



Title: 2nd Quarter 2022 Financial Report
Prepared by: Name: Deb Johnson
Phone: 952.641.4500
djohnson@minnehahacreek.org

Purpose:

Attached, please find the 2nd Quarter (Q2) Financial Report from Abdo Financial Solutions showing revenue and expenditures for January 1, 2022 to June 30, 2022.

Summary:

Revenue

Budgeted tax revenue through June 30, 2022 is shown as \$4,837,997 with zero dollars received. Levy dollars from Hennepin and Carver counties are typically received in July, and in fact the District has received first half settlements from both counties totaling \$4,975,037. This information will be reflected on the Q3 report.

Miscellaneous revenue, which for the most part is Permitting reimburseables, is always a matter of timing, however, does align closely with budgeted projections for this quarter.

Loans, grants & awards received is higher than the projected budget. This is largely due to carryover from 2021.

Interest earnings continue to be lower than pre-pandemic returns and under projected YTD budget. Overall, returns will likely be less than what was budgeted.

Expenditures

With the YTD budget simply shown as one-half of its total, it is not unexpected to see a wide range of variances when comparing to actual expenditures. That said, overall expenditures are at 39.2% of budget through Q2. This time last year we were at 37.4% of budget through Q2.

Variances

Noteworthy positive variances (actuals under year-to-date budget) shown on the Management Planning Fund Table (page 5 of the report) include staff expenses, contracted services, construction, lab analysis, and strategic IT plan. These expenditures are a matter of timing i.e. lab analysis begins late summer and strategic IT plan is in planning stage. Details regarding these items as well as others can be found on the variance report at the end of this document.

Also of note is the construction category, currently less than 1% of anticipated expenditures. Projects budgeted for 2022 include Six Mile Prairie Trail and Blake Road. Six Mile Prairie Trail is in process with the construction costs paid upon completion of the project and reflected in the Q3 report. Given recent development changes at Blake Road no District construction will take place in 2022. All Blake Road budget dollars will be carried over into the 2023 budget. For this reason expenditures to budget for the construction category will be significantly less than projected for 2022.

Within specific funds, shown on the Statement of Expenditures (page 8 of the report), variances are generally tied to the timing of work, the progress of a project/program or funding sources. With limited exceptions, (exceptions being Permit Administration and SMCHB-Carp Management), expenditures do not exceed Q2 budget. It is expected the two programs

over Q2 budget will remain within budget for the year. While the Rules Revision project continues to advance, and is expected to wrap later this year, its YTD expenditures have exceeded its annual budget. That said, staff is bringing forward a budget amendment request to the Board for consideration. If approved this amendment would rectify current overage.

Lastly, of note is the credit balance tied to the FEMA Flood Repair project. This is due to a reversal of the retainage accrual at the end of 2021. As the project is in the process of being closed out, expenditures and budget are expected to zero out by end of the year.

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

Supporting documents (list attachments):

2022 2nd Quarter Financial Report



2nd Quarter Report

Minnehaha Creek Watershed District

Minnetonka, Minnesota

As of June 30, 2022



5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090
F 952.835.3261

July 18, 2022

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, 2022 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 18, 2022

Dear Board of Managers:

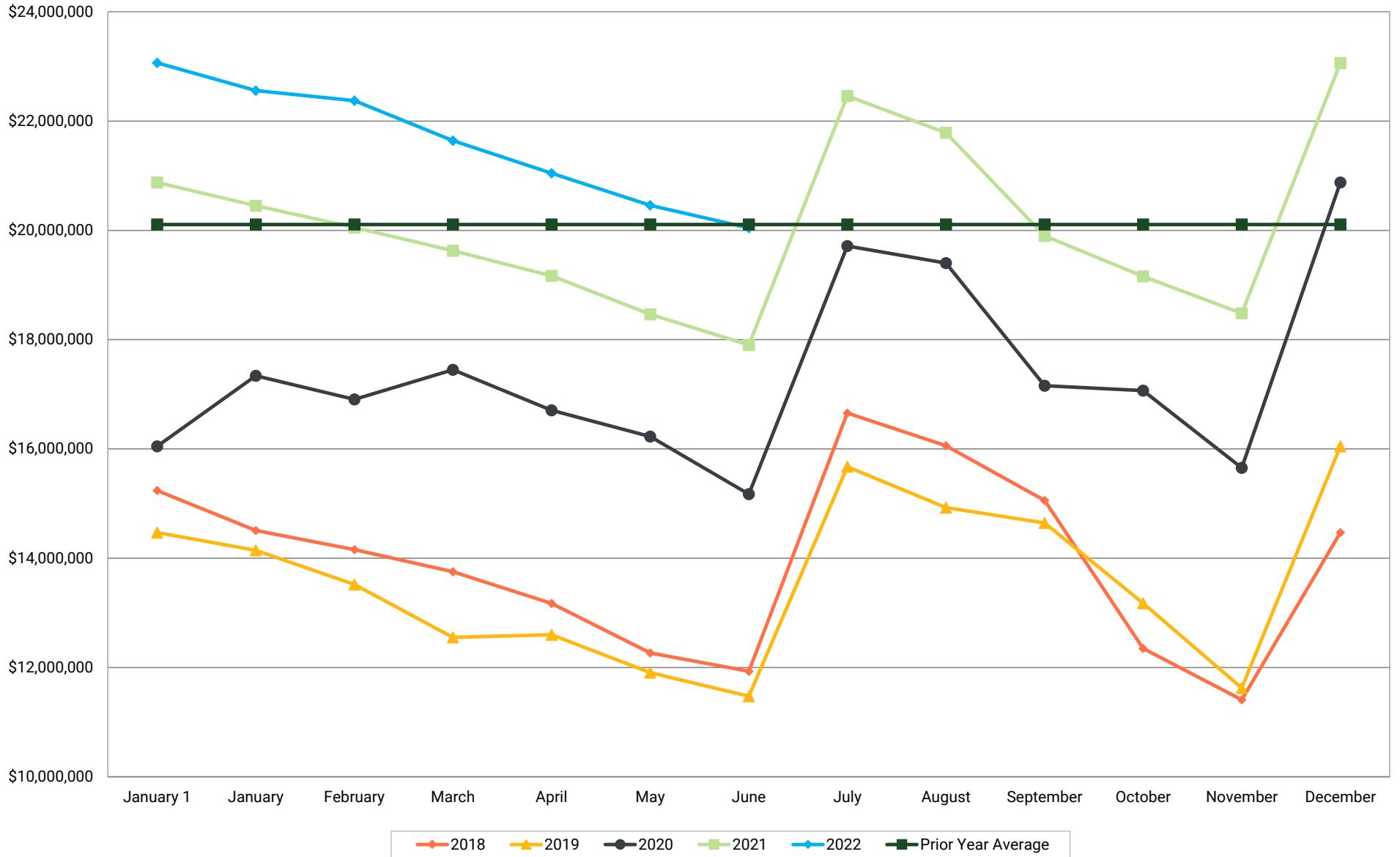
We have reconciled all bank accounts through June 30, 2022, and reviewed activity in all projects within the fund. The following is a summary of our observations. All information presented is unaudited.

Cash

The District's cash balances are as follows:

Institution	Description	Type	Market Value 1/1/2022	Deposits - Purchases	Expenditures - Sales	Transfers	Interest	Unadjusted Market Value 6/30/2022	Market Value 6/30/2022
Bremer Bank	General Checking - 0515	Checking	\$ 313,194.65	\$ -	\$ (3,413,477.29)	\$ 3,340,000.00	\$ -	\$ 239,717.36	\$ 239,717.36
Bremer Bank	General MM - 2755	Money Market	21,278,041.42	364,876.23	(555.43)	(3,336,919.35)	2,628.63	18,308,071.50	18,308,071.50
			21,591,236.07	364,876.23	(3,414,032.72)	3,080.65	2,628.63	18,547,788.86	18,547,788.86
Bremer Bank	Surety Checking- 6092	Checking	8,911.24	-	(22,777.00)	20,000.00	0.49	6,134.73	6,134.73
Bremer Bank	Surety MM - 2788	Money Market	1,469,238.42	58,800.40	-	(23,080.65)	201.13	1,505,159.30	1,505,159.30
			1,478,149.66	58,800.40	(22,777.00)	(3,080.65)	201.62	1,511,294.03	1,511,294.03
Total Cash and Investments			\$ 23,069,385.73	\$ 423,676.63	\$ (3,436,809.72)	\$ (0.00)	\$ 2,830.25	\$ 20,059,082.89	\$ 20,059,082.89
								Deposits in Transit	-
								Outstanding Checks	(14,358.81)
								Timing Difference	
								Reconciled Balance	\$ 20,044,724.08

Management Planning Fund Cash Balances 2018 - 2022



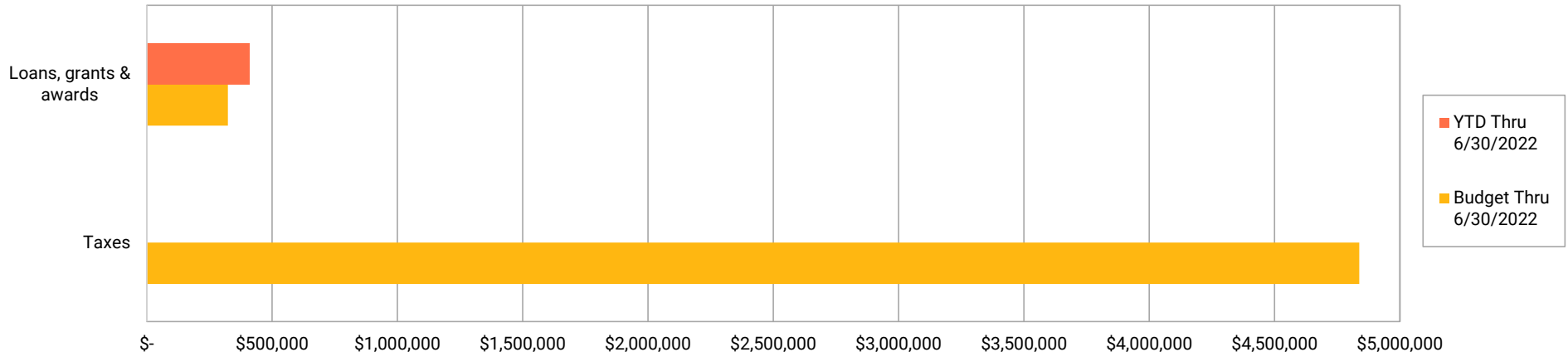
Management Planning Fund

	2021 Actual	2022 Budget	YTD Budget Thru 6/30/2022	YTD Thru 6/30/2022	Percent of YTD Budget		
Receipts							
Taxes	\$ 9,648,237	\$ 9,675,994	\$ 4,837,997	\$ -	- %	↓	(1)
Miscellaneous revenue	74,784	71,220	35,610	32,471	91.2	→	(2)
Mortgage Payoff	339,890	-	-	-	-		
Loans, grants & awards	606,111	647,218	323,609	407,169	125.8	↑	(3)
Interest earnings	4,202	10,000	5,000	2,830	56.6	↓	(4)
	<u>\$ 10,673,224</u>	<u>\$ 10,404,432</u>	<u>\$ 5,202,216</u>	<u>\$ 442,470</u>	<u>8.5 %</u>	<u>↓</u>	
Disbursements							
Personnel	\$ 2,237,699	\$ 2,722,707	\$ 1,361,354	\$ 1,033,657	75.9 %	↑	(5)
Staff expenses	5,352	73,000	36,500	15,930	43.6	↑	(6)
Manager expenses	47,230	47,500	23,750	17,070	71.9	↑	(7)
Building & operating expense	98,194	160,500	80,250	41,884	52.2	↑	(8)
Vehicles	3,929	42,000	21,000	1,113	5.3	↑	(9)
Contracted services	454,645	956,680	478,340	212,791	44.5	↑	(10)
Construction	703,708	6,007,220	3,003,610	10,824	0.4	↑	(11)
Accounting & auditing	97,105	99,500	49,750	40,200	80.8	↑	(12)
Engineering	1,015,721	1,473,776	736,888	717,144	97.3	→	(13)
Lab analysis	41,740	76,100	38,050	7,426	19.5	↑	(14)
Legal services	415,760	393,500	196,750	170,132	86.5	↑	(15)
Insurance	74,563	81,000	40,500	67,614	166.9	↓	(16)
Debt service	2,936,673	2,863,392	1,431,696	456,871	31.9	↑	(17)
Other miscellaneous	54,126	159,400	79,700	48,814	61.2	↑	(18)
Dues & Subscriptions	93,068	117,000	58,500	81,507	139.3	↓	(19)
Strategic IT Plan	-	15,000	7,500	-	-	↑	(20)
IT Equipment	17,878	28,000	14,000	21,143	151.0	↓	(21)
Loans, grants & awards given	-	100,000	50,000	62,503	125.0	↓	(22)
Permit Acquisition	2,144	-	-	(330)	-	↑	(23)
Capital Outlay	41,059	-	-	17,176	-	↓	(24)
	<u>\$ 8,340,594</u>	<u>\$ 15,416,275</u>	<u>\$ 7,708,138</u>	<u>\$ 3,023,469</u>	<u>39.2 %</u>	<u>↑</u>	

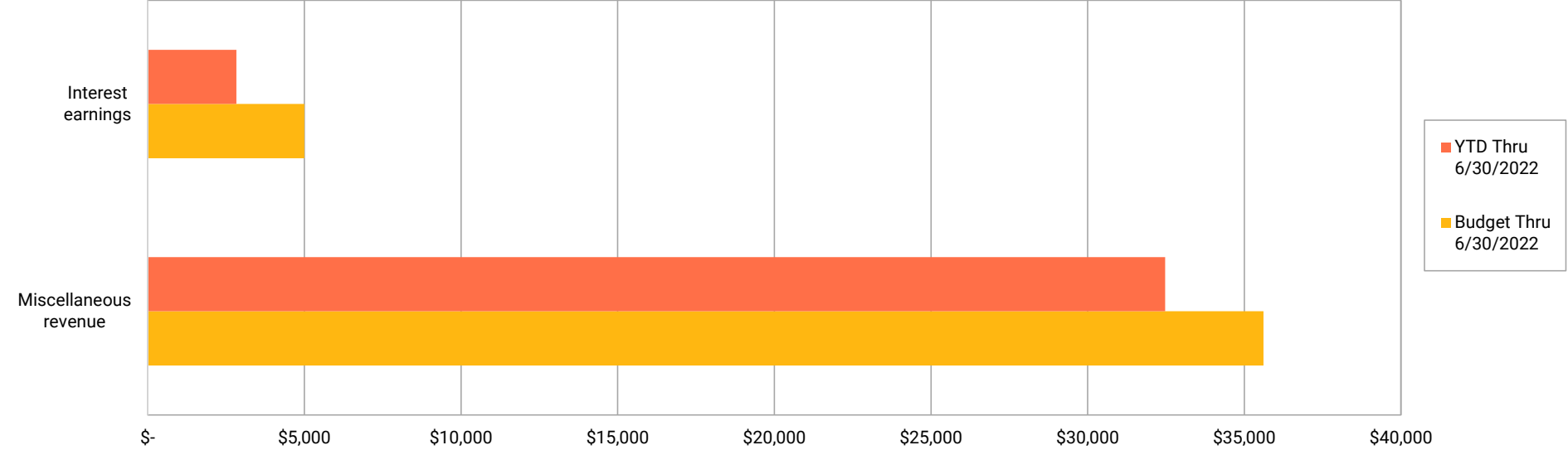
Key

- ↑ 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 \$5,000,000**

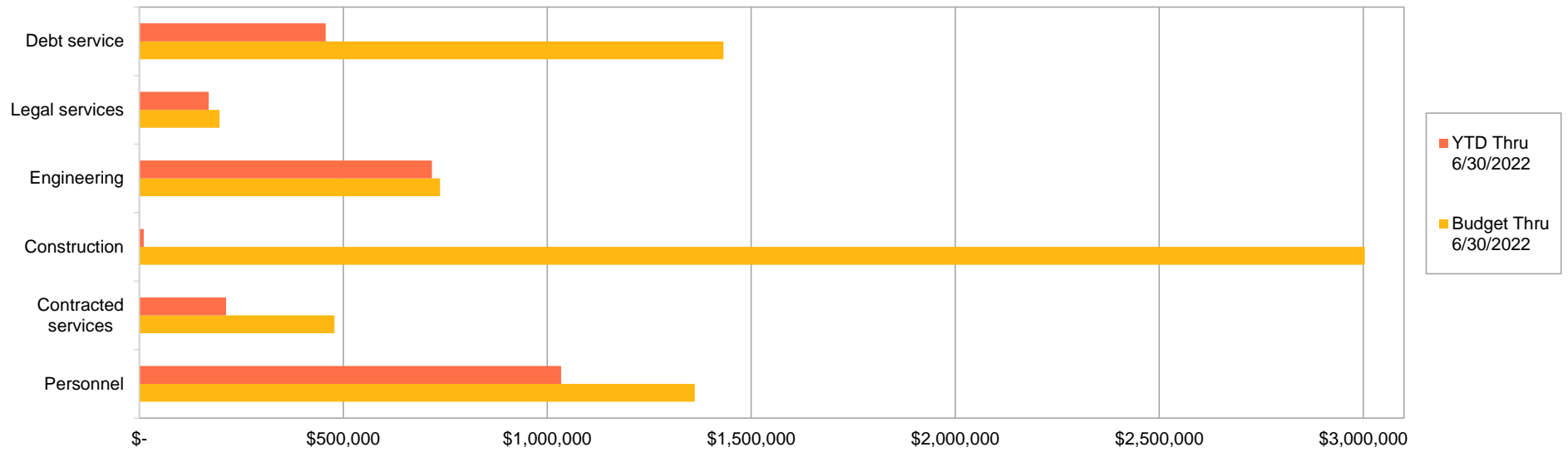


**Receipts Budget to Actual Comparison
\$0 to \$40,000**

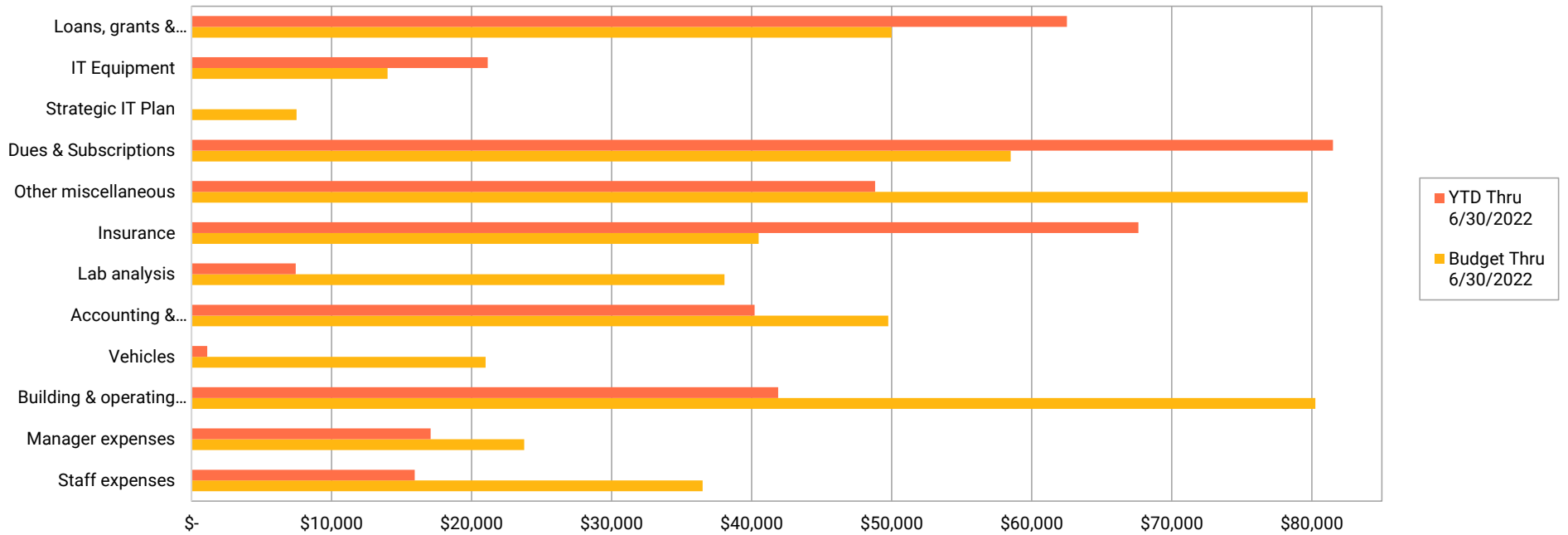


*** Typically, property taxes are received in July and December (with 70% advance in June).

**Disbursements Budget to Actual Comparison
\$0 to \$3,100,000**



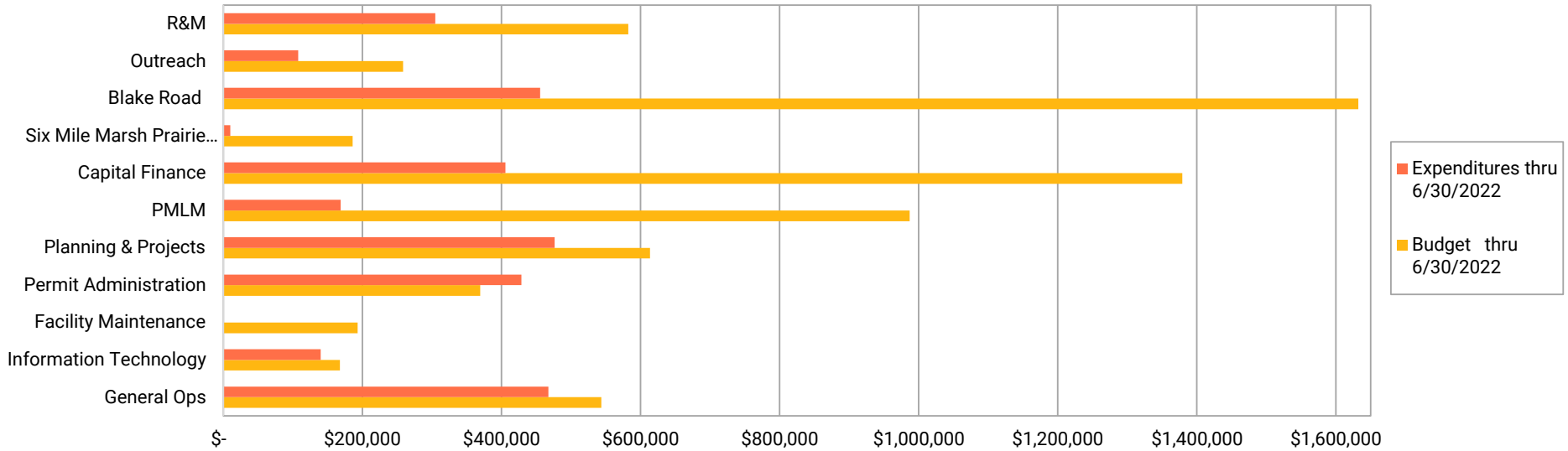
**Disbursements Budget to Actual Comparison
\$0 to \$85,000**



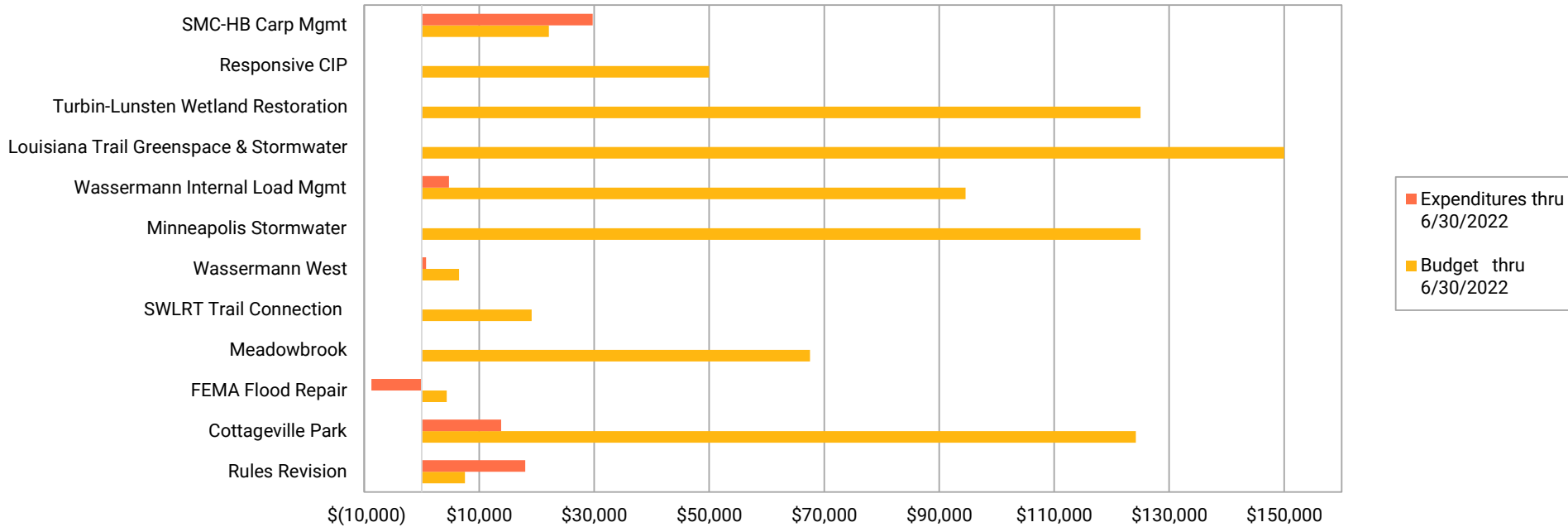
Minnehaha Creek Watershed District
Statement of Expenditures -
Budget and Actual -
For the Six Months Ended June 30, 2022

Fund Name	Project #	2021 Actual Expenditures	2022 Annual Budget	YTD Budget thru 6/30/2022	YTD Expenditures thru 6/30/2022	Variance 6/30/2022	Percent Expended Budget thru 6/30/2022
General Ops	1002	\$ 866,143	\$ 1,087,491	\$ 543,745	\$ 467,498	\$ 76,247	86%
Information Technology	1003	203,994	335,000	167,500	139,792	27,708	83%
Facility Maintenance	1005	747	386,000	193,000	-	193,000	0%
Permit Administration	2001	741,953	738,644	369,322	428,565	(59,243)	116%
Planning & Projects	2002	1,090,006	1,226,937	613,469	476,516	136,953	78%
PMLM	2003	524,990	1,974,212	987,106	168,638	818,468	17%
Capital Finance	2004	2,833,164	2,758,468	1,379,234	405,778	973,456	29%
Rules Revision	2007	21,167	15,000	7,500	17,993	(10,493)	240%
Six Mile Marsh Prairie Restoration	3106	59,109	371,889	185,945	10,135	175,810	5%
Taft/Legion	3140	-	-	-	155	(155)	0%
Blake Road	3145	510,276	3,264,570	1,632,285	455,546	1,176,739	28%
Cottageville Park	3146	5,175	248,400	124,200	13,800	110,400	11%
Arden Park	3147	92,614	-	-	-	-	0%
FEMA Flood Repair	3148	1,523	8,745	4,373	(8,745)	13,118	-200%
Meadowbrook	3150	-	135,026	67,514	-	67,514	0%
SWLRT Trail Connection	3152	-	38,250	19,125	-	19,125	0%
Wassermann West	3153	328,240	13,000	6,500	770	5,730	12%
Minneapolis Stormwater	3155	-	250,000	125,000	-	125,000	0%
Wassermann Internal Load Mgmt	3156	135,426	189,186	94,593	4,748	89,845	5%
Louisiana Trail Greenspace & Stormwater	3157	-	300,000	150,000	-	150,000	0%
Turbin-Lunsten Wetland Restoration	3158	-	250,000	125,000	-	125,000	0%
Responsive CIP	3500	-	100,000	50,000	-	50,000	0%
Outreach	4002	208,678	516,665	258,333	107,642	150,691	42%
R&M	5001	622,477	1,164,580	582,290	304,907	277,383	52%
SMC-HB Carp Mgmt	5007	94,912	44,212	22,106	29,731	(7,625)	134%
Total Expenditures		\$ 8,340,594	\$ 15,416,275	\$ 7,708,140	\$ 3,023,469	\$ 4,684,671	39%

**Budget To Actual Comparison By Project
\$0 to \$1,165,000**



**Budget To Actual Comparison By Project
-\$10,000 to \$160,000**



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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



Addendum: Variance Explanations

1	Property tax revenue is received twice a year – July and December. July settlements (received July 7) will be reflected on the Q3 report.
2	Majority of miscellaneous revenue is permit 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 is earned projections for projects including Minnehaha Greenway, Wassermann Internal Load and FEMA repair projects. This category includes carryover from 2021.
4	Interest earnings are below Q2 projections and expect to earn less than budgeted given current rates.
5	Personnel is trending positively due to open positions in Q2 that were budgeted for but not yet been filled.
6	Staff expenses are reporting positively for Q2. As meetings return to in-person and more travel is planned this category will see larger expenditures throughout the year.
7	Manager expenses are trending positively to the budget. This can be a timing issue as to when or how often Board Mangers submit for reimbursements. Also, as board/committee meetings return to in-person expect to see this category incur more expenditures.
8	Building & operating expenses are trending positively to the budget for Q2. This can be a matter of timing for facility repairs and/or replacement of items as they occur throughout the year.
9	Vehicle budget for 2022 includes dollars for a new vehicle purchase. This purchase is being postponed based on the continued supply chain and inventory issues. Expenditures in this category include fuel and maintenance on existing fleet. Note: the vehicle purchased in 2021, because of delivery date, was paid in 2022 and is reflected under the capital outlay category.
10	Contracted services is trending positively to the budget due to the timing of services for a number of programs.
11	Construction expenditures will be down significantly from budget for 2022 based on the recent change in the Blake Road agreement. Expect to see the Six Mile Trail expenditures in Q3.
12	Accounting and auditing is not significantly off budget projection.
13	Engineering expenditures are in line with YTD budget.
14	Lab analysis expenditures are trending positively to the budget. Do not expect to see significant spending until later in the year as R&M ramps up sample testing.
15	Legal expenditures are only slightly less than budgeted for Q2.
16	Insurance is a one-time payment made in Q2. Expenditure was less than budgeted.
17	Debt service is trending positively to the budget, however the budget is shown as one-half of the total budget whereas the expenditures are shown when a payment is made. Variances will remain until year-end and at that time will balance.
18	Other Miscellaneous expense is trending positively to the budget due to timing or deferral of services.
19	Dues and subscriptions is over budget through Q2. The budget shown is one-half of the total for the year, whereas the majority of expenditures for this category are made in Q2. Expect this will fall within budget by year end.
20	No purchases to-date as part of the Strategic IT Plan.
21	IT Equipment purchases (laptop replacements) were made and paid in Q2. Expenditures are expected to fall within budget by year end.
22	Loans, grants & awards given is currently over budget based on a final payment to the City of Victoria for matching grant funds received by the District. Expect this will fall within budget by year end.
23	Permit acquisition category was eliminated for 2022
24	Capital outlay does not reflect a budgeted amount for 2022 however the vehicle purchased in 2021 and paid in 2022 meets capital purchase requirements therefore is reflected in this category going forward.