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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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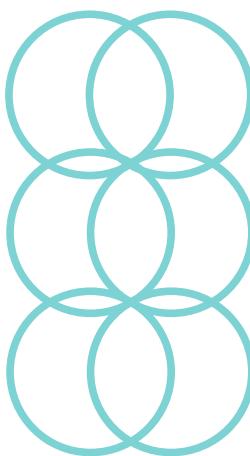
Governance Communications

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**.

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*



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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**



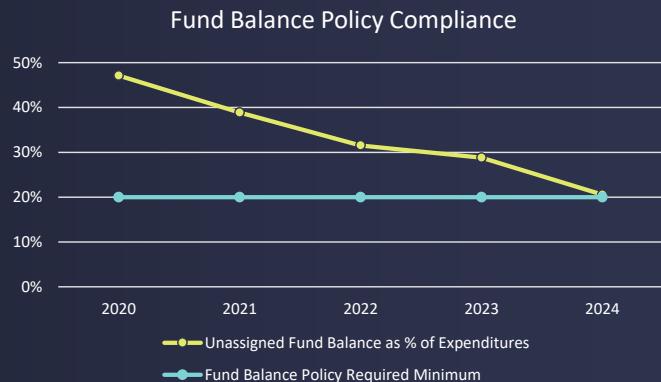
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Fund Balance General Fund

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.



	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%



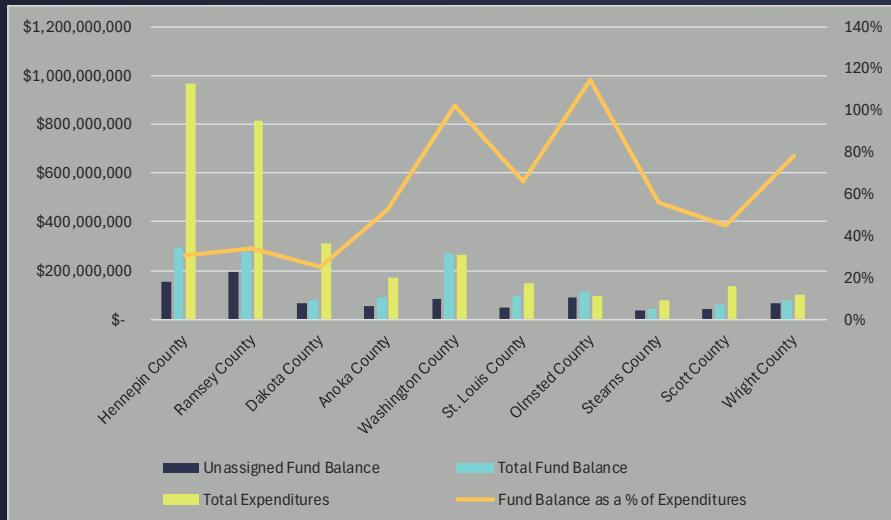
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Fund Balance General Fund - Comparison

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



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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



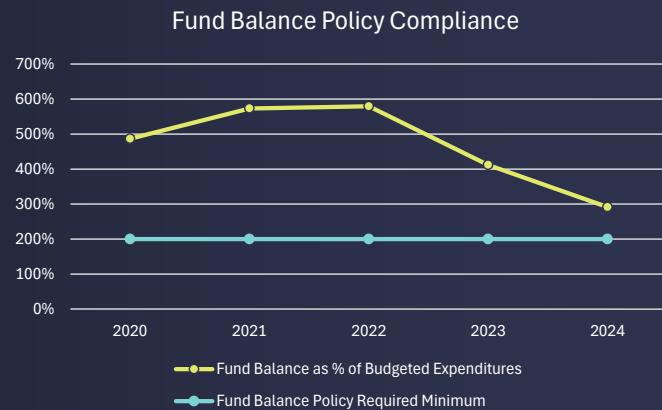
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Fund Balance Environmental Legacy Fund

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



	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



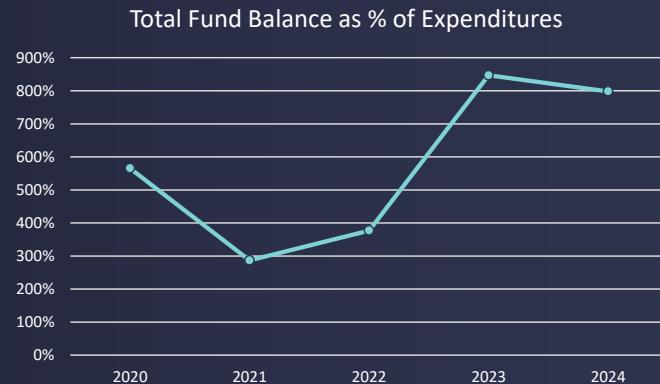
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Fund Balance DC Transportation Sales Tax Fund

There are no specific policy requirements for this fund.



	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



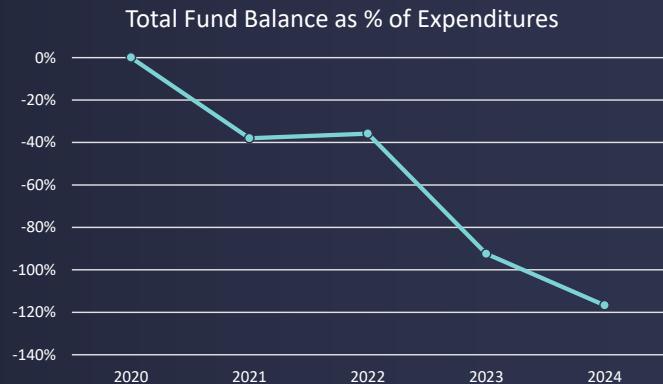
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Fund Balance Capital Projects Fund

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



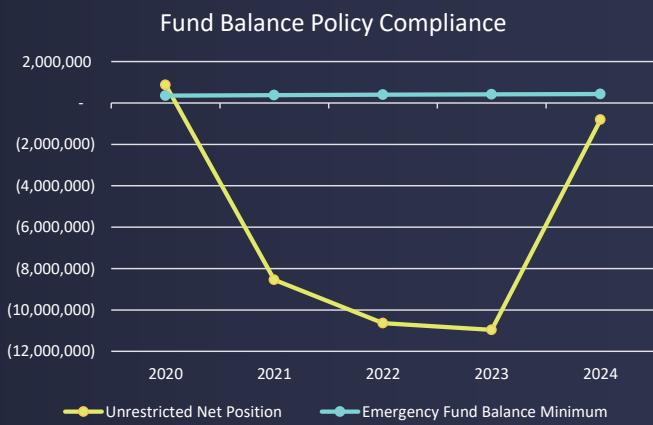
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Net Position Byllesby Dam Fund

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 Standards



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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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CLA can help by
assisting with or
evaluating financial
statement
disclosure updates



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GASB 103 Financial Reporting Model Improvements



Effective date
December 31, 2026



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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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assisting with or
evaluating financial
statement
presentation and
disclosure updates



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GASB 104 – Disclosure of Certain Capital Assets



Effective date
December 31, 2026



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Will clarify how capital assets are disclosed in financials:

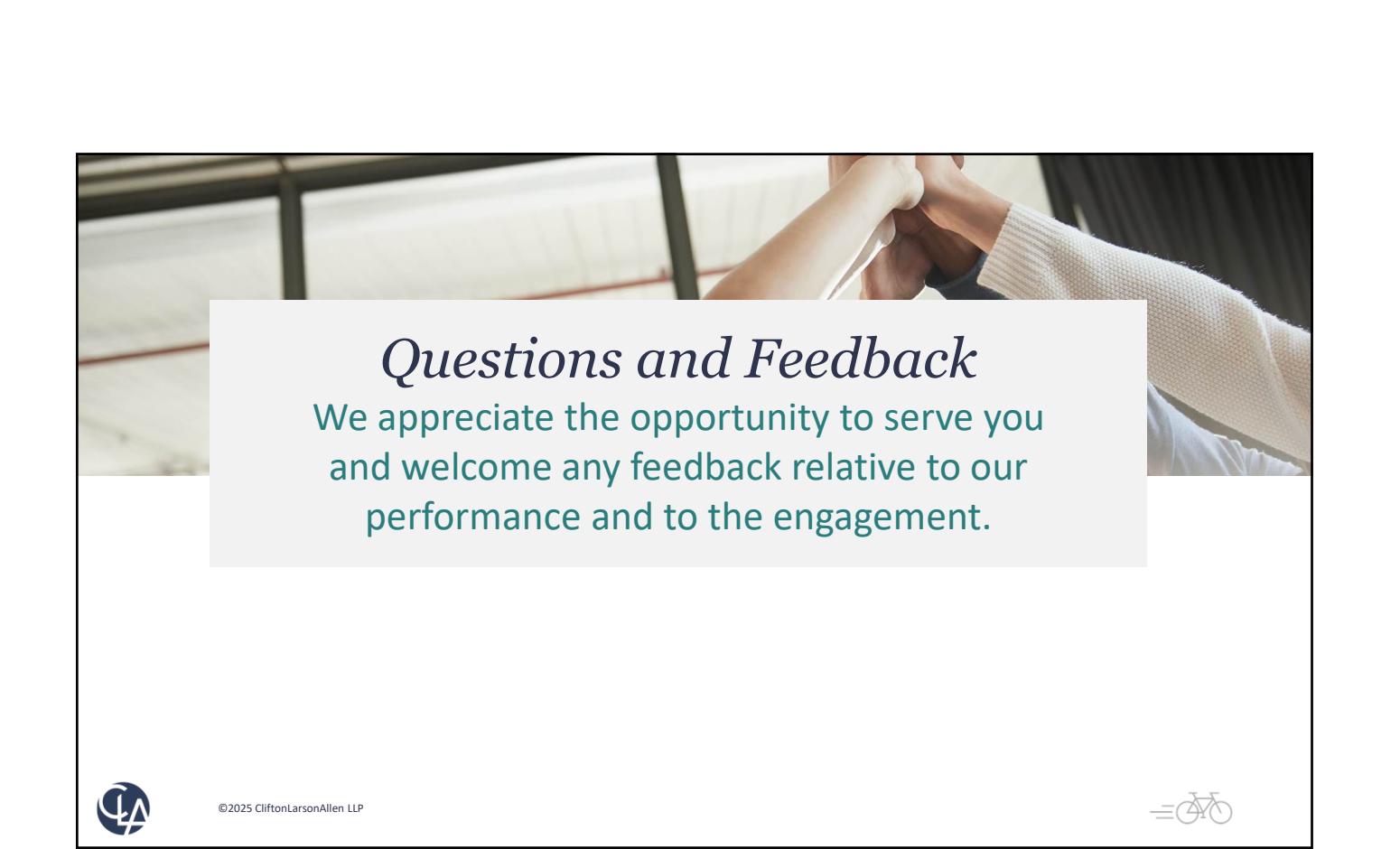
- Capital assets held for sale and related pledged debt
- Leased assets
- Subscription assets
- Right to Use PPP assets
- Other intangible assets



CLA can help by
assisting with or evaluating
financial statement
disclosure updates



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Questions and Feedback

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