



Title: 2nd Quarter 2024 Financial Report

Prepared by: Name: Deb Johnson
Phone: 952.641.4500
djohnson@minnehahacreek.org

Purpose:

Attached, please find the 2nd Quarter (Q2) Financial Report from Abdo Financial Solutions showing revenue and expenditures from January 1, 2024 to June 30, 2024.

Summary:

Revenue

Budgeted tax revenue through June 30 is shown as \$4,934,757 with zero dollars received to-date. Levy dollars from Hennepin and Carver counties are typically received in July, and in fact the District has received first half settlements from both counties totaling \$5,006,169. This information will be reflected on the Q3 report.

Miscellaneous revenue is largely Permitting reimburseables which often ebbs and flows based on permit holder's timing of work.

The District is expecting to receive a number of payments within the loans, grants and awards received revenue category, however none have been received through Q2. Many of the District's grants are reimbursement grants and therefore will not be received until after a certain percentage of the work is completed. This is often a matter of timing and not unusual.

Interest earnings, which is the interest earned on the District's general funds money market account, 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 continue to remain steady through Q2. The 2024 budget was completed before the full extent of the rates became evident and would have otherwise been projected upwards to more accurately reflect revenue earned. Additionally, and as you will see on the Management Planning Fund Cash Balance 2020-2024 graph on page 4 of the report, the cash balance in the general funds account is greater than in past years, which also accounts for higher revenues earned in interest.

Expenditures

With the YTD budget simply shown as one-half of its total, it is not unexpected to see a wide range of variances when comparing to actual expenditures. Overall expenditures sit at 32.5% of budget through Q2. This time last year we were at 56.9% 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 manager expenses, vehicles, contracted services, construction, engineering, and strategic IT plan. These expenditures are often a matter of timing, i.e. construction, engineering and contracted services can all be tied to projects that have not yet begun or are in early stages. 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 Q2. Those include staff expenses, insurance, accounting/auditing, and dues/subscriptions. A number of these overages reflect one-time expenditures made in the first half of the year. We fully expect these categories to fall within budget as the year progresses.

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. That said, all expenditures currently fall below mid-year budgeted amounts.

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

Supporting documents:

2024 Q2 Financial Report



2nd Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of June 30, 2024

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

July 31, 2024

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 June 30, 2024 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

July 31, 2024

Dear Board of Managers:

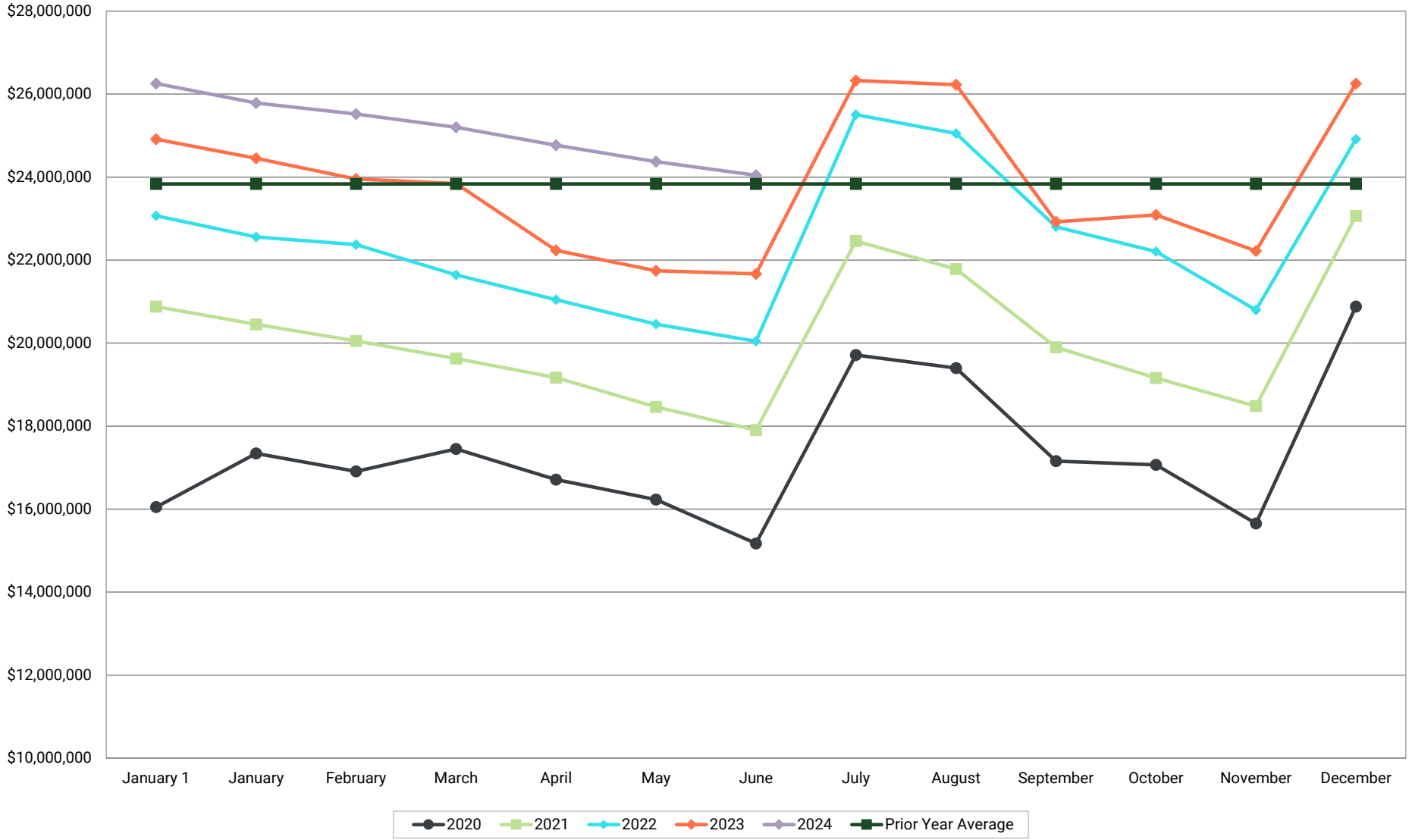
We have reconciled all bank accounts through June 30, 2024, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

Cash

The District’s cash balances are as follows:

Institution	Description	Type	Market Value 1/1/2024	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 6/30/2024	Market Value 6/30/2024	
Bremer Bank	General Checking - 0515	Checking	\$ 741,174.77	\$ 60.00	\$ (2,805,711.78)	\$ 2,655,000.00	\$ -	\$ 590,522.99	\$ 590,522.99	
Bremer Bank	General MM - 2755	Money Market	24,883,463.78	125,436.48	-	(2,630,172.97)	358,418.87	22,737,146.16	22,737,146.16	
			25,624,638.55	125,496.48	(2,805,711.78)	24,827.03	358,418.87	23,327,669.15	23,327,669.15	
Bremer Bank	Surety Checking- 6092	Checking	250,925.52	7,300.00	(324,145.00)	75,900.00	12.35	9,992.87	9,992.87	
Bremer Bank	Surety MM - 2788	Money Market	928,868.92	42,500.00	(7,300.00)	(100,727.03)	13,471.07	876,812.96	876,812.96	
			1,179,794.44	49,800.00	(331,445.00)	(24,827.03)	13,483.42	886,805.83	886,805.83	
Total Cash and Investments			\$ 26,804,432.99	\$ 175,296.48	\$ (3,137,156.78)	\$ 0.00	\$ 371,902.29	\$ 24,214,474.98	\$ 24,214,474.98	
									Deposits in Transit	\$ -
									Outstanding Checks	(170,210.39)
									Reconciled Balance	<u>\$ 24,044,264.59</u>

Management Planning Fund Cash Balances 2020 - 2024



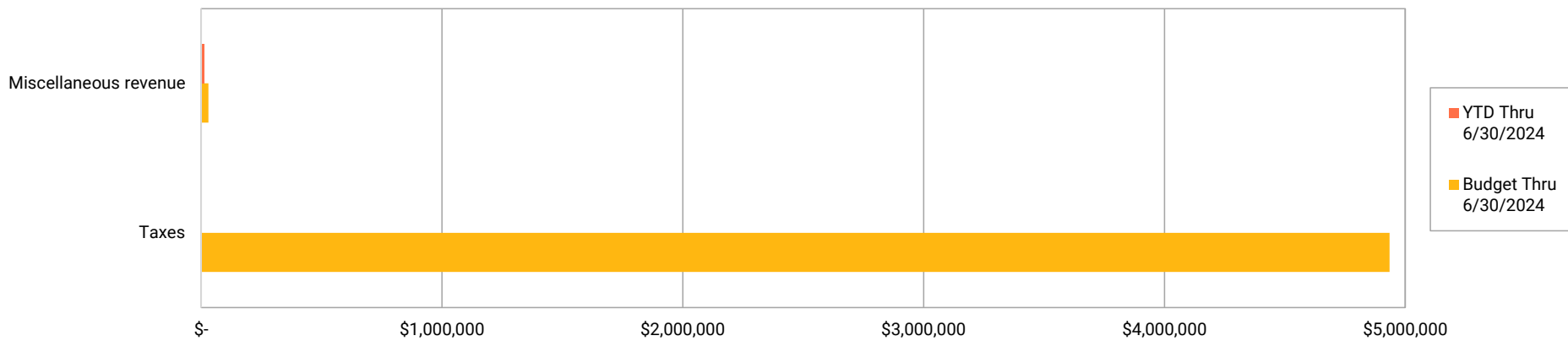
Management Planning Fund

	2023 Actual	2024 Budget	YTD Budget Thru 6/30/2024	YTD Thru 6/30/2024	Percent of YTD Budget		
Receipts							
Taxes	\$ 9,772,809	\$ 9,869,513	\$ 4,934,757	\$ -	- %	↓	(1)
Miscellaneous revenue	880,917	60,000	30,000	12,307	41.0	↓	(2)
Loans, grants & awards	283,823	1,081,190	540,595	-	-	↓	(3)
Interest earnings	561,725	120,000	60,000	371,902	619.8	↑	(4)
Transfers In	12,291,975	-	-	-	-	-	(5)
Total Receipts	\$ 23,791,249	\$ 11,130,703	\$ 5,565,352	\$ 384,209	6.9 %	↓	
Expenditures							
Personnel	\$ 2,245,147	\$ 3,452,732	1,726,366	\$ 1,125,024	65.2 %	↑	(6)
Staff expenses	42,721	87,000	43,500	46,952	107.9	→	(7)
Manager expenses	43,213	51,000	25,500	9,606	37.7	↑	(8)
Building & operating expense	100,941	123,813	61,907	47,135	76.1	↑	(9)
Vehicles	6,082	43,500	21,750	2,136	9.8	↑	(10)
Contracted services	462,671	1,120,780	560,390	122,137	21.8	↑	(11)
Construction	1,978,003	5,772,158	2,886,079	45,175	1.6	↑	(12)
Accounting & auditing	111,740	120,000	60,000	78,554	130.9	↓	(13)
Engineering	662,150	1,332,275	666,138	223,280	33.5	↑	(14)
Lab analysis	34,911	63,215	31,608	21,361	67.6	↑	(15)
Legal services	404,853	356,500	178,250	123,748	69.4	↑	(16)
Insurance	69,038	70,500	35,250	67,134	190.5	↓	(17)
Debt service	4,317,949	1,204,792	602,396	320,570	53.2	↑	(18)
Other miscellaneous	103,207	118,200	59,100	24,624	41.7	↑	(19)
Dues & Subscriptions	93,068	127,000	63,500	74,910	118.0	↓	(20)
Strategic IT Plan	14,580	78,850	39,425	4,860	12.3	↑	(21)
IT Equipment	11,982	25,000	12,500	10,326	82.6	↑	(22)
Loans, grants & awards given	90,000	338,940	169,470	10,000	5.9	↑	(23)
Permit Acquisition	250	-	-	72	-	↑	(24)
Capital Outlay	-	-	-	-	-	-	(25)
Transfers Out	12,291,975	-	-	-	-	-	(26)
Total Expenditures	\$ 23,084,481	\$ 14,486,255	\$ 7,243,128	\$ 2,357,604	32.5 %	↑	

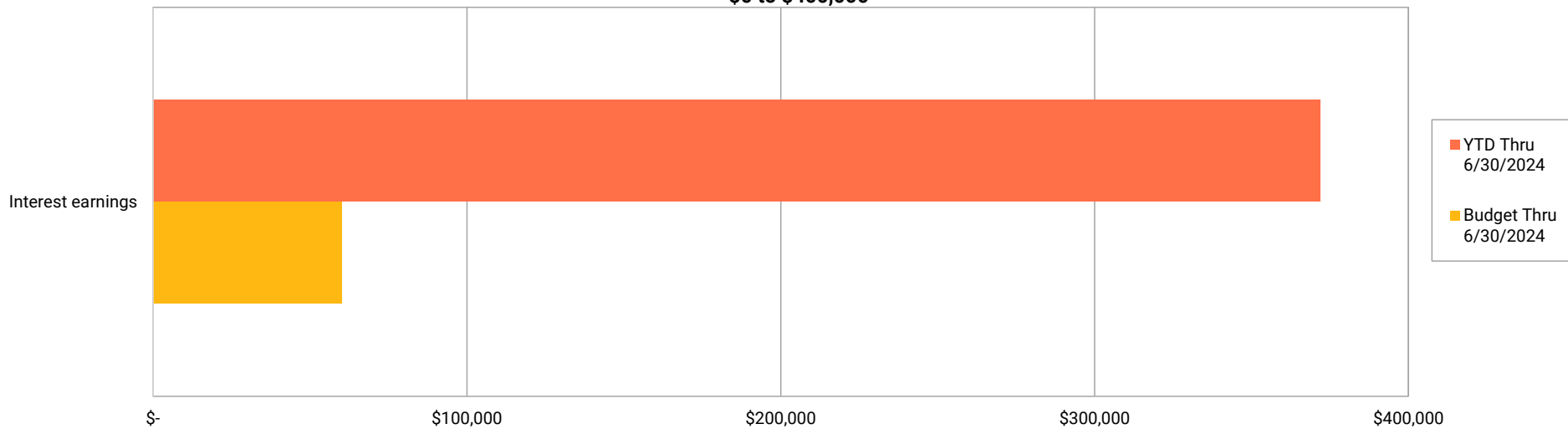
Key

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

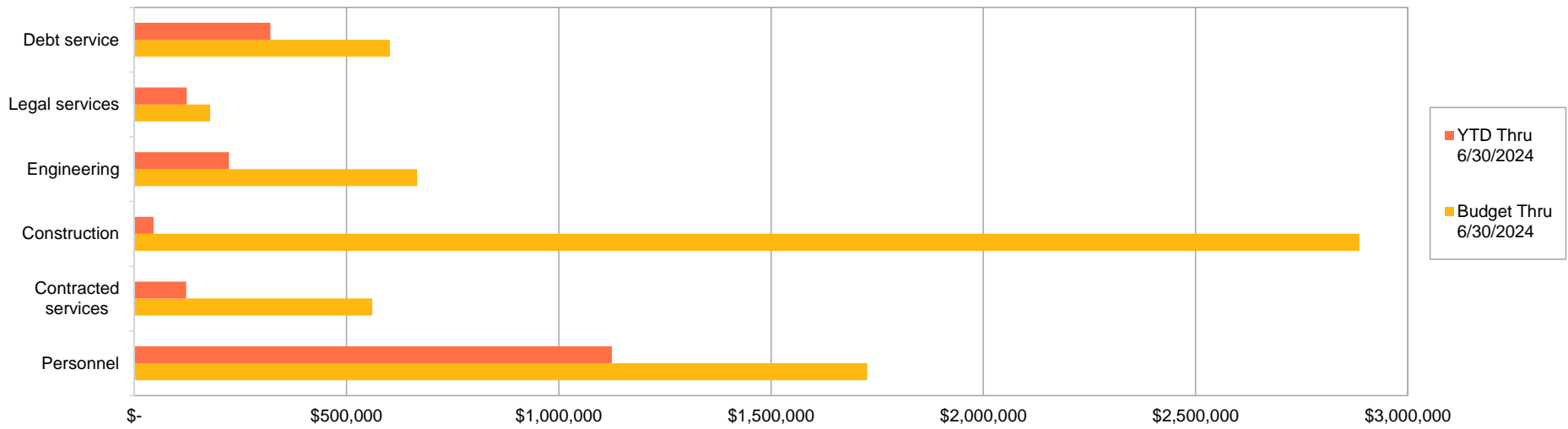
Receipts Budget to Actual Comparison
\$0 to \$5,000,000



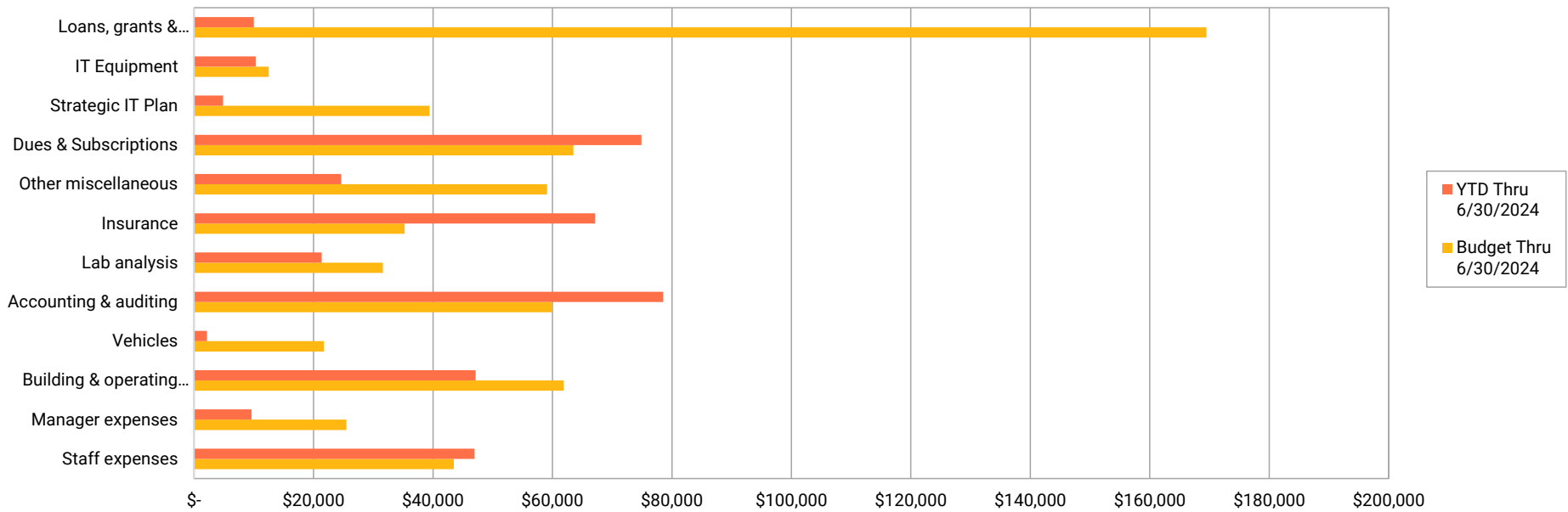
Receipts Budget to Actual Comparison
\$0 to \$400,000



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



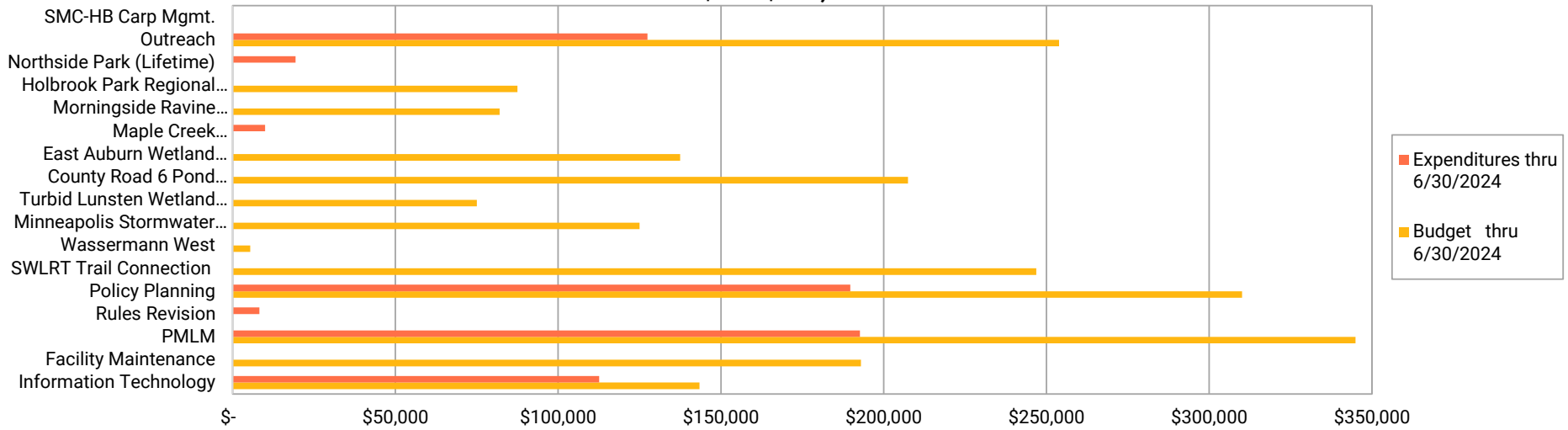
**Disbursements Budget to Actual Comparison
\$0 to \$200,000**



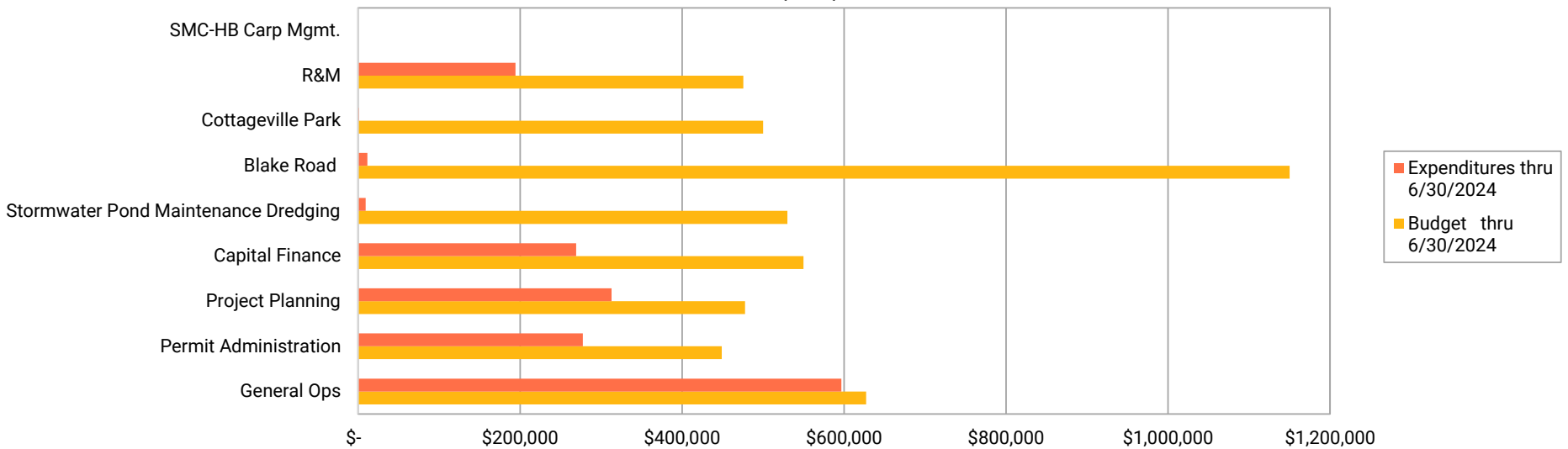
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual -
For the Three Months Ended June 30, 2024

Fund Name	Project #	2023 Actual Expenditures	2024 Annual Budget	YTD Budget thru 6/30/2024	YTD Expenditures thru 6/30/2024	Variance 6/30/2024	Percent Expended Budget thru 6/30/2024
General Ops	1002	\$ 1,056,061	\$ 1,254,725	\$ 627,363	\$ 596,605	\$ 30,758	95.1%
Information Technology	1003	196,302	286,850	143,425	112,604	30,821	78.5%
Facility Maintenance	1005	-	386,000	193,000	-	193,000	0.0%
Permit Administration	2001	726,417	898,299	449,150	277,456	171,694	61.8%
Project Planning	2002	506,627	955,636	477,818	313,092	164,726	65.5%
PMLM	2003	2,287,955	689,926	344,963	192,750	152,213	55.9%
Capital Finance	2004	4,214,357	1,099,866	549,933	269,394	280,539	49.0%
Rules Revision	2007	28,445	-	-	8,236	(8,236)	0.0%
Policy Planning	2008	379,378	620,151	310,076	189,771	120,305	61.2%
Stormwater Pond Maintenance Dredging	3002	511	1,060,000	530,000	9,250	520,750	1.7%
Six Mile Marsh Prairie Restoration	3106	170,239	-	-	-	-	0.0%
Blake Road	3145	76,488	2,300,000	1,150,000	11,563	1,138,437	1.0%
Cottageville Park	3146	28,044	1,000,000	500,000	949	499,051	0.2%
SWLRT Trail Connection	3152	-	493,734	246,867	-	246,867	0.0%
Wassermann West	3153	8,742	10,737	5,369	-	5,369	0.0%
Minneapolis Stormwater Mgmt.	3155	-	250,000	125,000	-	125,000	0.0%
Wassermann Internal Load Mgmt.	3156	7,526	-	-	-	-	0.0%
Turbid Lunsten Wetland Restoration	3158	-	150,000	75,000	-	75,000	0.0%
County Road 6 Pond Retrofit	3159	-	415,000	207,500	-	207,500	0.0%
East Auburn Wetland Restoration	3160	-	275,000	137,500	-	137,500	0.0%
Maple Creek Improvement Project	3500	90,000	-	-	10,000	(10,000)	0.0%
Morningside Ravine Stabilization	3501	-	164,000	82,000	-	82,000	0.0%
Holbrook Park Regional Stormwater	3502	-	174,940	87,470	-	87,470	0.0%
Northside Park (Lifetime)	3503	34,440	-	-	19,325	(19,325)	0.0%
Outreach	4002	218,557	507,757	253,879	127,430	126,449	50.2%
R&M	5001	755,343	951,384	475,692	194,289	281,403	40.8%
SMC-HB Carp Mgmt.	5007	1,707	-	-	-	-	0.0%
LCCMR	5008	5,367	542,250	271,125	24,890	246,235	9.2%
Transfers out		12,291,975	-	-	-	-	0.0%
Total Expenditures		<u>\$ 23,084,481</u>	<u>\$ 14,486,255</u>	<u>\$ 7,243,128</u>	<u>\$ 2,357,604</u>	<u>\$ 4,885,524</u>	<u>32.5%</u>

Budget To Actual Comparison By Project
\$0 to \$350,000



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



* * * * *

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	Property tax revenue is received twice a year. The first half funds of \$5,006,169 received in July will be reflected on the Q3 report.
2	Miscellaneous revenue is permitting receivables and variances to budget are largely based on timing – when the expense was incurred versus when reimbursement was received by the District.
3	Although the District is expecting revenue from loans, grants and awards in 2024 none have been received through Q2.
4	Between the current interest rate earned on the general funds money market account and the level of funds within the account, interest earnings far exceed budgeted projections.
5	Transfers In – not applicable through Q2.
6	Personnel is trending positively to the budget due to open and budgeted staff positions not yet filled.
7	Staff expenses are just slightly over projections through Q2, however do not expect this category to go over budget for the year.
8	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.
9	Building & operating expenses are trending positively to the budget for Q2. This can be a matter of timing for facility repairs and/or replacement of items as they occur throughout the year.
10	Vehicle budget includes a new vehicle purchase which was approved by the board earlier this year. Expenditures to-date reflect only fuel and maintenance of existing fleet.
11	Contracted services are trending positively to the budget due to the timing of services for a number of programs.
12	Construction has seen little expenditures through Q2 with timing delayed on a number of projects.
13	Accounting/auditing is over Q2 projection based on the one-time Q2 payment for audit services. Expect expenditures to be close to budget by year-end.
14	Engineering is under budget primarily due to the timing of projects.
15	Lab analysis expenditures are just under what was expected to be spent through Q2.
16	Legal expenses are in line with expected expenditures through Q2.
17	Insurance is a one-time payment made in Q2, and although currently showing as over budget through Q2, based on the full budget for the year this will end the year close to budget projection.
18	Debt service is under projected expenditures through Q2, however the budget is shown as one-half 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.
19	Other Miscellaneous expense is trending positively to the budget due to timing or deferral of services.
20	Dues/subscriptions is showing as over-budget at mid-year. 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.
21	Budgeted items for the Strategic IT plan have yet to be purchased/obtained.
22	IT Equipment expenditures are in-line with projections through Q2.
23	Loans, grants & awards given show only the balance paid to the City of Plymouth for the LWP project from 2023. Expect more expenditures in this category as other LWP projects are approved.
24	Permit acquisition category is not applicable for 2024 and the one expenditure is being recoded.
25	Capital outlay does not reflect a budgeted amount for 2024, 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.
26	Transfers out category will not be used in 2024 unless required to move funds from one program fund to another.