



MEMORANDUM

DATE: February 4, 2014

TO: Honorable Mayor and City Council Members

VIA: Judie Zimomra, City Manager

FROM: Sylvia Edwards, Finance Director
Steven Chaipel, Accounting Operations Manager

SUBJECT: Statement of Sewer Fund Revenues and Expenses – Budget to actual
October 1, 2013 through December 31, 2013 (Unaudited)
Fiscal Year 2013-2014

As Council has requested, attached is the budget-to-actual report for the Sewer Fund for the period from October 1, 2013 through December 31, 2013.

The report is in the format presented in the City's annual Comprehensive Annual Financial Report (CAFR), with an added column showing the percentage of the relative item to its annual budget. Both reports are prepared on a budgetary basis, which may not conform to generally accepted accounting practices (GAAP) as the CAFR does. The budgetary basis is used to assist in clearly identifying categories not meeting budget expectations.

The letters to the right of the percentage column identify variances +/- 5% from the percentage of the fiscal year completed through December 31, 2013 (25%) at the revenue grouping and functional expense levels.

Explanations are included for these variances, as well as charts for analytical purposes.

CITY OF SANIBEL, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
SEWER FUND BUDGET AND ACTUAL (UNAUDITED)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2013

Percent of Fiscal Year Completed 25.00%

	Non-GAAP Basis			Principal Collections (Payments)	Variance with Amended Budget Positive (Negative)	Percent of Actual to Amended Budget
	Budget		Actual			
	Original	Amended				
Revenues						
Ad Valorem Taxes	\$ 943,860	\$ 943,860	\$ 614,494	\$ -	\$ (329,366)	65.10%
Sewer User Fees	5,920,232	5,920,232	1,253,274	-	(4,666,958)	21.17%
Sale of Treated Effluent	263,900	263,900	48,239	-	(215,661)	18.28%
Fines and forfeitures	20,000	20,000	3,431	-	(16,569)	17.16%
Miscellaneous*	250,000	250,000	57,568	-	(192,432)	23.03%
Special Assessments	838,166	838,166	239,787	215,290	(383,089)	54.29%
Total revenues	8,236,158	8,236,158	2,216,793	215,290	(5,804,075)	29.53% A
Expenses						
Physical Environment						
Personnel Services	1,691,482	1,691,482	509,748	-	1,181,734	30.14%
Operating Expenses	2,785,028	2,798,749	801,381	-	1,997,368	28.63%
Capital Outlay	284,500	453,455	203,192	-	250,263	44.81%
Total General government	4,761,010	4,943,686	1,514,321	-	3,429,365	30.63% B
Non-Operating Revenues (Expenses)						
Capital Contributions	-	-	34,165	-	(34,165)	N/A
Reserve for Undercollection of Revenue	(37,754)	(37,754)	-	-	(37,754)	0.00%
Debt Service	(3,474,146)	(3,474,146)	(200,387)	(492,013)	(2,781,746)	19.93%
Reserve for Disasters	(100,000)	(100,000)	-	-	(100,000)	0.00%
Total Non-Operating	(3,611,900)	(3,611,900)	(166,222)	(492,013)	(2,953,665)	18.22% C
Change in Net Assets	(136,752)	(319,428)	536,250	(276,723)	(12,187,105)	-81.25%
Principal Collections (Payments)	-	-	(276,723)			
Total Unrestricted Net Assets October 1, 2013 (Unaudited)	1,664,132	1,952,459	3,167,304			
Total Unrestricted Net Assets December 31, 2013 (Unaudited)	\$ 1,527,380	\$ 1,633,031	\$ 3,426,831			

* Unrealized gains (losses) not included

Sewer Fund Variances

Revenues

A – The majority of ad valorem tax receipts are typically collected early in the year as taxpayers take advantage of early payment discounts offered by the Lee County Tax Collector. Year to date collections are consistent with budget expectations.

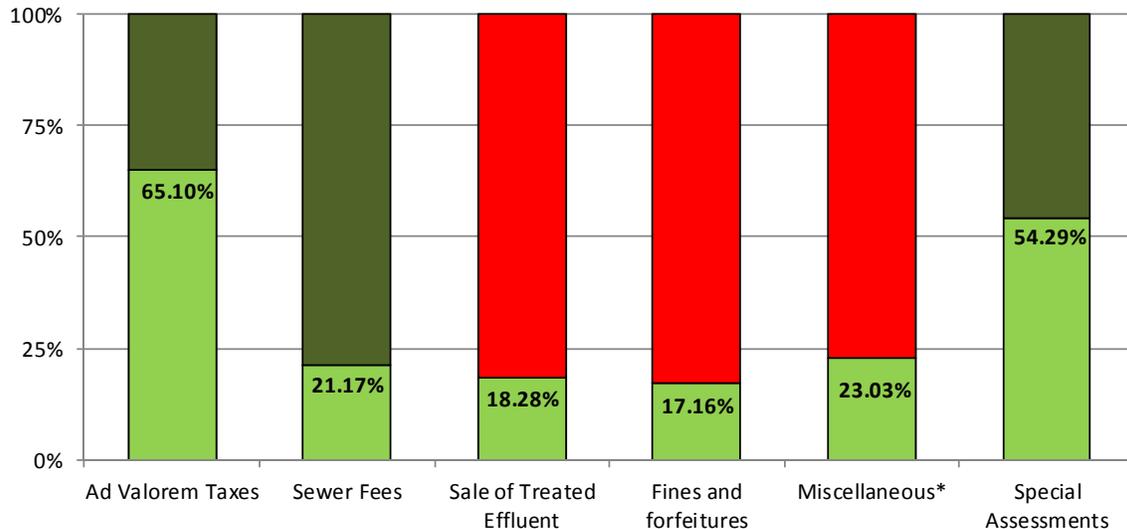
Fees from the sale of treated effluent are billed one month in arrears and only two months have been billed this fiscal year.

Special assessments are received early in the year, as they are billed and collected by the Lee County Tax Collector. Interest collections are shown in the “Actual” column and principal collections are shown in the “Principal Collections (Payments)” column. The budget includes both principal and interest expected collections. Principal collections are shown here for budgetary comparison.

Total revenues are trending higher than budget through December 31, 2013.

Revenue % Collected to Amended Budget

25% of Year Completed (Unaudited)



Expenses

In December of each fiscal year, the sewer fund makes a lump sum payment to the City's General Employee pension plan. Consequently, the sewer fund funded approximately \$241,000 into the General Employees' Pension Plan for its share of employees. Due to the fact that this annual budget amount is paid at the start of the fiscal year, actual expenses compared to budget are typically higher in the first quarter.

Negating the effect of the pension payment above, the following areas have variances of greater than 5% and comprise the majority of the sewer fund variance:

B – Operating expenses: actual expenses include encumbrances of approximately \$250,000 for annual expected repairs and maintenance which may not have occurred as of December 31, 2013. Remaining expenditures are line with budget.

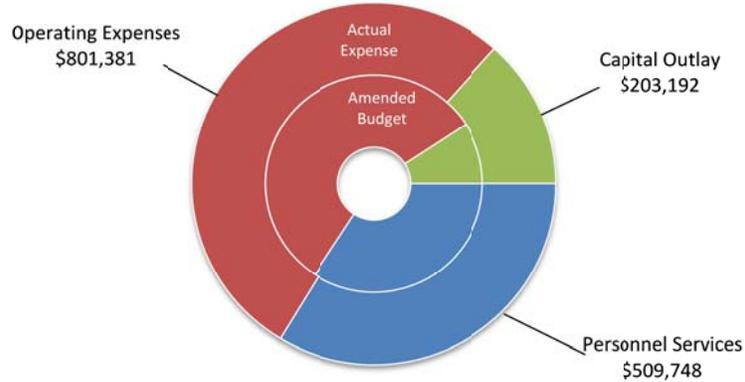
The budget in capital outlay does not get expended consistently throughout the year. These purchases are made at various times through the year in lump sum purchases. To date, approximately half of the budgeted capital items have been acquired by the City.

Non-Operating Revenues (Expenses)

C – Capital Contributions such as easements and connections/transmission fees are not budgeted due to limited buildable parcels.

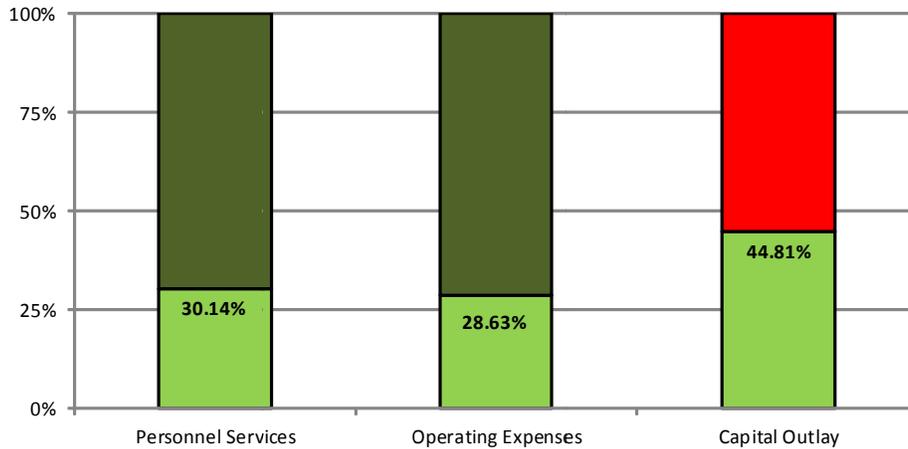
The funds budgeted for disaster reserves were not needed in the period.

Functional Expense Actual \$ to Budget Comparison



Functional Expense to Amended Budget

25% of Year Expended (Unaudited)



Description of expenditure functions:

Personnel Services: These are expenditures that relate to direct wage costs, fringe benefit costs, and wage related expenses for the sewer fund.

Operating Expenses: These are expenditures that relate to the direct operation of the sewer system. The major expenditure in this category is repairs and maintenance.

Capital Outlay: These are expenditures for the purchase of land, buildings, machinery and equipment that provide a long term benefit to the sewer system.