

MEMORANDUM

TO: Audit and Finance Committee
FROM: Terry Jeffery, Administrator
DATE: January 30, 2025
RE: Fund Balance Report – Fiscal Year 2024

The following information is based upon financial information available in the December 31, 2024, Treasurers Report.

REVENUES

Our treasurer’s report captures seven (7) revenue streams with levy funds accounting for approximately 80% of the anticipated revenue. The table below shows the anticipated revenue based upon the September 2023 estimates used for setting the 2024 budget and levy.

Table 1. 2024 Revenues - Predicted vs Actual

REVENUE SOURCE	2024 BUDGETED	2024 ACTUAL	DEVIATION	COMMENTS
Plan Levy	\$4,047,281	\$4,014,189	(\$33,092)	Delinquent taxes, etc.
Permit Fees	\$114,000	\$290,771	\$176,771	Reimbursements outstanding
Grant Income	\$209,000	\$169,806	(\$39,194)	Educated estimate
Investment Income	\$200,000	\$413,283	\$213,283	255% of predicted
Miscellaneous Income	-	-	-	
Reimbursements	-	\$21,789	\$21,789	
Partner Funds	\$666,000	\$11,511	(\$654,489)	Upper Riley project delayed.
TOTALS	\$5,236,281	\$4,921,349	(\$314,932)	

In 2024, we took in 6% less revenue (\$314,932) than anticipated. This shortfall is almost entirely attributable to partner funds where RPBCWD received only 2% of projected partner fund revenues. The reason for this shortfall is primarily the result of the Upper Riley Creek Restoration project being delayed to accommodate design of decanting facility for Chanhassen. This money will still be due upon implementation of the project from the City of Chanhassen and, therefore, is not lost revenue but merely deferred revenue.

Investment revenue was 206% of projected revenue.

Permit fees were 255% of the projected revenue. However, an unknown portion of that revenue will be refunded to the applicants upon close out of their permits. This amount is contingent upon the level of review needed and the duration of construction.

EXPENDITURES

Under Budget

In 2024, RPBCWD only spent 57% of anticipated capital outlays. Almost 40% of this (\$1.11M) is accounted for by the Upper Riley Creek Project being delayed to incorporate the design of the decanting facility for Chanhassen Public Works into the overall project scope.

Table 2. 2024 Fund Balances - Under Budget expressed as percentage of total carryover

FUND	CARRYOVER	% of C/O	COMMENTS
Upper Riley	\$ 1,109,381.00	39.4%	Delayed for decant facility
Pioneer Wetland	\$ 358,081.00	12.7%	Carryover from original project. Not needed.
Community Res	\$ 182,641.00	6.5%	Still need to model Chanhassen.
Upper Bluff	\$ 139,167.00	4.9%	Culvert not constructed.
R&M Fund	\$ 100,000.00	3.6%	Transfer to Lake Susan Park Pond
AIS Inspection	\$ 64,908.00	2.3%	Awaiting invoices from Eden Prairie and Chan

Pioneer Wetland is completed so those funds were redistributed when the 2025 budget was prepared excepting \$15,000 for the remaining maintenance contract. It is likely that additional funds will need to be allocated to this project in 2026 to extend maintenance into future years.

The \$182,641 remaining in Community Resilience is allocated to either completing the flood risk assessment modeling and mapping in Chanhassen, Shorewood, and Deephaven or implementing flood risk mitigation projects in communities where the modeling has been completed.

Money was allocated to replace the existing RCP culvert conveying Bluff Creek under Galpin Boulevard with an open bottom box culvert. Conflicts with sanitary sewer and water main led to a significant increase in cost to construct and, therefore, the culvert project did not move forward.

The Repair and Maintenance fund is not unspent and will need to be transferred to the Lake Susan Park Pond project for the retrofitting of the intake system.

The AIS Inspection fund goes to an agreement with both Carver County and the City of Eden Prairie to provide inspections at Lotus, Ann, Susan, Riley, and Round Lakes. Chanhassen invoice will be paid this month and Eden Prairie has yet to invoice us.

Over Budget

There were six (6) fund balances that were over budget by 5% or more. These are shown in Table 3 below.

Table 3. 2024 Fund Balance - Over Budget expressed as percentage of exceedance over proposed budget

FUND	AMOUNT OVER	% OVER	COMMENTS
Lake Susan Pond	\$ 113,140.00	13%	Transfer \$100K for R&M Fund
Legal Services	\$ 88,332.00	79%	Entirely a result of LAK lawsuits
Opportunity Project	\$ 17,429.00	87%	Review what was coded. Spring Rd
Lotus Lake Alum	\$ 12,711.00	5%	Material costs
Per diem	\$ 8,810.00	25%	Additional GC and AFC meetings for manual
Watershed Study	\$ 4,813.00	0%	Project ordered in November

Of these, Watershed Study was authorized in November of 2024 and did not have a line item in the initial budget. Also, the Opportunity Project Fund was earmarked for the Lake Susan Park Pond Retrofit Project when the project was ordered in the winter of 2023. This money will be transferred to the Lake Susan Project.

Legal Services is the largest, unaccounted for over budget item. This overage is entirely attributed to the lawsuit brought by Larry Koch against the RPBCWD and the administrator as well as the lawsuit brought by Larry Koch against Carver County, Hennepin County, RPBCWD, and two managers. There were also ancillary costs that increased how much was spent on the Spring Road Conservation Project as the lawsuit impacted the bond the district had secured. These expenses, resulting from the lawsuits, will increase in 2025 as the suits are ongoing.

Manager per diems were 25% over budget but nominally less impactful on the overall budget. These costs are primarily a result of additional Governance and Audit & Finance Committee meetings to finalize the new Governance Manual which was adopted in November of 2024.

SUMMATION

Overall, the RPBCWD was under budget for 2024 with many of the anticipated expenditures deferred to 2025. In drafting the 2025 budget and levy, all fund balances, except for the legal services expenses, that were over or under budget were accounted for and the 2025 budget reflects this.

Because the 2025 budget and levy was set prior to adopting the resolution authorizing the preparation of the holistic lake management plans for Red Rock, Mitchell, Lucy, Ann, and Susan, the budget will need to be adjusted to account for this as indicated in Resolution 24-063.