



Title: 3rd Quarter 2024 Financial Report

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Purpose:

Attached, please find the 3rd Quarter (Q3) Financial Report from Abdo Financial Solutions showing revenue and expenditures from January 1, 2024 to September 20, 2024.

Summary:

Revenue

First disbursement of levy funds from Hennepin and Carver counties were received in July. To-date the District has received 67.6% or \$5,006,170 in levy funds. Second half disbursements will be received in December and reflected on the Q4 report.

Miscellaneous revenue is largely Permitting reimburseables which may ebb and flow based on timing of payments, however receipts are in line with budget through Q3.

The District was expecting to receive a number of payments within the loans, grants and awards received revenue category, however none have been received through Q3. 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 Q3. 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 three quarters of its total, it is not unexpected to see a wide range of variances when comparing to actual expenditures. Overall expenditures sit at 34.1% of budget through Q3. This time last year we were at 69.7% of actual to budget. The significant change year-over-year is explained by the expenditures last year for boardwalk reconstruction as well as the balloon (and final) payment to Wells Fargo on the 325 Blake Road loan. (Please refer to the variance report for more information.)

Variiances

Noteworthy positive variances (actuals under year-to-date budget) shown on the Management Planning Fund Table (page 5 of the report) include contracted services, construction, and strategic IT plan. These expenditures are often a matter of timing, i.e. construction and contracted services can 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 shown as exceeding budget projections through Q3. These include accounting/auditing, lab analysis, and insurance. Accounting/auditing and insurance overages reflect one-time expenditures made in the first half of the year and by year end will not exceed budget. Having just ended the busy season for lab analysis work expenditures are expected to begin decreasing in Q4 and by year end budget will closely match expenditures.

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 Q3 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 Q3 Financial Report



3rd Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of September 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

October 14, 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 September 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

October 14, 2024

Dear Board of Managers:

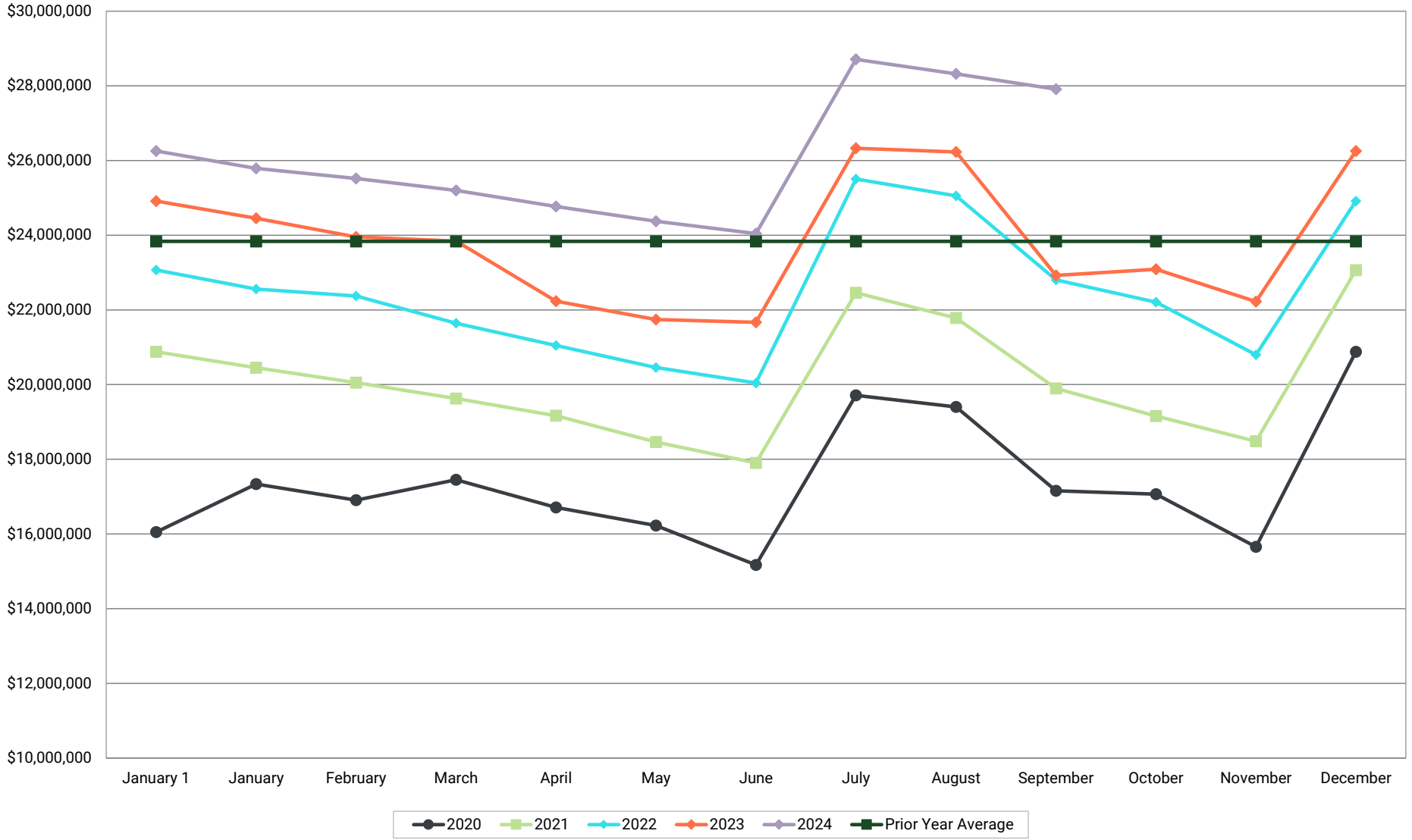
We have reconciled all bank accounts through September 30, 2024, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

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 9/30/2024	Market Value 9/30/2024	
Bremer Bank	General Checking - 0515	Checking	\$ 741,174.77	\$ 60.00	\$ (4,231,860.84)	\$ 3,920,000.00	\$ -	\$ 429,373.93	\$ 429,373.93	
Bremer Bank	General MM - 2755	Money Market	24,883,463.78	5,165,069.49	-	(3,895,172.97)	563,557.62	26,716,917.92	26,716,917.92	
			25,624,638.55	5,165,129.49	(4,231,860.84)	24,827.03	563,557.62	27,146,291.85	27,146,291.85	
Bremer Bank	Surety Checking- 6092	Checking	250,925.52	7,300.00	(403,982.00)	184,100.00	18.74	38,362.26	38,362.26	
Bremer Bank	Surety MM - 2788	Money Market	928,868.92	77,114.00	28,400.00	(208,927.03)	20,061.68	845,517.57	845,517.57	
			1,179,794.44	84,414.00	(375,582.00)	(24,827.03)	20,080.42	883,879.83	883,879.83	
Total Cash and Investments			\$ 26,804,432.99	\$ 5,249,543.49	\$ (4,607,442.84)	\$ 0.00	\$ 583,638.04	\$ 28,030,171.68	\$ 28,030,171.68	
									Deposits in Transit	\$ -
									Outstanding Checks	(118,840.53)
									Reconciled Balance	<u>\$ 27,911,331.15</u>

Management Planning Fund Cash Balances 2020 - 2024



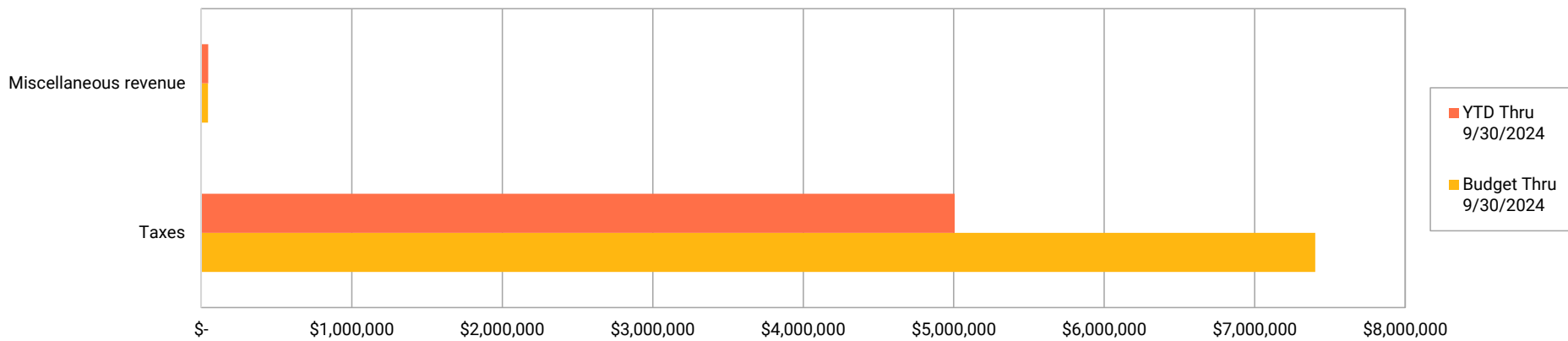
Management Planning Fund

	2023 Actual	2024 Budget	YTD Budget Thru 9/30/2024	YTD Thru 9/30/2024	Percent of YTD Budget		
Receipts							
Taxes	\$ 9,772,809	\$ 9,869,513	\$ 7,402,135	\$ 5,006,170	67.6 %	↓	(1)
Miscellaneous revenue	880,917	60,000	45,000	45,761	101.7	→	(2)
Loans, grants & awards	283,823	1,081,190	810,893	-	-	↓	(3)
Interest earnings	561,725	120,000	90,000	583,638	648.5	↑	(4)
Transfers In	12,291,975	-	-	-	-		(5)
Total Receipts	\$ 23,791,249	\$ 11,130,703	\$ 8,348,027	\$ 5,635,569	67.5 %	↓	
Expenditures							
Personnel	\$ 2,245,144	\$ 3,452,732	2,589,549	\$ 1,725,812	66.6 %	↑	(6)
Staff expenses	42,721	87,000	65,250	53,255	81.6	↑	(7)
Manager expenses	43,213	51,000	38,250	19,068	49.9	↑	(8)
Building & operating expense	100,941	123,813	92,860	78,162	84.2	↑	(9)
Vehicles	6,082	43,500	32,625	4,509	13.8	↑	(10)
Contracted services	462,671	1,120,780	840,585	288,124	34.3	↑	(11)
Construction	1,978,003	5,772,158	4,329,119	151,172	3.5	↑	(12)
Accounting & auditing	111,740	120,000	90,000	96,229	106.9	→	(13)
Engineering	662,150	1,332,275	999,206	430,859	43.1	↑	(14)
Lab analysis	34,911	63,215	47,411	50,556	106.6	→	(15)
Legal services	404,853	356,500	267,375	207,481	77.6	↑	(16)
Insurance	69,038	70,500	52,875	67,134	127.0	↓	(17)
Debt service	4,317,949	1,204,792	903,594	331,735	36.7	↑	(18)
Other miscellaneous	103,207	118,200	88,650	38,417	43.3	↑	(19)
Dues & Subscriptions	93,068	127,000	95,250	91,273	95.8	→	(20)
Strategic IT Plan	14,580	78,850	59,138	7,373	12.5	↑	(21)
IT Equipment	11,982	25,000	18,750	12,736	67.9	↑	(22)
Loans, grants & awards given	90,000	338,940	254,205	10,000	3.9	↑	(23)
Permit Acquisition	250	-	-	72	-	↑	(24)
Capital Outlay	-	-	-	44,338	-		(25)
Transfers Out	12,291,975	-	-	-	-		(26)
Total Expenditures	\$ 23,084,478	\$ 14,486,255	\$ 10,864,691	\$ 3,708,305	34.1 %	↑	

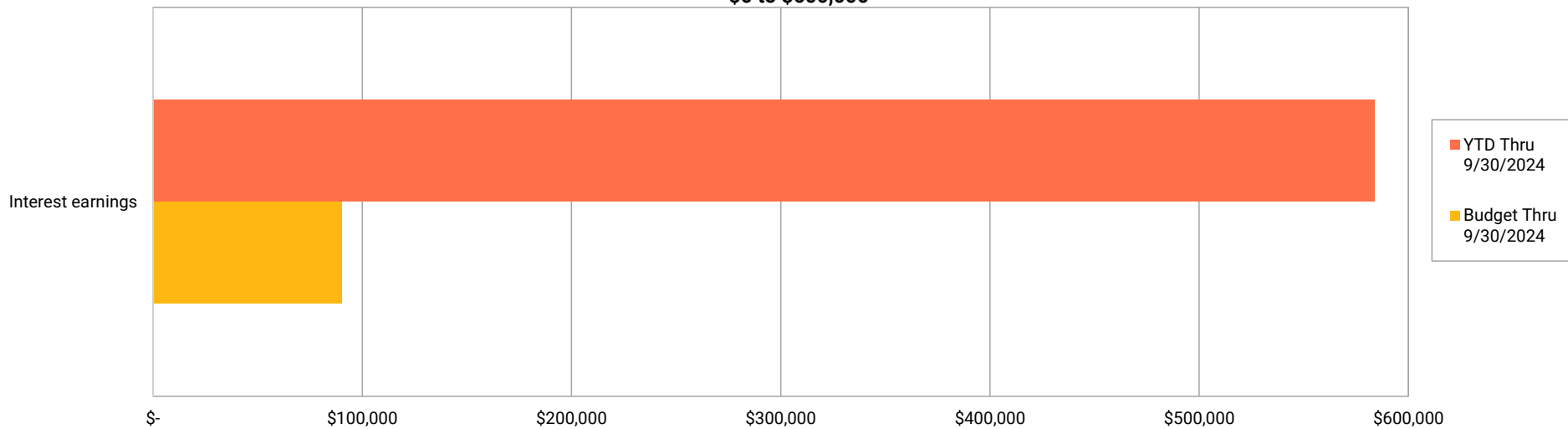
Key

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

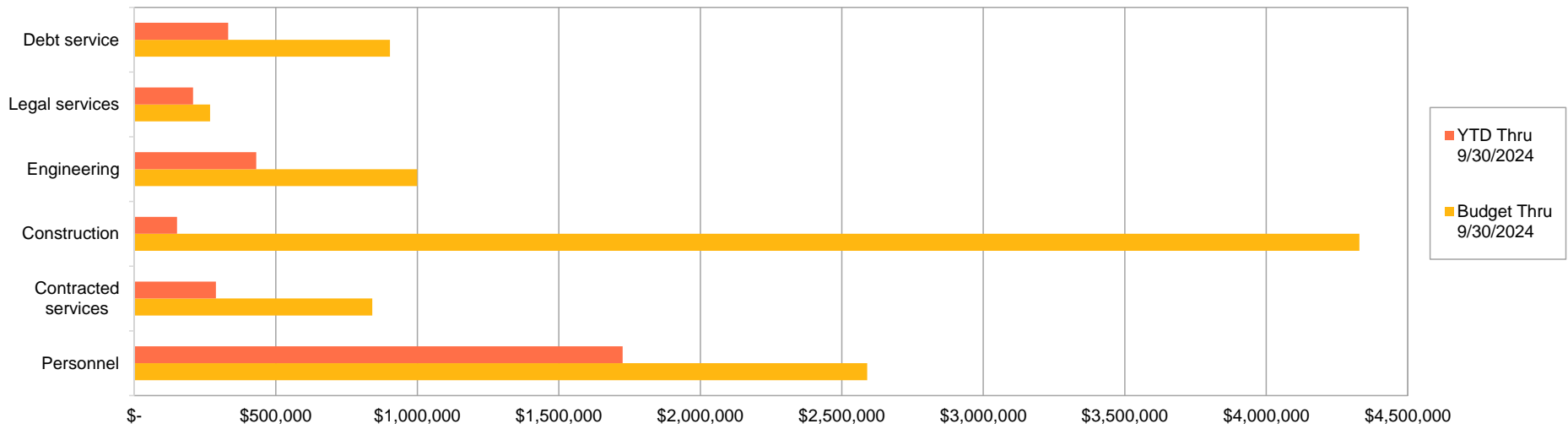
Receipts Budget to Actual Comparison
\$0 to \$8,000,000



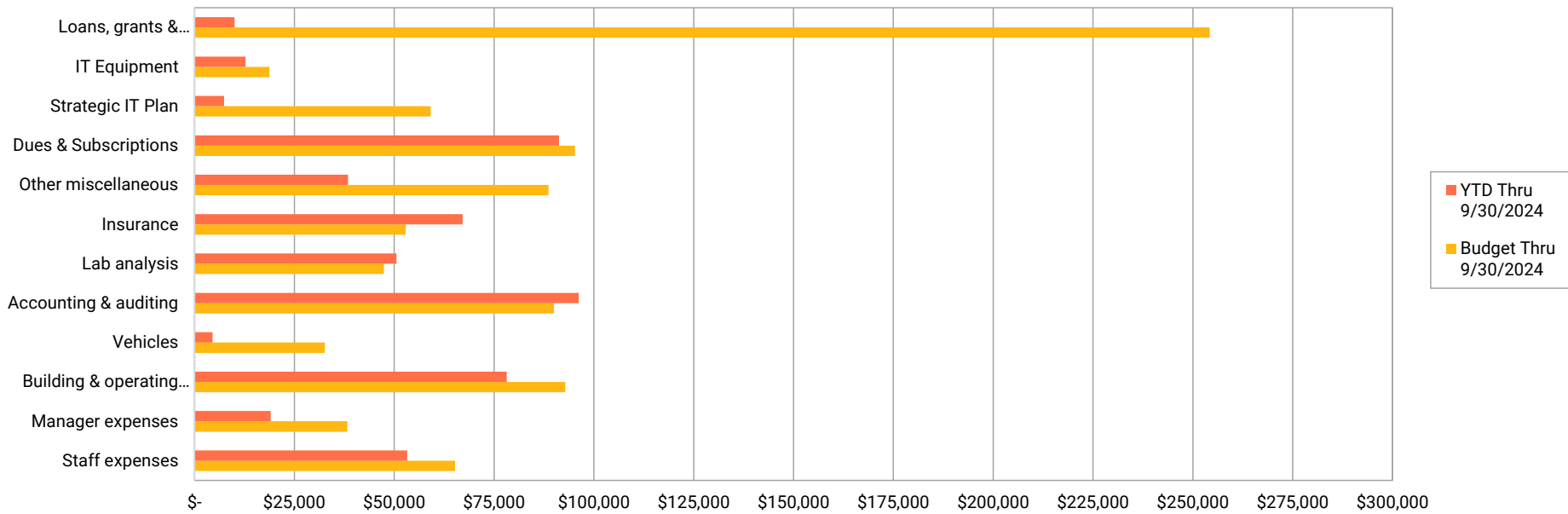
Receipts Budget to Actual Comparison
\$0 to \$600,000



**Disbursements Budget to Actual Comparison
\$0 to \$4,500,000**



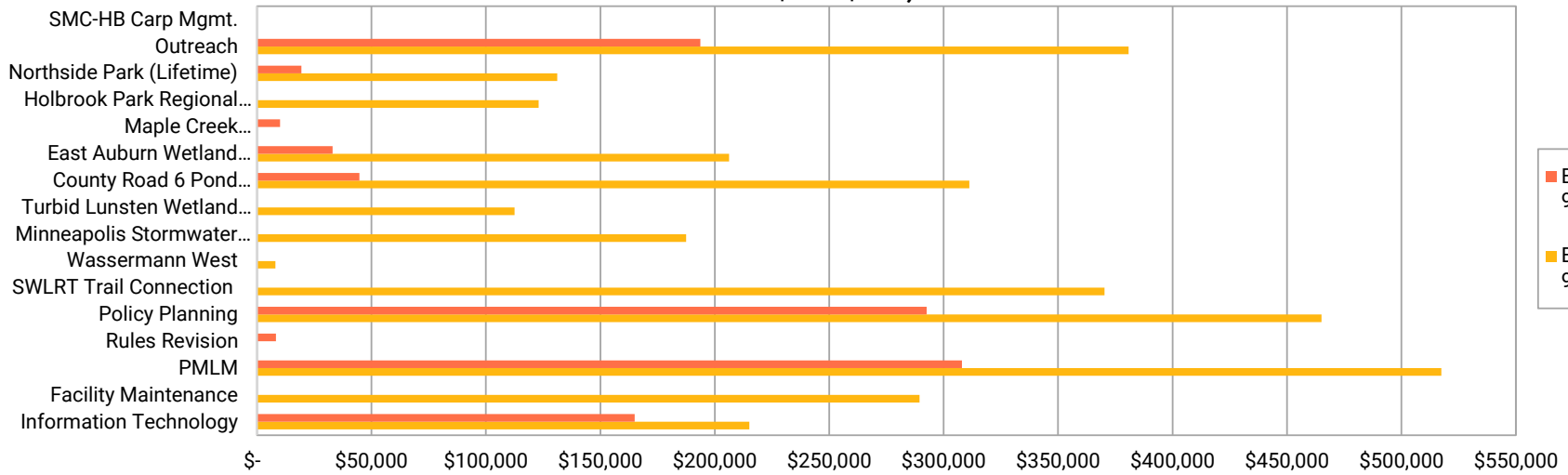
**Disbursements Budget to Actual Comparison
\$0 to \$300,000**



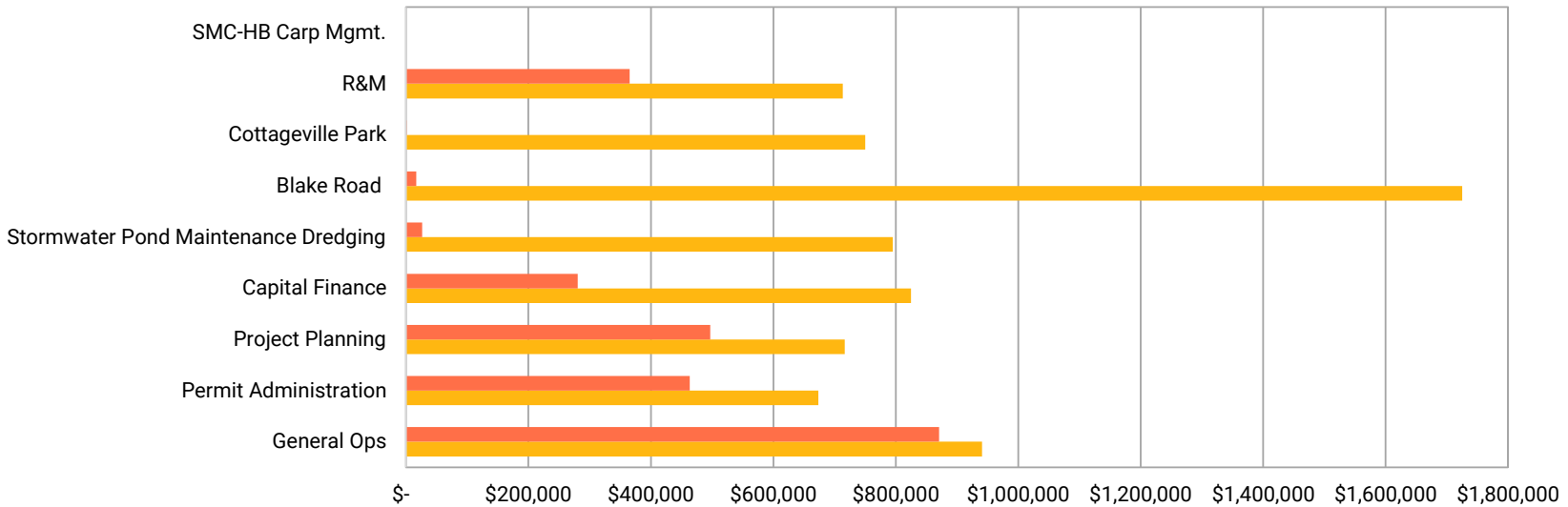
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual -
For the Three Months Ended September 30, 2024

Fund Name	Project #	2023 Actual Expenditures	2024 Annual Budget	YTD Budget thru 9/30/2024	YTD Expenditures thru 9/30/2024	Variance 9/30/2024	Percent Expended Budget thru 9/30/2024
General Ops	1002	\$ 1,056,061	\$ 1,254,725	\$ 941,044	\$ 870,603	\$ 70,441	92.5%
Information Technology	1003	196,302	286,850	215,138	165,004	50,134	76.7%
Facility Maintenance	1005	-	386,000	289,500	-	289,500	0.0%
Permit Administration	2001	726,417	898,299	673,724	463,428	210,296	68.8%
Project Planning	2002	506,627	955,636	716,727	497,041	219,686	69.3%
PMLM	2003	2,287,955	689,926	517,445	307,973	209,472	59.5%
Capital Finance	2004	4,214,353	1,099,866	824,900	280,559	544,341	34.0%
Rules Revision	2007	28,446	-	-	8,236	(8,236)	0.0%
Policy Planning	2008	379,378	620,151	465,113	292,517	172,596	62.9%
Stormwater Pond Maintenance Dredging	3002	511	1,060,000	795,000	26,221	768,779	3.3%
Six Mile Marsh Prairie Restoration	3106	170,239	-	-	-	-	0.0%
Blake Road	3145	76,488	2,300,000	1,725,000	16,939	1,708,061	1.0%
Cottageville Park	3146	28,044	1,000,000	750,000	1,228	748,772	0.2%
SWLRT Trail Connection	3152	-	493,734	370,301	-	370,301	0.0%
Wassermann West	3153	8,742	10,737	8,053	-	8,053	0.0%
Minneapolis Stormwater Mgmt.	3155	-	250,000	187,500	-	187,500	0.0%
Wassermann Internal Load Mgmt.	3156	7,526	-	-	-	-	0.0%
Turbid Lunsten Wetland Restoration	3158	-	150,000	112,500	-	112,500	0.0%
County Road 6 Pond Retrofit	3159	-	415,000	311,250	44,724	266,526	14.4%
East Auburn Wetland Restoration	3160	-	275,000	206,250	32,998	173,252	16.0%
Maple Creek Improvement Project	3500	90,000	-	-	10,000	(10,000)	0.0%
Holbrook Park Regional Stormwater	3502	-	164,000	123,000	-	123,000	0.0%
Northside Park (Lifetime)	3503	34,440	174,940	131,205	19,325	111,880	14.7%
Outreach	4002	218,557	507,757	380,818	193,650	187,168	50.9%
R&M	5001	755,343	951,384	713,538	365,243	348,295	51.2%
SMC-HB Carp Mgmt.	5007	1,707	-	-	-	-	0.0%
LCCMR	5008	5,367	542,250	406,688	112,616	294,072	27.7%
Transfers out		12,291,975	-	-	-	-	0.0%
Total Expenditures		<u>\$ 23,084,478</u>	<u>\$ 14,486,255</u>	<u>\$ 10,864,691</u>	<u>\$ 3,708,305</u>	<u>\$ 7,156,386</u>	<u>34.1%</u>

Budget To Actual Comparison By Project
\$0 to \$550,000



Budget To Actual Comparison By Project
\$0 to \$1,800,000



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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	First half levy funds of \$5,006,170 were received in July. This is just over 50% of what was budgeted and expected to be received from the counties.
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. Through Q3 revenue is on par with budget.
3	Although the District is expecting revenue from loans, grants and awards in 2024 none have been received through Q3. As noted in the memo, receipt of grant dollars is often tied to the timing of the work and can be delayed for that reason.
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 Q3. This is only used should funds be received from one program to another.
6	Personnel is trending positively to the budget due to open and budgeted staff positions not yet filled.
7	Staff expenses are close to expected expenditures through Q3.
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 through Q3. This can be a matter of timing for facility repairs and/or replacement of items as they occur throughout the year.
10	Although the vehicle budget line includes funds for a vehicle that was purchased and paid for earlier this year, the actual expenditure is not reflected within this same fund as vehicles are capitalized assets and reflected accordingly within the capital fund. Vehicle expenditures for this fund only reflect fuel and maintenance of the 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 Q3 with timing delayed on a number of projects.
13	Accounting/auditing is over Q3 budget projection based on the one-time Q2 payment for audit services. Expect expenditures to be close to but not exceed budget by year-end.
14	Engineering is under budget primarily due to the timing of projects.
15	Lab analysis expenditures exceed Q3 budget projection which is not unexpected as the majority of expenditures occur during the Q3 months. Expecting to decrease expenditures in Q4 and close the year close to budget.
16	Legal expenses are in line with expected expenditures through Q3.
17	Insurance is a one-time payment made in Q2, and although currently showing as over budget through Q3, based on the full budget for the year this will end the year close to budget projection but not over budget.
18	Debt service is under projected expenditures through 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.
19	Other Miscellaneous expense is trending positively to the budget due to timing or deferral of services.
20	Dues/subscriptions is slightly under Q3 budget projection and should end the year close to but not over budget.
21	To-date little has been spent towards the Strategic IT Plan. The software purchases included as part of this line item will not come to fruition in 2024. That said, these funds may be reallocated and spent in Q4 for a boardroom IT equipment upgrade if approved by the Board.
22	IT Equipment expenditures are in-line with projections through Q3 and based on planned purchases for Q4 will not exceed budget.
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 will be recoded by year-end.
25	Capital outlay does not reflect a budgeted amount, however if an item (a piece of equipment or vehicle for example) is purchased that meets the capital definition (over \$5k) this category is used. The expenditures shown totaling \$44,338 include the new vehicle and the (super) computer purchased specifically for the 2D model project.
26	Transfers out category will not be used in 2024 unless required to move funds from one program fund to another.