

Preliminary Statement of Sources and Uses of Funds For the Twelve Months Ended September 30, 2022

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) 2021-22. 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, 2022, with 100.0 percent of the fiscal year completed.**

This financial statement compares revenues recognized and encumbrances/expenditures made against the District’s FY2021-22 available budget of \$412.7 million. Encumbrances represent orders for goods and services which have not yet been received.

Revenues (Sources) Status:

- Overall, as of September 30, 2022, 82 percent of the District’s budgeted revenues/balances have been recognized.
- As of September 30, 2022, the District has received \$119,447,798 of ad valorem tax revenue representing 101 percent of the budget. This is in-line with the twelve months prior year collection rates of 100 percent for FY2020-21 and the 101 percent for FY2019-20. 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 FY2021-22, \$4,846,402 revenues have been recognized, representing 8 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 (e.g., cooperative funding projects).
- The FY2021-22 interest earnings budget was based on a 0.67 percent expected rate of return. The District’s investment portfolio on September 30, 2022 is earning a weighted average yield of 1.77 percent. For the twelve months ended September 30, 2022, the District has earned 0.31 percent yield on its investments. Interest earnings on invested funds in the amount of \$1,988,681 have been recognized representing 60 percent of the budgeted amount.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, for year-end reporting only, the District is required to adjust investments and investment income to reflect unrealized gains and losses. As of September 30, 2021, the District’s portfolios reflected unrealized gains of \$2.0 million resulting from the significant decline in interest rates over the prior 12-month period. As of September 30, 2022, the unrealized gain in the District’s portfolio declined to a \$20.8 million unrealized loss as securities previously carried at unrealized gains matured at par and the general rise in interest rates

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over the period resulted in a comparative decline in portfolio market values. Accordingly, the District reduced its unrealized gain by approximately \$22.8 million, resulting in a net loss of interest earnings of \$20.8 million for the purpose 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 116 percent of the budgeted amount as of September 30, 2022.
- As of September 30, 2022, other revenue earned 1,122 percent of the 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 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 \$6,673,677.
- 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, 2022, the District had obligated 88 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 \$54.6 million budgeted for this program, the District has obligated 88 percent of the budget (42 percent expended, and 46 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 \$282.4 million budgeted for this program, the District has obligated 87 percent of the budget (9 percent expended, and 78 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 \$37.1 million budgeted for

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this program, the District has obligated 86 percent of the budget (53 percent expended, and 33 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 \$22.7 million budgeted for this program, the District has obligated 95 percent of the budget (88 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 \$2.9 million budgeted for this program, the District has obligated 97 percent of the budget (67 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 \$13.0 million budgeted for this program, the District has obligated 101 percent of the budget (95 percent expended, and 6 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, 2022, 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
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For the Twelve Months Ended September 30, 2022
(Unaudited)

	FY2022			
	Current Budget	Actual Revenues through 9/30/2022	9/30/2022 Variance (Under)/Over Budget	9/30/2022 Actuals As A % of Budget (rounded)
Sources				
Ad Valorem Property Taxes	\$ 118,796,620	\$ 119,447,798	\$ 651,178	101%
Intergovernmental Revenues	61,099,994	4,846,402	(56,253,592)	8%
Interest Revenue:				
Interest on Invested Funds	3,300,000	1,988,681	(1,311,319)	60%
Fair Market Value Adjustment to Investments ⁴	-	(22,758,449)	(22,758,449)	-
License and Permit Fees	2,188,899	2,535,205	346,306	116%
Other	678,204	7,606,971	6,928,767	1122%
Fund Balance	226,616,924	226,616,924	-	100%
Total Sources	\$ 412,680,641	\$ 340,283,532	\$ (72,397,109)	82%

	FY2022					
	Current Budget	Actual Expenditures through 9/30/2022	Encumbrances ¹	Available Budget	9/30/2022 % Expended (rounded)	9/30/2022 % Obligated ² (rounded)
Uses						
Water Resource Planning and Monitoring	\$ 54,635,451	\$ 22,723,926	\$ 25,270,016	\$ 6,641,509	42%	88%
Land Acquisition, Restoration and Public Works	282,357,886	26,507,641	218,233,086	37,617,159	9%	87%
Operation and Maintenance of Works and Lands	37,056,346	19,480,551	12,465,603	5,110,192	53%	86%
Regulation	22,688,469	19,974,695	1,516,367	1,197,407	88%	95%
Outreach	2,906,946	1,949,845	880,475	76,626	67%	97%
Management and Administration	13,035,543	12,436,592	758,968	(160,017)	95%	101% ³
Total Uses	\$ 412,680,641	\$ 103,073,250	\$ 259,124,515	\$ 50,482,876	25%	88%

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.

⁴ Governmental Accounting Standards Board Statement No. 31 requires that the District, at year-end, adjust investments to fair market value and include in revenue all investment income, including changes in the fair market value of investments. The fair market value adjustment to investments results in a net loss of revenue of \$20.8 million (\$1,988,681 less \$22,758,449) for the purpose of reporting in the year-end financial statements.

This unaudited preliminary financial statement is prepared as of September 30, 2022, and covers the interim period since the most recent audited financial statements.