

Preliminary Statement of Sources and Uses of Funds For the Twelve Months Ended September 30, 2020

The attached “Preliminary Statement of Sources and Uses of Funds” statement is provided for your review. This preliminary financial statement is for fiscal year (FY) 2019-20. 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 preliminary unaudited financial statement is provided as of September 30, 2020, with 100.0 percent of the fiscal year completed.**

This financial statement compares revenues recognized and encumbrances/expenditures made against the District’s FY2019-20 available budget of \$365.1 million. Encumbrances represent orders for goods and services which have not yet been received.

Revenues (Sources) Status:

- Overall, as of September 30, 2020, 94 percent of the District’s budgeted revenues/balances have been recognized.
- As of September 30, 2020, the District has received \$113,750,257 of ad valorem tax revenue representing 101 percent of the budget. This is in-line with the twelve-month prior year collection rates of 101 percent for FY2018-19 and 101 percent for FY2017-18. 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 as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For FY2019-20, \$13,597,647 in revenues has been recognized, representing 30 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 cancelled (e.g., cooperative funding projects).
- The FY2019-20 interest earnings budget was based on a 2.33 percent expected rate of return. The District’s investment portfolio at September 30, 2020, is earning a weighted average yield of 1.27 percent. For the twelve months ended September 30, 2020, the District has earned 1.73 percent yield on its investments. Interest earnings on invested funds in the amount of \$8,582,539 have been recognized representing 78 percent of the budgeted amount.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, for year-end reporting purposes only, the District is required to adjust interest earnings on the financial statements to reflect unrealized gains and losses due to year over year changes in the market value of the District’s investment portfolios. The District had an unrealized gain of \$1.1 million on September 30, 2019. To bring the District’s portfolio unrealized gain on September 30, 2020 to \$6.5 million, the District recognized an unrealized gain of approximately \$5.4 million. This is a result of significant decreases in

interest rates during the 12-month period. This adjustment results in net interest earnings of \$13,926,307 for the purposes of reporting in the year-end financial statements.

- 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 98 percent of the budgeted amount as of September 30, 2020.
- As of September 30, 2020, other revenue earned is 1133 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, hog hunts, insurance recoveries and the sale of capital assets can vary significantly from year to year. The majority of the increase is sales of fixed assets in the amount of \$6,760,484.
- 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, 2020, the District had obligated 87 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 \$47.2 million budgeted for this program, the District has obligated 91 percent of the budget (56 percent expended, and 35 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 \$251.2 million budgeted for this program, the District has obligated 86 percent of the budget (24 percent expended, and 62 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 \$29.2 million budgeted for

this program, the District has obligated 75 percent of the budget (59 percent expended, and 16 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 \$21.8 million budgeted for this program, the District has obligated 94 percent of the budget (86 percent expended, and 8 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 \$3.1 million budgeted for this program, the District has obligated 92 percent of the budget (64 percent expended, and 28 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 \$12.6 million budgeted for this program, the District has obligated 96 percent of the budget (91 percent expended, and 5 percent encumbered).

Based on the financial activities for the twelve months ended September 30, 2020, 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, 2020
(Unaudited)

	Current Budget	Actuals Through 9/30/2020	Variance (under)/Over Budget	Actuals As A % of Budget (rounded)
Sources				
Ad Valorem Property Taxes	\$ 113,153,713	\$ 113,750,257	\$ 596,544	101%
Intergovernmental Revenues	45,815,159	13,597,647	(32,217,512)	30%
Interest on Invested Funds	11,000,000	13,926,307	2,926,307	127%
License and Permit Fees	2,029,700	1,998,410	(31,290)	98%
Other	690,250	7,820,359	7,130,109	1133%
Fund Balance	192,396,261	192,396,261	-	100%
Total Sources	\$ 365,085,083	\$ 343,489,241	\$ (21,595,842)	94%

	Current Budget	Expenditures	Encumbrances¹	Available Budget	% Expended (rounded)	% Obligated² (rounded)
Uses						
Water Resource Planning and Monitoring	\$ 47,241,392	\$ 26,572,353	\$ 16,350,498	\$ 4,318,541	56%	91%
Land Acquisition, Restoration and Public Works	251,216,281	59,258,469	157,590,871	34,366,941	24%	86%
Operation and Maintenance of Works and Lands	29,212,317	17,255,781	4,761,361	7,195,175	59%	75%
Regulation	21,776,312	18,796,043	1,611,821	1,368,448	86%	94%
Outreach	3,082,632	1,958,350	862,986	261,296	64%	92%
Management and Administration	12,556,149	11,485,033	589,065	482,051	91%	96%
Total Uses	\$ 365,085,083	\$ 135,326,029	\$ 181,766,602	\$ 47,992,452	37%	87%

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, 2020, and covers the interim period since the most recent audited financial statements.