COON CREEK WATERSHED DISTRICT
Request for Board Action

MEETING DATE: June 9, 2014
AGENDA NUMBER: 20
ITEM: Preliminary Revenue Estimates

POLICY IMPACT: Discussion
FISCAL IMPACT: Budgeted

REQUEST
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BACKGROUND

REVENUE PROJECTIONS

The District is required to account for revenues and expenditures in accordance with generally accepted accounting principles. Because fund accounting is required for financial reporting, the appropriation budgets are organized and presented in like manner.

The District Administrator is responsible for compiling all revenue estimates contained in the budget. Estimates are arrived by studying relevant revenue history along with economic trends and indices when available. Discussion regarding specific revenue sources can be found in the annual budget summary.

![Trends in Revenue Sources](chart.png)
The following are individual graphs of the major revenue sources over the past 10 years. Included are brief explanations of any variances over the same time period.
Property taxes are a revenue source in the General, Special Revenue, and Capital Projects Funds. This revenue source is primarily used in the General Fund and Water Management Fund and is determined on the basis of the availability of other revenue sources and the expenditure level necessary to conduct District business in accordance with Board policy and directives. The goal of the 2013 budget for property taxes was to maintain the District Tax Rate Capacity in a manner consistent with the needs of an amended District boundary while ensuring the efficiency, staffing and capital requirements of the District. While overall tax revenue increases in 2013, the per capita impact of the 2013 tax levy did not changed. The difference is the result of the added land and tax capacity that came with the merger with Six Cities WMO.
Fund balances are a revenue source in the General and Special Revenue Funds. This revenue source is primarily used in the General Fund and Water Management Fund and is determined on the basis of the availability of unspent uncommitted monies available for roll over. Fund balances available to augment operations keep property taxes down were depleted in 2011 after a series of natural disasters that required immediate clean up and significant cost on the part of the District.
Special assessments are a revenue source in the Capital Projects Funds. Special Assessments are used for reimbursing the District’s Capital Projects Funds for projects financed internally. In 2011 the District Board acted to assess three land owners on Ditch 58-6 over 5 years for the replacement of a culvert obstructing flow on that ditch.
Charges for services comes from a variety of sources in the General and Special Revenue Funds; such as project review and inspection services to residential and commercial developers, drainage and mapping services, plat reviews and other miscellaneous charges for dedicated use of District staff. Over the past few year the District as seen both a slight increase in the amount of growth and has also sought to recover fees owed the District through closure of projects where escrows had been held by the District pending notice of project completion by the applicant. There remains the question of the sufficiency of the fees and escrows held particularly as it relates to the cost of mobilization to repair or stabilize a site.
This revenue source is in all funds. Investment income is interest earned on investments and is allocated to funds based on average cash balances. Revenues from this source are dependent on interest rates and cash balances available for investment. Revenue from investments is increasing slightly due to an increase in cash balances.
Grants can be a revenue source for all funds. The most consistent revenue from grants has been the partial reimbursement from the State for Administration of the Wetland Conservation Act (WCA). The WCA reimbursement grant has averaged $6,600 per year over the past ten years and $5,000 over the past three. The grant covers approximately 20% of the cost of the program. In 2012 the District received a Clean Water grant from the MPCA through the Conservation District for retrofitting and construction of rain gardens on Sand Creek. In 2013 the District’s Clean Water Grant proposals were not funded however the District was awarded a $211,000 grant from the MPCA, through reimbursement, to conduct a Watershed Restoration Assessment Plan (WRAP) for the watershed. The grant and work effort is expected for two and half years and may be extended to include implementation funding.

ISSUES/CONCERNS

RECOMMENDATION
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