



MINNEHAHA CREEK
WATERSHED DISTRICT
QUALITY OF WATER, QUALITY OF LIFE

Meeting: Board Meeting
Meeting date: 11/6/2025
Agenda Item #: 4.1
Item type: Information

Title: 3rd Quarter 2025 Financial Report
Prepared by: Name: Deb Johnson
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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, 2025 to September 30, 2025.

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. Through Q3 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 of \$212,267 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. Additionally, in Q3 the District received \$173,235 for the completion of the 2014 FEMA projects. Unfortunately that amount represented an overpayment of \$72,209. Those funds were repaid in October and will be reflected on the Q4 report.

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 three-quarters of the total for the year while expenses reflect the actual dollars spent year-to-date. Overall, spending through Q3 is 41.1% of the budget. In comparison, last year at this time the District was at 34.1% of its actual budget spent through Q3. (Please see the variance report for more information.)

Variances

From the report, you will see that the majority of categories are at or below Q3 budget projections, with construction sitting well below projections due to delays and/or deferred work on capital projects. For categories over Q3 projections, these are primarily due to one-time payments and/or purchases made through Q3. With the exceptions of lab analysis and legal services, 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 10 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 Q3 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



3rd Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of September 30, 2025



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Edina, MN 55436
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Mankato Office

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October 16, 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 September 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

October 16, 2025

Dear Board of Managers:

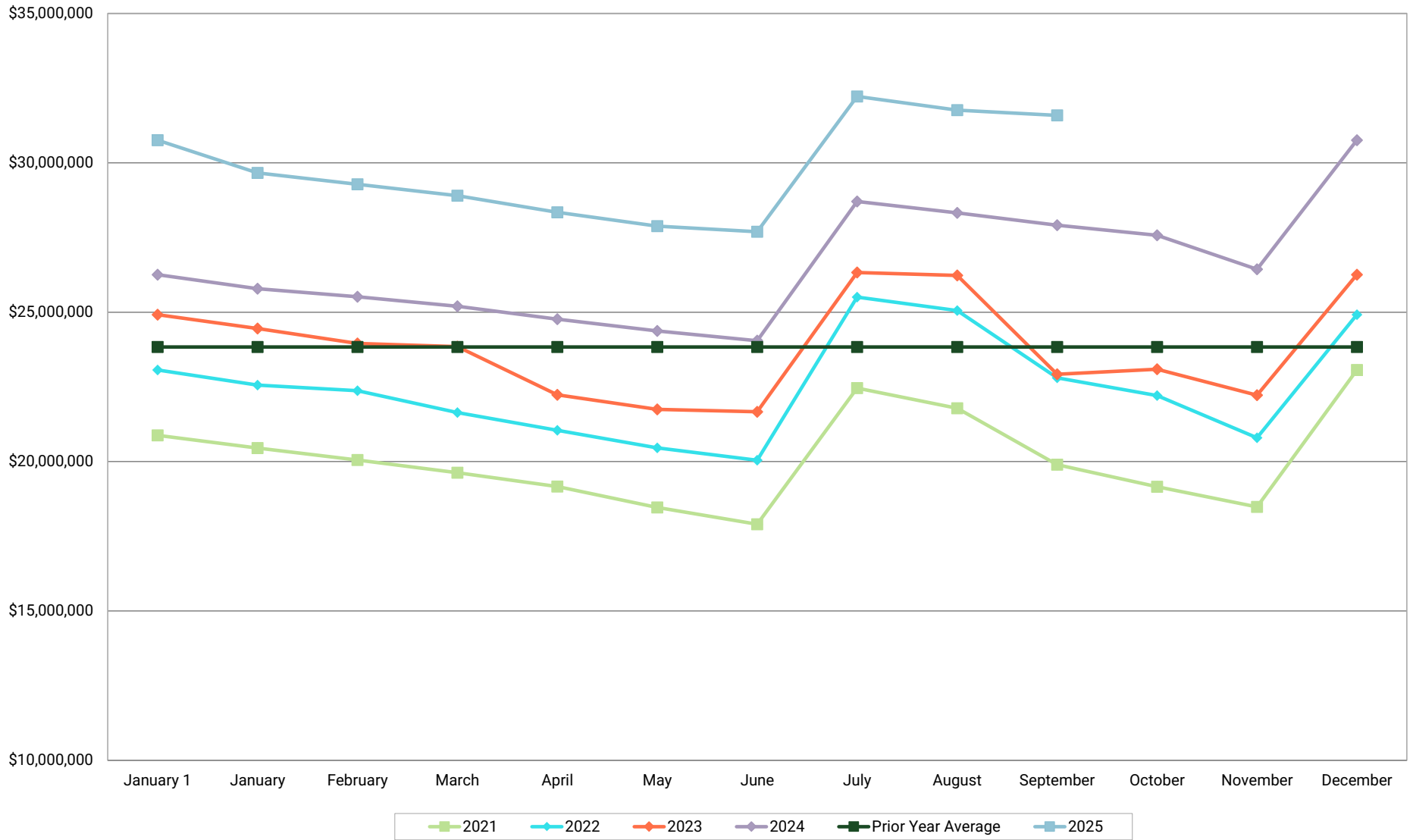
We have reconciled all bank accounts through September 30, 2025, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

Cash

The District's cash balances are as follows:

Institution	Description	Type	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 9/30/2025	Market Value 9/30/2025
Bremer Bank	General Checking - 0515	Checking	223.09	(674,288.85)	400,000.00	-	372,031.55	372,031.55
Bremer Bank	General MM - 2755	Money Market	174,737.73	-	(400,000.00)	64,981.35	30,338,488.60	30,338,488.60
			174,960.82	(674,288.85)	-	64,981.35	30,710,520.15	30,710,520.15
Bremer Bank	Surety Checking- 6092	Checking		(59,286.80)	47,000.00	0.72	19,131.91	19,131.91
Bremer Bank	Surety MM - 2788	Money Market	-	3,380.00	(47,000.00)	1,949.79	882,746.16	882,746.16
			-	(55,906.80)	-	1,950.51	901,878.07	901,878.07
		Total Cash and Investments	\$ 174,960.82	\$ (730,195.65)	\$ -	\$ 66,931.86	\$ 31,612,398.22	\$ 31,612,398.22
							Deposits in Transit	\$ -
							Outstanding Checks	\$ (27,132.05)
							Reconciled Balance	\$ 31,585,266.17

Management Planning Fund Cash Balances 2021 - 2025



* * * * *

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



Minnehaha Creek Watershed District
Schedule of Investments
For the Month Ending
September 30, 2025

Attachment C

N FDIC #	LEAP YEAR (Y or N) Identification (CUSIP or Acct #)	Institution	Description	Type	Market Value 1/1/2025	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 9/30/2025	Market Value 9/30/2025	Unrealized Gain / Loss
		Bremer Bank	General Checking - 0515	Checking	\$ 270,931.55	\$ 368.09	\$ (5,559,268.09)	\$ 5,660,000.00	\$ -	\$ 372,031.55	\$ 372,031.55	\$ -
		Bremer Bank	General MM - 2755	Money Market	29,653,080.71	5,748,926.93	-	(5,630,239.58)	566,720.54	30,338,488.60	30,338,488.60	-
					29,924,012.26	5,749,295.02	(5,559,268.09)	29,760.42	566,720.54	30,710,520.15	30,710,520.15	-
		Bremer Bank	Surety Checking- 6092	Checking	7,490.71	3,500.00	(95,361.80)	103,500.00	3.00	19,131.91	19,131.91	-
		Bremer Bank	Surety MM - 2788	Money Market	836,047.95	159,281.95	3,380.00	(133,260.42)	17,296.68	882,746.16	882,746.16	-
					843,538.66	162,781.95	(91,981.80)	(29,760.42)	17,299.68	901,878.07	901,878.07	-
Total Cash and Investments					\$ 30,767,550.92	\$ 5,912,076.97	\$ (5,651,249.89)	\$ (0.00)	\$ 584,020.22	\$ 31,612,398.22	\$ 31,612,398.22	\$ -
											Deposits in Transit	\$ -
											Outstanding Checks	-
											Reconciled Balance	<u>\$ 31,612,398.22</u>

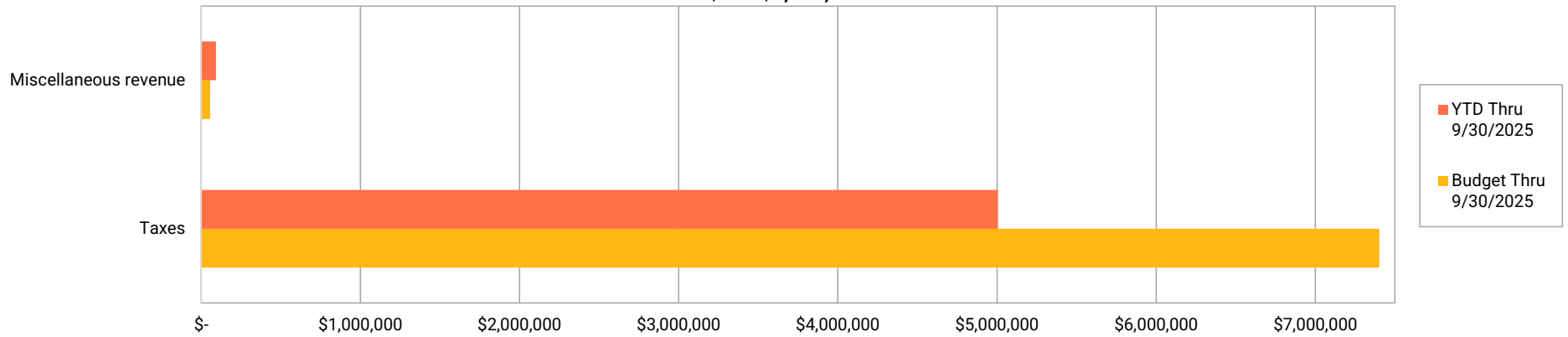
Management Planning Fund

	2024 Actual	2025 Budget	YTD Budget Thru 9/30/2025	YTD Thru 9/30/2025	Percent of YTD Budget		
Receipts							
Taxes	\$ 9,830,773	\$ 9,869,513	\$ 7,402,135	\$ 5,006,324	67.6 %	↓	(1)
Miscellaneous revenue	491,233	75,000	56,250	92,442	164.3	↑	(2)
Loans, grants & awards	270,811	692,940	519,705	385,628	74.2	↓	(3)
Interest earnings	786,711	450,000	337,500	584,020	173.0	↑	(4)
Transfers In	4,820,673	-	-	-	-		(5)
Total Receipts	\$ 16,200,201	\$ 11,087,453	\$ 8,315,590	\$ 6,068,414	73.0 %	↓	
Expenditures							
Personnel	\$ 2,382,364	\$ 3,646,923	\$ 2,735,192	\$ 1,918,767	70.2 %	↑	(6)
Staff expenses	60,452	98,000	73,500	31,690	43.1	↑	(7)
Manager expenses	39,022	49,000	36,750	25,174	68.5	↑	(8)
Building & operating expense	114,047	132,372	99,279	75,454	76.0	↑	(9)
Vehicles	10,131	8,000	6,000	3,906	65.1	↑	(10)
Contracted services	517,301	1,021,030	765,773	681,775	89.0	↑	(11)
Construction	646,298	5,656,538	4,242,404	32,435	0.8	↑	(12)
Accounting & auditing	111,829	125,000	93,750	107,585	114.8	↓	(13)
Engineering	693,906	1,518,740	1,139,055	600,797	52.7	↑	(14)
Lab analysis	66,614	50,051	37,538	50,045	133.3	↓	(15)
Legal services	345,495	360,000	270,000	363,349	134.6	↓	(16)
Insurance	67,720	71,000	53,250	65,674	123.3	↓	(17)
Debt service	1,204,791	1,203,142	902,357	322,035	35.7	↑	(18)
Other miscellaneous	63,580	167,750	125,813	80,240	63.8	↑	(19)
Dues & subscriptions	98,400	120,900	90,675	97,272	107.3	→	(20)
IT	59,401	67,000	50,250	51,463	102.4	→	(21)
Loans, grants & awards given	81,047	325,000	243,750	-	-	↑	(22)
Capital Outlay	51,838	-	-	-	-		(23)
Transfers Out	4,820,673	-	-	-	-		(24)
Total Expenditures	\$ 11,434,909	\$ 14,620,446	\$ 10,965,335	\$ 4,507,661	41.1 %	↑	

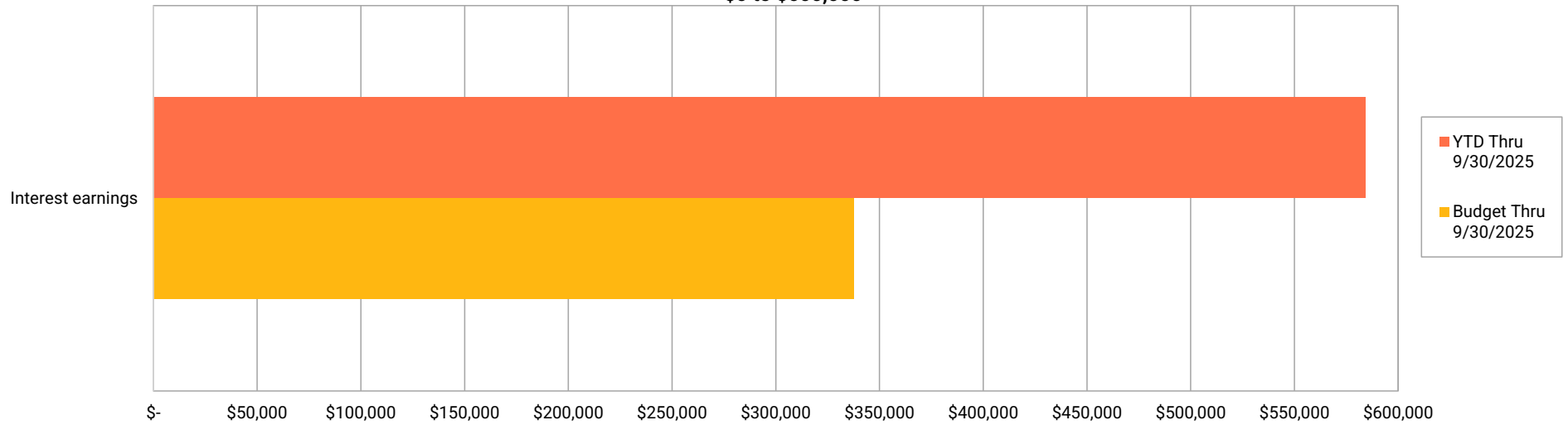
Key

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

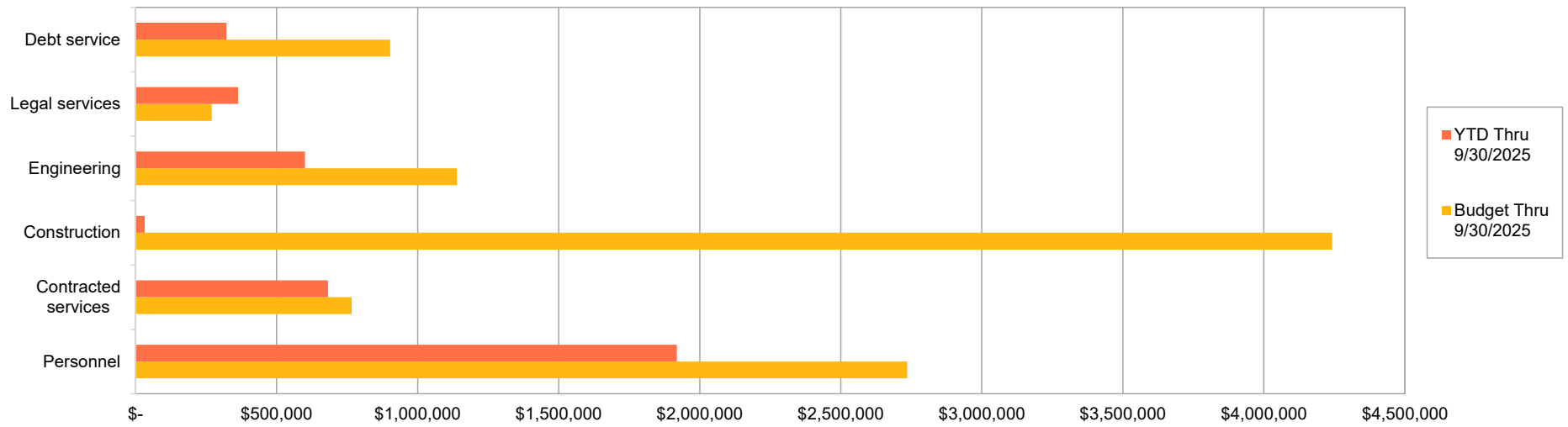
Receipts Budget to Actual Comparison
\$0 to \$7,500,000



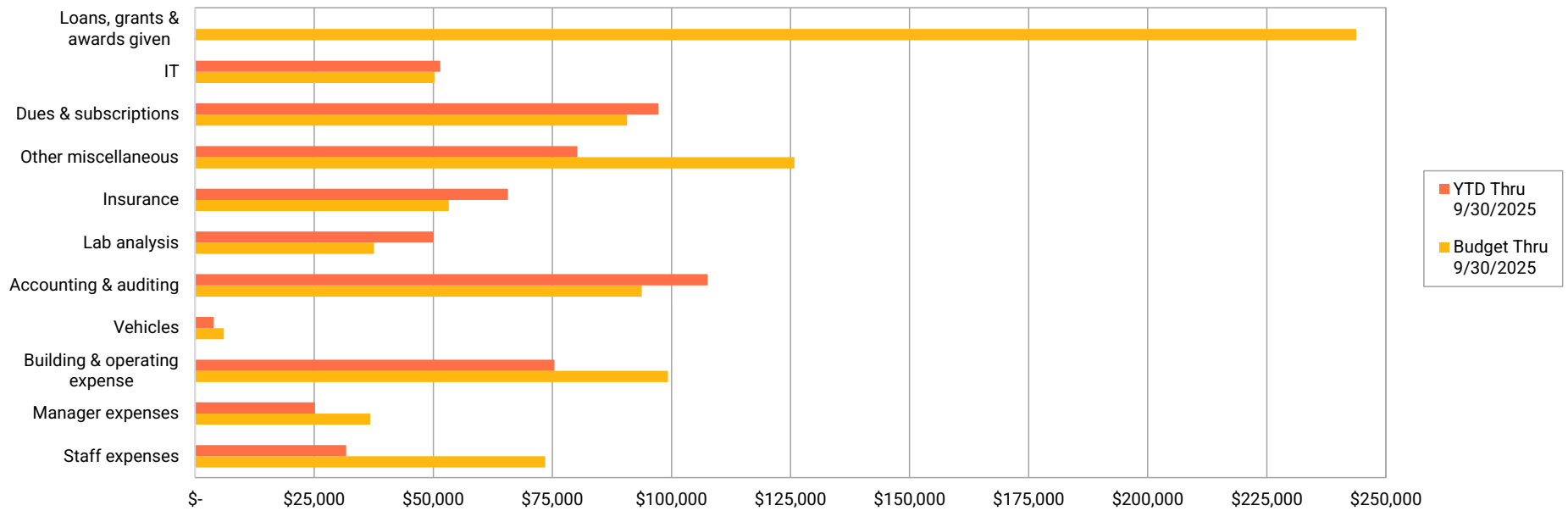
Receipts Budget to Actual Comparison
\$0 to \$600,000



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



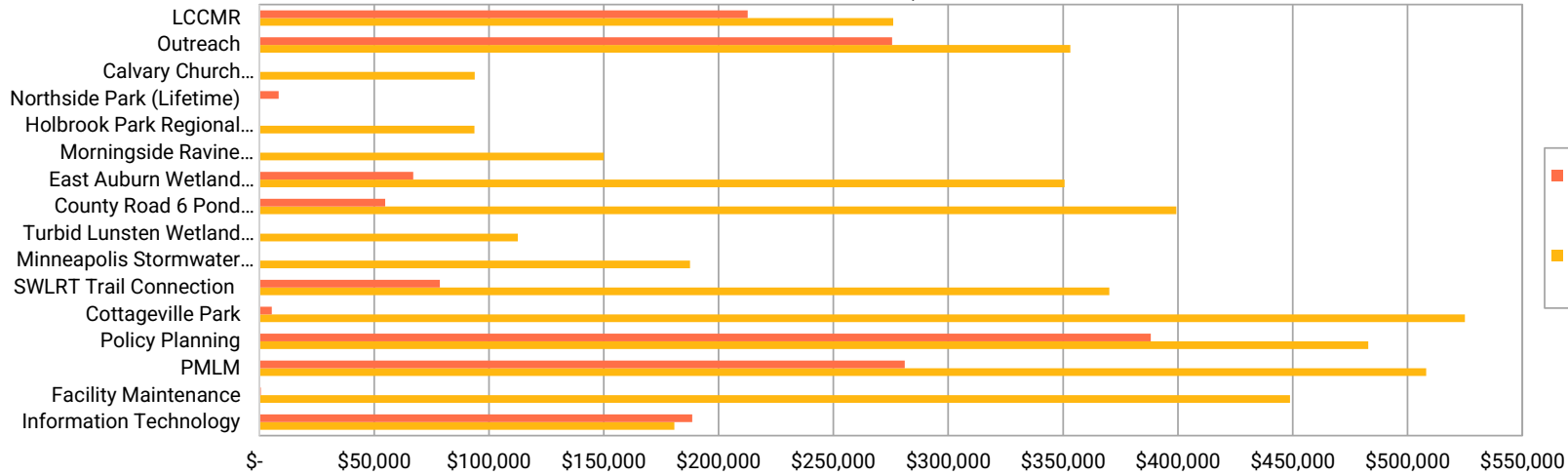
**Disbursements Budget to Actual Comparison
\$0 to \$250,000**



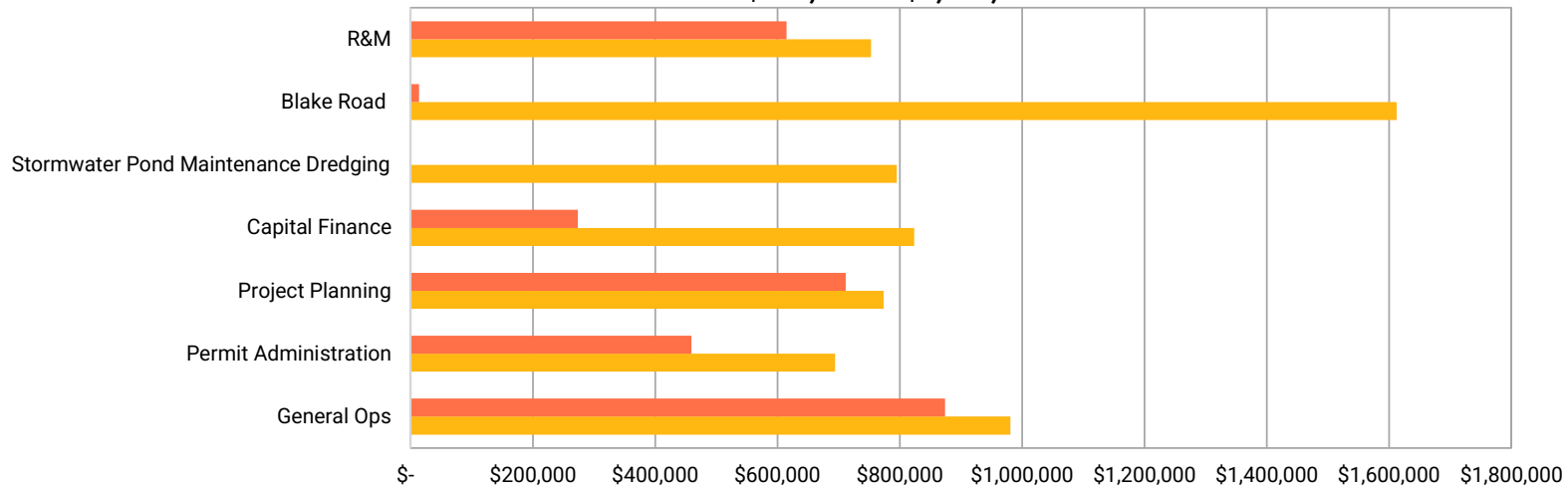
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual - Unaudited
For the Six Months Ended September 30, 2025

Fund Name	Project #	2024 Actual Expenditures	2025 Annual Budget	YTD Budget thru 9/30/2025	YTD Expenditures thru 9/30/2025	Variance 9/30/2025	Percent Expended Budget thru 9/30/2025
General Ops	1002	\$ 1,227,283	\$ 1,307,965	\$ 980,974	\$ 873,847	\$ 107,127	89.1%
Information Technology	1003	239,246	241,000	180,750	188,459	(7,709)	104.3%
Facility Maintenance	1005	-	598,372	448,779	649	448,130	0.1%
Permit Administration	2001	690,275	925,663	694,247	459,468	234,779	66.2%
Project Planning	2002	761,727	1,031,505	773,629	711,420	62,209	92.0%
PMLM	2003	423,044	677,441	508,081	281,051	227,030	55.3%
Capital Finance	2004	1,101,153	1,098,218	823,664	273,216	550,448	33.2%
Rules Revision	2007	8,237	-	-	-	-	0.0%
Policy Planning	2008	402,423	643,884	482,913	388,200	94,713	80.4%
Stormwater Pond Maintenance Dredging	3002	26,389	1,060,000	795,000	-	795,000	0.0%
Blake Road	3145	20,479	2,150,000	1,612,500	13,865	1,598,635	0.9%
Cottageville Park	3146	1,228	700,000	525,000	5,428	519,572	1.0%
FEMA Flood Repair	3148	38,194	-	-	-	-	0.0%
SWLRT Trail Connection	3152	1,469	493,535	370,151	78,650	291,501	21.2%
Minneapolis Stormwater Mgmt.	3155	-	250,000	187,500	-	187,500	0.0%
Turbid Lunsten Wetland Restoration	3158	-	150,000	112,500	-	112,500	0.0%
County Road 6 Pond Retrofit	3159	79,578	532,444	399,333	54,740	344,593	13.7%
East Auburn Wetland Restoration	3160	39,037	467,559	350,669	67,048	283,621	19.1%
Maple Creek Improvement Project	3500	10,000	-	-	-	-	0.0%
Morningside Ravine Stabilization	3501	71,047	200,000	150,000	-	150,000	0.0%
Holbrook Park Regional Stormwater	3502	-	124,940	93,705	-	93,705	0.0%
Northside Park (Lifetime)	3503	404,695	-	-	8,443	(8,443)	0.0%
Calvary Church Stormwater Management	3504	-	125,000	93,750	-	93,750	0.0%
Outreach	4002	286,175	470,817	353,113	275,570	77,543	78.0%
R&M	5001	585,339	1,004,103	753,077	614,950	138,127	81.7%
LCCMR	5008	197,218	368,000	276,000	212,657	63,343	77.0%
Transfers out		4,820,673	-	-	-	-	0.0%
Total Expenditures		\$ 11,434,909	\$ 14,620,446	\$ 10,965,335	\$ 4,507,661	\$ 6,457,674	41.1%

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



**Budget To Actual Comparison By Project
\$550,001 to \$1,800,000**



Supporting documents:

2025 Q3 Financial Report

Addendum: Variance Explanations

1	First disbursements of levy funds from Hennepin and Carver Counties were received and total \$5,006,324 or 67.6% of expected levy total.
2	Miscellaneous revenue is permitting reimbursables and variances to budget are largely based on timing – when the expense was incurred versus when reimbursement was received by the District. Payments received exceed projections by approximately \$36k.
3	Loans, grants and awards received reflect 50% of BWSR grant dollars received for the Minneapolis Stormwater and Calvary Church Stormwater projects, as well as FEMA grant funds, some of which has been returned due to an overpayment to the District.
4	Interest earnings through Q3 exceed projections for the year 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 Q3 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 Q3 budget projections.
10	Vehicle budget reflects only maintenance through Q3 with 65.1% of budget used for the year.
11	Contracted services are trending positively to the budget due to the timing of projects for a number of programs.
12	Construction expenditures are less than 1% of budget projection based on delays or differed project timelines.
13	Accounting/auditing expenditures are over budget projections through Q3, based on timing of payments and only three-quarters of budget projection reflected. Staff does not expect to exceed budget at year-end.
14	Engineering expenses are just over half of budget projection through Q3. Again, this is reflective of delays or deferred project status.
15	Lab analysis expenditures through Q3 equal the budget projection for the year. This is due to increased testing throughout the summer season.
16	Legal services are over projections through Q3 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 will not 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 Q3.
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 Q3. 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.