

MEMORANDUM

TO: Governing Board Members

FROM: Dorothy Bradshaw, Director, Administrative Services Division

DATE: October 13, 2016

SUBJECT: Monthly Financial Statement – August 2016

This report provides an overview of District financial activity, including revenue collections and expenditures. Attached is a summary in the State Program format in compliance with Chapter 373.536(4)(e) F.S., which requires each District to provide a monthly financial statement in the form and manner prescribed by the Department of Financial Services to the District's Governing Board and make such monthly financial statement available for public access on its website. This unaudited financial statement is provided as of August 31, 2016, with the Fiscal Year 91.7% complete.

Schedule of Sources and Uses – This financial statement compares revenues received and encumbrances/expenditures made against the District's Fiscal Year 2015-16 \$876.6 million current budget. Encumbrances represent orders for goods and services which have not yet been received. Budget amounts include \$123.2 million in encumbrance carryforward from Fiscal Year 2014-15.

- With the fiscal year 91.7% complete, 88.2% of the District's budgeted operating revenue (excludes prior year reserves) has been collected, with 11.8% remaining to be collected predominantly in intergovernmental revenues. The intergovernmental revenues are restricted funding from the Save Our Everglades Trust Fund, Land Acquisition Trust Fund, the Florida Fish and Wildlife Conservation Commission and Natural Resources Conservation Service. The primary source of operating revenue received to date is derived from Ad Valorem taxes. The largest remaining revenue source is prior year reserves budgeted in the current year. Including reserves, total Fiscal Year 2015-16 revenue sources collected were 92.9% of budget or \$814.5 million.
- Over \$280 million in Ad Valorem and Agricultural Privilege tax revenue were collected through July. Ad Valorem and Agricultural Privilege tax collections peak November through January driven by the receipt of property tax bills in October and the 4.0% maximum discount available when paid in full by November 30. These taxes are budgeted at a discounted rate of 95.0% to allow for the discounts property owners receive through early payment. There have been additional collections due to prior year payments received.
- There is \$5.4 million in budgeted intergovernmental revenue in ad valorem funds, which includes \$3 million in USACE reimbursements and \$1 million in Alligator Alley toll revenue. There was \$9.6 million received as of the end of August, which includes unbudgeted \$4.1 million from USACE for depreciation of the C-111 Project. There is \$184.3 million in budgeted intergovernmental revenue in restricted funds, including \$110.7 million from the Land Acquisition Trust Fund, \$41.4 million in Save Our Everglades Trust Fund, \$8.7 million in reimbursements from the Florida Fish and Wildlife Conservation Commission (FWC) for aquatic/invasive plant control, \$6.1 million in Alligator Alley toll revenues, and \$6.9 million

from the Land Acquisition Trust Fund for final debt service payments for retired land acquisition bonds. This category also includes anticipated Federal revenues of \$2.8 million for Allapattah restoration, \$886K for BOMA water quality testing grant, and reimbursement of monitoring costs from the National Park Service. Fiscal Year 2015-16 revenue received as of August totals \$112.9 million. Reimbursement requests are submitted based on actual expenses incurred.

- Budgeted Ad Valorem Investment Earnings is \$3.6 million for Fiscal Year 2015-16. \$3.9 million of revenue was recognized as of the end of August of which \$3 million is in ad valorem funds, which is 81.9% of the budget amount. The balance of \$943K was recognized in non-ad valorem funds.
- There is \$12.7 million in budgeted permit fee and mitigation revenue, including water use permit (WUP) application fees of \$749K, Environmental Resource Permit (ERP) application fees of \$2 million, and Lake Belt Mitigation Fees for land acquisition and C-139 Annex Restoration of \$9.8 million. \$15.7 million has been received, including \$12.1 million from Lake Belt mitigation fees, \$2.6 million from ERP and \$675K from WUP.
- Other budgeted revenue includes leases, sale of district property and revenue supporting District self-insured programs.
 - Lease revenue is collected from 76 active leases on 105,219 acres of District owned lands. The timing of revenue received is based on the fee schedules within the agreements. The District has received \$4.8 million in lease revenues of the \$2.7 million budgeted. The additional revenues collected include unanticipated revenues from White Rock mining and lease revenues on federally purchased lands. The use of lease revenue collected for lands purchased with State or Federal funds is restricted based on the guidelines in the acquisition or grant agreement.
 - Other budgeted revenue includes \$210K in civil penalties and enforcement fees and \$251K in miscellaneous revenues such as cash discounts, refund of prior year expenditures, and sale of recycled oil and scrap metal. Fiscal year collections to date of \$1.5 million is more than triple the budget. Of this amount, \$450K was received as Florida Crystals payment for land remediation in STA 1 West Expansion Project. Also included is \$525,961 prior year refund related to COPs projects from MCIP (Master Controlled Insurance Program) with the Florida Municipal Construction Insurance Trust.
 - Sale of District Property represents the sale of real property and land. This conservative budget of \$250K is due to uncertainty regarding the amount of equipment which is surplus in a given year. Fiscal Year 2015-16 revenues received total \$2.8 million, of which \$1.7 million resulted from the sale of 19.62 acres located on south Kanner Highway in Stuart, Martin County; \$405,000 from the sale of 39.76 acres in Palm Beach County; \$240,000 from 0.52 acres Right of Way easement in Broward County, \$70,000 from 0.18 acres of Pompano Canal Right of Way, Broward County and 19.71 acres in Polk and Martin counties for \$179,778. Other surplus items generated \$209K which is 83.5% of the budget.
 - Revenues recognized for the District's self-insured programs, largely health insurance, are \$30.8 million representing 85.9% of the \$35.9 million budget. This includes District funding as well as premiums paid by employees, retirees, and COBRA participants.

Expenditure and Encumbrance Status – As of August 31, 2016, with 91.7% of the year complete, the District has spent **\$405.5 million or 46.3%** and has encumbered **\$254.7 million or 29.1%** of its budget. The District has obligated (encumbrances plus expenditures) **\$660.2 million or 75.3%** of its budget.

Summary of Expenditures and Encumbrances by Program – This financial statement illustrates the budget implementation effort to date for each of the District's program areas.

- The **Water Resources Planning and Monitoring Program** comprises all water management planning, including water supply planning, development of minimum flows and levels, and other water resources planning, and technical assistance (including local and regional plan and program review). Regional water supply plans for each planning area address the unique resources and needs of each region – Lower West Coast, Upper and Lower East Coast, Upper and Lower Kissimmee Basin. Agency work includes research, data collection, modeling, environmental monitoring and assessment activities that support various regulatory-driven mandates/agreements and comply with federal and state-issued permits for all restoration projects. Of the \$56.8 million budgeted for this program, the District has obligated \$45.9 million: \$41.5 million expended and \$4.4 million encumbered.
- The **Acquisition, Restoration and Public Works Program** includes the development and construction of all restoration capital projects. Restoration projects unique to the South Florida Water Management District include the Kissimmee River Restoration Project, design and implementation of the Northern Everglades and Estuaries Protection Program (NEEPP), Everglades Forever Act (EFA) projects, Critical Restoration Projects, and the Comprehensive Everglades Restoration Plan (CERP). This category also includes water resource development and water supply assistance projects, water control projects, cooperative projects and land acquisition for restoration. Of the \$417.4 million budgeted for this program, the District has obligated \$333.5 million: \$141 million expended and \$192.5 million encumbered.
- The **Operation and Maintenance of Lands and Works Program** includes all operation and maintenance of facilities, flood control and water supply structures, lands, and other works authorized by Chapter 373, F.S. The District's operations and maintenance consists of activities to effectively and efficiently manage the primary canals and associated structures in South Florida. Operation and maintenance program activities include the Central and Southern Florida (C&SF) Project, as well as the Big Cypress Basin system. Activities include the operation and maintenance of a multi-purpose water management system comprising 4,098 miles of canals and levees, 692 water control structures and weirs, 71 pumping stations and 618 smaller project culverts. Of the \$334.7 million budgeted for this program, the District has obligated \$221.1 million: \$166.2 million expended and \$54.9 million encumbered.
- The **Regulation Program** includes water use permitting, water well construction permitting, water well contractor licensing, environmental resource and surface water management permitting, permit administration and enforcement, and any delegated regulatory program. Other regulatory enforcement activities include the Southern and Northern Everglades Nutrient Source Control Program, and the Everglades Long-Term Plan, which mandates the implementation of Best Management Practices (BMP) programs in the Everglades

Construction Project (ECP) and non-ECP Basins for the Southern Everglades. Of the \$27.3 million budgeted for this program, the District has obligated \$22.4 million: \$22 million expended and \$348K encumbered.

- The **Outreach Program** includes all environmental education activities, such as water conservation campaigns and water resource education; public information activities; all activities relating to local, regional, state, and federal governmental affairs; and all other public outreach activities. Of the \$1.5 million budgeted for this program, the District has obligated \$1.2 million: \$1.2 million expended and \$14K encumbered.
- The **District Management and Administration Program** includes all governing and basin board support, executive direction, information technology, general counsel, procurement, human resources, finance, audit, risk management, and administrative support services. Of the \$39 million budgeted for this program, the District has obligated \$36.1 million: \$33.5 million expended and \$2.6 million encumbered.

Expenditures in each program includes District expenditures for the self-insured program, largely health insurance.

We hope this report 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 contact me at (561) 682-2823 or Candida Heater at (561) 682-6486.

DB/CJH

Attachment

South Florida Water Management District
Statement of Sources and Uses of Funds (Unaudited)
For the month ended: August 31, 2016. Percent of fiscal year completed: 91.7%

	CURRENT BUDGET	ACTUALS THROUGH 8/31/2016	VARIANCE (UNDER) / OVER BUDGET	ACTUALS AS A % OF BUDGET
Sources				
Taxes ¹	\$ 277,892,829	\$ 280,221,683	\$ 2,328,854	100.84%
Intergovernmental Revenues	190,952,741	122,504,865	(68,447,876)	64.15%
Interest on Invested Funds	3,650,000	3,932,245	282,245	107.7%
License and Permit Fees	12,657,602	15,681,095	3,023,493	123.9%
Other ²	39,260,185	39,959,810	699,625	101.8%
<i>SUB-TOTAL OPERATING REVENUES</i>	524,413,357	462,299,698	(62,113,659)	88.2%
Reserves	352,228,742	352,228,742	-	100.0%
Total Sources	\$ 876,642,099	\$ 814,528,440	\$ (62,113,659)	92.9%

¹ Includes Ad Valorem and Agricultural Privilege Taxes

² Includes Leases, Sale of District Property, and Self Insurance Premiums

	CURRENT BUDGET	EXPENDITURES	ENCUMBRANCES ³	AVAILABLE BUDGET	% EXPENDED	% OBLIGATED ⁴
Uses						
Water Resources Planning and Monitoring	\$ 56,756,407	\$ 41,547,486	\$ 4,383,942	\$ 10,824,979	73.2%	80.9%
Acquisition, Restoration and Public Works	417,393,967	141,025,485	192,467,669	83,900,813	33.8%	79.9%
Operation and Maintenance of Lands and Works	334,711,643	166,207,627	54,870,535	113,633,480	49.7%	66.1%
Regulation	27,279,039	22,034,681	348,293	4,896,065	80.8%	82.1%
Outreach	1,534,368	1,171,140	13,509	349,720	76.3%	77.2%
Management and Administration	38,966,675	33,487,579	2,636,272	2,842,824	85.9%	92.7%
Total Uses	\$ 876,642,099	\$ 405,473,998	\$ 254,720,220	\$ 216,447,881	46.3%	75.3%

³ Encumbrances represent unexpended balances of open purchase orders and contracts.

⁴ Represents the sum of expenditures and encumbrances as a percentage of the current budget.

This unaudited financial statement is prepared as of August 31, 2016, and covers the interim period since the most recent audited financial statements.