



Title: 1st Quarter 2022 Financial Report

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Purpose:

Attached, please find the 1st Quarter (Q1) Financial Report from Abdo Financial Solutions showing revenue and expenditures from January 1, 2022 to March 31, 2022.

Summary:

Revenue

Budgeted tax revenue through March 31, 2021 is shown as \$2,418,998 with zero dollars received to-date. Final tax settlements received in January 2022 were reflected back to the 2021 budget rather than carried forward. It is not unusual or unexpected to have zero tax revenue reported in the first or even second quarters of the year. The first tax levy settlements from Hennepin and Carver counties are typically received in July.

Miscellaneous revenue, which for the most part is Permitting reimburseables, is always a matter of timing based on when the expense was incurred versus when reimbursement is received. Q1 reflects having received 63.7% of what was expected to-date.

Loans, grants and awards received is earned projections for construction projects including Minnehaha Greenway, Wassermann Internal Load and FEMA repair projects. This category includes carryover from 2021.

Interest earnings, which is the interest earned on the District's general money market funds, was budgeted downwards from previous years based on the drop in interest rates that began during the pandemic. Overall earnings are approximately half of what was anticipated for Q1.

Expenditures

The budget is shown as one-quarter of its total, while expenses reflect the actual dollars spent year-to-date. With one exception for loans, grants and awards given, all YTD expenses are under budget for Q1 with overall spending at 36.5%. (Please see the variance report for explanation on the loans, grants and awards given)

Variiances

Noteworthy positive variances (actuals under year-to-date budget) shown on the Management Planning Fund Table (page 5 of the report) include staff expenses, vehicles, lab analysis, insurance, strategic IT plan, and IT equipment. These expenditures are a matter of timing i.e. insurance is paid once per year in Q2, lab analysis doesn't begin until late summer and IT expenses for items such as licenses and maintenance renewals are paid in Q2. More details regarding these items as well as others can be found on the variance report at the end of this document.

Also of note are the loans, grants and awards given and construction categories. Loans, grants and awards given is over expected spending for the quarter due to the final payment to the City of Victoria for a grant match. The construction category shows a negative balance due to the reversal of retainage for vendor funds still owed for the FEMA flood repair project.

Within specific funds, shown on the Statement of Expenditures (page 8 of the report), variances are generally tied to the timing of work, the progress of a project/program or funding sources. With limited exceptions, expenditures fall below budgeted amounts for the quarter and for those that fall outside of their Q1 budget expenditures, we would expect these funds to remain within budget for the year.

If you have more specific questions regarding the contents of the report, please contact Deb Johnson at djohnson@minnehahacreek.org

Supporting documents (list attachments):

2022 1st Quarter Financial Report



1st Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of March 31, 2022



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April 28, 2022

ACCOUNTANT'S COMPILATION REPORT

Board of Managers
Minnehaha Creek Watershed District
Minnetonka, Minnesota

We have compiled the accompanying statement of revenues and expenditures for the notes Management Planning Fund of the Minnehaha Creek Watershed District as of March 31, 2022 for the quarter then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Sincerely,

Abdo Financial Solutions

April 28, 2022

Dear Board of Managers:

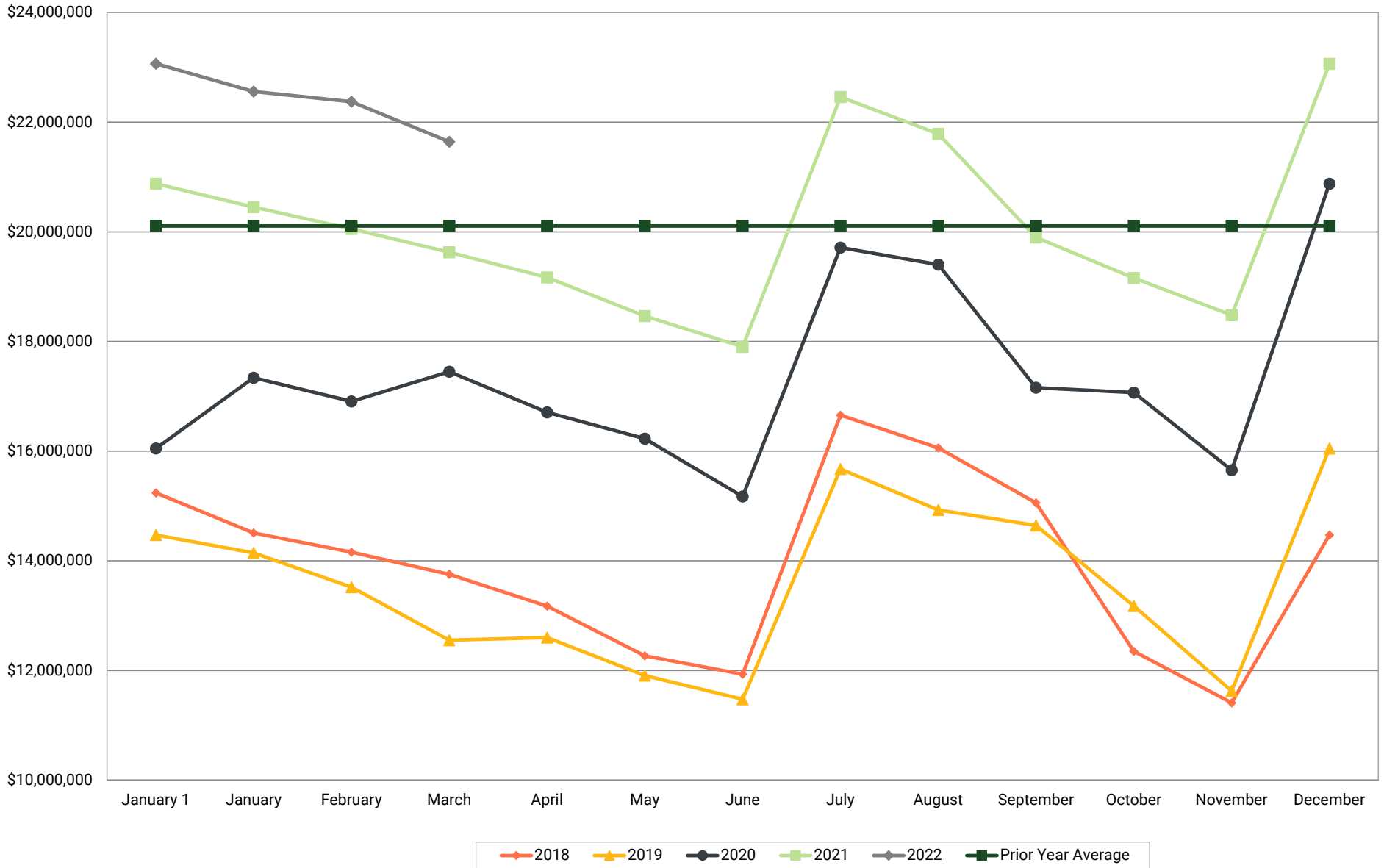
We have reconciled all bank accounts through March 31, 2022, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

Cash

The District's cash balances are as follows:

Institution	Description	Type	Market Value 1/1/2022	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 3/31/2022	Market Value 3/31/2022	Unrealized Gain / Loss
Bremer Bank	General Checking - 0515	Checking	\$ 313,194.65	\$ -	\$ (1,692,548.76)	\$ 1,775,000.00	\$ -	\$ 395,645.89	\$ 395,645.89	\$ -
Bremer Bank	General MM - 2755	Money Market	21,278,041.42	333,006.78	-	(1,774,516.60)	1,019.41	19,837,551.01	19,837,551.01	-
			21,591,236.07	333,006.78	(1,692,548.76)	483.40	1,019.41	20,233,196.90	20,233,196.90	-
Bremer Bank	Surety Checking- 6092	Checking	8,911.24	-	(9,090.00)	10,000.00	0.26	9,821.50	9,821.50	-
Bremer Bank	Surety MM - 2788	Money Market	1,469,238.42	27,783.40	-	(10,483.40)	72.97	1,486,611.39	1,486,611.39	-
			1,478,149.66	27,783.40	(9,090.00)	(483.40)	73.23	1,496,432.89	1,496,432.89	-
Total Cash and Investments			\$ 23,069,385.73	\$ 360,790.18	\$ (1,701,638.76)	\$ (0.00)	\$ 1,092.64	\$ 21,729,629.79	\$ 21,729,629.79	\$ -
							Deposits in Transit		-	
							Outstanding Checks	\$	(86,798.05)	
							Timing Difference			
							Reconciled Balance	\$	21,642,831.74	

Management Planning Fund Cash Balances 2018 - 2022



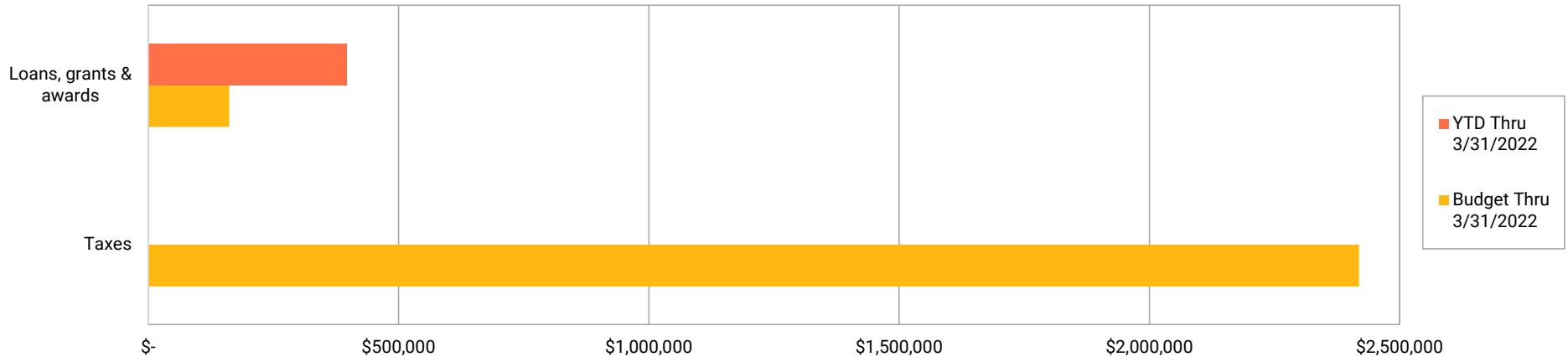
Management Planning Fund

Receipts	2021	2022	YTD	YTD	Percent of YTD Budget		
	Actual	Budget	Budget Thru 3/31/2022	Thru 3/31/2022			
Taxes	\$ 9,648,237	\$ 9,675,994	\$ 2,418,998	\$ -	- %	↓	(1)
Miscellaneous revenue	74,784	71,220	17,805	11,344	63.7	↓	(2)
Mortgage Payoff	339,890	-	-	-	-		
Loans, grants & awards	606,111	647,218	161,805	395,969	244.7	↑	(3)
Interest earnings	4,202	10,000	2,500	1,093	43.7	↓	(4)
	<u>\$ 10,673,224</u>	<u>\$ 10,404,432</u>	<u>\$ 2,601,108</u>	<u>\$ 408,406</u>	<u>15.7 %</u>	↓	
Disbursements							
Personnel	\$ 2,237,699	\$ 2,722,707	\$ 680,677	\$ 541,555	79.6 %	↑	(5)
Staff expenses	5,352	73,000	18,250	281	1.5	↑	(6)
Manager expenses	47,230	47,500	11,875	5,244	44.2	↑	(7)
Building & operating expense	98,194	160,500	40,125	17,067	42.5	↑	(8)
Vehicles	3,929	42,000	10,500	409	3.9	↑	(9)
Contracted services	454,645	956,680	239,170	62,555	26.2	↑	(10)
Construction	703,708	5,652,831	1,413,208	(3,678)	(0.3)	↑	(11)
Accounting & auditing	97,105	99,500	24,875	20,100	80.8	↑	(12)
Engineering	1,015,721	1,539,423	384,856	335,773	87.2	↑	(13)
Lab analysis	41,740	76,100	19,025	1,470	7.7	↑	(14)
Legal services	415,760	393,500	98,375	57,418	58.4	↑	(15)
Insurance	74,563	81,000	20,250	-	-	↑	(16)
Debt service	2,936,673	2,863,392	715,848	219,215	30.6	↑	(17)
Other miscellaneous	54,126	159,400	39,850	29,990	75.3	↑	(18)
Dues & Subscriptions	93,068	117,000	29,250	12,593	43.1	↑	(19)
Strategic IT Plan	-	15,000	3,750	-	-	↑	(20)
IT Equipment	17,878	28,000	7,000	-	-	↑	(21)
Loans, grants & awards given	-	100,000	25,000	62,503	250.0	↓	(22)
Permit Acquisition	2,144	-	-	-	-	↑	(23)
Capital Outlay	41,059	-	-	17,176	-	↑	(24)
	<u>\$ 8,340,594</u>	<u>\$ 15,127,533</u>	<u>\$ 3,781,883</u>	<u>\$ 1,379,671</u>	<u>36.5 %</u>	↑	

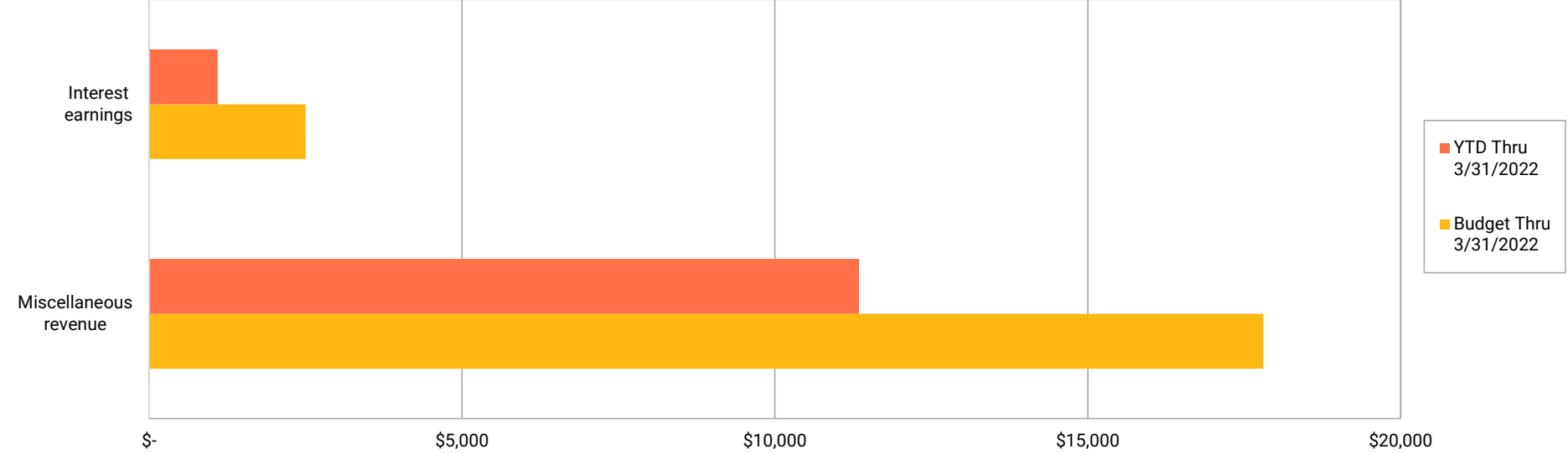
Key

- ↑ Varies more than 10% than budget positively
- ↓ Varies more than 10% than budget negatively
- ⇒ Within 10% of budget

**Receipts Budget to Actual Comparison
\$0 to \$2,500,000**

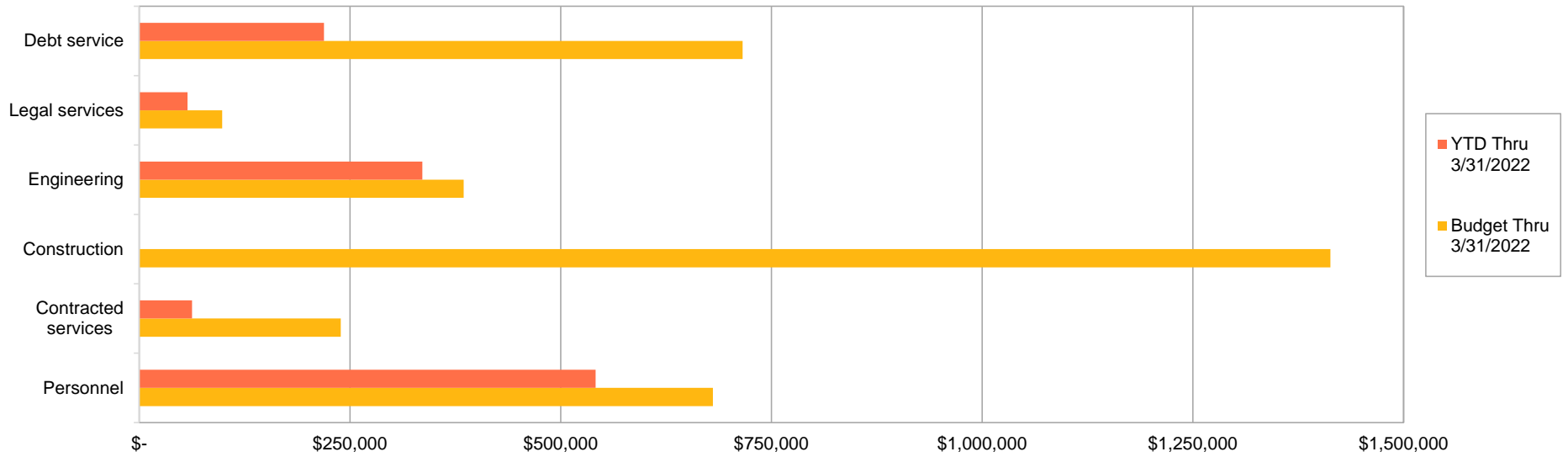


**Receipts Budget to Actual Comparison
\$0 to \$20,000**

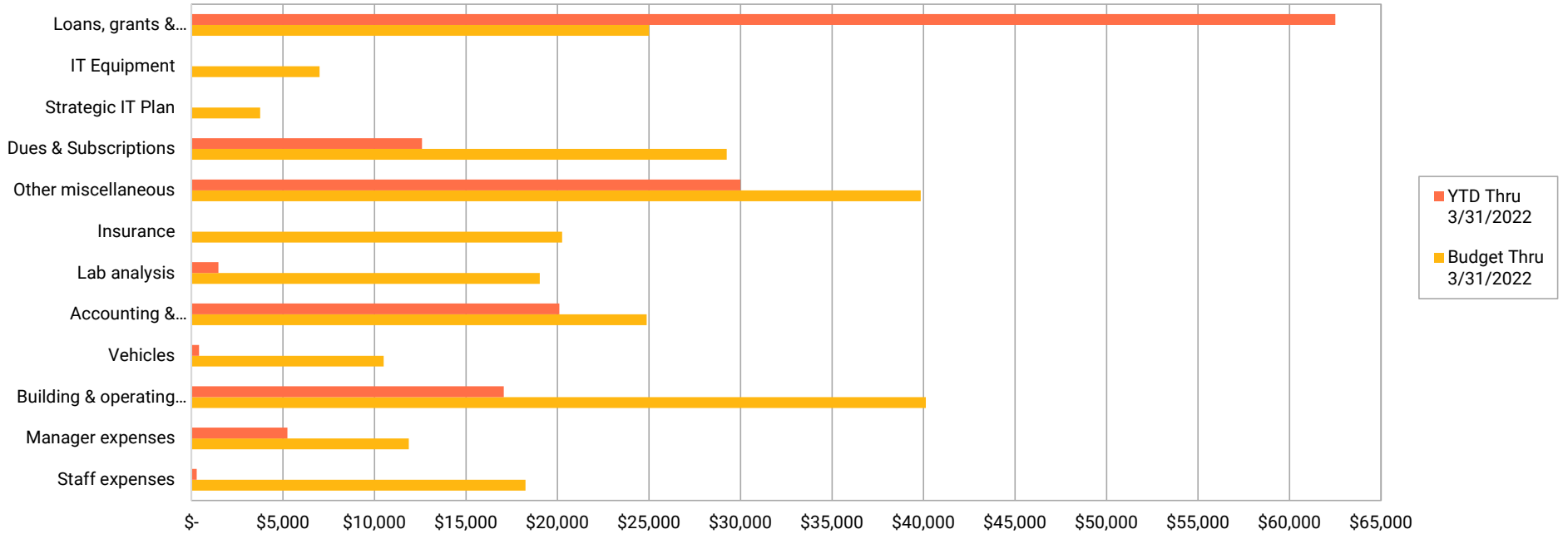


*** Typically, property taxes are received in July and December (with 70% advance in June).

**Disbursements Budget to Actual Comparison
\$0 to \$1,500,000**



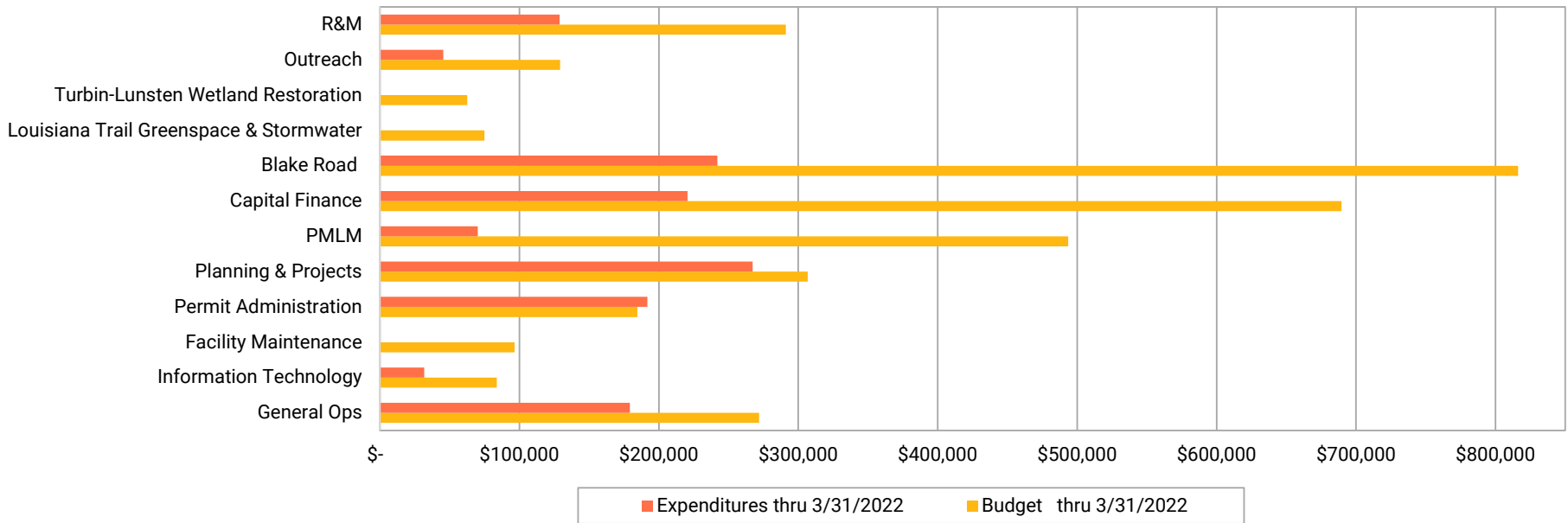
**Disbursements Budget to Actual Comparison
\$0 to \$65,000**



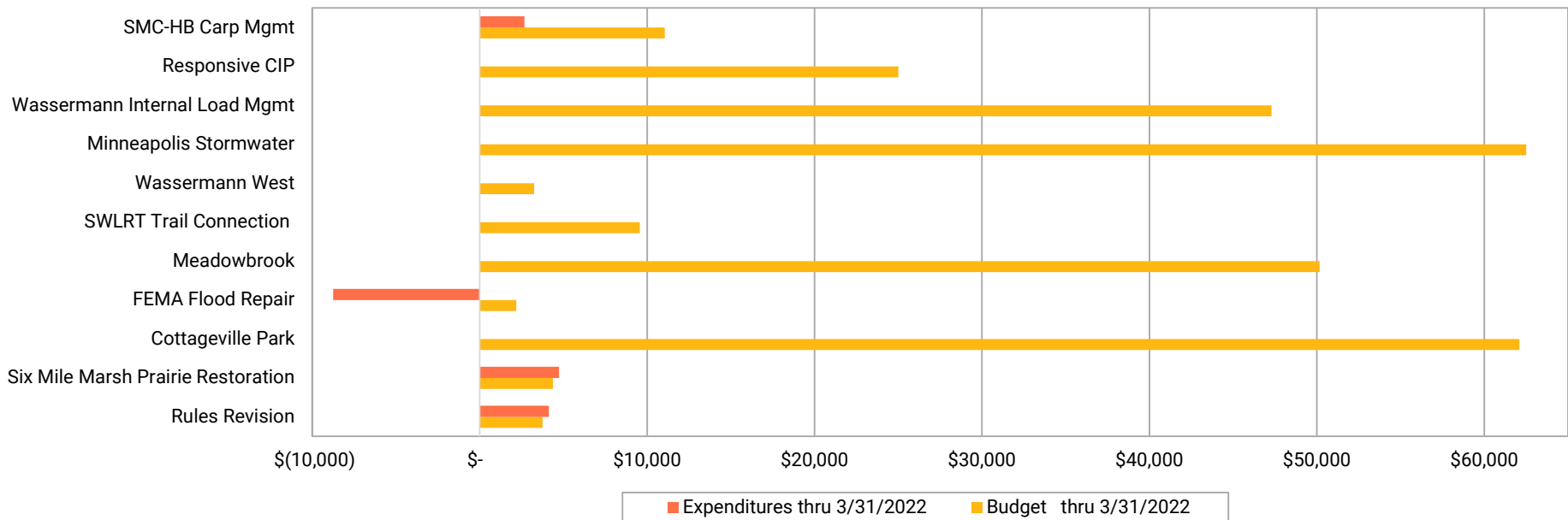
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual -
For the Three Months Ended March 31, 2022

Fund Name	Project #	2021 Actual Expenditures	2022 Annual Budget	YTD Budget thru 3/31/2022	YTD Expenditures thru 3/31/2022	Variance 3/31/2022	Percent Expended Budget thru 3/31/2022
General Ops	1002	\$ 866,143	\$ 1,087,491	\$ 271,873	\$ 179,179	\$ 92,694	66%
Information Technology	1003	203,994	335,000	83,750	31,832	51,918	38%
Facility Maintenance	1005	747	386,000	96,500	-	96,500	0%
Permit Administration	2001	741,953	738,644	184,661	191,758	(7,097)	104%
Planning & Projects	2002	1,090,006	1,226,937	306,734	267,200	39,534	87%
PMLM	2003	524,990	1,974,212	493,554	70,100	423,454	14%
Capital Finance	2004	2,833,164	2,758,468	689,617	220,584	469,033	32%
Rules Revision	2007	21,167	15,000	3,750	4,140	(390)	110%
Six Mile Marsh Prairie Restoration	3106	59,109	17,500	4,375	4,740	(365)	108%
Blake Road	3145	510,276	3,264,570	816,143	242,015	574,128	30%
Cottageville Park	3146	5,175	248,400	62,100	-	62,100	0%
Arden Park	3147	92,614	-	-	-	-	0%
FEMA Flood Repair	3148	1,523	8,745	2,186	(8,745)	10,931	-400%
Meadowbrook	3150	-	200,673	50,168	-	50,168	0%
SWLRT Trail Connection	3152	-	38,250	9,563	-	9,563	0%
Wassermann West	3153	328,240	13,000	3,250	-	3,250	0%
Minneapolis Stormwater	3155	-	250,000	62,500	-	62,500	0%
Wassermann Internal Load Mgmt	3156	135,426	189,186	47,297	-	47,297	0%
Louisiana Trail Greenspace & Stormwater	3157	-	300,000	75,000	-	75,000	0%
Turbin-Lunsten Wetland Restoration	3158	-	250,000	62,500	-	62,500	0%
Responsive CIP	3500	-	100,000	25,000	-	25,000	0%
Outreach	4002	208,678	516,665	129,166	45,344	83,822	35%
R&M	5001	622,477	1,164,580	291,145	128,843	162,302	44%
SMC-HB Carp Mgmt	5007	94,912	44,212	11,053	2,681	8,372	24%
Total Expenditures		\$ 8,340,594	\$ 15,127,533	\$ 3,781,885	\$ 1,379,671	\$ 2,402,214	36%

**Budget To Actual Comparison By Project
\$0 to \$850,000**



**Budget To Actual Comparison By Project
-\$10,000 to \$65,000**



* * * * *

This information is unaudited and is intended solely for the information and use of management and is not intended and should not be used by anyone other than these specified parties.

If you have any questions or wish to discuss any of the items contained in this letter or the attachments, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

Sincerely,

Abdo Financial Solutions



Addendum: Variance Explanations

1	Property tax revenue is received twice a year – July and December. Depending upon timing we may not see revenue in this category until Q3.
2	Majority of miscellaneous revenue is permit receivables and variances to budget are largely based on timing – when the expense was incurred versus when reimbursement was received by the District.
3	Loans, grants and awards received is earned projections for projects including Minnehaha Greenway, Wassermann Internal Load and FEMA repair projects. This category includes carryover from 2021.
4	Interest earnings are below Q1 projections, however with the slight increase in interest rates we should see improvement in earnings going forward.
5	Personnel is trending positively due to open positions in Q1 that were budgeted for but not yet filled.
6	Staff expenses are reporting positively for Q1. As meetings return to in-person and more travel is planned this category will see larger expenditures throughout the year.
7	Manager expenses are trending positively to the budget. This can be a timing issue as to when or how often Board Mangers submit for reimbursements. Also, with meetings continuing to be virtual no mileage reimbursements are being paid, and expenses associated with on-site board meetings are not currently being incurred. If meetings are changed to on-site at any point in 2022 expect expenses to increase accordingly.
8	Building & operating expenses are trending positively to the budget for Q1. This can be a matter of timing for facility repairs and/or replacement of items as they occur throughout the year.
9	Vehicle budget for 2022 includes dollars for a new vehicle purchase. This will likely be postponed based on the continued supply chain and inventory issues. Note: the vehicle purchased in 2021, because of delivery date, was paid in 2022 and is reflected under the capital outlay category.
10	Contracted services is trending positively to the budget due to the timing of services for a number of programs.
11	Construction is showing a credit balance for Q1 with reversal of retainage accruals occurring in Q1.
12	Accounting and auditing is not significantly off budget projection, however, expect this to go over budget in Q2 when the one-time audit payment is made.
13	Engineering is trending positively to the budget, however not significantly so. This category's variances are always due to the timing of projects.
14	Lab analysis expenditures are trending positively to the budget. Do not expect to see significant spending until later in the year as R&M ramps up sample testing.
15	Legal expenditures are about half of what was expected to be incurred in Q1. Again, expenditures are often due to the timing of projects.
16	Insurance is a one-time payment made in Q2. Once payment is made expense will show over budget until year end when the entire year's budget is shown.
17	Debt service is trending positively to the budget, however the budget is shown as one-quarter of the total budget whereas the expenditures are shown when a payment is made. For this reason the variances will remain until year-end at which time they will balance.
18	Other Miscellaneous expense is trending positively to the budget due to timing or deferral of services.
19	Dues and subscriptions is trending positively to the budget for Q1. The majority of this category's expenditures are IT licenses and maintenance agreements which are paid in Q2.
20	No purchases to-date as part of the Strategic IT Plan.
21	IT Equipment has no expenses in Q1, however purchases of new equipment, i.e. laptops, were recently board approved so will see expenditures in Q2.
22	Loans, grants & awards given, as noted earlier in the report is over budget for Q1 based on a final payment to the City of Victoria for matching grant funds received by the District.
23	Permit acquisition category was eliminated for 2022
24	Capital outlay does not reflect a budgeted amount for 2022 however the vehicle purchased in 2021 and paid in 2022 meets capital purchase requirements therefore will be reflected in this category going forward.