

Sewer Fund

Statement of Revenues, Expenses and Changes in Net Assets

May 7, 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 March 31, 2013

As Council has requested attached is the budget-to-actual report for the sewer fund through March 31, 2013. 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 (50%) 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; five months were billed through March 31. Year-to-date revenues are in line with budget expectations.
- C) Penalties are assessed for late sewer payments at quarter end. For the year collections are expected to be in line with the budget.
- D) Special assessments are received early in the year, as they are billed and collected on the tax bill. Interest collections are shown in the Actual column, principal collections in the column labeled Principal Collections (Payments). The budget includes both principal and interest collections. Principal collections are included in this report for budgetary comparisons. Year-to-date collections are in line with budget expectations.
- E) Operating expense – Engineering services and utilities are under-expended through March. For the year expense is expected to be in line with the budget.
- F) Capital outlay – Capital projects are planned for the summer months.
- G) Capital contributions – Capital contributions such as easements and connection and transmission fees are not budgeted due to limited buildable parcels.

- H) 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.
- I) 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. Interest expense is shown in the Actual column; principal payments in the column labeled Principal Collections (Payments). It is expected that payments and expense through the year will conform to the budget.
- J) 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 March 31, 2013 Council had not approved any budget amendments from reserves.
- K) Unrestricted net assets – In the column labeled “Actual” the audited FY13 beginning unrestricted net asset balance on October 1, 2012 is \$1,940,151. This and the net change in net assets of \$1,804,436, found directly above it, are added together to calculate unaudited net assets on March 31, 2013 of \$3,744,587.

The difference between the audited beginning unrestricted net assets balance of \$1,940,151 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 Six Months Ended March 31, 2013

	Non-GAAP Basis			Percent of Fiscal Collections/ (Payments)	Percent of Fiscal Year Completed Variance with Amended Budget Positive (Negative)	50.00%	
	Budgets		Actual			Percent of Actual to Amended Budget	
	Original	Amended					
Revenues							
Taxes	\$ 982,524	\$ 982,524	\$ 880,122	\$ -	(102,402)	89.58%	A
Sewer User Fees* (see note below)	5,891,068	5,891,068	2,661,693	-	(3,229,375)	45.18%	
Sale of Treated Effluent	260,000	260,000	115,252	-	(144,748)	44.33%	B
Fines and forfeitures	20,000	20,000	11,459	-	(8,541)	57.30%	C
Miscellaneous	156,999	156,999	70,913	-	(86,086)	45.17%	
Special Assessments	838,166	838,166	275,442	293,003	(269,721)	67.82%	D
Total revenues	8,148,757	8,148,757	4,014,881	293,003	(3,840,873)	49.27%	
Expenses							
Physical environment							
Personnel services	1,691,553	1,691,553	843,706	-	847,847	49.88%	
Operating expense	2,749,245	2,865,425	1,118,440	-	1,746,985	39.03%	E
Capital outlay	280,000	383,135	23,921	-	359,214	6.24%	F
Total expenses	4,720,798	4,940,113	1,986,067	-	2,954,046	40.20%	
Operating gain (loss)	3,427,959	3,208,644	2,028,814	293,003	(886,827)		
Non-Operating Revenues (Expenses)							
Capital contributions	-	-	35,495	-	(35,495)	0.00%	G
Reserve for undercollection of revenue	(39,301)	(39,301)	-	-	39,301	0.00%	H
Debt service	(3,473,296)	(3,473,296)	(259,873)	(975,141)	(2,238,282)	35.56%	I
Reserve for disasters	(100,000)	(100,000)	-	-	100,000	0.00%	J
Total other non-operating revenues (expenses)	(3,612,597)	(3,612,597)	(224,378)	(975,141)	(2,134,476)	6.21%	
Change in net assets	(184,638)	(403,953)	1,804,436	(682,138)	2,208,389	-446.69%	
Total unrestricted net assets, October 1, 2012 (Audited)	323,650	323,650	1,940,151	-	1,616,501	599.46%	K
Total unrestricted net assets, March 31, 2013 (Unaudited)	<u>\$ 139,012</u>	<u>\$ (80,303)</u>	<u>\$ 3,744,587</u>	<u>\$ (682,138)</u>	<u>\$ 3,824,890</u>		

* 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