

M E M O R A N D U M

TO: Governing Board Members

FROM: Doug Bergstrom, Director, Administrative Services Division

DATE: August 31, 2011

SUBJECT: Monthly Financial Statement – August 2011

The attached financial status report is provided for your review. This report provides a summarized snapshot of high level District financial activity of revenue by sources and expenditure summaries (uses) by program. **This unaudited financial statement is provided as of August 31, 2011, with 91.7% of the fiscal year completed.**

Schedule of Sources and Uses – This financial statement compares revenues received and encumbrances / expenditures made against the District's FY2011 \$1.2 billion modified budget. Encumbrances represent orders for goods and services which have not yet been received.

Revenue Status:

- Overall, as of August 31, 2011, with 91.7% of the year complete, 97.8% of the District's budgeted revenue has been collected.
- As of August 31, 2011, 99.5% of ad valorem tax revenue and 97.9% of agricultural privilege tax revenue have been collected.
- As of August 31, 2011, 69.4% of budgeted intergovernmental revenues have been collected. This category of revenue primarily reflects anticipated reimbursements from the state for expenditures on projects funded by state pass through money. This typically lags other revenue sources in receipts due to the process involved whereby third parties must first incur costs; next they invoice the District for reimbursement of those costs; then District reviews the invoices to ensure that the costs are valid and in compliance with the terms of the grant agreement; and finally, the District invoices the State for reimbursement.
- Investment earnings exceed budget by 193.3% due primarily to unbudgeted gains on investments of \$2.3 million and unbudgeted earnings and investment gains of \$672,355 on Certificates of Participation (COPs) cash balances. We historically budget investment earnings conservatively. Note: The "gain on investments" is a required quarterly accounting entry representing the gain that would be realized if the investments were liquidated at the end of the quarter. As the investments are not liquidated, this gain does not represent "spendable" revenues. Based on market conditions, there may be major fluctuations in the quarterly gain on investments entry.

- Licenses, permits and fees budget consists of income from water use permits, environmental resource permits and right of way permits. Income exceeds budget primarily due to receipt of \$4.6 million of unbudgeted wetlands and Lake Belt mitigation fees from the Rolling Meadows/Catfish creek restoration project and fees for mining tonnage removed.
- Sale of District property represents the sale of real property (\$550,000) and minor revenues from the sale of maps and other documents. This is budgeted conservatively due to the uncertainty involved.
- Self insurance premiums represent the District's contribution and the contribution from active and retired District employees to the self funded health benefits program. Also included is the District's contribution to the workers compensation, auto and general liability self insurance program.
- Lease revenue represents amounts collected from leases of real property owned by the District and held for future restoration construction projects. Historically, this has been budgeted conservatively.
- Other revenue consists primarily of CERP indirect costs recovered. This revenue is not booked until fiscal year end.
- Fund Balance represents the amount of prior year residual revenue that is budgeted in the current year.

Expenditure Status:

As of August 31, 2011, with 91.7% of the year complete, the District has expended **\$737.3 million** or **62.7%** of its total budget. The District has obligated (encumbrances plus expenditures) **\$858.8 million** or **73.1%** of its total budget.

Summary of Expenditures by Program – This financial statement illustrates the effort to date for each of the District's program areas. Provided below is a discussion of the primary uses of funds by program.

- The **Mission Support Program** has obligated 90.6% and expended 86% of their total \$135.4 million budget. Principal expenditures include personal services (\$45.7 million), operating expenditures (\$43.2 million), and contractual services (\$21.0 million), and capital outlay \$6.1 million). Operating expenses include: health self insurance claims, tax collector and property appraiser fees and utilities. Contractual service expenditures consist primarily of IT consulting services and systems maintenance and repair.
- The **Operations and Maintenance Program** has obligated 90.4% and expended 75.5% of their total \$171.8 million budget. Expenditures consist primarily of personal services (\$52.0 million), contractual services (\$35.7 million), and capital outlay expenditures (\$26.0 million). Contractual services relate to the maintenance and repair of existing water management system canals and water control structures while capital expenditures are amounts expended for refurbishment projects.

- The **Restoration Program** has obligated 90.3% and expended 75.2% of their total \$558.6 million budget. Expenditures consist primarily of capital outlay (\$325.8 million), personal services (\$45.1 million), operating expenditures (\$26.1 million), and contractual services (\$22.9 million). The program has obligated 89% and expended 77% of their \$423.6 million capital outlay budget that includes funding for land acquisition (\$248.8 million) and construction (\$172.1 million). Operating expenditures are primarily intergovernmental expenditures while contractual services consist of professional/technical service providers, aquatic spraying, land management, and maintenance and repairs.
- The **Regulation Program** has obligated 82% and expended 81% of their total \$20.8 million budget. Salaries and fringe benefits represent 95% or \$19.7 million of this program's budget and are 81% expended with 91.7% of the year complete. Likewise, personal services expenditures make up \$16.0 million or 95% of the total actual expenditures. The program expects to review and process all permits within the statutory timeframe and to complete approximately 2,125 permit compliance inspections per quarter.
- The **Water Supply Program** has obligated 93% and expended 57% of their total \$17.6 million budget. Expenditures consist primarily of personal services (\$6.1 million) and operating expenditures (\$3.2 million). The operating expenditures budget is \$8.1 million and consists of interagency agreements primarily for alternative water supply projects. While only 39.5% of the operating expenditure budget has been expended 99% of that budget has been obligated. Typically the expenditures for alternative water supply and intergovernmental agreements are made in the 4th quarter each year.
- **Reserves** of \$227.9 million are held for future transfer to various program areas as project needs and requirements are defined. Major programmatic balances include \$111.8 million for Everglades, \$14.6 million for Lake Okeechobee, \$42.0 million for Operations and Maintenance, \$28.0 million for CERP, and \$7.9 million of contingency reserves. These amounts constitute a key funding source for the multi-year fund balance spend down plan developed as part of the FY12 budget process.

We hope these reports and the associated narrative will aid in understanding the District's financial condition as well as expenditure performance against the approved budget. If you have any questions, please feel free to call Chris Flierl at (561) 682-6078 or Tom Olliff at (561) 682-2132.

DB/CF/TWO
Attachment
c:

South Florida Water Management District
Summary of Uses - Statement of Sources and Uses of Funds (Unaudited)

As of: August 31, 2011

	<u>Annual Budget</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Available</u>	<u>%Expended</u>	<u>%Obligated</u>
Mission Support						
Personal Services	52,110,270.29	45,744,443.25	0.00	6,365,827.04	88 %	88 %
Contractual Services	25,955,784.60	20,997,720.61	4,061,025.85	897,038.14	81 %	97 %
Operating	50,207,532.80	43,173,662.11	960,766.39	6,073,104.30	86 %	88 %
Travel	589,346.71	438,447.46	23,415.51	127,483.74	74 %	78 %
Capital Outlay	6,571,181.67	6,118,554.97	1,191,061.79	-738,435.09	93 %	111 %
Total Mission Support	135,434,116.07	116,472,828.40	6,236,269.54	12,725,018.13	86 %	91 %
Operations and Maintenance						
Personal Services	62,685,563.44	52,039,424.31	0.00	10,646,139.13	83 %	83 %
Contractual Services	52,079,862.34	35,695,421.34	13,911,024.14	2,473,416.86	69 %	95 %
Operating	19,286,894.31	15,988,943.13	1,836,703.45	1,461,247.73	83 %	92 %
Travel	137,147.62	93,951.32	10,160.00	33,036.30	69 %	76 %
Capital Outlay	37,625,178.91	25,978,105.66	9,762,626.81	1,884,446.44	69 %	95 %
Total Operations and Maintenance	171,814,646.62	129,795,845.76	25,520,514.40	16,498,286.46	76 %	90 %
Restoration						
Personal Services	54,831,153.34	45,080,388.17	0.00	9,750,765.17	82 %	82 %
Contractual Services	29,990,224.12	22,870,075.64	10,238,229.91	-3,118,081.43	76 %	110 %
Operating	50,024,726.96	26,133,351.27	21,661,958.06	2,229,417.63	52 %	96 %
Travel	224,844.73	107,976.16	0.00	116,868.57	48 %	48 %
Capital Outlay	423,563,187.37	325,844,002.93	52,374,461.50	45,344,722.94	77 %	89 %
Total Restoration	558,634,136.52	420,035,794.17	84,274,649.47	54,323,692.88	75 %	90 %
Regulation						
Personal Services	19,737,261.37	16,045,306.27	0.00	3,691,955.10	81 %	81 %
Contractual Services	667,322.74	507,879.97	132,829.44	26,613.33	76 %	96 %
Operating	137,112.12	102,638.07	4,591.20	29,882.85	75 %	78 %
Travel	26,991.92	25,616.96	0.00	1,374.96	95 %	95 %
Capital Outlay	198,724.38	193,150.51	0.00	5,573.87	97 %	97 %
Total Regulation	20,767,412.53	16,874,591.78	137,420.64	3,755,400.11	81 %	82 %

	<u>Annual Budget</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Available</u>	<u>%Expended</u>	<u>%Obligated</u>
Water Supply						
Personal Services	6,966,389.00	6,142,974.83	0.00	823,414.17	88 %	88 %
Contractual Services	892,666.52	613,210.80	269,161.26	10,294.46	69 %	99 %
Operating	8,129,253.50	3,231,197.35	4,816,713.94	81,342.21	40 %	99 %
Travel	28,599.00	15,673.13	2,640.00	10,285.87	55 %	64 %
Capital Outlay	1,559,101.00	48,427.65	1,195,098.75	315,574.60	3 %	80 %
Total Water Supply	17,576,009.02	10,051,483.76	6,283,613.95	1,240,911.31	57 %	93 %
Debt Service						
Debt Service	44,116,973.00	44,114,104.20	0.00	2,868.80	100 %	100 %
Total Debt Service	44,116,973.00	44,114,104.20	0.00	2,868.80	100 %	100 %
Reserves						
Reserves	227,922,921.64	0.00	0.00	227,922,921.64	0 %	0 %
Total Reserves	227,922,921.64	0.00	0.00	227,922,921.64	0 %	0 %
Total Uses	<u>1,176,266,215.40</u>	<u>737,344,648.07</u>	<u>122,452,468.00</u>	<u>316,469,099.33</u>	63 %	73%

South Florida Water Management District Statement of Sources and Uses of Funds (Unaudited)

For the 11 Months Ended: **August 31, 2011** Percent of Fiscal Year Completed: **92%**

SOURCES	ANNUAL BUDGET	ACTUALS THROUGH 8/31/2011	VARIANCE (UNDER) / OVER BUDGET	ACTUALS AS A % OF BUDGET
Ad Valorem Property Taxes	\$ 399,025,958	\$ 397,031,405	\$ (1,994,553)	100%
Agricultural Privilege Taxes	11,300,000	11,064,461	(235,539)	98%
Intergovernmental	74,686,089	51,840,558	(22,845,531)	69%
Investment Earnings	4,502,700	8,704,694	4,201,994	193%
Licenses, Permits and Fees	2,602,000	7,467,377	4,865,377	287%
Sale of District Property	300,000	565,262	265,262	188%
Self Insurance Premiums	34,379,252	28,326,479	(6,052,773)	82%
Leases	1,605,184	3,837,294	2,232,110	239%
Other	7,571,000	1,495,093	(6,075,907)	20%
Fund Balance	640,294,032	640,294,032	0	100%
TOTAL SOURCES	\$ 1,176,266,215	\$ 1,150,626,655	\$ (25,639,560)	98%

USES	ANNUAL BUDGET	EXPENDITURES	ENCUMBRANCES¹	AVAILABLE	%EXPENDED	%OBLIGATED²
Mission Support	\$ 135,434,116	\$ 116,472,828	\$ 6,236,269	\$ 12,725,019	86%	91%
Operations and Maintenance	171,814,647	129,795,845	25,520,514	16,498,288	76%	90%
Restoration	558,634,136	420,035,794	84,274,649	54,323,693	75%	90%
Regulation	20,767,412	16,874,591	137,420	3,755,401	81%	82%
Water Supply	17,576,009	10,051,483	6,283,613	1,240,913	57%	93%
Debt Service	44,116,973	44,114,104	0	2,869	100%	100%
Reserves	227,922,922	0	0	227,922,922	0%	0%
TOTAL USES	\$ 1,176,266,215	\$ 737,344,645	\$ 122,452,465	\$ 316,469,105	63%	73%

¹ Encumbrances represent unexpended balances of open purchase orders.

² Represents the sum of expenditures and encumbrances as a percentage of the annual budget.