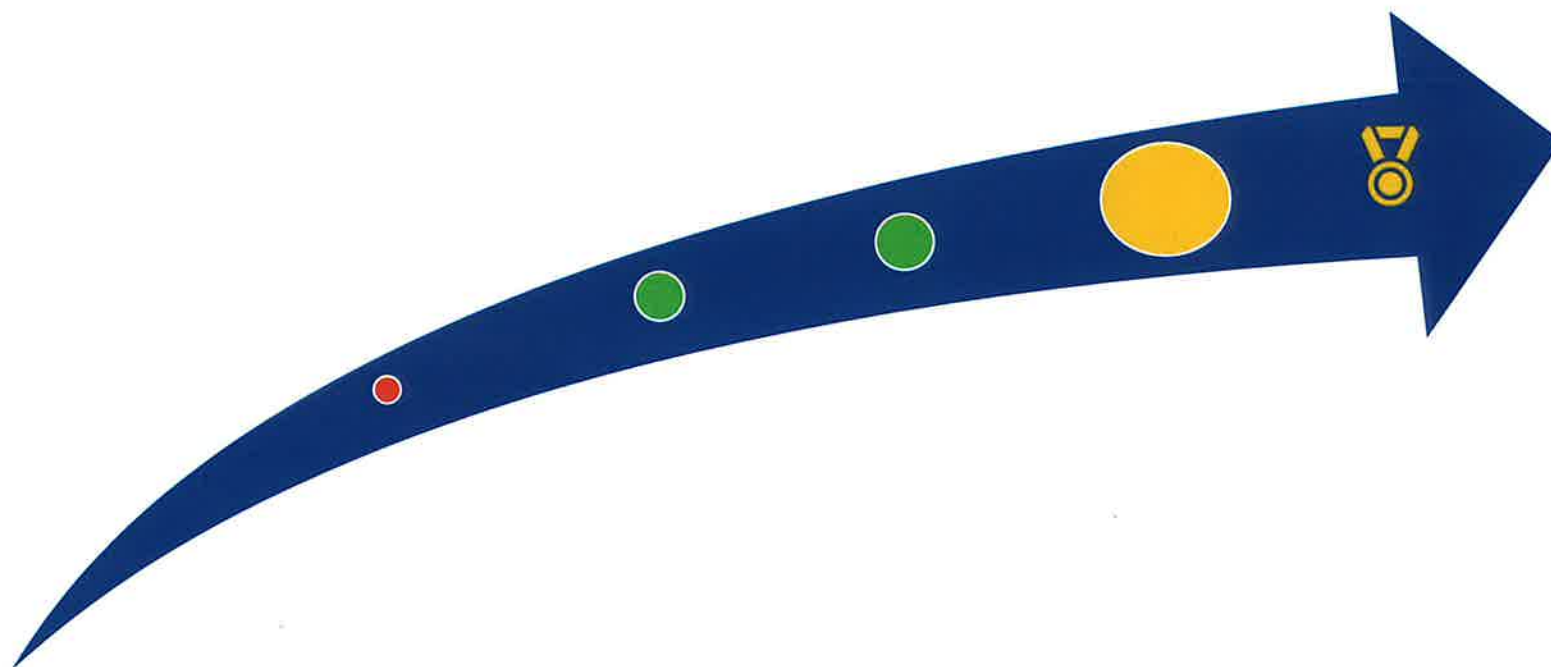


**Presentation and  
Discussion Item 13**

# **FINANCIAL SERVICES INITIATIVES**

**January 14, 2026**

# The Road to Gold: Continuous Monitoring and Compliance





## Plante Moran Reports

- Wire Transfer and Check Payment Analysis – March 2024
- Internal Control Assessment and Standard Operating Procedures Process Observations – January 2025
- Transaction Testing – November 2025

# Control Assessment Report Summary

Processes	Plante Moran Report
Accounts Payable	
Cash Receipts	
Accounts Receivable	
CIS	
Financial Reporting	
Procurement	
Project Tracking - CapEx	
Project Tracking - Customer	
Budgeting	
Payroll	

## Areas Need Addressing

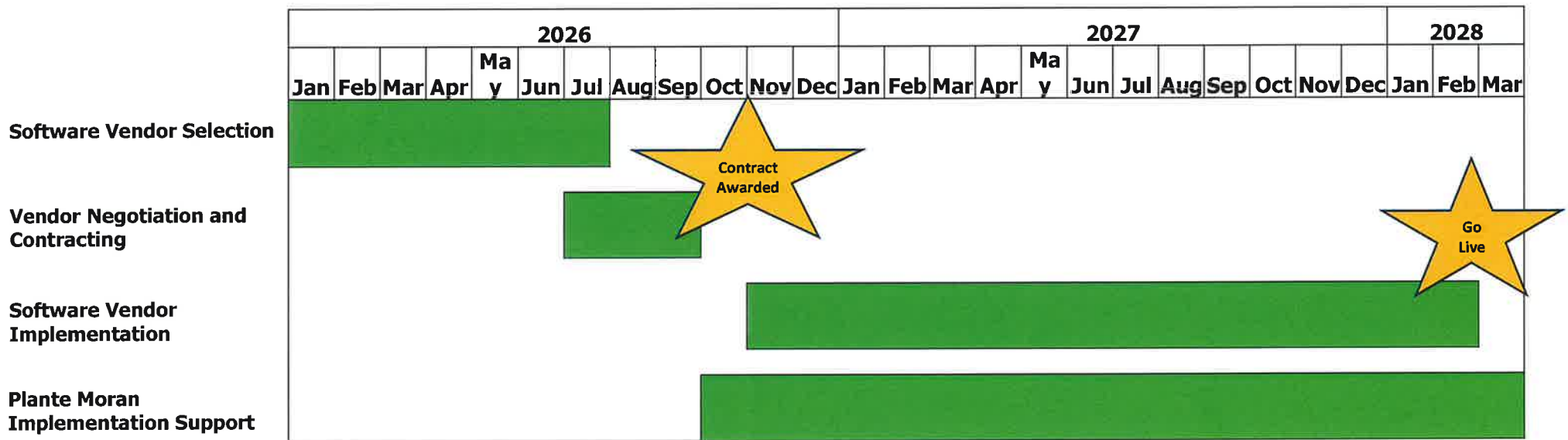
- Overall suggestion: Need to strengthen internal controls and documented review / approval process
- Documented management review of transactions and activities
- Documented review thresholds – authorization levels
- Segregation of duties issues
- Process improvement and documentation
- Additional staff training
- Workload management – Addressing
- Outdated systems
  - Financial System - To be addressed
  - CIS - Addressing

## Phase 1 (now to May 2026)

- Implement improvements in the cash handling processes (three of the eight identified areas):
  - Accounts Payable (9 recommendations)
  - Cash Receipts (4 recommendations)
  - Accounts Receivable (6 recommendations)
- Document new SOPs
- Develop interim KPIs for AR and AP
- Start the new Financial System evaluation process



# Financial System Implementation Timeline



## Phase 2 (May 2026 to March 2027)

- Implement improvements in the remaining five identified areas
- Conduct review of the controls operating effectively
- Document new SOPs
- Develop additional KPIs for AR, AP, monthly close and others after control remediation and redesign
- Continuing with the new Financial System evaluation and implementation process





## Phase 3 (April 2027 and beyond)

- Financial Systems implementation, testing and roll out
- Continuous Plante Moran internal audit monitoring and validation
- Perform annual SOP review

# Observations and Initiatives Summary

	Processes	Plante Moran Report	2026												2027					
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Phase 1	Accounts Payable																			
	Cash Receipts																			
	Accounts Receivable																			
Phase 2	CIS																			
	Financial Reporting																			
	Procurement																			
	Project Tracking - CapEx																			
	Project Tracking - Customer																			
	Budgeting																			
Phase 3	Payroll																			
	Continuous Monitoring and Audit	N/A																		
	Annual SOP Review	N/A																		

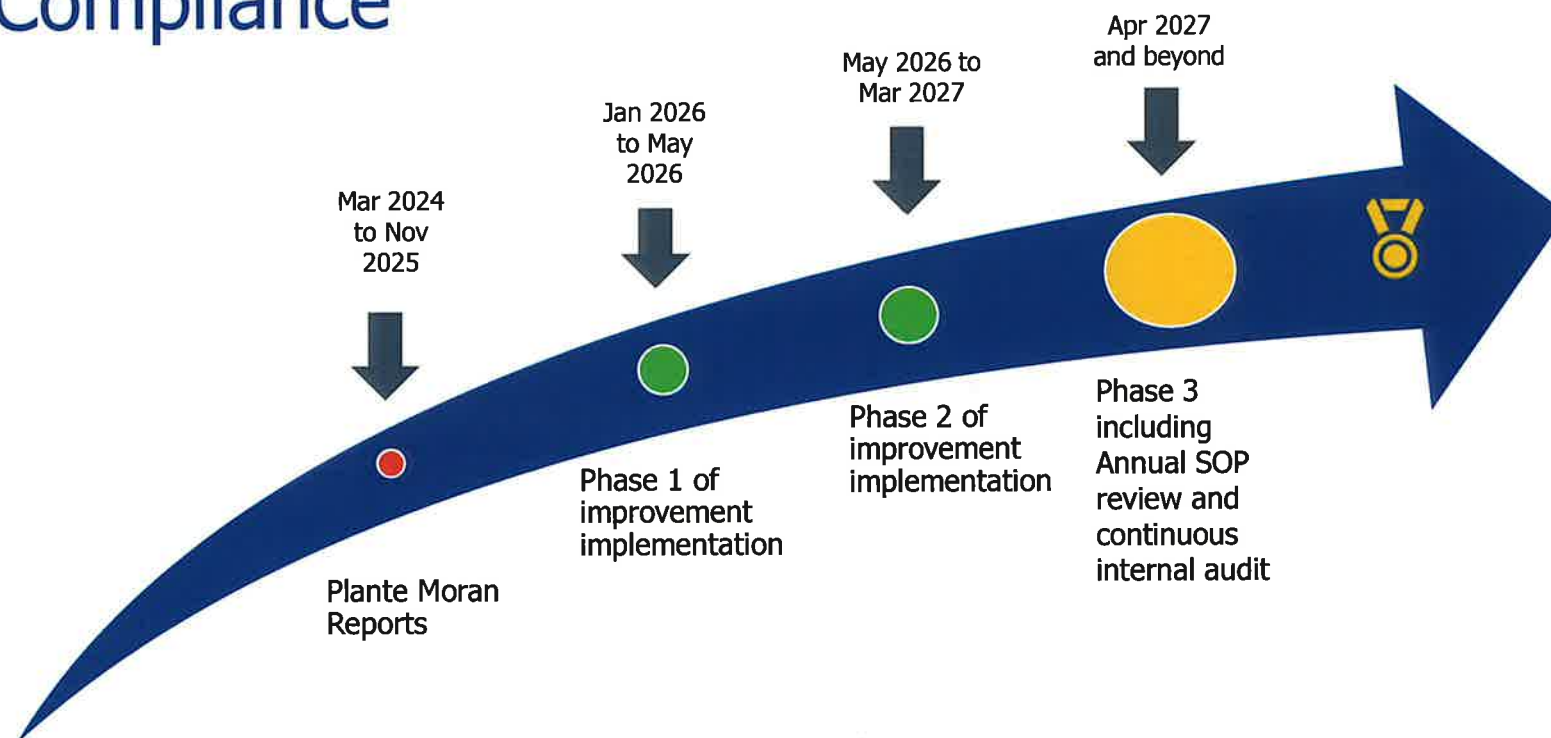
Acceptable
In Process
Not Started



## Next Steps

- Internally develop / design updated processes and procedures
  - Provide to Plante Moran to review, comment and SOP development
- SOP implementation and validation, including flowcharts and control matrices
- Staff training on SOP and processes
- Develop meaningful KPIs
- Continuous Plante Moran internal audit monitoring and validation
- Annual SOP review

# The Road to Gold: Continuous Monitoring and Compliance





# QUESTIONS?





**THANK YOU!**





# APPENDIX



# Accounts Payable

Number	Recommendations	Status	Completion Timing
1	For PO purchases, the Senior Accounting Technician performs a match ensuring the PO, invoice, Packing Slip when applicable, and PO Detail (SSRS) report match to prevent errors and fraud (AP-01)	In Process	March 2026
2	Weekly, The CFO reviews the Backlog spreadsheet and verifies that all the problem invoices are unable to be processed. The CFO monitors these invoices and ensures that any issues are resolved timely to allow the invoice to be paid on time (AP-14)	In Process	March 2026
3	Reconfigure current AP module in Great Plains to automate repetitive tasks, reduce human error, and increase efficiency (process improvement).	New ERP System	Phase 3
4	Conduct a comprehensive clean-up of Accounts Payable within the Great Plains system to eliminate excessively aged invoices (process improvement)	In Process	May 2026
5	Invoices are reviewed and approved by the designated approver. Their review consists of ensuring that the payment is properly identified as a Purchase Order invoice or a Transactional Entry. The reviewer then verifies that the goods or services were performed as contracted (AP-2).	In Process	March 2026
6	Implement a formal dual review of any check deposits that are flagged within Pacific Premier Bank (process improvement).	In Process	March 2026
7	Implement a formal process for postage where checks are not driven to the post office (process improvement).	In Process	May 2026
8	Consider the implementation of a formal ACH payment process to eliminate checks (process improvement).	In Process	May 2026
9	Implement a formal vendor review to ensure all new vendors and vendor changes are input accurately resulting in clarity when paying vendors (process improvement). - <b>Moved from CR Section</b>	In Process	May 2026

# Cash Receipts

Number	Recommendations	Status	Completion Timing
1	Implement technology solutions, such as an integrated cash receipting software module of a future CIS, to automate and streamline the cash receipts process (process improvement).	In Process - SpryPoint Implementation	May 2026
2	Design and implement a system that allows for payments made through 3rd-party software to be automatically batched into Mesa Water's future CIS (process improvement).	In Process - SpryPoint Implementation	May 2026
3	Provide regular training for employees on cash handling procedures and the importance of internal controls (process improvement).	In Process	April 2026
4	Officially retire EFT, AIQ, and CASS and formally transition customers to newer systems with the proper automation in place (process improvement).	In Process - SpryPoint Implementation	June 2026

# Accounts Receivable

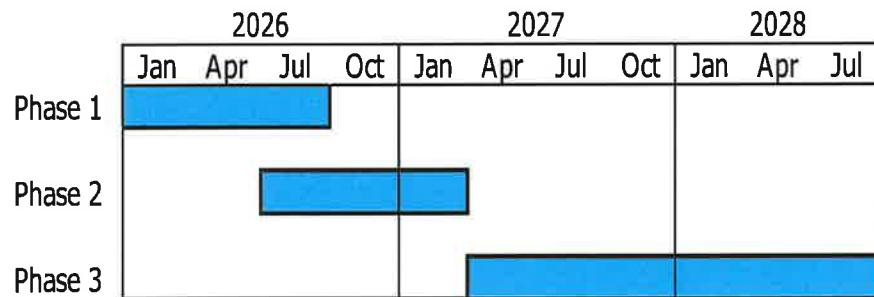
Number	Recommendations	Status	Completion Timing
1	Utilize automation tools to streamline the accounts receivable process where possible (process improvement).	New ERP System	Phase 3
2	Invest in user-friendly software or tools that can generate A/R Aging reports efficiently, minimizing the need for manual conversion (process improvement).	New ERP System	Phase 3
3	Develop a tracker or monitoring process to provide management with visibility into A/R processes, ensuring better oversight and control (process improvement).	In Process	May 2026
4	Implement AR management software to automate invoicing, payment tracking, and reminders (process improvement).	In Process - SpryPoint Implementation	May 2026
5	Implement a similar deadline process to A/R and review/send all billings at one point during the week (process improvement).	In Process - SpryPoint Implementation	May 2026
6	Implement a monthly reconciliation of A/R with proper reviews completed by management (AR-01).	In Process	April 2026

# KPIs

Process	Recommendations	Target	Completion Timing
AP	Days payable outstanding (DPO)	To Be Developed	June 2026
AP	AP aging buckets (30, 60, 90 and 90+) - average age of AP	To Be Developed	June 2026
AR	Days sales outstanding (DSO)	To Be Developed	June 2026
AR	AR aging buckets (30, 60, 90 and 90+) - average age of AR	To Be Developed	June 2026
AR	Bad debt ratio	To Be Developed	June 2026



# Timeline and Scorecard (Phase 1)



Process	2026					
	Jan	Feb	Mar	Apr	May	June
AP1			*	*	*	*
AP2			*	*	*	*
AP4					*	*
AP5			*	*	*	*
AP6			*	*	*	*
AP7					*	*
AP8					*	*
AP9					*	*
CR1					*	*
CR2					*	*
CR3				*	*	*
CR4						*
AR3					*	*
AR4					*	*
AR5					*	*
AR6				*	*	*
SOPs						*
KPIs						*
Fin Sys						

In Process  
\* To Be Completed