

Preliminary Statement of Sources and Uses of Funds For the Twelve Months Ended September 30, 2023

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) 2022-23. 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, 2023, with 100.0 percent of the fiscal year completed.**

This financial statement compares revenues recognized and encumbrances/expenditures made against the District’s FY2022-23 available budget of \$438.0 million. Encumbrances represent orders for goods and services which have not yet been received.

Revenues (Sources) Status:

- Overall, as of September 30, 2023, 85 percent of the District’s budgeted revenues/balances have been recognized.
- As of September 30, 2023, the District has received \$123,135,255 of ad valorem tax revenue representing 100 percent of the budget. This is in-line with the twelve months prior year collection rates of 101 percent for FY2021-22 and the 100 percent for FY2020-21. 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 FY2022-23, \$5,665,706 revenues have been recognized, representing 7 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 FY2022-23 interest earnings budget was based on a 1.08 percent expected rate of return. The District’s investment portfolio on September 30, 2023 is earning a weighted average yield of 3.58 percent. For the twelve months ended September 30, 2023, the District has earned 1.48 percent yield on its investments. Interest earnings on invested funds in the amount of \$9,766,744 have been recognized representing 168 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, 2022, the District’s portfolios reflected unrealized losses of \$20.8 million as a result of a significant rise in interest rates over the prior 12-month period. As of September 30, 2023, the unrealized loss in the District’s portfolio declined to \$13.6 million as securities previously carried at unrealized losses were sold or matured at par and purchased securities have higher book

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yields that are reflective of the higher market rates during the period, resulting in a smaller difference in overall portfolio book value and market value. Accordingly, the District reduced its unrealized loss by approximately \$7.1 million and recognized \$9.8 million in interest earnings.

- 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 111 percent of the budgeted amount as of September 30, 2023.
- As of September 30, 2023, other revenue earned 542 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 \$2,557,431.
- 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, 2023, the District had obligated 94 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 \$56.3 million budgeted for this program, the District has obligated 95 percent of the budget (46 percent expended, and 49 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 \$302.4 million budgeted for this program, the District has obligated 93 percent of the budget (19 percent expended, and 74 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 \$37.6 million budgeted for

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this program, the District has obligated 92 percent of the budget (51 percent expended, and 41 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 \$24.8 million budgeted for this program, the District has obligated 93 percent of the budget (90 percent expended, and 3 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 97 percent of the budget (74 percent expended, and 23 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 \$13.8 million budgeted for this program, the District has obligated 104 percent of the budget (97 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, 2023, 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
Statement of Sources and Uses of Funds
For the Twelve Months Ended September 30, 2023
(Unaudited)

	FY2023			
	Current Budget	Actual Revenues through 9/30/2023	9/30/2023 Variance (Under)/Over Budget	9/30/2023 Actuals As A % of Budget (rounded)
Sources				
Ad Valorem Property Taxes	\$ 122,549,760	\$ 123,135,255	\$ 585,495	100%
Intergovernmental Revenues	85,770,603	5,665,706	(80,104,897)	7%
Interest Revenue:				
Interest on Invested Funds	5,800,000	9,766,744	3,966,744	168%
Change in Fair Market Value to Investments ⁴	-	7,090,674	7,090,674	-
License and Permit Fees	2,256,857	2,513,586	256,729	111%
Other	708,373	3,840,514	3,132,141	542%
Fund Balance	220,942,794	220,942,794	-	100%
Total Sources	\$ 438,028,387	\$ 372,955,273	\$ (65,073,114)	85%

	FY2023					
	Current Budget	Actual Expenditures through 9/30/2023	Encumbrances ¹	Available Budget	9/30/2023 % Expended (rounded)	9/30/2023 % Obligated ² (rounded)
Uses						
Water Resource Planning and Monitoring	\$ 56,321,745	\$ 25,692,550	\$ 28,040,318	\$ 2,588,877	46%	95%
Land Acquisition, Restoration and Public Works	302,428,994	57,023,985	225,194,748	20,210,261	19%	93%
Operation and Maintenance of Works and Lands	37,597,320	19,086,744	15,549,752	2,960,824	51%	92%
Regulation	24,753,915	22,246,614	860,784	1,646,517	90%	93%
Outreach	3,145,762	2,323,998	715,690	106,074	74%	97%
Management and Administration	13,780,651	13,380,492	1,009,866	(609,707)	97%	104% ³
Total Uses	\$ 438,028,387	\$ 139,754,383	\$ 271,371,158	\$ 26,902,846	32%	94%

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 changes in the fair market value of investments. The District's unrealized losses at 9/30/23 were \$13.6 million. Therefore, the District reduced its unrealized losses by \$7.1 million and re interest earnings of \$9.8 million for reporting in the year-end financial statements.

This unaudited preliminary financial statement is prepared as of September 30, 2023, and covers the interim period since the most recent audited financial statements