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# Dakota County and Vermillion River Watershed District

Audit Exit Presentation  
Year ended December 31, 2024

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## *Agenda*

- Introduction
- Required Governance Communications
- Audit Opinion and Results
- Internal Control Communications
- Minnesota Legal Compliance Communications
- Financial statement highlights
- GASB Updates



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# Audit Team

The senior members of your audit team consisted of the following professionals:

- Chris Knopik – Principal
- Troy Gabler – Principal
- Josh Robertson - Senior



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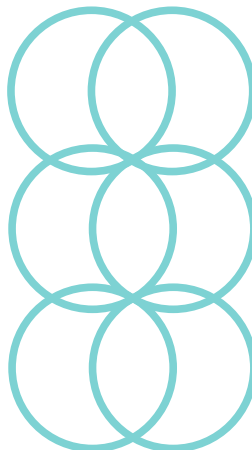
# Governance Communications

## Overall

Audit provides reasonable assurance, not *absolute* assurance

## Difficulties

- None



## Sensitive Estimates

- Liability for other post employment benefits
- Self Insurance – Incurred but not reported (IBNR) claims liability


## Other

- GASB Statement No. 100, *Accounting Changes and Error Corrections*, was implemented as of December 31, 2024.
- GASB Statement No. 101, *Compensated Absences*, was implemented as of December 31, 2024.



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### AUDIT OPINIONS


**Financial statement**  
Financial statement audit opinion is **unmodified**.

**Federal awards**  
Federal awards audit opinion is **unmodified**.



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### AUDIT RESULTS

**Financial statement**  
No material weaknesses or significant deficiencies noted.

**Federal awards**  
Three Material Weaknesses  
One Significant Deficiency



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## Internal Control Communications

*Material Weaknesses* – deficiency in internal control such that there is a reasonable possibility that a **material misstatement** would not be prevented or detected and corrected on a timely basis

- None

*Significant Deficiencies* - deficiencies in internal control that are **less severe than material weaknesses**, yet important enough to **merit attention by those charged with governance**

- None



## Federal Awards – Internal Control and Compliance

### Material Weaknesses

- SNAP: Eligibility issues for 3 of 60 Casefiles tested.
- MA: Random Moment Studies Item. 1 Individual on both the Social Service and LCTS Random moment studies included that should not have been.
- MA: LCTS documented review that fiscal site contacts were trained on completing cost schedules.

### Significant Deficiency

- SNAP: 1 of the procurements we tested did not retain proper documentation.



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## Minnesota Legal Compliance Communications

Auditors performed numerous audit procedures testing the County's compliance with applicable Minnesota Statutes, including the completion of a 25-page checklist of statutory requirements

### 2024 Results:

- **1 item related to receipt of investment broker certifications for Wells Fargo and a portion of PFM investments.**



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## Passed Adjusting Journal Entries

- Accounts Payable passed adjustments:
  - Highway Fund: \$175,462 factual. \$860,525 projected.
  - Capital Projects Fund: \$32,400 factual. \$88,525 projected.
  - DC Transportation Fund: \$892,063 factual.
  - Aggregate Remaining Other Funds: \$271,827 factual. \$2,315,979 projected.
  - Governmental Activities: \$2,871,752 factual. \$5,657,092 projected.
- 100k Receivable for General fund.
- \$1.5M contingent liability for settled lawsuit.
- Due within one year amount for comp abs should be \$11M higher.



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## Financial Statement Highlights and Trends



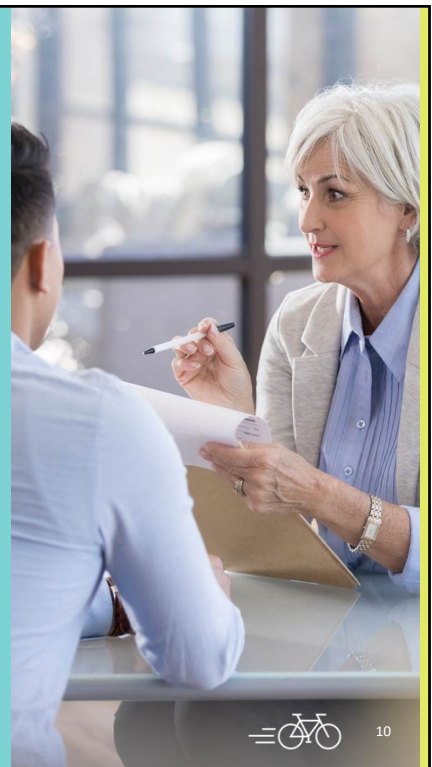
## Fund Balance Trends



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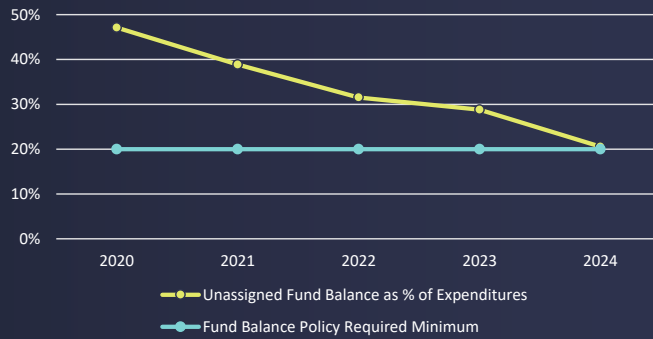
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# Fund Balance General Fund

Policy states that the County should maintain an unassigned fund balance greater than 20 percent of the General Fund Operating Expenditures at the end of the fiscal year.

Fund Balance Policy Compliance



|   | 2020        | 2021        | 2022        | 2023        | 2024        |
|---|-------------|-------------|-------------|-------------|-------------|
| Unassigned Fund Balance                       | 127,446,383 | 102,222,194 | 84,067,178  | 82,829,973  | 63,885,855  |
| Total Fund Balance                            | 142,658,390 | 110,292,751 | 92,036,654  | 98,464,455  | 79,077,068  |
| Expenditures (Excluding Other Financing Uses) | 270,465,084 | 279,072,343 | 266,599,319 | 287,471,207 | 310,863,527 |



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# Fund Balance General Fund - Comparison

Compared to largest 10 counties in Minnesota by Population

| Entity Name       | Unassigned Fund Balance | Total Fund Balance | Total Expenditures | Unassigned as a % of expenditures | Fund Balance as a % of Expenditures |
|-------------------|-------------------------|--------------------|--------------------|-----------------------------------|-------------------------------------|
| Hennepin County   | \$ 151,405,040          | \$ 292,251,720     | \$ 964,164,868     | 16%                               | 30%                                 |
| Ramsey County     | \$ 192,619,585          | \$ 277,567,841     | \$ 816,126,348     | 24%                               | 34%                                 |
| Dakota County     | \$ 63,885,855           | \$ 79,077,268      | \$ 310,863,527     | 21%                               | 25%                                 |
| Anoka County      | \$ 52,935,504           | \$ 90,928,704      | \$ 173,614,011     | 30%                               | 52%                                 |
| Washington County | \$ 85,736,255           | \$ 270,661,355     | \$ 264,102,386     | 32%                               | 102%                                |
| St. Louis County  | \$ 46,088,522           | \$ 96,092,697      | \$ 145,744,801     | 32%                               | 66%                                 |
| Olmsted County    | \$ 87,376,773           | \$ 110,567,358     | \$ 96,712,325      | 90%                               | 114%                                |
| Stearns County    | \$ 38,438,418           | \$ 43,975,411      | \$ 78,974,931      | 49%                               | 56%                                 |
| Scott County      | \$ 45,231,661           | \$ 63,048,220      | \$ 139,373,881     | 32%                               | 45%                                 |
| Wright County     | \$ 67,260,238           | \$ 79,908,700      | \$ 102,135,831     | 66%                               | 78%                                 |



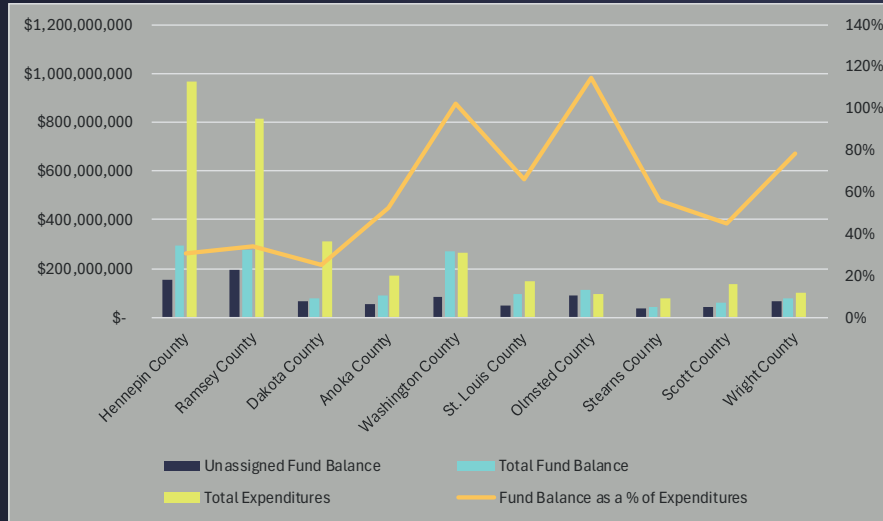
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# Fund Balance General Fund - Comparison

Compared to largest 10 counties in Minnesota by Population (2024 information \*2023 for Ramsey)



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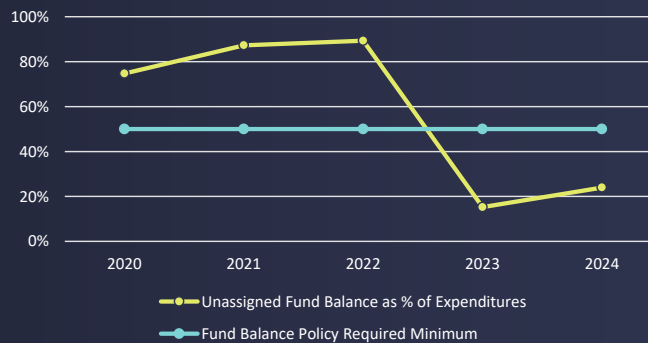


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## Fund Balance Highway Fund

Policy states that the County should maintain a fund balance at year end equal to or greater than 50 percent the highway actual expenditures.

### Fund Balance Policy Compliance



|   | 2020       | 2021       | 2022       | 2023       | 2024       |
|---|------------|------------|------------|------------|------------|
| Total Fund Balance                            | 52,726,803 | 62,970,397 | 55,067,332 | 13,591,686 | 14,518,012 |
| Expenditures (Excluding Other Financing Uses) | 70,571,653 | 72,131,459 | 61,634,034 | 89,256,094 | 60,545,162 |



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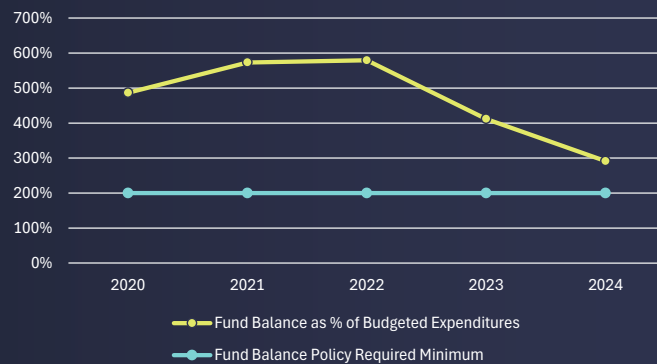


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# Fund Balance Environmental Legacy Fund

Policy states that the County should maintain a fund balance at year end equal to or greater than two times the actual ELF expenditures.

Fund Balance Policy Compliance



|                          | 2020       | 2021       | 2022       | 2023       | 2024       |
|--------------------------|------------|------------|------------|------------|------------|
| Total Fund Balance       | 54,938,656 | 55,075,511 | 56,973,275 | 55,037,537 | 52,065,713 |
| Total Final Expenditures | 11,292,268 | 9,610,119  | 9,832,575  | 13,366,914 | 17,865,878 |



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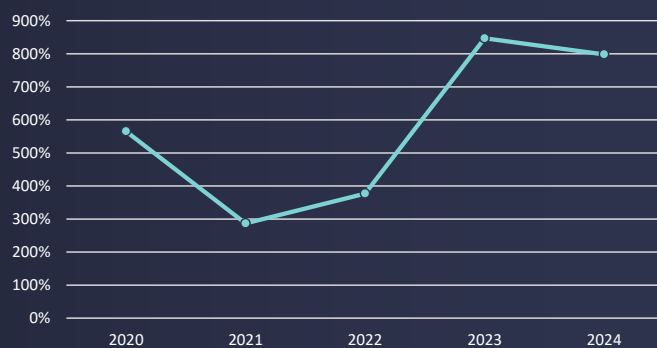


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# Fund Balance DC Transportation Sales Tax Fund

There are no specific policy requirements for this fund.

Total Fund Balance as % of Expenditures



|   | 2020       | 2021       | 2022       | 2023       | 2024        |
|---|------------|------------|------------|------------|-------------|
| Total Fund Balance                            | 68,521,967 | 65,950,725 | 72,432,359 | 95,213,796 | 102,814,078 |
| Expenditures (Excluding Other Financing Uses) | 12,116,734 | 23,000,807 | 19,209,777 | 11,243,523 | 12,879,515  |



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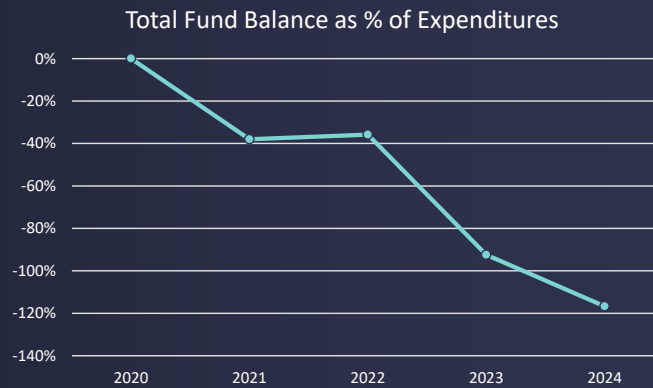


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## Fund Balance Capital Projects Fund

There are no specific policy requirements for this fund.



|   | 2020       | 2021        | 2022        | 2023         | 2024         |
|---|------------|-------------|-------------|--------------|--------------|
| Total Fund Balance                            | -          | (4,434,957) | (2,852,777) | (10,241,168) | (34,008,342) |
| Expenditures (Excluding Other Financing Uses) | 25,427,764 | 11,660,400  | 7,958,907   | 11,079,440   | 29,126,446   |



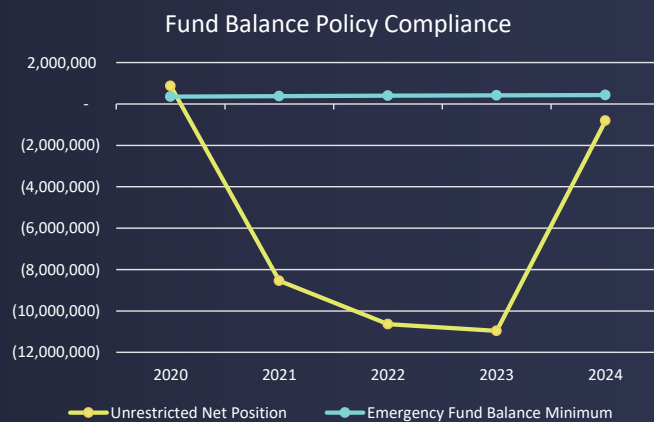
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## Net Position Byllesby Dam Fund

Policy states that the County an Emergency Fund in excess of \$350,000 in 2020, increasing for annually for inflation.



|                                  | 2020    | 2021        | 2022         | 2023         | 2024      |
|----------------------------------|---------|-------------|--------------|--------------|-----------|
| Unrestricted Net Position        | 869,431 | (8,539,180) | (10,634,507) | (10,960,672) | (808,248) |
| Emergency Fund Balance Minimum   | 350,000 | 377,300     | 401,070      | 414,305      | 425,906   |
| Annual Consumer Price Index Rate | 1.4%    | 7.8%        | 6.3%         | 3.3%         | 2.8%      |



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## GASB 102 Certain Risk Disclosures



Effective date  
**December 31, 2025**



### Increased footnote disclosures surrounding risk:

- Limitations on raising revenues
- Concentrations related to tax revenue or vendors
- Debt or mandated spending — especially unfunded mandates
- Impact of major employer leaving the community
- Collective bargaining agreements

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evaluating financial  
statement  
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# GASB 103 Financial Reporting Model Improvements



Effective date  
**December 31, 2026**



## Impacts financial statement presentation

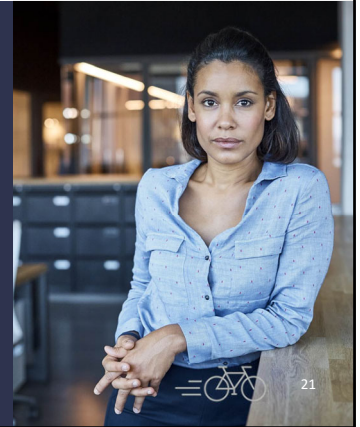
Updated disclosure guidance for:

- MD&A consistency
- Clearer definition of unusual or infrequent items
- Presentation of proprietary fund statements
- Major component unit information
- Budgetary comparison information

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evaluating financial  
statement  
presentation and  
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# GASB 104 – Disclosure of Certain Capital Assets



Effective date  
**December 31, 2026**



## Will clarify how capital assets are disclosed in financials:

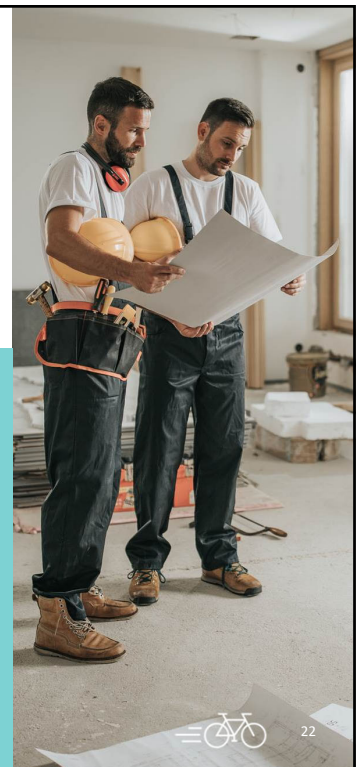
- Capital assets held for sale and related pledged debt
- Leased assets
- Subscription assets
- Right to Use PPP assets
- Other intangible assets



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## *Questions and Feedback*

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