

MEMORANDUM

TO: Governing Board Members

FROM: Doug Bergstrom, Director, Administrative Services Division

DATE: May 10, 2012

SUBJECT: Monthly Financial Statement – March 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 March 31, 2012, with 50% 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 March 31, 2012, with 50% of the year complete, 74.9% of the District's budgeted operating revenue has been collected. As expected, in the sixth month of the fiscal year, revenue collections are above the straight line trend based on the nature of the various revenue sources. 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 March 2012 to 85.4% or \$556.5 million.
- As of March 31, 2012, 88.8% of budgeted Ad Valorem tax revenue and 99.2% 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. Historical ad valorem trends for the past five years, through March, support an average collection rate of 84.4%.
- As of March 31, 2012, 18.0% 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 March for the sale of license plates totals \$213K. 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. Reimbursement requests are submitted to the state based on actual expenses incurred and are typically received later in the fiscal year. Through March, reimbursements total \$10.1 million and total intergovernmental revenues amount to \$10.3 million.
- As of March 31, 2012, \$4.0 million or 75.6% of budgeted Investment earnings have been earned. The District estimated an investment earnings budget of \$5.3 million for FY2012. Investment earnings reflect a downward trend over the past 3 years and are

representative of the 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 \$2.4 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 \$4.3 million and is primarily due to unbudgeted receipts of \$191K from Wetlands mitigation fees and \$2.9 million in Lake Belt mitigation fees from restoration projects and fees for mining tonnage removed. The balance of receipts includes application fees \$767K, permits \$464K, 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 \$501K.
- Sale of District Property represents the sale of real property and land. This is budgeted conservatively due to the uncertainty involved. Revenues received through March total \$320K and equate to 128% of the FY2012 amount budgeted.
- 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 \$10.9 million received through March equate to 37.9% of the \$28.8 million budget and are reflective of monthly premiums through February for actual participants as compared to budgeted positions.

Expenditure and Encumbrance Status:

As of March 31, 2012, with 50% of the year complete, the District has expended **\$202.4 million or 34.9%** and has encumbered **\$130.0 million or 22.4%** of its non-reserve budget. The District has obligated (encumbrances plus expenditures) **\$332.4 million or 57.3%** 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 21.8% and expended 9.7% of their total \$80.1 million budget. Principal expenditures include personal services (\$2.4 million), contractual services (\$1.7 million), operating (\$783K), and capital outlay (\$2.9 million). Encumbrances consist primarily of contractual services

(\$3.6 million) and capital outlay (\$6.0 million) including the following projects: Southern Crew, Biscayne Bay, C-111 Spreader Canal, C-44 Reservoir, Indian River Lagoon, Picayune Strand, Loxahatchee River Watershed Restoration, Melaleuca Eradication, L-30 Seepage Management Pilot Project, Modwaters and South Dade C-111, CERP Monitoring and Assessment, C-43 West Storage Reservoir, Ten Mile Creek, South Miami Dade Seasonal Operations Study, and the Central Everglades planning efforts.

- The **Coastal Watersheds Program** has obligated 81.3% and expended 27.7% of their total \$22.0 million budget. Principal expenditures include personal services (\$1.7 million) and contractual services (\$4.4 million). Contractual services encumbrances primarily consist of interagency agreements (\$11.8 million) including: St. Lucie and Indian River projects, Loxahatchee River Preserve Initiative, Lakes Park Restoration, Big Cypress Basin stormwater projects, Collier County 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, Florida Bay, Estero Bay, and Spanish Creek/Four Corners.
- The **District Everglades Program** has obligated 53.2% and expended 33.4% of their total \$80.3 million budget. Principal expenditures include personal services (\$7.6 million), contractual services (\$2.6 million), operating (\$3.2 million), and capital outlay (\$13.5 million). Contractual services encumbrances (\$3.1 million) primarily include the operations monitoring, maintenance, and repair of Stormwater Treatment Areas (STA's). Operating encumbrances (\$790K) are in support of the overall operations and the maintenance of vegetation and exotic plant control of the STA's. Capital outlay encumbrances (\$12.0 million) include work on Everglades Agricultural Area A1 Flow Equalization Basin, completing Compartments B & C, the Environmental Services Lab and construction on the G-251 Trash Rake Replacement.
- The **Kissimmee Watershed Program** has obligated 53.6% and expended 7.6% of their total \$39.7 million budget. Principal expenditures include personal services (\$852K), contractual services (\$1.1 million), and capital outlay (\$992K). Contractual services encumbrances (\$2.8 million) primarily consist of Three Lakes Wildlife Hydrologic Restoration (\$1.2 million), Kissimmee River Restoration Evaluation (\$351K), Kissimmee Chain of Lakes and Upper basin monitoring and assessment (\$141K), Kissimmee Basin Modeling and Operating System (\$440K), the Oak Creek project (\$132K), hydrologic monitoring (\$131K), and land acquisition costs and environmental risk assessments (\$412K). Capital outlay encumbrances (\$15.5 million) are primarily for the Kissimmee River Restoration land acquisition cases.
- The **Lake Okeechobee Program** has obligated 60.3% and expended 22.2% of their total \$27.0 million budget. Principal expenditures include personal services (\$1.4 million), contractual services (\$592K), operating (\$137K), and capital outlay (\$3.9 million). Contractual encumbrances (\$8.9 million) are primarily for the following: Dispersed Water Management and Florida Ranchland Environmental Services Projects (FRESP, \$7.9 million), Fisheating Creek project (\$173K), Northshore Navigation Canal project (\$290K), Lake Okeechobee Watershed Pre-Drainage Characterization study (\$154K), Phosphorous Source Control project (\$119K), Watershed Phosphorus Reduction (permeable barriers) project (\$60K), computer hardware and software (\$152K), and taxonomy support services and sampling (\$131K). Operating

encumbrances (\$77K) include utilities and equipment rental. Capital outlay encumbrances (\$1.3 million) are for the Lakeside Ranch STA project.

- The **Land Stewardship Program** has obligated 79.1% and expended 21.8% of their total \$19.2 million budget. Principal expenditures include personal services (\$1.6 million), contractual services (\$2.0 million), operating (\$404K), and capital outlay (\$202K). Contractual, operating and capital outlay encumbrances (\$11.0 million) include the maintenance of vegetation and exotic plant control, provision of law enforcement services, management of District owned lands and facilities and the Southwest Lake Kissimmee Boat Ramp project.
- The **Mission Support Program** has obligated 62% and expended 48.2% of their total \$59.9 million budget. Principal expenditures include personal services (\$14.4 million), contractual services (\$6.9 million), operating (\$6.9 million), and capital outlay (\$496K). Contractual encumbrances (\$6.4 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, and legal services. Operating encumbrances (\$1.4 million) consist primarily of utilities and office leases for the fiscal year, property insurance premiums, and printing services. Capital outlay encumbrances (\$486K) are associated with computer hardware and the migration of District software to a new Oracle operating system.
- The **Modeling and Science Support Program** has obligated 63.2% and expended 52.6% of their total \$11.7 million budget. Principal expenditures include personal services (\$4.4 million), contractual services (\$677K), operating (\$230K), and capital outlay (\$812K). Contractual encumbrances (\$1.1 million) include technical and peer reviews, organic analysis, and sediment/water quality sampling. Operating encumbrances (\$153K) primarily include hardware and software, equipment rental, fuel and utilities. Capital outlay encumbrances (\$7K) consist primarily of the Environmental Services Laboratory Relocation project.
- The **Operations and Maintenance Program** has obligated 67.0% and expended 43.4% of their total \$151.3 million budget. Principal expenditures include personal services (\$23.3 million), contractual services (\$17.5 million), operating (\$15.2 million), and capital outlay (\$9.7 million). Encumbrances for contractual services and capital outlay (\$33.8 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, West Palm Beach Field Station Roof Replacements, Hillsboro Canal Bank Stabilization Design, C-24 Canal Bank Repairs, 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, project culvert replacements, and Operations Decision Support System software. Operating encumbrances (\$2.0 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 50.8% and expended 46.4% of their total \$24.2 million budget. Principal expenditures include personal services (\$7.9 million), contractual services (\$520K), operating (\$2.7 million), and capital outlay (\$130K). Contractual services encumbrances (\$729K) include application development, permit scanning contractors/support, and computer hardware and software. Operating

encumbrances (\$220K) primarily include hardware and software, equipment rental, fuel, and utilities. Capital outlay encumbrances (\$114K) 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 62.4% and expended 30.2% of their total \$20.9 million budget. Principal expenditures include personal services (\$2.4 million), contractual services (\$380K), operating (\$2.7 million), and capital outlay (\$830K). Contractual services encumbrances (\$5.6 million) include the Central Florida Water Initiative (\$84K), WaterSIP grants (\$250K), Florida Automated Weather Network (\$73K), Lower Floridan Aquifer (\$62K), interagency agreements for Alternative Water Supply projects (\$900K), City of Hialeah (\$1.4 million), Big Cypress Basin (\$2.2 million), hydrologic data gathering (\$494K), BCB Mobile Irrigation Lab (\$41K), Wings of Hope (\$11K), the Great Water Odyssey (\$30K), and BCB education/outreach (\$7K). Capital outlay encumbrances (\$1.2 million) consist primarily of the Lower Floridan Aquifer project.
- **Debt Service** expenses amount to 69.9% (\$30.3 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.
- **Reserves** of \$72 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 (rounded) include \$4.6 million for Land Stewardship, \$3.5 million for Coastal Watersheds, \$1.5 million for Lake Okeechobee, \$1.1 million for Everglades, \$1 million in CERP, \$71K for regulatory permitting, and \$31K for Mission Support.

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