

## MEMORANDUM

**TO:** Governing Board Members

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

**DATE:** October 28, 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 program expenditure summaries by major uses. This unaudited financial statement is provided as of September 30, 2011, with 100% of the fiscal year completed. **It is an update of the preliminary September 30, 2011 report provided last month. This report reflects year-end FY2011 status with exception of audit adjustments and final expenditure accruals identified as part of the year-end audit process.**

**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 30, 2011, with 100% of the year complete, 100.0% of the District's budgeted revenue has been collected.
- As of September 30, 2011, 99.7% of ad valorem tax revenue and 97.9% of agricultural privilege tax revenue have been collected.
- As of September 30, 2011, 91.0% 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 funds. This typically lags other revenue sources in receipts because the District must incur costs before invoicing and receiving reimbursement from the State for costs incurred.
- Investment earnings exceed budget by 306.1% due primarily to unbudgeted gains on investments of \$6.2 million and unbudgeted earnings and investment gains of \$600,281 on Certificates of Participation (COPs) cash balances. The "gain on investments" is a required accounting entry representing the gain that would be realized if the investments were liquidated. As the investments were not liquidated, this gain does not represent "spendable" revenues.

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- Licenses, permits and fees budget consists of income from water use permits, environmental resource permits and right of way permits. Income exceeds budget by 311.2% primarily due to receipt of \$5.5 million of unbudgeted wetlands and Lake Belt mitigation fees from the Rolling Meadows/Cattfish creek restoration project and fees for mining tonnage removed.
- Sale of District property represents total revenue of \$566.7k and includes the sale of real property (\$550,000) and minor revenues from the sale of maps and other documents. This is budgeted conservatively due to uncertainty of annual volume of equipment and other property that will be surplused and sold.
- 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. Self insurance revenue is under budget partially due to the District's recent restructuring.
- Lease revenue represents amounts collected from leases of real property owned by the District. Amounts collected above budget includes lease revenue on properties purchased with federal grants as well as 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 after final adjusting entries and accruals are booked. This is scheduled to occur in approximately three weeks.
- Fund Balance represents the amount of prior year residual revenue that is budgeted in the current year.

### **Expenditure Status:**

As of September 30, 2011, with 100% of the year complete, the District has expended **\$818.7 million** or **69.9%** of its total budget. The District has obligated (encumbrances plus expenditures) **\$895.1 million** or **76.1%** of its total budget of \$1,176.2 million. Of ad valorem funds, excluding reserves, just over \$28M is available at year-end; \$15M of that in personnel services.

**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 95% and expended 92.5% of their total \$135.7 million budget. \$2.8 million of the remaining \$6.8 million dollar available balance is in ad valorem supported funds. Principal balances include personal services (\$1.6 million), and contractual/operating costs (\$1.0 million) consisting primarily of IT systems maintenance and repair, management training, and facilities maintenance. In addition there were some budgetary savings in tax collector fees (\$399k) and property appraiser fees (\$425k) resulting from credits to prior year expenditures received in FY2011.

- The **Operations and Maintenance Program** has obligated 96.2% and expended 88.9% of their total \$171.7 million budget. Of the \$6.5 million available balances in the O&M program, \$6.1 million is in ad-valorem funds. Principal ad-valorem balances consist of \$5.0 million in personnel services (including \$802k in unspent overtime), \$0.3 million in contractual services where the majority of unspent funds were in spraying and miscellaneous services, \$0.5 million in operating for fuel, \$15k in travel and \$0.3 million in capital outlay for the ODSS project.

Of the remaining available balance \$0.4 million is in non ad-valorem sources. Of this amount, \$0.3 million in wetlands mitigation funds for personnel services and \$0.1 million in FWC aquatic plant funds for spraying, chemicals and personnel services.

- The **Restoration Program** has obligated 96.2% and expended 85.6% of their total \$542.1 million budget. Of the remaining \$20.6 million dollar available balance, \$16.3 million is from ad valorem sources and \$4.3 million is from dedicated sources.
- Remaining ad valorem balances include: \$5.2 million in Personnel Services, \$0.4 million in contractual services associated with the Picayune Strand, Dispersed Water Management, and CERP Monitoring and Assessment Plan projects, \$1.8 million in operating expenses (approximately \$1.2 million in fuel and electricity in the Stormwater Treatment Areas due to the relatively dry summer season, \$0.5 million in Property Appraiser/Tax Collector fees, and an additional \$50k in chemicals), \$76K in travel, and \$8.7 million in capital outlay. The principal capital outlay balance is associated with the CERP indirect service charge not being charged yet (budget is \$7.5M). As noted in the revenue section of this report, the CERP indirect will be charged in approximately three weeks, after final adjusting entries and accruals are booked.

Remaining dedicated balances include \$0.2 million in Personnel Services, a negative balance of \$0.6 million in contracted services in the C-44 Reservoir project due to engineering services and contracted maintenance being charged to contractual services instead of capital outlay, \$0.1 million in operating expenses associated with the Compartment B and C capital projects (COPs funding), \$2k in travel, and \$4.7 million in capital outlay. The available balance in capital outlay is associated with land acquisition for the Southern CREW project (Florida Forever funds) and engineering design/construction associated with the C-44 Reservoir project (Save Our Everglades Trust Fund).

- The **Regulation Program** has obligated 90.4% and expended 89.9% of their total \$20.5 million budget. The \$2.0 million dollar available balance is from ad valorem sources, \$1.9M of which is associated with personnel services. There were nominal available balances within contractual services (\$16k) and operating expenses (\$30k).

- The **Water Supply Program** has obligated 95.2% and expended 77.8% of their total \$17.8 million budget. The remaining available balance of \$0.9 million is from ad valorem funds. Principal balances include personal services (\$710k), contractual services balances (\$116k) consisting of disencumbered Alternative Water Supply and WaterSIP contracts.
- **Reserves** of \$244.4 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, \$45.0 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 Mike Smykowski at (561) 682-6295.

DB/CF/MS  
Attachment

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

For the 12 Months Ended: **September 30, 2011** Percent of Fiscal Year Completed: **100%**

SOURCES	ANNUAL BUDGET	ACTUALS THROUGH 9/30/2011	VARIANCE (UNDER)/OVER BUDGET	ACTUALS AS A % OF BUDGET
Ad Valorem Property Taxes	\$ 399,025,958	\$ 397,838,038	\$ (1,187,920)	99.7%
Agricultural Privilege Taxes	\$ 11,300,000	\$ 11,064,462	\$ (235,538)	97.9%
Intergovernmental	\$ 74,686,089	\$ 67,944,570	\$ (6,741,519)	91.0%
Investment Earnings	\$ 4,502,700	\$ 13,783,075	\$ 9,280,375	306.1%
Licenses, Permits and Fees	\$ 2,602,000	\$ 8,097,410	\$ 5,495,410	311.2%
Sale of District Property	\$ 300,000	\$ 566,739	\$ 266,739	188.9%
Self Insurance Premiums	\$ 34,379,252	\$ 30,381,991	\$ (3,997,261)	88.4%
Leases	\$ 1,605,184	\$ 4,244,819	\$ 2,639,635	264.4%
Other	\$ 7,571,000	\$ 2,841,942	\$ (4,729,058)	37.5%
Fund Balance	\$ 640,294,032	\$ 640,294,032	\$ -	100.0%
<b>TOTAL SOURCES</b>	<b>\$ 1,176,266,215</b>	<b>\$ 1,177,057,078</b>	<b>\$ 790,863</b>	<b>100.1%</b>

USES	ANNUAL BUDGET	EXPENDITURES	ENCUMBRANCES <sup>1</sup>	AVAILABLE	%EXPENDED	%OBLIGATED <sup>2</sup>
Mission Support	\$ 135,679,116	\$ 125,475,130	\$ 3,359,389	\$ 6,844,597	92.5%	95.0%
Operations and Maintenance	\$ 171,666,220	\$ 152,663,388	\$ 12,472,469	\$ 6,530,364	88.9%	96.2%
Restoration	\$ 542,086,013	\$ 464,170,179	\$ 57,289,600	\$ 20,626,234	85.6%	96.2%
Regulation	\$ 20,523,413	\$ 18,459,723	\$ 89,979	\$ 1,973,711	89.9%	90.4%
Water Supply	\$ 17,822,026	\$ 13,866,085	\$ 3,098,313	\$ 857,628	77.8%	95.2%
Debt Service	\$ 44,116,973	\$ 44,114,104	\$ -	\$ 2,869	100.0%	100.0%
Reserves	\$ 244,372,455			\$ 244,372,455	0.0%	0.0%
<b>TOTAL USES</b>	<b>\$ 1,176,266,215</b>	<b>\$ 818,748,609</b>	<b>\$ 76,309,748</b>	<b>\$ 281,207,858</b>	<b>69.6%</b>	<b>76.1%</b>

<sup>1</sup> Represents unexpended balances of open purchase orders

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

**South Florida Water Management District**  
 Summary of Uses - Statement of Sources and Uses of Funds (Unaudited)  
 As of: September 30, 2011

	Annual Budget	Expenditures	Encumbrances	Available	% Expended	% Obligated
<b>Mission Support</b>						
Personnel Services	52,355,270.29	49,166,599.67	-	3,188,670.62	93.9%	93.9%
Contractual Services	25,998,211.84	23,224,215.23	2,430,929.34	343,067.27	89.3%	98.7%
Operating	49,901,314.56	46,209,051.50	577,028.90	3,115,234.16	92.6%	93.8%
Travel	514,479.71	388,602.10	31,312.92	94,564.69	75.5%	81.6%
Capital Outlay	6,909,839.67	6,486,661.69	320,117.51	103,060.47	93.9%	98.5%
<b>Total Mission Support</b>	<b>135,679,116.07</b>	<b>125,475,130.19</b>	<b>3,359,388.67</b>	<b>6,844,597.21</b>	<b>92.5%</b>	<b>95.0%</b>
<b>Operations and Maintenance</b>						
Personnel Services	62,537,550.44	57,174,834.92	-	5,362,715.52	91.4%	91.4%
Contractual Services	54,251,985.32	48,043,626.08	5,840,179.19	368,180.05	88.6%	99.3%
Operating	16,648,285.17	15,929,153.20	236,972.37	482,159.60	95.7%	97.1%
Travel	119,387.62	103,490.33	179.00	15,718.29	86.7%	86.8%
Capital Outlay	38,109,011.67	31,412,283.32	6,395,137.99	301,590.36	82.4%	99.2%
<b>Total Operations and Maintenance</b>	<b>171,666,220.22</b>	<b>152,663,387.85</b>	<b>12,472,468.55</b>	<b>6,530,363.82</b>	<b>88.9%</b>	<b>96.2%</b>
<b>Restoration</b>						
Personnel Services	54,586,166.34	49,188,557.78	-	5,397,608.56	90.1%	90.1%
Contractual Services	68,346,304.58	50,780,380.46	17,752,308.82	(186,384.70)	74.3%	100.3%
Operating	12,264,064.27	10,186,416.56	188,398.87	1,889,248.84	83.1%	84.6%
Travel	188,966.07	110,874.99	1,507.82	76,583.26	58.7%	59.5%
Capital Outlay	406,700,511.95	353,903,949.19	39,347,384.28	13,449,178.48	87.0%	96.7%
<b>Total Restoration</b>	<b>542,086,013.21</b>	<b>464,170,178.98</b>	<b>57,289,599.79</b>	<b>20,626,234.44</b>	<b>85.6%</b>	<b>96.2%</b>
<b>Regulation</b>						
Personnel Services	19,493,261.37	17,566,317.27	-	1,926,944.10	90.1%	90.1%
Contractual Services	664,172.74	561,194.28	86,548.38	16,430.08	84.5%	97.5%
Operating	140,806.12	107,872.33	3,430.34	29,503.45	76.6%	79.0%
Travel	26,447.92	26,294.13	-	153.79	99.4%	99.4%
Capital Outlay	198,724.38	198,044.70	-	679.68	99.7%	99.7%
<b>Total Regulation</b>	<b>20,523,412.53</b>	<b>18,459,722.71</b>	<b>89,978.72</b>	<b>1,973,711.10</b>	<b>89.9%</b>	<b>90.4%</b>
<b>Water Supply</b>						
Personnel Services	7,358,389.00	6,648,189.26	-	710,199.74	90.3%	90.3%
Contractual Services	8,792,085.87	6,710,303.06	1,965,556.24	116,226.57	76.3%	98.7%
Operating	86,250.00	53,589.90	23,156.50	9,503.60	62.1%	89.0%
Travel	26,200.00	14,277.63	2,670.00	9,252.37	54.5%	64.7%
Capital Outlay	1,559,101.00	439,725.47	1,106,929.81	12,445.72	28.2%	99.2%
<b>Total Water Supply</b>	<b>17,822,025.87</b>	<b>13,866,085.32</b>	<b>3,098,312.55</b>	<b>857,628.00</b>	<b>77.8%</b>	<b>95.2%</b>
<b>Debt Service</b>						
Debt Services	44,116,973.00	44,114,104.20	-	2,868.80	100.0%	100.0%
<b>Total Debt Service</b>	<b>44,116,973.00</b>	<b>44,114,104.20</b>	<b>-</b>	<b>2,868.80</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Reserves</b>						
Reserves	244,372,454.50	-	-	244,372,454.50	0.0%	0.0%
<b>Total Reserves</b>	<b>244,372,454.50</b>	<b>-</b>	<b>-</b>	<b>244,372,454.50</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total Uses</b>	<b>1,176,266,215.40</b>	<b>818,748,609.25</b>	<b>76,309,748.28</b>	<b>281,207,857.87</b>	<b>69.6%</b>	<b>76.1%</b>