

Preliminary Statement of Sources and Uses of Funds For the Year Ended September 30, 2016

The attached "Preliminary Statement of Sources and Uses of Funds" statement is provided for your review. This is a preliminary financial statement for fiscal year (FY) 2015-16. A full set of financial statements will be prepared and finalized as year-end processes are completed in preparation for the annual financial audit. This preliminary financial statement provides summary-level revenues (i.e., sources) and expenditures by program (i.e., uses).

This financial statement compares revenues recognized and encumbrances/expenditures made against the District's FY2015-16 available budget of \$324.9 million. Encumbrances represent orders for goods and services which have not yet been received.

Revenues (Sources) Status:

- Overall, as of September 30, 2016, 88 percent of the District's budgeted revenues/balances have been recognized.
- As of September 30, 2016, the District has received \$104.8 million of ad valorem tax revenue representing 101 percent of the budgeted amount. This is in-line with the prior year collection rates of 101 percent for FY2014-15 and 100 percent for FY2013-14. The budget represents 96 percent of the taxable property values as certified by the District's sixteen counties multiplied by the Governing Board approved millage rate. Projections are based on historical collections.
- Intergovernmental Revenues are recognized at the time related expenditures are incurred. For FY2015-16, \$5.5 million in revenues has been recognized, representing 11 percent of the budgeted amount. From year to year, the budgeted amount of intergovernmental revenue compared to the recognized amount can fluctuate for various reasons; projects can be in the planning stages and have not incurred a significant amount of expenditures, or anticipated projects may be canceled (e.g., cooperative funding projects).
- The FY2015-16 interest earnings budget was based on a 0.70 percent expected rate of return. The District's investment portfolio at September 30, 2016, is earning a weighted average yield of 0.99 percent. For the year ended September 30, 2016, the District has earned 0.99 percent yield on its investments. Interest earnings on invested funds in the amount of \$4.7 million, have been recognized representing 152 percent of the budgeted amount.
- License and Permit Fees consist of revenue from water use permits, environmental resource permits, water well construction permits, and water well construction licenses. Revenue recognized represents 105 percent of the budgeted amount as of September 30, 2016.
- As of September 30, 2016, other revenue earned is 709 percent of budgeted amount. Each year, items that fall within the "Other" revenue category are budgeted conservatively due to the uncertainty of the amounts to be collected. For example, revenues from timber sales, hog hunts, insurance recoveries, legal settlements and the sale of fixed assets can vary significantly from year to year. The majority of the increase is due to a legal settlement of \$2 million along with consent order settlement fees of approximately

\$172,000, Florida Blue wellness incentive funds of \$125,000, land use agreements—cattle of approximately \$108,000, sale of fixed assets of approximately \$1.2 million and timber revenue of approximately \$110,000.

- Fund Balance consists of balance from prior years (budgeted for the current year) plus fund balance associated with the ad valorem funded encumbrances that rolled into the current year.

Expenditures (Uses) Status:

Overall, as of September 30, 2016, the District had obligated 90 percent of its total budget.

Summary of Expenditures by Program

This financial statement illustrates the effort to date for each of the District's six statutory program areas (Section 373.536(5)(e)4, Florida Statutes). A discussion of the expenditures by program follows.

- The **Water Resource Planning and Monitoring Program** includes all water management planning, including water supply planning, development of minimum flows and levels, and other water resource planning; research, data collection, analysis, and monitoring; and technical assistance (including local and regional plan and program review). Of the \$41.6 million budgeted for this program, the District has obligated 89 percent of the budget (58 percent expended and 31 percent encumbered).
- The **Land Acquisition, Restoration and Public Works Program** includes the development and construction of all capital projects (except for those contained in the Operation and Maintenance of Works and Lands Program), including water resource development projects/water supply development assistance, water control projects, and support and administrative facilities construction, land acquisition (i.e., Florida Forever program), and the restoration of lands and water bodies. Of the \$224.1 million budgeted for this program, the District has obligated 90 percent of the budget (13 percent expended and 77 percent encumbered).
- The **Operation and Maintenance of Works and Lands Program** includes all operation and maintenance of facilities, flood control and water conservation structures, lands, and other works authorized by Chapter 373, Florida Statutes. Of the \$21.3 million budgeted for this program, the District has obligated 80 percent of the budget (67 percent expended and 13 percent encumbered).
- The **Regulation Program** includes water use permitting, water well construction permitting, water well contractor licensing, environmental resource and surface water management permitting, permit administration, compliance and enforcement, and any delegated regulatory program. Of the \$20.8 million budgeted for this program, the District has obligated 95 percent of the budget (82 percent expended and 13 percent encumbered).
- The **Outreach Program** includes all environmental education activities, such as water conservation campaigns and water resources education; public information activities;

all lobbying activities relating to local, regional, state, and federal governmental affairs; and all public relations activities and advertising in any media. Of the \$2.6 million budgeted for this program, the District has obligated 95 percent of the budget (69 percent expended and 26 percent encumbered).

- The **Management and Administration Program** includes executive management, executive support, governing board support, ombudsman, general counsel, inspector general, administrative support (general), procurement, finance, human resources, and risk management. Of the \$14.6 million budgeted for this program, the District has obligated 96 percent of the budget (89 percent expended and 7 percent encumbered).

Based on the financial activities for the year ended September 30, 2016, the financial condition of the District is positive and budget variances are generally favorable. There are no reported or identified major trends, conditions or variances that warrant additional management attention.

**Southwest Florida Water Management District
Preliminary Statement of Sources and Uses of Funds
For the Twelve Months Ended September 30, 2016
(Unaudited)**

	Current Budget	Actuals Through 9/30/2016	Variance (under)/Over Budget	Actuals As A % of Budget (rounded)
Sources				
Ad Valorem Property Taxes	\$ 104,036,884	\$ 104,835,830	\$ 798,946	101%
Intergovernmental Revenues	49,685,684	5,528,360	(44,157,324)	11%
Interest on Invested Funds	3,100,000	4,725,862	1,625,862	152%
License and Permit Fees	1,500,000	1,578,169	78,169	105%
Other	560,700	3,972,587	3,411,887	709%
Fund Balance	166,050,481	166,050,481	-	100%
Total Sources	\$ 324,933,749	\$ 286,691,289	\$ (38,242,460)	88%

	Current Budget	Expenditures	Encumbrances¹	Available Budget	% Expended (rounded)	% Obligated² (rounded)
Uses						
Water Resource Planning and Monitoring	\$ 41,596,531	\$ 24,059,133	\$ 13,129,894	\$ 4,407,504	58%	89%
Land Acquisition, Restoration and Public Works	224,088,319	28,391,901	172,536,848	23,159,570	13%	90%
Operation and Maintenance of Works and Lands	21,301,062	14,258,809	2,706,526	4,335,727	67%	80%
Regulation	20,839,272	17,037,756	2,780,950	1,020,566	82%	95%
Outreach	2,554,442	1,764,019	652,215	138,208	69%	95%
Management and Administration	14,554,123	12,899,617	1,074,938	579,568	89%	96%
Total Uses	\$ 324,933,749	\$ 98,411,235	\$ 192,881,371	\$ 33,641,143	30%	90%

¹ Encumbrances represent unexpended balances of open purchase orders and contracts.

² Represents the sum of expenditures and encumbrances as a percentage of the current budget.

This unaudited preliminary financial statement is prepared as of September 30, 2016, and covers the interim period since the most recent audited financial statements.