

MEMORANDUM
Comfort Lake-Forest Lake Watershed District

To: Board of Managers
From: Mike Kinney
Subject: 2018 Audit Results

Date: April 8, 2019

Background/Discussion

The District contracted with Abdo, Eick & Meyers, LLP (AEM) to complete the annual audit as required by statute. Justin Nilson, Audit Manager, was the lead staff person from AEM overseeing the audit process. The AEM staff were on site on March 4th after previously being provided with specifically requested items through the months of January and February.

Due to a yearend adjustment performed by AEM in permits and grant revenue, AEM reported a finding in this year's audit. The yearend adjustment in permits was related to how escrow funds were being handled in the accounting software used by the District. There was a similar adjustment made to grant revenues between the accounting software and internal tracking documents. This finding is entirely procedural and as such, staff and both accounting firms (Redpath and CliftonLarsonAllen) have spent a noteworthy amount of time discussing the details of the finding internally, and with AEM, in order to cure the procedures for 2019 to avoid a similar finding in the future.

After a draft audit report was completed, Manager Schmaltz participated in a review of the draft report along with Nancy Martinson (Redpath), Justin Nilson (AEM), Chris Knopik and Laura Larson (CliftonLarsonAllen), and Emily Heinz, Jessica Lindemyer and myself on April 10th. The final details of the audit report have now been completed and the report will be provided to the Board prior to the April 18th board meeting as soon as we receive the bound hard copies from AEM.

Mr. Justin Nilson from AEM will be present at the April meeting to go over the 2018 audit report and answer any questions that may arise.

Recommendation

Staff recommends that the Managers accept the Abdo, Eick & Meyers, LLP prepared Management Letter and Annual Financial Report of the Comfort Lake-Forest Lake Watershed District for the year ended December 31, 2018 and directs staff to forward to the State of MN as required.

Proposed Motion: Manager _____ moves to approve the Abdo, Eick & Meyers, LLP prepared Management Letter and Annual Financial Report of the Comfort Lake Forest-Lake Watershed District for the year ended December 31, 2018 and directs staff to forward to the State of MN as required. Seconded by Manager _____.