

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

Audit Practice Division

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### **Ramsey/Washington Recycling and Energy Board Newport, Minnesota**

Management and Compliance Report

Year Ended December 31, 2024

**Ramsey/Washington Recycling and Energy Board  
Newport, Minnesota**

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## Communication of Significant Deficiencies and/or Material Weaknesses in Internal Control Over Financial Reporting and Other Matters

Ramsey/Washington Recycling and Energy Board  
Newport, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Ramsey/Washington Recycling and Energy Board's basic financial statements, and have issued our report thereon dated May 6, 2026.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ramsey/Washington Recycling and Energy Board's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ramsey/Washington Recycling and Energy Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ramsey/Washington Recycling and Energy Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Recommendations, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness.

*A deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Recommendations as item 2024-001 to be a material weakness.

The Ramsey/Washington Recycling and Energy Board's response to the internal control finding identified in our audit is described in the Schedule of Findings and Recommendations, included in item 2024-001. The

Ramsey/Washington Recycling and Energy Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Ramsey/Washington Recycling and Energy Board, management, and others within the Ramsey/Washington Recycling and Energy Board, and is not intended to be, and should not be, used by anyone other than these specified parties.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

May 6, 2026

*/s/Lisa Young*

Lisa Young, CPA  
Deputy State Auditor



Julie Blaha  
State Auditor

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## Independent Auditor's Report on Minnesota Legal Compliance

Ramsey/Washington Recycling and Energy Board  
Newport, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Ramsey/Washington Recycling and Energy Board's basic financial statements, and have issued our report thereon dated May 6, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Ramsey/Washington Recycling and Energy Board failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Ramsey/Washington Recycling and Energy Board's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Ramsey/Washington Recycling and Energy Board and management of the Ramsey/Washington Recycling and Energy Board and the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

May 6, 2026

*/s/Lisa Young*

Lisa Young, CPA  
Deputy State Auditor

# Ramsey/Washington Recycling and Energy Board Newport, Minnesota

## Schedule of Findings and Recommendations

For the Year Ended December 31, 2024

### Financial Statement Findings

**2024-001**      **Audit Adjustments**

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2024

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Material Weakness

**Criteria:** A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** Audit adjustments were identified that in combination were material and resulted in significant changes to the Ramsey/Washington Recycling and Energy Board's financial statements.

**Context:** The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the Ramsey/Washington Recycling and Energy Board's internal control.

**Effect:** The following audit adjustments were reviewed and approved by management and are reflected in the financial statements:

- General Fund expenditures and due to other funds were increased by \$325,160 to record amounts due to the Enterprise Fund for payroll expenditures;
- General Fund transfers out and due to other funds were increased by \$300,000 to remove balances from the prior year;
- Enterprise Fund accounts receivable and unearned revenue were increased by \$3,433,696 to record unearned revenue and correct year-end accounts receivable; and
- Enterprise Fund due from other funds and net position were increased by \$3,224,632 to record beginning balances from the prior year.

In addition to the material audit adjustments, there were numerous significant audit adjustments made to the financial statements related to the 2023 financial statements not being recorded in the general ledger, reversing entries related to the 2023 financial statements were either not made or made incorrectly, and entries necessary to correctly record pension-related transactions.

**Cause:** The General Fund was the result of a recording error when recording the payroll expenditures for the payroll period ended December 20, 2024. The Enterprise Fund was a result of the underlying receivable records recording a negative receivable for vendors that had submitted payments to the Ramsey/Washington Recycling

## Ramsey/Washington Recycling and Energy Board Newport, Minnesota

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and Energy Board prior to services being rendered. The interfund transaction adjustments were the result of journal entries from the prior audit not being recorded in the general ledger.

**Recommendation:** We recommend the Ramsey/Washington Recycling and Energy Board implement additional procedures over financial reporting that include a comprehensive review of balances, disclosures, and supporting documentation by a qualified individual to ensure the Ramsey/Washington Recycling and Energy Board's financial statements are complete, accurate, and fairly presented in accordance with generally accepted accounting principles in the United States of America.

**Client Response:** *The R&E Board will work with Ramsey County Finance to ensure year-end entries are tied to the financial statements. The R&E Board's Budget Analyst will assist with the financial statements and will provide another set of eyes on day-to-day financial entries.*