



Title: 4th Quarter 2023 Financial Report

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Purpose:

Attached, please find the 4th Quarter (Q4) Financial Report from Abdo Financial Solutions showing revenue and expenditures from January 1, 2023 to December 31, 2023. Please note: this report provides a comprehensive representation of the 2023 revenue and expenditures, however is marked as preliminary and will remain as such until the 2023 financial audit is completed in April.

Summary:

Revenue

Second half levy disbursements were received in Q3 bringing revenue at year end from Hennepin and Carver Counties to 98.5% of budget. Since this financial report was published, final levy settlements were received and total revenue has increased to 99% of budget projection.

Miscellaneous revenue, which is typically Permitting reimburseables, exceeds budget as included in this category were the Preserve Boardwalk settlement funds, as well as the remaining Lifetime escrow funds of \$462,200 moved from the surety account to the general funds account. Lifetime funds will be used to pay the City of St. Louis Park as they begin work on the Northside Park project. Permitting reimbursable income for the year was just over \$82,600, slightly above budget projection of \$60,000.

Loans, grants and awards revenue exceeded budget projection with a total of \$727,734 received. Grants received include a number of BWSR grants distributed among the Blake Road and Wasserman capital projects, the Land & Water Partnership program's Morningside Ravine and Holbrook Park projects and FEMA revenue for the closeout of the flood repair project.

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 year. Please note that interest revenue was increased for the 2024 budget, however the budget was completed before the full extent of the increase could be realized. Therefore, if interest rates remain stable and District funds remain on par with today's balances, the 2024 interest revenue will once again outpace budget.

Expenditures

Overall expenditures for the year as shown on the Management Planning Fund are 65.9% of budget. Again, this is the pre-audit preliminary report and we expect to see this increase as final December expenditures were paid in January.

Variances

Noteworthy positive variances (actuals under year-to-date budget) shown on the Management Planning Fund Table (page 5 of the report) include vehicle expenses, contracted services, construction, lab analysis, strategic IT plan and IT equipment. Vehicle expenses included a new vehicle purchase in 2023 that has been rescheduled for 2024. Contracted services and construction are often a matter of timing i.e. service completion versus expenditure, however these will be down for the year with a number of projects deferred to 2024. Strategic IT Plan and IT equipment purchases were completed well under budget, and again with a number of services and equipment purchases deferred. Lastly, lab

analysis expenses were down due to reduced sampling with the dry (drought) conditions. Further 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 and the progress of a project. There were no programs or projects that exceeded budget in 2023. On average, Programs came within 75.4% of their budgets, with the majority of savings from staff positions budgeted for and not yet hired or hired later than expected in 2023.

The majority of projects fell well below budget due to the timing of projects with start dates later than anticipated. The exception is Wasserman West which ended the year close to its anticipated budget.

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

Supporting documents:
2024 Q4 Financial Report



4th Quarter Report

Preliminary

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of December 31, 2023



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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
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January 11, 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 December 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

January 11, 2024

Dear Board of Managers:

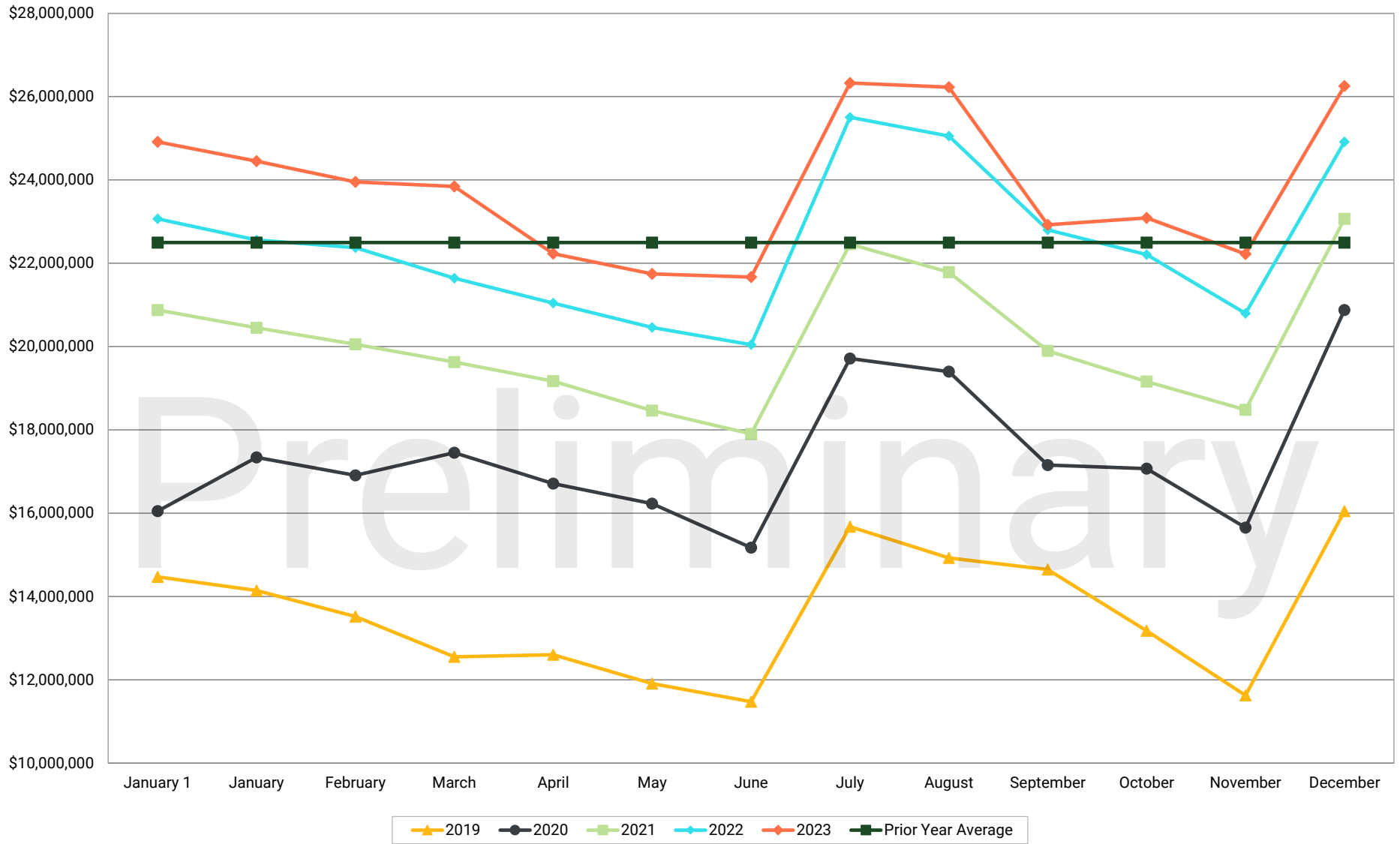
We have reconciled all bank accounts through December 31, 2023, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

Cash

The District's cash balances are as follows:

Institution	Description	Type	Market Value 1/1/2023	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 12/31/2023	Market Value 12/31/2023	Unrealized Gain / Loss
Bremer Bank	General Checking - 0515	Checking	\$ 214,440.38	\$ 2,097.45	\$ (10,379,363.06)	\$ 10,904,000.00	\$ -	\$ 741,174.77	\$ 741,174.77	\$ -
Bremer Bank	General MM - 2755	Money Market	23,320,842.79	11,337,066.06	(219.00)	(10,307,823.68)	533,597.61	24,883,463.78	24,883,463.78	-
			23,535,283.17	11,339,163.51	(10,379,582.06)	596,176.32	533,597.61	25,624,638.55	25,624,638.55	-
Bremer Bank	Surety Checking- 6092	Checking	30,092.05	-	(54,178.36)	275,000.00	11.83	250,925.52	250,925.52	-
Bremer Bank	Surety MM - 2788	Money Market	1,371,114.67	400,890.49	(75.08)	(871,176.32)	28,115.16	928,868.92	928,868.92	-
			1,401,206.72	400,890.49	(54,253.44)	(596,176.32)	28,126.99	1,179,794.44	1,179,794.44	-
Total Cash and Investments			\$ 24,936,489.89	\$ 11,740,054.00	\$ (10,433,835.50)	\$ 0.00	\$ 561,724.60	\$ 26,804,432.99	\$ 26,804,432.99	\$ -
									Deposits in Transit	\$ -
									Outstanding Checks	(549,655.55)
									Reconciled Balance	<u>\$ 26,254,777.44</u>

Management Planning Fund Cash Balances 2019 - 2023



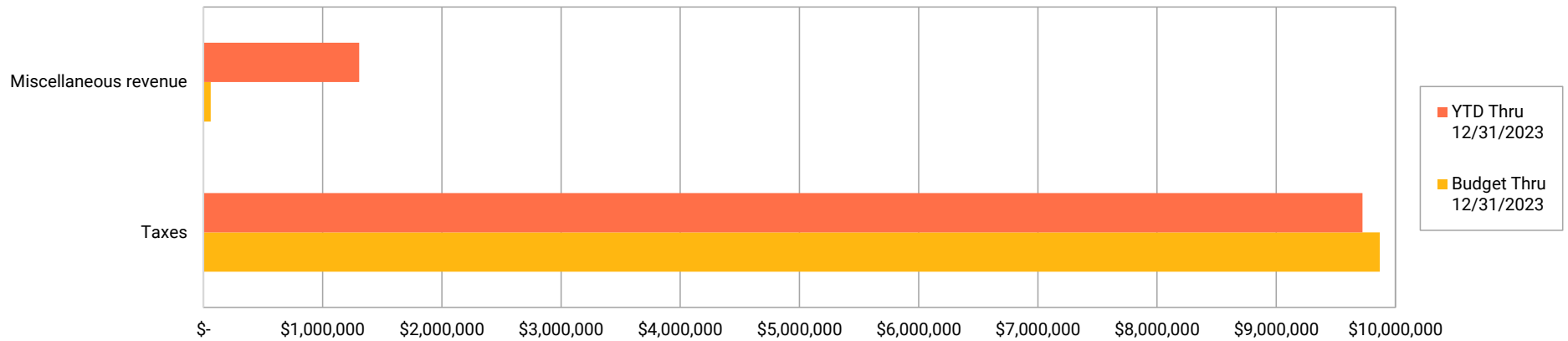
Management Planning Fund

	2022 Actual	2023 Budget	YTD Budget Thru 12/31/2023	YTD Thru 12/31/2023	Percent of YTD Budget		
Receipts							
Taxes	\$ 9,654,671	\$ 9,869,514	\$ 9,869,514	\$ 9,724,583	98.5 %	→	(1)
Miscellaneous revenue	194,207	60,000	60,000	1,305,470	2,175.8	↑	(2)
Mortgage Payoff	1,000,000	-	-	-	-		(3)
Loans, grants & awards	547,416	445,000	445,000	727,734	163.5	↑	(4)
Interest earnings	69,241	10,000	10,000	561,725	5,617.3	↑	(5)
Transfers In	1,693,620	-	-	-	-		(6)
	<u>\$ 13,159,155</u>	<u>\$ 10,384,514</u>	<u>\$ 10,384,514</u>	<u>\$ 12,319,512</u>	<u>118.6 %</u>	↑	
Disbursements							
Personnel	\$ 2,301,297	\$ 3,274,830	\$ 3,274,830	\$ 2,160,588	66.0 %	↑	(7)
Staff expenses	41,201	82,500	82,500	42,198	51.1	↑	(8)
Manager expenses	44,893	51,000	51,000	42,474	83.3	↑	(9)
Building & operating expense	131,374	134,264	134,264	100,975	75.2	↑	(10)
Vehicles	5,170	40,000	40,000	6,082	15.2	↑	(11)
Contracted services	871,434	1,176,530	1,176,530	462,240	39.3	↑	(12)
Construction	547,508	4,671,940	4,671,940	1,911,176	40.9	↑	(13)
Accounting & auditing	108,200	114,000	114,000	111,740	98.0	→	(14)
Engineering	1,133,720	1,103,100	1,103,100	662,150	60.0	↑	(15)
Lab analysis	41,641	75,300	75,300	34,911	46.4	↑	(16)
Legal services	561,414	371,500	371,500	358,289	96.4	→	(17)
Insurance	70,665	77,000	77,000	66,937	86.9	↑	(18)
Debt service	2,863,391	4,317,642	4,317,642	4,317,949	100.0	→	(19)
Other miscellaneous	77,122	155,200	155,200	100,976	65.1	↑	(20)
Dues & Subscriptions	109,273	113,000	113,000	93,318	82.6	↑	(21)
Strategic IT Plan	-	45,000	45,000	14,580	32.4	↑	(22)
IT Equipment	24,676	30,000	30,000	11,982	39.9	↑	(23)
Loans, grants & awards given	62,503	100,000	100,000	-	-	↑	(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>\$ 15,932,806</u>	<u>\$ 10,498,815</u>	<u>65.9 %</u>	↑	

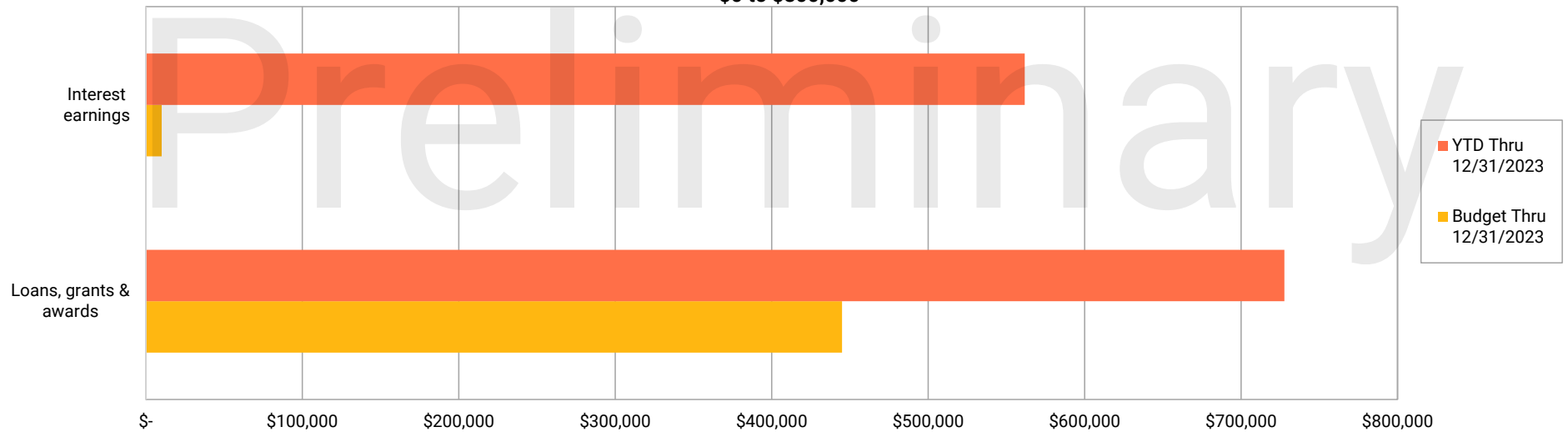
Key

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

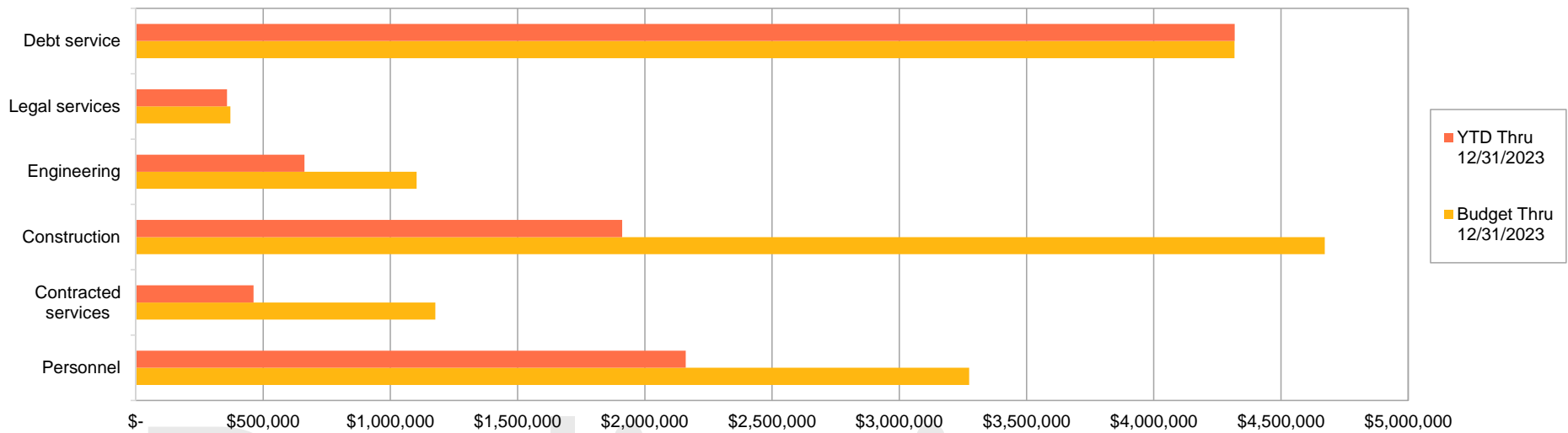
**Receipts Budget to Actual Comparison
\$0 to \$10,000,000**



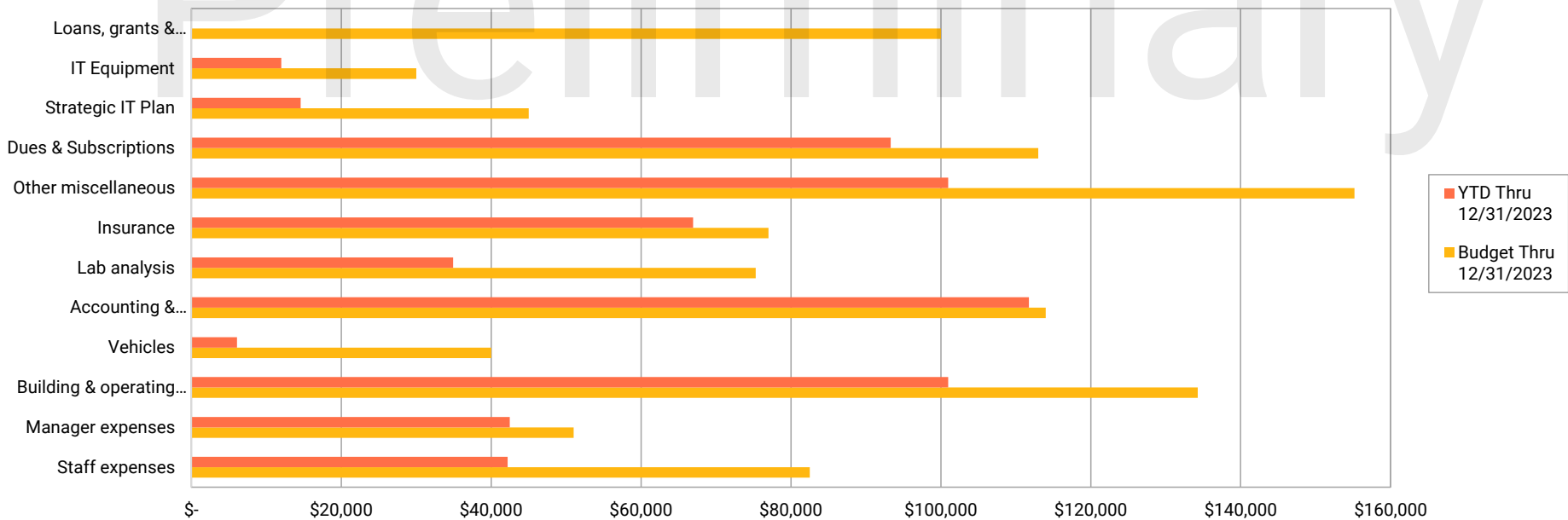
**Receipts Budget to Actual Comparison
\$0 to \$800,000**



**Disbursements Budget to Actual Comparison
\$0 to \$5,000,000**



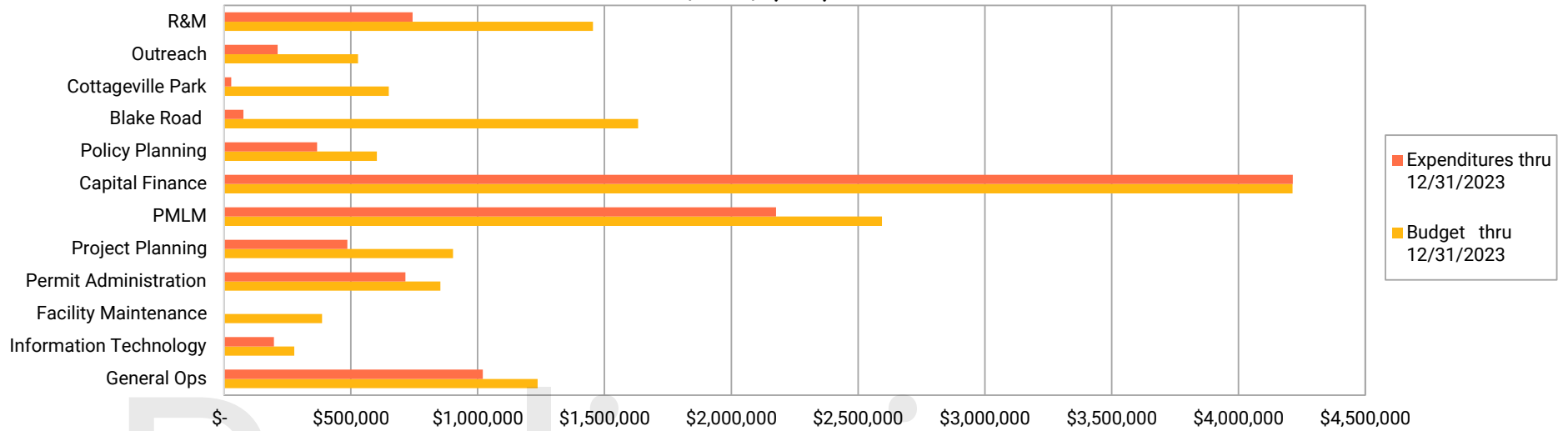
**Disbursements Budget to Actual Comparison
\$0 to \$160,000**



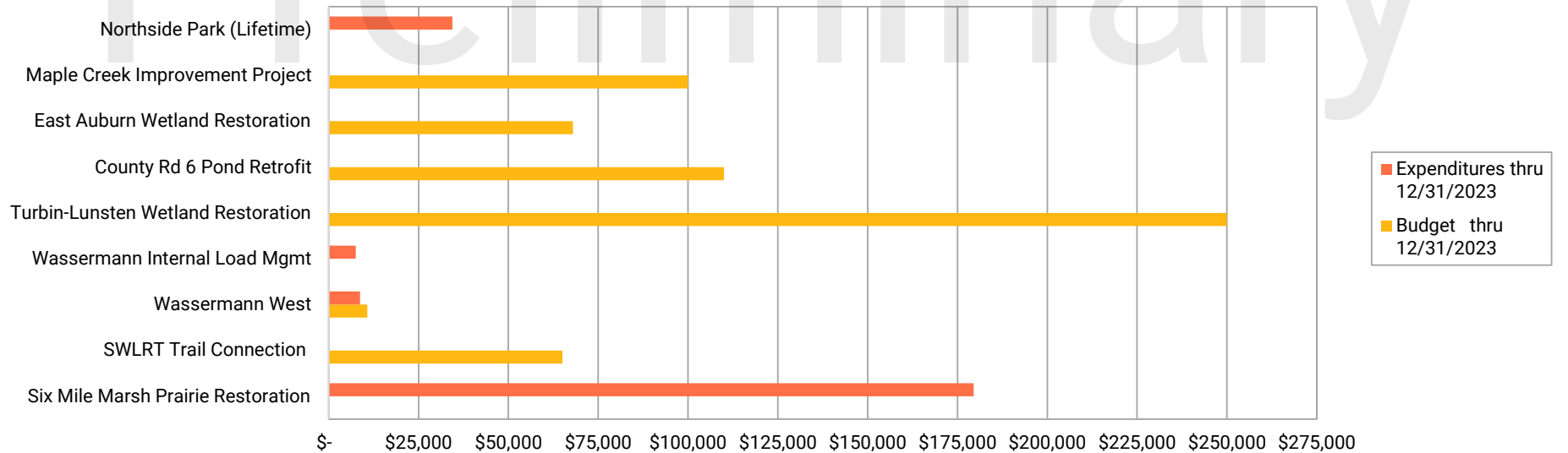
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual -
For the Twelve Months Ended December 31, 2023

Fund Name	Project #	2022 Actual Expenditures	2023 Annual Budget	YTD Budget thru 12/31/2023	YTD Expenditures thru 12/31/2023	Variance 12/31/2023	Percent Expended Budget thru 12/31/2023
General Ops	1002	\$ 964,142	\$ 1,236,204	\$ 1,236,204	\$ 1,020,632	\$ 215,572	83%
Information Technology	1003	226,137	277,000	277,000	196,302	80,698	71%
Facility Maintenance	1005	-	386,000	386,000	-	386,000	0%
Permit Administration	2001	939,061	852,789	852,789	714,695	138,094	84%
Project Planning	2002	1,035,899	902,545	902,545	486,605	415,940	54%
PMLM	2003	743,073	2,594,155	2,594,155	2,176,202	417,953	84%
Capital Finance	2004	2,759,839	4,212,718	4,212,718	4,214,353	(1,635)	100%
Rules Revision	2007	42,996	-	-	28,445	(28,445)	0%
Policy Planning	2008	-	602,935	602,935	366,688	236,247	61%
Six Mile Marsh Prairie Restoration	3106	220,164	-	-	179,487	(179,487)	0%
Blake Road	3145	693,256	1,632,285	1,632,285	76,488	1,555,797	5%
Cottageville Park	3146	30,946	650,000	650,000	28,044	621,956	4%
FEMA Flood Repair	3148	2,670	-	-	-	-	0%
SWLRT Trail Connection	3152	-	65,000	65,000	-	65,000	0%
Wassermann West	3153	9,728	10,737	10,737	8,742	1,995	81%
Wassermann Internal Load Mgmt	3156	197,894	-	-	7,526	(7,526)	0%
Turbin-Lunsten Wetland Restoration	3158	-	250,000	250,000	-	250,000	0%
County Rd 6 Pond Retrofit	3159	-	110,000	110,000	-	110,000	0%
East Auburn Wetland Restoration	3160	-	68,000	68,000	-	68,000	0%
Maple Creek Improvement Project	3500	-	100,000	100,000	-	100,000	0%
Northside Park (Lifetime)	3503	-	-	-	34,440	(34,440)	0%
Outreach	4002	298,092	527,826	527,826	211,597	316,229	40%
R&M	5001	788,126	1,454,612	1,454,612	743,202	711,410	51%
SMC-HB Carp Mgmt	5007	60,805	-	-	-	-	0%
LCCMR	5008	-	-	-	5,367	(5,367)	0%
Transfers out		1,693,620	-	-	-	-	0%
Total Expenditures		\$ 10,706,448	\$ 15,932,806	\$ 15,932,806	\$ 10,498,815	\$ 5,433,991	66%

Budget To Actual Comparison By Project
\$0 to \$4,500,000



Budget To Actual Comparison By Project
\$0 to \$275,000



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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

Preliminary



Addendum: Variance Explanations

1	Disbursements from Carver and Hennepin Counties are presently shown at 98.5% of budgeted levy dollars. Since the Q4 report was published, final county settlements were received bringing total levy revenue to 99% of budget.
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. Permitting reimburseables were budgeted at \$60,000 with actuals received just over \$82,600. That said, the majority of revenue received in 2023 is from the Minnehaha Preserve Boardwalk settlement (\$560k) as well as a transfer of the Lifetime funds (\$462k) from the surety account to the general funds account as the District begins to reimburse the City of St. Louis Park for its work on the Northside Park project.
3	Mortgage payoff – not applicable for 2023.
4	Loans, grants and awards received reflects receipt of numerous BWSR grants divided between the Wasserman and Blake Road capital projects, the Land & Water Partnership Holbrook Park and Morningside Ravine projects as well as federal dollars for the FEMA flood repair project which will be closed out now that final reimbursement has been received.
5	Interest earnings exceeded projections as interest rates rebounded after the 2023 budget was approved.
6	Transfers In – not applicable.
7	Personnel is trending positively to budget due to budgeted staff position not yet filled or filled later than anticipated.
8	Staff expenses remain under budget for the year largely due to the open positions.
9	Manager expenses are trending positively to the budget, however will increase slightly after audit with a number of 2023 expenses paid in January.
10	Building & operating expenses are trending positively to the budget. There were a number of expenses at year end that will increase this category slightly, however this will still remain under budget for the year.
11	Vehicle budget for 2023 included a new vehicle purchase. This expense was 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 are trending positively to the budget due to the timing of services for a number of programs. Expenses will increase by approximately \$30,000 with final 2023 expenses paid in January.
13	Construction is 41% of projection and down for the year based on timing and deferral of projects.
14	Accounting/auditing expenditures will end the year in line with budget.
15	Engineering expenses will increase approximately \$30,000 with December expenses paid in January which are not reflected on this report. That said, engineering will remain under budget for the year.
16	Lab analysis expenditures were down significantly from budget in 2023 due to the overall dry (drought) conditions which prohibits testing.
17	With December expenditures paid in January, legal expenses will end the year over budget by approximately 2% (or \$20k). This is largely due to the unanticipated boardwalk construction issues resulting in higher than expected legal consultations, as well as legal expenses in finalizing work on rule revisions.
18	Insurance ended the year just slightly under budget projection.
19	Debt service aligns with budget projection.
20	Other Miscellaneous expense will end the year under budget projection with deferral of projects.
21	Dues/subscriptions will end the year slightly below budget.
22	Strategic IT Plan expenses are under budget as asset management will utilize existing District software and will be implemented internally rather than relying on vendor services.
23	IT Equipment (replacement laptops) were purchased in Q3, however were under budget due to staff vacancies across the organization. Other equipment purchases, such as the 2D model workstation are being deferred to 2024.
24	Loans, grants & awards given are not reflected on this preliminary report, however \$90k of the \$100k budgeted for the Maple Creek Improvement Project under the Land & Water Partnership program was paid to the City of Plymouth in January 2024. This will be reflected on the final audited financials.
25	Permit acquisition category was not budgeted; however R&M had a small permit payment to the DNR reflected on the report.

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.