



Title: 4th Quarter 2025 Financial Report

Prepared by: Name: Deb Johnson
Phone: 952.641.4500
djohnson@minnehahacreek.org

Purpose:

Attached, please find the 4th Quarter (Q4) Financial Report from Abdo Financial Solutions showing revenue and expenditures from January 1, 2025 to December 31, 2025. Please note: this report provides a comprehensive representation of the 2025 revenue and expenditures, however is preliminary and will remain as such until the 2025 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 98.3% of budget. In late January 2026, after this report was produced, final disbursements were received from the counties bringing total levy revenue for 2025 to 98.8% of budget projection.

Miscellaneous revenue, which is primarily Permitting reimbursable income was over projections by approximately \$40k. Timing of this revenue is often based on timing of permitting projects and is therefore variable.

Through Q4 the District received 79.8% of grant dollars projected for the year. These represented funds for projects including the Minneapolis Stormwater capital project, final payment of the 2014 FEMA project as well as LWP projects for Calvary Church Stormwater Management, Morningside Ravine and Holbrook Park.

Interest earnings, which is the interest earned on the District's general money market funds, continue to accrue at a rate higher than projected due in part to interest rates as well as the overall account balances of the District accounts.

Expenditures

Overall expenditures for the year as shown on the Management Planning Fund are 52.7% of budget. Again, this is the pre-audit preliminary report and does not reflect payments made in January 2026 that will be reclassified as 2025 expenditures. Once those expenses are included overall expenditures are expected to increase to approximately 58% of budget.

Variiances

With the exceptions of the lab analysis and legal expenses all funds were under budget for the year as shown on the Management Planning Fund report (page 7 on the report).

Two noteworthy positive variances (actuals under year-to-date budget) shown on the Management Planning Fund Table are the construction and loans/grants and awards categories. Both categories reflect timing of work versus expenses paid or delayed and deferred projects in 2025. Lastly, no funds were budgeted for property/easement acquisition, however the recent Painter Road property purchase is reflected as an expenditure in that category.

Within specific funds, shown on the Statement of Expenditures (page 10 on the report), variances are generally tied to the timing of work and the progress of a project. With the exception of the LCCMR project there were no projects that exceeded budget in 2025. LCCMR reimbursement funds have been requested for the 2025 expenditures and when received will reduce the budget overage.

The Programs category was also under budget with most instances due to staff positions budgeted and not yet filled or filled later than anticipated.

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

Supporting documents:

2025 Q4 Financial Report



4th Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of December 31, 2025



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

January 30, 2026

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, 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

January 30, 2026

Dear Board of Managers:

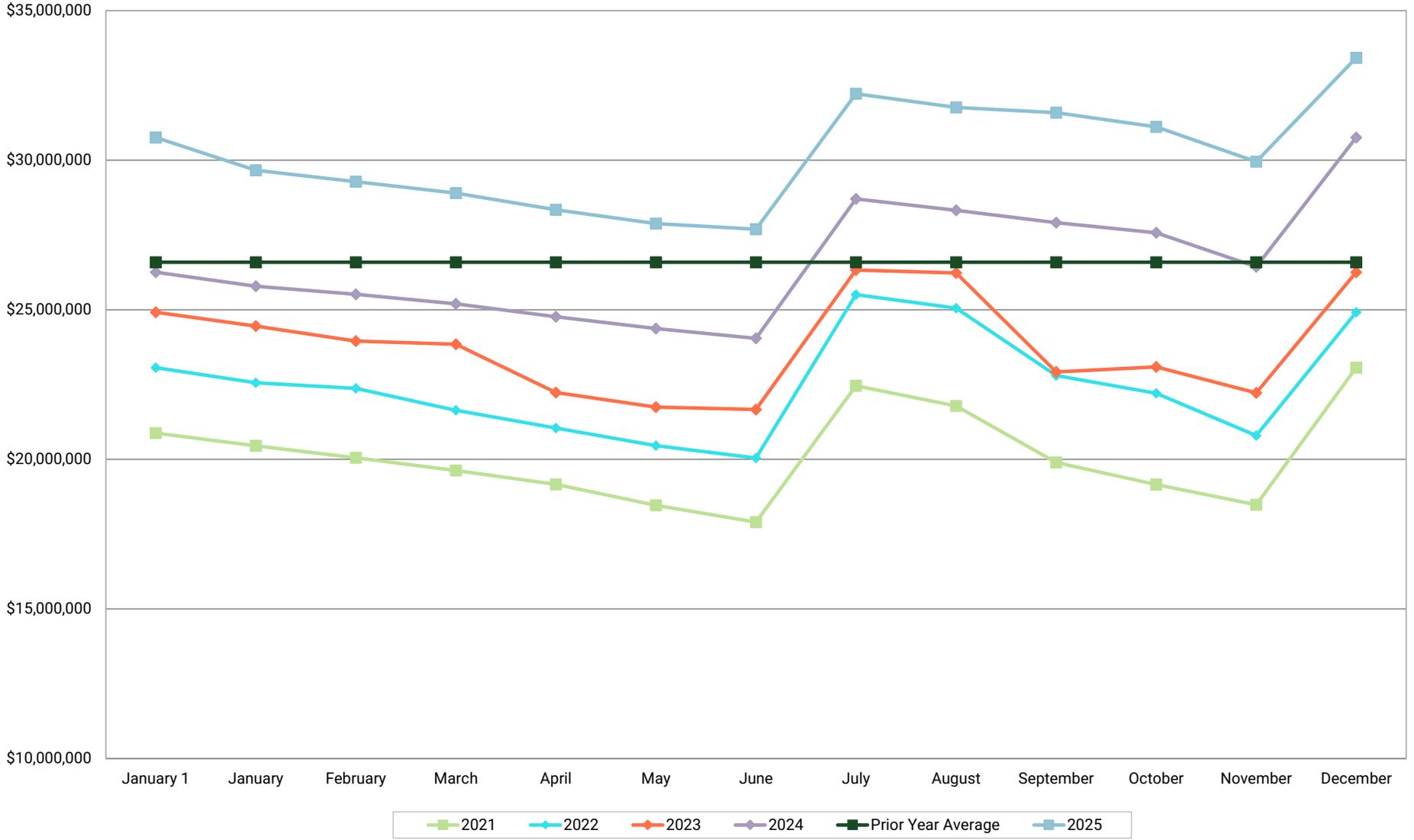
We have reconciled all bank accounts through December 31, 2025, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

Cash

The District’s cash balances are as follows:

Institution	Description	Type	Market Value 1/1/2025	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 12/31/2025	Market Value 12/31/2025
Old National Bank	General Checking - 0515	Checking	\$ 270,931.55	\$ 72,577.03	\$ (8,752,574.82)	\$ 8,760,000.00	\$ -	\$ 350,933.76	\$ 350,933.76
Old National Bank	General MM - 2755	Money Market	29,653,080.71	10,635,168.95	-	(8,726,899.58)	749,641.93	32,310,992.01	32,310,992.01
			29,924,012.26	10,707,745.98	(8,752,574.82)	33,100.42	749,641.93	32,661,925.77	32,661,925.77
Old National Bank	Surety Checking- 6092	Checking	7,490.71	3,500.00	(160,951.80)	178,500.00	4.50	28,543.41	28,543.41
Old National Bank	Surety MM - 2788	Money Market	836,047.95	180,899.68	3,380.00	(211,600.42)	22,475.38	831,202.59	831,202.59
			843,538.66	184,399.68	(157,571.80)	(33,100.42)	22,479.88	859,746.00	859,746.00
Total Cash and Investments			\$ 30,767,550.92	\$ 10,892,145.66	\$ (8,910,146.62)	\$ (0.00)	\$ 772,121.81	\$ 33,521,671.77	\$ 33,521,671.77
								Deposits in Transit	\$ -
								Outstanding Checks	(98,530.06)
								Reconciled Balance	<u>\$ 33,423,141.71</u>

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
December 31, 2025

N	LEAP YEAR (Y or N)											
FDIC #	Identification (CUSIP or Acct #)	Institution	Description	Type	Market Value 1/1/2025	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 12/31/2025	Market Value 12/31/2025	Unrealized Gain / Loss
		Old National Bank	General Checking - 0515	Checking	\$ 270,931.55	\$ 72,577.03	\$ (8,752,574.82)	\$ 8,760,000.00	\$ -	\$ 350,933.76	\$ 350,933.76	\$ -
		Old National Bank	General MM - 2755	Money Market	29,653,080.71	10,635,168.95	-	(8,726,899.58)	749,641.93	32,310,992.01	32,310,992.01	-
					29,924,012.26	10,707,745.98	(8,752,574.82)	33,100.42	749,641.93	32,661,925.77	32,661,925.77	-
		Old National Bank	Surety Checking- 6092	Checking	7,490.71	3,500.00	(160,951.80)	178,500.00	4.50	28,543.41	28,543.41	-
		Old National Bank	Surety MM - 2788	Money Market	836,047.95	180,899.68	3,380.00	(211,600.42)	22,475.38	831,202.59	831,202.59	-
					843,538.66	184,399.68	(157,571.80)	(33,100.42)	22,479.88	859,746.00	859,746.00	-
Total Cash and Investments					\$ 30,767,550.92	\$ 10,892,145.66	\$ (8,910,146.62)	\$ (0.00)	\$ 772,121.81	\$ 33,521,671.77	\$ 33,521,671.77	\$ -
										Deposits in Transit	\$ -	
										Outstanding Checks	(98,530.06)	
										Reconciled Balance	<u>\$ 33,423,141.71</u>	

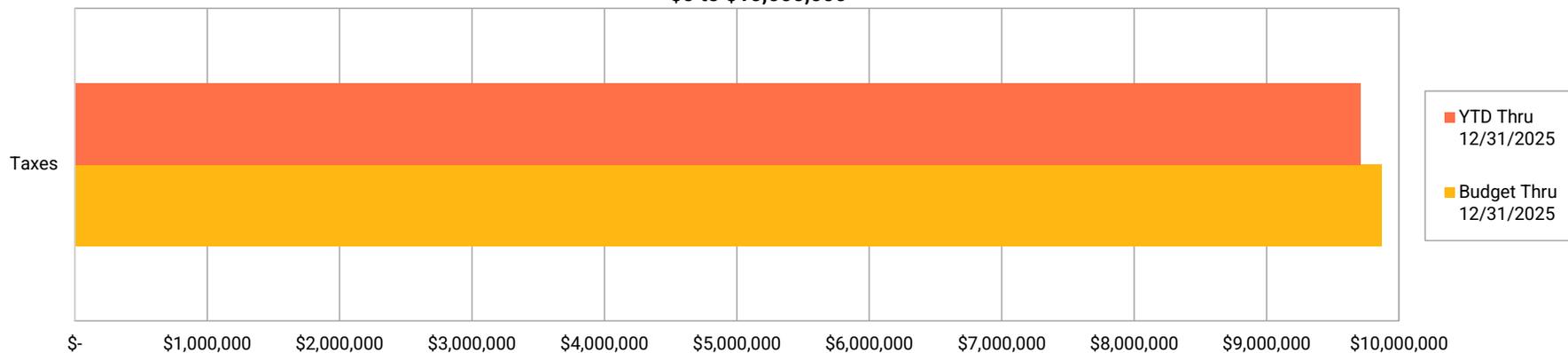
Management Planning Fund

	2024 Actual	2025 Budget	YTD Budget Thru 12/31/2025	YTD Thru 12/31/2025	Percent of YTD Budget		
Receipts							
Taxes	\$ 9,830,772	\$ 9,869,513	\$ 9,869,513	\$ 9,706,010	98.3 %	→	(1)
Miscellaneous revenue	491,233	75,000	75,000	115,059	153.4	↑	(2)
Loans, grants & awards	270,811	692,940	692,940	552,884	79.8	↓	(3)
Interest earnings	786,711	450,000	450,000	772,122	171.6	↑	(4)
Transfers In	4,820,673	-	-	-	-		(5)
Total Receipts	\$ 16,200,200	\$ 11,087,453	\$ 11,087,453	\$ 11,146,075	100.5 %	→	
Expenditures							
Personnel	\$ 2,382,364	\$ 3,646,923	\$ 3,646,923	\$ 2,648,625	72.6 %	↑	(6)
Staff expenses	60,452	98,000	98,000	42,086	42.9	↑	(7)
Manager expenses	39,022	49,000	49,000	35,073	71.6	↑	(8)
Building & operating expense	114,047	132,372	132,372	104,853	79.2	↑	(9)
Vehicles	10,131	8,000	8,000	1,349	16.9	↑	(10)
Contracted services	517,301	1,021,030	1,021,030	893,434	87.5	↑	(11)
Construction	646,298	5,656,538	5,656,538	50,789	0.9	↑	(12)
Accounting & auditing	111,829	125,000	125,000	123,785	99.0	→	(13)
Engineering	693,906	1,518,740	1,518,740	782,990	51.6	↑	(14)
Lab analysis	66,614	50,051	50,051	76,115	152.1	↓	(15)
Legal services	345,495	360,000	360,000	516,151	143.4	↓	(16)
Insurance	67,720	71,000	71,000	65,420	92.1	→	(17)
Debt service	1,204,791	1,203,142	1,203,142	1,203,141	100.0	→	(18)
Other miscellaneous	63,580	167,750	167,750	102,301	61.0	↑	(19)
Dues & subscriptions	98,400	120,900	120,900	102,223	84.6	↑	(20)
IT	59,401	67,000	67,000	57,989	86.6	↑	(21)
Loans, grants & awards given	81,047	325,000	325,000	72,209	22.2	↑	(22)
Permit Acquisition	-	-	-	500	-	↑	(23)
Capital Outlay	51,838	-	-	-	-		(24)
Property/Easement Acquisition	-	-	-	827,992	-	↑	(25)
Transfers Out	4,820,673	-	-	-	-		(26)
Total Expenditures	\$ 11,434,909	\$ 14,620,446	\$ 14,620,446	\$ 7,707,025	52.7 %	↑	

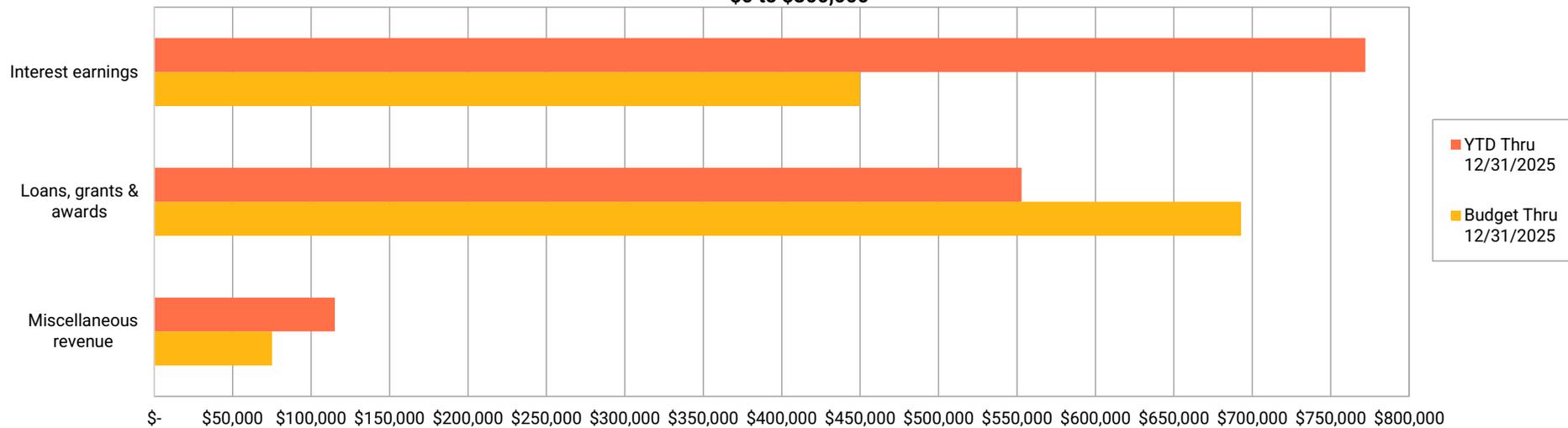
Key

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

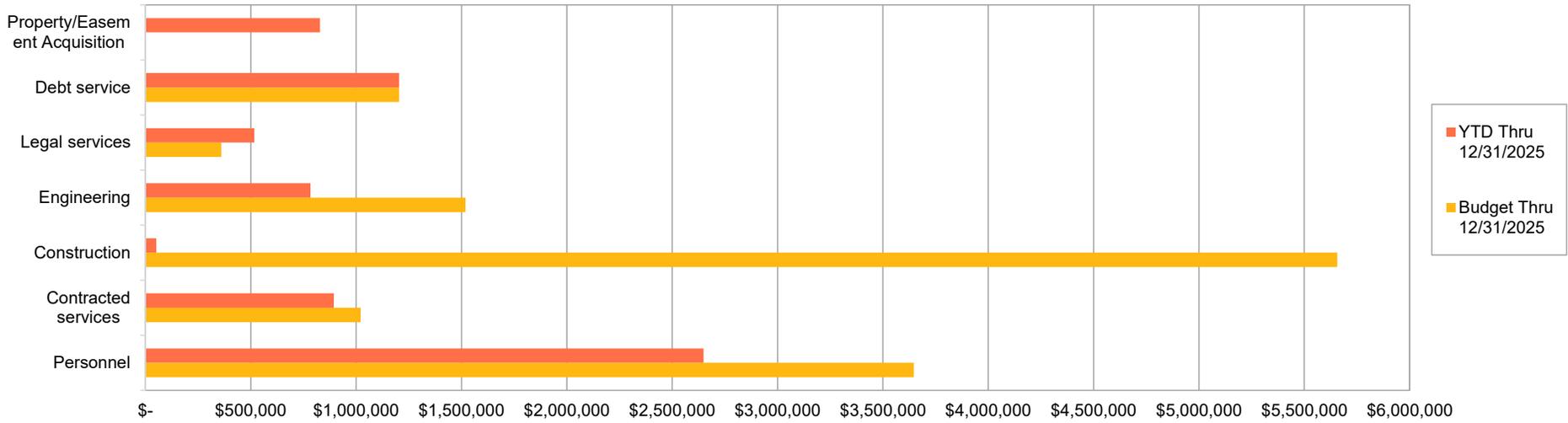
**Receipts Budget to Actual Comparison
\$0 to \$10,000,000**



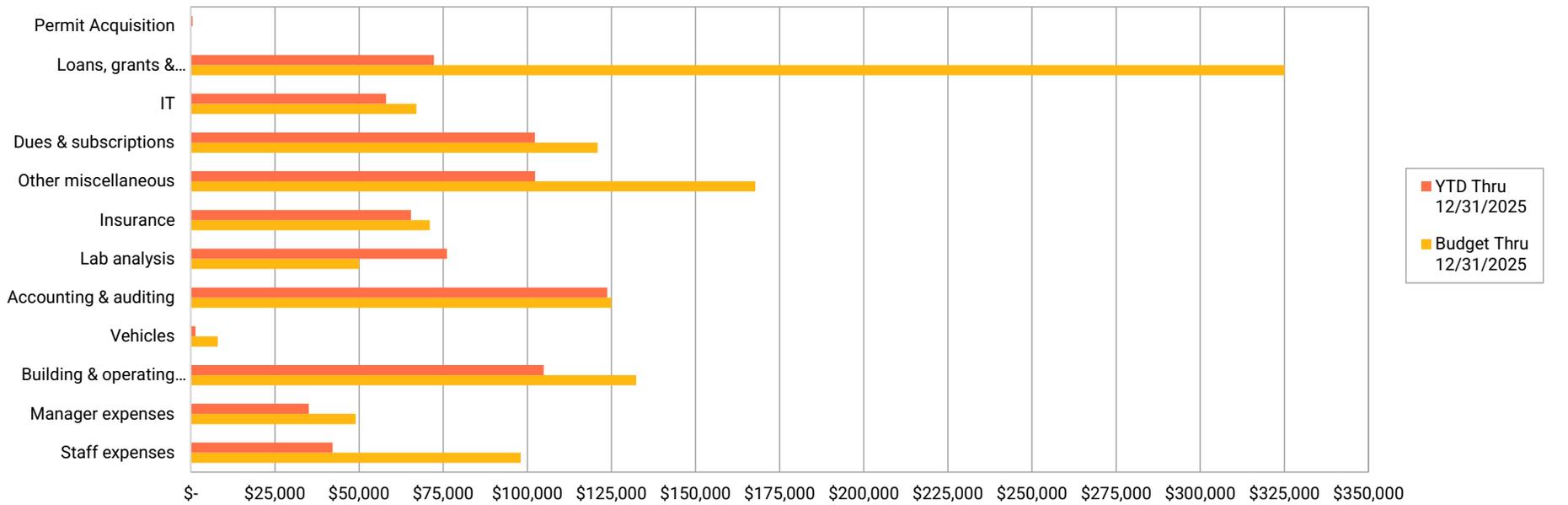
**Receipts Budget to Actual Comparison
\$0 to \$800,000**



**Disbursements Budget to Actual Comparison
\$0 to \$6,000,000**



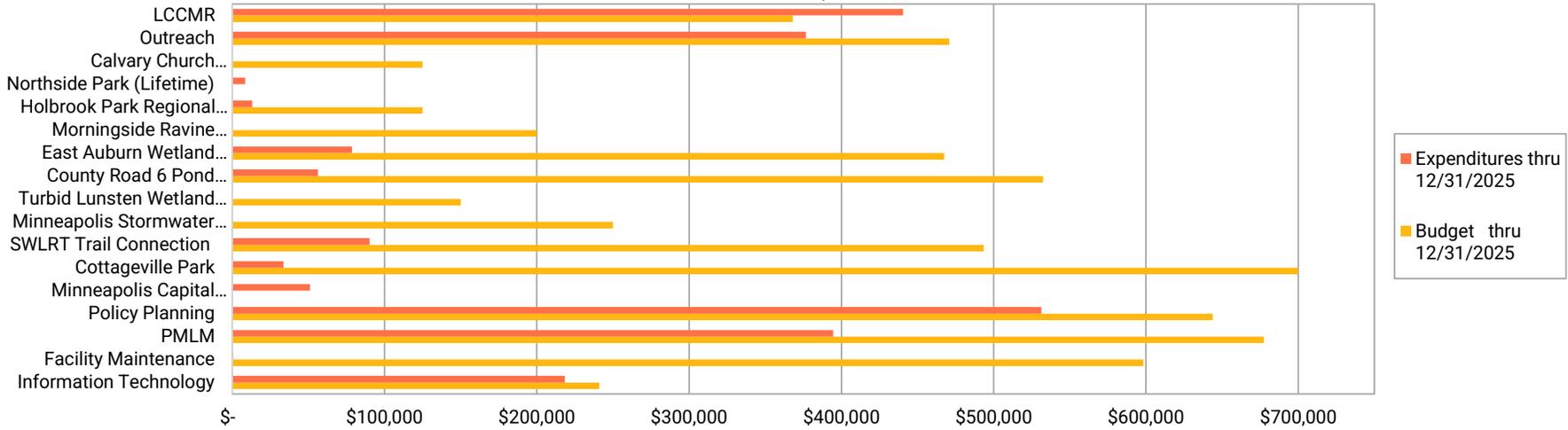
**Disbursements Budget to Actual Comparison
\$0 to \$350,000**



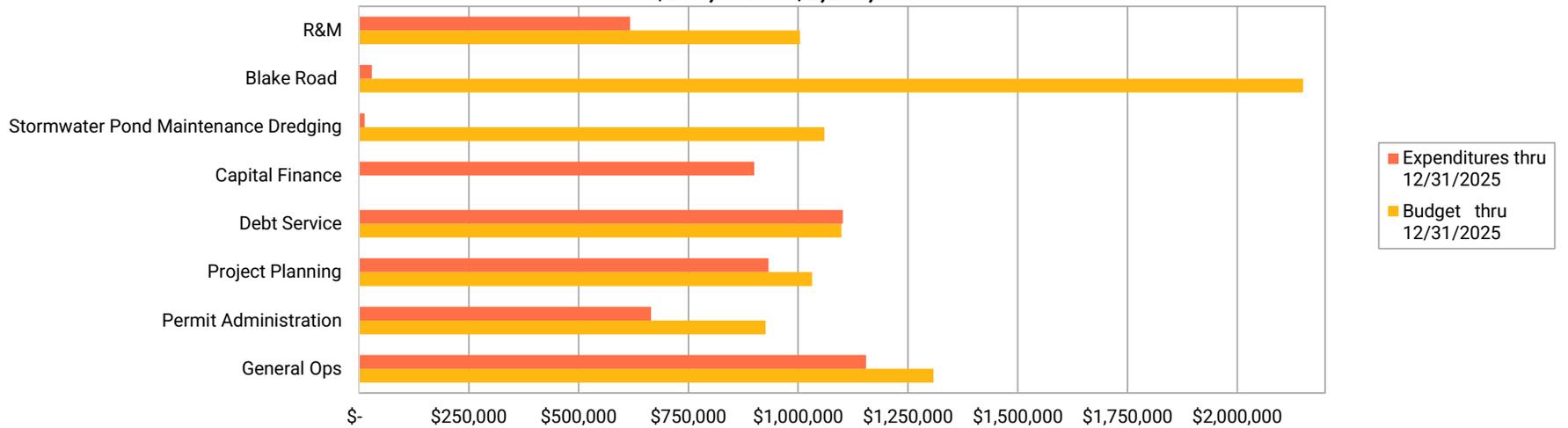
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual - Unaudited
For the Twelve Months Ended December 31, 2025

Fund Name	Project #	2024 Actual Expenditures	2025 Annual Budget	YTD Budget thru 12/31/2025	YTD Expenditures thru 12/31/2025	Variance 12/31/2025	Percent Expended Budget thru 12/31/2025
General Ops	1002	\$ 1,227,283	\$ 1,307,965	\$ 1,307,965	\$ 1,154,617	\$ 153,348	88.3%
Information Technology	1003	239,246	241,000	241,000	218,390	22,610	90.6%
Facility Maintenance	1005	-	598,372	598,372	649	597,723	0.1%
Permit Administration	2001	690,275	925,663	925,663	665,312	260,351	71.9%
Project Planning	2002	761,727	1,031,505	1,031,505	932,516	98,989	90.4%
PMLM	2003	423,044	677,441	677,441	394,603	282,838	58.2%
Debt Service	2004	1,101,153	1,098,218	1,098,218	1,101,860	(3,642)	100.3%
Rules Revision	2007	8,237	-	-	-	-	0.0%
Policy Planning	2008	402,423	643,884	643,884	531,321	112,563	82.5%
Capital Finance	3001	-	-	-	900,201	(900,201)	0.0%
Stormwater Pond Maintenance Dredging	3002	26,389	1,060,000	1,060,000	12,713	1,047,287	1.2%
Minneapolis Capital Projects	3103	-	-	-	51,060	(51,060)	0.0%
Blake Road	3145	20,479	2,150,000	2,150,000	28,924	2,121,076	1.3%
Cottageville Park	3146	1,228	700,000	700,000	33,591	666,409	4.8%
FEMA Flood Repair	3148	38,194	-	-	-	-	0.0%
SWLRT Trail Connection	3152	1,469	493,535	493,535	90,174	403,361	18.3%
Minneapolis Stormwater Mgmt.	3155	-	250,000	250,000	-	250,000	0.0%
Turbid Lunsten Wetland Restoration	3158	-	150,000	150,000	-	150,000	0.0%
County Road 6 Pond Retrofit	3159	79,578	532,444	532,444	56,364	476,080	10.6%
East Auburn Wetland Restoration	3160	39,037	467,559	467,559	78,633	388,926	16.8%
Maple Creek Improvement Project	3500	10,000	-	-	-	-	0.0%
Morningside Ravine Stabilization	3501	71,047	200,000	200,000	-	200,000	0.0%
Holbrook Park Regional Stormwater	3502	-	124,940	124,940	13,034	111,906	10.4%
Northside Park (Lifetime)	3503	404,695	-	-	8,443	(8,443)	0.0%
Calvary Church Stormwater Management	3504	-	125,000	125,000	-	125,000	0.0%
Outreach	4002	286,175	470,817	470,817	376,690	94,127	80.0%
R&M	5001	585,339	1,004,103	1,004,103	617,375	386,728	61.5%
LCCMR	5008	197,218	368,000	368,000	440,555	(72,555)	119.7%
Transfers out		4,820,673	-	-	-	-	0.0%
Total Expenditures		<u>\$ 11,434,909</u>	<u>\$ 14,620,446</u>	<u>\$ 14,620,446</u>	<u>\$ 7,707,025</u>	<u>\$ 6,913,421</u>	<u>52.7%</u>

**Budget To Actual Comparison By Project
\$0 to \$750,000**



**Budget To Actual Comparison By Project
\$750,001 to \$2,200,000**



Addendum: Variance Explanations

1	The report reflects 98.3% of levy received, however final settlements were received late January 2025 bringing the total levy disbursements to 98.8% of budget.
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	The District received approximately 80% of the grant funds it anticipated for the year, with the LCCMR grant reimbursement still outstanding.
4	With moderate interest rates and the total funds in the District accounts interest earnings continue to exceed budgeted projections.
5	Transfers In – not applicable through Q4. This is only used should funds be transferred from one program to another.
6	Personnel is trending positively to the budget due to open and budgeted staff positions not filled by year end.
7	Staff expenses overall were lower than expected at the close of the year.
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. This will increase slightly with manager reimbursements paid in January for December expenses.
9	Building & operating expenses are trending positively to the budget through Q4. This will increase slightly, without going over budget, once the audit is finalized.
10	Vehicle budget is below projected at year end with fewer maintenance issues in 2025.
11	Contracted services are trending positively to the budget due to the timing of services for a number of programs. Expect overall expenditures to increase to approximately 94% of budget post audit.
12	Construction has seen few expenditures for the year with timing delayed on a number of projects.
13	Accounting/auditing actuals finished the year at 99% of budget.
14	Engineering is under budget primarily due to the timing of projects. That said, this category will see an increase when the final audit numbers are calculated. Engineering should end 2025 at approximately 56% of budget.
15	Lab analysis expenditures exceeded budget by approximately \$26k. This is due to an increase in water sampling and analysis particularly in Painter Creek and Cedar Meadows Pond as high risk areas.
16	Legal expenses exceeded budget primarily due to unexpected and/or on-going litigation services.
17	Insurance ended the year just under budget.
18	Debt service aligns with budget projection.
19	Other Miscellaneous expense is trending positively to the budget due to timing or deferral of services.
20	Dues/subscriptions ended the year slightly below budget.
21	IT expenditures were just under projections for the year.
22	Loans, grants & awards through Q4 includes only the FEMA repayment. When January 2026 payments are reclassified to 2025 this category will include the final payment to the City of Medina for the LWP Morningside Ravine project bringing total expenditures for the year to approximately 75% of budget.
23	Permit acquisition category is not applicable for 2025 and the one expenditure will be recoded.
24	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. Purchases may be reclassified per the audit.
25	Property/easement acquisitions did not include a budget amount for 2025, however this category was used for the Painter Road property purchase.
26	Transfers out category is not used unless required to move funds from one program fund to another.