

Sewer Fund

Statement of Revenues, Expenses and Changes in Net Assets

February 5, 2013

MEMORANDUM

TO: Sylvia A. Edwards, Finance Director 

FROM: Frances J. Slane, Fiscal Analyst 

RE: Statement of Sewer Fund Revenues and Expenses – Budget-to-Actual October 1, 2012 through December 31, 2012

As Council has requested attached is the budget-to-actual report for the sewer fund through December 31, 2012. The report is in the format presented in the Comprehensive Annual Financial Report (CAFR), with an added column presenting percent of actual expense to the amended budget. The report is prepared on a budgetary basis and not GAAP. The letters to the right of the percent column identify anomalies within plus or minus 5% of the percent of fiscal year completed (25%) and are explained below:

- A) The majority of ad valorem taxes are normally collected early in the year as taxpayers take advantage of discounts for early payments. Year-to-date collections are in line with budget expectations.
- B) Sales of treated effluent are billed one month in arrears; two months were billed through December 31. December effluent sales of \$24,572 were billed in January. Year-to-date revenues are in line with budget expectations.
- C) Penalties are assessed for late sewer payments at quarter end. If sewer users opt in to the City's automatic deposit program for future sewer payments the penalty is waived, or if a payment is postmarked prior to the penalty date the penalty is reversed. For the year collections are expected to be in line with the budget.
- D) Special assessment payments are received early in the year as they are billed and collected on the tax bill. Interest payments are shown in the Actual column, principle payments in the column labeled Principal Payments. The budget includes both principal payments and interest expense. Principal payments are included in this report for budgetary comparisons. Year-to-date collections are in line with budget expectations.
- E) Personnel services - A yearly lump-sum payment in the amount of \$243,037 was made to the General Employees' Pension Plan in December. If payments were still being made in twelve equal monthly payments personnel services would have been 21.21% of budget expectations. It is expected that expense through the year will conform to the budget.

- F) Operating expense - Repair and maintenance and operating supplies are under-expended through December. Work is done on an as-needed basis in the winter and it is expected that expense will be incurred for planned operations during the remainder of the year.
- G) Capital outlay – Capital projects are planned for the summer months.
- H) Capital contributions – Capital contributions such as easements and connection and transmission fees are not budgeted due to limited buildable parcels.
- I) Reserve for Undercollection of Revenue – As mentioned above in A) taxpayers have the option of receiving a discount by paying their ad valorem taxes early, that is in the months from November through February. Therefore, the City never collects 100% of its property tax levy and sets aside a percentage of its ad valorem tax levy as a reduction of revenue. In FY13 Council approved a 4% reserve for undercollection.
- J) Debt service – Payments are made on a schedule with the majority of payments made in the second through fourth quarters. The budget includes both principal payments and interest expense. Principal payments are included in this report for budgetary comparisons. It is expected that payments and expense through the year will conform to the budget.
- K) Reserve for disasters - Expenditures are never made directly from reserves, but are re-appropriated by Council-approved budget amendment to the appropriate expense line. Through December 31, 2012 Council had not approved any budget amendments from reserves.
- L) Unrestricted net assets – In the column labeled “Actual” the unaudited FY13 beginning unrestricted net asset balance on October 1, 2012 is \$1,964,056. This and the net change in net assets of \$1,312,383, found directly above it, are added together to calculate unaudited net assets on December 31, 2012 of \$3,276,383.

The difference between the unaudited beginning unrestricted net assets balance of \$1,964,056 and the adopted beginning unrestricted net assets balance of \$323,650 is due to FY12 operating expenses and reserve expenses being less than budgeted, revenues being more than budgeted and the authorized release of a portion of restricted net assets for debt service.

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Attachment: Statement of Revenues, Expenses and Changes in Net Assets – Budget and Actual – Sewer Fund

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL (UNAUDITED)
SEWER FUND
For the Three Months Ended December 31, 2012

	Non-GAAP Basis			Percent of Fiscal Year Completed		25.00%	
	Budgets		Actual	Principal Collections/ (Payments)	Variance with Amended Budget Positive (Negative)	Percent of Actual to Amended Budget	
	Original	Amended					
Revenues							
Taxes	\$ 982,524	\$ 982,524	\$ 751,333	\$ -	(231,191)	76.47%	A
Sewer User Fees* (see note below)	5,891,068	5,891,068	1,224,787	-	(4,666,281)	20.79%	
Sale of Treated Effluent	260,000	260,000	48,736	-	(211,264)	18.74%	B
Fines and forfeitures	20,000	20,000	6,363	-	(13,637)	31.82%	C
Miscellaneous	156,999	156,999	42,316	-	(114,683)	26.95%	
Special Assessments	838,166	838,166	274,302	293,003	(270,861)	67.68%	D
Total revenues	8,148,757	8,148,757	2,347,837	293,003	(5,507,917)	28.81%	
Expenses							
Physical environment							
Personnel services	1,691,553	1,691,553	541,110	-	1,150,443	31.99%	E
Operating expense	2,749,245	2,749,245	455,666	-	2,293,579	16.57%	F
Capital outlay	280,000	280,000	5,336	-	274,664	1.91%	G
Total expenses	4,720,798	4,720,798	1,002,112	-	3,718,686	21.23%	
Operating gain (loss)	3,427,959	3,427,959	1,345,725	293,003	(1,789,231)		
Non-Operating Revenues (Expenses)							
Capital contributions	-	-	31,395	-	(31,395)	0.00%	H
Reserve for undercollection of revenue	(39,301)	(39,301)	-	-	39,301	0.00%	I
Debt service	(3,473,296)	(3,473,296)	(64,737)	(476,761)	(2,931,798)	15.59%	J
Reserve for disasters	(100,000)	(100,000)	-	-	100,000	0.00%	K
Total other non-operating revenues (expenses)	(3,612,597)	(3,612,597)	(33,342)	(476,761)	(2,823,892)	0.92%	
Change in net assets	(184,638)	(184,638)	1,312,383	(183,758)	1,497,021	-710.79%	
Total unrestricted net assets, October 1, 2012 (Unaudited)	323,650	323,650	1,964,055	-	1,640,405	606.85%	L
Total unrestricted net assets, December 31, 2012 (Unaudited)	\$ 139,012	\$ 139,012	\$ 3,276,438	\$ (183,758)	\$ 3,137,426		

* Estimated current quarterly commercial sewer fees of \$230,000 are billed in arrears and are not included; year-to-date revenues are in line with budget expectations