MINNEHAHA CREEK
WATERSHED DISTRICT
QUALITY OF WATER, QUALITY OF LIFE

Meeting: Board Meeting
Meeting date: 8/13/2026
Agenda Item #: 4.1
Item type: Information

Title:	2nd Quarter 2026 Financial Report
Prepared by:	Name: Lauren Stretar Phone: 952.641.4503 lstretar@minnehahacreek.org

Purpose:
Attached please find the 2nd Quarter (Q2) Financial Report from Eide Bailly showing revenue and expenditures from January 1, 2026, to June 30, 2026.

Summary:
Revenue
Budgeted tax revenue through June 30, 2026, is shown as $4,934,756 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 $5,019,098.

During Q2, grant dollars from BWSR in the amount of $37,500 were received as the initial disbursement of the $75,000 Water Quality and Storage Grant to support flood modeling, scenario analysis, and engagement as part of the 2027 Watershed Management Plan.

Permitting reimbursable is showing 71% of expected revenue through Q2, however the timing of permits and when reimbursements are requested always factor into this calculation.

Interest earnings—which is the interest earned on the District's money market funds—remain higher than budget projections due to 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 56% of the budget. In comparison, last year at this time the District was at 41.5% of its actual budget spent through Q2. (Please see the variance report for more information.)

From the report, you will see that the majority of categories are at or below mid-year budget projections. For categories over mid-year projections (including dues/subscriptions, insurance, accounting/auditing), these are due to one-time payments made in quarters one or two, and by year end they will fall within the annual budget projection. Legal services is also exceeding Q2 projections, however, it is expected that it will be in line with the budget before year end. The vehicle line item is showing a credit due to the claim revenue from the hail damage. Further details regarding these items, as well as others, can be found on the variance report at the end of this document.

Variances
The Statement of Expenditures (page 8 of the report) provides information on all program and project fund expenditures, with expenses tied to timing of services or when invoices are received and paid. For this reason, program and project funds may appear over budget when in fact they are not.

That said, the County Road 6 Pond Retrofit project is currently showing actuals over the budgeted amount by just over $3,000, whereas the East Auburn Wetland Restoration project appears 165% over budget with $487,759 having been spent year-to-date through Q2. This is due to the budget showing only one-half of the entire budget for this project. The entire project budget is $592,000, therefore, with most of the expenditures for this project already paid, this project will likely come in under budget at year end. The LWP Holbrook Park Regional Stormwater project also appears over budget through Q2 with only half of the budget showing on this report. No other programs or project funds were over budget based on Q2 expenditures.

If you have more specific questions regarding the contents of the report, please contact Lauren Stretar at lstretar@minnehahacreek.org.

Addendum: Variance Explanations for Statement of revenues and Expenditures

1	**Revenue:**
2	Levy funds from Hennepin and Carver Counties were received after this report was generated. Total levy received to-date is $5,019,098 which is in line with budget projection.
3	Intergovernmental – Grant dollars in the amount of $37,500 were received from BWSR for the water quality and storage project.
4	Permitting reimbursables are slightly under budget projections for Q2.
5	Interest earnings will likely exceed budget projection based on current District funds.
6	Other revenue is unbudgeted and unexpected, i.e. a donation for example.
7	Transfers In – not applicable at this time. Only used should funds need to be transferred from one fund to another.
9	**Expenditures:**
10	Personnel is trending positively to budget through Q2 with several open position, organization-wide, budgeted and not yet filled.
11	Staff expenses are less than half of projection through Q2. This typically increases in Q3 with an increase in industry related conferences attended by staff.
12	Board expenses are trending positively to the budget with variances based largely on timing of when Board Manager expense reimbursements are received and processed.
13	CAC expenses are less than half of expected expenses through Q2. This is likely a timing issue.
14	Building & operating expenses are 65% of what was expected to be spent through Q2 with timing of repairs and maintenance taking place throughout the year.
15	Vehicle budget reflects insurance claim revenue for salvaging one District vehicle due to extensive hail damage, with no replacement vehicle planned to be purchased.
16	Dues and subscriptions are often over first and second quarters of the year due to one-time annual payments made through Q2. This will fall in line with budget as the year progresses.
17	Insurance is a one-time annual payment made in Q2 each year.
18	Other Miscellaneous expenses are trending positively to budget through Q2. These can be expenses associated with job postings to staff retreat expenses.
19	Contracted services are trending positively to the budget due to the timing of expenditures for a number of programs.
20	Accounting/auditing expenditures appear over budget due to the one-time audit payment made in Q2.
21	Engineering expenses are less than half of budget projection through Q2. Again, reflective of delays or deferred project status.
22	Legal expenditures are over budget projection for Q2. This is largely due to increased litigation expenses.
23	Lab analysis expenditures are less than budgeted through Q2, however more activity takes place later in Q2 and Q3 so expect to see an increase in Q3 expenditures.
24	Construction expenditures to date are less than Q2 budget projection due to timing of project start and end dates.
25/26	Debt service principal and interest over/under budget projections is tied to timing of when payments are due/made. At year end this will be in line with the budget projection.
27	Grants and awards are those given by the District with none to-date.
28	Transfers out category will not be used in 2026 unless required to move funds from one fund to another.

Addendum: Variance Explanations for Statement of Expenditures and Budget to Actual by Program/Project

General Operations	Under budget through Q2 in large part for budgeted personnel and related expenses with replacement position hired at a lower grade level.
Information Technology	IT is under budget projection for Q2 which is a matter of timing of purchases for budgeted replacement items.
Facility Maintenance	Unless or until the campus improvement project moves forward this category will see few expenditures for the year.
Permit Administration	Permitting program is overall under budget in large part due to a budgeted position not yet filled.
Project Planning	Project Planning program is under budget for personnel budgeted with new staff starting later in the year, as well as engineering services for projects that have been delayed or deferred.
Project Maintenance & Land Mgmt	PMLM program is also under budget due to personnel changes as well as deferred projects.
Debt Service	Debt service fluctuates throughout the year based on timing of payments; will match budget fully at year end.
Policy Planning	Largely under budget for contracted services and engineering expenses that were budgeted and have not yet been incurred.
Stormwater Pond Maintenance/Dredging	Work was completed on one project during Q1, with minimal work during Q2.
Cedar Meadows Pond Maintenance	Work has not yet begun on this project.
Blake Road	There are no project expenditures for this, however utilities incurred from the City of Hopkins are paid quarterly, which are reflected on the report.
Cottageville Park	Work is just beginning on this project as shown on the report.
Meadowbrook Golf Course	Work has not yet begun on this project.
SW Light Rail Transit Trail Connection	Work is underway and should expect to see continued expenditures throughout the year.
Minneapolis Stormwater Mgmt	Work has not yet begun on this project.
Turbid Lunsten Wetland Restoration	Work has not yet begun on this project.
County Road 6 Pond Retrofit	This project is largely complete with a few outstanding items yet to pay in 2026. Expenditures will align closely with budget.
East Auburn Wetland Restoration	This project is largely complete with a few outstanding items yet to pay in 2026. Expenditures will align closely with budget.
Holbrook Park Regional Stormwater	Work is underway and should expect to see continued expenditures throughout the year.
Calvary Church Stormwater Mgmt	This project has not yet begun.
Outreach	The Outreach program is closely aligned with budget to expenditures through Q2.
Research & Monitoring	R&M is under budget through Q2 with more planned expenses, i.e. lab analysis, equipment/supplies and repairs & maintenance, typically occurring in Q3.
LCCMR	LCCMR grant dollars are expected to cover the last of the items for this project.
Transfers Out	This category is only used should funds need to be transferred from one program/project to another.

QUALITY OF WATER
QUALITY OF LIFE

MINNEHAHA CREEK
WATERSHED DISTRICT

Quarter Ended June 30, 2026
(Unaudited)

Eide Bailly

Disclaimer:

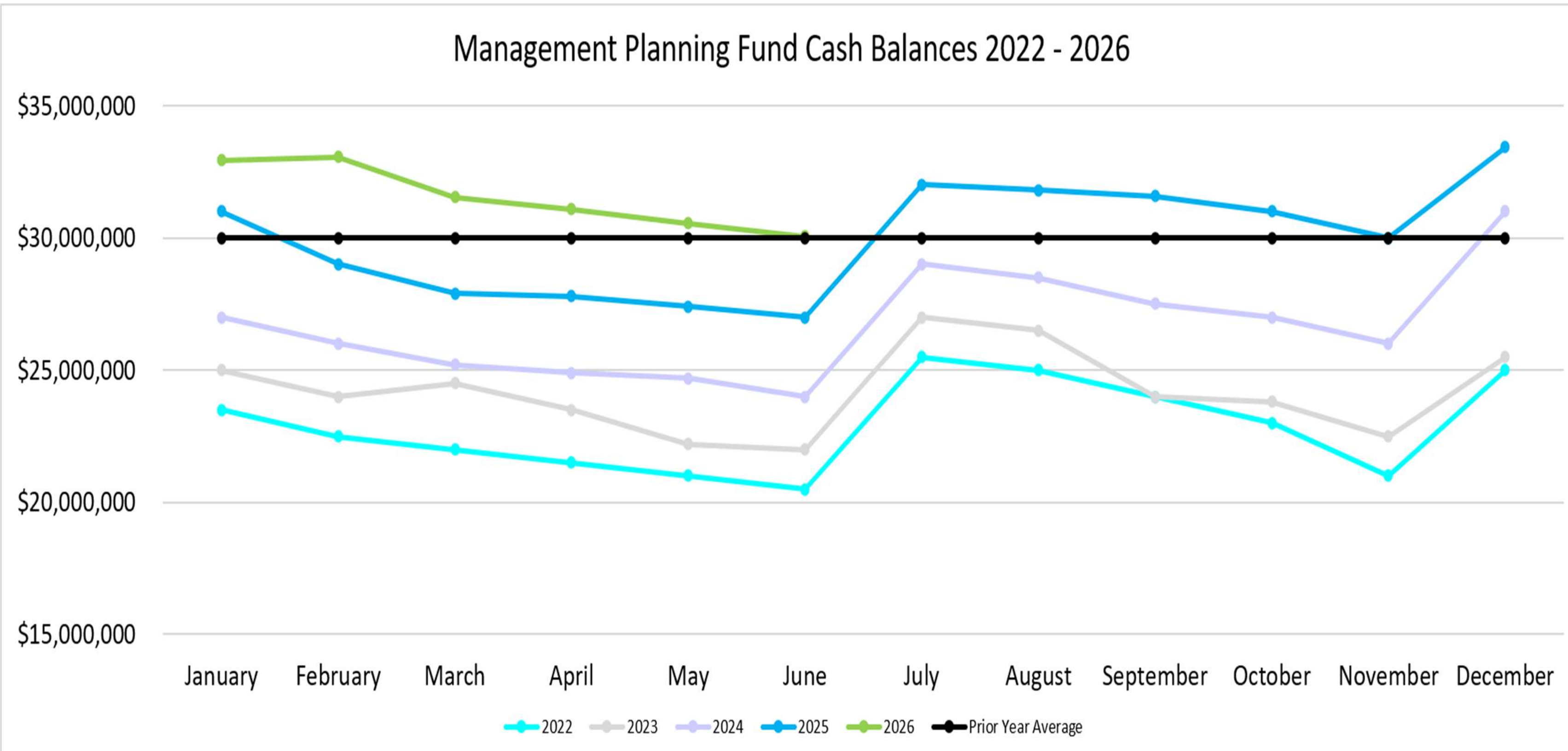
No assurance is provided on the financial reports. Financial reports do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

Schedule of Cash and Investments

Institution	Description	Type	Market Value 3/31/26	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 6/30/26	Market Value 6/30/26
Old National Bank	General Fund Checking	Checking	$ 643,566	$ 5,103	$ (1,712,354)	$ 1,550,000	$ -	$ 486,315	$ 486,315
Old National Bank	General Fund Money Market	Money Market	30,018,589	45,761	-	(1,527,915)	142,002	28,678,437	28,678,437
			30,662,154	50,865	(1,712,354)	22,085	142,002	29,164,752	29,164,752
Old National Bank	Surety Checking	Checking	5,929	-	(19,724)	21,000	1	7,206	7,206
Old National Bank	Surety Money Market	Money Market	857,192	57,351	-	(43,085)	4,139	875,597	875,597
			863,121	57,351	(19,724)	(22,085)	4,140	882,803	882,803
Total Cash and Investments			**$ 31,525,275**	**$ 108,216**	**$ (1,732,078)**	**$ (0)**	**$ 146,142**	**$ 30,047,555**	**$ 30,047,555**

Deposit in transit	$ -
Outstanding checks	(113,990)
Reconciled balance	**$ 29,933,565**

Cash Balances Past 5 Years



Minnehaha Creek Watershed District

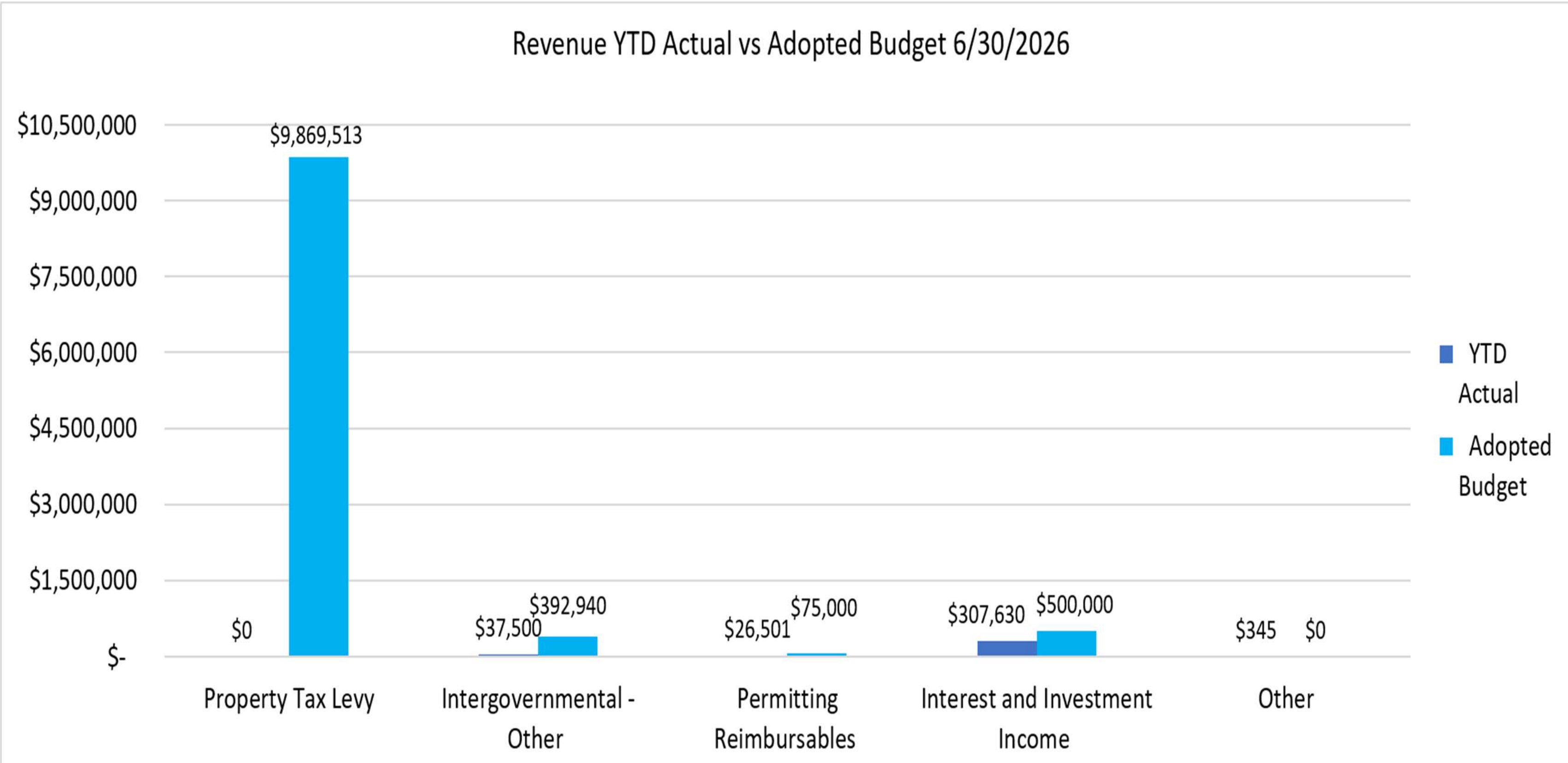
Quarterly Financial Report

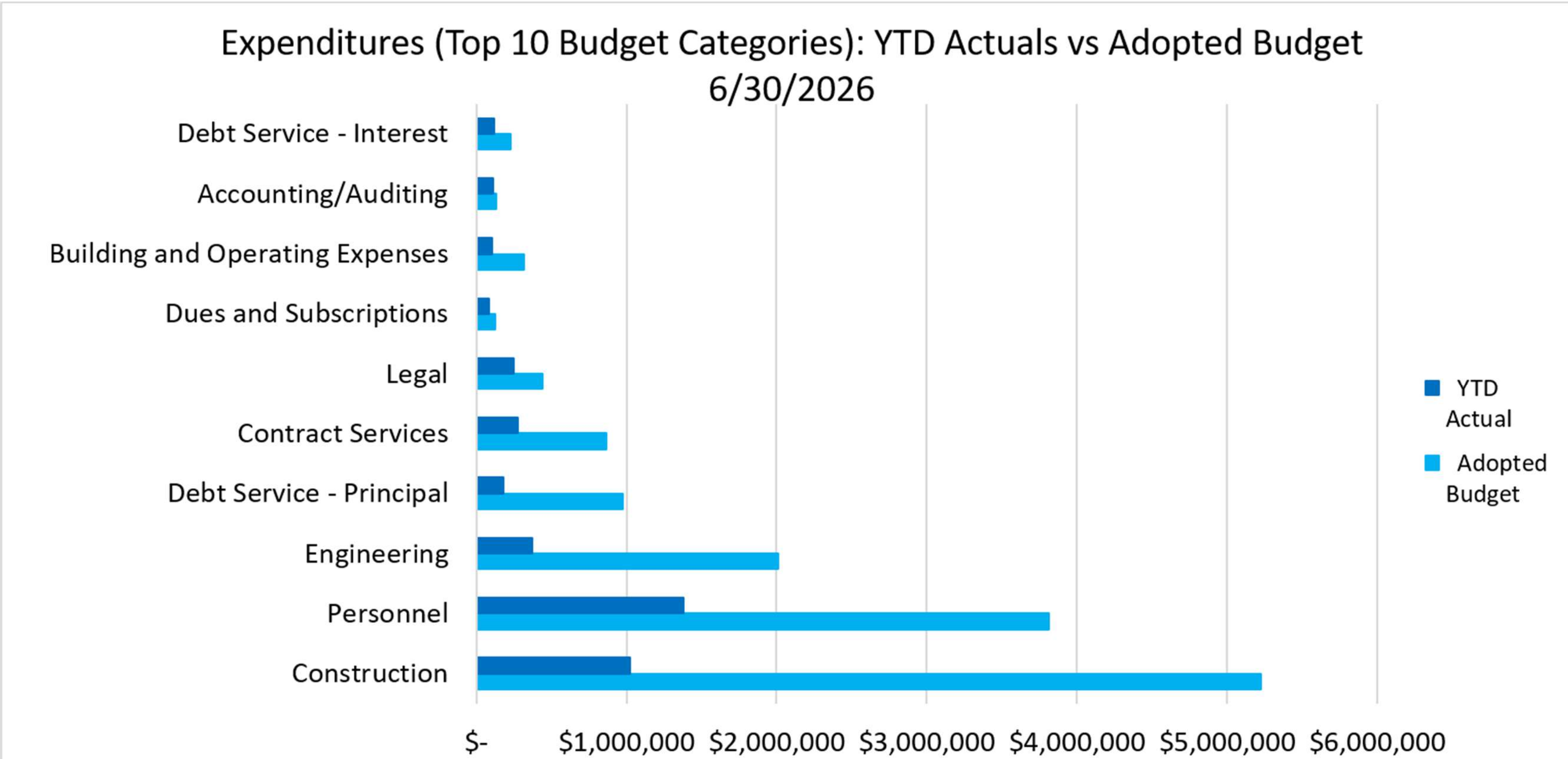
Quarter Ended June 30, 2026

Condensed Statement of Revenues and Expenditures

(Unaudited)

		2025 Actual	Adopted Budget	YTD Actual	YTD Budget Thru 6/30/26	(Under) / Over Budget	YTD Target 50%
1	**Revenue**						
2	Property Tax Levy	$ 9,752,464	$ 9,869,513	$ -	$ 4,934,756	$ (4,934,756)	0%
3	Intergovernmental - Other	716,411	392,940	37,500	196,470	(158,970)	19%
4	Permitting Reimbursables	111,056	75,000	26,501	37,500	(10,999)	71%
5	Interest and Investment Income	772,122	500,000	307,630	250,000	57,630	123%
6	Other	60,584	-	345	-	345	0%
7	Transfers In	6,014,200	-	-	-	-	0%
8	**Total Revenue**	**17,426,837**	**10,837,453**	**371,975**	**5,418,727**	**(5,046,751)**	**7%**
9	**Expenditures**						
10	Personnel	2,647,407	3,811,028	1,383,027	1,905,514	(522,488)	73%
11	Staff Expenses	42,415	89,400	11,828	44,700	(32,872)	26%
12	Board Expenses	47,650	56,000	19,522	28,000	(8,478)	70%
13	Citizens Advisory Committee	-	4,000	759	2,000	(1,241)	38%
14	Building and Operating Expenses	221,883	315,522	102,696	157,761	(55,065)	65%
15	Vehicle/Boat	8,918	8,000	(2,998)	4,000	(6,998)	-75%
16	Dues and Subscriptions	103,047	123,170	80,911	61,585	19,326	131%
17	Insurance	65,420	71,000	66,106	35,500	30,606	186%
18	Other/Miscellaneous	41,717	64,500	11,905	32,250	(20,345)	37%
19	Contract Services	980,609	865,337	274,398	432,669	(158,270)	63%
20	Accounting/Auditing	123,785	133,750	111,610	66,875	44,735	167%
21	Engineering	841,435	2,011,661	370,154	1,005,831	(635,677)	37%
22	Legal	574,214	439,725	248,995	219,863	29,132	113%
23	Lab Analysis	76,115	53,493	8,859	26,747	(17,888)	33%
24	Construction	28,996	5,222,010	1,026,749	2,611,005	(1,584,256)	39%
25	Debt Service - Principal	962,808	973,988	181,727	486,994	(305,267)	37%
26	Debt Service - Interest	240,332	231,604	116,769	115,802	967	101%
27	Grants/Awards	244,362	32,500	-	16,250	(16,250)	0%
28	Transfer Out	6,014,200	-	-	-	-	0%
29	**Total Expenditures**	**14,093,805**	**14,506,688**	**4,041,646**	**7,253,344**	**(3,211,698)**	**56%**
30	**Net Revenue / (Expenses)**	**$ 3,333,032**	**$ (3,669,235)**	**$ (3,669,671)**	**$ (1,834,618)**	**$ (1,835,053)**	

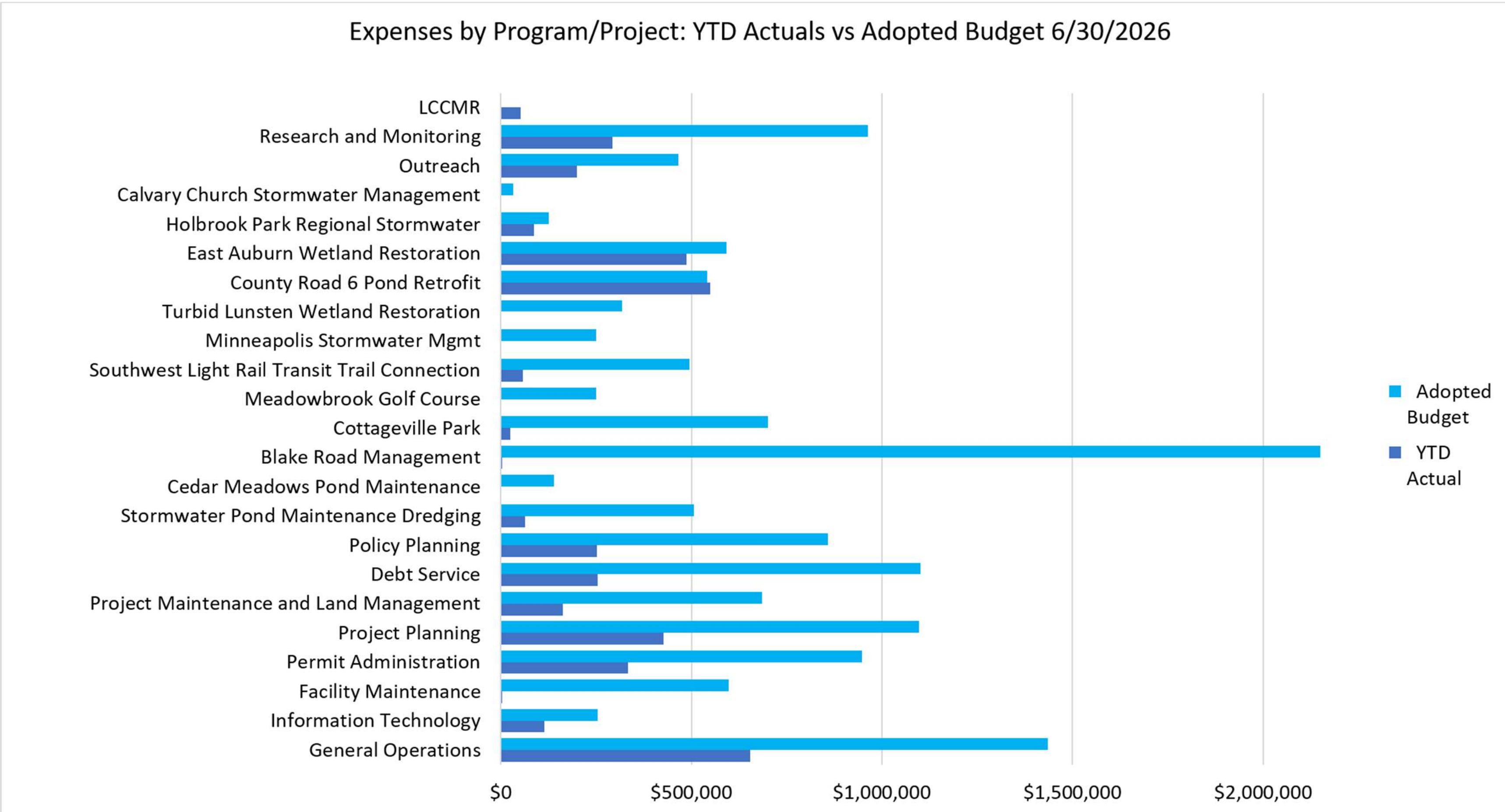

Revenue YTD Actual vs Adopted Budget 6/30/2026
$10,500,000
$9,000,000
$7,500,000
$6,000,000
$4,500,000
$3,000,000
$1,500,000
$-
$0
$9,869,513
$37,500
$392,940
$26,501
$75,000
$307,630
$500,000
$345
$0
Property Tax Levy
Intergovernmental - Other
Permitting Reimbursables
Interest and Investment Income
Other
YTD Actual
Adopted Budget


Expenditures (Top 10 Budget Categories): YTD Actuals vs Adopted Budget
6/30/2026
Debt Service - Interest
Accounting/Auditing
Building and Operating Expenses
Dues and Subscriptions
Legal
Contract Services
Debt Service - Principal
Engineering
Personnel
Construction
$-
$1,000,000
$2,000,000
$3,000,000
$4,000,000
$5,000,000
$6,000,000
YTD Actual
Adopted Budget

Statement of Expenditures and Budget to Actual Comparison by Program/Project
(Unaudited)

1	Program Name	Project	2025 Actual	Adopted Budget	YTD Actual	YTD Budget Thru 6/30/26	(Under) / Over Budget	YTD Target 50%
2	General Operations	1002	$ 1,188,837	$ 1,435,236	$ 653,704	$ 717,618	$ (63,914)	91%
3	Information Technology	1003	219,477	254,220	114,675	127,110	(12,435)	90%
4	Facility Maintenance	1005	1,133	598,372	2,795	299,186	(296,391)	1%
5	Permit Administration	2001	690,840	947,431	332,740	473,716	(140,975)	70%
6	Project Planning	2002	970,608	1,097,847	426,325	548,924	(122,599)	78%
7	Project Maintenance and Land Management	2003	448,575	685,673	162,620	342,837	(180,217)	47%
8	Debt Service	2004	1,099,460	1,100,668	254,224	550,334	(296,110)	46%
9	Policy Planning	2008	531,782	857,920	252,982	428,960	(175,978)	59%
10	Stormwater Pond Maintenance Dredging	3002	15,550	505,900	62,731	252,950	(190,219)	25%
11	Cedar Meadows Pond Maintenance	3003	-	140,000	-	70,000	(70,000)	0%
12	Blake Road Management	3145	29,957	2,150,000	3,098	1,075,000	(1,071,902)	0%
13	Cottageville Park	3146	30,391	700,000	23,948	350,000	(326,052)	7%
14	Meadowbrook Golf Course	3150	-	250,841	-	125,420	(125,420)	0%
15	Southwest Light Rail Transit Trail Connection	3152	95,179	494,432	57,624	247,216	(189,592)	23%
16	Minneapolis Stormwater Mgmt	3155	-	250,000	-	125,000	(125,000)	0%
17	Turbid Lunsten Wetland Restoration	3158	-	318,000	-	159,000	(159,000)	0%
18	County Road 6 Pond Retrofit	3159	59,570	541,643	548,807	270,822	277,986	203%
19	East Auburn Wetland Restoration	3160	84,958	592,000	487,759	296,000	191,759	165%
20	Holbrook Park Regional Stormwater	3502	31,494	124,940	87,409	62,470	24,939	140%
21	Calvary Church Stormwater Management	3504	-	32,500	-	16,250	(16,250)	0%
22	Outreach	4002	388,081	466,193	199,881	233,096	(33,216)	86%
23	Research and Monitoring	5001	621,302	962,872	292,302	481,436	(189,134)	61%
24	LCCMR	5008	440,555	-	51,013	-	51,013	*
25	Transfers out		6,014,200	-	-	-	-	0%
	Total Expenditures		**$ 14,093,805**	**$ 14,506,688**	**$ 4,043,334**	**$ 7,253,344**	**$ (3,210,011)**	**56%**

*Not budgeted in calendar year 2026.


Expenses by Program/Project: YTD Actuals vs Adopted Budget 6/30/2026
LCCMR
Research and Monitoring
Outreach
Calvary Church Stormwater Management
Holbrook Park Regional Stormwater
East Auburn Wetland Restoration
County Road 6 Pond Retrofit
Turbid Lunsten Wetland Restoration
Minneapolis Stormwater Mgmt
Southwest Light Rail Transit Trail Connection
Meadowbrook Golf Course
Cottageville Park
Blake Road Management
Cedar Meadows Pond Maintenance
Stormwater Pond Maintenance Dredging
Policy Planning
Debt Service
Project Maintenance and Land Management
Project Planning
Permit Administration
Facility Maintenance
Information Technology
General Operations
$0
$500,000
$1,000,000
$1,500,000
$2,000,000
Adopted Budget
YTD Actual