COON CREEK WATERSHED DISTRICT
Request for Board Action

MEETING DATE: September 23, 2019
AGENDA NUMBER: 14
ITEM: Revisiting Financial Reporting and Approval of Bills

AGENDA: Discussion

ACTION REQUESTED
Feedback and direction to staff on two items
1. Monthly Financial Reports
2. Approval of Bills

BACKGROUND
An ongoing discussion among staff addresses two aspects of District financial management
1. Timeliness and accuracy of monthly financial reports
2. Approval and payment of invoices

ISSUES/CONCERNS
1. **Timeliness and accuracy of monthly financial reports**: Julie Peterson, District Accountant is exceedingly driven by the need for accuracy and precision in her job. Julie has pointed out that the numbers we receive from Anoka County each month to prepare the fund balance and budget report are typically preliminary or trial balances. Julie has also pointed out that the final numbers are typically in the second half of the month after the County closes out the preceding month. This is almost always after the first Board meeting of the month where financial reports are received prior to approving the bills.

The pivotal issue here is how accurate do you want the monthly financial reports?

- **Current system**: The current financial reports are 85% accurate. They are typically compiled from trial balances and do not reflect other journal entries or corrections County finance might make that are not reported to us until monthly close out.

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<td><strong>Tradition</strong>: This approach has been used since the District was established.</td>
<td><strong>Tradition</strong>: Just because we have been doing things this way doesn’t mean we shouldn’t change and adapt as circumstances change.</td>
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<th><strong>Timely information</strong>: When the</th>
<th><strong>Accuracy and Precision of the</strong>.</th>
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District was operating on minimal funds and the assumption of perfect projects and operations it typically ensured that there was enough cash to cover the bills

**Information:** While the District has matured considerably in its financial management and carries enough liquid funds to pay bills, staff is directed to provide the Board with the most accurate information possible.

- **Potential:** Julie’s suggestion would be for the Board to receive the financial reports at the second meeting of the month, after County monthly closeout.

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<td><strong>Increased Accuracy and Precision of Information:</strong> By waiting until the second Board meeting of the month to review and receive the financial reports, the reports themselves would be correlated with the County book keeping and accounting.</td>
<td><strong>Timeliness of Information:</strong> By waiting until the second meeting the financial information provided would, under the current system, not be current with the bills proposed to be approved and released for payment. Having said that, required cash balances are sufficient to pay any and all bills incurred by the District and subject to current payment.</td>
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2. **Approval of Bills:** At present, the District approves bills at the first Board meeting of each month. As has been discussed before the District conducts business with some service providers whose billing cycle and Net 14 day payment policy places them out of sequence for orderly payment as part of the regular business of the Board during the first meeting of each month.

Present policy is to contact the vendor to negotiate a different payment scheme. If that is unsuccessful, we either pay any penalty and interest that might be charged for late payment or make the payment using the District credit card. In either of the later two situations there is room for more efficient payment methods.

**Options:**

a. Continue as is. It’s not that much money

b. Move bill payment to the second meeting. Just shifts the problem to the later part of the month with different vendors – Doesn’t really resolve the issue

c. Pay bills at both meetings – Creates more busy work for staff

d. Authorize staff, provided there a suitable internal controls and separation of responsibilities, to make the payments as needed. This is a process similar to how many cities and Anoka County conduct business. The
Board involvement would not necessarily stay the same because there would be cases where Board review of these details would be after the bill is paid.

PRIOR DECISIONS
na

OPTIONS
above

RECOMMENDATION
1. **Financial Reports:** Discuss the current and proposed systems of financial reporting and provide direction to staff.
2. **Approval of Bills:** Discuss the options or other approaches, to approving bills and provide direction to staff