

Audit and Finance Committee Meeting

June 28, 2024 9:30AM

Virtual meeting via MS Teams

Present:

Managers: Tom Duevel, Secretary
Jill Crafton, Treasurer

Staff: Terry Jeffery, Administrator

Others: Justin Nilson, ABDO

Call to Order

The audit and finance committee meeting was called to order by Treasurer Crafton at 9:37am. The meeting was held via MS Teams.

Approval of the Agenda

Manager Duevel moved to approve the agenda as written. Jill Crafton seconded the motion. The motion carried 2-0.

Review of Audit Report

Administrator Jeffery give a brief overview of the audit process. Administrator Jeffery indicated that the Audit Report is due to the MN OSA by June 30, 2024 which is a Sunday and, therefore, extends the due date to the following Monday, July 1, 2024 but that Mr Nilson would like to wrap this up today and submit.

Administrator Jeffery noted that he will reach out to Smith Partners to see if they have any adjustments to their letter.

Mr. Nilson shared a presentation (attached to the minutes) with the committee. Auditor's Opinion was that RPBCWD had an unmodified clean audit. The audit did note one legal compliance finding. Minnesota State Statute 471.425 states that timely payment of claims must be made within 35 days.

Administrator Jeffery noted that in 2022 the RPBCWD agreements were modified to stipulate payment due within 45-days and asked if this would negate the finding. Mr. Nilson indicated that they look at statutory language for the review. Manager Duevel asked if Smith Partners had commented on this. Administrator Jeffery stated that they had and that they felt it would address the 35-day requirement. Mr. Nilson said that if our legal has something for him to consider he would be happy to do so.

Mr. Nilson also indicated an internal control finding of a material audit adjustment. This had to do with the recording of surety payments for the Spring Road property. Administrator Jeffery stated that Manager Duevel, Mr. Nilson, and himself met to discuss how to properly track expenses for the purchase of this property and that he will work with RedPath to track in one fund.

Mr. Nilson stated that annual budget has remained relatively consistent and that, while the fund balance had increased significantly, this was due primarily to a delay in project implementation and would likely be spent down this year.

Mr. Nilson explained recent trends in the RPBCWD cash and investment balance. Manager Duevel asked for an explanation as to why RedPath's year end balance was different from the Audit amount. Mr. Nilson stated that it likely has to do with a number of factors, most of which should be addressed by the accountant. These might include fund balance adjustments, timing of deposits and check issuance, etc. He went on to state that if the numbers didn't reconcile, they would not even go on with the audit.

Manager Crafton and Manager Duevel both stated that this is the reason we hire an auditor. They have the knowledge, experience, and objectivity to review our financial record keeping for compliance and that if we have a clean audit, then we should move forward. Manager Duevel was concerned with explaining this to the other managers. Mr. Nilson suggested that to go through all of the steps that go into the reconciliation and audit might be an exercise in futility given the complexity of the review.

Adjournment/Continuance

The meeting adjourned at 10:19 am.



Lighting the path forward

Riley Purgatory Bluff Creek Watershed District

2023 Financial Statement Audit



Introduction

- Audit Results
- 509 Plan Implementation Fund Results

DRAFT



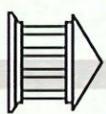
Audit Results

Auditor's Opinion



**Unmodified/Clean
Opinion**

**Minnesota Legal
Compliance**



**One Legal Compliance
Finding Noted on Next
Slide**

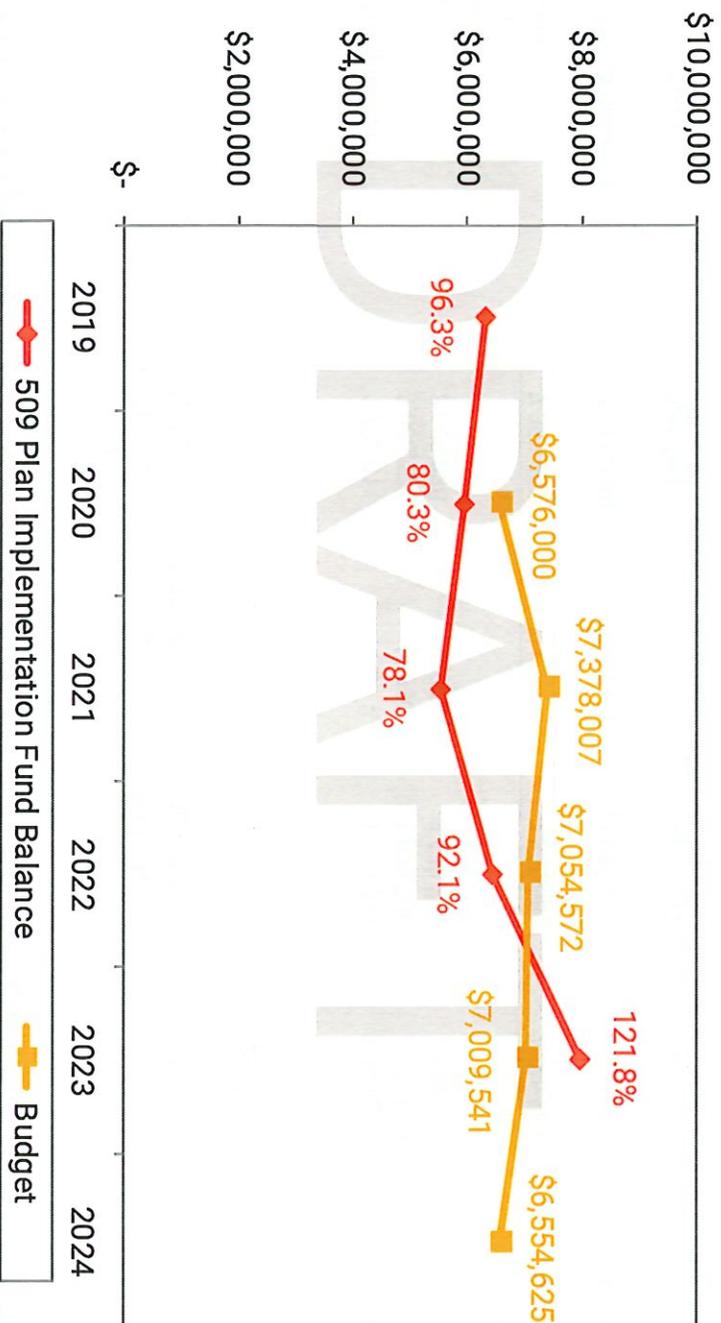
Audit Results

2023 Audit Findings

- Timely Payment of Claims
 - Legal Compliance Finding
 - MN State 471.425
- Material Audit Adjustment
 - Internal Control Finding - Significant Deficiency
 - Surety Payments



509 Plan Implementation Fund Balance Compared to Budget



509 Plan Implementation Fund Budget to Actual

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 4,092,711	\$ -	\$ 4,092,711	\$ 4,370,267	\$ 277,556
Expenditures					
Current					
General Government	1,792,011	-	1,792,011	1,399,661	392,350
Programs	1,883,130	(4,830)	1,878,300	671,823	1,206,477
Projects	3,628,828	39,543	3,668,371	595,275	3,073,096
Capital outlay	-	-	-	82,915	(82,915)
Debt service	-	-	-	97,307	(97,307)
Total Expenditures	7,303,969	-	7,338,682	2,846,981	4,491,701
Net Change in Fund Balances	(3,211,258)	(34,713)	(3,245,971)	1,523,286	4,769,257
Fund Balances, January 1	6,457,992	-	6,457,992	6,457,992	-
Fund Balances, December 31	\$ 3,246,734	\$ (34,713)	\$ 3,212,021	\$ 7,981,278	\$ 4,769,257

Cash and Investments Balances



Your Abdo Team



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