



MEMORANDUM

DATE: May 6, 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 March 31, 2014 (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 March 31, 2014.

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 March 31, 2014 (50%) 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 ORIGINAL BUDGET, AMENDED BUDGET AND ACTUAL (UNAUDITED)
FOR THE SIX MONTHS ENDED MARCH 31, 2014

Percent of Fiscal Year Completed 50.00%

	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	\$ 854,405	\$ -	\$ (89,455)	90.52%
Sewer User Fees	5,920,232	5,920,232	2,722,746	-	(3,197,486)	45.99%
Sale of Treated Effluent	263,900	263,900	115,185	-	(148,715)	43.65%
Fines and forfeitures	20,000	20,000	10,603	-	(9,397)	53.02%
Miscellaneous*	250,000	250,000	113,688	-	(136,312)	45.48%
Special Assessments	838,166	838,166	241,546	549,222	(47,398)	94.35%
Total revenues	8,236,158	8,236,158	4,058,173	549,222	(3,628,763)	55.94% A
Expenses						
Physical Environment						
Personnel Services	1,691,482	1,691,482	796,601	-	894,881	47.09%
Operating Expenses	2,785,028	2,798,749	1,270,945	-	1,527,804	45.41%
Capital Outlay	284,500	453,455	216,142	-	237,313	47.67%
Total General government	4,761,010	4,943,686	2,283,688	-	2,659,998	46.19%
Non-Operating Revenues (Expenses)						
Capital Contributions	-	-	38,179	-	(38,179)	N/A
Reserve for Undercollection of Revenue	(37,754)	(37,754)	-	-	(37,754)	0.00%
Debt Proceeds	-	9,575,000	9,493,599	-	81,401	99.15%
Debt Service	(3,474,146)	(13,767,091)	(449,242)	(11,656,622)	(1,661,227)	87.93%
Reserve for Disasters	(100,000)	(100,000)	-	-	(100,000)	0.00%
Total Non-Operating	(3,611,900)	(4,329,845)	9,082,536	(11,656,622)	(1,755,759)	59.45% B
Change in Net Assets	(136,752)	(1,037,373)	10,857,021	(11,107,400)	(8,044,520)	24.14%
Principal Collections (Payments)	-	-	(11,107,400)			
Total Unrestricted Net Assets October 1, 2013 (Audited)	1,664,132	1,952,459	3,167,304			
Total Unrestricted Net Assets March 31, 2014 (Unaudited)	\$ 1,527,380	\$ 915,086	\$ 2,916,925			

* Unrealized gains (losses) not included

Sewer Fund Variances

Revenues

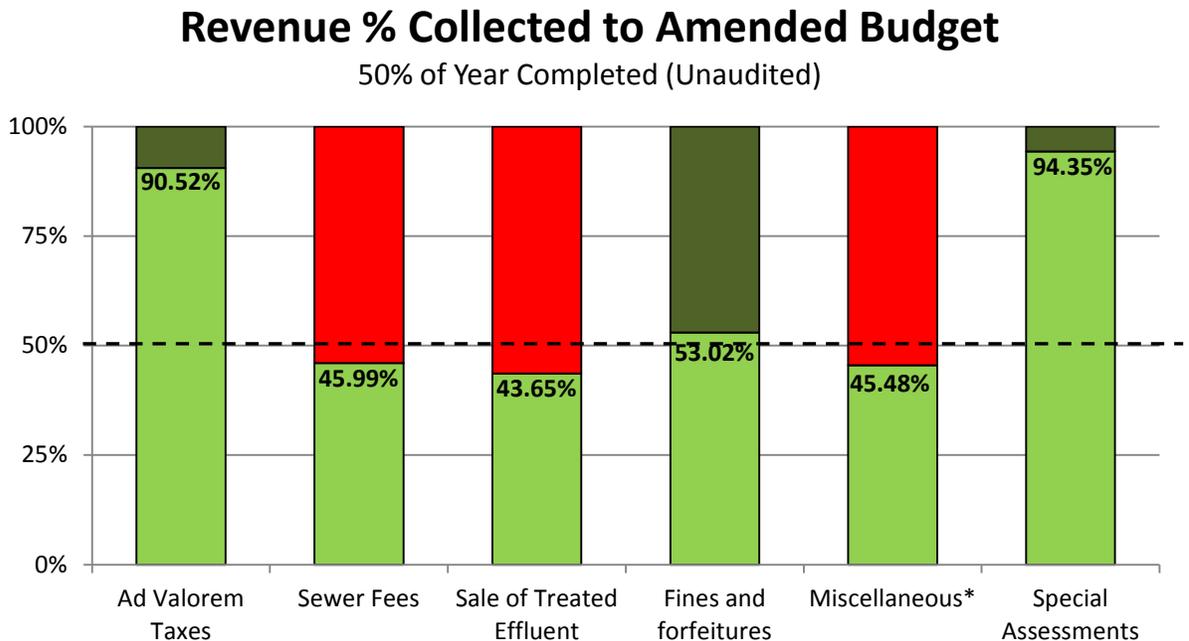
A – The majority of ad valorem tax receipts are typically collected early in the year as taxpayers take advantage of early payment discounts offered by the Lee County Tax Collector. Year to date collections are consistent with budget expectations.

Commercial sewer fees are billed each quarter in arrears. The accounts for January, February and March had not been billed as of March 31, 2014. This billing is estimated to be approximately \$240,000.

Fees from the sale of treated effluent are billed one month in arrears and only five 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.

The chart below provides detail on the revenue groupings budget to actual performance as of March 31, 2014:



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 skewed during the rest of the fiscal year.

For analytical purposes, negating 50% of 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:

Non-Operating Revenues (Expenses)

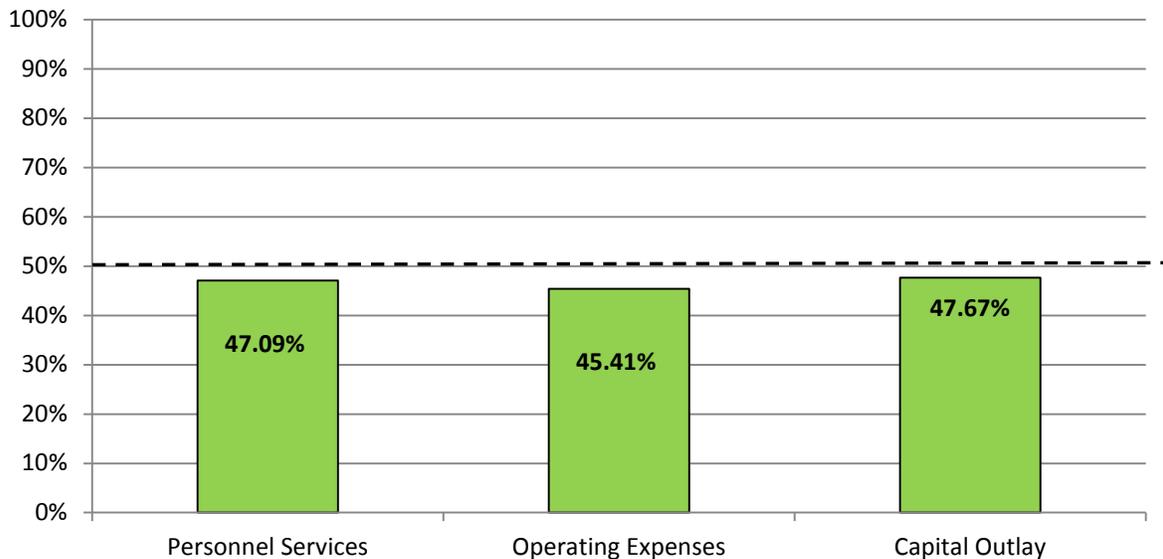
B – Capital Contributions such as easements and connections/transmission fees are not budgeted due to limited buildable parcels.

The amounts categorized in debt proceeds and debt service reflects the transactions that occurred in relation to the sewer debt refinancing that closed in February 2014.

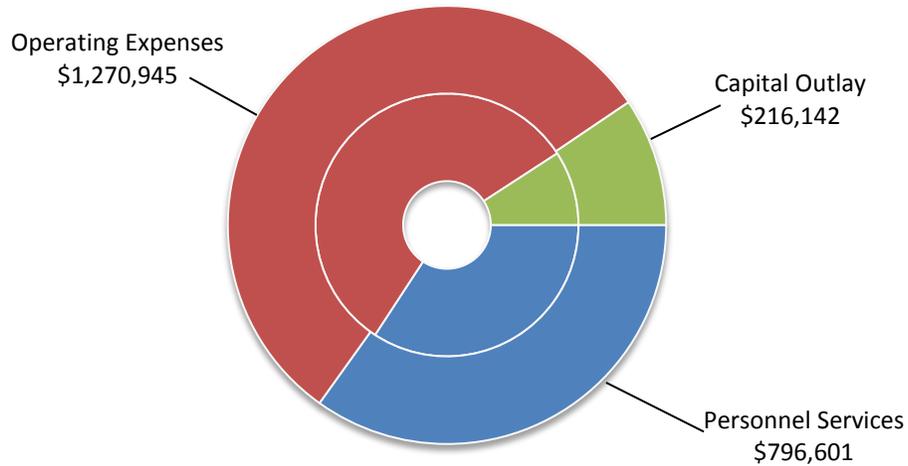
The funds budgeted for disaster reserves were not utilized through March 31, 2014.

Functional Expense to Amended Budget

50% of Year Expended (Unaudited)



Functional Expense Actual Expenditure to Amended Budget Comparison



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.