



WASHINGTON
COUNTY
Community
Development
Agency

Finance Committee Meeting

January 16, 2018

2:00 pm - Regular Meeting

CDA Office, 7645 Currell Blvd., Woodbury

**BOARD OF COMMISSIONERS
WASHINGTON COUNTY COMMUNITY DEVELOPMENT AGENCY
WASHINGTON COUNTY, MINNESOTA**

**CDA FINANCE COMMITTEE AGENDA
January 16, 2018**

**Washington County CDA Office
7645 Currell Blvd.
Woodbury, Minnesota**

<u>Item No.</u>		<u>Page No.</u>
1	3:00 p.m. <u>CALL MEETING TO ORDER</u>	
2	<u>ROLL CALL</u>	
3	<u>DISCUSSION</u>	
	D-1 Redpath and Company Discussion on the Audit Process	3
	D-2 Special Tax Collection and Deposit Agreement Discussion	12
	<u>ADJOURN</u>	

Other CDA Board Commissioners May Be In Attendance.

DISCUSSION ITEM

D-1 Redpath and Company Discussion on the Audit Process



Memo to: CDA Finance Committee

From: Aaron Christianson Finance Director

Date: January 8, 2018

RE: 2017 Audit Update

Background

At the Board meeting on November 17, 2015, the Board approved hiring Redpath and Company, (the Auditors), for professional audit services for the years 2015-2017. As part of the service, the Auditors agreed to meet with the full Board, or Finance Committee, as appropriate, to discuss the progress of the audit. These meetings were to occur after key parts of the audit were complete.

Audit Planning

On December 4, 2017 Staff received the “Interim Client to Provide” schedule. See Attachment A. This schedule includes the documents that the Auditor requests to be provided at the time of, or prior to, their arrival for interim fieldwork. In reviewing Attachment A, one can see a column labeled “Audit Area”. This column gives the Committee an indication on what kind of tests the Auditors are performing, i.e. tests over controls, Single Audit testing, general control testing and Minnesota legal compliance testing.

On December 5, 2017 the Finance Director had an audit planning meeting with the Partner and Senior Manager from Redpath and Company. This meeting was to discuss any new issues encountered during 2017. It was also decided at this meeting that interim fieldwork was scheduled to be performed December 13th and 14th.

Interim Fieldwork – December 13th and 14th

Interim audit fieldwork is complete and Dave Mol, Partner, Redpath and Company, will be presenting the progress made on the 2017 audit at the January 16, 2018 Finance Committee meeting.

Final Fieldwork – April 4th – April 15th

Final fieldwork has been scheduled to occur April 2nd through April 13th. See Attachment B for the final “Client to Provide” schedule, provided by the Auditor on December 5, 2017. Redpath and Company will present final audit results to the Board at the May board meeting.

Recommendation

Staff recommends that the Committee use this presentation as a time to ask Mr. Mol any questions it may have about the 2017 audit, including procedures performed at interim fieldwork, any current issues or unusual risks members may be concerned about as it applies to the Agency and the outcome of control testing performed at interim. It is also a time for the Committee to share any thoughts it may have in regards to the Agency in general or specifically towards the audit.

Redpath and Company, Ltd
Client to Prepare

Entity: WCCDA
Year: 12/31/2017

Washington County CDA					
12/31/17 Interim Request List					
Item	Audit Area	Description of Request	Responsible Party	Date requested to Redpath	Notes
INTERIM - SCHEDULED DECEMBER 13th-14th					
1	Control Testing	Provide a copy of 2017 check register by check number and by vendor. We will use listing to select sample for disbursement control testing.	Blia	December 8, 2017	12/7/2017
2	Control Testing	Provide copy of G/L detail for FY 2017 to date.	Blia	December 8, 2017	12/7/2017
3	Control Testing	TB as of date of interim - used for preliminary import and account grouping	Blia	December 8, 2017	12/7/2017
4	Control Testing	Provide payroll register for first pay period in November 2017.	Blia	December 8, 2017	12/7/2017
5	Control Testing	Access to payroll registers, time cards and HR records supporting wage rates and benefit elections for selected employees. (selection will be made based upon payroll register requested above.)	Blia	1st day of interim	12/13/2017
6	Control Testing	Provide listing of all new employees hired during 2017.	Aaron	December 8, 2017	12/7/2017
7	Control Testing	Access to credit card records, expense reimbursement detail, wire transfer information and bank statements as requested.	Blia	1st day of interim	12/13/2017
8	General	List of Board Members at 12/31/17, including term of office	Aaron	1st day of interim	12/7/2017
9	General	Provide a copy of 2016 certificate comments	Aaron	1st day of interim	12/7/2017
10	General	Description of internal control procedures, review and update prior year documentation.	Aaron	1st day of interim	12/13/2017
11	General	Copies of any new financial related policies - 2017 revisions and new policies	Aaron	1st day of interim	None
12	General	For selected contracts: Provide actual bids or bid tabulations, publication notices and contractor performance and payment bonds. (if applicable)	Becky	1st day of interim	12/13/2017
13	General	Provide list of all contracts over \$100,000.	Becky	December 8, 2017	12/7/2017
14	General	Provide copy of resolution index	Aaron	1st day of interim	12/7/2017
15	General	Chart of accounts	Blia	1st day of interim	12/7/2017
16	General	Updated Budget Areas and Responsibilities document	Aaron	1st day of interim	12/7/2017
17	General	Copy of employee handbook - if changed during 2017.	Aaron	1st day of interim	None
18	General	Copy of communication from federal agencies regarding noncompliance. Copies of reports from site visits, audits, etc.	Aaron	1st day of interim	None
19	Budget	Copy of approved budget and related resolution for FY 2017.	Aaron	1st day of interim	HAVE
20	Budget	Detail of approved budget adjustments for FY 2017. Provide resolutions for amendments made.	Aaron	1st day of interim	12/20/2017
21	Budget	Copy of approved budget and related resolution for FY 2018.	Aaron	1st day of interim	12/20/2017
22	LC	Complete Legal Compliance Summary Inquiry List and Public Indebtedness Checklist.	Aaron	1st day of interim	12/13/2017
23	LC	For bonds issued in 2017, provide access to bond book/CD	Aaron	1st day of interim	None
24	LC	Provide copies of all "Broker Acknowledgement Forms" signed for FY 2017.	Aaron	1st day of interim	Ehlers - 12/7/17
25	LC	Schedule of unclaimed property and copy of reports submitted State Commissioner of Commerce (245.44) IF ANY.	Sandi	1st day of interim	PFM - 12/7/2017
26	LC	Provide signed Legal Compliance Representation letters from all board members. (template available)	Aaron	1st day of interim	12/20/2017
27	LC	Provide copy of the outstanding indebtedness form certified to the County from February 2016.	Becky	1st day of interim	HAVE
27	LC	Provide copy of Annual Disclosure of TIF if updated since December 31, 2011	Aaron	1st day of interim	None
28	LC	Provide 2016 Annual Report Form document for TIF districts. (submitted 2017)	Aaron	1st day of interim	12/7/2017
29	Insurance	Provide list of any settlement exceeding insurance coverage in 2017, 2016 and 2015.	Aaron	1st day of interim	None
30	Insurance	Provide list of any significant reduction of insurance coverage from prior year.	Aaron	1st day of interim	None
Briar Pond, LLC					
12/31/17 Client to Provide List					
INTERIM - SCHEDULED DECEMBER 13th-14th					
Item	Audit Area	Description of Request	Responsible Party	Date requested to Redpath	Notes
1	General	Cash receipts ledger for the period 1/1/2017 through 12/7/2017	Blia	December 8, 2017	12/7/2017
2	Compliance	Provide "Deposit Ledger" showing rental receipts for the months of February, April, July, and September.	Blia	December 8, 2017	12/7/2017
3	Compliance	Provide listing of tenants that moved in and tenants that moved out during the period under audit.	Becky	December 8, 2017	12/8/2017
4	General	Check register listing for the year 1/1/2017 through 12/7/2017. (Briar Pond disbursements only)	Blia	December 8, 2017	12/7/2017
5	General	Trial balance as of date of interim	Blia	December 8, 2017	12/7/2017
6	General	General Ledger Detail for the fiscal year 1/1/2017 through 12/7/2017.	Blia	December 8, 2017	12/7/2017

Washington County CDA - SINGLE AUDIT					
12/31/17 Client to Provide List					
INTERIM - SCHEDULED DECEMBER 13th-14th			Responsible Party	Date requested to Redpath	Notes
Item		Description of Request			
1	General	Provide DRAFT Schedule of Expenditures of Federal Awards. (Type A programs are those who's expenditures exceed \$750,000, Type B Programs are those who's expenditures exceed \$187,500. WCCDA is considered a low-risk auditee so minimum coverage requirement is 20%.)	Aaron	Once provided, major programs will be selected and additional requests for interim will be made.	

Attachment B Washington County CDA

Item	Audit Area	Description of Request	Responsible Party	Date requested to Redpath	Date Received
Prior to fieldwork					
1	Planning	Prepare signed confirmations (cash, investment, attorney, receivables, debt, County, etc.)		as soon as available	
2	Planning	Copies of bond books or mortgage, promissory note, security agreement, etc for new debt issued during 2017 or 2018 through date of fieldwork.		as soon as available	
3	Planning	Updated Internal control narrative information, if any changes are needed from the information provided at interim		as soon as available	
4	Planning	Electronic version of FY 2017 trial balance, with all closing and other adjustments posted		3/26/2018	
5	Planning	Electronic version of FY 2017 G/L detail as of date of trial balance		3/26/2018	
6	Planning	Electronic version of 2017 disbursement register (include checks and EFT's).		3/26/2018	
7	Planning	Electronic report of all manual journal entries posted during 2017.		3/26/2018	
8	Receivables	Electronic version of FY 2018 receipt ledger from January 1 - 3/26/2018		3/26/2018	
9	Payables	Electronic version of FY 2018 disbursement register from January 1 - 3/26/2018		3/26/2018	
Fieldwork - Scheduled to begin March 27, 2017					
10	LC	Provide list of deposit accounts and documentation regarding FDIC coverage and other insurance/collateral as of 12/31/2017.		4/2/2018	
11	LC	Electronic copy of the Report of Outstanding Indebtedness report as of 12/31/17 filed with the County.		4/2/2018	
12	LC	If there were any decertified TIF Districts, provide a copy of the "confirmation of decertified TIF District" submitted to Washington County		4/2/2018	
13	Cash/Investments	For all bank/broker accounts (including trust accounts) provide a copy of the December reconciliation and bank statements.		4/2/2018	
14	Cash/Investments	Provide a listing of all new trust accounts and which property/debt issue they relate to		4/2/2018	
15	Cash/Investments	Provide access to January 2018 Statements for all accounts		4/2/2018	
16	Cash/Investments	Schedule of year-end deposits and investments, detailing each investment as of 12/31/17 by broker and description, AND FAIR VALUE LEVEL, reconciled to footnote disclosure amounts. Please include maturity dates, bank balance, book balance, rating and fund.		4/2/2018	
17	Cash/Investments	Schedule of accrued interest receivable calculation		4/2/2018	
18	Cash/Investments	Schedule of investment income by fund, reconciled to sources of interest		4/2/2018	
19	Cash/Investments	Provide workpaper to document unrestricted vs restricted cash and investments. Historically, auditor has performed calculation to reclassify unrestricted portion of security deposit balances and surplus amounts held in trust funds from amounts reported in restricted cash.		4/2/2018	
20	Receivables	Schedule of the detail of accounts receivable of DFOG balances by fund		4/2/2018	
21	Receivables	Copy of aged tenant accounts receivable report		4/2/2018	
22	Receivables	Schedule of Loan Receivables including interest accrual calculations		4/2/2018	
23	Receivables	Calculation of receivable balances not expected to be collected within one year		4/2/2018	
24	Receivables	Analysis of any allowance necessary for doubtful accounts		4/2/2018	
25	Receivables	Capital Lease Receivable amortization schedule - if changes from 2013		4/2/2018	
26	Other Revenue	Schedule of Vacancy Rates by month, property and unit size		4/2/2018	
27	Other Revenue	Schedule of 2017 rent rates by property and unit size		4/2/2018	
28	Other Revenue	Provide analytics of Rental Revenue by property as compared to budget and prior year. Provide explanations for significant variances as well as supporting documentation.		4/2/2018	
29	Other Revenue	Provide explanations and supporting documentation for any significant, non-routine revenue sources in the properties or governmental funds		4/2/2018	
30	Property Taxes	Schedule of delinquent tax activity (reconciled to County balances) including calculation of the balance not expected to be collected within one year		4/2/2018	
31	Property Taxes	Schedule of Ad Valorem and TIF property tax revenue by fund		4/2/2018	
32	Property Taxes	Schedules of Ad Valorem and TIF property tax collections by settlement		4/2/2018	
33	Property Taxes	Copy of the Resolution adopting the 2017 and 2018 Tax Levy		4/2/2018	
34	Property Taxes	Copies of all Washington County Tax Settlement statements, including Certification of TIF net tax capacities for 2017 for TIF district 75 and 78.		4/2/2018	
35	Prepays	Schedule of prepaid balances and detail by fund with supporting documentation for significant items.		4/2/2018	
36	Interfund Activity	Matrix of interfund transfers including description and approval/authorization.		4/2/2018	
37	Interfund Activity	Due to and Due from other funds balances detail per fund		4/2/2018	
38	Interfund Activity	Provide schedules for Red Rock loan and Whispering Oaks TIF Loan from 2014		4/2/2018	
39	Interfund Activity	Provide a copy of any new Interfund Loan documents and a schedule of draws on the loan		4/2/2018	
40	Interfund Activity	Provide summary of balances not expected to be collected within one year		4/2/2018	
41	Capital Assets	Capital Asset Lead Schedule including beginning balances, additions, deletions and ending balances and changes in accumulated depreciation.		4/2/2018	
42	Capital Assets	Detail Capital Asset Schedules for buildings and structures, grounds and land improvements, furniture and fixtures and land. Including beginning balances, additions, deletions and ending balances in summary and detail by fund		4/2/2018	
43	Capital Assets	Detail listing of all asset additions, reconciled to capital outlay as applicable		4/2/2018	
44	Capital Assets	Detail listing of all asset disposals, including a schedule of gain/loss on disposal		4/2/2018	
45	Capital Assets	Schedule of depreciation by function - previous years all depreciation was charged to general government. NCN to provide schedule if all expense should be charged to this function again in 2017.		4/2/2018	
46	Capital Assets	Provide workpaper showing calculation of deferred gain on sale of property.		4/2/2018	
47	Construction	Schedule of construction activity by fund, including identification of amounts capitalized and expensed.		4/2/2018	
48	Construction	Schedule of Contracts Payable and Retainage payable by project/fund, including identification of contract commitments		4/2/2018	
49	Construction	Listing of all open projects at 12/31/2017, with identification of the related fund and contract details (including disclosure for committed contracts)		4/2/2018	
50	Property held for resale	Schedule of property held for resale, including details of any additions, deletions or changes in balance (consider if the property is currently reported at the lower of cost or Net Realizable Value).		4/2/2018	
51	Property held for resale	Have supporting documentation available for all purchases and sales of property held for Resale.		4/2/2018	
52	Payables	Schedule of detail of accounts payable and DTOG at year end, by fund, including identification of and supporting documentation for any unusual and significant payables		4/2/2018	
53	Payables	Schedule of PILOT accrual amounts		4/2/2018	
54	Payroll Related	Schedule of salaries payable at 12/31/17, reconciled to related payroll checks of 2018		4/2/2018	
55	Payroll Related	Provide copy of payroll registers to support salaries payable calculation.		4/2/2018	

56	Payroll Related	Summary of 2017 contributions to the 457 plan including identification of the employee and employer shares, reconciled to G/L.		4/2/2018	
57	Payroll Related	Provide summary plan description if changes were made to employee retirement plans during FY 2017.		4/2/2018	
58	Payroll Related - Comp. Abs.	Schedule of Compensated Absences by employee as of 12/31/17, including FICA/Medicare accruals. Include details regarding beginning balance, additions, deletions and ending balance for footnote disclosure.		4/2/2018	
59	Payroll Related - Comp. Abs.	Calculation of Compensated Absences estimated to be due in one year.		4/2/2018	
60	Payroll Related - OPEB	Provide documentation to support any changes in OPEB position. (PY documented that WCCDA position is implicit rate statutes application is limited to former employees who are receiving a disability benefit. Liability recorded is \$0 as there are currently no employees/former employees who meet requirements)		4/2/2018	
61	Deposits payable	Schedules for escrow, security, FSS and other deposits payable, including reconciliation of the deposit amount to the related deposit bank account balance		4/2/2018	
62	Debt	For Governmental Activities Long term Debt, provide a schedule of beginning balances, additions, deletions, ending balances and the related interest payable calculations		4/2/2018	
63	Debt	Provide loan/mortgage/bond documents including amortization schedules for any new debt in governmental activities		4/2/2018	
64	Debt	For Proprietary Notes and Mortgages payable, provide a schedule of beginning balances, additions, deletions, ending balances and identification of the amount due within one year		4/2/2018	
65	Debt	For Revenue Bonds, provide a schedule of beginning balances, additions, deletions, ending balances and identification of the amount due within one year		4/2/2018	
66	Debt	For new refunding's of debt, prepare calculations to analyze the refunding and determine if there is any gain/loss on refunding.		4/2/2018	
67	Debt	For any other new or updated agreements, provide updated payment and amortization schedules as needed (including the new developer's agreement)		4/2/2018	
68	Debt	Provide a schedule of accrued interest payable at 12/31/2017		4/2/2018	
69	Debt	Provide amortization schedules for gains/loss, premiums, and discounts, etc.		4/2/2018	
70	Debt	Schedule of conduit debt outstanding		4/2/2018	
71	Debt	Schedule of deferred refunding costs			
72	Debt	Schedule of compliance with debt covenants		4/2/2018	
73	Debt	Provide workpaper to summarize information for Debt footnotes. (including revenues pledged)		4/2/2018	
74	Leases	For any significant leases (annual payments greater than \$20,000) provide copies of lease documents (if new or changes from prior year)		4/2/2018	
75	Deferred Revenue	Schedule of unavailable/unearned revenue by fund and nature of revenue INCLUDING summarized information to tie to footnote #5.		4/2/2018	
76	Equity	Schedule of the components of net position		4/2/2018	
77	Equity	Schedule of the components of fund-based equity allocations, including support/authorization for amounts restricted, committed, etc.		4/2/2018	
78	Equity	Updated fund balance or net position policies including board resolution adopting policy.		4/2/2018	
79	Equity	Provide updated language for Note 14B - Minimum Unassigned Fund Balance. (Including calculation to determine targeted unassigned fund balance amount per the policy)		4/2/2018	
80	Intergovernmental Revenue	Intergovernmental Revenue lead schedule listing out individual grant amounts, with fund identification and reconciling current year receipts with current year and prior year receivables/deferrals to end at current year revenue. NOTE: Ensure workpaper gets updated for all IGR amounts.		4/2/2018	
81	Intergovernmental Revenue	Provide 2017 disbursement schedule for Housing Choice Voucher Program.		4/2/2018	
82	Intergovernmental Revenue	Provide G/L detail summary of HOME grant expenditures and access to request for reimbursement for largest reimbursement request from Dakota County CDA.		4/2/2018	
83	Intergovernmental Revenue	Provide detailed IDIS reconciliation to G/L for CDBG Grant Expenditures.		4/2/2018	
84	Intergovernmental Revenue	Provide ELOCCS draw report for all 2017 draws for Whispering Pines operating subsidy.		4/2/2018	
85	Intergovernmental Revenue	Provide ELOCCS draw report for all 2017 draws for Shelter Plus Care.		4/2/2018	
86	Intergovernmental Revenue	Provide additional supporting documentation from grant files as requested during audit.		4/2/2018	
87	Intergovernmental Revenue	Provide final Schedule of Expenditures of Federal Awards with reconciliation to federal revenues as identified on IGR lead.		4/2/2018	
88	Other	Provide copy of Shelter agreement in place during FY 2017. (If changes were made to the previously existing 2014-2018 agreement)		4/2/2018	
During and after Fieldwork					
89	General	During the course of testing, we generally will identify additional items which require explanation, reconciliation and/or supporting documentation. We will make these requests as the items come to our attention.		on-going	
90	CAFR	Transmittal Letter		prior to audit issuance	
91	CAFR	MD&A		prior to audit issuance	
92	CAFR	CAFR cover		prior to audit issuance	
93	CAFR	Organizational Chart		prior to audit issuance	
94	CAFR	Provide copy of Certificate of Achievement from 2016.		prior to audit issuance	12/12/2017
95	CAFR	Provide updated language for Note 1B - Reporting Entity.		prior to audit issuance	
96	CAFR	Provide copies of financial statements and governance letters for discretely presented component units. Footnotes preferred in MS Word for easy inclusion in CAFR.		prior to audit issuance	
97	CAFR	Statistical section (tables 7.9-15)		prior to audit issuance	
Any questions on audit prep can be directed to Cathy Lydon - clydon@redpathcpas.com - 651-255-9337 or Dave Mol - dmol@redpathcpas.com - 651-407-5803					

Attachment B Washington County CDA

Item	Audit Area	Description of Request	Responsible Party	Date requested to Redpath	Date Received
Prior to fieldwork					
1	Planning	Prepare signed confirmations (cash, investment, attorney, receivables, debt, County, etc.)		as soon as available	
2	Planning	Copies of bond books or mortgage, promissory note, security agreement, etc for new debt issued during 2017 or 2018 through date of fieldwork.		as soon as available	
3	Planning	Updated Internal control narrative information, if any changes are needed from the information provided at interim		as soon as available	
4	Planning	Electronic version of FY 2017 trial balance, with all closing and other adjustments posted		3/26/2018	
5	Planning	Electronic version of FY 2017 G/L detail as of date of trial balance		3/26/2018	
6	Planning	Electronic version of 2017 disbursement register (include checks and EFT's).		3/26/2018	
7	Planning	Electronic report of all manual journal entries posted during 2017.		3/26/2018	
8	Receivables	Electronic version of FY 2018 receipt ledger from January 1 - 3/26/2018		3/26/2018	
9	Payables	Electronic version of FY 2018 disbursement register from January 1 - 3/26/2018		3/26/2018	
Fieldwork - Scheduled to begin March 27, 2017					
10	LC	Provide list of deposit accounts and documentation regarding FDIC coverage and other insurance/collateral as of 12/31/2017.		4/2/2018	
11	LC	Electronic copy of the Report of Outstanding Indebtedness report as of 12/31/17 filed with the County.		4/2/2018	
12	LC	If there were any decertified TIF Districts, provide a copy of the "confirmation of decertified TIF District" submitted to Washington County		4/2/2018	
13	Cash/Investments	For all bank/broker accounts (including trust accounts) provide a copy of the December reconciliation and bank statements.		4/2/2018	
14	Cash/Investments	Provide a listing of all new trust accounts and which property/debt issue they relate to		4/2/2018	
15	Cash/Investments	Provide access to January 2018 Statements for all accounts		4/2/2018	
16	Cash/Investments	Schedule of year-end deposits and investments, detailing each investment as of 12/31/17 by broker and description, AND FAIR VALUE LEVEL, reconciled to footnote disclosure amounts. Please include maturity dates, bank balance, book balance, rating and fund.		4/2/2018	
17	Cash/Investments	Schedule of accrued interest receivable calculation		4/2/2018	
18	Cash/Investments	Schedule of investment income by fund, reconciled to sources of interest		4/2/2018	
19	Cash/Investments	Provide workpaper to document unrestricted vs restricted cash and investments. Historically, auditor has performed calculation to reclassify unrestricted portion of security deposit balances and surplus amounts held in trust funds from amounts reported in restricted cash.		4/2/2018	
20	Receivables	Schedule of the detail of accounts receivable of DFOG balances by fund		4/2/2018	
21	Receivables	Copy of aged tenant accounts receivable report		4/2/2018	
22	Receivables	Schedule of Loan Receivables including interest accrual calculations		4/2/2018	
23	Receivables	Calculation of receivable balances not expected to be collected within one year		4/2/2018	
24	Receivables	Analysis of any allowance necessary for doubtful accounts		4/2/2018	
25	Receivables	Capital Lease Receivable amortization schedule - if changes from 2013		4/2/2018	
26	Other Revenue	Schedule of Vacancy Rates by month, property and unit size		4/2/2018	
27	Other Revenue	Schedule of 2017 rent rates by property and unit size		4/2/2018	
28	Other Revenue	Provide analytics of Rental Revenue by property as compared to budget and prior year. Provide explanations for significant variances as well as supporting documentation.		4/2/2018	
29	Other Revenue	Provide explanations and supporting documentation for any significant, non-routine revenue sources in the properties or governmental funds		4/2/2018	
30	Property Taxes	Schedule of delinquent tax activity (reconciled to County balances) including calculation of the balance not expected to be collected within one year		4/2/2018	
31	Property Taxes	Schedule of Ad Valorem and TIF property tax revenue by fund		4/2/2018	
32	Property Taxes	Schedules of Ad Valorem and TIF property tax collections by settlement		4/2/2018	
33	Property Taxes	Copy of the Resolution adopting the 2017 and 2018 Tax Levy		4/2/2018	
34	Property Taxes	Copies of all Washington County Tax Settlement statements, including Certification of TIF net tax capacities for 2017 for TIF district 75 and 78.		4/2/2018	
35	Prepays	Schedule of prepaid balances and detail by fund with supporting documentation for significant items.		4/2/2018	
36	Interfund Activity	Matrix of interfund transfers including description and approval/authorization.		4/2/2018	
37	Interfund Activity	Due to and Due from other funds balances detail per fund		4/2/2018	
38	Interfund Activity	Provide schedules for Red Rock loan and Whispering Oaks TIF Loan from 2014		4/2/2018	
39	Interfund Activity	Provide a copy of any new Interfund Loan documents and a schedule of draws on the loan		4/2/2018	
40	Interfund Activity	Provide summary of balances not expected to be collected within one year		4/2/2018	
41	Capital Assets	Capital Asset Lead Schedule including beginning balances, additions, deletions and ending balances and changes in accumulated depreciation.		4/2/2018	
42	Capital Assets	Detail Capital Asset Schedules for buildings and structures, grounds and land improvements, furniture and fixtures and land. Including beginning balances, additions, deletions and ending balances in summary and detail by fund		4/2/2018	
43	Capital Assets	Detail listing of all asset additions, reconciled to capital outlay as applicable		4/2/2018	
44	Capital Assets	Detail listing of all asset disposals, including a schedule of gain/loss on disposal		4/2/2018	
45	Capital Assets	Schedule of depreciation by function - previous years all depreciation was charged to general government. NCN to provide schedule if all expense should be charged to this function again in 2017.		4/2/2018	
46	Capital Assets	Provide workpaper showing calculation of deferred gain on sale of property.		4/2/2018	
47	Construction	Schedule of construction activity by fund, including identification of amounts capitalized and expensed.		4/2/2018	
48	Construction	Schedule of Contracts Payable and Retainage payable by project/fund, including identification of contract commitments		4/2/2018	
49	Construction	Listing of all open projects at 12/31/2017, with identification of the related fund and contract details (including disclosure for committed contracts)		4/2/2018	
50	Property held for resale	Schedule of property held for resale, including details of any additions, deletions or changes in balance (consider if the property is currently reported at the lower of cost or Net Realizable Value).		4/2/2018	
51	Property held for resale	Have supporting documentation available for all purchases and sales of property held for Resale.		4/2/2018	
52	Payables	Schedule of detail of accounts payable and DTOG at year end, by fund, including identification of and supporting documentation for any unusual and significant payables		4/2/2018	
53	Payables	Schedule of PILOT accrual amounts		4/2/2018	
54	Payroll Related	Schedule of salaries payable at 12/31/17, reconciled to related payroll checks of 2018		4/2/2018	
55	Payroll Related	Provide copy of payroll registers to support salaries payable calculation.		4/2/2018	

56	Payroll Related	Summary of 2017 contributions to the 457 plan including identification of the employee and employer shares, reconciled to G/L.		4/2/2018	
57	Payroll Related	Provide summary plan description if changes were made to employee retirement plans during FY 2017.		4/2/2018	
58	Payroll Related - Comp. Abs.	Schedule of Compensated Absences by employee as of 12/31/17, including FICA/Medicare accruals. Include details regarding beginning balance, additions, deletions and ending balance for footnote disclosure.		4/2/2018	
59	Payroll Related - Comp. Abs.	Calculation of Compensated Absences estimated to be due in one year.		4/2/2018	
60	Payroll Related - OPEB	Provide documentation to support any changes in OPEB position. (PY documented that WCCDA position is implicit rate statutes application is limited to former employees who are receiving a disability benefit. Liability recorded is \$0 as there are currently no employees/former employees who meet requirements)		4/2/2018	
61	Deposits payable	Schedules for escrow, security, FSS and other deposits payable, including reconciliation of the deposit amount to the related deposit bank account balance		4/2/2018	
62	Debt	For Governmental Activities Long term Debt, provide a schedule of beginning balances, additions, deletions, ending balances and the related interest payable calculations		4/2/2018	
63	Debt	Provide loan/mortgage/bond documents including amortization schedules for any new debt in governmental activities		4/2/2018	
64	Debt	For Proprietary Notes and Mortgages payable, provide a schedule of beginning balances, additions, deletions, ending balances and identification of the amount due within one year		4/2/2018	
65	Debt	For Revenue Bonds, provide a schedule of beginning balances, additions, deletions, ending balances and identification of the amount due within one year		4/2/2018	
66	Debt	For new refunding's of debt, prepare calculations to analyze the refunding and determine if there is any gain/loss on refunding.		4/2/2018	
67	Debt	For any other new or updated agreements, provide updated payment and amortization schedules as needed (including the new developer's agreement)		4/2/2018	
68	Debt	Provide a schedule of accrued interest payable at 12/31/2017		4/2/2018	
69	Debt	Provide amortization schedules for gains/loss, premiums, and discounts, etc.		4/2/2018	
70	Debt	Schedule of conduit debt outstanding		4/2/2018	
71	Debt	Schedule of deferred refunding costs			
72	Debt	Schedule of compliance with debt covenants		4/2/2018	
73	Debt	Provide workpaper to summarize information for Debt footnotes. (including revenues pledged)		4/2/2018	
74	Leases	For any significant leases (annual payments greater than \$20,000) provide copies of lease documents (if new or changes from prior year)		4/2/2018	
75	Deferred Revenue	Schedule of unavailable/uneared revenue by fund and nature of revenue INCLUDING summarized information to tie to footnote #5.		4/2/2018	
76	Equity	Schedule of the components of net position		4/2/2018	
77	Equity	Schedule of the components of fund-based equity allocations, including support/authorization for amounts restricted, committed, etc.		4/2/2018	
78	Equity	Updated fund balance or net position policies including board resolution adopting policy.		4/2/2018	
79	Equity	Provide updated language for Note 14B - Minimum Unassigned Fund Balance. (Including calculation to determine targeted unassigned fund balance amount per the policy)		4/2/2018	
80	Intergovernmental Revenue	Intergovernmental Revenue lead schedule listing out individual grant amounts, with fund identification and reconciling current year receipts with current year and prior year receivables/deferrals to end at current year revenue. NOTE: Ensure workpaper gets updated for all IGR amounts.		4/2/2018	
81	Intergovernmental Revenue	Provide 2017 disbursement schedule for Housing Choice Voucher Program.		4/2/2018	
82	Intergovernmental Revenue	Provide G/L detail summary of HOME grant expenditures and access to request for reimbursement for largest reimbursement request from Dakota County CDA.		4/2/2018	
83	Intergovernmental Revenue	Provide detailed IDIS reconciliation to G/L for CDBG Grant Expenditures.		4/2/2018	
84	Intergovernmental Revenue	Provide ELOCCS draw report for all 2017 draws for Whispering Pines operating subsidy.		4/2/2018	
85	Intergovernmental Revenue	Provide ELOCCS draw report for all 2017 draws for Shelter Plus Care.		4/2/2018	
86	Intergovernmental Revenue	Provide additional supporting documentation from grant files as requested during audit.		4/2/2018	
87	Intergovernmental Revenue	Provide final Schedule of Expenditures of Federal Awards with reconciliation to federal revenues as identified on IGR lead.		4/2/2018	
88	Other	Provide copy of Shelter agreement in place during FY 2017. (If changes were made to the previously existing 2014-2018 agreement)		4/2/2018	
During and after Fieldwork					
89	General	During the course of testing, we generally will identify additional items which require explanation, reconciliation and/or supporting documentation. We will make these requests as the items come to our attention.		on-going	
90	CAFR	Transmittal Letter		prior to audit issuance	
91	CAFR	MD&A		prior to audit issuance	
92	CAFR	CAFR cover		prior to audit issuance	
93	CAFR	Organizational Chart		prior to audit issuance	
94	CAFR	Provide copy of Certificate of Achievement from 2016.		prior to audit issuance	12/12/2017
95	CAFR	Provide updated language for Note 1B - Reporting Entity.		prior to audit issuance	
96	CAFR	Provide copies of financial statements and governance letters for discretely presented component units. Footnotes preferred in MS Word for easy inclusion in CAFR.		prior to audit issuance	
97	CAFR	Statistical section (tables 7.9-15)		prior to audit issuance	
Any questions on audit prep can be directed to Cathy Lydon - clydon@redpathcpas.com - 651-255-9337 or Dave Mol - dmol@redpathcpas.com - 651-407-5803					

DISCUSSION ITEM

D-2 Special Tax Collection and Deposit Agreement Discussion



Memo to: CDA Finance Committee

From: Aaron Christianson Finance Director

Date: January 8, 2018

RE: Special Tax Collection and Deposit Agreement

Background

Before 2010, many of the bonds issued by the CDA had its levy money “pledged” to make principal and interest payments (the levy is referred to statute as a “Special Benefit Levy”). The Special Tax Collection and Deposit Agreement was created in 1996 and amended in 2002. The agreement was needed in order to establish a procedure to cause the proper disposition of the “Special Benefit” taxes in accordance with the requirements of the Indenture. This document insured that the County Auditor-Treasurer had clear instruction on where to send the levy and that the Trustee had clear instructions on what to do with the levy.

Post 2010, the CDA began requesting the County to pledge its “full faith and credit” (a general obligation pledge) as a credit enhancement tool for CDA bonds. In this approach, a lower interest rate was obtainable, which had the effect of reducing interest payments and therefore reducing debt service costs. A Custodial Agreement with the county was created as part of the bond transaction to mitigate risk to the county in the unlikely event that the county would have to pay the debt service on the bonds. The custodial agreements required that CDA rental income pay for principal and interest, and levy was to be used for debt service reserve coverage or operating expenses.

Propose to Amend the Special Tax Collection and Deposit Agreement

The Special Tax Collection and Deposit Agreement needs to be amended. First, the bond issues referenced in the agreement are out dated. Second, the agreement is silent in regards to the custodial agreement. Finally, the agreement requires that the CDA levy be held in trust (by the bond trustee) until August 15th for the July deposit and February 15th for the December deposit.

This agreement is now redundant due to the custodial agreement and the terms can potentially harm the CDA’s cash flow making it difficult to operate. The custodial agreement requires 100% of property income to accrue in trust for the payment of the bonds. Further, the custodial agreement requires that a debt service reserve, with a minimum balance equal to the annual debt service of the highest remaining year, be established. This means that at the time the levy is received, the principal and interest

payment is fully accrued, and in addition, there is a reserve equal to at least the upcoming year's principal and interest requirement.

Next Steps

These issues have been discussed with county staff. County staff has recommended bringing the proposed changes to the County Finance Committee and then possibly present a resolution to the full county board. A revised agreement has been drafted and final action by the CDA Board will be scheduled once county authorization is provided.