



**Title:** 3rd Quarter 2023 Financial Report

**Prepared by:** Name: Deb Johnson  
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**Purpose:**

Attached, please find the 3<sup>rd</sup> Quarter (Q3) Financial Report from Abdo Financial Solutions showing revenue and expenditures from January 1, 2023 to September 30, 2023.

**Summary:**

Revenue

First disbursement of levy funds from Hennepin and Carver counties were received in July. To-date the District has received just over 50% of expected funds, totaling \$5,024,435. Second half disbursements will be received in December and reflected on the Q4 report.

Miscellaneous revenue is typically Permitting reimburseables, however the majority of revenue for 2023 reflect Preserve Boardwalk settlement funds, as well as the remaining Lifetime escrow funds of \$462,200 moved to the general funds account to pay the City of St. Louis Park for their work on the Northside Park project.

Loans, grants and awards reflects a second payment (40% of total grant award) from BSWR for the 2019 watershed based funding grant. These funds were distributed between the 325 Blake Road and Wasserman projects. Since last quarter the closeout payment (\$1900.08) for the FEMA flood repairs project was also received.

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 the District has earned far more than projected for the entire year.

Expenditures

With the YTD budget simply shown as three-quarters of its total, it is not unexpected to see a wide range of variances when comparing to actual expenditures. That said, overall expenditures sit at 69.7% of budget through Q3. This time last year we were at 53.5% of actual to budget. (Please refer to 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 vehicles and contracted services. Vehicle expenses will remain under budget for the year as the vehicle purchase included in the 2023 budget has been moved to 2024. Contracted services is often a matter of timing i.e. service completion versus expenditure. Additionally, Strategic IT Plan budget has seen no expenditures to date based on timing of this project. Further 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 several items exceeding budget projections through Q3. These include accounting/auditing, insurance, debt service and dues/subscriptions. Accounting/auditing, insurance and dues/subscriptions all have one-time expenditures made in the first half of the year. These categories will fall within budget at year end. Debt service will also balance with budget at year end as this report does not reflect the timing of payments made but rather simply three-quarters of the annual budget.

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 two exceptions, expenditures fall below third quarter budgeted amounts. The PMLM program is shown as 106% or \$123,186 over budget through Q3. This is not a significant overage and expect this program will fall within budget at year end. Capital Finance is also shown over Q3 budget by \$248,681 or 108%. As noted previously this is a matter of timing of debt payments versus what is reflected as three-quarters of the year's budget. This will align at year end.

If you have more specific questions regarding the contents of the report, please contact Deb Johnson at [djohnson@minnehahacreek.org](mailto:djohnson@minnehahacreek.org)

**Supporting documents:**  
2023 Q3 Financial Report



# 3<sup>rd</sup> Quarter Report

## Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of September 30, 2023

**Abdo**  
Financial  
Solutions

*Edina Office*

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

October 4, 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 September 30, 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**

October 4, 2023

Dear Board of Managers:

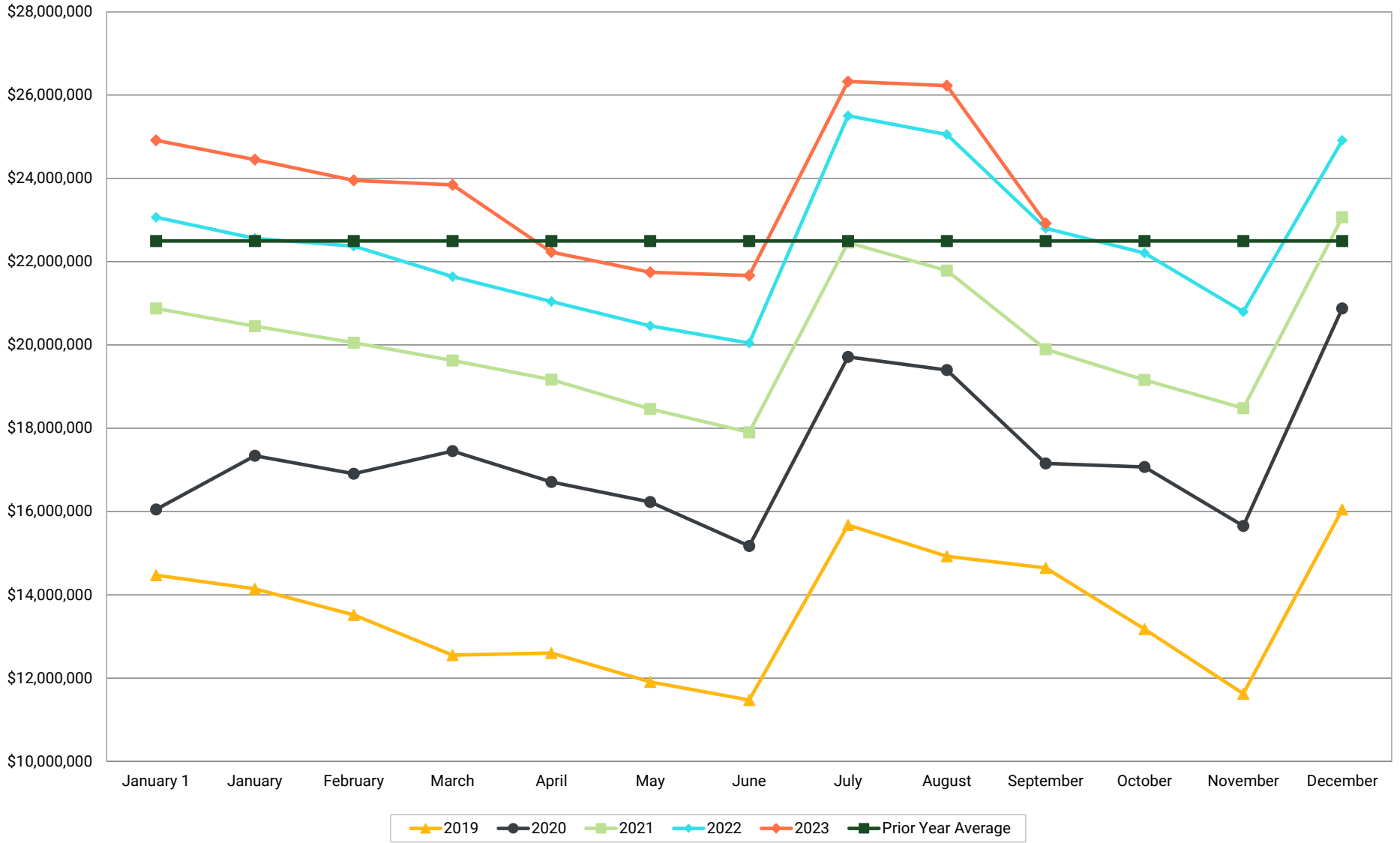
We have reconciled all bank accounts through September 30, 2023, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

**Cash**

The District’s cash balances are as follows:

Institution	Description	Type	Market Value 1/1/2023	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 9/30/2023	Market Value 9/30/2023	Unrealized Gain / Loss
Bremer Bank	General Checking - 0515	Checking	\$ 214,440.38	\$ 1,520.52	\$ (8,402,046.17)	\$ 8,660,000.00	\$ -	\$ 473,914.73	\$ 473,914.73	\$ (0.00)
Bremer Bank	General MM - 2755	Money Market	23,320,842.79	6,139,733.00	(189.00)	(8,133,570.61)	360,448.25	21,687,264.43	21,687,264.43	-
			23,535,283.17	6,141,253.52	(8,402,235.17)	526,429.39	360,448.25	22,161,179.16	22,161,179.16	(0.00)
Bremer Bank	Surety Checking- 6092	Checking	30,092.05	-	(41,087.36)	22,500.00	4.82	11,509.51	11,509.51	-
Bremer Bank	Surety MM - 2788	Money Market	1,371,114.67	103,575.41	-	(548,929.39)	19,735.40	945,496.09	945,496.09	-
			1,401,206.72	103,575.41	(41,087.36)	(526,429.39)	19,740.22	957,005.60	957,005.60	-
Total Cash and Investments			\$ 24,936,489.89	\$6,244,828.93	\$ (8,443,322.53)	\$ (0.00)	\$ 380,188.47	\$ 23,118,184.76	\$ 23,118,184.76	\$ (0.00)
								Deposits in Transit	\$	-
								Outstanding Checks		(194,620.01)
								Timing Difference		
								Reconciled Balance	\$	22,923,564.75

Management Planning Fund Cash Balances 2019 - 2023



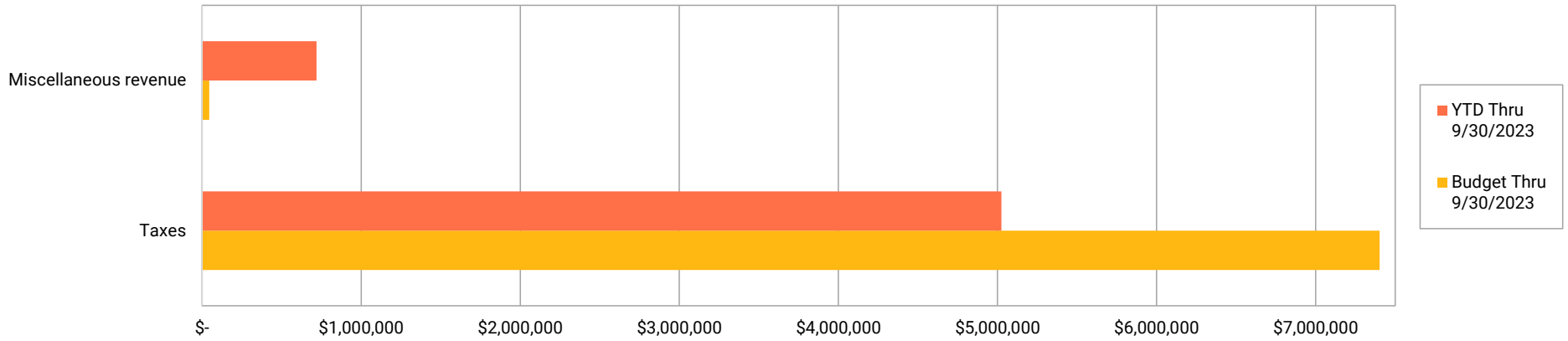
**Management Planning Fund**

	<b>2022 Actual</b>	<b>2023 Budget</b>	<b>YTD Budget Thru 9/30/2023</b>	<b>YTD Thru 9/30/2023</b>	<b>Percent of YTD Budget</b>		
<b>Receipts</b>							
Taxes	\$ 9,654,671	\$ 9,869,514	\$ 7,402,136	\$ 5,024,435	67.9 %	↓	(1)
Miscellaneous revenue	194,207	60,000	45,000	1,180,857	2,624.1	↑	(2)
Mortgage Payoff	1,000,000	-	-	-	-		(3)
Loans, grants & awards	547,416	445,000	333,750	358,415	107.4	→	(4)
Interest earnings	69,241	10,000	7,500	380,188	5,069.2	↑	(5)
Transfers In	1,693,620	-	-	-	-		(6)
	<u>\$ 13,159,155</u>	<u>\$ 10,384,514</u>	<u>\$ 7,788,386</u>	<u>\$ 6,943,895</u>	<u>89.2 %</u>	<u>↓</u>	
<b>Disbursements</b>							
Personnel	\$ 2,301,297	\$ 3,274,830	\$ 2,456,123	\$ 1,619,110	65.9 %	↑	(7)
Staff expenses	41,201	82,500	61,875	27,321	44.2	↑	(8)
Manager expenses	44,893	51,000	38,250	22,486	58.8	↑	(9)
Building & operating expense	131,374	134,264	100,698	72,239	71.7	↑	(10)
Vehicles	5,170	40,000	30,000	3,045	10.2	↑	(11)
Contracted services	871,434	1,176,530	882,398	295,328	33.5	↑	(12)
Construction	547,508	4,671,940	3,503,955	1,744,743	49.8	↑	(13)
Accounting & auditing	108,200	114,000	85,500	91,055	106.5	→	(14)
Engineering	1,133,720	1,103,100	827,325	480,331	58.1	↑	(15)
Lab analysis	41,641	75,300	56,475	27,064	47.9	↑	(16)
Legal services	561,414	371,500	278,625	274,649	98.6	→	(17)
Insurance	70,665	77,000	57,750	66,085	114.4	↓	(18)
Debt service	2,863,391	4,317,642	3,238,232	3,459,354	106.8	→	(19)
Other miscellaneous	77,122	155,200	116,400	40,661	34.9	↑	(20)
Dues & Subscriptions	109,273	113,000	84,750	89,713	105.9	→	(21)
Strategic IT Plan	-	45,000	33,750	-	-	↑	(22)
IT Equipment	24,676	30,000	22,500	10,907	48.5	↑	(23)
Loans, grants & awards given	62,503	100,000	75,000	-	-	↑	(24)
Permit Acquisition	170	-	-	250	-	↑	(25)
Capital Outlay	17,176	-	-	-	-		(26)
Transfers Out	1,693,620	-	-	-	-		(27)
	<u>\$ 10,706,448</u>	<u>\$ 15,932,806</u>	<u>\$ 11,949,605</u>	<u>\$ 8,324,341</u>	<u>69.7 %</u>	<u>↑</u>	

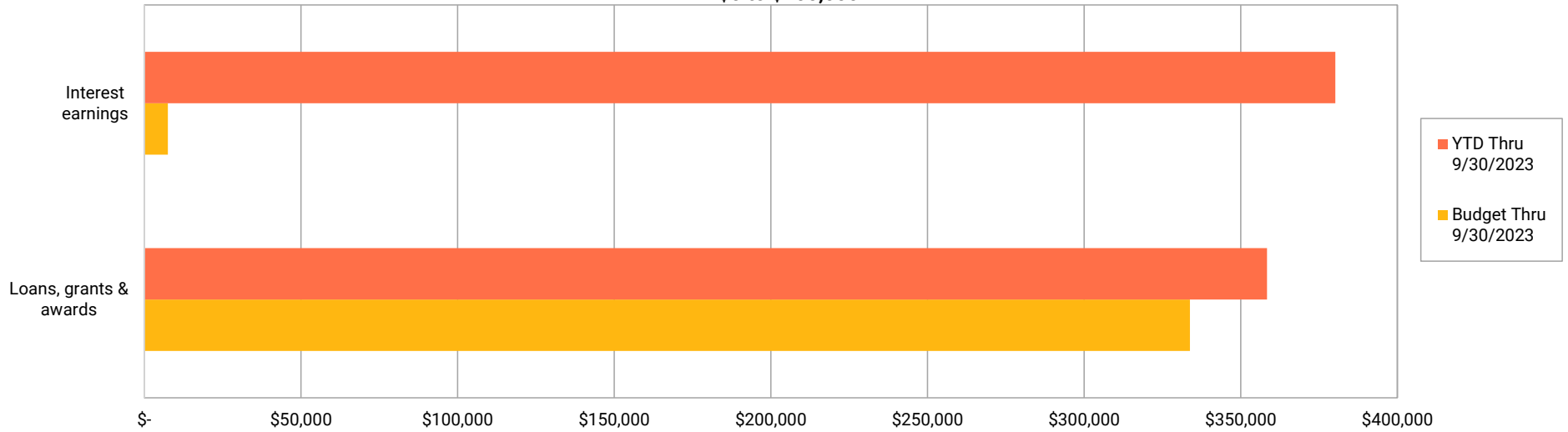
**Key**

- ↑ 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 \$7,500,000**



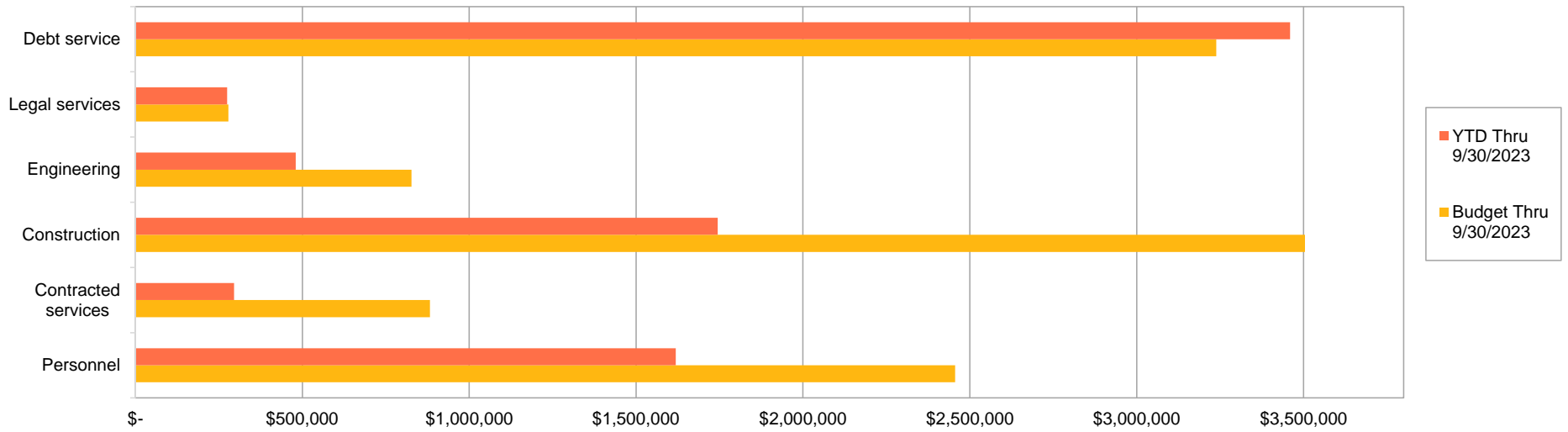
**Receipts Budget to Actual Comparison  
\$0 to \$400,000**



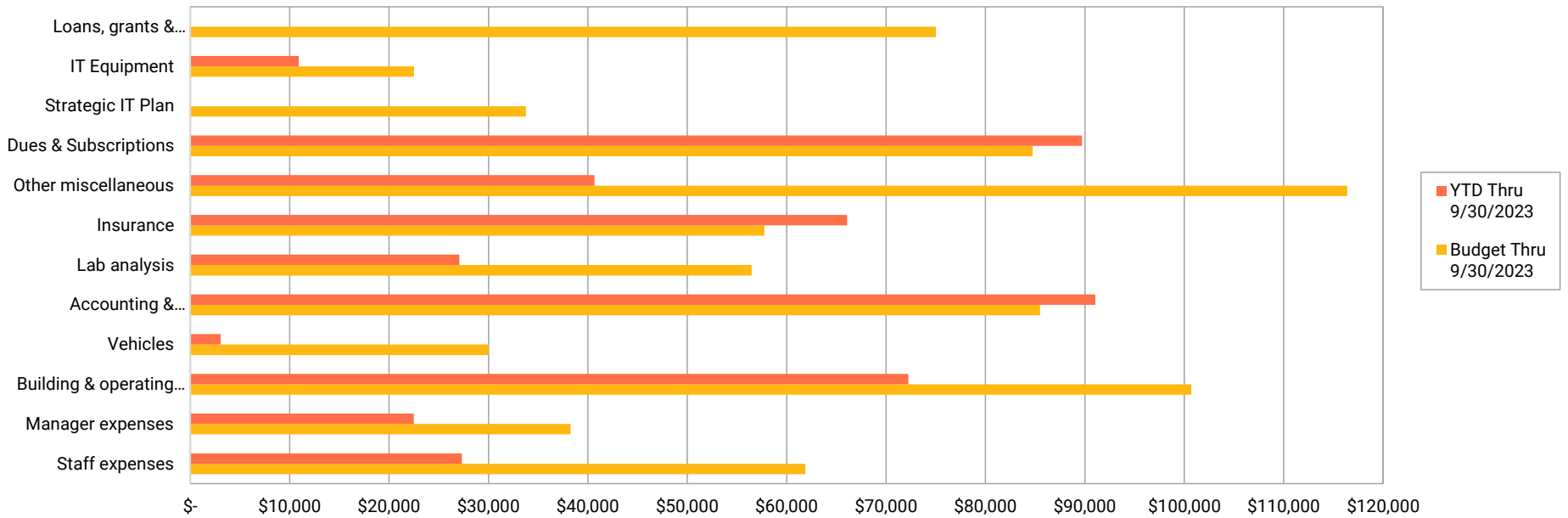
\*\*\* Typically, property taxes are received in July and December (with 70% advance in June).



**Disbursements Budget to Actual Comparison  
\$0 to \$3,800,000**



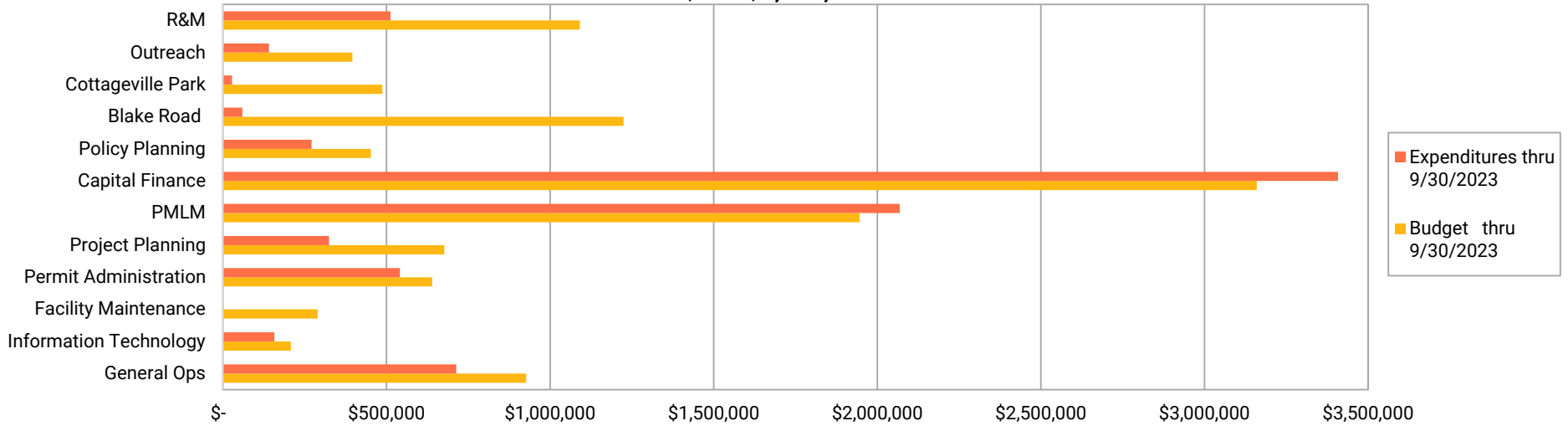
**Disbursements Budget to Actual Comparison  
\$0 to \$120,000**



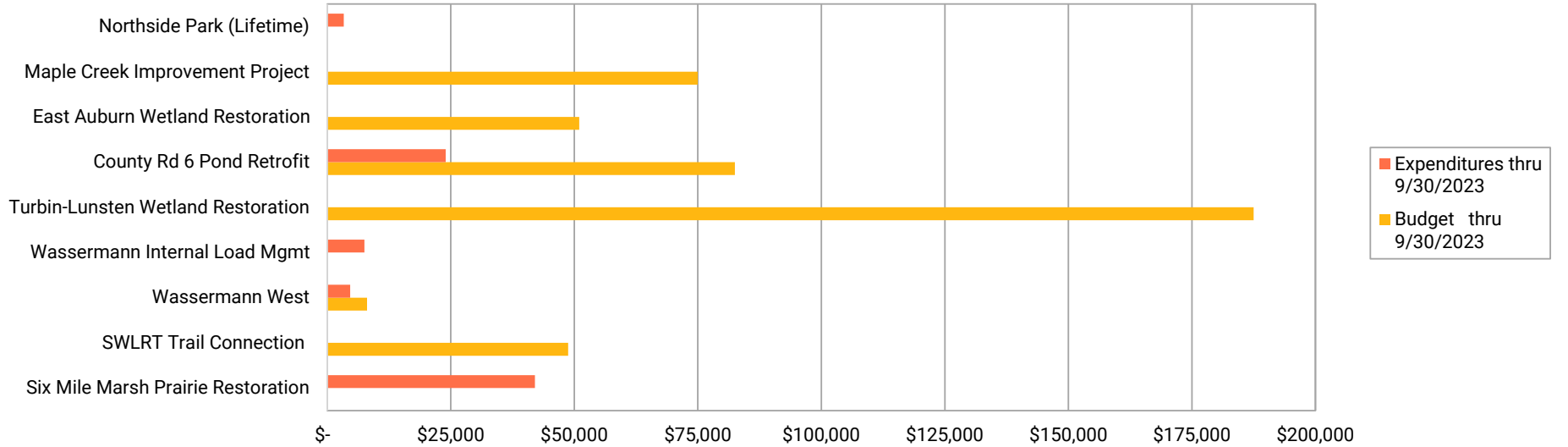
Minnehaha Creek Watershed District  
Statement of Expenditures -  
Budget and Actual -  
For the Nine Months Ended September 30, 2023

Fund Name	Project #	2022 Actual Expenditures	2023 Annual Budget	YTD Budget thru 9/30/2023	YTD Expenditures thru 9/30/2023	Variance 9/30/2023	Percent Expended Budget thru 9/30/2023
General Ops	1002	\$ 964,142	\$ 1,236,204	\$ 927,153	\$ 713,405	\$ 213,748	77%
Information Technology	1003	226,137	277,000	207,750	157,289	50,461	76%
Facility Maintenance	1005	-	386,000	289,500	-	289,500	0%
Permit Administration	2001	939,061	852,789	639,592	541,067	98,525	85%
Project Planning	2002	1,035,899	902,545	676,909	324,334	352,575	48%
PMLM	2003	743,073	2,594,155	1,945,616	2,068,802	(123,186)	106%
Capital Finance	2004	2,759,839	4,212,718	3,159,539	3,408,219	(248,681)	108%
Rules Revision	2007	42,996	-	-	18,709	(18,709)	0%
Policy Planning	2008	-	602,935	452,201	270,763	181,438	60%
Six Mile Marsh Prairie Restoration	3106	220,164	-	-	42,029	(42,029)	0%
Blake Road	3145	693,256	1,632,285	1,224,214	59,376	1,164,838	5%
Cottageville Park	3146	30,946	650,000	487,500	28,044	459,456	6%
FEMA Flood Repair	3148	2,670	-	-	-	-	0%
SWLRT Trail Connection	3152	-	65,000	48,750	-	48,750	0%
Wassermann West	3153	9,728	10,737	8,053	4,648	3,405	58%
Wassermann Internal Load Mgmt	3156	197,894	-	-	7,526	(7,526)	0%
Turbin-Lunsten Wetland Restoration	3158	-	250,000	187,500	-	187,500	0%
County Rd 6 Pond Retrofit	3159	-	110,000	82,500	23,976	58,524	29%
East Auburn Wetland Restoration	3160	-	68,000	51,000	-	51,000	0%
Maple Creek Improvement Project	3500	-	100,000	75,000	-	75,000	0%
Northside Park (Lifetime)	3503	-	-	-	3,351	(3,351)	0%
Outreach	4002	298,092	527,826	395,870	140,847	255,023	36%
R&M	5001	788,126	1,454,612	1,090,959	511,956	579,003	47%
SMC-HB Carp Mgmt	5007	60,805	-	-	-	-	0%
Transfers out		1,693,620	-	-	-	-	0%
<b>Total Expenditures</b>		<b>\$ 10,706,448</b>	<b>\$ 15,932,806</b>	<b>\$ 11,949,605</b>	<b>\$ 8,324,341</b>	<b>\$ 3,625,264</b>	<b>70%</b>

**Budget To Actual Comparison By Project  
\$0 to \$3,500,000**



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



\* \* \* \* \*

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	First half tax levy received in July reflects the approximately 50% expected for first half settlements.
2	Miscellaneous revenue is typically permitting 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 revenue received this year is from the Minnehaha Preserve Boardwalk settlement as well as a transfer of the Lifetime payment from the surety account to the general funds account as we begin to reimburse the City of St. Louis Park for it’s work on the Northside Park project.
3	Mortgage payoff – not applicable for 2023.
4	Loans, grants and awards received reflects receipt of a second payment for the 2019 Watershed Based Funding grant from BWSR. Funds were distributed between 325 Blake Road and Wasserman projects. Since last quarter the final payment (\$1900) of the FEMA flood repair project was also received.
5	Interest earnings far exceed projections as interest rates rebounded after the 2023 budget was approved. If interest rates and account funds don’t fluctuate substantially from today’s levels, we should see close to \$500k in interest revenue by year end.
6	Transfers In – not applicable.
7	Personnel is trending positively to budget due to open and budgeted staff positions not yet filled. This should fall under budget for the year as several positions will likely remain open at year end.
8	Staff expenses are trending positively towards the budget at the end of Q3.
9	Manager expenses are trending positively to the budget. This is often a matter of timing as to when and how often Board Mangers submit for reimbursements.
10	Building & operating expenses are trending positively to the budget for Q3. 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 included a new vehicle purchase. This expense is being postponed until 2024 for cost and availability issues that continue to exist. Expenditures to-date include only fuel and maintenance on current vehicles, boats and trailers.
12	Contracted services is trending positively to the budget due to the timing of services for a number of programs.
13	Construction is 50% of Q3 projection and down significantly for the year based on timing and deferral of projects.
14	Accounting/auditing is over Q3 projection based on the one-time payment for audit services made in Q2. Expect expenditures to be close to budget by year-end.
15	Engineering is under budget District-wide primarily due to the timing of projects.
16	Lab analysis expenditures are trending positively to the budget with an as expected uptick in expenses during Q3 however, overall expect to be under budget for the year.
17	Legal expenditures align closely with Q3 projections and should fall within budget for the year.
18	Insurance is a one-time payment made in Q2, and although currently showing as over budget at the end of Q3, based on the full budget for the year this will in fact be under budget at year end.
19	Debt service is slightly over budget for Q3, however the budget is shown as three quarters 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/subscriptions continues to show as over budget, however this is due to a number of one-time/annual expenditures made in Q2 with a lesser number of expenditures occurring throughout the remainder of the year. This category is expected to balance at year-end.
22	No purchases to-date as part of the Strategic IT Plan.
23	IT Equipment (replacement laptops) were purchased during Q3, however category remains under budget for the 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.