

MEMORANDUM

TO: Governing Board Members

FROM: Dorothy Bradshaw, Director, Administrative Services Division

DATE: November 10, 2016

SUBJECT: Monthly Financial Statement – September 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 September 30, 2016, with the Fiscal Year 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 complete, 89.8% of the District's budgeted operating revenue (excludes prior year reserves) has been collected, with 10.2% 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 and are on a reimbursement basis of receipt of funds. 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 93.9% of budget or \$823.0 million.
- Over \$280 million in Ad Valorem and Agricultural Privilege tax revenue were collected through the fiscal year. This represents a 96% collection of the total amount the District levies and over 100% of what the District budgets. 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. Collections exceed budget 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 \$10.7 million received through the fiscal year within the ad valorem funds, 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 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 through the fiscal year is \$113.7 million in the restricted funds. The majority of these revenues received are through reimbursement requests that are submitted quarterly based on actual expenses incurred.

- Investment Earnings was \$4.7 million recognized through the fiscal year of which \$3.6 million was budgeted. This represents a 128.5% of the budgeted amount.
- 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. \$16.7 million has been received, including \$12.9 million from Lake Belt mitigation fees, \$2.8 million from ERP and \$738K from WUP.
- Other budgeted revenue includes leases, sale of district property and revenue supporting District self-insured programs.
 - Lease revenue is collected from 77 active leases on over 105,000 acres of District owned lands. The timing of revenue received is based on the fee schedules within the agreements. The District has received \$5.0 million in lease revenues exceeding 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 total \$1.6 million which 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 personal and real property. \$250K is budgeted because of our uncertainty regarding the amount of equipment which is surplus in a given year. Fiscal Year 2015-16 revenues received total \$2.9 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 \$288K which exceeds the budget.

- Revenues recognized for the District's self-insured programs, largely health insurance, are \$35.1 million representing 97.9% 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 September 30, 2016, with the fiscal year complete, the District has spent **\$464.8 million or 53.0%** and has encumbered **\$258.5 million or 29.5%** of its budget. The District has obligated (encumbrances plus expenditures) **\$723.3 million or 82.5%** of its budget. The majority of the remaining balance has been re-budgeted in the Fiscal Year 2016-17 budget or allocated for future year usage in the District's 5-year reserves spend down plan.

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 \$57.2 million budgeted for this program, the District has obligated \$50.5 million: \$45.3 million expended and \$5.2 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 \$416.8 million budgeted for this program, the District has obligated \$371.9 million: \$161.2 million expended and \$210.7 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 \$335.1 million budgeted for this program, the District has obligated \$235.7 million: \$196.4 million expended and \$39.3 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 \$26.8 million budgeted for this program, the District has obligated \$24.2 million: \$23.9 million expended and \$330K encumbered.
- The **Outreach Program** Of the \$1.4 million budgeted for this program, the District has obligated \$1.3 million: \$1.3 million expended and \$5K encumbered.
- The **District Management and Administration** includes all Governing and Basin Board support, Management, information technology, general counsel, procurement, human resources, finance, audit, risk management, and administrative support services. Of the \$39.4 million budgeted for this program, the District has obligated \$39.7 million: \$36.8 million expended and \$2.9 million 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 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: September 30, 2016. Percent of fiscal year completed: 100%

	CURRENT BUDGET	ACTUALS THROUGH 9/30/2016	VARIANCE (UNDER) / OVER BUDGET	ACTUALS AS A % OF BUDGET
Sources				
Taxes ¹	\$ 277,892,829	\$ 280,288,946	\$ 2,396,117	100.86%
Intergovernmental Revenues	190,952,741	124,373,259	(66,579,482)	65.13%
Interest on Invested Funds	3,650,000	4,689,553	1,039,553	128.5%
License and Permit Fees	12,657,602	16,733,489	4,075,887	132.2%
Other ²	39,260,185	44,689,770	5,429,585	113.8%
SUB-TOTAL OPERATING REVENUES	524,413,357	470,775,017	(53,638,340)	89.8%
Reserves	352,228,742	352,228,742	-	100.0%
Total Sources	\$ 876,642,099	\$ 823,003,759	\$ (53,638,340)	93.9%

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	\$ 57,151,565	\$ 45,285,559	\$ 5,205,323	\$ 6,660,683	79.2%	88.3%
Acquisition, Restoration and Public Works	416,804,688	161,267,575	210,674,373	44,862,740	38.7%	89.2%
Operation and Maintenance of Lands and Works	335,057,757	196,366,463	39,324,124	99,367,169	58.6%	70.3%
Regulation	26,783,835	23,851,722	330,359	2,601,754	89.1%	90.3%
Outreach	1,423,350	1,264,012	5,315	154,023	88.8%	89.2%
Management and Administration	39,420,904	36,769,337	2,940,085	(288,518)	93.3%	100.7%
Total Uses	\$ 876,642,099	\$ 464,804,668	\$ 258,479,580	\$ 153,357,851	53.0%	82.5%

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 September 30, 2016, and covers the interim period since the most recent audited financial statements.