

## MEMORANDUM

**TO:** Governing Board Members

**FROM:** Doug Bergstrom, Director, Administrative Services Division

**DATE:** August 2, 2011

**SUBJECT:** Monthly Financial Statement – July 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 July 31, 2011, with 83.33% 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 July 31, 2011, with 83.3% of the year complete, 97% (including fund balance) of the District's budgeted revenue has been collected.
- 99% of ad valorem tax revenue and 98% of agricultural privilege tax has been collected with \$7.9 million collected in the month of July.
- 66% 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; invoice the District for reimbursement of those costs; then District staff 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 76% due primarily to unbudgeted unrealized gains on investments of \$2.3 million and unbudgeted earnings of \$525,000 on Certificates of Participation (COPs) cash balances. The District historically budgets investment earnings conservatively.
- 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 for the Rolling Meadows/Catfish Creek restoration project and fees for mining tonnage removed.

- Sale of District property represents the proceeds from the surplus and 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 July 31, 2011, with 83.3% of the year complete, the District has expended **\$685.8 million** or **58%** of its total budget. The District has obligated (encumbrances plus expenditures) **\$827.2 million** or **70%** 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 84% and expended 78% of their total \$135.4 million budget. Expenditures consist primarily of personal services (\$40.5 million), operating expenditures (\$40.3 million), and contractual services (\$19.7 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 85% and expended 67% of their total \$170.3 million budget. Expenditures consist primarily of personal services (\$45.8 million), contractual services (\$30.2 million) and capital outlay expenditures (\$22.9 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 new projects.

- The **Restoration Program** has obligated 88% and expended 71% of their total \$558.1 million budget. Expenditures consist primarily of capital outlay (\$314.1 million), personal services (\$39.5 million), operating expenditures (\$24.1 million), and contractual services (\$21.0 million). The program has obligated 88% and expended 74% of their \$422.8 million capital outlay budget that includes funding for land acquisition (\$248.8 million) and construction (\$171.5 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 73% and expended 72% of their total \$20.8 million budget. Salaries and fringe benefits represent 95% / \$19.7 million of this Program's budget and are 72% expended with 83.3% of the year complete. Likewise, personal services of \$14.2 million represent 95% of actual expenditures. The program expects to review and process all permits within statutory timeframe and to complete approximately 2,125 permit compliance inspections per quarter.
- The **Water Supply Program** has obligated 90% and expended 47% of their total \$17.6 million budget. Expenditures consist primarily of personal services (\$5.4 million) and operating expenditures (\$2.2 million). The operating expenditure budget is \$8.1 million and consists of interagency agreements primarily for alternative water supply projects. While only 28% of the operating expenditure budget has been expended 99% of that budget has been obligated.
- **Reserves** of \$229.9 million are held for future transfer to various program areas as project needs and requirements are defined. These balances include \$143.0 million of Restoration Program reserves for Everglades and Lake Okeechobee projects, \$31.8 million of Operation and Maintenance Program capital project and emergency reserves and \$7.9 million of contingency reserves.

We hope this report 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 Tom Olliff at (561) 682-2132 or Chris Flierl at (561) 682-6078.

DB/CF/kk  
Attachment

c: Executive Management Team

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

For the 10 Months Ended: **July 31, 2011**

Percent of Fiscal Year Completed: 83%

<b>SOURCES</b>	<b>ANNUAL BUDGET</b>	<b>ACTUALS THROUGH 07/31/2011</b>	<b>VARIANCE (UNDER) / OVER BUDGET</b>	<b>ACTUALS AS A % OF BUDGET</b>
Ad Valorem Property Taxes	\$ 399,025,958	\$ 393,185,873	\$(5,840,085)	99%
Agricultural Privilege Taxes	11,300,000	11,064,416	(235,584)	98%
Intergovernmental	74,686,089	48,957,337	(25,728,752)	66%
Investment Earnings	4,502,700	7,931,650	3,428,950	176%
Licenses, Permits and Fees	2,602,000	6,828,514	4,226,514	262%
Sale of District Property	300,000	564,299	264,299	188%
Self Insurance Premiums	34,379,252	26,245,293	(8,133,959)	76%
Leases	1,605,184	3,611,789	2,006,605	225%
Other	7,571,000	1,336,092	(6,234,908)	18%
Fund Balance	640,294,032	640,294,032	0	100%
<b>TOTAL SOURCES</b>	<b>\$ 1,176,266,215</b>	<b>\$ 1,140,019,295</b>	<b>\$(36,246,920)</b>	<b>97%</b>

<b>USES</b>	<b>ANNUAL BUDGET</b>	<b>EXPENDITURES</b>	<b>ENCUMBRANCES</b> <sup>1</sup>	<b>AVAILABLE</b>	<b>%EXPENDED</b>	<b>%OBLIGATED</b> <sup>2</sup>
Mission Support	\$ 135,436,949	\$ 105,954,430	\$ 8,137,392	\$ 21,345,127	78%	84%
Operations and Maintenance	170,269,213	113,590,260	31,657,981	25,020,972	67%	85%
Restoration	558,143,951	398,880,196	93,803,115	65,460,640	71%	88%
Regulation	20,767,413	14,985,395	163,209	5,618,809	72%	73%
Water Supply	17,595,309	8,230,169	7,640,350	1,724,790	47%	90%
Debt Service	44,116,973	44,114,104	0	2,869	100%	100%
Reserves	229,936,407	0	0	229,936,407	0%	0%
<b>TOTAL USES</b>	<b>\$ 1,176,266,215</b>	<b>\$ 685,754,554</b>	<b>\$ 141,402,047</b>	<b>\$ 349,109,614</b>	<b>58%</b>	<b>70%</b>

<sup>1</sup> Encumbrances represent unexpended balances of open purchase orders.

<sup>2</sup> Represents the sum of expenditures and encumbrances as a percentage of the annual budget.