

MEMORANDUM

TO: Governing Board Members

FROM: Doug Bergstrom, Director, Administrative Services Division

DATE: December 13, 2012

SUBJECT: Monthly Financial Statement – October 2012

The attached financial status report is provided for your review. This report provides a high level snapshot of District financial activity and includes revenue collections by source and expenditures by program. Also attached is a summary in the State Program format in compliance with 2012 SB 1986 revising 373.536(4)(e) F.S., requiring 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 October 31, 2012, with 8.3% of the fiscal year completed.

Schedule of Sources and Uses – This financial statement compares revenues received and encumbrances / expenditures made against the District's FY2013 \$623.3 million consumable budget. Encumbrances represent orders for goods and services which have not yet been received.

- As of October 31, 2012, with the fiscal year 8.3% complete, 1.5% 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 68% 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. Total FY2013 sources collected were 37.6% of budget or \$234.6 million.
- As of October 31, 2012, 0.2% of budgeted Ad Valorem tax revenue and no Agricultural Privilege tax revenue have been collected. Ad Valorem and Agricultural Privilege tax collections 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. These 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 the first quarter, support an average collection rate of 70%.
- As of October 31, 2012, less than 1.0% of budgeted intergovernmental revenues has 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 October for the sale of license plates totals \$18K. The bulk of intergovernmental revenue is from reimbursements from the Save Our Everglades Trust Fund, Water Management Lands Trust Fund, 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.

- As of October 31, 2012, \$678K or 13.7% of budgeted Investment Earnings have been realized. Due to year-end financial activity, the October interest posting is in a pooled Treasury fund and has not yet been distributed between ad valorem funds and non ad valorem funds. As such the October interest earnings are reported entirely under non ad valorem sources. The District estimated a conservative investment earnings budget of \$4.95 million for FY2013. Investment earnings reflect a downward trend over the past 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. The District has currently collected \$390K which represents 14.5% of the current year budgeted lease revenue of \$2.7 million. 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.
- Budgeted licenses, permits and fees revenue is from water use permits, environmental resource permits and right of way permits. FY2013 income received totals \$1.7 million and is primarily due to unbudgeted receipts of \$1.6 million from Lake Belt mitigation fees from restoration projects and fees for mining tonnage removed. The balance of receipts includes permit fees \$124K and licenses / miscellaneous fees of \$34K.
- Budgeted revenue in the Other category includes \$275K in civil penalties and enforcement fees and \$250K in miscellaneous revenues such as cash discounts, insurance reimbursements, refunds for prior year expenditures, and sale of recycled oil and scrap metal. Fiscal year collections amount to \$45K for the first month of the fiscal year, yielding 8.6% of the budgeted \$525K.
- Sale of District Property represents the sale of real property and land. This is budgeted conservatively due to the uncertainty involved. FY2013 revenues received total \$2K.
- 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 \$2.6 million received through October equate to 10.2% of the \$25.7 million budget and are reflective of monthly premiums through October.

Expenditure and Encumbrance Status:

As of October 31, 2012, with 8.3% of the year complete, the District has expended **\$48.6 million or 8.6%** and has encumbered **\$136.5 million or 24.2%** of its non-reserve budget. The District has obligated (encumbrances plus expenditures) **\$185 million or 32.9%** 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 36.5% and expended 0.5% of their \$125.5 million budget. Principal expenditures include personnel services (\$476K), contractual services (\$56K), and capital outlay (\$48K). Capital outlay encumbrances (\$36.1 million) and contractual services encumbrances (\$9 million) include the following projects: Southern Crew, Biscayne Bay, C-111 Spreader Canal, C-44 Reservoir, Picayune Strand, L-8 Flow Equalization Basin, Central Everglades Planning Study, Lake Okeechobee Critical Restoration STA Repairs, South Miami Dade Seasonal Operations Study, Modwaters and South Dade C-111 Federal Project, CERP Monitoring and Assessment, C-43 West Storage Reservoir, Loxahatchee Impoundment Landscape Initiative, and CERP Data Management.
- The **Coastal Watersheds Program** has obligated 32.7% and expended 2.4% of their total \$18 million budget. Principal expenditures include personnel services (\$278K), contractual services (\$111K), and capital outlay (\$32K). Contractual services encumbrances primarily consist of interagency agreements (\$4.5M) including: St. Lucie River and Indian River Lagoon Initiatives, St. Lucie River License Tag Projects, Loxahatchee River Preservation Initiative, Lakes Park Restoration, Spanish Creek/Four Corners, Mirror Lakes/Halfway Pond Rehydration, Big Cypress Basin Stormwater Projects, Everglades City Water Management System Master Plan, Village of El Portal Stormwater Project, Miami River Commission; remaining contractual encumbrances (\$900K) include: St. Lucie River and Caloosahatchee River Regulatory Source Controls; Loxahatchee River, St. Lucie River and Caloosahatchee Watershed Research and Water Quality Monitoring; C-43 Water Quality Treatment Facility Project - Dual-Nutrient Remediation Study; Hydro Model for Naples and Rookery Bay; Florida Bay and Coastal Wetlands Project; Biscayne Bay Water Quality and Submerged Aquatic Monitoring; Lake Trafford Biological Monitoring; and Collier County Water Quality Monitoring. Capital outlay encumbrances (\$267K) are for the Lake Hicpochee Hydrologic Enhancement project.
- The **District Everglades Program** has obligated 19.2% and expended 4.6% of their total \$52.8 million budget. Principal expenditures include personnel services (\$1.5 million), contractual services (\$100K), operating (\$541K), and capital outlay (\$308K). Contractual services encumbrances (\$3.5 million) primarily include the operations monitoring, maintenance, and repair of Stormwater Treatment Areas (STA's), Diesel Oxidation Catalyst Installation, Loxahatchee Impoundment Landscape Initiative, L-40 and STA 1E Exterior Levee Certification, Sulfur Action Plan, and the Everglades Regulation Source Control. Operating encumbrances (\$302K) are in support of the overall operations and the maintenance of vegetation and exotic plant control of the STA's. Capital outlay encumbrances (\$3.9 million) include work on Everglades Agricultural Area A1 Flow Equalization Basin, completing Compartments B & C, G250S and G337 Pump Bearing replacement, and construction on the G-251 Trash Rake Replacement.
- The **Kissimmee Watershed Program** has obligated 53.8% and expended 0.6% of their total \$31.8 million budget. Principal expenditures include personnel services (\$132K) and capital outlay (\$48K). Contractual services and operating encumbrances (\$1.4 million) primarily consist of Three Lakes Wildlife Hydrologic Restoration (\$4K),

Kissimmee River Restoration Evaluation (\$367K), Kissimmee Basin Modeling and Operating System (\$525K), the Oak Creek project (\$153K), Rolling Meadows (\$137K), hydrologic monitoring (\$134K), and land acquisition costs and environmental risk assessments (\$75K). Capital outlay encumbrances (\$15.5 million) are primarily for the Kissimmee River Restoration land acquisition cases and Rolling Meadows.

- The **Lake Okeechobee Program** has obligated 39.7% and expended 2.4% of their total \$23.5 million budget. Principal expenditures include personnel services (\$340K), contractual services (\$208K), and operating (\$19K). Contractual services and operating encumbrances (\$8.7 million) are primarily for the following: Dispersed Water Management and Florida Ranchland Environmental Services Projects (\$8.3 million), Fisheating Creek project (\$18K), Northshore Navigation Canal project (\$95K), Lake Okeechobee Watershed Pre-Drainage Characterization study (\$68K), Phosphorous Source Control project (\$67K), Lemkin Creek (\$70K), Watershed Phosphorus Reduction (permeable barriers) project (\$40K). Capital outlay encumbrances (\$56K) are for the Lakeside Ranch STA project.
- The **Land Stewardship Program** has obligated 11.4% and expended 2.0% of their total \$19.4 million budget. Principal expenditures include personnel services (\$283K), contractual services (\$79K), and operating (\$20K). Contractual and operating encumbrances (\$1.8 million) include the maintenance of vegetation and exotic plant control, provision of law enforcement services, and management of District owned lands and facilities.
- The **Mission Support Program** has obligated 18% and expended 5.8% of their total \$52.8 million budget. Principal expenditures include personnel services (\$2.0 million), contractual services (\$267K), operating (\$636K), and capital outlay (\$71K). Contractual services encumbrances (\$3.8 million) include IT consulting services, hardware, software, and systems maintenance for the fiscal year; and facilities maintenance and repair services. Operating encumbrances (\$2.2 million) include utilities, property insurance premiums, and space rental. Capital outlay encumbrances (\$198K) include computer hardware and design work for the Emergency Operations Center air conditioner system.
- The **Modeling and Science Support Program** has obligated 20.5% and expended 7.0% of their total \$13.0 million budget. Principal expenditures include personnel services (\$708K), contractual services (\$141K), and operating (\$67K). Contractual services and operating encumbrances (\$1.8 million) include technical and peer reviews, computer hardware and software, organic analysis, sediment/water quality sampling, computer hardware and software, fuel, utilities and equipment rental.
- The **Operations and Maintenance Program** has obligated 33.1% and expended 5.4% of their total \$141.2 million budget. Principal expenditures include personnel services (\$4.3 million), contractual services (\$674K), operating (\$2.6 million), and capital outlay (\$70K). Encumbrances for contractual services and capital outlay (\$37.8 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, 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-21 Cathodic Protection, S-2, S-3, S-4 Roof Replacements, Central and Southern Flood Control Structure Inspections, East Coast Protective Levee, project

culvert replacements, and Operations Decision Support System software. Operating encumbrances (\$1.2 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 12.9% and expended 7.5% of their total \$25.5 million budget. Principal expenditures include personnel services (\$1.4 million), contractual services (\$81K), and operating (\$475K). Contractual services encumbrances (\$898K) include application development, permit scanning contractors/support, and computer hardware and software. Operating encumbrances (\$358K) primarily include hardware, software, fuel, and equipment. Capital outlay encumbrances (\$104K) consist primarily of the ePermitting enhancement project which saves time and expenses with online filing/searching of permits.
- The **Water Supply Program** has obligated 17.1% and expended 5.4% of their total \$17.7 million budget. Principal expenditures include personnel services (\$448K), contractual services (\$42K), and operating (\$469K). Contractual services and operating encumbrances (\$1.8 million) include the Caloosahatchee Rule Making (\$151K), Central Florida Water Initiative (\$147K), WaterSIP grants (\$225K), Florida Automated Weather Network (\$17K), Lower Floridan Aquifer (\$49K), interagency agreements for Alternative Water Supply projects (\$1.0 million), Big Cypress Basin (\$100K), hydrologic data gathering (\$95K), and BCB education/outreach (\$6K). Capital outlay encumbrances (\$295K) consist primarily of the Lower Floridan Aquifer project.
- **Debt Service** expenses amount to 70% (\$29.5 million) of the total \$42.1 million budget. Debt service principal and interest payments include Land Acquisition Bonds issued through the Water Management Lands Trust Fund and Certificates of Participation. 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 \$60 million are designated as economic stabilization reserves, including \$10.0 million for O&M capital projects.

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