



MINNEHAHA CREEK
WATERSHED DISTRICT
QUALITY OF WATER, QUALITY OF LIFE

Meeting: Board Meeting
Meeting date: 8/14/2025
Agenda Item #: 4.1
Item type: Information

Title: 2nd Quarter 2025 Financial Report
Prepared by: Name: Deb Johnson
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Purpose:

Attached, please find the 2nd Quarter (Q2) Financial Report from Abdo Financial Solutions showing revenue and expenditures from January 1, 2025 to June 30, 2025.

Summary:

Revenue

Budgeted tax revenue through June 30, 2025 is shown as \$4,934,757 with zero dollars received to-date. It is not unusual or unexpected to have zero 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 early July. Since this report was produced the first half tax levy settlements were received from Hennepin and Carver Counties totaling \$5,006,324.

Miscellaneous revenue is largely Permitting reimburseables. Through Q2 reimbursements have exceeded projections, however revenue is tied to the timing and issuance of permits with funds received accordingly which may fluctuate throughout the year.

Grant funds were received in Q2 from the Board of Water and Soil Resources for the 2025 Watershed Based Implementation Funding program for which MCWD serves as the grant administrator. These grant funds are split between two projects, the Minneapolis Stormwater capital project that MCWD is developing in partnership with the City of Minneapolis and the Minneapolis Park and Recreation Board, and the Calvary Church Stormwater Management project which is being led by the City of Deephaven. This first payment reflects 50% of the total grant dollars.

Interest earnings, which is the interest earned on the District's money market funds, remain higher than budget projections due to interest rate returns remaining high as well as the total funds in the District accounts.

Expenditures

The budget is shown as half of the total for the year while expenses reflect the actual dollars spent year-to-date. Overall spending through Q2 is 41.5% of the budget. In comparison, last year at this time the District was at 32.5% of its actual budget spent through Q2. (Please see the variance report for more information.)

Variances

From the report, you will see that the majority of categories are at or below mid-year budget projections, with construction sitting well below projections due to delays and/or deferred work on capital projects. For categories over mid-year projections these are primarily due to one-time payments and/or purchases made in quarters one or two and by year end they will fall within the annual budget projection. 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/or the progress of a project. With the exception of Information Technology (IT), there were no programs or projects that exceeded Q2 budget projections. The IT overage is tied to a number of budgeted purchases made early in the year and will by year end be in line with the overall budget projection.

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

Supporting documents:

2025 Q2 Financial Report



2nd Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of June 30, 2025



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Scottsdale, AZ 85260
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July 17, 2025

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, 2025, 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 17, 2025

Dear Board of Managers:

We have reconciled all bank accounts through June 30, 2025, 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	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 6/30/2025	Market Value 6/30/2025
Bremer Bank	General Checking - 0515	Checking	-	(475,091.29)	600,000.00	-	487,017.22	487,017.22
Bremer Bank	General MM - 2755	Money Market	227,667.17	-	(600,000.00)	57,847.52	26,318,132.17	26,318,132.17
			227,667.17	(475,091.29)	-	57,847.52	26,805,149.39	26,805,149.39
Bremer Bank	Surety Checking- 6092	Checking	3,500.00	(7,055.00)	-	0.10	1,487.60	1,487.60
Bremer Bank	Surety MM - 2788	Money Market	34,400.00	-	-	1,980.64	933,121.19	933,121.19
			37,900.00	(7,055.00)	-	1,980.74	934,608.79	934,608.79
		Total Cash and Investments	\$ 265,567.17	\$ (482,146.29)	\$ -	\$ 59,828.26	\$ 27,739,758.18	\$ 27,739,758.18
							Deposits in Transit	\$ -
							Outstanding Checks	\$ (47,096.19)
							Reconciled Balance	\$ 27,692,661.99

* * * * *

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.

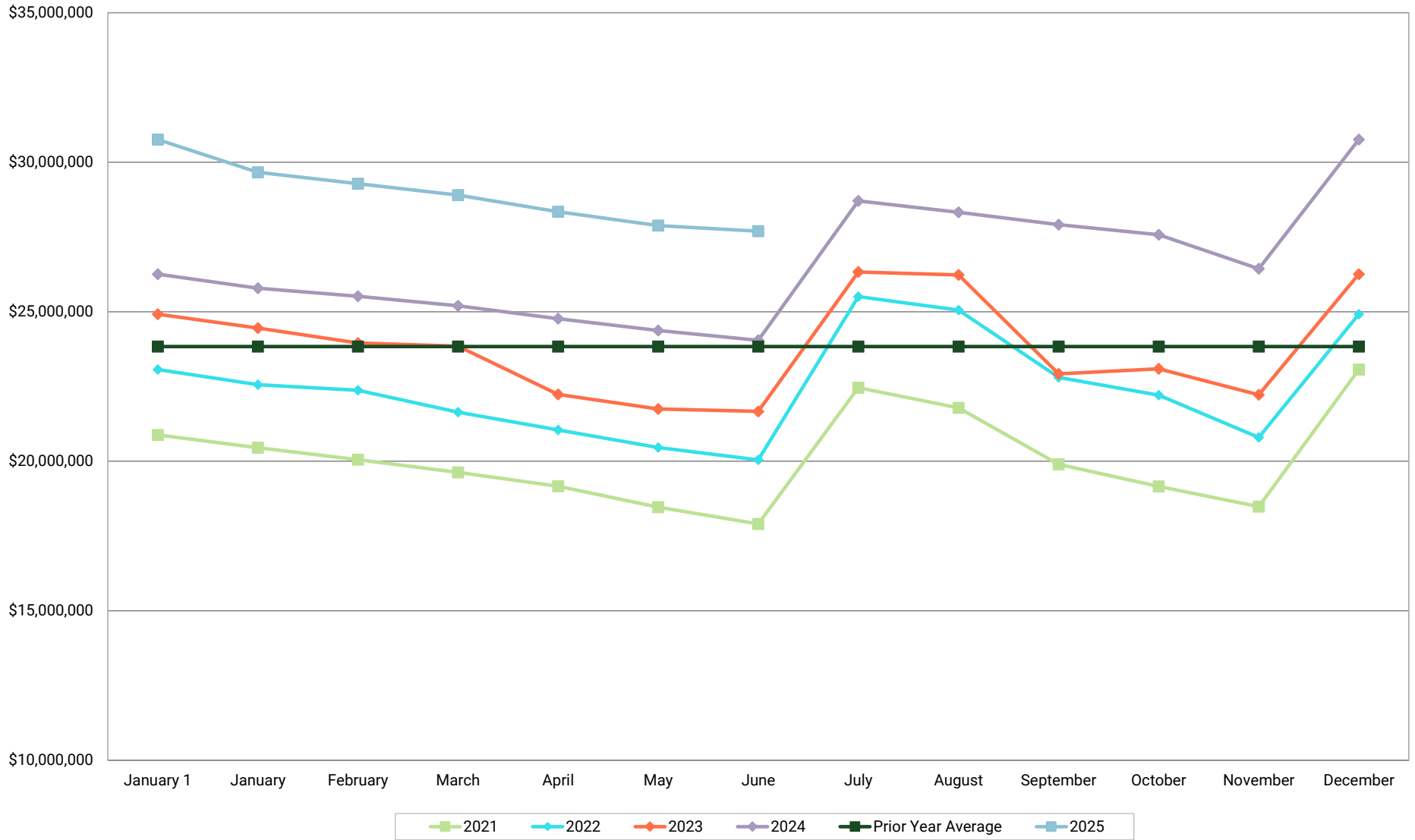
If you have any questions or wish to discuss any of the items contained in this letter or the attachments, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

Sincerely,

Abdo Financial Solutions



Management Planning Fund Cash Balances 2021 - 2025



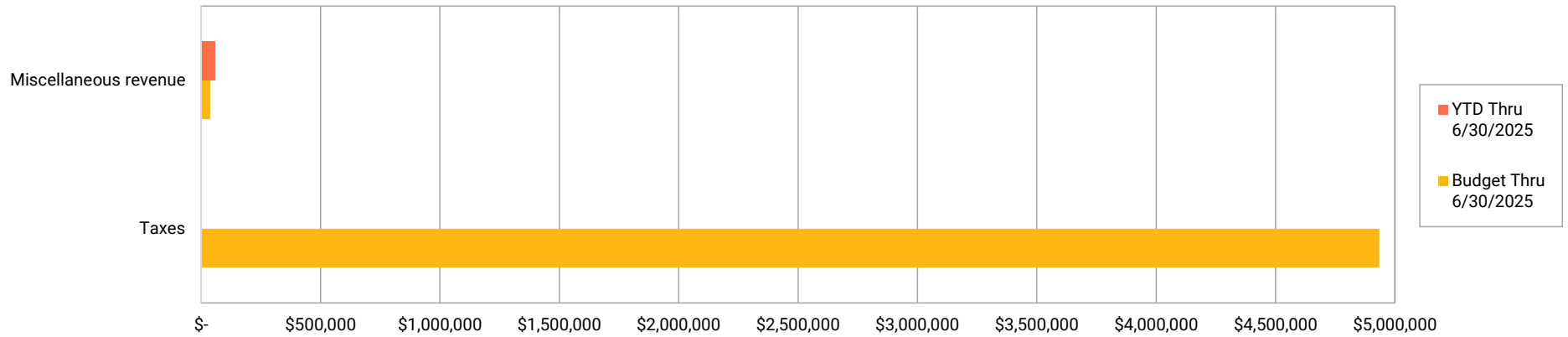
Management Planning Fund

	2024 Actual	2025 Budget	YTD Budget Thru 6/30/2025	YTD Thru 6/30/2025	Percent of YTD Budget		
Receipts							
Taxes	\$ 9,830,773	\$ 9,869,513	\$ 4,934,757	\$ -	- %	↓	(1)
Miscellaneous revenue	491,233	75,000	37,500	59,299	158.1	↑	(2)
Loans, grants & awards	270,811	692,940	346,470	212,267	61.3	↓	(3)
Interest earnings	786,711	450,000	225,000	375,936	167.1	↑	(4)
Transfers In	4,820,673	-	-	-	-		(5)
Total Receipts	\$ 16,200,201	\$ 11,087,453	\$ 5,543,727	\$ 647,502	11.7 %	↓	
Expenditures							
Personnel	\$ 2,382,364	\$ 3,646,923	\$ 1,823,462	\$ 1,202,604	66.0 %	↑	(6)
Staff expenses	60,452	98,000	49,000	22,035	45.0	↑	(7)
Manager expenses	39,022	49,000	24,500	14,576	59.5	↑	(8)
Building & operating expense	114,047	132,372	66,186	53,535	80.9	↑	(9)
Vehicles	10,131	8,000	4,000	1,358	34.0	↑	(10)
Contracted services	517,301	1,021,030	510,515	356,207	69.8	↑	(11)
Construction	646,298	5,656,538	2,828,269	26,185	0.9	↑	(12)
Accounting & auditing	111,829	125,000	62,500	91,385	146.2	↓	(13)
Engineering	693,906	1,718,740	859,370	462,844	53.9	↑	(14)
Lab analysis	66,614	50,051	25,026	15,253	60.9	↑	(15)
Legal services	345,495	360,000	180,000	228,377	126.9	↓	(16)
Insurance	67,720	71,000	35,500	65,674	185.0	↓	(17)
Debt service	1,204,791	1,203,142	601,571	312,270	51.9	↑	(18)
Other miscellaneous	63,580	167,750	83,875	63,578	75.8	↑	(19)
Dues & Subscriptions	98,400	120,900	60,450	70,720	117.0	↓	(20)
IT	59,401	67,000	33,500	46,058	137.5	↓	(21)
Loans, grants & awards given	81,047	125,000	62,500	-	-	↑	(22)
Capital Outlay	51,838	-	-	-	-		(23)
Transfers Out	4,820,673	-	-	-	-		(24)
Total Expenditures	\$ 11,434,909	\$ 14,620,446	\$ 7,310,223	\$ 3,032,659	41.5 %	↑	

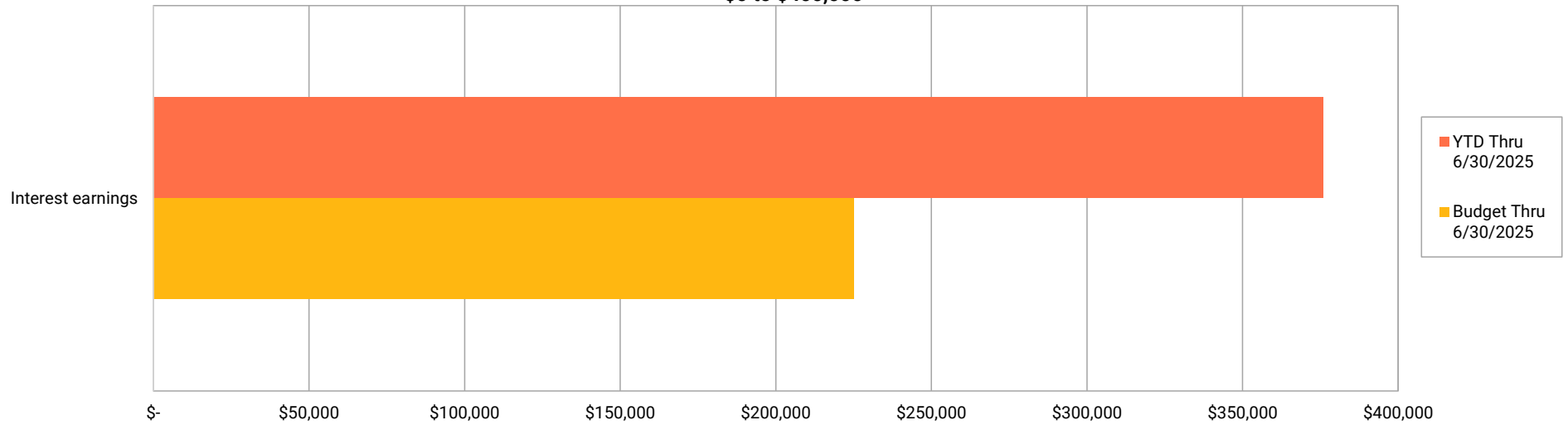
Key

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

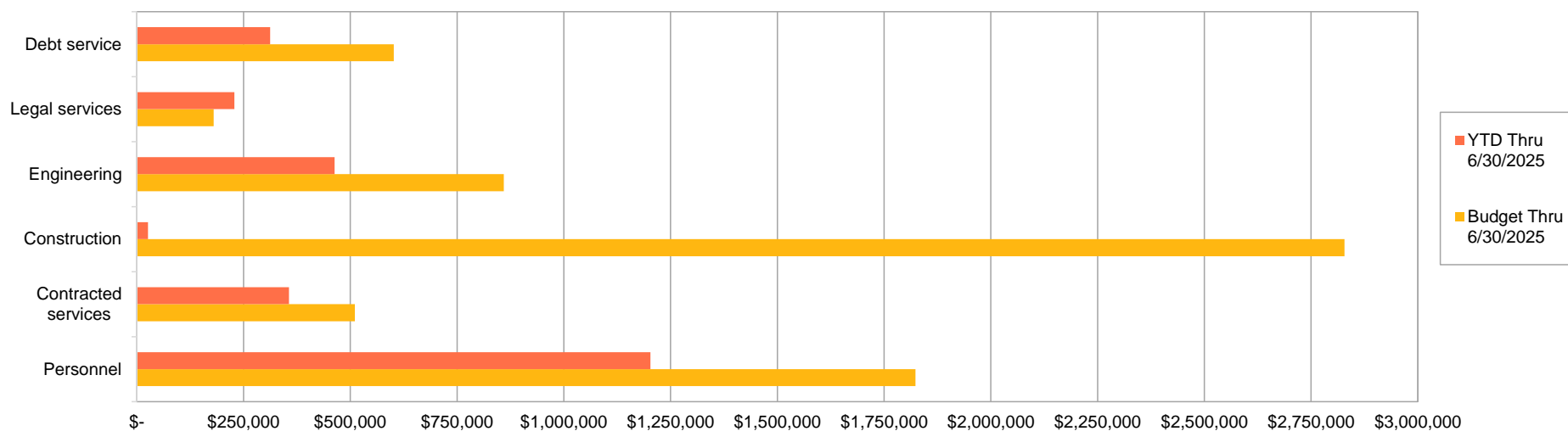
**Receipts Budget to Actual Comparison
\$0 to \$5,000,000**



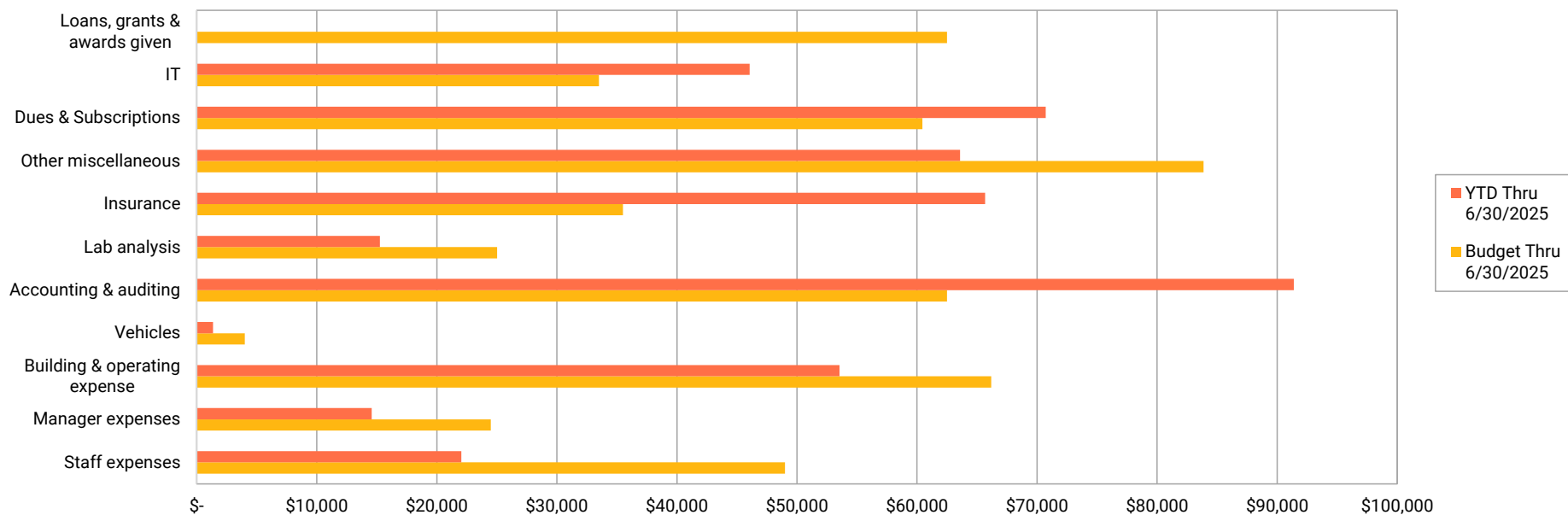
**Receipts Budget to Actual Comparison
\$0 to \$400,000**



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



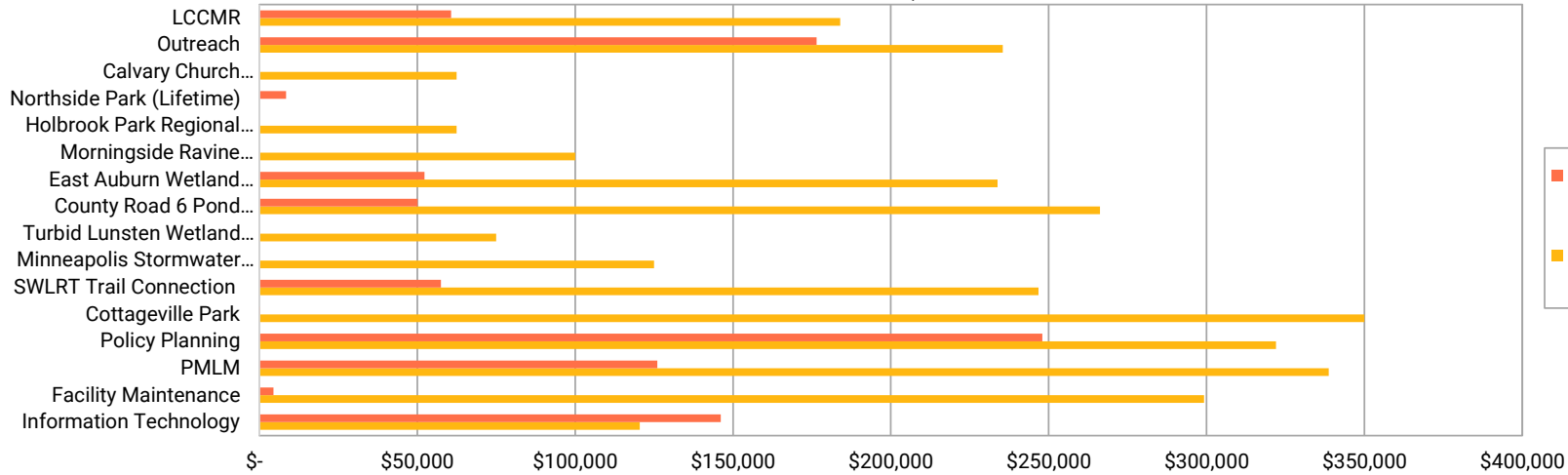
**Disbursements Budget to Actual Comparison
\$0 to \$100,000**



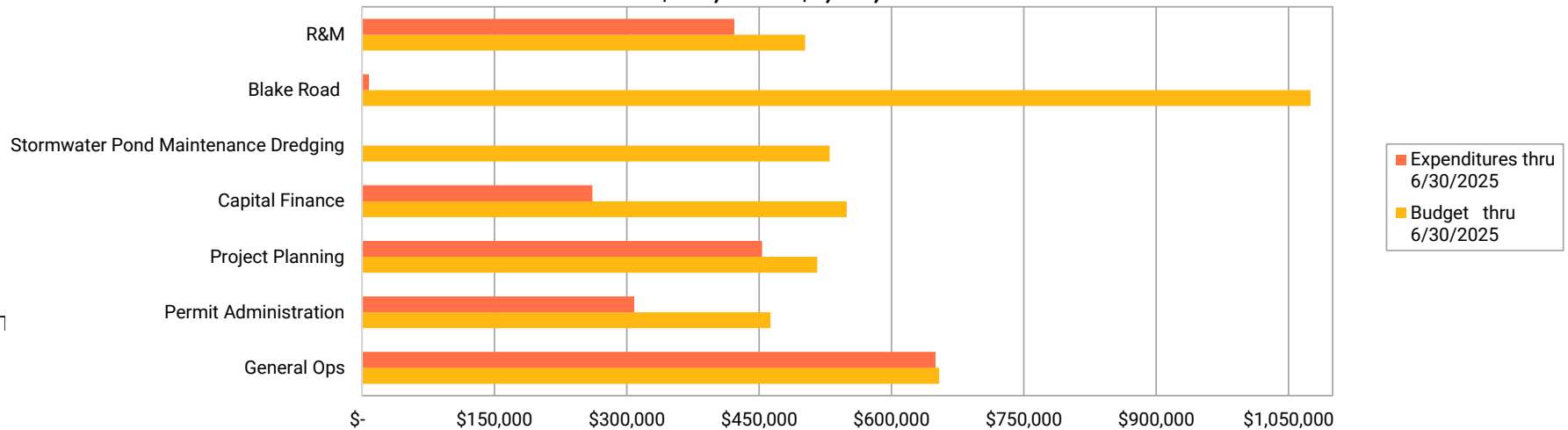
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual - Unaudited
For the Six Months Ended June 30, 2025

Fund Name	Project #	2024 Actual Expenditures	2025 Annual Budget	YTD Budget thru 6/30/2025	YTD Expenditures thru 6/30/2025	Variance 6/30/2025	Percent Expended Budget thru 6/30/2025
General Ops	1002	\$ 1,227,283	\$ 1,307,965	\$ 653,983	\$ 649,780	\$ 4,203	99.4%
Information Technology	1003	239,246	241,000	120,500	146,149	(25,649)	121.3%
Facility Maintenance	1005	-	598,372	299,186	4,411	294,775	1.5%
Permit Administration	2001	690,275	925,663	462,832	308,377	154,455	66.6%
Project Planning	2002	761,727	1,031,505	515,753	453,384	62,369	87.9%
PMLM	2003	423,044	677,441	338,721	126,027	212,694	37.2%
Capital Finance	2004	1,101,153	1,098,218	549,109	261,051	288,058	47.5%
Rules Revision	2007	8,237	-	-	-	-	0.0%
Policy Planning	2008	402,423	643,884	321,942	247,929	74,013	77.0%
Stormwater Pond Maintenance Dredging	3002	26,389	1,060,000	530,000	-	530,000	0.0%
Blake Road	3145	20,479	2,150,000	1,075,000	7,743	1,067,257	0.7%
Cottageville Park	3146	1,228	700,000	350,000	293	349,707	0.1%
FEMA Flood Repair	3148	38,194	-	-	-	-	0.0%
SWLRT Trail Connection	3152	1,469	493,535	246,768	57,516	189,252	23.3%
Minneapolis Stormwater Mgmt.	3155	-	250,000	125,000	-	125,000	0.0%
Turbid Lunsten Wetland Restoration	3158	-	150,000	75,000	-	75,000	0.0%
County Road 6 Pond Retrofit	3159	79,578	532,444	266,222	50,156	216,066	18.8%
East Auburn Wetland Restoration	3160	39,037	467,559	233,780	52,281	181,499	22.4%
Maple Creek Improvement Project	3500	10,000	-	-	-	-	0.0%
Morningside Ravine Stabilization	3501	71,047	200,000	100,000	-	100,000	0.0%
Holbrook Park Regional Stormwater	3502	-	124,940	62,470	-	62,470	0.0%
Northside Park (Lifetime)	3503	404,695	-	-	8,443	(8,443)	0.0%
Calvary Church Stormwater Management	3504	-	125,000	62,500	-	62,500	0.0%
Outreach	4002	286,175	470,817	235,409	176,514	58,895	75.0%
R&M	5001	585,339	1,004,103	502,052	421,842	80,210	84.0%
LCCMR	5008	197,218	368,000	184,000	60,763	123,237	33.0%
Transfers out		4,820,673	-	-	-	-	0.0%
Total Expenditures		\$ 11,434,909	\$ 14,620,446	\$ 7,310,223	\$ 3,032,659	\$ 4,277,564	41.5%

Budget To Actual Comparison By Project
\$0 to \$400,000



Budget To Actual Comparison By Project
\$400,001 to \$1,100,000



Addendum: Variance Explanations

1	Levy funds from Hennepin and Carver Counties were not yet received when the Q2 report was produced. Both have since been received totaling \$5,006,324.
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	Loans, grants and awards received reflect 50% of BWSR grant dollars received for the Minneapolis Stormwater and Calvary Church Stormwater projects.
4	Interest earnings will likely exceed budget based on current interest rates and District funds.
5	Transfers In – not applicable at this time.
6	Personnel is trending positively to budget with several staff positions budgeted and not yet filled.
7	Staff expenses are under Q2 budgeted projections.
8	Manager expenses are trending positively to the budget with variances based largely on timing – when expense reimbursements are received and processed.
9	Building & operating expenses are in line with Q2 budget projections.
10	Vehicle budget reflects only maintenance through Q2 with little usage of vehicles in the early part of the year keeping expenditures at a minimum.
11	Contracted services are trending positively to the budget due to the timing of projects for a number of programs.
12	Construction expenditures to-date are less than 1% of budget projection based on delays or differed project timelines.
13	Accounting/auditing expenditures are over budget projections through Q2, based on timing of payments and only half of the budget projection reflected. Staff does not expect to exceed budget at year-end.
14	Engineering expenses are half of budget projection through Q2. Again, this is reflective of delays or deferred project status.
15	Lab analysis expenditures are below projections through Q2, however most work takes place in quarters two and three.
16	Legal services are over projections through Q2 based on added expenditures relating to the preserve boardwalk, 325 Blake Road and campus improvement projects.
17	Insurance reflects a one-time property/casualty and workers' compensation annual insurance payment. This category is not expected to exceed budget at year end.
18	Debt service is a matter of timing with this category balancing at year end.
19	Other Miscellaneous expenses are trending positively to budget through Q2.
20	Dues/subscriptions expenditures reflect that the majority of payments occur primarily in Q1 and Q2 each year, which typically results in overages until year end when the category balances.
21	Various items of IT Equipment were purchased early in the year to avoid possible delays and/or increased pricing due to tariffs. Additionally, many of the IT licenses, dues and subscription costs are one-time payments in Q1 or Q2 which is reflected in the percentage of budget used early on. This category will see fewer expenditures as the year progresses and is expected to balance with budget at year end.
22	Loans, grants and awards given have no expenditures through Q2. This is based on timing of partner projects and when funds are requested and then paid by the District.
23	Capital outlay does not reflect a budgeted amount for 2025, however if an item (a piece of equipment or vehicle for example) is purchased that meets capital definition (over \$5k) this category will be utilized.
24	Transfers out category will not be used in 2025 unless required to move funds from one program fund to another.