

## M E M O R A N D U M

**TO:** Governing Board Members

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

**DATE:** August 9, 2012

**SUBJECT:** Monthly Financial Statement – June 2012

The attached financial status report is provided for your review. This report provides a high level summarized snapshot of District financial activity of revenue by sources and expenditure summaries (uses) by program. This unaudited financial statement is provided as of June 30, 2012, with 75% of the fiscal year completed.

**Schedule of Sources and Uses** – This financial statement compares revenues received and encumbrances / expenditures made against the District's FY2012 \$651.6 million consumable budget. Encumbrances represent orders for goods and services which have not yet been received.

- As of June 30, 2012, with 75% of the fiscal year complete, 90.7% of the District's budgeted operating revenue has been collected. The primary source of operating revenue received to date is taxes. Ad Valorem taxes comprise 71% of the budgeted operating revenues and drive collections based on the annual cycle of the property tax bill. The remaining revenue source is fund balance which represents the amount of prior year residual revenue that is budgeted in the current year and has already been received. When included, this category brings the total sources collected through June 2012 to 94.6% or \$616.4 million.
- As of June 30, 2012, 97.6% of budgeted Ad Valorem tax revenue and 101.7% of Agricultural Privilege tax revenue have been collected. Ad Valorem and Agricultural Privilege taxes peak November through January driven by the mailing of property tax bills in October and the 4% maximum discount available when paid in full by November 30. The majority of the taxes are budgeted at a discounted rate of 95% to allow for the discounts property owners may take advantage of through early payment options. Historical ad valorem trends for the past five years, through June, support an average collection rate of 95.0%.
- As of June 30, 2012, 53.4% of budgeted intergovernmental revenues have been collected. In addition to reimbursement agreements, intergovernmental revenues include proceeds from the sale of Indian River Lagoon and Everglades license plates. Revenue received through June for the sale of license plates totals \$264K. The bulk of intergovernmental revenue is from reimbursements from the Save Our Everglades Trust Fund, Water Management Lands Trust Fund, Department of Environmental Protection and the Florida Fish and Wildlife Conservation Commission. Reimbursements requests are submitted to the state based on actual expenses incurred and are typically received later in the fiscal year. Through June, reimbursements total \$30.3 million and total intergovernmental revenues amount to \$30.6 million.

- As of June 30, 2012, \$5.6 million or 106.4% of budgeted Investment Earnings have been realized. The District estimated a conservative investment earnings budget of \$5.3 million for FY2012. Investment earnings reflect a downward trend over the past 3 years and are representative of lower cash balances, reduced ad valorem tax levies and lower interest rate yields.
- Lease revenue represents amounts collected from leases of real property owned by the District. The timing of revenue received is based on the fee schedules within the agreements; monthly, semi-annual or annual payments and these varying timing issues impact the collection rate of this revenue source. The District has currently collected \$3.4 million which exceeds the current year budgeted lease revenue. The lease revenue collected for lands within restricted categories such as Farm Bill and State Lands require these funds be used within strict guidelines as defined by acquisition agreements. The use of these collections are planned for and budgeted in subsequent years to comply with geographic and spending category restrictions.
- Budgeted licenses, permits and fees revenue is from water use permits, environmental resource permits and right of way permits. Income received to date totals \$7.5 million and is primarily due to unbudgeted receipts of \$241K from Wetlands mitigation fees and \$5.2 million in Lake Belt mitigation fees from restoration projects and fees for mining tonnage removed. The balance of receipts includes permit fees \$1.9 million, fees \$193K and licenses \$2K.
- Budgeted revenue in the other category is from civil penalties and enforcement fees. Actual revenues received to date include cash discounts, insurance reimbursements, refunds for prior year expenditures, and miscellaneous income such as sale of recycled oil and scrap metal. Fiscal year collections amount to \$824K.
- Sale of District Property represents the sale of real property and land. This is budgeted conservatively due to the uncertainty involved. Revenues received through June total \$715K.
- 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. Contributions of \$20.0 million received through June equate to 69.7% of the \$28.8 million budget and are reflective of monthly premiums through June for actual participants as compared to budgeted positions.

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

As of June 30, 2012, with 75% of the year complete, the District has expended **\$307.6 million or 53.1%** and has encumbered **\$106.2 million or 18.3%** of its non-reserve budget. The District has obligated (encumbrances plus expenditures) **\$413.8 million or 71.5%** of its non-reserve budget.

**Summary of Expenditures and Encumbrances 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 **Comprehensive Everglades Restoration Plan** Program has obligated 27.8% and expended 15.8% of their total \$80.0 million budget. Principal expenditures include personal services (\$3.9 million), contractual services (\$2.8 million), operating (\$1.0 million), and capital outlay (\$5.0 million). Encumbrances consist primarily of contractual services (\$2.8 million) and capital outlay (\$6.8 million) including the following projects: Southern Crew, Biscayne Bay, C-111 Spreader Canal, C-44 Reservoir, Picayune Strand, Loxahatchee River Watershed Restoration, Melaleuca Eradication, L-30 Seepage Management Pilot Project, Lake Okeechobee Critical Restoration STA Repairs, South Miami Dade Seasonal Operations Study, Modwaters and South Dade C-111, CERP Monitoring and Assessment, C-43 West Storage Reservoir, Central Everglades planning efforts, and CERP Water Quality Studies. Of the \$57.8 million in available balance, \$39.7 million has been rebudgeted to FY13 for L-8 Pump Station, Loxahatchee River Watershed Restoration, and external risk management.
- The **Coastal Watersheds Program** has obligated 86.0% and expended 35.7% of their total \$22.1 million budget. Principal expenditures include personal services (\$2.5 million), contractual services (\$5.3 million), and capital outlay (\$74K). Contractual services encumbrances primarily consist of interagency agreements (\$11.1 million) including: St. Lucie and Indian River Lagoon projects, Loxahatchee River Preserve Initiative, Lakes Park Restoration, Big Cypress Basin stormwater projects, Collier County Surface and Groundwater Monitoring, Northern Everglades/Caloosahatchee Watershed Research and Water Quality Monitoring Plan, C-43 Water Quality Testing Facility, Miami Gardens projects, Miami River Commission, Mirror Lakes/Halfway Pond Rehydration, Powell Creek Preservation Filter Marsh, Florida Bay, Everglades City Water Supply System Improvements, and Spanish Creek/Four Corners. Of the \$3.1 million in available balance, \$545K has been rebudgeted to FY13 for Lake Hicpochee and Spanish Creek/4 Corners.
- The **District Everglades Program** has obligated 62.8% and expended 49.0% of their total \$79.9 million budget. Principal expenditures include personal services (\$11.5 million), contractual services (\$3.9 million), operating (\$5.4 million), and capital outlay (\$18.3 million). Contractual services encumbrances (\$2.9 million) primarily include the operations monitoring, maintenance, and repair of Stormwater Treatment Areas (STA's). Operating encumbrances (\$350K) are in support of the overall operations and the maintenance of vegetation and exotic plant control of the STA's. Capital outlay encumbrances (\$7.8 million) include work on Everglades Agricultural Area A1 Flow Equalization Basin, completing Compartments B & C, and construction on the G-251 Trash Rake Replacement. Of the \$29.7 million available balance, \$20.8 million has been rebudgeted to FY13 for Restoration Strategies A1 Flow Equalization Basin, Compartment B, and Compartment C.
- The **Kissimmee Watershed Program** has obligated 54.8% and expended 12.0% of their total \$39.6 million budget. Principal expenditures include personal services (\$1.3 million), contractual services (\$2.1 million), and capital outlay (\$1.3 million). Contractual services encumbrances (\$1.6 million) primarily consist of Three Lakes Wildlife Hydrologic Restoration (\$585K), Kissimmee River Restoration Evaluation (\$197K), Kissimmee Chain of Lakes and Upper basin monitoring and assessment (\$84K), Kissimmee Basin Modeling and Operating System (\$372K), the Oak Creek project (\$147K), hydrologic monitoring (\$142K), and land acquisition costs and environmental risk assessments (\$96K). Capital outlay encumbrances (\$15.3 million) are primarily for the Kissimmee River Restoration land acquisition cases. Of the \$17.9 million in

available balance, \$9.0 million has been rebudgeted to FY13 for external risk management.

- The **Lake Okeechobee Program** has obligated 64.7% and expended 32.1% of their total \$27.0 million budget. Principal expenditures include personal services (\$2.1 million), contractual services (\$1.5 million), operating (\$208K), and capital outlay (\$4.9 million). Contractual encumbrances (\$8.4 million) are primarily for the following: Dispersed Water Management and Florida Ranchland Environmental Services Projects (\$7.5 million), Fisheating Creek project (\$173K), Northshore Navigation Canal project (\$200K), Lake Okeechobee Watershed Pre-Drainage Characterization study (\$109K), Phosphorous Source Control project (\$119K), Watershed Phosphorus Reduction (permeable barriers) project (\$60K), computer hardware and software (\$78K), and taxonomy support services and sampling (\$153K). Operating encumbrances (\$21K) include utilities and equipment rental. Capital outlay encumbrances (\$423K) are for the Lakeside Ranch STA project. Of the \$9.5 million in available balance, \$6.8 million has been rebudgeted to FY13 for Dispersed Water Management (\$6.0 million) and Lemkin Creek (\$800K).
- The **Land Stewardship Program** has obligated 89.6% and expended 40.3% of their total \$18.9 million budget. Principal expenditures include personal services (\$2.4 million), contractual services (\$4.3 million), operating (\$544K), and capital outlay (\$364K). Contractual, operating, and capital outlay encumbrances (\$9.3 million) include the maintenance of vegetation and exotic plant control, provision of law enforcement services, management of District owned lands and facilities.
- The **Mission Support Program** has obligated 82.2% and expended 73.7% of their total \$59.9 million budget. Principal expenditures include personal services (\$21.7 million), contractual services (\$10.1 million), operating (\$11.2 million), and capital outlay (\$981K). Contractual encumbrances (\$3.6 million) include IT consulting services, software, and systems maintenance for the fiscal year; facilities maintenance and repair services, including air conditioner maintenance and fire alarm inspections; workmen's compensation insurance, and flight operations maintenance and repair. Operating encumbrances (\$1.1 million) consist primarily of utilities and office leases for the fiscal year, property insurance premiums, and TRIM advertisements. Capital outlay encumbrances (\$319K) are associated with computer hardware, the migration of District software to a new Oracle operating system, and design work for the Emergency Operations Center air conditioner system. Of the \$10.6 million in available balance, \$540,000 has been rebudgeted to FY13 for the Emergency Operations Center air conditioner chiller project.
- The **Modeling and Science Support Program** has obligated 81.6% and expended 75.2% of their total \$11.9 million budget. Principal expenditures include personal services (\$6.6 million), contractual services (\$1.1 million), operating (\$384K), and capital outlay (\$829K). Contractual encumbrances (\$679K) include technical and peer reviews, organic analysis, and sediment/water quality sampling. Operating encumbrances (\$64K) primarily include hardware and software, equipment rental, fuel and utilities. Capital outlay encumbrances (\$16K) consist primarily of the Environmental Services Laboratory Relocation project. Of the \$2.2 million in available balance, \$127K has been rebudgeted to FY13 to outsource modeling support.

- The **Operations and Maintenance Program** has obligated 86.2% and expended 68.4% of their total \$151.3 million budget. Principal expenditures include personal services (\$34.9 million), contractual services (\$26.5 million), operating (\$24.0 million), and capital outlay (\$18.0 million). Encumbrances for contractual services and capital outlay (\$25.5 million) primarily relate to the O&M capital program for maintenance and repair of existing water management system canals and water control structures including C-41A Canal Bank Stabilization, Miami B-47 Building Replacement, Hillsboro Canal Bank Stabilization Design, S-193 Navigation Lock Refurbishment, S-197 Replacement, Diesel Oxidation Catalyst Installation, S-331 Repower and Gearbox Replacement, S-140 Pump Station Refurbishment, S-44/G-57 Gate Operator Replacement, East Coast Protective Levee (ECPL), project culvert replacements, and Operations Decision Support System software. Operating encumbrances (\$1.4 million) are primarily associated with field station daily operations and maintenance including vegetation and exotic plant control for the Central and Southern Flood Control system.
- The **Regulation Program** has obligated 72.8% and expended 70.1% of their total \$24.1 million budget. Principal expenditures include personal services (\$11.5 million), contractual services (\$812K), operating (\$4.3 million), and capital outlay (\$216K). Contractual services encumbrances (\$398K) include application development, permit scanning contractors/support, and computer hardware and software. Operating encumbrances (\$175K) primarily include hardware and software, equipment rental, fuel, and utilities. Capital outlay encumbrances (\$73K) include computer hardware and the E-permitting enhancement project which saves time and expense with online filing/searching of permits.
- The **Water Supply Program** has obligated 77.5% and expended 48.6% of their total \$20.6 million budget. Principal expenditures include personal services (\$3.6 million), contractual services (\$717K), operating (\$4.2 million), and capital outlay (\$1.5 million). Contractual services encumbrances (\$5.4 million) include the Central Florida Water Initiative (\$172K), WaterSIP grants (\$213K), Florida Automated Weather Network (\$39K), Lower Floridan Aquifer (\$65K), interagency agreements for Alternative Water Supply projects (\$900K), City of Hialeah (\$1.4 million), Big Cypress Basin (\$2.2 million), hydrologic data gathering (\$402K), BCB Mobile Irrigation Lab (\$28K), the Great Water Odyssey (\$15K), and BCB education/outreach (\$14K). Capital outlay encumbrances (\$487K) consist primarily of the Lower Floridan Aquifer project. Of the \$4.6 million in available balance, \$1.4 million has been rebudgeted to FY13 for Central Florida Water Initiative, Lower Floridan Aquifer, and outsourcing modeling support.
- **Debt Service** expenses amount to 99.9% (\$43.3 million) of the total \$43.4 million budget. Debt service principal and interest payments include Land Acquisition Bonds issued through the Water Management Lands Trust Fund, Certificates of Participation and a Bank Loan. Scheduled debt service payments are structured into a single principal payment and partial payment of interest in October and the balance of interest in April. Planned FY2012 debt service payments are complete and interest savings was realized due to the early payoff of a bank loan.
- **Reserves** of \$72.8 million are held for future transfer to program areas as project needs and requirements are identified by staff and presented to the Governing Board for review. Sixty million dollars (\$60M) of these reserves are designated as economic stabilization reserves, including \$10 million for O&M capital projects. Remaining managerial reserves include programmatic balances of \$4.9 million for Land

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Stewardship, \$3.4 million for Coastal Watersheds, \$1.5 million for Lake Okeechobee, \$1.5 million for Everglades, \$1.1 million for CERP, \$109K for Mission Support, \$99K for regulatory permitting, \$35K for Kissimmee River restoration, \$31K for scientific support, \$22K for O&M, and \$18K for Water Supply.

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