

## MEMORANDUM

**TO:** Governing Board Members

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

**DATE:** October 1, 2011

**SUBJECT:** Monthly Financial Statement – September 2011

The attached financial status report is provided for your review. This report provides a summarized snapshot in time of high level District financial activity of revenue by sources and expenditure summaries (uses) by program. **This unaudited financial statement is provided as of September 29, 2011, with nearly 100% of the fiscal year completed. Because it is a snapshot in time, balances and variances will change from this report to any final year-end numbers.**

**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 September 29, 2011, with nearly 100% of the year complete, 98.5% of the District's budgeted revenue has been collected.
- As of September 29, 2011, 99.7% of ad valorem tax revenue and 97.9% of agricultural privilege tax revenue have been collected.
- As of September 29, 2011, 74.1% 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 204.3% 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 \$5.4 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. Historically, this has been budgeted conservatively. Amounts collected above budget includes federal lease revenue that is restricted in its allowable use as well as lease revenues for lands purchased with Save Our Everglades Trust funds which are restricted for use in land acquisition or management on those lands.
- 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 September 29, 2011, with nearly 100% of the year complete, the District has expended **\$790.8 million** or **67.2%** of its total budget. The District has obligated (encumbrances plus expenditures) **\$881.3 million** or **74.9%** 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 94.2% and expended 91.2% of their total \$135.7 million budget. Principal expenditures include personal services (\$48.4 million), operating expenditures (\$46.2 million), and contractual services (\$22.2 million), and capital outlay \$6.5 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. Available funds in this program are primarily a result of unspent health, self insurance funds. Some of these unspent balances result from recent District restructuring. Additional "available" funds result from lower tax collector and property appraiser fees resulting from offsetting credits received from these offices for FY10 which are recognized in FY11.

- The **Operations and Maintenance Program** has obligated 94.8% and expended 83.6% of their total \$171.8 million budget. Expenditures consist primarily of personal services (\$56.0 million), contractual services (\$40.5 million), and capital outlay expenditures (\$29.0 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. Of the \$1.2M balances in the O & M Program, the vast majority is associated with capital and is primarily related to funds that were subsequently encumbered for the previously approved C-24 canal bank restoration project that is ahead of schedule due to dry conditions.
- The **Restoration Program** has obligated 92.0% and expended 80.0% of their total \$558.7 million budget. Expenditures consist primarily of capital outlay (\$340.8 million), personal services (\$48.2 million), operating expenditures (\$34.3 million), and contractual services (\$24.1 million). The program has obligated 91% and expended 81% of their \$423.2 million capital outlay budget that includes funding for land acquisition (\$248.8 million) and construction (\$171.7 million).. A large portion of funds shown as “available” in this program are associated with fuel reserves set aside for operation of storm water treatment areas during storm events. Fuel funds not spent in FY11 are rebudgeted as fuel reserve funds in future years. In addition some budgeted land acquisitions came in less than anticipated. Those funds have been reflected in the latest spend down plan in FY12 and 13 for the L-8 pump station component of the North Palm Beach CERP project.
- The **Regulation Program** has obligated 89% and expended 88% of their total \$20.5 million budget. Salaries and fringe benefits represent 95% or \$19.5 million of this program’s budget and are 88% expended with nearly 100% of the year complete. Likewise, personal services expenditures make up \$17.2 million or 95.5% 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 94% and expended 78% of their total \$17.4 million budget. Expenditures consist primarily of personal services (\$6.5 million) and operating expenditures (\$6.0 million). The operating expenditures budget is \$8.0 million and consists of interagency agreements primarily for alternative water supply projects. While only 75.0% of the operating expenditure budget has been expended that reflects a significant increase from the 39.5% that had been expended just from last month. This reflects the historical pattern as the expenditures for alternative water supply and intergovernmental agreements are made in the 4<sup>th</sup> quarter each year.
- **Reserves** of \$228.0 million are held for future transfer to various program areas as project needs and requirements are defined. Major programmatic balances include \$111.2 million for Everglades, \$14.5 million for Lake Okeechobee, \$42.0 million for Operations and Maintenance, \$28.5 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.

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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: September 29, 2011

	<u>Annual Budget</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Available</u>	<u>%Expended</u>	<u>%Obligated</u>
<b>Mission Support</b>						
Personal Services	52,351,270.29	48,419,843.49	0.00	3,931,426.80	92 %	92 %
Contractual Services	25,682,588.75	22,181,296.43	3,027,755.27	473,537.05	86 %	98 %
Operating	50,145,165.05	46,158,072.04	663,550.19	3,323,542.82	92 %	93 %
Travel	585,671.31	457,684.49	32,395.00	95,591.82	78 %	84 %
Capital Outlay	6,910,420.67	6,509,150.96	361,704.84	39,564.87	94 %	99 %
<b>Total Mission Support</b>	<b>135,675,116.07</b>	<b>123,726,047.41</b>	<b>4,085,405.30</b>	<b>7,863,663.36</b>	<b>91 %</b>	<b>94 %</b>
<b>Operations and Maintenance</b>						
Personal Services	62,685,563.44	55,979,577.65	0.00	6,705,985.79	89 %	89 %
Contractual Services	51,641,432.27	40,484,027.13	10,776,177.84	381,227.30	78 %	99 %
Operating	19,241,077.42	18,079,818.24	575,753.77	585,505.41	94 %	97 %
Travel	137,147.62	109,366.68	0.00	27,780.94	80 %	80 %
Capital Outlay	38,109,012.47	29,008,254.50	7,850,503.48	1,250,254.49	76 %	97 %
<b>Total Operations and Maintenance</b>	<b>171,814,233.22</b>	<b>143,661,044.20</b>	<b>19,202,435.09</b>	<b>8,950,753.93</b>	<b>84 %</b>	<b>95 %</b>
<b>Restoration</b>						
Personal Services	54,834,153.34	48,220,406.15	0.00	6,613,747.19	88 %	88 %
Contractual Services	30,189,401.00	24,147,225.00	6,566,215.09	-524,039.09	80 %	102 %
Operating	50,245,685.60	34,332,140.69	13,746,388.16	2,167,156.75	68 %	96 %
Travel	214,467.19	125,410.33	0.00	89,056.86	58 %	58 %
Capital Outlay	423,193,630.95	340,812,617.17	43,977,580.04	38,403,433.74	81 %	91 %
<b>Total Restoration</b>	<b>558,677,338.08</b>	<b>447,637,799.34</b>	<b>64,290,183.29</b>	<b>46,749,355.45</b>	<b>80 %</b>	<b>92 %</b>
<b>Regulation</b>						
Personal Services	19,493,261.37	17,212,681.07	0.00	2,280,580.30	88 %	88 %
Contractual Services	656,922.74	547,851.26	92,640.50	16,430.98	83 %	97 %
Operating	145,812.12	112,913.68	3,430.34	29,468.10	77 %	80 %
Travel	28,691.92	27,765.13	0.00	926.79	97 %	97 %
Capital Outlay	198,724.38	198,044.70	0.00	679.68	100 %	100 %
<b>Total Regulation</b>	<b>20,523,412.53</b>	<b>18,099,255.84</b>	<b>96,070.84</b>	<b>2,328,085.85</b>	<b>88 %</b>	<b>89 %</b>

	<u>Annual Budget</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Available</u>	<u>%Expended</u>	<u>%Obligated</u>
<b>Water Supply</b>						
Personal Services	6,966,389.00	6,526,142.64	0.00	440,246.36	94 %	94 %
Contractual Services	907,666.52	695,924.06	203,371.86	8,370.60	77 %	99 %
Operating	7,968,270.35	5,996,807.87	1,471,941.43	499,521.05	75 %	94 %
Travel	28,599.00	17,557.63	2,640.00	8,401.37	61 %	71 %
Capital Outlay	1,559,101.00	315,063.89	1,108,531.70	135,505.41	20 %	91 %
<b>Total Water Supply</b>	<b>17,430,025.87</b>	<b>13,551,496.09</b>	<b>2,786,484.99</b>	<b>1,092,044.79</b>	<b>78 %</b>	<b>94 %</b>
<b>Debt Service</b>						
Debt Service	44,116,973.00	44,114,104.20	0.00	2,868.80	100 %	100 %
<b>Total Debt Service</b>	<b>44,116,973.00</b>	<b>44,114,104.20</b>	<b>0.00</b>	<b>2,868.80</b>	<b>100 %</b>	<b>100 %</b>
<b>Reserves</b>						
Reserves	228,029,116.63	0.00	0.00	228,029,116.63	0 %	0 %
<b>Total Reserves</b>	<b>228,029,116.63</b>	<b>0.00</b>	<b>0.00</b>	<b>228,029,116.63</b>	<b>0 %</b>	<b>0 %</b>
<b>Total Uses</b>	<b><u>1,176,266,215.40</u></b>	<b><u>790,789,747.08</u></b>	<b><u>90,460,579.51</u></b>	<b><u>295,015,888.81</u></b>	<b>67 %</b>	<b>75%</b>

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

For the 12 Months Ended: **September 29, 2011** Percent of Fiscal Year Completed: **100%**

SOURCES	ANNUAL BUDGET	ACTUALS THROUGH 9/29/2011	VARIANCE (UNDER) / OVER BUDGET	ACTUALS AS A % OF BUDGET
Ad Valorem Property Taxes	\$ 399,025,958	\$ 397,837,186	\$ (1,188,772)	99.7%
Agricultural Privilege Taxes	11,300,000	11,064,461	(235,539)	97.9%
Intergovernmental	74,686,089	55,354,946	(19,331,143)	74.1%
Investment Earnings	4,502,700	9,198,790	4,696,090	204.3%
Licenses, Permits and Fees	2,602,000	8,027,609	5,425,609	308.5%
Sale of District Property	300,000	566,647	266,647	188.9%
Self Insurance Premiums	34,379,252	30,381,185	(3,998,067)	88.4%
Leases	1,605,184	3,834,094	2,228,910	238.9%
Other	7,571,000	1,567,850	(6,003,150)	20.7%
Fund Balance	640,294,032	640,294,032	0	100.0%
<b>TOTAL SOURCES</b>	<b>\$ 1,176,266,215</b>	<b>\$ 1,158,126,800</b>	<b>\$ (18,139,415)</b>	<b>98.5%</b>

USES	ANNUAL BUDGET	EXPENDITURES	ENCUMBRANCES <sup>1</sup>	AVAILABLE	%EXPENDED	%OBLIGATED <sup>2</sup>
Mission Support	\$ 135,675,116	\$ 123,726,047	\$ 4,085,405	\$ 7,863,664	91.2%	94.2%
Operations and Maintenance	171,814,233	143,661,044	19,202,435	8,950,754	83.6%	94.8%
Restoration	558,677,340	447,637,799	64,290,183	46,749,358	80.1%	91.6%
Regulation	20,523,412	18,099,255	96,070	2,328,087	88.2%	88.7%
Water Supply	17,430,025	13,551,496	2,786,484	1,092,045	77.7%	93.7%
Debt Service	44,116,973	44,114,104	0	2,869	100.0%	100.0%
Reserves	228,029,116	0	0	228,029,116	0.0%	0.0%
<b>TOTAL USES</b>	<b>\$ 1,176,266,215</b>	<b>\$ 790,789,745</b>	<b>\$ 90,460,577</b>	<b>\$ 295,015,893</b>	<b>67.2%</b>	<b>74.9%</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.