

Minutes- Approved: 8.12.2026
Meeting Type: Finance Committee Meeting
Time/Date: 8:00pm CST, July 8, 2026
Location: 112 E. 5th Street, #102 Chaska, Minnesota 55318



LOWER MINNESOTA RIVER
WATERSHED DISTRICT

1. CALL TO ORDER AND ROLL CALL

Manager Bakkum called the meeting to order at 8:00 PM CST.

Managers Present: Carter McNew, Kyle Bakkum, Vinatha Viswanathan

Absent: Joseph Barisonzi

Staff Present: Will Lytle, Damaris Canales

Others Present:

Action: Approval of the Consent Agenda as printed.									
1st:		2nd:							
McN.	Y	Vis.	Y						
Motion Carried									

Action: Approval of the 4.8.2026 Finance Committee Meeting Minutes.docx with meeting start time adjustment to 8:00 PM MST.									
1st:		2nd:							
McN.	Y	Bak.	Y						
Motion Carried									

2. PUBLIC HEARINGS, PRESENTATIONS, COMMUNICATIONS

No formal public comment was received.

3. NEW BUSINESS

During the discussion of New Business Item 3.1, Review of Accounts Payable, Administrator Lytle informed the committee that the accounts payable items were still under review and should not be included in the consent agenda at this time. He noted that at least one significant invoice had not yet been fully reviewed and coded, preventing any recommendation to the board. Lytle highlighted a major financial development: the district has begun making payments on its Area 3 GO Bond obligation, with the first payment totaling \$100,000. He explained that future payments would occur approximately every six months and would average roughly \$300,000 annually. Additional reimbursements and a cost-sharing payment recommendation were expected to be added before the item returns to the board. Committee members agreed that the current discussion was primarily

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informational and that no formal recommendation regarding accounts payable should be made until all invoices had been reviewed.

The committee then moved to Item 3.2, Review of the Draft 2024 Audit. Lytle explained that the organization had recently worked through audits for 2022 and 2023 and had just received the draft 2024 audit from Redpath. He reported meeting with the auditors to review the draft and address several highlighted items requiring follow-up information. Overall, the audit results were positive. The auditors identified no indications of significant fraud or major financial irregularities and effectively provided the organization with a clean financial opinion. However, Lytle noted that one significant finding emerged that differed from prior years and would require immediate attention due to its financial and budgetary implications.

The primary audit concern involved the handling of Area 3 debt service levy funds. According to Lytle, the district had been levying funds in advance for debt service associated with the Area 3 project. Under applicable statutes, these funds should have been restricted and reserved specifically for debt service rather than remaining within the general fund. As a result, approximately \$900,000 collected across 2024, 2025, and 2026 should have been designated as debt service funds. While the funds were not lost or misappropriated, they had not been placed into the proper accounting category.

Lytle further explained the implications of this issue. During 2025, the district's cash position reportedly dropped to less than \$100,000. Because approximately \$600,000 in previously collected debt service funds should have already been restricted, the district technically lacked the required amount of obligated funds available for debt service purposes. This created an audit concern regarding restricted cash balances. To proactively address the issue before the 2025 audit, Lytle recommended formally obligating the required funds now. Doing so would allow the next audit to show that any prior shortfall had been corrected and that the funds were appropriately restricted. This approach would significantly lessen the severity of any future audit finding and demonstrate that the issue was an accounting classification problem rather than a loss or misuse of public money.

Lytle emphasized that no funds had disappeared; rather, the funds had remained in the general fund when they should have been held in a separate debt-service-restricted account. Because these funds were included in the general fund balance, historical calculations regarding available reserves and

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fund obligations were impacted. The audit finding therefore centered on compliance with fund restrictions and accounting treatment rather than financial mismanagement.

Later in the discussion, attention shifted toward future budgeting and levy planning. Lytle stated that for the following week's meeting he would prepare 2027 financial projections using the current tax rate and would also provide scenarios showing the impact of increasing or decreasing the tax rate. He indicated that a public hearing would be scheduled, allowing the board to evaluate options to maintain, raise, or reduce the tax levy. Regarding 2026, he indicated that no major financial changes were required, although a formal resolution may be necessary to document and authorize adjustments that had already been made. He also noted the importance of communicating any resulting changes to contractors so they would not be surprised by financial or operational impacts, though he believed those discussions had largely already occurred.

4. OLD BUSINESS

This segment of the meeting focused on financial updates provided by Administrator Will Lytle, particularly regarding the district's fund balance, anticipated revenue collections, accounts payable activity, and process improvements related to financial oversight. The discussion was brief and informational, with no substantial new business or concerns raised.

Lytle reported that the district's fund balance remains in a healthy position and is expected to improve in the coming months. He noted that the organization should soon begin receiving its first round of tax revenue payments from county governments, and some payments may have already started arriving. As these tax distributions continue to be received, the district's available cash position and overall fund balance are expected to increase. This update suggests that projected revenue streams are materializing as anticipated and that the district is entering a period of stronger cash flow.

In discussing current financial reporting, Lytle explained that the numbers presented may undergo minor adjustments once the accounts payable process is finalized and closed out. These anticipated revisions appear to be routine accounting updates rather than indicators of any significant financial concerns. The changes would reflect the completion of outstanding payment obligations and normal financial reconciliation activities.

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A further update was provided regarding the Area 3 project reimbursements. Lytle stated that staff are continuing to work through and complete the remaining reimbursement process associated with Area 3. Completing these reimbursements is an important step toward finalizing project-related financial activity and ensuring that all eligible expenses are properly accounted for and recovered.

Lytle also discussed efforts to improve internal financial administration and oversight. He indicated that the district is close to restoring access for designated individuals to Bill.com, the organization's online invoice and accounts payable management platform. Once access is reinstated, users will be able to resume conducting detailed, line-by-line reviews and approvals of invoices and bills. This enhancement is expected to improve transparency, strengthen financial controls, and streamline the accounts payable workflow by distributing review responsibilities among appropriate stakeholders.

Overall, the discussion reflected a positive financial outlook. The district appears to be financially stable, with expected increases in revenue through upcoming tax collections, ongoing completion of Area 3 reimbursement activities, and planned improvements to financial approval processes through the use of Bill.com.

6. ADJOURNMENT

The meeting was adjourned at 8:59 PM CST.