

## MEMORANDUM

**TO:** Governing Board Members

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

**DATE:** February 11, 2016

**SUBJECT:** Monthly Financial Statement – December 2015

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 December 31, 2015, with the fiscal year 25% complete.

**Schedule of Sources and Uses** – This financial statement compares revenues received and encumbrances/expenditures made against the District's Fiscal Year 2015-16 \$872.8 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 25% complete, 46.8% of the District's budgeted operating revenue (excludes fund balance) has been collected. The primary source of operating revenue received to date is ad valorem taxes. The largest remaining revenue source is fund balance (prior year reserves) budgeted in the current year. Including reserve, total Fiscal Year 2015-16 sources collected were 68.1% of budget or \$594.5 million.
- 83.1% of budgeted Ad Valorem tax revenue and 60.9% of Agricultural Privilege tax revenue have been collected to date. 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. Historical ad valorem trends for the past five years through December average a collection rate of 70.3%.
- 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 \$57K received as of the end of December. There is \$184.3 million in budgeted intergovernmental revenue in restricted funds, including \$110.7 million in Land Acquisition Trust Funds, \$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

tolls, and \$6.9 million in Land Acquisition Trust Funds revenue 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 December amounts to \$1.2 million. Reimbursement requests are submitted based on actual expenses incurred.

- Budgeted Ad Valorem Investment Earnings is \$3.6 million for Fiscal Year 2015-16. \$1.2 million of revenue was recognized as of the end of December of which \$845K is in ad valorem funds, which is 23.1% of the budget amount. \$312K was allocated to non-ad valorem funds.
- There is \$12.7 million in budgeted permit fee and mitigation revenue, including water use permits (WUP) (\$749K), Environmental Resource Permit (ERP) application fees (\$2 million), and Lake Belt Mitigation Fees for land acquisition and C-139 Annex Restoration (\$9.8 million). \$5.1 million has been received, including \$4.3 million from Lake Belt mitigation fees, \$612K from ERP and \$170K from WUP.
- Other budgeted revenue includes leases, sale of district property and self-insurance.
  - Lease revenue is collected from 76 active leases on 107,000 acres of District owned lands. The timing of revenue received is based on the fee schedules within the agreements. The District has received \$1.3 million which represents 47.8% of the \$2.7 million budgeted lease revenue. 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 \$95K is 20.6% of the budget.
  - 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 \$1.7 million, which resulted primarily from the sale of 19.62 acres located on south Kanner Highway in Stuart, Martin County. Other surplus items generated \$39K which is 15.5% of the budget.
  - Revenues recognized for the District's self-insured programs, largely health insurance, are \$5.8 million, or 16.2% of the \$35.9 million budget.

### **Expenditure and Encumbrance Status:**

As of December 31, 2015, with 25% of the year complete, the District has expended **\$107.6 million or 13.8%** and has encumbered **\$232.6 million or 29.8%** of its non-reserve budget. The District has obligated (encumbrances plus expenditures) **\$340.2 million or 43.5%** of its non-reserve 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 \$55.9 million budgeted for this program, the District has obligated \$19.7 million (35.2%): \$10.3 million (18.5%) expended and \$9.4 million (16.8%) 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 \$415.3 million budgeted for this program, the District has obligated \$188.4 million (45.4%): \$35.9 million (8.6%) expended and \$152.5 million (36.8%) 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 \$333.7 million budgeted for this program, the District has obligated \$110.9 million (33.2%): \$43.5 million (13%) expended and \$67.4 million (20.2%) 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 \$27.5 million budgeted for this program, the District has obligated \$6.7 million (24.2%): \$5.7 million (20.8%) expended and \$947K (3.4%) 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 \$2.5 million budgeted for this program, the District has obligated \$544K (21.7%): \$509K (18.5%) expended and \$35K (1.4%) encumbered.
- The **District Management and Administration Program** includes all governing and basin board support, executive direction, information technology, general counsel, ombudsman, human resources, finance, audit, risk management, and administrative support services. Of the \$37.8 million budgeted for this program, the District has obligated \$14 million (37%): \$11.7 million (30.9%) expended and \$2.3 million (6.1%) encumbered.

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 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: December 31, 2015. Percent of fiscal year completed: 25%

	CURRENT BUDGET	ACTUALS THROUGH 12/31/2015	VARIANCE (UNDER) / OVER BUDGET	ACTUALS AS A % OF BUDGET
<b>Sources</b>				
Taxes <sup>1</sup>	\$ 277,892,829	\$ 228,422,096	\$ (49,470,733)	82.20%
Intergovernmental Revenues	189,683,281	1,262,218	(188,421,063)	0.67%
Interest on Invested Funds	3,650,000	1,157,046	(2,492,954)	31.7%
License and Permit Fees	12,657,602	5,133,643	(7,523,959)	40.6%
Other <sup>2</sup>	39,260,185	8,909,032	(30,351,153)	22.7%
<b>Subtotal Operating Revenues</b>	<b>523,143,897</b>	<b>244,884,035</b>	<b>(278,259,862)</b>	<b>46.8%</b>
Fund Balance	349,628,742	349,628,742	-	100.0%
<b>Total Sources</b>	<b>\$ 872,772,639</b>	<b>\$ 594,512,777</b>	<b>\$ (278,259,862)</b>	<b>68.1%</b>

<sup>1</sup> Includes Ad Valorem and Agricultural Privilege Taxes

<sup>2</sup> Includes Leases, Sale of District Property, and Self Insurance Premiums

	CURRENT BUDGET	EXPENDITURES	ENCUMBRANCES <sup>3</sup>	AVAILABLE BUDGET	% EXPENDED	% OBLIGATED <sup>4</sup>
<b>Uses</b>						
Water Resources Planning and Monitoring	\$ 55,925,162	\$ 10,342,877	\$ 9,368,710	\$ 36,213,576	18.5%	35.2%
Acquisition, Restoration and Public Works	415,314,316	35,860,954	152,528,827	226,924,534	8.6%	45.4%
Operation and Maintenance of Lands and Works	333,723,630	43,478,591	67,407,472	222,837,567	13.0%	33.2%
Regulation	27,521,532	5,719,014	946,647	20,855,871	20.8%	24.2%
Outreach	2,503,116	508,781	35,303	1,959,032	20.3%	21.7%
Management and Administration	37,784,883	11,688,099	2,284,410	23,812,374	30.9%	37.0%
<b>Total Uses</b>	<b>\$ 872,772,639</b>	<b>\$ 107,598,315</b>	<b>\$ 232,571,370</b>	<b>\$ 532,602,954</b>	<b>12.3%</b>	<b>39.0%</b>

<sup>3</sup> Encumbrances represent unexpended balances of open purchase orders and contracts.

<sup>4</sup> Represents the sum of expenditures and encumbrances as a percentage of the current budget.

This unaudited financial statement is prepared as of December 31, 2015, and covers the interim period since the most recent audited financial