

Preliminary Statement of Sources and Uses of Funds For the Year Ended September 30, 2011

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) 2011. 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 FY2011 available budget of \$838.3 million. Encumbrances represent orders for goods and services which have not yet been received.

Revenues (Sources) Status:

- Overall, as of September 30, 2011, 89 percent (including fund balance) of the District's budgeted revenue has been recognized.
- As of September 30, 2011 the District has received \$161.5 million of ad valorem tax revenue which represents just over 100 percent of the budget. The budget represents 96 percent of the actual tax levy based on the historical collection rate.
- Intergovernmental Revenues are recognized at the time related expenditures are incurred. For FY2011, \$22.9 million in revenues have been recognized, representing 19 percent of the budget. 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 (i.e., a land acquisition, cooperative funding projects, etc.)
- The FY2011 interest earnings budget was based on a 0.75 percent expected rate of return. The District's investment portfolio was generating 0.72 percent at September 30, 2011. Due to the higher than budgeted interest rate (for the first eleven months of the fiscal year) and varying cash balances related to project timing, interest earnings on invested funds are 125 percent of the budget. The District historically budgets investment earnings conservatively.
- 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 is 110 percent of budget as of September 30, 2011.
- As of September 30, 2011, other revenue collected is 217 percent of budget. 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 can vary year to year. In addition, unanticipated revenues may be collected, such as the revenue received (\$341,493) from Blue Cross Blue Shield resulting from a claims incentive and retention agreement, and the insurance proceeds received (\$500,000) from the Brooksville Building 4 water damage that were not included in the budget.

- Fund Balance represents funds carried over from prior years that are allocated for expenditures, or are reserved or designated to fund outstanding encumbrances or board designations that were re-appropriated for expenditure in FY2011.

Expenditures (Uses) Status:

Overall, as of September 30, 2011, at the time this report was prepared, the District had obligated 67 percent of its total budget. Most of the District's major projects are in progress and will be accomplished as anticipated. During the month of September, encumbrances that represented reserves for future long-term projects were unencumbered, which substantially decreased the overall obligated percentage of the budget as compared to last month. The long-term project reserves will not be re-appropriated for the FY2012 budget. Instead, the reserves will remain in fund balance consistent with Governing Board Policy No. 130-9 until approved for use by the Governing Board.

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)(d)4, Florida Statutes). Provided below is a discussion of the expenditures by program.

- The **Water Resources 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 \$78 million budgeted for this program, the District has obligated 88 percent of the budget (46 percent expended and 42 percent encumbered).
- The **Acquisition, Restoration and Public Works Program** includes the development and construction of all capital projects (except for those contained within the Operation and Maintenance of Lands and Works Program), including water resource development projects/water supply development assistance, water control projects, and support and administrative facilities construction; land acquisition; and the restoration of lands and water bodies. Of the \$640.2 million budgeted for this program, the District has obligated 62 percent of the budget (12 percent expended and 50 percent encumbered).

Of the \$640.2 million budgeted, \$197.1 million was budgeted for reserves for future water resource development, land acquisition, and flood protection projects that have not been expended or encumbered as of September 30, 2011. These reserve funds will remain in the District's fund balance for future allocation by the Governing Board.

In addition, there have been land acquisitions, water resource development, and other District projects that have been budgeted this year that have either been canceled, or are at the initial phase and no significant expenditures have been incurred as of September 30, 2011.

- The **Operation and Maintenance of Lands and Works Program** includes all operation and maintenance of facilities, flood control and water supply structures, lands, and other

works authorized by Chapter 373, Florida Statutes. Of the \$29.5 million budgeted for this program, the District has obligated 75 percent of the budget (49 percent expended and 26 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 and enforcement, and any delegated regulatory program. Of the \$20.7 million budgeted for this program, the District has obligated 96 percent of the budget (82 percent expended and 14 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, including public service announcements and advertising in any media. Of the \$8.6 million budgeted for this program, the District has obligated 94 percent of the budget (56 percent expended and 38 percent encumbered).
- The **Management and Administration Program** includes all governing board support; executive support; management information systems; annual contingency funds; and general counsel, ombudsman, human resources, finance, audit, risk management, and administrative services. Of the \$61.3 million budgeted for this program, the District has obligated 77 percent of the budget (67 percent expended and 10 percent encumbered).

Of the \$61.3 million budgeted, \$10.85 million was budgeted as annual contingency funds. Of the contingency funds, \$9.7 million has not been expended or encumbered as of September 30, 2011.

In addition, the District made reductions in contractual services and staffing levels during FY2011 resulting in unexpended budget dollars.

Based on the financial activities for the year ended September 30, 2011, 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 Year Ended September 30, 2011
(Unaudited)**

	Available Budget	Actuals Through 09/30/2011	Variance (under)/Over Budget	Actuals As A % of Budget
Sources				
Ad Valorem Property Taxes	\$ 160,880,206	\$ 161,520,644	\$ 640,438	100%
Intergovernmental Revenues	120,430,599	22,892,652	(97,537,947)	19%
Interest on Invested Funds	4,630,000	5,778,490	1,148,490	125%
License and Permit Fees	1,700,000	1,862,728	162,728	110%
Other	1,211,273	2,629,876	1,418,603	217%
Fund Balance	549,489,892	549,489,892	-	100%
Total Sources	\$ 838,341,970	\$ 744,174,282	\$ (94,167,688)	89%

	Available Budget	Expenditures	Encumbrances ¹	Available	%Expended	%Obligated ²
Uses						
Water Resources Planning and Monitoring	\$ 78,021,133	\$ 36,038,749	\$ 32,998,046	\$ 8,984,338	46%	88%
Acquisition, Restoration and Public Works	640,220,916	74,767,088	320,456,478	244,997,350	12%	62%
Operation and Maintenance of Lands and Works	29,541,077	14,500,383	7,548,572	7,492,122	49%	75%
Regulation	20,696,109	17,014,908	2,766,148	915,053	82%	96%
Outreach	8,573,493	4,794,493	3,243,682	535,318	56%	94%
Management and Administration	61,289,242	40,816,845	6,579,816	13,892,581	67%	77%
Total Uses	\$ 838,341,970	\$ 187,932,466	\$ 373,592,742	\$ 276,816,762	22%	67%

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

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

This unaudited financial statement is prepared as of September 30, 2011, and covers the interim period since the most recent audited financial statements and is for the sole purpose of management. A full set of financial statements will be prepared and finalized as year-end processes are completed in preparation for the annual financial audit.