

M E M O R A N D U M

TO: Governing Board Members

FROM: Doug Bergstrom, Director, Administrative Services Division

DATE: November 15, 2012

SUBJECT: Monthly Financial Statement – September 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. 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 a preliminary snapshot of year-end FY2012 as of September 30, 2012. These numbers will change over time as accruals and audit adjustments are made as part of the annual audit process".

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 September 30, 2012, with the fiscal year complete, 98.3% 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 71.3% 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 FY2012 sources collected were 99.0% of budget or \$645.2 million.
- As of September 30, 2012, 100.7% of budgeted Ad Valorem tax revenue and 101.8% 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 September, support an average collection rate of 98.9%.
- As of September, 2012, 66.8% 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 September for the sale of license plates totals \$338K. 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. FY2012 reimbursements total \$37.9 million and total intergovernmental revenues amount to \$38.2 million.

- As of September 30, 2012, \$7.2 million or 136.0% 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 sources 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 \$4.3 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. FY2012 income received totals \$12.4 million and is primarily due to unbudgeted receipts of \$640K from Wetlands mitigation fees and \$8.8 million in Lake Belt mitigation fees from restoration projects and fees for mining tonnage removed. The balance of receipts includes permit fees \$2.8 million, fees \$210K and licenses \$4K.
- 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 \$1.0 million.
- Sale of District Property represents the sale of real property and land. This is budgeted conservatively due to the uncertainty involved. FY2012 revenues received total \$884K.
- 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 \$24.8 million received through September equate to 86.2% of the \$28.8 million budget and are reflective of monthly premiums through September for actual participants as compared to budgeted positions.

Expenditure and Encumbrance Status:

As of September 30, 2012, with nearly 100% of the year complete, the District has expended **\$417.1 million or 85.4%** and has encumbered **\$56.6 million or 11.6%** of its non-reserve budget. The District has obligated (encumbrances plus expenditures) **\$473.7 million or 96.9%** 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 80.4% and expended 48.2% of their \$34.4 million budget. Principal expenditures include personnel services (\$5.1 million), contractual services (\$4.1 million), operating (\$1.1 million), and capital outlay (\$6.3 million). Encumbrances consist primarily of contractual services (\$1.8 million) and capital outlay (\$9.2 million) including the following projects: Southern Crew, Biscayne Bay, C-111 Spreader Canal, C-44 Reservoir, Picayune Strand, Loxahatchee River Watershed Restoration, 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 \$6.8 million in available balance, \$2.0 million is for personnel services and \$4.7 is for indirect services.
- The **Coastal Watersheds Program** has obligated 90.9% and expended 67.3% of their total \$21.1 million budget. Principal expenditures include personnel services (\$3.2 million), contractual services (\$10.8 million), operating (\$62K), and capital outlay (\$75K). Contractual services encumbrances primarily consist of interagency agreements (\$4.8 million) including: St. Lucie and Indian River Lagoon projects, Loxahatchee River Preservation Initiative, Lakes Park Restoration, Northern Everglades/Caloosahatchee Watershed Research and Water Quality Monitoring Plan, C-43 Water Quality Testing Facility, Village of El Portal Stormwater Project, Mirror Lakes/Halfway Pond Rehydration, Biscayne Bay and Florida Keys/Florida Bay Water Quality Monitoring, Collier County Water Quality Monitoring and Four Corners. Capital outlay encumbrances (\$193K) are for the Lake Hicpochee Hydrologic Enhancement project. Of the \$1.9 million in available balance, \$430K is personnel services, \$800K is for Northern Everglades Estuary Protection Program - St. Lucie River Watershed (5/5/5), and \$660K is re-budgeted in FY13 for Lake Hicpochee Feasibility Study.
- The **District Everglades Program** has obligated 97.1% and expended 90.0% of their total \$60.1 million budget. Principal expenditures include personnel services (\$16.2 million), contractual services (\$6.4 million), operating (\$7.9 million), and capital outlay (\$23.6 million). Contractual services encumbrances (\$661K) primarily include the operations monitoring, maintenance, and repair of Stormwater Treatment Areas (STA's). Operating encumbrances (\$146K) are in support of the overall operations and the maintenance of vegetation and exotic plant control of the STA's. Capital outlay encumbrances (\$3.4 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 \$1.8 million in available balance, \$1.4 million is personnel services.
- The **Kissimmee Watershed Program** has obligated 95.6% and expended 26.5% of their total \$23.7 million budget. Principal expenditures include personnel services (\$1.7 million), contractual services (\$3.1 million), and capital outlay (\$1.4 million). Contractual services encumbrances (\$813K) primarily consist of Three Lakes Wildlife Hydrologic Restoration (\$37K), Kissimmee River Restoration Evaluation (\$78K), Kissimmee Basin Modeling and Operating System (\$267K), the Oak Creek project (\$153K), Rolling Meadows (\$55K), hydrologic monitoring (\$148K), and land acquisition costs and environmental risk assessments (\$75K). Capital outlay encumbrances (\$15.6 million) are

primarily for the Kissimmee River Restoration land acquisition cases and Rolling Meadows. Of the \$1.1 million in available balance, \$667K is primarily for the Rolling Meadows and Three Lakes Wildlife Hydrologic Restoration projects.

- The **Lake Okeechobee Program** has obligated 91.7% and expended 53.5% of their total \$20.4 million budget. Principal expenditures include personnel services (\$2.8 million), contractual services (\$2.5 million), operating (\$318K), and capital outlay (\$5.3 million). Contractual encumbrances (\$7.7 million) are primarily for the following: Dispersed Water Management and Florida Ranchland Environmental Services Projects (\$7.3 million), Fisheating Creek project (\$173K), Northshore Navigation Canal project (\$95K), Lake Okeechobee Watershed Pre-Drainage Characterization study (\$68K), Phosphorous Source Control project (\$67K), Watershed Phosphorus Reduction (permeable barriers) project (\$40K). Capital outlay encumbrances (\$71K) are for the Lakeside Ranch STA project. Of the \$1.7 million in available balance, \$887K has been re-budgeted for Dispersed Water Management.
- The **Land Stewardship Program** has obligated 99.0% and expended 93.8% of their total \$18.6 million budget. Principal expenditures include personnel services (\$3.2 million), contractual services (\$13.2 million), operating (\$715K), and capital outlay (\$364K). Contractual and operating encumbrances (\$954K) include the maintenance of vegetation and exotic plant control, provision of law enforcement services, and management of District owned lands and facilities. Of the \$195K in available balance, \$125K is personnel services.
- The **Mission Support Program** has obligated 102.4% and expended 97.2% of their total \$58.4 million budget. Principal expenditures include personnel services (\$29.0 million), contractual services (\$12.6 million), operating (\$13.4 million), and capital outlay (\$1.5 million). Contractual encumbrances (\$2.0 million) include IT consulting services, software, and systems maintenance for the fiscal year; facilities maintenance and repair services, including air conditioner maintenance; workmen's compensation insurance, audit and legal services. Operating encumbrances (\$593K) includes utilities, property insurance premiums, printing services, equipment rental, and budget public hearing advertisements. Capital outlay encumbrances (\$233K) includes computer hardware and design work for the Emergency Operations Center air conditioner system.
- The **Modeling and Science Support Program** has obligated 98.9% and expended 96.7% of their total \$12.1 million budget. Principal expenditures include personnel services (\$8.7 million), contractual services (\$1.6 million), operating (\$547K), and capital outlay (\$848K). Contractual encumbrances (\$266K) include technical and peer reviews, organic analysis, and sediment/water quality sampling. Of the \$131K in available balance, \$127K is personnel services.
- The **Operations and Maintenance Program** has obligated 98.7% and expended 94.5% of their total \$154.0 million budget. Principal expenditures include personnel services (\$46.7 million), contractual services (\$41.3 million), operating (\$32.8 million), and capital outlay (\$24.7 million). Encumbrances for contractual services and capital outlay (\$6.0 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, East Coast Protective Levee, project culvert replacements, and Operations Decision Support System software. Operating encumbrances (\$428K) are primarily associated with field station daily operations and maintenance including vegetation and exotic plant control for the Central and Southern Flood Control system. Of the \$2.0 million in available balance, \$970K is personnel services and \$1.0 million is for insurance claims and tax collection fees.

- The **Regulation Program** has obligated 97.6% and expended 96.9% of their total \$23.4 million budget. Principal expenditures include personnel services (\$15.3 million), contractual services (\$1.1 million), operating (\$5.9 million), and capital outlay (\$287K). Contractual services encumbrances (\$131K) include application development, permit scanning contractors/support, and computer hardware and software. Operating encumbrances (\$28K) primarily include hardware, software, and equipment. Of the \$566K in available balance, \$419K is for personnel services and \$136K is for self insurance premiums.
- The **Water Supply Program** has obligated 98.5% and expended 91.9% of their total \$19.1 million budget. Principal expenditures include personnel services (\$4.8 million), contractual services (\$5.3 million), operating (\$5.6 million), and capital outlay (\$1.8 million). Contractual services encumbrances (\$937K) include the Central Florida Water Initiative (\$150K), WaterSIP grants (\$23K), Florida Automated Weather Network (\$17K), Lower Floridan Aquifer (\$52K), interagency agreements for Alternative Water Supply projects (\$490K), Big Cypress Basin (\$100K), hydrologic data gathering (\$85K), BCB Mobile Irrigation Lab (\$14K), and BCB education/outreach (\$6K). Capital outlay encumbrances (\$295K) consist primarily of the Lower Floridan Aquifer project. Of the \$285K in available balance, \$142K is for personnel services and \$137K is for self insurance premiums.
- **Debt Service** expenses amount to 100.0% (\$43.3 million) of the total \$43.3 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. General fund interest savings of \$53K was transferred to the Tropical Storm Isaac reserve for storm response.
- **Reserves** of \$162.9 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 (\$60.0 million) of these reserves are designated as economic stabilization reserves, including \$10.0 million for O&M capital projects. Remaining managerial reserves include programmatic balances of \$4.9 million for Land Stewardship, \$3.4 million for Coastal Watersheds, \$1.5 million for Lake Okeechobee, \$758K for Everglades, \$509K for CERP, and \$50K for Mission Support. Emergency reserves (\$1.2 million) are for emergency management expenditures in response to Tropical Storm Isaac. At the end of the month, FY12 funds intended for FY13 rebudget were moved to reserves. Programmatic balances for these rebudget reserves include \$45.5 million for CERP, \$20.0 million for Everglades, \$15.6 million for Kissimmee River restoration, \$6.4 million for Lake Okeechobee, \$1.4 million for Water Supply, \$891K for Coastal Watersheds, \$544K for Mission Support, \$185K for Land Stewardship, and \$25K for scientific support.

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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