



Title: 1st Quarter 2023 Financial Report

Prepared by: Name: Deb Johnson
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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, 2023 to March 31, 2023.

Summary:

Revenue

Budgeted tax revenue through March 31, 2023 is shown as \$2,467,379 with zero dollars received to-date. It is not unusual or unexpected to have no 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 is typically Permitting reimburseables, however the majority of revenue in this instance reflects the Preserve Boardwalk settlement funds.

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. Bank interest rates have since rebounded and in the first quarter of 2023 the District has earned more than the projection for the entire year.

Expenditures

The budget is shown as one-quarter of its total, while expenses reflect the actual dollars spent year-to-date. All YTD expenses are under budget for Q1 with overall spending at 43.4%. (Please see the variance report for more information.)

Variances

Noteworthy positive variances (actuals under year-to-date budget) shown on the Management Planning Fund Table (page 5 of the report) include staff and manager expenses, vehicles, contracted services, lab analysis, 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 Q2 and IT expenses for items such as licenses and maintenance renewals are typically 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.

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 one exception, expenditures fall below quarterly budgeted amounts. The PMLM program is currently showing 228% over budget for Q1. This is due to construction on the Minnehaha Preserve Boardwalk during Q1. Funds for this project were budgeted for in 2022 however work did not begin until 2023. A budget amendment to align this program is in process and will be brought before the board at an upcoming meeting.

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

Supporting documents:

2023 Q1 Financial Report



1st Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of March 31, 2023

Abdo
Financial
Solutions

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5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office

14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

April 26, 2023

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, 2023 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 26, 2023

Dear Board of Managers:

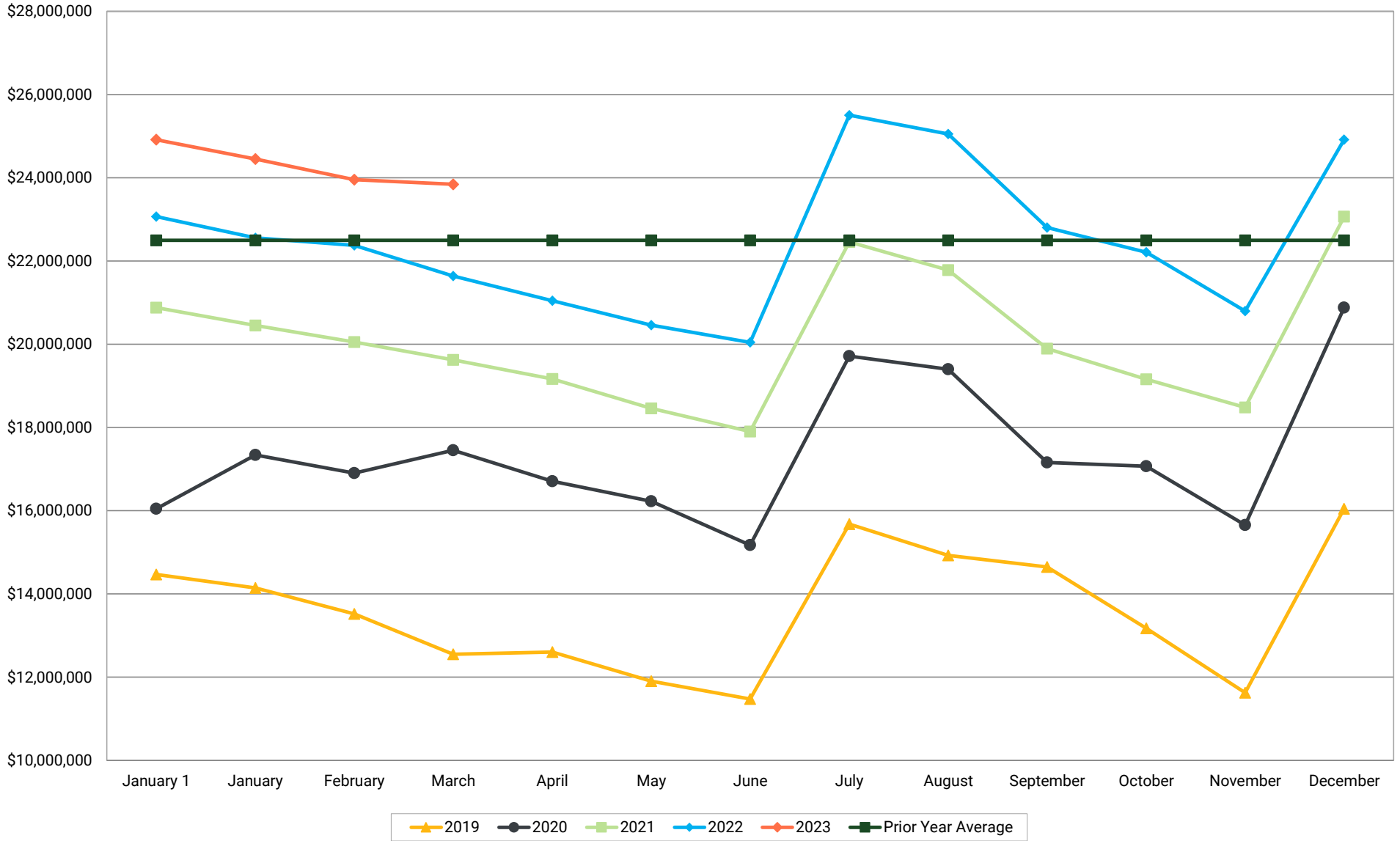
We have reconciled all bank accounts through March 31, 2023, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

Cash

The District's cash balances are as follows:

Institution	Description	Market Value 1/1/2023	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 3/31/2023	Market Value 3/31/2023
Bremer Bank	General Checking - 0515	\$ 214,440.38	\$ -	\$ (1,796,169.18)	\$ 1,780,000.00	\$ -	\$ 198,271.20	\$ 198,271.20
Bremer Bank	General MM - 2755	23,320,842.79	640,383.21	-	(1,716,752.57)	55,951.60	22,300,425.03	22,300,425.03
		23,535,283.17	640,383.21	(1,796,169.18)	63,247.43	55,951.60	22,498,696.23	22,498,696.23
Bremer Bank	Surety Checking- 6092	30,092.05	-	(14,895.36)	(13,500.00)	2.26	1,698.95	1,698.95
Bremer Bank	Surety MM - 2788	1,371,114.67	31,420.00	-	(49,747.43)	3,378.94	1,356,166.18	1,356,166.18
		1,401,206.72	31,420.00	(14,895.36)	(63,247.43)	3,381.20	1,357,865.13	1,357,865.13
		<u>\$ 24,936,489.89</u>	<u>\$ 671,803.21</u>	<u>\$ (1,811,064.54)</u>	<u>\$ (0.00)</u>	<u>\$ 59,332.80</u>	<u>\$ 23,856,561.36</u>	<u>\$ 23,856,561.36</u>
							Deposits in Transit	-
							Outstanding Checks	(11,580.89)
							Timing Difference	
							Reconciled Balance	<u>23,844,980.47</u>

Management Planning Fund Cash Balances 2019 - 2023



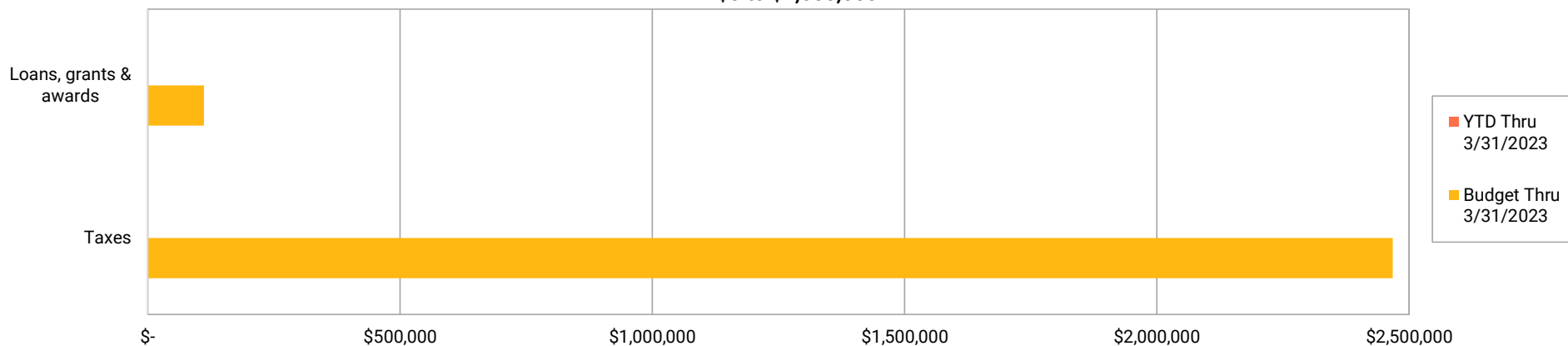
Management Planning Fund

Receipts	2022	2023	YTD	YTD	Percent of YTD Budget		
	Actual	Budget	Budget Thru 3/31/2023	Thru 3/31/2023			
Taxes	\$ 9,654,671	9,869,514	\$ 2,467,379	\$ -	- %	↓	(1)
Miscellaneous revenue	194,207	60,000	15,000	574,508	-	↑	(2)
Mortgage Payoff	1,000,000	-	-	-	-	↓	(3)
Loans, grants & awards	547,416	445,000	111,250	-	-	↓	(4)
Interest earnings	69,241	10,000	2,500	59,333	2,373.3	↑	(5)
Transfers In	1,693,620	-	-	-	-	↓	(6)
	<u>\$ 13,159,155</u>	<u>\$ 10,384,514</u>	<u>\$ 2,596,129</u>	<u>\$ 633,841</u>	<u>24.4 %</u>	↓	
Disbursements							
Personnel	\$ 2,301,297	\$ 3,274,830	\$ 818,708	\$ 536,003	65.5 %	↑	(7)
Staff expenses	41,201	82,500	20,625	430	2.1	↑	(8)
Manager expenses	44,893	51,000	12,750	4,630	36.3	↑	(9)
Building & operating expense	131,374	134,264	33,566	19,771	58.9	↑	(10)
Vehicles	5,170	40,000	10,000	59	0.6	↑	(11)
Contracted services	871,434	1,176,530	294,133	80,407	27.3	↑	(12)
Construction	547,508	3,048,328	762,082	461,778	60.6	↑	(13)
Accounting & auditing	108,200	114,000	28,500	20,685	72.6	↑	(14)
Engineering	1,133,720	1,103,100	275,775	144,213	52.3	↑	(15)
Lab analysis	41,641	75,300	18,825	4,229	22.5	↑	(16)
Legal services	561,414	371,500	92,875	45,604	49.1	↑	(17)
Insurance	70,665	77,000	19,250	-	-	↑	(18)
Debt service	2,863,391	4,317,642	1,079,411	204,965	19.0	↑	(19)
Other miscellaneous	77,122	155,200	38,800	8,058	20.8	↑	(20)
Dues & Subscriptions	109,273	113,000	28,250	22,855	80.9	↑	(21)
Strategic IT Plan	-	45,000	11,250	-	-	↑	(22)
IT Equipment	24,676	30,000	7,500	503	6.7	↑	(23)
Loans, grants & awards given	62,503	100,000	25,000	-	-	↑	(24)
Permit Acquisition	170	-	-	-	-	↑	(25)
Capital Outlay	17,176	-	-	-	-	↑	(26)
Transfers Out	1,693,620	-	-	-	-	↑	(27)
	<u>\$ 10,706,448</u>	<u>\$ 14,309,194</u>	<u>\$ 3,577,299</u>	<u>\$ 1,554,190</u>	<u>43.4 %</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**

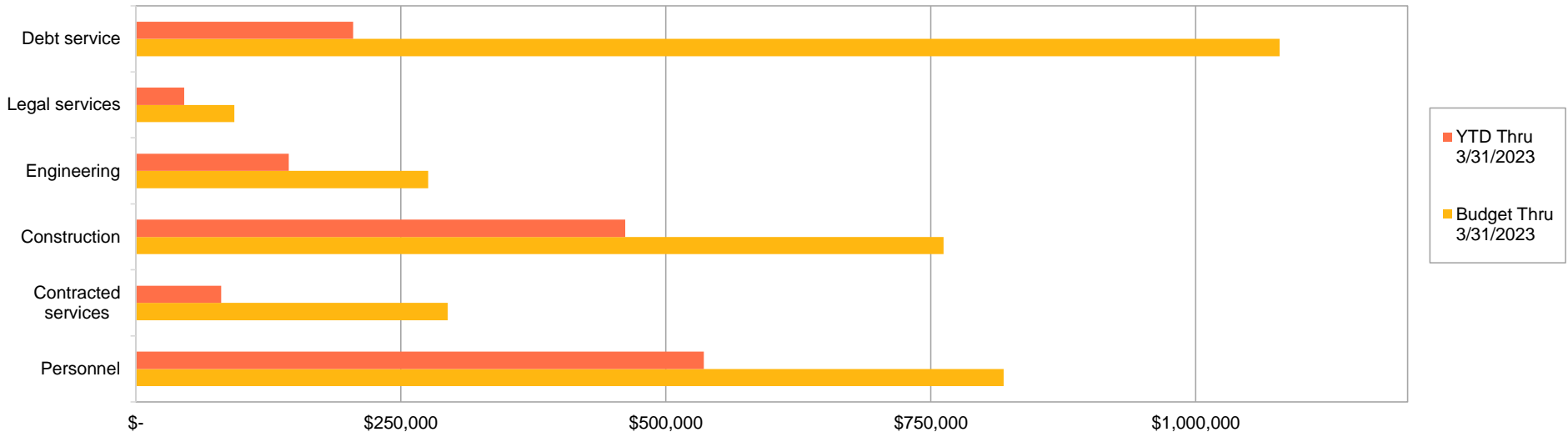


**Receipts Budget to Actual Comparison
\$0 to \$600,000**

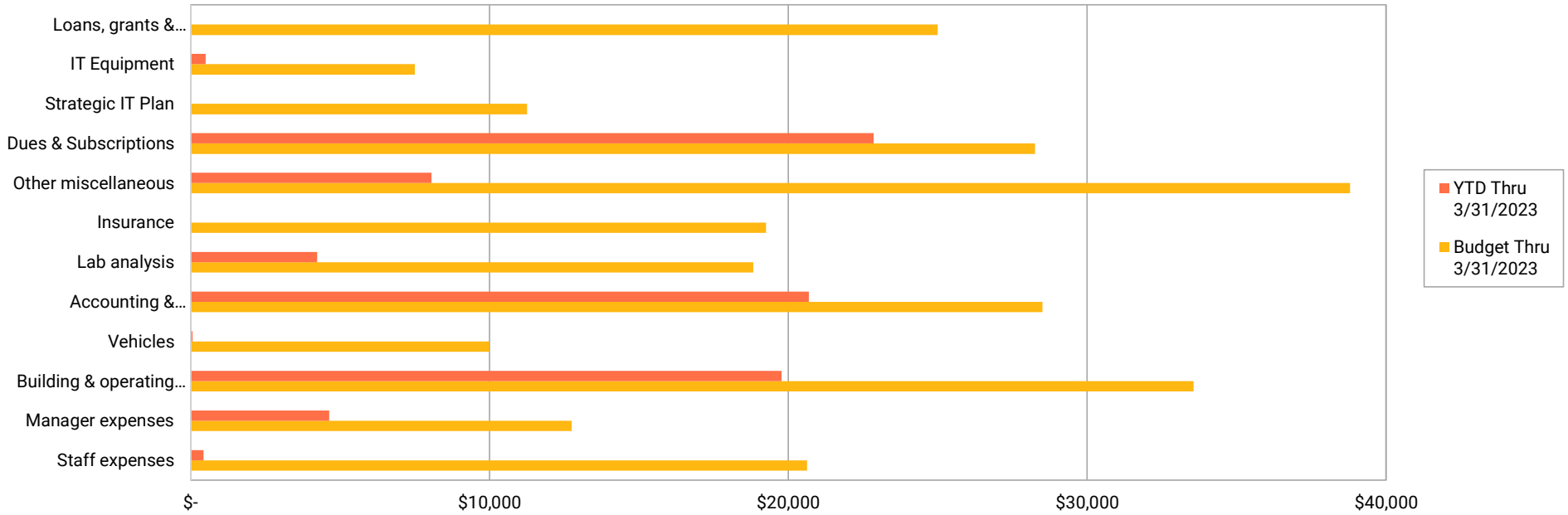


*** Typically, property taxes are received in July and December (with 70% advance in June).

**Disbursements Budget to Actual Comparison
\$0 to \$1,200,000**



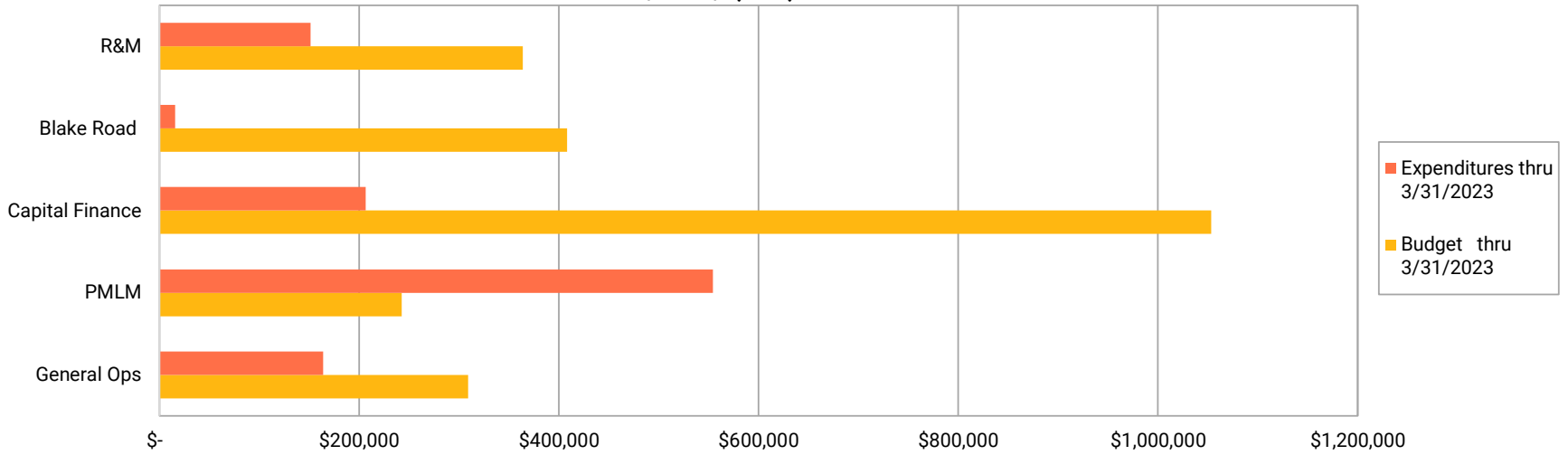
**Disbursements Budget to Actual Comparison
\$0 to \$40,000**



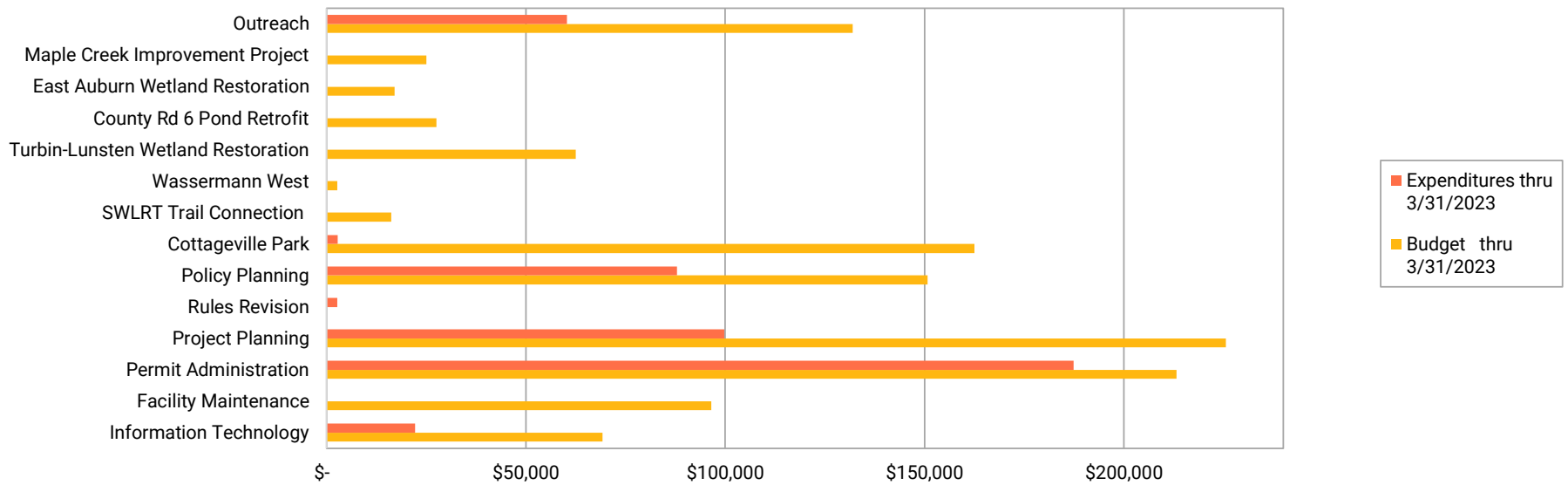
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual -
For the Three Months Ended March 31, 2023

Fund Name	Project #	2022 Actual Expenditures	2023 Annual Budget	YTD Budget thru 3/31/2023	YTD Expenditures thru 3/31/2023	Variance 3/31/2023	Percent Expended Budget thru 3/31/2023
General Ops	1002	\$ 964,139	\$ 1,236,204	\$ 309,051	\$ 163,896	\$ 145,155	53%
Information Technology	1003	226,137	277,000	69,250	22,163	47,087	32%
Facility Maintenance	1005	-	386,000	96,500	-	96,500	0%
Permit Administration	2001	939,061	852,789	213,197	187,412	25,785	88%
Project Planning	2002	1,035,899	902,545	225,636	99,726	125,910	44%
PMLM	2003	743,073	970,543	242,636	554,283	(311,647)	228%
Capital Finance	2004	2,759,839	4,212,718	1,053,180	206,292	846,888	20%
Rules Revision	2007	42,996	-	-	2,647	(2,647)	0%
Policy Planning	2008	-	602,935	150,734	87,875	62,859	58%
Six Mile Marsh Prairie Restoration	3106	220,164	-	-	-	-	0%
Blake Road	3145	693,256	1,632,285	408,071	15,614	392,457	4%
Cottageville Park	3146	30,946	650,000	162,500	2,722	159,778	2%
FEMA Flood Repair	3148	2,670	-	-	-	-	0%
SWLRT Trail Connection	3152	-	65,000	16,250	-	16,250	0%
Wassermann West	3153	9,728	10,737	2,684	-	2,684	0%
Wassermann Internal Load Mgmt	3156	197,894	-	-	-	-	0%
Turbin-Lunsten Wetland Restoration	3158	-	250,000	62,500	-	62,500	0%
County Rd 6 Pond Retrofit	3159	-	110,000	27,500	-	27,500	0%
East Auburn Wetland Restoration	3160	-	68,000	17,000	-	17,000	0%
Maple Creek Improvement Project	3500	-	100,000	25,000	-	25,000	0%
Outreach	4002	298,092	527,826	131,957	60,293	71,664	46%
R&M	5001	788,126	1,454,612	363,653	151,267	212,386	42%
SMC-HB Carp Mgmt	5007	60,805	-	-	-	-	0%
Transfers out		1,693,620	-	-	-	-	0%
Total Expenditures		\$ 10,706,445	\$ 14,309,194	\$ 3,577,299	\$ 1,554,190	\$ 2,023,109	43%

**Budget To Actual Comparison By Project
\$0 to \$1,200,000**



**Budget To Actual Comparison By Project
\$0 to \$240,000**



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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.
2	Majority of miscellaneous revenue is typically permit receivables and variances to budget are largely based on timing – when the expense was incurred versus when reimbursement was received by the District. That said, the majority of funds received to-date are from the Minnehaha Preserve Boardwalk settlement.
3	Mortgage payoff – not applicable for 2023.
4	Loans, grants and awards received – not applicable for 2023.
5	Interest earnings received in Q1 exceed projections for entire year. Bank interest rates rebounded after the 2023 budget was approved. Expect to earn upwards of \$100k for the year if rates stay at current levels.
6	Transfers In – not applicable to-date.
7	Personnel is trending positively due to open positions in Q1 that were budgeted but are not yet filled.
8	Staff expenses were limited in Q1, however staff are attending meetings and traveling, therefore expect this category to closer align with budget in Q2.
8	Manager expenses are trending positively to the budget. This is often a matter of timing as to when or how often Board Mangers submit for reimbursements.
10	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.
11	Vehicle budget for 2023 includes a new vehicle purchase. Fully expect this to be pushed to 2024 for cost and availability issues that continue to exist.
12	Contracted services is trending positively to the budget due to the timing of services for a number of programs.
13	Construction is close to budget for Q1 based on Preserve Boardwalk work.
14	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.
15	Engineering is trending positively to the budget for Q1. This category’s variances are due to the timing of projects.
16	Lab analysis expenditures are trending positively to the budget. Do not expect to see significant spending until at least Q2 when R&M ramps up sample testing.
17	Legal expenditures are about half of what was expected to be incurred in Q1. Again, expenditures are often due to the timing of projects.
18	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.
19	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.
20	Other Miscellaneous expense is trending positively to the budget due to timing or deferral of services.
21	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 for the most part paid in Q2.
22	No purchases to-date as part of the Strategic IT Plan.
23	IT Equipment has limited expenditures in Q1, however some replacement items will likely be purchased later this year.
24	Loans, grants & awards given have no expenditures to-date. The \$100k budgeted amount reflects funds for the Maple Creek Improvement Project under the Land & Water Partnership program. Construction is currently underway by the City of Plymouth and funds will be disbursed when the project is complete.
25	Permit acquisition category is not applicable for 2023.
26	Capital outlay does not reflect a budgeted amount for 2023, however if an item (a piece of equipment or vehicle for example) is purchased that meets capital definition (over \$5k) this category will be used.
27	Transfers out category will not be used in 2023 unless required to move funds from one program fund to another.