

Preliminary Statement of Sources and Uses of Funds For the Twelve Months Ended September 30, 2021

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) 2020-21. 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, 2021, with 100.0 percent of the fiscal year completed.**

This financial statement compares revenues recognized and encumbrances/expenditures made against the District’s FY2020-21 available budget of \$369.5 million. Encumbrances represent orders for goods and services which have not yet been received.

Revenues (Sources) Status:

- Overall, as of September 30, 2021, 90 percent of the District’s budgeted revenues/balances have been recognized.
- As of September 30, 2021, the District has received \$116,464,884 of ad valorem tax revenue representing 100 percent of the budget. This is in-line with the twelve-month prior year collection rates of 101 percent for FY2019-20 and 101 percent for FY2018-19. The budget represents 96 percent of estimated proceeds based on 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 FY2020-21, \$7,319,159 in revenues has been recognized, representing 13 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 FY2020-21 interest earnings budget was based on a 0.78 percent expected rate of return. The District’s investment portfolio at September 30, 2021, is earning a weighted average yield of 0.69 percent. For the twelve months ended September 30, 2021, the District has earned 0.98 percent yield on its investments. Interest earnings on invested funds in the amount of \$4,819,449 have been recognized representing 129 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. As of September 30, 2020, the District’s portfolio reflected unrealized gains of \$6.5 million resulting from the significant decline in interest rates over the prior 12-month period. As of September 30, 2021, the unrealized gain in the District’s portfolio declined to \$2.0 million as securities

previously carried at unrealized gains matured at par and the general rise in interest rates over the period resulted in a comparative decline in portfolio market value. Accordingly, the District reduced its unrealized gain by approximately \$4.5 million to reflect these changes in portfolio market value. This adjustment results in net interest earnings of \$393,547 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 85 percent of the budgeted amount as of September 30, 2021.
- As of September 30, 2021, other revenue earned is 2598 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 \$15,559,680.
- 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, 2021, the District had obligated 91 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 \$50.3 million budgeted for this program, the District has obligated 94 percent of the budget (53 percent expended, and 41 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 \$254.3 million budgeted for this program, the District has obligated 90 percent of the budget (15 percent expended, and 75 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 \$27.4 million budgeted for this program, the District has obligated 87 percent of the budget (63 percent expended, and 24 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 \$22.2 million budgeted for this program, the District has obligated 94 percent of the budget (87 percent expended, and 7 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 95 percent of the budget (65 percent expended, and 30 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 \$12.2 million budgeted for this program, the District has obligated 107 percent of the budget (100 percent expended, and 7 percent encumbered). Year-end entries that allocate qualified expenditures to other Programs are still in process.

Based on the financial activities for the twelve months ended September 30, 2021, 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, 2021
(Unaudited)

FY2021					
	Current	Actual	9/30/2021	9/30/2021	
	Budget	Revenues	Variance	Actuals As A	
		through 9/30/2021	(Under)/Over	% of Budget	
			Budget	(rounded)	
Sources					
Ad Valorem Property Taxes	\$ 115,957,364	\$ 116,464,884	\$ 507,520	100%	
Intergovernmental Revenues	55,697,276	7,319,159	(48,378,117)	13%	
Interest on Invested Funds	3,750,000	393,547	(3,356,453)	10%	
License and Permit Fees	2,100,391	1,793,722	(306,669)	85%	
Other	635,723	16,514,548	15,878,825	2598%	
Fund Balance	191,359,219	191,359,219	-	100%	
Total Sources	\$ 369,499,973	\$ 333,845,079	\$ (35,654,894)	90%	

FY2021							
	Current	Actual		Available	9/30/2021	9/30/2021	
	Budget	Expenditures	Encumbrances ¹	Budget	% Expended	% Obligated ²	
		through 9/30/2021			(rounded)	(rounded)	
Uses							
Water Resource Planning and Monitoring	\$ 50,290,576	\$ 26,654,189	\$ 20,514,326	\$ 3,122,061	53%	94%	
Land Acquisition, Restoration and Public Works	254,340,687	37,703,667	191,920,154	24,716,866	15%	90%	
Operation and Maintenance of Works and Lands	27,383,183	17,121,314	6,733,142	3,528,727	63%	87%	
Regulation	22,191,028	19,403,888	1,562,203	1,224,937	87%	94%	
Outreach	3,053,127	1,971,782	921,684	159,661	65%	95%	
Management and Administration	12,241,372	12,300,446	745,519	(804,593)	100%	107% ³	
Total Uses	\$ 369,499,973	\$ 115,155,286	\$ 222,397,028	\$ 31,947,659	31%	91%	

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.

³ Year-end entries that allocate qualified expenditures to other Programs are still in process.

This unaudited preliminary financial statement is prepared as of September 30, 2021, and covers the interim period since the most recent audited financial statements.