

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*The South Florida Water Management District
is a Component Unit of the State of Florida*

Fiscal Year Ended
September 30, 2011





Daily afternoon thunderstorms signal the height of the wet season as dramatic rain clouds loom over ranchlands in Okeechobee County. While the summer rains continue to recharge regional storage areas, water managers are looking ahead to plan for the next dry season and beyond to protect regional water resources.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

A Component Unit of the State of Florida

Fiscal Year Ended September 30, 2011

Prepared by
Finance Bureau, Administrative Services Division
Christian Flierl, Bureau Chief

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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INTRODUCTORY SECTION



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

TO: Governing Board Members and Melissa L. Meeker, Executive Director

SUBJECT: Comprehensive Annual Financial Report – Fiscal Year 2011

Florida Statutes require an external audit of the financial statements be performed by a firm of independent certified public accountants to express an opinion that the basic financial statements of the South Florida Water Management District (the “District”) are fairly presented in conformance with accounting principles generally accepted in the United States (GAAP). Pursuant to this requirement, the comprehensive annual financial report for the District is hereby issued for the fiscal year ended September 30, 2011.

Responsibility for the integrity, objectivity, accuracy, completeness and fairness of presentation of these basic financial statements rests with management. The basic financial statements were prepared in conformity with generally accepted accounting principles for governmental entities. Management believes the information to be accurate in all material respects and fairly presents the District’s financial position and operating results. The report includes disclosures required to provide an understanding of the District’s financial affairs.

Management is responsible for maintaining an internal control structure designed to ensure that District assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits, and the evaluation of costs and benefits requires management’s estimates. The Governing Board and management have a plan of organization and policies in place to safeguard assets, validate the reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies and procedures. District management believes these existing internal accounting controls adequately safeguard assets and provide reasonable, but not absolute, assurance of proper recording and reporting of District finances.

Independent auditors have audited the basic financial statements in accordance with generally accepted auditing standards and included a review of internal accounting controls to the extent necessary to express an opinion on the fairness of these basic financial statements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the South Florida Water Management District’s basic financial statements for the fiscal year ended September 30, 2011 are fairly presented in accordance with GAAP. The independent auditors’ report is presented as the first component of the financial section (Section II) of this report.

The independent audit of the District’s basic financial statements was part of a broader federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the basic financial statements, but also on the District’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the District’s separately issued Single Audit Report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

DISTRICT BACKGROUND

South Florida's subtropical extremes of hurricane, flood, and drought combined with efforts to populate this "new frontier" led the U.S. Congress to adopt legislation creating the Central and Southern Florida Flood Control Project in 1948.

The project's primary goal was to serve the needs of the region's growing agricultural and urban populations and to protect and manage water resources. The United States Army Corps of Engineers would, over the following decades, design and build a vast network of levees, canals, water control structures, and other improved waterways designed to help manage the often unpredictable weather extremes of the region.

In 1949 the Florida Legislature created the Central and Southern Florida Flood Control District (FCD) to act as the local sponsor for the project, operating and maintaining the water control network with funding from property taxes levied within the District boundaries. Throughout its history, this regional water resource agency evolved and grew primarily in response to population growth and development and their impact on water resources.

The Florida Water Resources Act of 1972 launched the most significant change in the state's approach to natural resource management. This legislation divided the state into five regional water management districts and greatly expanded the responsibilities of the existing FCD. This included a greater emphasis on water quality and environmental protection initiatives.

The FCD was renamed the South Florida Water Management District (the "District") in 1976, and new boundaries were drawn to encompass the region's primary watersheds. Since 1949, the District has grown into a multi-faceted agency responsible for most water resource related issues – from providing flood protection and water supply protection to people living in cities and on farms to restoring and managing natural ecosystems.

The District's Governing Board is composed of nine members appointed from specific geographic areas within District boundaries. The members are appointed by the Governor and are confirmed by the Florida Senate. Appointments are made on a staggered basis and members serve without salary for a term of four years. The Board elects its own officers, including a chairman and vice-chairman.

GEOGRAPHIC BOUNDARIES OF THE DISTRICT

Water management district boundaries are based on natural, hydrological basins rather than political or county limits to allow for effective and efficient planning and management. The boundaries of the District encompass all or part of 16 south Florida counties, covering a total area of 17,930 square miles. Approximately 7.7 million people live within the District's boundaries. A map showing the geographic boundaries of the District can be found on page I-11.

GENERAL OPERATIONS

The District's water management system includes roughly 1,969 miles of maintained canals and levees along with more than 500 primary water control structures operated by the District. Nearly 2,000 smaller structures are in place system-wide to control inflows from secondary sources (local, municipal, or county drainage and/or water control districts) into the District's primary system. The District has approximately 60 pumping stations which can move hundreds of millions of gallons of water in and out of storage areas, providing both water supply and flood protection.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

The man-made water management system undergoes continuous enlargement and refinement with new construction, acquisitions, and upgrades to the existing network. This enhances the system's ability to provide flood control and water supply protection as well as preserve water quality and environmental values.

District employees are located at facilities across the 16 county jurisdiction to offer the public more direct and responsive access to permitting and other agency functions. These locations include eight Field Stations located in St. Cloud, Okeechobee, Clewiston, West Palm Beach, Fort Lauderdale, Miami, Homestead, and Naples. District headquarters are in West Palm Beach with Service Centers located in Fort Myers, Naples, Orlando and Okeechobee.

The Big Cypress Basin Branch Office and Field Station are headquartered in Naples. Operations and policies for the Basin are directed by a six-member Basin Board and are carried out by Basin staff, under the direction of the Basin Administrator.

REGULATORY POWERS

The District has a number of regulatory programs designed to protect the region's water resources. Under the state's 1993 environmental streamlining initiative, land alteration activities or works affecting water resources are regulated under one type of permit – the Environmental Resource Permit. The water management districts and the Florida Department of Environmental Protection have developed uniform wetland delineation, mitigation banking, and environmental resource permitting criteria. The District is also responsible for regulating consumptive uses of water. Types of activities regulated by the District include:

- projects with impacts on wetlands or other surface waters (dredge and fill),
- use of District lands, canals, streams or aquifers,
- drainage system construction or operation, and
- well construction.

OTHER DISTRICT PROGRAMS

The District's responsibilities reach far beyond regulatory programs and operations. The District acquires, manages, and restores lands for the conservation and preservation of water resources as well as for the ancillary benefit of public recreation.

Water resource education targeted at schools and at the general public is an important District focus. Partnerships and coordination with other levels of government and other agencies help support water resource development projects, development of alternative water supplies, water conservation, reuse, and stormwater management goals.

Research, data collection, and analysis help ensure District projects and programs are effective and efficient. Emergency operations and management are a cornerstone of District operations, especially during the hurricane season, or the seven-month dry season when serious water shortages can occur. The District is also a leader in melaleuca, aquatic weed, and other exotic pest plant control.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

REGIONAL ECONOMIC CONDITION AND OUTLOOK

Conditions in the local economy affect the District's ability to generate revenues. This is because the District's primary revenue is from ad valorem taxes, which are property taxes based on assessed values of property in the region. Population growth and the associated construction of housing and commercial structures along with unemployment and interest rates are the primary factors that contribute to changes in property prices, which result in adjustments to assessed values.

Population growth within the District's geographic boundaries has increased during the recent fiscal year, with a 0.7 percent increase, compared to almost no change (as adjusted) for the prior year. The District's population is expected to steadily increase from the 2011 rate by 5.7% through 2015 and by a total of 12.4% through 2020, with the largest numerical increases through 2015 occurring in Miami-Dade, Lee, and Palm Beach Counties and the highest percentage growth rates occurring in Osceola, St. Lucie and Lee Counties, according to data published by the Florida Office of Economic and Demographic Research.

Despite the continued decline in Florida's economic conditions, similar to economic conditions nationwide, the October 2011 unemployment rate for Florida was 10.2 percent compared to 11.1 percent (as adjusted) from a year ago; and 8.5 percent for the entire United States compared to 9.0 percent (as adjusted) from a year ago. This decrease in state and national unemployment rates suggest a slowing in the economic downturn, but the continued high unemployment rate, coupled with other economic indicators, such as the slowing housing market and high rate of foreclosures will translate into continued reductions to property values in 2012.

While the District-adopted ad valorem millage rates were not increased for fiscal year 2011, the fiscal year 2011 budget reflected a 32.4 percent reduction in ad valorem property taxes. This reflects a decrease of \$129.9 million from fiscal year 2010. This decrease is attributable primarily to the devaluation of property values within the District's 16 counties. The District's ad valorem revenue growth is limited by the Property Tax Reduction and Reform bill passed by the Florida Legislature in June 2007, which required a reduction in taxes by all local governments and special taxing districts from three to nine percent, depending on their past per capita tax increases. This legislation also limited future year revenues by setting more stringent Governing Board voting requirements to increase agency millage rates.

MAJOR INITIATIVES

EVERGLADES RESTORATION

Florida's Everglades are the largest subtropical wetlands in the United States and are a unique resource. The Everglades "River of Grass" contains a diversity of plants and wildlife not found anywhere else in the United States. For more than a century, human activities have altered the ecosystem to provide for the development of a growing population, agriculture, and protection against deadly hurricanes and droughts.

Today, the Everglades face critical challenges as a result of more than 100 years of human progress. Phosphorus-enriched agricultural and stormwater runoff has threatened the ecosystem's delicate balance. Other threats include changes in the quantity, distribution, and timing of freshwater; an infestation of non-native plants and animals; mercury accumulation in the tissue of some Everglades fish, birds, and other animals; and a reduction in the size of the Everglades marshes.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

The **Everglades Forever Act (EFA)**, passed by the Florida Legislature in 1994, directed the District to acquire land, design, permit, and construct a series of Stormwater Treatment Areas (STAs) to reduce phosphorus levels from stormwater runoff and other sources before it enters the Everglades Protection Area. The District implemented the Everglades Construction Project and the Everglades Restoration Program in order to meet the requirements of the Everglades Forever Act. In 2003, the Everglades Forever Act was amended, requiring the implementation of the Long-Term Plan for Achieving Water Quality Goals in the Everglades Protection Area (Long-Term Plan).

The **Everglades Construction Project (ECP)** was the first major step in Everglades restoration pursuant to the 1994 Everglades Forever Act. The STAs, which consist of six large constructed wetlands, totaling over 52,000 acres of effective treatment area, are the cornerstone of the ECP. Other ECP components include hydropattern improvements and diversion of stormwater flows from Lake Okeechobee. Operations and maintenance of the STAs and other features of the ECP have commenced upon completion of each individual project. The latest data indicates that over the past fifteen years, phosphorus control programs consisting of Stormwater Treatment Areas and best farming/management practices together have prevented over 3,800 metric tons of phosphorus from entering the Everglades.

The Long-Term Plan, which builds upon and expands the ECP, contains activities to achieve Everglades water quality goals and to permit the State of Florida and the District to fulfill their obligations under both the Everglades Forever Act and the federal Everglades Settlement Agreement. The success of the Long-term Plan is predicated upon using an adaptive implementation approach, whereby the best available information is used to develop and implement incremental improvement measures as their need and utility is confirmed.

The **Comprehensive Everglades Restoration Plan (CERP)** is a 30-year plan which provides the framework for the restoration, protection, and preservation of the naturally occurring water resources of the central and southern Florida region which originate in the Everglades. As the plan's major local sponsor, the South Florida Water Management District has partnered with the United States Army Corps of Engineers to implement CERP, the goal of which is to increase water storage and improve the timing, quality, and distribution of water deliveries to the Everglades ecosystem. Principal features of the plan are the creation of new reservoirs and wetlands-based water treatment areas.

The United States Congress approved CERP in 2000, under the Water Resources Development Act, authorizing ten initial full-scale projects along with six pilot projects. Implementation is currently estimated to cost \$12.5 billion, according to the 2007-2008 CERP Update to the Public, half of which will be paid by the federal government. Through 2010, the State of Florida and the District have invested approximately \$2.4 billion towards this effort.

During 2005, the District launched Acceler8, an expedited initiative to be financed by Certificates of Participation to revitalize the ecosystem by increasing the pace on eight restoration projects included in the CERP and Everglades plans. Through fiscal year 2011, proceeds from the certificates totaling \$527.0 million have been utilized to reimburse construction costs related to the projects.

On October 12, 2010, the District completed the acquisition of land from United States Sugar Corporation for Everglades restoration. The acquisition will provide access to land for restoration and water quality improvement projects. Under the terms of the agreement, the District purchased approximately 27,200 acres of land for \$194.0 million in cash and received options to purchase up to 153,200 additional acres over the next ten years. The initial 27,200 acres of land comprises 18,300 acres located in Hendry County and 8,900 acres located in Palm Beach County.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

LAKE OKEECHOBEE

The Lake Okeechobee Project is a multi-year, multi-component project which is designed to improve Lake Okeechobee and its estuaries by reducing excess nutrient loading, managing water levels, and reducing or eliminating exotic plant species. In 2000, the Florida State Legislature passed the Lake Okeechobee Protection Bill, which required the District, in partnership with the Florida Department of Agriculture and Consumer Services and the Florida Department of Environmental Protection, to restore the lake and its watershed. In 2007, the project was further extended under the Northern Everglades and Estuaries Protection legislation. This legislation, which expanded the existing Lake Okeechobee Protection Bill to include the Caloosahatchee and St. Lucie Rivers and Estuaries, addressed both water quality and water storage needs. Total expenditures for the Lake Okeechobee Project for fiscal year 2011 totaled \$5.8 million.

KISSIMMEE BASIN RESTORATION

In 1947, some 250,000 acres were flooded in and south of the cities of Kissimmee and Orlando. In 1962, in an attempt to keep these cities protected from further destruction, the United States Army Corps of Engineers dredged the Kissimmee River, turning it from 103 miles of winding river into a 56-mile long canal.

The environmental devastation of the dredging was staggering. Native vegetation disappeared, as did animals dependent upon it for food, nesting, and shelter. Of the original 40,000 acres of wetlands, only 10,000 remained.

In 1976, the Legislature created a commission to study restoration of the river. After years of studies and experimenting with ways to restore the river, a plan evolved to fill 22 continuous miles of the canal with the original spoil material, forcing the water into the historic river channel and floodplain. The project also calls for removing two of the six dams and locks along the canal. When finished, 43 miles of the historic river and approximately 40 square miles of river/floodplain ecosystem will be restored.

The state and federal governments will split the estimated \$620 million cost to restore the river. The United States Army Corps of Engineers is responsible for the construction and the design of the restoration. The District has completed all voluntary acquisitions of the approximate 105,000 acres of land needed for the Project. Currently, the District is in the process of complex settlement negotiations, condemnation and/or engineering solutions relating to a remaining estimated 1,900 acres.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

FINANCIAL POLICIES

PRINCIPLES OF SOUND FINANCIAL MANAGEMENT

Management acknowledges its responsibility for sound administration of the District's financial resources. This responsibility begins with *Principles of Sound Financial Management*. These are sixteen guiding principles established by the Governing Board that reflect core business beliefs of the District. One of the principles states that the District will maintain accountability and prudently use financial resources. As an integral part of the goal of fiscal accountability, management currently provides useful, timely, and accurate financial information for reporting, analysis, and decision making. The objective of this report is to clearly communicate the agency's operating results and financial position.

BUDGET ADOPTION AND CONTROLS

The Truth-in-Millage (TRIM) Act enacted by state legislation requires disclosures of information regarding tax millage and budget adoption. Each year, following the required disclosures and two statutorily required public hearings, the Governing Board sets millage rates and adopts a budget.

The District's level of budgetary control, defined as the lowest level at which management may not reallocate resources without approval of the Governing Board, is at the program level within a fund and resource area. The Governing Board also approves budget transfers among departments and capital projects during the year. Encumbrance accounting is used to reserve budgeted appropriations for obligations incurred but not received.

DEBT ADMINISTRATION

The largest portion of the District's debt is comprised of the unpaid balance of revenue bonds referred to as Certificates of Participation, (COPS) Series 2006, and to a lesser extent, the unpaid balance of Special Obligation Land Acquisition Bonds. The certificates were issued to provide funds for the construction of accelerated projects in furtherance of Everglades restoration. Land acquisition bonds were issued to finance the purchase of environmentally sensitive lands and are secured by a share of statewide documentary stamp tax collections. At September 30, 2011, the District's COPS were rated Aa2, AA and AA by Moody's, S&P and Fitch Ratings, respectively and the District's Land Acquisition Bonds, Series 2002 and 2003 were rated A1, A+ and A by Moody's, S&P and Fitch Ratings, respectively. The total liability for the revenue bonds and the land acquisition bonds at September 30, 2011 is \$510.4 million and \$30.7 million, respectively. The District is obligated for payments on the COPS through fiscal year 2037, and on the bonds through fiscal year 2016.

Legislation passed by the Florida Legislature in 2009 limits the District's annual debt service for revenue bonds to an amount not to exceed 20.0 percent of annual ad valorem tax revenues of the District, unless otherwise approved by the Joint Legislative Budget Commission. Bonds issued and outstanding before January 1, 2009, are exempt from this statute and are not included in the calculation of this limitation.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

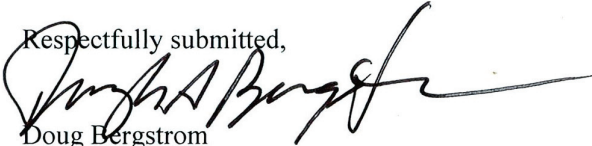
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Florida Water Management District for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the twenty-first consecutive year the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, satisfying both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

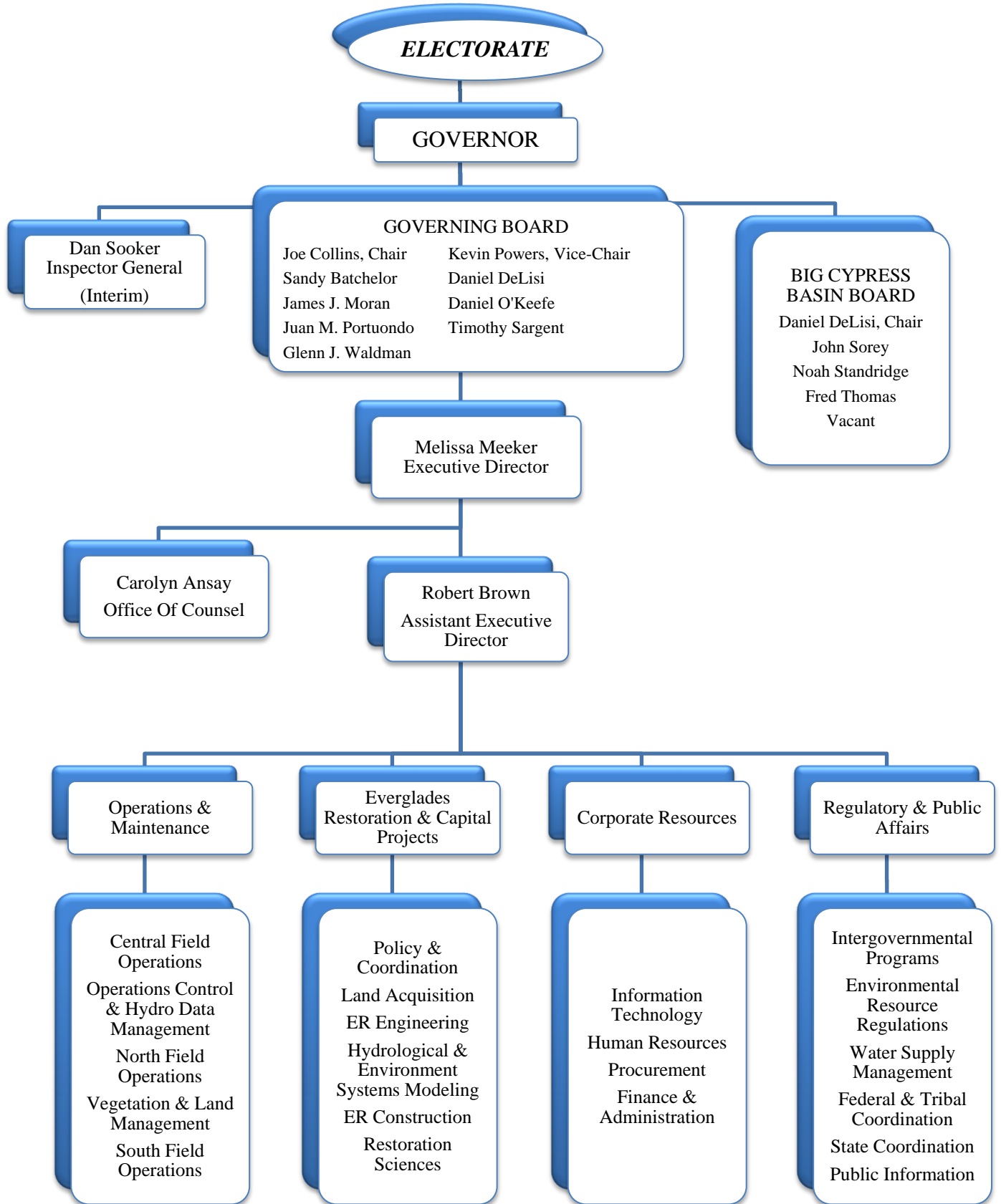
Management extends its sincere appreciation to the many District employees who provided countless hours of research and analysis in the preparation of this report. Special thanks go to the employees of the Finance Bureau for their diligence in the production of this report.

Respectfully submitted,


Doug Bergstrom
Director of Administrative Services
March 28, 2012


Christian Flierl, Chief
Finance Bureau, Administrative Services

ORGANIZATION CHART AND LIST OF PRINCIPAL OFFICIALS



Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Florida
Water Management District

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danson

President

Jeffrey R. Enos

Executive Director

South Florida Water Management District Geographic Boundaries



The South Florida Water Management District (SFWMD) encompasses all or part* of 16 counties:

| | | | |
|------------|------------|-------------|------------|
| Broward | Glades | Martin | Osceola* |
| Charlotte* | Hendry | Monroe | Palm Beach |
| Collier | Highlands* | Okeechobee* | Polk* |
| Miami-Dade | Lee | Orange* | St. Lucie |



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FINANCIAL SECTION



Independent Auditors' Report

To the Governing Board of the
South Florida Water Management District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Florida Water Management District (the "District"), a component unit of the State of Florida, as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the District adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, other post-employment benefit plan schedules of employer contributions and funding progress, and the budgetary comparison schedules – general fund, Okeechobee Basin SR fund, and state appropriations fund are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary comparison schedules, the statistical and disclosure section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, statistical and disclosure sections, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

West Palm Beach, Florida
March 28, 2012

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Management's discussion and analysis of the South Florida Water Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2011. Please read it in conjunction with the transmittal letter beginning on page I-1 and the District's basic financial statements, which begin on page III-1.

FINANCIAL HIGHLIGHTS

- District assets exceeded liabilities at the close of fiscal year 2011 by approximately \$4.6 billion.
- Net assets increased approximately 1.8 percent during the year, from \$4.5 billion at September 30, 2010 to \$4.6 billion at September 30, 2011, an increase of \$80.3 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$22.8 million, or about 15.1 percent of total General Fund expenditures.
- The District's total capital assets increased by \$353.1 million during the current fiscal year. This increase resulted primarily from construction of various projects.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. Both basic government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages III-1 to III-2 of this report.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 29 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Okeechobee Basin Special Revenue Fund, State Appropriations Fund, Okeechobee Basin Capital Projects Fund, Everglades Trust Fund, Comprehensive Everglades Restoration Plan Fund, Save Our Everglades Fund, and COPS Everglades Forever Act Fund, all of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages III-3 to III-10 of this report.

Individual fund data for each of the 21 non-major governmental funds is provided in the form of combining statements on pages V-4 to V-18 of this report.

Proprietary funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, which are in a manner similar to a private-sector business. Similar to the government-wide financial statements, proprietary fund financial statements focus on both short-term and long-term financial information. Proprietary fund financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds can be categorized as enterprise funds or internal service funds. Enterprise funds account for goods and services provided to those outside the District, generally on a user-charge basis. Internal service funds report activities that provide supplies and services for the District's other programs and activities.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Currently, the District maintains no enterprise funds. However, the District maintains two individual internal service funds. Information is presented combined in the statement of net assets, the statement of revenues, expenses, and changes in fund net assets and the statement of cash flows for the Self-Insurance Fund and the Health Benefits Fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages III-11 to III-13 of this report.

Individual fund data for each of the two proprietary funds is provided in the form of combining statements on pages V-48 to V-50 of this report.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided that include the original and final appropriated budgets as well as the final actual results of operations for the General Fund, Okeechobee Basin Special Revenue Fund, and the State Appropriations Fund to demonstrate compliance with these budgets. The budgetary comparison schedules for these three funds are being reported as required supplementary information other than management's discussion and analysis and are presented immediately after the notes on pages IV-1 to IV-8. Budgetary comparison schedules for the other governmental funds are presented on pages V-17 to V-46 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages III-15 to III-46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by over \$4.6 billion at the close of the most recent fiscal year, an increase of \$80.3 million from the prior fiscal year. By far, the largest portion of the District's net assets (89.9 percent) reflects its investment in capital assets (e.g., land, buildings, equipment) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets (8.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (1.5 percent) of net assets relates to the unrestricted portion. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets.

The balance of current and other assets at the end of fiscal year 2011 decreased from the prior year balance, reflecting a net decrease of \$305.1 million. A number of variances contributed to the net decrease, the most significant of which are lower overall cash and investments held during the period, which decreased \$300.2 million, coupled with a \$6.4 million decrease in amounts due from other governments. The decrease in cash and investments is attributable to the District utilizing its cash balances during a period of decreasing property tax revenue and economic slowdown while the decrease in amounts due from other governments

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

corresponds with the decrease in intergovernmental revenues, as more fully discussed on page II-8. Total liability obligations saw a decrease of \$32.3 million. This decrease is primarily a net effect of the pay-down of outstanding debt (\$18.1 million), a decrease in accounts payable balances of \$7.0 million, a decrease in compensated absences liability of \$8.7 million and an offsetting increase of \$4.2 million relating to other post employment benefits, which is based on actuarial estimates. Together, the changes in current assets and total liabilities between fiscal years represents the significant portion of the change in restricted and unrestricted net assets, which shows a net decrease of \$187.1 million.

Key elements of the total net asset increase are presented below.

**District's Net Assets
As of September 30**

| | 2011 | 2010 |
|-----------------------------------|----------------------|----------------------|
| Current and Other Assets | \$ 661,433,624 | \$ 966,549,507 |
| Capital Assets, Net | 4,632,717,943 | 4,279,634,869 |
| Total Assets | 5,294,151,567 | 5,246,184,376 |
| Current and Other Liabilities | 67,381,839 | 75,964,186 |
| Long-term Liabilities Outstanding | 602,846,222 | 626,615,928 |
| Total Liabilities | 670,228,061 | 702,580,114 |
| Net Assets: | | |
| Invested in Capital Assets, | | |
| Net of Related Debt | 4,157,311,051 | 3,889,860,428 |
| Restricted | 398,604,384 | 298,284,060 |
| Unrestricted | 68,008,071 | 355,459,774 |
| Total Net Assets | \$ 4,623,923,506 | \$ 4,543,604,262 |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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**District's Changes in Net Assets
Fiscal Years Ended September 30**

| | 2011 | 2010 |
|---------------------------------------|------------------|------------------|
| Revenues | | |
| Program Revenues | | |
| Charges for Services | \$ 22,637,635 | \$ 21,035,669 |
| Operating Grants and Contributions | 31,324,796 | 24,383,669 |
| Capital Grants and Contributions | 23,358,095 | 104,693,960 |
| General Revenues | | |
| Property Taxes | 411,616,176 | 466,380,372 |
| Investment Earnings | 13,693,847 | 14,467,902 |
| Other | 2,162,878 | 8,391,237 |
| Total Revenues | 504,793,427 | 639,352,809 |
| Expenses | | |
| Mission Support | \$ 121,213,117 | \$ 114,123,630 |
| Operations and Maintenance | 134,014,814 | 122,360,621 |
| Restoration | 115,552,532 | 170,045,556 |
| Water Supply | 28,085,557 | 30,375,078 |
| Interest on Long-Term Debt | 25,608,163 | 26,264,799 |
| Total Expenses | 424,474,183 | 463,169,684 |
| Increase in Net Assets | 80,319,244 | 176,183,125 |
| Net assets – Beginning of fiscal year | 4,543,604,262 | 4,367,421,137 |
| Net assets at End of Year | \$ 4,623,923,506 | \$ 4,543,604,262 |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Property taxes continue as the District's primary source of revenue. For fiscal year 2011, revenue from property taxes totaled \$411.6 million of which \$11.1 million represents Agricultural Privilege Taxes. This reflects a decrease of \$54.8 million, or 11.7 percent, from fiscal year 2010. This decrease is attributable primarily to the devaluation of property values within the District's 16 counties, which can be seen in the corresponding 12.3 percent decrease of taxable property values within the District in fiscal year 2011 from the prior year.

The Agricultural Privilege Tax is one of the dedicated funding sources identified in the Everglades Forever Act (EFA) and is used to fund Everglades Construction Project and Long Term Plan expenditures. Agricultural Privilege Tax revenues vary each year based on tax roll information received from Palm Beach and Hendry counties' property appraisers. The tax is calculated based on the assessed tax-per-acre and the number of agricultural acres reflected on the tax rolls. The Governing Board certifies the tax rolls at the District's Annual Tentative Budget Adoption Public Hearing held each September.

The Agricultural Privilege Tax continues to be a steady source of revenue for the Everglades Trust Fund. During fiscal year 2011 tax revenues derived from the Agricultural Privilege Tax remained consistent with the prior fiscal year's level of \$11.7 million. Annual revenue realized is directly related to a change in acres in the Everglades Agricultural Area and C-139 basin from the previous year's tax rolls. Acres can be taken off the tax rolls due to construction and change in land status to non-agricultural use tax classification.

Charges for services totaled \$22.6 million for fiscal year 2011, an increase of \$1.6 million. This increase is primarily due to the net of a \$1.5 million increase in lease revenue.

Operating grants and contributions totaled \$31.3 million for fiscal year 2011, an increase of approximately \$6.9 million from the prior fiscal year. A number of variances contributed to this increase, the most significant of which are \$3.6 million in revenue recognized from Florida Inland Navigation District for Phase II of the Manatee Pocket Dredging project and \$3.5 million in revenue recognized from the State of Florida, Department of Environmental Protection for water supply and regional water management purposes, received as pass through funding from the Water Protection and Sustainability Program.

Capital grants and contributions totaled \$23.4 million for fiscal year 2011, a decrease of approximately \$81.3 million from fiscal year 2010. This decrease is primarily due to a \$39.5 million reimbursement that was recognized in fiscal year 2010 as revenue which pertained to expenditures originally funded with revenues accounted for in other governmental funds in prior years, which have been deemed eligible for reimbursement with Save Our Everglades Trust funding, a net decrease of \$13.6 million in recognized revenue representing reimbursable expenditures, and approximately \$17.3 million of revenue recognized in fiscal year 2010 related to the contribution of capital assets.

Investment earnings during fiscal year 2011 decreased by approximately \$.8 million to \$13.7 million from the previous fiscal year 2010 level of \$14.5 million. The reduction is primarily attributed to two factors. First, cash on hand from the 2006 Series Certificates of Participation (COPS) proceeds was reduced due to the construction expenditures incurred during the fiscal year, leaving less money invested, and in turn resulting in a decrease of \$.2 million in interest earned on such balances. Additionally, rates earned on investments dropped on average due to economic conditions. The District kept a slightly higher allocation of idle funds in cash accounts that have lower yields due to the uncertainty and volatility in the markets, translating to a drop of \$622.0 thousand in pooled investment earnings.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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Other Revenue totaled \$2.2 million for fiscal year 2011, and consists primarily of miscellaneous revenue not otherwise designated. The net decrease of approximately \$6.2 million relating to other revenue from fiscal year 2010 is primarily attributed to one time premium rebate totaling \$1.0 million the District received during fiscal year 2010 related to a builders risk insurance policy purchased, coupled with a decrease of \$4.9 million related to the District's indirect cost allocation.

Program Expenses related to the Mission Support, Operations and Maintenance and Restoration Programs totaled approximately \$370.8 million or 87.4 percent of the \$424.5 million in total expenses for fiscal year 2011. The District programs and their significant variances are discussed below.

Mission Support Program expenses increased \$7.1 million, or 6.2 percent, from \$114.1 million in fiscal year 2010 to \$121.2 million in fiscal year 2011. The most significant variance contributing to the net increase resulted from the District's self insurance program, which was initiated part way into fiscal year 2010, and accordingly fully established during fiscal year 2011, resulting in additional expenses of approximately \$8.4 million, a portion of which is offset by premiums paid by employees and retirees.

This program delivers critical business support services such as information technology, procurement, finance, human resources, legal support, project management, internal audit, and public and executive level policy guidance. The strategic priority goal of the program is to provide the District with optimum support and logistical functions.

Operations and Maintenance (O&M) Program expense incurred during fiscal year 2011 was \$134.0 million, an increase of \$11.6 million, or 9.5 percent from the \$122.4 million expensed in fiscal year 2010. A number of offsetting variances within the Program contributed to the net increase in expenses, the most significant of which included an increase of \$9.1 million related to canal and levee maintenance.

This program is primarily responsible for the operation and maintenance of over 500 water control structures and over 60 pump stations, installation and maintenance of more than 2,000 automated remote terminal units and 29 weather stations, and maintenance of 1,969 miles of canals and levees, of which 1,800 are in the C&SF Project and 169 in the Big Cypress Basin. This program is also responsible for land stewardship, vegetation and exotic species management and right of way protection. The strategic priority goal of the Operations and Maintenance Program is to minimize damage from flooding, provide adequate regional water supply, and protect and restore the environment by optimally operating and maintaining the primary flood control and water supply system.

Program accomplishments during the fiscal year included the completion of several capital construction projects, including the S-65D telemetry tower, S-331 and S-332 pump station hurricane hardening, S-61, S-65, S-65A, and S-54D navigation lock refurbishment, completion of STA 1-E communications, and resolving 1,276 malfunction requests. Ongoing exotic plant control, mowing, and vehicle inspection and maintenance programs remained on schedule and within budget.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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Restoration Program expense decreased by \$54.5 million or 32.0 percent from the prior year to \$170.0 million. This variance is a culmination of offsetting increases and decreases among the multiple projects which are included in the Restoration Program, the most significant of which consist of a \$13.3 million decrease related to the Acme Basin project, \$13.0 million decrease related to the River of Grass, a \$4.1 million decrease related to Lake Trafford Restoration, a \$19.0 decrease in program management and support costs offset by a \$12.0 increase related to CERP.

This program oversees all capital projects for the agency, from project development through implementation; provides computer modeling, water quality monitoring, and assessment for all aspects of water management; and fulfills the District's responsibilities outlined in the Everglades Forever Act and the Federal Settlement Agreement as well as implementation of the Comprehensive Everglades Restoration Plan. The Restoration Program includes the following functional programs: Coastal Watersheds, Comprehensive Everglades Restoration Plan, District Everglades, Kissimmee Watershed, Lake Okeechobee, and Modeling and Scientific Support.

Program accomplishments during the fiscal year include: Completing the 2011 Lake Okeechobee Protection Plan Update; initiating two USACE construction projects associated with the Kissimmee River; continuing the Construction of Lakeside Ranch Stormwater Treatment Area (Phase I – North STA and S-650 Pump Station) which is expected to be completed in 2012; completing construction of the second floor and roof for the Environment Services Laboratory; and completing production of the 2011 South Florida Environmental Report (SFER).

Water Supply Program expense decreased by \$2.3 million or 7.5 percent from the prior year to \$28.1 million. The majority of the reduction is associated with a reduction in compensated absences expense of \$1.4 million from the prior year, coupled with a \$.1 million decrease in contract services.

This program is responsible for the District's evaluation of long-term water supply needs, planning and development associated with various water resource projects, as well as use of the District's regulatory authority through the issuance of various types of permits to help manage and protect South Florida's water resources. The strategic priority goal of the Water Supply Program is to ensure an adequate supply of water to protect natural systems and to meet all existing and projected reasonable-beneficial uses while sustaining water resources for future generations.

Program accomplishments in fiscal year 2011 include continued implementation of the Water Conservation Hotel and Motel Program (Water CHAMP) which now includes 36 properties (up from 17 in the prior year) with a combined 1,879 rooms (up from 669 rooms last year) enrolled in the program; completing Digital Elevation Models (DEMs) for Martin, St. Lucie, Palm Beach, Polk, Lee, Collier and Monroe counties for updated topography to evaluate sea-level rise and Water Supply Plans; and funding 13 projects in the Water Savings Incentive (WaterSIP) program which have a potential estimated water savings of 230 million gallons per year.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the chief operating fund of the District. It accounts for all financial resources, except those required to be accounted for in another fund. This fund accounts for District-wide expenditures and is supported primarily by ad valorem property taxes, permit fees and investment earnings.

At fiscal year end, the fund balance of the General Fund was \$87.8 million, of which \$74.2 million was either restricted, assigned or unassigned and \$13.6 million was committed to various District projects. As a measure of the General Fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned/unassigned fund balance represents 48.4 percent of the General Fund expenditures totaling \$150.7 million, while total fund balance represents 58.3 percent of that same amount. Revenues exceeded expenditures by \$28.7 million and the General Fund had net operational transfers to other funds amounting to \$28.7 million, resulting in a net increase in fund balance of \$11.7 thousand.

Total revenues in the General Fund decreased approximately \$22.3 million from the prior year. The majority of this decrease is related to a reduction in property tax revenue of \$22.6 million which is attributable to a decrease in property values.

Total expenditures decreased approximately \$1.8 million, or 1.2 percent, in fiscal year 2011 to \$150.7 million primarily due to decreases in all District programs with a slight offsetting increase in the Restoration program. This decrease reflects the District's overall expenditure reduction program and a more focused approach to restoration.

Operating transfers out of the fund totaled \$28.7 million in other financing uses for fiscal year 2011. Transfers-out in the amount of \$23.4 million went to the CERP Fund, representing the General Fund's 2011 annual contribution to CERP to fund planned operations and capital projects with additional transfers-out of \$5.3 million to the District's Capital Projects Fund to fund District wide capital projects.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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Okeechobee Basin Special Revenue Fund

The Okeechobee Basin Special Revenue Fund is restricted for revenues and expenditures within all or part of a 15-county area designated as the Okeechobee Basin. Revenue is provided by ad valorem property taxes, intergovernmental funding, permit fees, investment earnings and other sources.

The total fund balance of the Okeechobee Basin Special Revenue Fund at September 30, 2011 was \$89.6 million, an increase of \$1.8 million from fiscal year 2010. Revenues in excess of expenditures of \$63.5 million were offset by a \$61.7 million reduction related to transfers to other funds. Total revenues in the Okeechobee Basin Special Revenue Fund decreased \$20.7 million from the previous fiscal year. This decrease is due primarily to a decrease in property tax revenues of \$22.5 million, which was offset a lease revenue increase of \$1.3 million.

Total expenditures increased by \$9.7 million, or 9.9 percent in fiscal year 2011 to \$107.9 million. The majority of the increase was related to the purchase of land and related costs for Everglades restoration and water quality improvement projects in the amount of approximately \$8.0 million.

For fiscal year 2011, operating transfers-out totaled \$61.7, of which \$6.3 million went to the CERP Fund, representing the Okeechobee Basin Special Revenue Fund's 2011 annual contribution for CERP in order to fund planned operations and capital projects and \$55.4 million went to the Okeechobee Basin Capital Fund to support scheduled capital improvement projects and various purchases of goods and services.

State Appropriations Fund

The State Appropriations Fund is restricted for revenues and expenditures for various projects utilizing revenue from state sources. The Water Protection and Sustainability Trust Fund, Ecosystem Management and Restoration Trust Fund, and other state appropriations are the primary sources of revenue for this fund. In recent years, the State has advanced funds to the District for major long-term projects such as flood mitigation and restoration of various water bodies. Other grant revenues are recognized on a cost reimbursement basis.

During fiscal year 2011, the fund balance of the State Appropriations Fund decreased by \$3.9 million to \$6.9 million by the end of the fiscal year. The State Appropriations Fund spent \$8.3 million in 2011, and recognized advances and reimbursements in the amount of \$4.3 million from the State of Florida. Balances and activity in this fund vary from year to year based on the amount and timing of revenues received from the State and the status of on-going projects. Total revenues increased by \$4.0 million from the prior year, which is mostly attributable to \$3.4 million in reimbursements recognized for water supply projects within the City of Hialeah and the City of Doral. Total expenditures in the State Appropriations Fund decreased \$6.1 million in fiscal year 2011 primarily as a result of decreased state advances and reduced funding available in the trust funds for alternative water supply projects and other relevant flood mitigation and restoration projects. There were no operating transfers in the State Appropriations Fund during fiscal year 2011.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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Okeechobee Basin Capital Projects Fund

The Okeechobee Basin Capital Projects Fund is restricted for proceeds of ad valorem taxes for capital expenditures incurred towards projects benefiting all or part of a 15-county area designated as the Okeechobee Basin. Revenue is mainly provided by operating transfer from the Okeechobee Basin Special Revenue Fund.

The total fund balance of the Okeechobee Basin Capital Projects Fund at September 30, 2011 was \$53.8 million, a decrease of \$8.1 million from fiscal year 2010.

Total revenues of the fund were \$2.1 million, the majority of which is from investment earnings, which increased by \$0.9 million due to the fund carrying higher cash balances than in the prior year. Total expenditures increased \$28.2 million during fiscal year 2011 in comparison to fiscal year 2010, from \$37.5 million to \$65.7 million. The majority of the increase was related to increases in Operations and Maintenance of \$14.6 million and increases in capital outlay of \$15.2 million for various canal and structure maintenance associated with the Okeechobee Basin.

Operating transfers-in totaled \$55.4 million, received from the Okeechobee Basin Special Revenue Fund to support scheduled capital improvement projects and various purchases of goods and services.

Everglades Trust Fund

The Everglades Trust Fund was established to account for and report financial resources that are restricted, committed or assigned to capital expenditures to construct Stormwater Treatment Areas (STAs) which will cleanse stormwater runoff from the Everglades Agricultural Area (EAA) through naturally occurring biological and physical processes. Additional objectives include hydroperiod restoration and water supply. Revenue for this fund is provided through a .0894 mill tax levy, non-ad valorem tax assessments to property owners in the EAA, state and federal contributions, and interest earnings.

During fiscal year 2011, the fund balance of the Everglades Trust Fund increased \$9.5 million to \$108.0 million at fiscal year end. Several factors contributed to this increase, primarily excess of revenues over expenditures of \$8.7 million.

Total revenues in the Everglades Trust Fund decreased by \$23.2 million to \$51.2 million. This decrease was primarily due to a decrease in ad valorem tax revenues for fiscal year 2011.

Total expenditures decreased by approximately \$11.2 million in fiscal year 2011 to \$42.4 million. This decrease was attributable to a decrease in Restoration expenditures of \$13.0 million during the year relative to the completion of several construction projects during fiscal year 2011; including Phase II of the C-1 Canal which was funded from Everglades Trust Fund revenues and other construction which utilize proceeds from the Series 2006 Certificates of Participation (COPS).

For fiscal year 2011, operating transfers into the fund totaled \$0.7 million which represents the annual funding to cover on-going operations and maintenance costs of the STAs.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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Comprehensive Everglades Restoration Plan (CERP) Fund

The CERP Fund is restricted for expenditures associated with the plan for the restoration, protection, and preservation of the water resources of central and southern Florida, including the Everglades. Primarily, this fund receives its resources from property taxes via operating transfers from the General Fund and the Okeechobee Basin Special Revenue Fund.

During fiscal year 2011, the fund balance of the CERP Fund decreased by \$146.1 million to \$62.6 million at fiscal year end.

Total revenues of the fund were \$2.7 million, the majority of which is from investment earnings which decreased due to the fund carrying lower cash balances than in the prior year. Total expenditures increased \$148.2 million during fiscal year 2011 in comparison to fiscal year 2010, from \$52.5 million to \$200.7 million. The increase in capital outlay of \$151.3 million was the result of the purchase of land and related costs for Everglades restoration and water quality improvement projects in the amount of approximately \$156.9 million. During fiscal year 2011, debt service payments related to the COPS totaled \$15.8 million, which was consistent with the prior fiscal year.

Net operating transfers totaled \$51.9 million in other financing sources for fiscal year 2011, comprised of funding received from the General Fund (\$23.4 million), the Okeechobee Basin Fund (\$6.3 million), the Save Our Everglades Trust Fund (\$22.5 million), and a transfer to the Federal Land Acquisition Fund (\$0.3 million).

Save Our Everglades Trust Fund (SOETF)

The Save Our Everglades Trust Fund (SOETF) is restricted for revenues received from, and expenditures funded through, the State of Florida's fund by the same name. State monies are used to support land acquisition, design, construction, and associated costs for the CERP and Northern Everglades projects.

At September 30, 2011 the fund had a deficit fund balance of was \$18.3 million, a decrease of \$40.3 million from the balance a year earlier. The decrease in fund balance is due to an operating transfer out of the fund related to a onetime \$39.5 million reimbursement received in fiscal year 2010. The reimbursement was for expenditures that were originally funded with revenues accounted for in other governmental funds in prior years, which have been deemed eligible for reimbursement with Save Our Everglades Trust funding. In addition, approximately \$4.6 million in revenue which was billed but not collected within 60 days of fiscal year end was deferred.

Total revenues in the Save Our Everglades Trust Fund decreased approximately \$44.9 million from the prior fiscal year. As stated above, this decrease is due to the onetime \$39.5 million reimbursement that was recognized as revenue in fiscal year 2010.

Overall expenditures decreased by \$23.9 million in fiscal year 2011 from the prior year amount of \$57.9 million. This decrease is due to significant project delays which were encountered in fiscal year 2011 which are related to the comparative decrease in the Fund's revenue.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

COPS Everglades Forever Act (EFA) Fund

The COPS Everglades Forever Act (EFA) Fund is restricted for the revenues from Certificates of Participation issued to support expenditures associated with the accelerated construction of projects in the Everglades/Long-Term Plan Implementation.

During fiscal year 2011, the fund balance decreased by \$94.7 million to \$38.7 million at fiscal year end. This decrease is the result of expenditures relating to the construction of Compartments B and C buildouts, which are part of the Long-Term Plan.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted revenues and expenditures in the final General Fund budget were \$177.8 million and \$176.7 million, respectively. Budgeted revenues were equal to the original adopted budget for fiscal year 2011, while budgeted expenditures increased slightly (approximately \$526,800) from the original budget. For the fiscal year, the variance between budgeted and actual revenues was \$1.6 million, or 1.0 percent of budget.

At the end of fiscal year 2011, the General Fund's budget for Corporate Resources reflected \$5.0 million remaining as available balance. The largest percentage of this unspent balance resides in the Operations and Maintenance and Restoration Programs. This unspent budget authority is related to unspent personnel services budget as a result of large workforce reductions made throughout the year.

At the end of the fiscal year, the General Fund's budget for Regulatory and Public Affairs reflected \$5.8 million remaining as available balance. The largest variance, approximately 59.7%, was in the Restoration Program, with \$2.4 million left unspent. This is due primarily to outstanding encumbrances (\$1.4 million) of which \$1.3 million were for intergovernmental agreements relating to the Northern Everglades and Estuaries Protection Plan - St. Lucie River Watershed Protection Plan, relating to the Manatee Creek Stormwater Retrofit and Pocket Dredging Project.

The final amended General Fund budget also included \$14.3 million in reserves comprised of managerial reserves of \$11.1 million and \$3.2 million in contingency reserves. The District does not expend funds directly out of managerial or contingency reserve accounts. The use of this funding requires Governing Board budget transfer approval, authorizing the movement of budget authority out of managerial reserves and/or contingency reserves to a District program within a resource area's operating or capital budget.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of September 30, 2011, the District's investment in capital assets, net of accumulated depreciation, was \$4.63 billion, up \$353.1 million from \$4.28 billion at the end of fiscal year 2010. This investment in capital assets includes land, easements, canals and levees, buildings, intangibles, equipment, improvements, water control structures, and construction in progress.

| Capital Assets (net of depreciation) | | |
|---|------------------|------------------|
| | 2011 | 2010 |
| Land | \$ 2,563,281,139 | \$ 2,361,438,100 |
| Easements | 40,305,692 | 39,442,335 |
| Canals and Levees | 557,401,642 | 557,073,642 |
| Buildings | 66,665,890 | 69,936,499 |
| Intangibles | 22,323,950 | 23,017,836 |
| Equipment | 50,764,927 | 50,237,332 |
| Improvements | 15,619,465 | 16,536,396 |
| Water Control Structures | 485,814,559 | 482,374,386 |
| Construction in Progress | 830,540,679 | 679,578,343 |
| Total | \$ 4,632,717,943 | \$ 4,279,634,869 |

Major capital asset activity during the current fiscal year included the following:

Land Highlights

The District's investment in land increased approximately \$201.8 million during fiscal year 2011. This change is primarily due to the net effect of the following:

- \$195.1 million of land and related costs for Everglades restoration and water quality improvement projects. The purchased land was comprised of 18,300 acres located in Hendry County and 8,900 acres located in Palm Beach County.
- \$4.8 million for Southern Corkscrew Regional Ecosystem Watershed Project.
- \$2.1 million for Big Cypress Basin Field Station.
- \$2.0 million for the C44 Basin Storage Reservoir.
- \$6.8 million of land and conservation easement donations to various government agencies.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Construction in Progress Highlights

The District's investment in construction in progress increased \$151.0 million during fiscal year 2011. This change is primarily due to the net effect of the following:

- \$173.4 million expended on continuing projects as follows:
 - \$59.6 million expended on construction for STA - Compartment B Buildout.
 - \$40.5 million expended on construction for STA - Compartment C Buildout.
 - \$13.8 million expended on the enhancement of the C-111 Spreader Canal.
 - \$13.8 million expended on construction for Lakeside Ranch STA.
 - \$ 7.7 million expended on an environmental services lab.
 - \$ 7.1 million expended on various structure replacements and hardening.
 - \$ 7.0 million on structure replacement and automation.
 - \$ 6.1 million expended on S-65, S-65A, S-61 and S-65D lock refurbishing.
 - \$ 3.4 million on Biscayne Bay Coastal Wetlands.
 - \$ 3.2 million on telemetry tower replacements.
 - \$11.2 million on other continuing projects.
- \$19.9 million related to completed projects which were transferred out of construction in progress, the most significant of which are:
 - \$4.5 million related to CERP aquifer storage and recovery wells.
 - \$4.3 million related Golden Gate Weir #3.
 - \$4.0 million for S-127 and S-133 refurbishing.
 - \$1.5 million for STA 5 rehabilitation.
 - \$1.4 million for e-Permitting enhancements.

Additional information on the District's capital assets can be found in Note 9 on page III-36 of this report.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

LONG-TERM DEBT ADMINISTRATION

At the end of fiscal year 2011, the District had \$542.2 million in total outstanding long-term debt, representing a decrease of \$18.1 million from the prior year. The majority of the balance is comprised of bonds, bank loans, and Certificates of Participation.

Long-term Debt Outstanding

| | 2011 | 2010 |
|---|----------------|----------------|
| Special Obligation Land Acquisition Bonds | \$ 30,745,000 | \$ 36,160,000 |
| Bank Loans | 1,142,857 | 4,118,196 |
| Certificates of Participation | 510,355,000 | 520,060,000 |
| Total | \$ 542,242,857 | \$ 560,338,196 |

The Special Obligation Land Acquisition Refunding Bonds Series 2002 (\$11.5 million) and Series 2003 (\$19.2 million) finance the acquisition of environmentally sensitive lands. Documentary stamp tax revenues provided through the State of Florida's Water Management Lands Trust Fund secure the repayment of this debt.

At the end of fiscal year 2011, the outstanding balance on commercial bank debt was approximately \$1.1 million. This amount represents a bank loan which was used to fund the implementation of the District's Enterprise Resource Planning (ERP) system.

In November 2006, the District issued \$546.1 million in Certificates of Participation to provide for the lease-purchase financing of the acquisition, construction, and equipping of certain expedited Everglades Restoration projects. The outstanding balance at the end of fiscal year 2011 was \$510.4 million.

During fiscal year 2011, Moody's Investor Services (Moody's) and Standard and Poor's (S&P) withdrew their ratings of the District's bond insurer, AMBAC Assurance Corporation, which had previously been withdrawn by Fitch Ratings. In addition, during fiscal year 2011 S&P lowered its credit rating on the District's COPS to AA from AA+. This lowering is a reflection of the passage of Senate Bill 2142, which diminishes the District's financial flexibility by putting a cap on the amount of revenue the District may raise through ad valorem taxes as well as the requiring legislative approval of future budgets and millage rates. At September 30, 2011, the District's COPS were rated Aa2, AA and AA by Moody's, S&P and Fitch Ratings, respectively and the District's Land Acquisition Bonds, Series 2002 and 2003 were rated A1, A+ and A by Moody's, S&P and Fitch Ratings, respectively. On January 10, 2012, Fitch Ratings downgraded the rating on the District's COPS to AA- from AA. This downgrade is a reflection of the District's loss of significant revenue raising capacity due to the passage of Senate Bill 2142. A bond rating indicates the investment quality of the bonds, which is based on an assessment of the economic and financial condition of the agency, and is reflective of the overall managerial expertise of the agency. The District strives to maintain this superior bond rating for its obligations in order to realize more favorable borrowing costs.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Debt Management Policy

Since the 1990's, the District made a commitment to the citizens of South Florida to operate in accordance with sixteen guiding principles designed to achieve and maintain the highest standards of fiscal accountability. The Governing Board of the District adopted a *Debt Management Policy* in May 1993, which was updated in April 2005 and revised again in October 2008. The policy and related guidelines enables the District to identify and address potential concerns and alternatives early in the capital planning and debt issuance process.

The policy directs the District to:

- Exhibit purposeful restraint in incurring debt.
- Follow a policy of full disclosure in all financial reports and official statements issued for indebtedness.
- Refrain from issuing short-term debt that requires repeated annual appropriation.
- Limit long-term debt to no more than the estimated life of the capital assets financed and refrain from issuing debt to finance current operations or normal maintenance.
- Project debt requirements on a five-year basis to facilitate better short-term decisions in light of other priorities that may arise, and examine the longer-range implications and effects of debt issuance.

Included in the District's adopted *Debt Management Policy* are benchmarks which are self-imposed boundaries and not statutorily established levels of acceptance dedicated to prudent debt management. The District's debt burden shall not exceed the benchmark levels, as described below, and no additional debt shall be authorized if the projected debt burden would exceed these levels:

- The net debt per capita shall not exceed \$350.
- Debt service shall not exceed 30 percent of revenues legally available to the District to pay debt service including, but not limited to, the available ad-valorem revenues, related interest income thereon and permit fee revenue.
- The debt-to-assessed value shall not exceed 0.30 percent of the assessed value of property within the District.

Florida Statute requires that total annual debt service for debt issued after January 1, 2009 cannot exceed 20 percent of the annual ad valorem tax revenues, unless approved by the Joint Legislative Budget Commission.

Additional information about the District's long-term debt can be found in Note 10 on pages III-37 through III-39 of this report.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Outlook

The District developed a series of revenue assumptions used during the preparation of its 2012 fiscal year budget. These revenue assumptions were based on current and projected economic indicators and historical trends. The Florida Department of Revenue and the State Ad Valorem Estimating Conference provided county projection data and trends in ad valorem tax-roll growth rates over a five-year period which was analyzed by the District's Budget Office. Revenue-collection history and information supplied by various departments within the District were used to determine all remaining ad valorem and ad valorem related sources. The District's dedicated revenue assumptions were formulated using information from state trust fund balances and from agreements with federal, state and local governments.

As in prior fiscal years, ad valorem property taxes continue to be the District's largest single, ongoing source of revenue. Approximately 47.7 percent of the District's fiscal year 2012 budget is projected to be funded through ad valorem tax revenues. Taxable property values within the District decreased by 12.3 percent from \$783.8 billion in 2010 to \$687.2 billion in 2011. Ad valorem taxes projected for fiscal year 2012 are \$270.7 million, an estimated \$129.9 million less than the prior year. This decrease in ad valorem revenue is a result of the passage of Senate Bill 2142.

Senate Bill 2142, which became effective May 26, 2011, amends section of Florida Statute 373.503. This bill requires the Legislature to annually review the preliminary budget for each water management district and set the maximum amount of revenue a district may raise in the next fiscal year through its ad valorem tax. For fiscal year 2012, the bill limits the total ad valorem taxes that may be levied by the District to \$284,901,967. If the annual maximum amount of property tax revenue is not set by the Legislature on or before July 1 of each year, the maximum property tax revenue that may be raised reverts to the amount authorized in the prior year. The bill also requires the District to provide a monthly financial statement to its governing board and make such information available to the public through the District's website as well as revises provisions relating to the review of the District's budget to allow the Legislative Budget Commission, in addition to the Executive Office of the Governor, to disapprove the budget, in whole or in part. In order to meet the requirements of this bill and reduce its property tax revenue in fiscal year 2012, the District has directed its fiscal resources, including accumulated reserves, toward its core mission of flood control, water supply, water quality and natural systems. Related budget reductions are reflected in decreases in salaries, benefits, staff augmentation, facility rent and overhead, land management services, CERP oversight, security, monitoring and Information Technology functions.

The remaining revenue budget includes anticipated funding from state and federal sources, as well as from fees and investment earnings. State revenues have also been declining, which is the District's second major source of revenue. The State of Florida has been impacted by the current economic factors resulting in overall lower revenue estimates and actual collections. As a result, the amounts that the State of Florida appropriated for District projects are less than in prior fiscal years. The fiscal year 2012 appropriation from the Save Our Everglades Trust Fund is anticipated to decrease by 43.8% from the prior year's appropriation of \$47.0 million. There are no new state appropriations for alternative water supply or water quality projects from the Water Protection and Sustainability Trust Fund and no fiscal year 2012 state appropriations for

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

water projects (Community Budget Issue Requests). Reductions in state funds are reflected primarily in Everglades Land acquisition, surface water improvement and other water resources projects.

The District recognizes the importance of how available revenues can change in response to economic factors. There are many economic factors to consider and monitor relating to the District and changes in these economic factors directly impact the District's financial health and future revenue outlook.

The following discussion will focus on economic factors affecting the District's ad valorem revenue budget and were considered in preparing the District's budget for the 2012 fiscal year.

Property Values

Property values have a very large and direct impact on ad valorem taxes. An increase in property value will often be an indicator of a healthy economy. Counties experiencing population and economic growth are likely to enjoy a per unit long-term increase in property value due to increased demand for homes. Changes in property value are important to the District because ad valorem taxes are the primary revenue source for the agency.

The housing market has deteriorated significantly since its peak at the end of 2006 and Florida has been one of the hardest hit states along with Arizona, California, and Nevada. This downturn, which began in 2007, can be attributed to soaring home prices and over-supply from home builders and investors. These conditions resulted from the easing of underwriting standards and the consumers increased appetite for risk, making it less difficult for prospective homebuyers to qualify for a mortgage. In order to afford a home, homebuyers became increasingly dependent on exotic mortgage products intended to reduce down payments and monthly payments.

Foreclosures

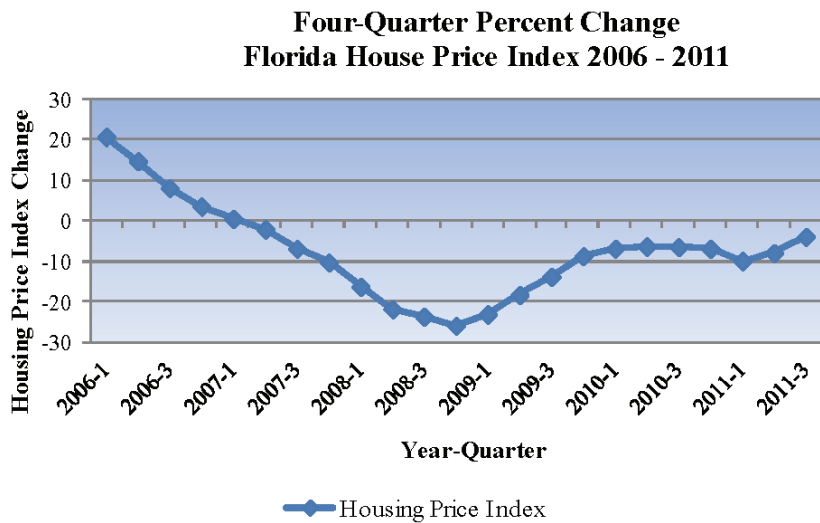
According to RealtyTrac®, the leading online marketplace for foreclosure properties, foreclosure filings, which includes default notices, scheduled auctions, and bank repossessions were reported on 610,337 properties in the third quarter of 2011, an increase of less than 1.0 percent from the previous quarter and a decrease of 34.0 percent from the third quarter of 2010. Their report shows one in every 213 U.S. housing units had a foreclosure filing during the quarter. Florida accounted for one in every 9 properties with foreclosure filings nationwide during the third quarter, with a total of 67,886 — the second highest of any state and an increase of 15.0 percent from the previous quarter. The quarterly increase was driven by a 24.0 percent increase in new default notices and a 14.0 percent increase in bank repossessions.

Default notices were filed on 195,878 U.S. properties in the third quarter 2011, an increase of 14 percent from the previous quarter but a decrease of 27 percent from same quarter of 2010. Florida had one of the largest quarterly increases in default notices with a 24.0 percent increase, following only Massachusetts and New Jersey. Despite the quarterly increase, Florida foreclosure activity in the third quarter was still down 57.0 percent from the third quarter of 2010. Two Florida cities, both within District boundaries, posted foreclosure rates in the top 25: Cape Coral-Fort Myers at Number 15, with one in every 92 housing units with a foreclosure filing in the third quarter and Miami at Number 23, with one in every 108 housing units with a foreclosure filing.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Home Prices

The Federal Housing Finance Agency's House Price Index indicates that home prices have fallen 2.82 percent in Florida since September 2010. This is an improvement from the decrease of 6.39 percent (adjusted) in home price for the same period one year ago. The House Price Index is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinancings on the same properties. Below is a graph which shows the trend in the Florida house price index from 2006 to present.



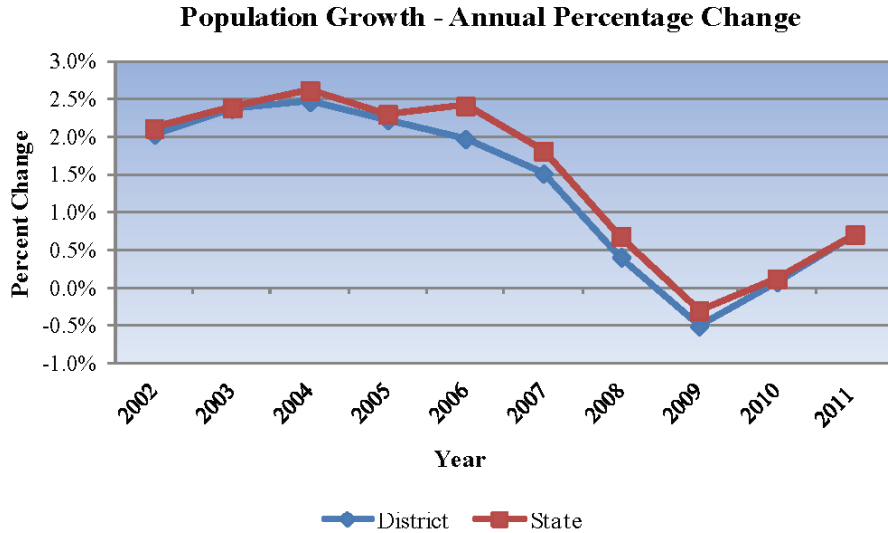
Source: Federal Housing Finance Agency

Population Growth

Another economic factor driving ad valorem taxes is population growth and the impact it has on property values. Population growth impacts property values because as the population increases, demand for homes increases, which results in higher property values. This relationship between the real estate market and change in population will affect District revenues because ad valorem taxes are collected from property owners based on property values set by the respective county property appraiser. It is important to monitor population trends to effectively develop future budgets capable of being supported by the tax base. In addition, as the population increases, the use of water resources increases, which amplifies the need to protect and restore natural resources and manage and regulate the usage and storage of the region's water supply.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

In 2011, the District's population increased slightly by 0.07 percent, compared to the prior year's increase of 0.08 percent. Over the past ten years (2002 to 2011) the population growth across the District averaged 1.33 percent. The rate of population growth within the District's boundary is consistent with the state-wide trend as shown below:



Source: Florida Demographic Estimating Conference, August 2011

General Fund – Assigned and Unassigned Fund Balance

At the end of fiscal year 2011, the total assigned and unassigned fund balance in the General Fund is \$74.2 million. This represents a decrease of \$2.4 million or approximately 3.2 percent from the unreserved fund balance reported in fiscal year 2010. The District has appropriated \$45.8 million of the \$74.2 million for spending in the fiscal year 2012 budget.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

NEXT YEAR'S BUDGETS AND RATES

As a result of the requirements mandated by Senate Bill 2142, as discussed above, the District's fiscal year 2012 adopted millage rates have been reduced from the fiscal year 2011 rates. Beginning in fiscal year 2012, all property owners within the District's boundaries will be assessed a lower District-at-Large millage rate of .1785 mills, reduced from the year's rate of .2549 mills. In addition, property owners within the Okeechobee Basin will be assessed both the Okeechobee Basin tax rate of .1954 mills and the Everglades Construction Project tax rate of .0624 mills, both of which are reduced from the fiscal year 2011 of .2797 and .0894, respectively, for a combined tax assessment of .4363 mills. Property owners within the Big Cypress Basin will be assessed the Big Cypress Basin millage rate of .1633 mills, which is reduced from the fiscal year 2011 rate of .2265 and the District-at-Large tax rate of .1785 mills, for a combined tax assessment of .3418 mills. State law limits the combined District-at-Large and basin tax millage for each of the two basins at 0.8 mills (80 cents per \$1,000 of taxable value). The state constitutional limit is slightly higher at 1 mill (\$1.00 per \$1,000 of taxable value). Consequently, the District's approved budget for fiscal year 2012 totals \$576.1 million, a decrease of approximately \$599.9 million from the fiscal year 2011 amended budget of \$1.176 billion. Included in the 2012 budget is a projected decrease of \$129.9 million in ad valorem taxes revenue, as a result of the passage of Senate Bill 2142.

Requests for Information

The District's basic financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's Finance Bureau Chief, Administrative Services Division at P.O. Box 24680, West Palm Beach, Florida 33416-4680.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

South Florida Water Management District
Statement of Net Assets
September 30, 2011

| | <u>Total Governmental Activities</u> |
|--|--|
| ASSETS | |
| Cash and Investments | \$440,643,205 |
| Accounts Receivable | 1,716,285 |
| Due from Other Governments | 23,287,816 |
| Inventory | 5,870,185 |
| Prepays | 539,584 |
| Other Assets | 4,802,599 |
| Restricted Assets: | |
| Temporarily Restricted - Cash and Investments | 170,585,330 |
| Permanently Restricted - Cash and Investments | 13,988,620 |
| Capital Assets | |
| Land and Easements | 2,603,586,831 |
| Construction In Progress | 830,540,679 |
| Canals and Levees | 557,401,642 |
| Other Capital Assets, Net of Depreciation | 641,188,791 |
| Total Assets | <u>5,294,151,567</u> |
| LIABILITIES | |
| Accounts Payable | 65,382,920 |
| Due to Other Governments | 1,498,919 |
| Unearned Revenue | 500,000 |
| Noncurrent Liabilities: | |
| Due Within One Year | |
| Bonds Payable, Net of Unamortized Premiums/Discounts | 5,789,651 |
| Certificates of Participation Payable, Net of Unamortized Premiums/Discounts | 11,693,872 |
| Compensated Absences | 10,010,200 |
| Self Insurance Claims Payable | 2,825,443 |
| Due in More Than One Year | |
| Bonds Payable, Net of Unamortized Premiums/Discounts | 25,308,815 |
| Bank Loans Payable | 1,142,857 |
| Certificates of Participation Payable, Net of Unamortized Premiums/Discounts | 516,359,621 |
| Compensated Absences | 6,815,800 |
| OPEB Obligation | 18,641,587 |
| Self Insurance Claims Payable | 4,258,376 |
| Total Liabilities | <u>670,228,061</u> |
| NET ASSETS | |
| Invested In Capital Assets, Net of Related Debt | 4,157,311,051 |
| Restricted for: | |
| Debt Service | 30,327,489 |
| Wetlands Mitigation | |
| Expendable | 23,290,831 |
| Nonexpendable | 13,988,620 |
| Environmental Programs | 267,486,175 |
| Capital Construction | 63,511,269 |
| Unrestricted | 68,008,071 |
| Total Net Assets | <u><u>\$4,623,923,506</u></u> |

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Statement of Activities
For the Year Ended September 30, 2011

| Functions/Programs | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net Revenue (Expense) and Change in Net Assets</u> |
|---|----------------------|---------------------------------|---|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Total Governmental Activities</u> |
| Mission Support | \$121,213,117 | \$11,278,950 | \$ - | \$ - | (\$109,934,167) |
| Operations and Maintenance | 134,014,814 | 8,039,514 | 3,993,318 | 12,560,490 | (109,421,492) |
| Restoration | 115,552,532 | - | 23,810,358 | 10,797,605 | (80,944,569) |
| Water Supply | 28,085,557 | 3,319,171 | 3,521,120 | - | (21,245,266) |
| Interest on Long Term Debt | 25,608,163 | - | - | - | (25,608,163) |
| Total | <u>\$424,474,183</u> | <u>\$22,637,635</u> | <u>\$31,324,796</u> | <u>\$23,358,095</u> | <u>(347,153,657)</u> |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 347,234,986 |
| Property Taxes, Levied for Everglades Restoration | | | | | 64,381,190 |
| Investment Earnings | | | | | 13,693,847 |
| Other | | | | | <u>2,162,878</u> |
| Total General Revenues | | | | | <u>427,472,901</u> |
| Change in Net Assets | | | | | 80,319,244 |
| Net Assets at Beginning of Year | | | | | <u>4,543,604,262</u> |
| Net Assets at End of Year | | | | | <u>\$4,623,923,506</u> |

See Accompanying Notes to the Financial Statements

South Florida Water Management District
 Balance Sheet
 Governmental Funds
 September 30, 2011

| | General | Okeechobee Basin SR | State Appropriations |
|--------------------------------------|---------------------|------------------------|-------------------------|
| ASSETS | | | |
| Cash and Investments | \$96,841,738 | \$82,190,160 | \$7,680,094 |
| Cash Held by Trustee | - | - | - |
| Accounts Receivable | 231,429 | 169,568 | - |
| Due from Other Governments | 2,062,321 | 2,243,142 | 238,688 |
| Due from Other Funds | - | 4,014,570 | - |
| Inventory | - | 5,811,098 | - |
| Other Assets | 27,104 | - | - |
| | <u>\$99,162,592</u> | <u>\$94,428,538</u> | <u>\$7,918,782</u> |
| Total Assets | <u>\$99,162,592</u> | <u>\$94,428,538</u> | <u>\$7,918,782</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$10,863,028 | \$4,261,356 | \$710,301 |
| Due to Other Governments | 237,620 | 53,688 | 89,103 |
| Due to Other Funds | 269,711 | 215,769 | - |
| Deferred Revenue | - | 333,258 | 238,688 |
| | <u>11,370,359</u> | <u>4,864,071</u> | <u>1,038,092</u> |
| Total Liabilities | <u>11,370,359</u> | <u>4,864,071</u> | <u>1,038,092</u> |
| FUND BALANCES | | | |
| Nonspendable | - | 5,811,098 | - |
| Restricted | 1,190,857 | 83,753,369 | 6,880,690 |
| Committed | 13,571,806 | - | - |
| Assigned | 50,267,731 | - | - |
| Unassigned | 22,761,839 | - | - |
| | <u>87,792,233</u> | <u>89,564,467</u> | <u>6,880,690</u> |
| Total Fund Balances | <u>87,792,233</u> | <u>89,564,467</u> | <u>6,880,690</u> |
| Total Liabilities and Fund Balances | <u>\$99,162,592</u> | <u>\$94,428,538</u> | <u>\$7,918,782</u> |

South Florida Water Management District
 Balance Sheet
 Governmental Funds
 September 30, 2011

| | Okeechobee Basin CP | Everglades Trust Fund | Comprehensive Everglades Restoration Plan (CERP) | Save Our Everglades |
|--------------------------------------|------------------------|--------------------------|---|------------------------|
| ASSETS | | | | |
| Cash and Investments | \$62,789,764 | \$91,539,908 | \$31,184,427 | \$ - |
| Cash Held by Trustee | - | 12,607,278 | 10,189,456 | - |
| Accounts Receivable | 123,760 | 207,905 | 130,829 | 157,668 |
| Due from Other Governments | - | 794,953 | - | 13,950,764 |
| Due from Other Funds | - | 5,182,891 | 22,614,747 | - |
| Inventory | - | - | - | - |
| Other Assets | 376 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$62,913,900</u> | <u>\$110,332,935</u> | <u>\$64,119,459</u> | <u>\$14,108,432</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$9,121,830 | \$2,275,247 | \$1,403,464 | \$4,421,661 |
| Due to Other Governments | - | 22,682 | 65,695 | 719,857 |
| Due to Other Funds | - | 29,968 | 17,981 | 22,614,747 |
| Deferred Revenue | - | - | - | 4,643,454 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>9,121,830</u> | <u>2,327,897</u> | <u>1,487,140</u> | <u>32,399,719</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 53,792,070 | 108,005,038 | 10,189,456 | - |
| Committed | - | - | 31,991,986 | - |
| Assigned | - | - | 20,450,877 | - |
| Unassigned | - | - | - | (18,291,287) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>53,792,070</u> | <u>108,005,038</u> | <u>62,632,319</u> | <u>(18,291,287)</u> |
| Total Liabilities and Fund Balances | <u>\$62,913,900</u> | <u>\$110,332,935</u> | <u>\$64,119,459</u> | <u>\$14,108,432</u> |

See Accompanying Notes to the Financial Statements

| | COPS Everglades Forever Act (EFA) | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|---|--------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ - | \$119,687,760 | \$491,913,851 |
| Cash Held by Trustee | 57,542,772 | 27,377,232 | 107,716,738 |
| Accounts Receivable | - | 601,842 | 1,623,001 |
| Due from Other Governments | - | 3,997,948 | 23,287,816 |
| Due from Other Funds | - | - | 31,812,208 |
| Inventory | - | 59,087 | 5,870,185 |
| Other Assets | - | 54,601 | 82,081 |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$57,542,772</u> | <u>\$151,778,470</u> | <u>\$662,305,880</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$13,708,153 | \$4,395,485 | \$51,160,525 |
| Due to Other Governments | - | 310,274 | 1,498,919 |
| Due to Other Funds | 5,182,891 | 4,074,507 | 32,405,574 |
| Deferred Revenue | - | 1,423,541 | 6,638,941 |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>18,891,044</u> | <u>10,203,807</u> | <u>91,703,959</u> |
| FUND BALANCES | | | |
| Nonspendable | - | 14,047,707 | 19,858,805 |
| Restricted | 38,651,728 | 116,751,517 | 419,214,725 |
| Committed | - | - | 45,563,792 |
| Assigned | - | 12,013,556 | 82,732,164 |
| Unassigned | - | (1,238,117) | 3,232,435 |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>38,651,728</u> | <u>141,574,663</u> | <u>570,601,921</u> |
| Total Liabilities and Fund Balances | <u>\$57,542,772</u> | <u>\$151,778,470</u> | <u>\$662,305,880</u> |

South Florida Water Management District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 September 30, 2011

Fund Balances - Total Governmental Funds \$570,601,921

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the governmental funds.

| | | |
|-------------------------------|----------------------|---------------|
| Governmental capital assets | \$4,915,436,495 | |
| Less accumulated depreciation | <u>(282,767,566)</u> | 4,632,668,929 |

Long term liabilities not due and payable in the current period are not reported in the governmental funds. The difference between retired debt and new debt is amortized as an adjustment of interest expense in the statement of activities over the remaining life of the debt. The discounts, premiums, and issuance costs on the debt are not deferred in governmental funds, but rather are recognized as other financing sources or uses when the debt is issued. Governmental funds report the effects of issuance costs as a debt service expenditure when the debt is first issued whereas these amounts are deferred and amortized in the Statement of Activities.

| | | |
|---|------------------|---------------|
| Bonds payable | (30,745,000) | |
| Bond premiums / discounts | (353,466) | |
| Bank loans payable | (1,142,857) | |
| Certificates of participation payable | (510,355,000) | |
| Certificates of participation premiums / discounts | (17,698,493) | |
| Compensated absences | (16,826,000) | |
| Other post employment benefits | (18,641,587) | |
| Unamortized debt issuance costs - bonds | 126,659 | |
| Unamortized debt issuance costs - certificates of participation | 2,706,794 | |
| Unamortized deferred interest | <u>1,123,065</u> | (591,805,885) |

Bond and certificates of participation interest due October 1, 2011 are not reported as a liability of the governmental funds.

| | | |
|--|---------------------|--------------|
| Accrued interest payable - bonds | (684,896) | |
| Accrued interest payable - certificates of participation | <u>(12,661,732)</u> | (13,346,628) |

Assets not available to provide current resources are offset with deferred revenues in the fund statements. The reduction of the liability and recognition of revenue increases net assets in the Statement of Net Assets. 6,138,941

Internal Service Funds are used by management to charge the costs of certain activities, such as worker's compensation, general and automobile liability, and health benefits to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets. 19,666,228

Net Assets of Governmental Activities \$4,623,923,506

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

| | General | Okeechobee Basin SR | State Appropriations |
|--|---------------------|------------------------|-------------------------|
| REVENUES | | | |
| Ad Valorem Property Taxes | \$167,060,545 | \$166,808,938 | \$ - |
| Agricultural Privilege Taxes | - | - | - |
| Intergovernmental | 23,290 | 600,781 | 4,349,348 |
| Investment Earnings | 2,798,466 | 2,010,183 | - |
| Licenses, Permits and Fees | 2,628,542 | 69,474 | - |
| Sale of District Property | 825,573 | 411,898 | - |
| Indirect Costs Recovered | 5,420,591 | - | - |
| Leases | 67,814 | 1,295,597 | - |
| Other | 580,414 | 223,262 | - |
| | <u>179,405,235</u> | <u>171,420,133</u> | <u>4,349,348</u> |
| EXPENDITURES | | | |
| Current Operating | | | |
| Mission Support | 85,741,095 | 8,323,330 | - |
| Operations and Maintenance | 11,076,545 | 76,665,816 | 47,571 |
| Restoration | 24,293,533 | 20,488,337 | 6,845,362 |
| Water Supply | 27,140,727 | 1,709,605 | 1,376,550 |
| Capital Outlay | - | - | - |
| Debt Service | | | |
| Bond Principal Retirement | - | - | - |
| Bond Interest | - | - | - |
| Bank Loan Principal Payments | 2,285,714 | 689,625 | - |
| Bank Loan Interest | 168,000 | 12,724 | - |
| COPS Bond Principal Retirement | - | - | - |
| COPS Bond Interest | - | - | - |
| | <u>150,705,614</u> | <u>107,889,437</u> | <u>8,269,483</u> |
| Revenues in Excess of (Less than) Expenditures | <u>28,699,621</u> | <u>63,530,696</u> | <u>(3,920,135)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | - |
| Transfers Out | (28,687,944) | (61,703,468) | - |
| | <u>(28,687,944)</u> | <u>(61,703,468)</u> | <u>-</u> |
| Net Change in Fund Balances | 11,677 | 1,827,228 | (3,920,135) |
| Fund Balances at Beginning of Year | 87,780,556 | 87,737,239 | 10,800,825 |
| Fund Balances (Deficits) at End of Year | <u>\$87,792,233</u> | <u>\$89,564,467</u> | <u>\$6,880,690</u> |

South Florida Water Management District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

| | Okeechobee Basin CP | Everglades Trust Fund | Comprehensive Everglades Restoration Plan (CERP) | Save Our Everglades |
|--|----------------------------|-----------------------------|---|------------------------------|
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$ - | \$37,888,362 | \$ - | \$ - |
| Agricultural Privilege Taxes | - | 11,064,462 | - | - |
| Intergovernmental | - | - | - | 32,687,058 |
| Investment Earnings | 1,603,991 | 2,268,704 | 1,667,323 | 6,745 |
| Licenses, Permits and Fees | - | - | - | - |
| Sale of District Property | 540,000 | - | - | - |
| Indirect Costs Recovered | - | - | - | - |
| Leases | - | - | 989,365 | 507,148 |
| Other | 2,247 | 1,871 | 6,007 | - |
| | <u>2,146,238</u> | <u>51,223,399</u> | <u>2,662,695</u> | <u>33,200,951</u> |
| EXPENDITURES | | | | |
| Current Operating | | | | |
| Mission Support | - | - | - | - |
| Operations and Maintenance | 29,228,511 | 44,122 | 63,213 | - |
| Restoration | 935,364 | 18,261,307 | 24,106,671 | 3,723,205 |
| Water Supply | - | - | - | - |
| Capital Outlay | 35,548,860 | 4,689,984 | 160,762,327 | 30,258,824 |
| Debt Service | | | | |
| Bond Principal Retirement | - | - | - | - |
| Bond Interest | - | - | - | - |
| Bank Loan Principal Payments | - | - | - | - |
| Bank Loan Interest | - | - | - | - |
| COPS Bond Principal Retirement | - | 5,367,156 | 4,337,844 | - |
| COPS Bond Interest | - | 14,123,931 | 11,415,246 | - |
| | <u>65,712,735</u> | <u>42,486,500</u> | <u>200,685,301</u> | <u>33,982,029</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(63,566,497)</u> | <u>8,736,899</u> | <u>(198,022,606)</u> | <u>(781,078)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 55,432,800 | 733,182 | 52,198,612 | - |
| Transfers Out | - | - | (280,000) | (39,500,000) |
| | <u>55,432,800</u> | <u>733,182</u> | <u>51,918,612</u> | <u>(39,500,000)</u> |
| Net Change in Fund Balances | (8,133,697) | 9,470,081 | (146,103,994) | (40,281,078) |
| Fund Balances at Beginning of Year | <u>61,925,767</u> | <u>98,534,957</u> | <u>208,736,313</u> | <u>21,989,791</u> |
| Fund Balances (Deficits) at End of Year | <u><u>\$53,792,070</u></u> | <u><u>\$108,005,038</u></u> | <u><u>\$62,632,319</u></u> | <u><u>(\$18,291,287)</u></u> |

See Accompanying Notes to the Financial Statements

| | COPS Everglades Forever Act (EFA) | Other Governmental Funds | Total Governmental Funds |
|--|---|--------------------------------|--------------------------------|
| REVENUES | | | |
| Ad Valorem Property Taxes | \$ - | \$28,793,869 | \$400,551,714 |
| Agricultural Privilege Taxes | - | - | 11,064,462 |
| Intergovernmental | - | 30,228,101 | 67,888,578 |
| Investment Earnings | 442,018 | 2,311,176 | 13,108,606 |
| Licenses, Permits and Fees | - | 5,468,838 | 8,166,854 |
| Sale of District Property | 55,504 | 35,288 | 1,868,263 |
| Indirect Costs Recovered | - | - | 5,420,591 |
| Leases | - | 1,055,828 | 3,915,752 |
| Other | 114 | 82,081 | 895,996 |
| | <u>497,636</u> | <u>67,975,181</u> | <u>512,880,816</u> |
| EXPENDITURES | | | |
| Current Operating | | | |
| Mission Support | - | 701,135 | 94,765,560 |
| Operations and Maintenance | - | 8,381,632 | 125,507,410 |
| Restoration | 30 | 30,759,830 | 129,413,639 |
| Water Supply | - | 2,101,232 | 32,328,114 |
| Capital Outlay | 99,029,366 | 40,440,219 | 370,729,580 |
| Debt Service | | | |
| Bond Principal Retirement | - | 5,415,000 | 5,415,000 |
| Bond Interest | - | 1,489,721 | 1,489,721 |
| Bank Loan Principal Payments | - | - | 2,975,339 |
| Bank Loan Interest | - | - | 180,724 |
| COPS Bond Principal Retirement | - | - | 9,705,000 |
| COPS Bond Interest | - | - | 25,539,177 |
| | <u>99,029,396</u> | <u>89,288,769</u> | <u>798,049,264</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(98,531,760)</u> | <u>(21,313,588)</u> | <u>(285,168,448)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 3,816,493 | 31,554,488 | 143,735,575 |
| Transfers Out | - | (13,564,163) | (143,735,575) |
| | <u>3,816,493</u> | <u>17,990,325</u> | <u>-</u> |
| Net Change in Fund Balances | (94,715,267) | (3,323,263) | (285,168,448) |
| Fund Balances at Beginning of Year | <u>133,366,995</u> | <u>144,897,926</u> | <u>855,770,369</u> |
| Fund Balances (Deficits) at End of Year | <u><u>\$38,651,728</u></u> | <u><u>\$141,574,663</u></u> | <u><u>\$570,601,921</u></u> |

South Florida Water Management District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended September 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$(285,168,448)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. In the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

| | | |
|-----------------------------------|---------------------|-------------|
| Capital outlay | \$390,319,119 | |
| Current year depreciation expense | <u>(31,647,904)</u> | 358,671,215 |

The net effect of various transactions involving capital assets (i.e. adjustments, disposals, transfers, donations) is a decrease to net assets (5,591,812)

Repayment of borrowed principal from bonds, bank loans, COPS, and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

| | | |
|-----------------------------|------------------|------------|
| Bonds principal payment | 5,415,000 | |
| Bank loan principal payment | 2,975,339 | |
| COPS principal payment | <u>9,705,000</u> | 18,095,339 |

Some expenses reported in the Statement of Activities do not require current financial resources and therefore are not reported as expenditures in the governmental funds.

| | | |
|--|------------------|-----------|
| Change in long-term compensated absences | 7,823,000 | |
| Change in OPEB payable | (4,232,457) | |
| Bond interest payable at September 30, 2011 | (684,896) | |
| Bond interest payable at September 30, 2010 | 888,927 | |
| COPS interest payable at September 30, 2011 | (12,661,732) | |
| COPS interest payable at September 30, 2010 | 12,877,442 | |
| Amortization of deferred interest on bonds | (280,766) | |
| Amortization of discount on debt - bonds | (22,425) | |
| Amortization of discount on debt - certificates | (7,732) | |
| Amortization of premium on debt - bonds | 151,365 | |
| Amortization of premium on debt - certificates | 1,648,786 | |
| Amortization of cost of issuance on bonds | (69,244) | |
| Amortization of cost of issuance on certificates | <u>(238,266)</u> | 5,192,002 |

Revenues that are earned but not received within the District's availability period are recognized in the Statement of Activities when earned and subsequently in the governmental funds when they become available. The net difference is recorded as a reconciling item. (13,576,685)

Internal service funds are used by management to charge the costs of certain activities to the individual funds. The change in net assets of the internal service funds is reported with governmental activities. 2,697,633

Change in Net Assets of Governmental Activities \$80,319,244

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Statement of Net Assets
Proprietary Funds
September 30, 2011

| | Governmental Activities |
|---|----------------------------|
| | Internal Service Funds |
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$25,586,566 |
| Accounts Receivable | 93,284 |
| Due from Other Funds | 599,359 |
| Prepays | 539,584 |
| Other Assets | 764,000 |
| Total Current Assets | 27,582,793 |
| Noncurrent Assets | |
| Furniture, Fixtures and Equipment | 27,459 |
| Computer Hardware | 8,196 |
| Vehicles | 36,224 |
| Accumulated Depreciation | (22,865) |
| Total Noncurrent Assets | 49,014 |
| Total Assets | 27,631,807 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$875,767 |
| Due to Other Funds | 5,993 |
| Claims Payable | 2,825,443 |
| Total Current Liabilities | 3,707,203 |
| Noncurrent Liabilities | |
| Claims Payable | 4,258,376 |
| Total Noncurrent Liabilities | 4,258,376 |
| Total Liabilities | 7,965,579 |
| NET ASSETS | |
| Net Assets | |
| Invested in Capital Assets, Net of Related Debt | 49,014 |
| Unrestricted | 19,617,214 |
| Total Net Assets | \$19,666,228 |

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2011

| | Governmental Activities |
|----------------------------------|----------------------------|
| | Internal Service Funds |
| OPERATING REVENUES | |
| Charges for Services | \$32,102,697 |
| Other Operating Revenue | 721,480 |
| Total Operating Revenues | 32,824,177 |
| OPERATING EXPENSES | |
| Salaries | 488,913 |
| Benefits | 221,571 |
| Claims | 26,304,224 |
| Purchased Services | 174,659 |
| Administrative Fees | 1,943,952 |
| Other | 1,571,886 |
| Depreciation | 6,580 |
| Total Operating Expenses | 30,711,785 |
| OPERATING INCOME (LOSS) | 2,112,392 |
| NONOPERATING REVENUES (EXPENSES) | |
| Investment Earnings | 585,241 |
| Total Nonoperating Revenues | 585,241 |
| Change in Net Assets | 2,697,633 |
| Net Assets at Beginning of Year | 16,968,595 |
| Net Assets at End of Year | \$19,666,228 |

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

| | Governmental Activities |
|---|----------------------------|
| | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash Receipts from Customers | \$32,018,943 |
| Cash Payments to Suppliers | (3,672,367) |
| Cash Payments for Salaries, Benefits | (710,484) |
| Cash Payments to Administrators | (46,000) |
| Claims Paid | (26,618,055) |
| Other Receipts (Payments) | 663,526 |
| Net cash provided by (used in) operating activities | 1,635,563 |
| CASH FLOWS FROM CAPITAL ACTIVITIES: | |
| Purchase of Capital Assets | (10,251) |
| Net cash used for capital activities | (10,251) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Interest Earnings | 585,241 |
| Net cash provided by (used in) investing activities | 585,241 |
| Net Increase (decrease) in Cash and Cash Equivalents | 2,210,553 |
| Cash and Cash Equivalents, Beginning of Year | 23,376,013 |
| Cash and Cash Equivalents, End of Year | 25,586,566 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES: | |
| Operating Income (Loss) | 2,112,392 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | |
| Depreciation | 6,580 |
| CHANGES IN ASSETS AND LIABILITIES: | |
| Decrease (Increase) in Accounts Receivable | (83,754) |
| Decrease (Increase) in Due from Other Funds | (21,834) |
| Decrease (Increase) in Prepaids | 42,064 |
| Decrease (Increase) in Deposits | (46,000) |
| Increase (Decrease) in Accounts Payable | (60,270) |
| Increase (Decrease) in Due to Other Funds | 216 |
| Increase (Decrease) in Estimated Unpaid Claims | (313,831) |
| Net Cash Provided by (Used in) Operating Activities | \$1,635,563 |

See Accompanying Notes to the Financial Statements



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SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

| | |
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SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(1) DESCRIPTION OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT

The South Florida Water Management District (the "District") is a public corporation organized under Florida Statutes, Chapter 373, and is controlled by a Governing Board consisting of nine (9) members appointed by the Governor to staggered four-year terms. For financial reporting purposes, the District is a component unit of the State of Florida.

The District covers all or parts of sixteen counties in Central and Southern Florida. The primary objectives of the District are to promote the protection and restoration of natural systems, facilitate the development and proper utilization of surface and ground water within District boundaries, and prevent damage from floods, soil erosion and excessive drainage. To accomplish these objectives, the District is empowered to manage and regulate the usage and storage of water within District boundaries and to acquire properties and construct facilities as necessary. The District works in concert with the State of Florida (the "State") and agencies of the federal government to accomplish the previously described water management objectives.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The more significant accounting policies are summarized in the following paragraphs.

(a) Reporting Entity

The District follows the standards promulgated by GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" to determine the inclusion of an organization as part of its reporting entity. The Statement defines the criteria for inclusion as 1) the economic resources received or held by the separate organization are primarily for the direct benefit of the primary government, 2) the primary government is entitled to, or has the ability to access a majority of the economic resources received or held by the separate organization and 3) the economic resources received or held by the separate organization on behalf of the specific primary government are significant to that primary government. Based on these criteria, the District has determined that the South Florida Water Management District Leasing Corporation (the "Corporation") is a blended component unit. The Corporation's sole purpose is to provide financing for certain District projects. The Corporation is legally separate from the District and the Board of the Corporation consists of the nine Board members of the District. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with the activities of the District. The Corporation does not publish individual component unit financial statements. The District is not a participant in any joint venture.

The District is a component unit of the State of Florida. The State provides funding for District programs through the sale of State debt, the sharing of documentary stamp revenues, and the approval of various annual grants and entitlements.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Government-wide and Fund Financial Statements

The government-wide financial statements, i.e., the statement of net assets and the statement of activities, report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

(c) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues from property taxes, intergovernmental sources and interest to be available if they are collected within sixty (60) days of the end of the current fiscal period.

Revenues susceptible to accrual are property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied for, provided they are collected in the current period or within sixty (60) days thereafter. Interest on invested funds is recognized when earned and available. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met and it is available. All other revenues are recognized when cash is received.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other post employment benefits (OPEB) are recorded only when payment is due.

The District often acquires land for environmental restoration and related purposes sometimes involving condemnation action in a court of law. Upon action of the Court's Stipulated Order of Taking, the District recognizes an expenditure for the amount deposited with the Court.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Measurement Focus and Basis of Accounting (continued)

The following are definitions of the governmental fund types, excluding the general fund:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The restricted or committed proceeds are expected to comprise a substantial portion of the inflows reported in the fund.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

In addition to governmental funds, the District reports proprietary funds. Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. With the accrual method of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating expenses include salaries, benefits, claims payments, purchased services and depreciation. All items not meeting this definition are reported as nonoperating revenues and expenses.

(d) Major Governmental Funds and Other Fund Types

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund, and accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Okeechobee Basin SR Fund is a special revenue fund used to record revenues from within all or part of a 15-county area designated as the Okeechobee Basin. Funding is provided by a .2797 mill property tax levy, intergovernmental revenues and permitting fees, which must be used for expenditures within the Okeechobee Basin.

The State Appropriations Fund is a special revenue fund which collects revenues for various projects utilizing state sources. Among the funding sources are the Ecosystem Management and Restoration Trust Fund, the Water Protection and Sustainability Trust Fund, and various state agencies. While not required to be a major fund, this fund is deemed a major fund and is reported separately due to its high level of public interest.

The Okeechobee Basin Capital Fund is a capital projects fund which is used to record capital expenditures incurred towards projects benefiting all or part of a 15-county area designated as the Okeechobee Basin. Funding is provided from operating transfers from the Okeechobee Basin Special Revenue Fund.

The Everglades Trust Fund is a capital projects fund used to record capital expenditures to construct stormwater treatment areas to cleanse stormwater runoff from the Everglades Agricultural Area (EAA) through naturally occurring biological and physical processes. Additional objectives include

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Major Governmental Funds and Other Fund Types (continued)

hydroperiod restoration and water supply. Funding is provided through a .0894 mill tax levy, non-ad valorem assessments to property owners in the EAA, State and Federal contributions, and interest earnings.

The Comprehensive Everglades Restoration Plan (CERP) Fund is a capital projects fund used to record expenditures associated with projects included in the Central and Southern Florida (C&SF) Restudy and which form the basis of the CERP. These projects are designed to increase the availability of water supplies for consumptive use or cost share with the federal government on regional projects intended to mitigate consequences that are an outgrowth of the original C&SF Flood Control Project. Funding is provided by transfers from the General Fund and Okeechobee Basin SR Fund.

The Save Our Everglades Fund is restricted for revenues and expenditures for the Comprehensive Everglades Restoration Plan and the Northern Everglades Estuary Protection Program (NEEPP) which are funded from the State's Save Our Everglades Trust Fund.

The COPS Everglades Forever Act (EFA) Fund accounts for restricted revenues derived from long term debt issued to support the construction of projects in the Everglades/Long Term Plan Implementation Program and expenditures associated with the construction of those projects.

The District reports the following type of proprietary funds:

Internal service funds are used to account for the financing of goods and services provided by one department to another on a cost reimbursement basis. The District reports two internal service funds, one used to account for workers' compensation, general liability, automobile, and other insurance activities and one to account for self funded health and medical benefits provided to the employees of the District and retirees who choose to remain within the plan.

(e) Budgetary Information

The District has elected to report budgetary comparisons as required supplementary information (RSI). Please refer to the accompanying notes to the RSI for the District's budgetary information on page IV-7.

(f) Cash and Investments

Cash includes currency on hand and demand deposits. Cash equivalents for purposes of the statement of cash flows consist of pooled cash and short-term investments with original maturities of three months or less from the date of acquisition. The District utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. Negative cash balances in individual funds are reported as interfund payables with offsetting receivables recorded in loaning fund(s). In accordance with GASB Statement No. 31, the District reports investments at their fair market value, with unrealized gains and losses credited to or charged against investment earnings.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and Investments (continued)

The District's investment portfolio is valued based on a blend of third-party market pricing services such as BONDEDGE, FISERV, YELDBOOK and BLOOMBERG.

Non-participating investments, such as non-negotiable certificates of deposit with redemption values that do not consider market rates, are reported at amortized costs. The District has investments in three investment pools, Florida Prime (previously known as the Local Government Surplus Funds Trust Fund - Pool A), the Local Government Surplus Funds Trust Fund - Pool B (Pool B), and the Florida Local Government Investment Trust (Trust Fund). Both Florida Prime and Pool B are managed by the State Board of Administration. The Florida Local Government Investment Trust is a member-owned, member-governed investment fund. Under the guidelines of GASB Statement No. 31, Florida Prime is a "2a-7 like" pool. Accordingly, investments in Florida Prime are reported at amortized cost. Pool B and the Trust Fund are accounted for as net asset value (NAV) pools. As such, their investments have been valued based on their respective fair value factor as of the balance sheet date.

During the year, the District did not directly invest any resources in derivatives. Investments made through State-administered trust funds may include derivatives. These investments are made on a pooled basis and the individual risk to the District is unknown.

(g) Prepaid Items

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represent items which are applicable to future accounting periods. These amounts do not constitute available spendable resources even though they are a component of current assets.

(h) Inventory

Inventory is stated at moving average cost and consists of fuel, chemicals and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed.

(i) Capital Assets

Capital assets, which include land, canals and levees, buildings, equipment, vehicles, infrastructure assets (bridges, water control structures) and intangible assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of one year or more. Intangible assets are defined as assets that lack physical substance, are nonfinancial in nature, and have initial useful lives which extend beyond a single reporting period. The District reports two main types of intangible assets, easements, which are considered non-depreciable and internally generated software, which is depreciated over its estimated useful life. Items purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair value on the date donated. Maintenance, repairs and minor renovations are not capitalized.

Expenditures that materially increase values, change capacities or extend useful lives of assets are capitalized. Upon sale or retirement, the costs and their related accumulated depreciation are eliminated from the respective accounts.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Intangibles | 5-10 |
| Vehicles and Equipment | 5-25 |
| Buildings | 10-40 |
| Improvements Other Than Buildings | 12-25 |
| Water Control Structures | 25-50 |

Land, easements (intangibles), canals and levees have indefinite useful lives and as such are not considered to be depreciable capital assets.

(j) Compensated Absences

District employees are granted a specific number of vacation and sick leave hours with pay. As of September 30, 2011, the following policies were in effect. Non-management employees are permitted to accrue a maximum of 360 hours of vacation as of December 31. Managers are permitted to accrue a maximum of 480 hours of vacation as of December 31. Employees are paid for excess vacation time over the maximum in January. Upon termination of employment, employees are paid for a percentage of unused sick leave ranging from 25 to 50 percent after at least six years of service.

The costs of vacation and sick leave benefits (compensated absences) are budgeted and expended in the respective operating funds when payments are made to employees. However, the liability for all accrued and vested vacation and sick leave benefits plus sick leave benefits expected to become vested is recorded in the government-wide financial statements. The District normally liquidates its liability for compensated absences from the General Fund and the Okeechobee Basin Special Revenue Funds.

(k) Wetland Mitigation

The District manages a program for mitigating the impact of wetland destruction through a specialized regulatory permitting process. Permit applicants are required to remit a specified cash payment to the District as part of the permit conditions. The permit restricts the use of the funds received by the District to land acquisition, land restoration and long-term management of the lands in areas managed by the District that are near the lands being developed by permittees. The District accounts for the money received to assure it is used only for the approved purpose in the assigned area. Funds received for land acquisition and restoration (expendable) are placed in the Wetland Mitigation SR Fund. Funds received for long-term management (nonexpendable) are placed in the Wetland Mitigation Permanent Fund.

(l) Fund Balances / Net Assets

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(2) *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

(i) *Fund Balances / Net Assets (continued)*

Nonspendable – Represents amounts which are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash, such as inventories and prepaid amounts, and items such as long-term amount of loans and notes receivable. The corpus, or principal, of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted – Represents amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Represents amounts that can be used only for the specific purposes determined by a formal action (resolution) of the District’s Governing Board, the District’s highest level of decision making authority. Commitments may be changed or lifted only by the Board taking the same formal action (resolution) that imposed the constraint originally.

Assigned – Represents amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by the District’s management based on Board direction.

Unassigned - Represents the residual classification for the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include residual deficit equity balances of other governmental funds, after allocating amounts to nonspendable, restricted, and committed categories.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Invested in capital assets, net of related debt is that portion of net assets that relates to the District’s capital assets, reduced by debt outstanding used to purchase or construct the capital assets. The related debt is reduced by any unspent proceeds that are outstanding at year-end.

Net assets represent the difference between assets and liabilities and are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The types of restrictions the District has of its net assets are:

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Fund Balances / Net Assets (continued)

Restricted for Debt Service - Represents the portion of net assets which is restricted for debt service payments or long-term borrowings.

Restricted for Wetlands Mitigation - Represents the expendable and nonexpendable portions of net assets which are restricted for land acquisition, land restoration and long-term management of the wetlands.

Restricted for Environmental Programs - Represents the portion of net assets which is restricted for specific environmental programs through legally enforceable requirements stipulated in legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of September 30, 2011, the District has approximately \$245.8 million in restricted net assets through enabling legislation.

Unrestricted – Represents the net assets of the District that are not restricted for any project or purpose.

(m) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

(n) Impact of Recently Issued Accounting Pronouncements

Recently Issued and Implemented Accounting Pronouncements

In March 2009, GASB issued Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement also clarifies the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented. The District implemented this Statement during the fiscal year ended September 30, 2011.

In November 2010, GASB issued Statement No. 60 “Accounting and Financial Reporting for Service Concession Arrangements.” The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. This Statement establishes recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner. The District implemented this Statement during the fiscal year ended September 30, 2011. The implementation had no effect on the District financial statements.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impact of Recently Issued Accounting Pronouncements (continued)

In November 2010, GASB issued Statement No. 61 “The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.” The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The District implemented this Statement during the fiscal year ended September 30, 2011. The implementation had no effect on the District financial statements.

In December 2010, GASB issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance and pronouncements that are included in the Financial Accounting Standards Board (FASB) Statements and Interpretations; Accounting Principles Board Opinions; or Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.” The District implemented this Statement during the fiscal year ended September 30, 2011. The implementation had no effect on the District financial statements.

In June 2011, GASB issued Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53.” The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The District implemented this Statement during the fiscal year ended September 30, 2011. The implementation had no effect on the District financial statements.

Recently Issued Accounting Pronouncements, Not Yet Implemented

In June 2011, GASB issued Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments”, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The District is required to implement this Statement in its fiscal year beginning October 1, 2012.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(3) CASH AND INVESTMENTS

Statement of Policy

The purpose of the District's investment policy is to set forth the investment objectives and parameters for the management of public funds of the District. The policy is designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

The District's policy is written in accordance with Section 218.415, Florida Statutes, which applies to funds under the control of local governments and special districts. The policy and any subsequent revisions are adopted by the District's Governing Board and apply to funds in excess of those required to meet current expenditures. The most recent revisions to the investment policy were approved by the Governing Board in June 2008.

The District's investment policy authorizes investments in: 1) the Florida Local Government Surplus Funds Trust Fund (which includes Florida Prime, Pool B and the Florida Local Government Investment Trust), 2) United States government securities unconditionally guaranteed by the full faith and credit of the United States government, 3) United States government agencies backed by the full faith and credit of the United States government, 4) United States government sponsored agencies, 5) interest bearing time deposit or savings accounts of Florida Banks and Savings and Loan Associations approved under Chapter 280, Florida Statutes, 6) commercial paper rated Prime 1 by Moody's, A1 by Standard and Poor's or F-1 by Fitch, 7) corporate notes rated at a minimum Aa by Moody's, AA by Standard and Poor's or AA by Fitch, 8) Bankers Acceptances rated at a minimum P-1 by Moody's and A-1 by Standard and Poor's, 9) state and/or local government taxable and/or tax exempt debt, general obligation and/or revenue bonds, rated at least Aa by Moody's and AA by Standard and Poor's or AA by Fitch for long term debt or rated at least MIG-1 by Moody's and SP-1 by Standard and Poor's for short-term debt, 10) money market mutual funds rated AAAM or AAAM-G or better by Standard & Poor's, or the equivalent by another rating agency, 11) master repurchase agreements collateralized by United States government, government agencies and federal instrumentalities, 12) hedging instruments, 13) reverse repurchase agreements and 14) agency mortgage backed securities or non-agency mortgage backed securities that maintain a AAA rating by a nationally recognized statistical rating agency.

As of September 30, 2011, the District had placed approximately 32% of its investments in U.S. Agency Obligations, 41% in Agency Mortgage Backed Securities, 2% in Corporate Bonds, 5% in Commercial Paper, 8% in Florida Prime and the Local Government Investment Pool and 12% in the Florida Local Government Investment Trust (mutual fund).

Florida Prime and the Local Government Investment Pool (Pool B) are investment pools available for investing temporarily idle cash by Florida governments and are managed by the State Board of Administration (the "SBA"). On November 29, 2007, the SBA implemented a temporary freeze on the assets in the Pool due to an unprecedented amount of withdrawals coupled with the absence of market liquidity for certain securities within the Pool. On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restructured the Pool into two (2) separate pools. Florida Prime, which was previously known as Pool A, consisted of all money market appropriate assets, which represented approximately 86% of pool assets. Pool B consisted of assets that defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which represented approximately 14% of pool assets. At that time, all current participants had their existing balances proportionately allocated into Florida Prime and Pool B. As of September 30, 2011, 2.0% of the

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(3) CASH AND INVESTMENTS (continued)

District's original balance in SBA remains inaccessible, which represents investments currently valued at \$1,660,088.

The District has full access to funds in Florida Prime. Participants in Pool B receive periodic distributions to the extent that Pool B receives proceeds from: 1) maturities of securities, coupon interest collections or collateral interest and principal pay downs, or 2) the sale of securities, collateral liquidation or other restructure or workout activities. At such time, the Investment Manager transfers cash or securities to Florida Prime for the benefit of Pool B shareholders. Such transfers are consistent with the pro rata allocation of Pool B shareholders of record as of the initial segregation of assets in the Pool. Effective March 2008, the SBA contracted with Federated Investors, Inc. to provide investment advisory services to the investment pool. The SBA has since put into place processes that allow for improved reporting, full transparency, conservative investment practices, improved portfolio guidelines and stricter internal controls. According to the SBA, Florida Prime meets the criteria to be considered as "2a-7 like", as defined by GASB Statement No. 31. Accordingly, it has been reported at the same value as the pool shares allocated to the District. Florida Prime maintains a AAAM rating by Standard and Poor's Ratings Services. Pool B is accounted for as a fluctuating net asset value (NAV) pool with a fair value factor of .7568386 at September 30. The pool is currently not rated by any nationally recognized statistical rating agency.

Florida Prime and Pool B are governed by the rules of Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Funds. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA.

Interest Rate Risk

Investments are made based upon prevailing market conditions at the time of the transaction. While the overall intent is to hold securities to maturity, the ongoing management of the portfolio allows for actions designed to meet cash needs of the District and attempts to maximize investment yield while minimizing losses. Investment in Mortgage Backed Securities allows for a monthly return of principal with interest in order to meet current expenditures. In addition, investments can be sold prior to maturity in order to improve yield, modify the target duration or improve the overall credit position of the portfolio.

The District uses a duration method to construct a portfolio of bonds to fund its future cash needs. For reporting purposes, it selects the effective duration to disclose the portfolio's exposure to changes in interest rates. Through its investment policy, the District manages its exposure to fair value losses arising from interest rate increases by limiting the effective duration of its investment portfolio, including cash balances, to less than three (3) years, excluding Pool B. Funds in Pool B are not readily available to participants, but are systematically transferred to Florida Prime as the underlying assets mature.

The District maintains an allocation of its investments in U.S. Agency Obligation securities which are callable by the issuer. These bonds are subject to the risk of being called prior to maturity.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(3) CASH AND INVESTMENTS (continued)

The District invests in Mortgage Backed Securities, including Collateralized Mortgage Obligations (CMO's) in part to maximize yield and as a protection against a rise in interest rates. These securities are based on cash flows from payments on underlying mortgages; therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. An increase in interest rates may increase the average maturity of these investments. The District currently limits its exposure to all mortgage investments to 30% of the total portfolio balance at the time of purchase. As of September 30, 2011 the District had the following investments in its pooled portfolio:

| Investment Type | Fair Value | Effective Duration (in yrs) |
|--|-----------------------|-----------------------------|
| U.S. Agency Obligations | \$ 130,591,100 | 1.58 |
| Investments in Mortgage Backed Securities | 169,451,164 | 1.54 |
| Corporate Bonds | 9,154,800 | 1.24 |
| Commercial Paper | 19,903,167 | 0.73 |
| Florida Prime | 31,305,948 | 0.10 |
| Local Government Surplus Trust Fund - Pool B | 1,660,088 | 4.82 |
| Florida Local Government Investment Trust | <u>50,892,597</u> | 1.70 |
| Total Fair Value | <u>\$ 412,958,864</u> | |
| Portfolio Effective Duration | | 1.43 |

Credit Risk

For liquidity purposes, the District invests in Florida Prime, which is managed in accordance with State statutes. Florida Prime is rated AAAM by Standard & Poor's, and investment into the fund by local governments is consistent with SEC rule 2a-7. Pool B is currently not rated by any nationally recognized statistical rating agency.

All of the District's investments in agency securities for fiscal year 2011 were rated AAA by Standard and Poor's and Fitch ratings and Aaa by Moody's Investor Services. In addition, all of the District's investments in Mortgage Backed Securities were rated AAA by at least two of the three listed rating services. This applies to the direct agency obligations as well as the investment into non-agency mortgages and CMO's.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(3) CASH AND INVESTMENTS (continued)

Credit Quality Distribution for Securities with Credit Exposure

| <u>Investment Type</u> | <u>Credit Rating</u> | <u>Fair Value</u> |
|--|----------------------|-----------------------|
| Florida Prime | AAAm | \$ 31,305,948 |
| Local Government Surplus Trust Fund - Pool B | Unrated | 1,660,088 |
| Fannie Mae – Agencies & Mortgages | AAA | 128,320,661 |
| Freddie Mac – Agencies & Mortgages | AAA | 122,088,997 |
| Federal Home Loan Bank – Agencies | AAA | 39,433,100 |
| Ginnie Mae - Mortgage Backed Security | AAA | 10,199,506 |
| General Electric Capital Corp. | AA+ | 9,154,800 |
| Silver Tower US | A1P1 | 19,903,167 |
| Florida Local Government Investment Trust | AAAf | <u>50,892,597</u> |
| | | <u>\$ 412,958,864</u> |

Custodial Credit Risk - Deposits

All of the District's cash deposits are held in accounts at depository institutions which are recognized as State of Florida Qualified Public Depositories in accordance with state statutes and the District's investment policy. All bank balances are covered by federal deposit insurance and the bank's participation in the Florida Security for Public Deposits Act. The balances held with these institutions at September 30, 2011 are \$186,740,098.

The most significant cash deposit of the District at September 30, 2011 is the balance of proceeds from the issuance of Certificates of Participation (COPS) in fiscal year 2007. The "Cash Deposits Held by Trustee" balance consists of \$84,920,004 in COPS proceeds which are held in trust by a third party financial institution on behalf of the District, and \$22,796,734 representing debt service on the COPS due October 1, 2011.

Custodial Credit Risk - Investments

The District's investment policy requires that all securities be held with a third-party custodian in a separate account which is registered as an asset of the District. The custodian acts as the safekeeper of the District's investment securities. No withdrawal of securities, in whole or in part, is made from safekeeping without written authorization of designated District staff.

Concentration of Credit Risk

The District's policy authorizes investment allocation limits on security types, issuers, and maturity limitations. However, the Executive Director has the option to modify investment percentages from time-to-time based on market conditions, risk and diversification investment strategies. These actions are delegated to the District Treasurer to implement as needed.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(3) CASH AND INVESTMENTS (continued)

Percentage Allocation by Issuer as of September 30, 2011

| <u>Issuer</u> | <u>Percent of Total</u> |
|--|-------------------------|
| Florida Prime | 7.58% |
| Local Government Surplus Trust Fund - Pool B | 0.40% |
| Fannie Mae | 31.08% |
| Freddie Mac | 29.56% |
| Ginnie Mae | 2.47% |
| Federal Home Loan Bank | 9.55% |
| General Electric Capital Corp. | 2.22% |
| Silver Tower US | 4.82% |
| Florida Local Government Investment Trust | 12.32% |

Cash and investments as of September 30, 2011 are comprised of the following:

Cash Deposits:

| | |
|-------------------------|--------------------|
| Money Market Accounts | \$ 64,118,324 |
| Demand Deposit Accounts | 40,417,254 |
| Petty Cash | <u>5,975</u> |
| Total Cash Deposits | <u>104,541,553</u> |

Cash Deposits Held by Trustee: 107,716,738

Investments:

| | |
|--|-----------------------|
| U.S. Agency Obligations | 130,591,100 |
| Investments in Mortgage Backed Securities | 169,451,164 |
| Corporate Bonds | 9,154,800 |
| Commercial Paper | 19,903,167 |
| Florida Prime | 31,305,948 |
| Local Government Surplus Trust Fund - Pool B | 1,660,088 |
| Florida Local Government Investment Trust | <u>50,892,597</u> |
| Total Investments | <u>412,958,864</u> |
| Total Cash and Investments | <u>\$ 625,217,155</u> |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(4) ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2011 consist of the following:

| | General Fund | Okeechobee Basin SR Fund | Okeechobee Basin CP Fund | Everglades Trust Fund | Comprehensive Everglades Rest. Plan Fund | Save Our Everglades | Non Major Funds/ Internal Service Funds | Total |
|----------|-------------------|--------------------------------|--------------------------------|-----------------------------|---|------------------------|--|---------------------|
| Leases | \$ - | \$ 605 | | \$ - | \$ - | \$ 157,668 | \$ 417,219 | \$ 575,492 |
| Interest | 231,429 | 168,963 | 123,760 | 207,905 | 130,829 | - | 233,652 | 1,096,538 |
| Other | - | - | - | - | - | - | 44,255 | 44,255 |
| | <u>\$ 231,429</u> | <u>\$ 169,568</u> | <u>\$ 123,760</u> | <u>\$ 207,905</u> | <u>\$ 130,829</u> | <u>\$ 157,668</u> | <u>\$ 695,126</u> | <u>\$ 1,716,285</u> |

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2011 are as follows:

| | Interfund Receivable | Interfund Payable |
|--------------------------|-------------------------|----------------------|
| General Fund | \$ - | \$ 269,711 |
| Okeechobee Basin SR Fund | 4,014,570 | 215,769 |
| Everglades Trust Fund | 5,182,891 | 29,968 |
| CERP | 22,614,747 | 17,981 |
| Save Our Everglades | - | 22,614,747 |
| COPS EFA | - | 5,182,891 |
| Other Governmental Funds | - | 4,074,507 |
| Internal Service Funds | 599,359 | 5,993 |
| | <u>\$ 32,411,567</u> | <u>\$ 32,411,567</u> |

Interfund balances at year end represent temporary loans to cover negative cash balances.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

Interfund transfers during the year are as follows:

| <i>From:</i> | <i>To:</i> | | | | | Totals |
|--------------------------|--------------------------------|-----------------------------|--|---|--------------------------------|-----------------------|
| | Okeechobee Basin CP Fund | Everglades Trust Fund | Comprehensive Everglades Rest. Plan (CERP) Fund | COPS - Everglades Forever Act Fund | Other Governmental Funds | |
| General Fund | \$ - | \$ - | \$ 23,427,944 | \$ - | \$ 5,260,000 | \$ 28,687,944 |
| Okeechobee Basin SR Fund | 55,432,800 | - | 6,270,668 | - | - | 61,703,468 |
| Comprehensive Everglades | - | - | - | - | 280,000 | 280,000 |
| Save Our Everglades Fund | - | - | 22,500,000 | - | 17,000,000 | 39,500,000 |
| Other Governmental Funds | - | 733,182 | - | 3,816,493 | 9,014,488 | 13,564,163 |
| | <u>\$ 55,432,800</u> | <u>\$ 733,182</u> | <u>\$ 52,198,612</u> | <u>\$ 3,816,493</u> | <u>\$ 31,554,488</u> | <u>\$ 143,735,575</u> |

The transfers into the Comprehensive Everglades Restoration Plan Fund represent the portion of ad valorem tax and Save Our Everglades Trust Fund revenues used to fund CERP projects. The transfer into the COPS – Everglades Forever Act Fund reflects unspent proceeds from the Series 2006 COPS which were accounted for in the COPS – Comprehensive Everglades Restoration Plan Fund. The transfers from the Save Our Everglades Trust Fund represent reimbursements received relating to land acquisitions which realign the revenue to the funding source of the original land acquisition. The majority of the remaining transfers represent funding for District-wide capital projects, funding for operations of water control projects for the Okeechobee Basin, and other funds necessary to manage the related projects, and transfers to be used for wetlands mitigation activities.

(6) OPERATING LEASE RENTAL REVENUES

Property on Operating Leases and Property Held for Lease

The District purchases land for environmental restoration projects. Often there are agricultural activities occurring on parts of the land at the time of purchase. If the land is not needed for a project immediately, the District allows these activities to continue as it results in lower land maintenance costs. In addition, rent is charged for the use of the land for farming until such time it is needed for project purposes. The District investment in land on which operating leases exist is \$649.8 million as of September 30, 2011.

Revenues under Operating Leases

The following is a schedule by year of minimum future revenues on noncancelable operating leases, including contingent revenues which may be received under certain leases of land on the basis of use in excess of stipulated minimums. For fiscal year 2011, contingent revenues were \$-0-.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(6) OPERATING LEASE RENTAL REVENUES (continued)

Revenues under Operating Leases (continued)

Year Ending September 30:

| | |
|-------------------------------|----------------------|
| 2012 | \$ 4,072,700 |
| 2013 | 3,947,563 |
| 2014 | 2,776,016 |
| 2015 | 2,454,148 |
| 2016 | 2,405,718 |
| 2017 - 2021 | <u>2,358,295</u> |
| Total minimum future revenues | <u>\$ 18,014,440</u> |

(7) PROPERTY TAXES

The District is permitted by Florida Statutes to levy taxes up to .800 mills per \$1,000 of assessed valuation. The rate levied for a majority of the District for fiscal year 2011 was .624 mills. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for real and personal property located within the District. The assessed value at January 1, 2010, upon which the fiscal year 2011 levy was based, was approximately \$687.2 billion.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the District based on the amount of receipts reported by the county tax collectors. Property taxes receivable from the county tax collectors at September 30, 2011, is \$5,087,359 and is included in tax revenues.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(8) INTERGOVERNMENTAL TRANSACTIONS

Amounts due from other governments at September 30, 2011 and intergovernmental revenues for 2011 consist of the following:

| | <u>Due From Other Governments</u> | <u>Intergovernmental Revenues</u> |
|---|---------------------------------------|---------------------------------------|
| U.S. Army Corps of Engineers | \$ 203,552 | \$ 312,946 |
| U.S. Department of Homeland Security | 17,991 | 372,793 |
| Florida Department of Environmental Protection | 14,793,355 | 59,456,159 |
| Florida Fish and Wildlife Conservation Commission | 696,227 | 3,438,840 |
| Florida Department of Transportation | 938 | 4,070 |
| Florida Department of Motor Vehicles | - | 352,224 |
| Florida Inland Navigation District | 2,300,000 | 3,600,000 |
| Lee County | - | 73,088 |
| Miami Dade County | 15,000 | 15,000 |
| Palm Beach County | - | 75,000 |
| Southwest Florida Water Management District | 5,550 | 11,100 |
| The Troup Indiantown Water Control District | 167,844 | 167,844 |
| Town of Southwest Ranches | - | 9,514 |
| Various Counties: | | |
| Ad Valorem Taxes | 2,689,997 | - * |
| Property Appraiser/Tax Collector Fee Credits | <u>2,397,362</u> | <u>- *</u> |
| Total | <u>\$ 23,287,816</u> | <u>\$ 67,888,578</u> |

* On the Statement of Revenues, Expenditures and Changes in Fund Balances, Ad Valorem Taxes are reported as Ad Valorem Property Taxes and the Property Appraiser/Tax Collector Fee Credits are netted against the original expenditure in the respective program.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(9) CAPITAL ASSETS ACTIVITY

| | Balance at October 1, 2010 | Additions | Retirements | Adjustments/ Reclassifications | Balance at September 30, 2011 |
|---|----------------------------------|-----------------------|------------------------|-----------------------------------|-------------------------------------|
| <i>Capital Assets Not Being Depreciated:</i> | | | | | |
| Land | \$ 2,361,438,100 | \$ 210,843,864 | \$ (8,740,896) | \$ (259,929) | \$ 2,563,281,139 |
| Easements (Intangibles) | 39,442,335 | 604,528 | (1,000) | 259,829 | 40,305,692 |
| Construction in Process | 679,578,343 | 173,438,619 | (2,602,890) | (19,873,393) | 830,540,679 |
| Canals and Levees | 557,073,642 | 328,000 | - | - | 557,401,642 |
| | <u>3,637,532,420</u> | <u>385,215,011</u> | <u>(11,344,786)</u> | <u>(19,873,493)</u> | <u>3,991,529,152</u> |
| <i>Capital Assets Being Depreciated:</i> | | | | | |
| Buildings | 96,234,921 | 331,930 | (535,072) | (507,166) | 95,524,613 |
| Intangibles | 34,890,064 | 1,488,317 | (100) | 2,676,570 | 39,054,851 |
| Equipment | 127,649,619 | 9,074,973 | (3,554,020) | 734,913 | 133,905,485 |
| Improvements | 27,136,787 | 541,356 | (803,378) | 60,093 | 26,934,858 |
| Water Control Structures | 611,721,380 | 896,753 | (967,801) | 16,909,083 | 628,559,415 |
| | <u>897,632,771</u> | <u>12,333,329</u> | <u>(5,860,371)</u> | <u>19,873,493</u> | <u>923,979,222</u> |
| <i>Less Accumulated Depreciation:</i> | | | | | |
| Buildings | (26,298,422) | (2,949,437) | 300,680 | 88,456 | (28,858,723) |
| Intangibles | (11,872,228) | (4,858,673) | - | - | (16,730,901) |
| Equipment | (77,412,287) | (8,618,881) | 3,028,465 | (137,855) | (83,140,558) |
| Improvements | (10,600,391) | (1,216,925) | 501,923 | - | (11,315,393) |
| Water Control Structures | (129,346,994) | (14,010,568) | 563,307 | 49,399 | (142,744,856) |
| | <u>(255,530,322)</u> | <u>(31,654,484)</u> | <u>4,394,375</u> | <u>-</u> | <u>(282,790,431)</u> |
| Capital Assets, Net | <u>\$ 4,279,634,869</u> | <u>\$ 365,893,856</u> | <u>\$ (12,810,782)</u> | <u>\$ -</u> | <u>\$ 4,632,717,943</u> |

Depreciation expense was charged to the following programs during the fiscal year:

| | |
|----------------------------|----------------|
| Mission Support | \$ 7,486,203 |
| Operations and Maintenance | 16,944,675 |
| Restoration | 6,968,613 |
| Water Supply | <u>248,413</u> |
| | 31,647,904 |

Depreciation of capital assets held in internal service funds are charged to the various programs based on the asset function 6,580

Total Depreciation Expense \$ 31,654,484

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(10) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2011:

| | Balance at October 1, 2010 | Additions | Retirements And Adjustments | Balance at September 30, 2011 | Amounts Due Within One Year |
|-------------------------|----------------------------------|----------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Land Acquisition Bonds | \$ 36,160,000 | \$ - | \$ (5,415,000) | \$ 30,745,000 | \$ 5,655,000 |
| Bond Premium / Discount | 482,406 | - | (128,940) | 353,466 | 134,651 |
| Bank Loans | 4,118,196 | - | (2,975,339) | 1,142,857 | - |
| COPS | 520,060,000 | - | (9,705,000) | 510,355,000 | 10,135,000 |
| COPS Premium / Discount | 19,339,547 | - | (1,641,054) | 17,698,493 | 1,558,872 |
| Compensated Absences | 24,649,000 | 9,789,000 | (17,612,000) | 16,826,000 | 10,010,200 |
| Other Post Emp Benefits | 14,409,130 | 7,937,792 | (2,097,380) | 20,249,542 | - |
| Self Insurance Claims | 7,397,650 | 26,304,224 | (26,618,055) | 7,083,819 | 2,825,443 |
| | <u>\$ 626,615,929</u> | <u>\$ 44,031,016</u> | <u>\$ (66,192,768)</u> | <u>\$ 604,454,177</u> | <u>\$ 30,319,166</u> |

Special Obligation Land Acquisition Bonds are issued by the District to provide funds for the acquisition of environmentally sensitive lands. Principal and interest on the Land Acquisition Bonds are secured by a lien on documentary stamp excise taxes collected statewide by the State of Florida and allocated to the State's five water management districts through the Water Management Lands Trust Fund. For the current fiscal year, principal and interest payments and total revenue recognized by the District were \$6,904,721 and \$7,024,793, respectively. Debt service payments have averaged approximately 25% of the related revenue collected and allocated to the District through the Water Management Lands Trust Fund over the past ten years. The District accounts for debt service transactions in the Save Our Rivers SR Fund.

A summary of the status of the District's bonded debt as of September 30, 2011 is shown below:

| Issue | Original Amount | Fiscal Year Maturity | Interest Rates | Remaining Balance |
|----------------|----------------------|-------------------------|-------------------|----------------------|
| 2002 Refunding | \$ 23,810,000 | 2011-2016 | 3.625-4.00% | \$ 11,500,000 |
| 2003 Refunding | <u>34,550,000</u> | 2011-2016 | 3.50-5.25% | <u>19,245,000</u> |
| | <u>\$ 58,360,000</u> | | | <u>\$ 30,745,000</u> |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(10) LONG-TERM LIABILITIES (continued)

Fiscal year requirements to amortize bonded debt outstanding as of September 30, 2011 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|----------------------|---------------------|----------------------|
| 2012 | \$ 5,655,000 | \$ 1,265,749 | \$ 6,920,749 |
| 2013 | 5,865,000 | 1,035,786 | 6,900,786 |
| 2014 | 6,120,000 | 768,598 | 6,888,598 |
| 2015 | 6,400,000 | 474,200 | 6,874,200 |
| 2016 | <u>6,705,000</u> | <u>160,538</u> | <u>6,865,538</u> |
| | <u>\$ 30,745,000</u> | <u>\$ 3,704,871</u> | <u>\$ 34,449,871</u> |

During previous fiscal years, the District entered into agreements with commercial banks to provide long-term financing for various capital projects.

A summary of the status of the District's outstanding bank loan at September 30, 2011 is shown below:

| Issue | <u>Original Amount</u> | <u>Fiscal Year Maturity</u> | <u>Interest Rates</u> | <u>Remaining Balance</u> |
|-------|----------------------------|---------------------------------|---------------------------|------------------------------|
| 2005 | <u>\$ 8,000,000</u> | 2013 | 4.20% | <u>\$ 1,142,857</u> |
| | <u>\$ 8,000,000</u> | | | <u>\$ 1,142,857</u> |

Fiscal year requirements to amortize the bank loans as of September 30, 2011 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------|---------------------|------------------|---------------------|
| 2013 | \$ 1,142,857 | \$ 24,000 | \$ 1,166,857 |
| | <u>\$ 1,142,857</u> | <u>\$ 24,000</u> | <u>\$ 1,166,857</u> |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(10) LONG-TERM LIABILITIES (continued)

In fiscal year 2007, the District issued Certificates of Participation (COPS), Series 2006, in order to provide funds for the construction of accelerated projects in furtherance of restoration of the Everglades. COPS are statutorily-authorized tax-exempt certificates evidencing undivided proportionate interests of the owners thereof in basic lease payments to be made by the Governing Board of the District, pursuant to a master lease purchase agreement by and between the District and the South Florida Water Management District Leasing Corporation (the "Corporation"), a not-for-profit entity (see Note (2)(a) on page III-16). The COPS are secured by and payable from the Trust Estate established for the Series 2006 Certificates (the "Trust Estate") pursuant to the Trust Agreement and any amounts payable under the Financial Guaranty Insurance Policy. The Trust Estate consists of all estate, right, title and interest of the Trustee in and to the Basic Lease Payments under the Series 2006 Lease, and all amounts held in the funds and accounts under the Trust Agreement in accordance with the provisions of the Master Lease and the Trust Agreement, including investment earnings thereon, and any and all monies received by the Trustee pursuant to the Series 2006 Lease and the Trust Agreement which are not required to be remitted to the Governing Board or the Corporation pursuant to the Master Lease or the Trust Agreement. Lease payments are funded from ad valorem revenues. Total COPS issued amounted to \$546,120,000, having interest rates ranging from 3.5% to 5.0%. The District accounts for debt service transactions relative to COPS in the Everglades Trust Fund and the Comprehensive Everglades Restoration Plan Fund.

Fiscal year requirements to amortize the COPS as of September 30, 2011 are as follows:

| | Principal | Interest | Total |
|-----------|-----------------------|-----------------------|-----------------------|
| 2012 | \$ 10,135,000 | \$ 25,088,036 | \$ 35,223,036 |
| 2013 | 10,610,000 | 24,626,168 | 35,236,168 |
| 2014 | 11,060,000 | 24,125,840 | 35,185,840 |
| 2015 | 11,610,000 | 23,572,247 | 35,182,247 |
| 2016 | 12,165,000 | 23,000,372 | 35,165,372 |
| 2017-2021 | 70,440,000 | 105,105,775 | 175,545,775 |
| 2022-2026 | 89,785,000 | 85,283,325 | 175,068,325 |
| 2027-2031 | 114,565,000 | 59,874,875 | 174,439,875 |
| 2032-2036 | 146,215,000 | 27,432,125 | 173,647,125 |
| 2037 | 33,770,000 | 844,250 | 34,614,250 |
| | <u>\$ 510,355,000</u> | <u>\$ 398,953,013</u> | <u>\$ 909,308,013</u> |

The liability for compensated absences is generally liquidated by the General Fund and the Okeechobee Basin SR Fund.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(11) FUND BALANCE REPORTING

The following is the governmental fund balances in detail as of September 30, 2011:

| | General Fund | Okeechobee Basin SR Fund | State Appropriations Fund | Okeechobee Basin CP Fund | Everglades Trust Fund |
|--|-----------------|--------------------------------|---------------------------------|--------------------------------|-----------------------------|
| <i>Nonspendable:</i> | | | | | |
| Inventory | \$ - | \$ 5,811,098 | \$ - | \$ - | \$ - |
| Permanent fund principal | - | - | - | - | - |
| <i>Restricted for:</i> | | | | | |
| Dispersed storage projects | - | 31,725,456 | - | - | - |
| CFWI & LFA investigation | - | 2,714,814 | - | - | - |
| Okeechobee Basin operations | - | 49,313,099 | - | - | - |
| Water protection, ecosystem management, and restoration projects | - | - | 6,880,690 | - | - |
| Supplemental pump station construction | - | - | - | - | 549,180 |
| Compartments B and C buildouts | - | - | - | - | 1,041,321 |
| Water quality enhancement projects | - | - | - | - | 68,670,108 |
| Caloosahatchee Basin storage treatment | - | - | - | 5,928,194 | - |
| Local government agreements | - | - | - | - | - |
| Big Cypress Basin operations | - | - | - | - | - |
| Debt service | 1,190,857 | - | - | - | 12,607,278 |
| Indian River Lagoon surface water environmental enhancement | - | - | - | - | - |
| Ops. & maint. of Everglades Stormwater Treatment Areas | - | - | - | - | - |
| Everglades conservation and natural resource protection | - | - | - | - | - |
| Lake Okeechobee restoration | - | - | - | - | - |
| Construction of Big Cypress Basin field station | - | - | - | - | - |
| Golden Gate weir 4 retrofit | - | - | - | - | - |
| Henderson Creek diversion | - | - | - | - | - |
| Acquisition, restoration, or management of environmentally sensitive lands | - | - | - | - | - |
| Florida Bay restoration | - | - | - | - | - |
| Wetland creation, restoration and management | - | - | - | - | - |
| Construction of facilities for Everglades restoration and protection | - | - | - | - | - |
| Other capital projects | - | - | - | 47,863,876 | 25,137,151 |
| <i>Committed for:</i> | | | | | |
| Caloosahatchee Basin storage treatment | 12,071,806 | - | - | - | - |
| AWS/Water conservation projects | 1,500,000 | - | - | - | - |
| C-111 Spreader canal project | - | - | - | - | - |
| Loxahatchee watershed project | - | - | - | - | - |
| C-44 Reservoir/STA project | - | - | - | - | - |
| <i>Assigned to:</i> | | | | | |
| District operations | 50,267,731 | - | - | - | - |
| Other capital projects | - | - | - | - | - |
| Everglades restoration | - | - | - | - | - |
| Wetland creation, restoration and management | - | - | - | - | - |
| <i>Unassigned:</i> | | | | | |
| | 22,761,839 | - | - | - | - |
| | 87,792,233 | 89,564,467 | 6,880,690 | 53,792,070 | 108,005,038 |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(11) FUND BALANCE REPORTING (continued)

| | Comprehensive | | COPS | | Total |
|--|---------------|--------------|-------------|--------------|--------------|
| | Everglades | Save Our | Everglades | Other | Total |
| | Rest. Plan | Everglades | Forever Act | Governmental | Governmental |
| | CP Fund | Fund | Fund | Funds | Funds |
| <i>Nonspendable:</i> | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ 59,087 | \$ 5,870,185 |
| Permanent fund principal | - | - | - | 13,988,620 | 13,988,620 |
| <i>Restricted for:</i> | | | | | |
| Dispersed storage projects | - | - | - | - | 31,725,456 |
| CFWI & LFA investigation | - | - | - | - | 2,714,814 |
| Okeechobee Basin operations | - | - | - | - | 49,313,099 |
| Water protection, ecosystem management, and restoration projects | - | - | - | - | 6,880,690 |
| Supplemental pump station construction | - | - | - | - | 549,180 |
| Compartments B and C buildouts | - | - | - | - | 1,041,321 |
| Water quality enhancement projects | - | - | - | - | 68,670,108 |
| Caloosahatchee Basin storage treatment | - | - | - | - | 5,928,194 |
| Local government agreements | - | - | - | 6,119,209 | 6,119,209 |
| Big Cypress Basin operations | - | - | - | 2,764,815 | 2,764,815 |
| Debt service | 10,189,456 | - | - | 6,339,898 | 30,327,489 |
| Indian River Lagoon surface water environmental enhancement | - | - | - | 416,283 | 416,283 |
| Ops. & maint. of Everglades Stormwater Treatment Areas | - | - | - | 9,105,747 | 9,105,747 |
| Everglades conservation and natural resource protection | - | - | - | 336,748 | 336,748 |
| Lake Okeechobee restoration | - | - | - | 8,005,956 | 8,005,956 |
| Construction of Big Cypress Basin field station | - | - | - | 6,146,175 | 6,146,175 |
| Golden Gate weir 4 retrofit | - | - | - | 400,000 | 400,000 |
| Henderson Creek diversion | - | - | - | 1,400,000 | 1,400,000 |
| Acquisition, restoration, or management of environmentally sensitive lands | - | - | - | 20,812,674 | 20,812,674 |
| Florida Bay restoration | - | - | - | 2,460,016 | 2,460,016 |
| Wetland creation, restoration and management | - | - | - | 23,293,472 | 23,293,472 |
| Construction of facilities for Everglades restoration and protection | - | - | 38,651,728 | 27,377,500 | 66,029,228 |
| Other capital projects | - | - | - | 1,773,024 | 74,774,051 |
| <i>Committed for:</i> | | | | | |
| Caloosahatchee Basin storage treatment | - | - | - | - | 12,071,806 |
| AWS/Water conservation projects | - | - | - | - | 1,500,000 |
| C-111 Spreader canal project | 233,466 | - | - | - | 233,466 |
| Loxahatchee watershed project | 23,103,957 | - | - | - | 23,103,957 |
| C-44 Reservoir/STA project | 8,654,563 | - | - | - | 8,654,563 |
| <i>Assigned to:</i> | | | | | |
| District operations | - | - | - | - | 44,618,457 |
| Other capital projects | 20,450,877 | - | - | 322,850 | 20,773,727 |
| Everglades restoration | - | - | - | 2,225,955 | 2,225,955 |
| Wetland creation, restoration and management | - | - | - | 9,464,751 | 9,464,751 |
| <i>Unassigned:</i> | | | | | |
| | | (18,291,287) | - | (1,238,117) | 8,881,709 |
| | 62,632,319 | (18,291,287) | 38,651,728 | 141,574,663 | 570,601,921 |

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(12) DEFICIT FUND BALANCES

At September 30, 2011, the following funds have deficit fund balances:

| | |
|---|--------------|
| Save Our Everglades | \$18,291,287 |
| Aquatic Plant Control Fund | 295,987 |
| External Grants Fund | 394,307 |
| Comprehensive Everglades Restoration Plan – Federal Funds | 547,823 |

The deficit in the Save Our Everglades Fund is expected to be covered by future reimbursements from the Florida Department of Environmental Protection and by operating transfers from the General Fund. The deficits in the Aquatic Plant Control and the Comprehensive Everglades Restoration Plan - Federal Funds are expected to be funded by future reimbursements from the State of Florida and the federal government. The deficit in the External Grants Fund will be funded by operating transfers from the General Fund.

(13) OPERATING LEASES

The District is committed under various operating leases for building, office space, vehicles, office equipment and data processing equipment. The majority of the operating leases contain renewal options that the District may exercise. In most cases, the District expects that in the normal course of business the leases will be renewed or replaced with other leases. Lease expenditures for the year ended September 30, 2011 amounted to approximately \$3.8 million. Future minimum lease payments for these leases are as follows:

Year Ending September 30:

| | |
|---------------------------|---------------------|
| 2012 | \$ 2,071,139 |
| 2013 | 2,188,576 |
| 2014 | 1,603,190 |
| 2015 | 941,311 |
| 2016 | <u>684,387</u> |
| Year Ending September 30: | <u>\$ 7,488,603</u> |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(14) DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established the System under Chapter 121, Florida Statutes, and has sole authority to amend benefit provisions. The System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

Funding Policy

During the fiscal year, the Florida Legislature passed Senate Bill 2100, which was signed into law by the Governor and became effective July 1, 2011. The bill requires all FRS Investment Plan and Pension Plan members, excluding those in the Deferred Retirement Option Program (DROP), to contribute 3% towards their retirement benefits. The District is required to contribute an actuarially determined rate, which is fixed by law and varies based on employee class. At fiscal year end the District's contribution rates were 4.91%, 6.27% and 4.42% of annual covered payroll for regular class, senior management class, and DROP class employees, respectively. The contributions of the District are established and may be amended by the State Legislature. The District's contributions to the System for the past three fiscal years, which is equal to the required contributions for each year, are as follows:

Year Ending September 30:

| | |
|--------|---------------|
| 2011 * | \$ 12,102,740 |
| 2010 | 12,958,364 |
| 2009 | 13,340,000 |

* Net of employee contribution of 3% effective July 1, 2011.

(15) OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

District retirees and their eligible dependents may continue participation in the District health insurance program as required by Florida Statutes, Section 112.0801. Because the cost to the retirees cannot be greater than that to active employees for the same coverage, an implicit subsidy is being provided to retirees.

In January 2007, the District Governing Board approved a direct subsidy program to aid retirees in retaining quality healthcare coverage. The subsidy is a discount of the total premium contribution equal to 2% for each year of creditable service under the Florida Retirement System to a maximum of 30 years of creditable service or 60%.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(15) OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

The plan, a single employer defined benefit plan, is administered by the District. No formal trust is currently in place and benefits are provided through the annual budget appropriation. The provisions of the direct subsidy were established and may be amended by resolution of the District Governing Board. There is no separately issued financial report for the plan.

As of the July 2009 valuation date, the plan covered 1,627 active participants and 191 retirees.

Funding Policy

The District contributes 2% for each year of creditable service up to a maximum of 30 years or 60% of the total premium. In addition, active employees contribute between \$2.50 and \$6.00 per pay period towards the future costs of retiree health insurance, depending on their medical coverage plan and tier. All other costs are paid by the retirees. The plan is financed on a pay-as-you-go basis.

Annual OPEB Costs and Net OPEB Obligation

For the fiscal year ended September 30, 2011, the District's annual OPEB cost of \$7,937,792 was equal to the annual required contribution (ARC) for the fiscal year, one year's interest on the net OPEB obligation, and an adjustment equal to the discounted present value of the balance of the net OPEB obligation at the beginning of the year. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2011, 2010 and 2009 are as follows:

| | 2011 | 2010 | 2009 |
|--|--------------------|--------------------|--------------------|
| Normal Cost (Service cost for one year) | \$ 3,662,884 | \$ 3,818,937 | \$ 1,687,539 |
| Amortization of Unfunded Actuarial Accrued Liability | 4,080,749 | 4,060,461 | 1,907,242 |
| Interest on Normal Cost and Amortization | <u>91,045</u> | <u>92,898</u> | <u>81,001</u> |
| Annual Required Contribution (ARC) | 7,834,678 | 7,972,296 | 3,675,782 |
| Net OPEB Obligation (NOO) at beginning of year | 14,409,130 | 7,940,406 | 5,248,289 |
| Annual Required Contribution (ARC) | 7,834,678 | 7,972,296 | 3,675,782 |
| Interest on NOO | 691,638 | 381,140 | 251,917 |
| Adjustment to ARC | <u>(588,524)</u> | <u>(324,316)</u> | <u>(207,470)</u> |
| Annual OPEB Cost (Expense) | 7,937,792 | 8,029,120 | 3,720,229 |
| Employer Contributions Made | <u>(3,705,335)</u> | <u>(1,560,396)</u> | <u>(1,028,112)</u> |
| Increase (decrease) in NOO | <u>4,232,457</u> | <u>6,468,724</u> | <u>2,692,117</u> |
| Estimated NOO at end of year | <u>18,641,587</u> | <u>14,409,130</u> | <u>7,940,406</u> |
| Percentage of annual OPEB Cost Contributed | 46.68% | 19.43% | 27.64% |

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(15) OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2011 was as follows:

| | |
|---|--------------|
| Actuarial Accrued Liability (AAL) | \$93,842,506 |
| Actuarial Value of Plan Assets | - |
| Unfunded Actuarial Accrued Liability (UAAL) | 93,842,506 |
| Funded Ratio (Actuarial Value of Plan Assets/AAL) | 0% |
| Covered Payroll (Active Plan Members) | 110,368,449 |
| UAAL as a Percentage of Covered Payroll | 85.03% |

Actuarial valuations of an OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 base actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.80% investment rate of return, a 3.0% rate of general price inflation, and an annual healthcare cost trend rate of 5% in 2011, followed by a 9% increase the next year, trending down 0.5% per year to 5.0% in 2012 and thereafter. The actuarial value of assets was not determined as the District has not advanced funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percent of payroll over a 26-year period with a closed amortization method. The assumed rate of payroll growth is 4.0% per year.

The required schedule of funding progress, as shown in the Notes to the Required Supplementary Information (see page IV-7), presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

(16) INSURANCE ACTIVITIES

The District is exposed to the various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. In 1976 the District established a self-insurance program for its workers' compensation exposure and in 1986 the District established a self-insurance program for automobile and general liability claims. These self-insured claims are administered by a third party and are accounted for in the Self Insurance Fund (an internal service fund).

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(16) INSURANCE ACTIVITIES (continued)

The District is totally self-insured for workers' compensation claims and the District's financial exposure for automobile and general liability is limited to \$100,000 per person and \$200,000 per occurrence pursuant to Section 768.28, Florida Statutes. Expenditures relating to insurance are charged to other funds based on a cost allocation study performed by Management. These expenditures include actuarial estimates utilizing the Casualty Actuarial Society Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense. The actuarial figures are utilized to determine the amount needed for losses incurred but not reported (IBNR) at year end. The District transfers its risk for personal and real property through the purchase of an insurance policy. The coverage is written on a 100% replacement/stated value basis, with varying retentions.

Beginning on January 1, 2010, the District established a self-insurance program for health benefits, including medical, dental and vision coverage, for its employees and retirees who choose to remain within the plan. The claims are administered by a third party and accounted for in the Health Benefits Fund (an internal service fund). The participating funds make payments to the Health Benefits Fund by means of premiums charged and employee payroll deductions. The payments are based on management's estimates, using historical trends, of the amounts needed to pay prior and current year claims. The expenditures include an actuarial estimate to determine the amount needed for losses incurred but not reported at year end. The District maintains excess insurance coverage for health care costs.

The claims liabilities are based on actuarial reviews performed by independent actuaries as of September 30, 2011, and are presented on a net undiscounted basis. The liability consists of claims incurred but not reported. The estimated liabilities by insurance coverage at September 30, 2011 are as follows:

| | Balance 9/30/2011 | Amounts Due Within One Year |
|------------------------|----------------------|-----------------------------------|
| Workers' Compensation | \$ 4,934,000 | \$ 720,040 |
| General and Automobile | 113,000 | 68,584 |
| Health Insurance | <u>2,036,819</u> | <u>2,036,819</u> |
| | <u>\$ 7,083,819</u> | <u>\$ 2,825,443</u> |

Changes in the claims liability amount for the current and prior fiscal year are summarized below:

| Fiscal Year | Beginning Liability | Current Claims and Changes in Estimates | Claim Payments | Ending Liability |
|----------------|------------------------|---|-------------------|---------------------|
| 2010 | \$ 6,485,000 | \$ 17,925,098 | \$(17,012,448) | \$ 7,397,650 |
| 2011 | 7,397,650 | 26,304,224 | (26,618,055) | 7,083,819 |

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

(16) INSURANCE ACTIVITIES (continued)

To minimize the financial impact of potential unforeseen catastrophes, District policy allows a fund balance reserve for the self-insurance of workers' compensation, general and automobile liability claims, of up to \$10 million in excess of the most recent actuarially-estimated liability determination.

There were no significant changes in insurance coverage from the prior year and the amount of settlements did not exceed the insurance coverage for each of the past three years.

(17) CONDEMNATION PROCEEDINGS

The District is party to numerous lengthy condemnation proceedings (as plaintiff) and inverse condemnation proceedings (as defendant or co-defendant) regarding the taking of private lands throughout the District for public use. The court may rule there was no taking of land by the District resulting in no commitment to the District. Where a taking is ruled, the court determines the value of the land claimed by the owner and payment is made to the owner upon transfer of title to the District.

At September 30, 2011, the court had yet to rule on a number of proceedings for which the land value and title transfer date is undetermined. The District is unable to estimate the potential financial exposure relative to these rulings, if any.

When the court rules there is a taking, the District will budget and appropriate funds to pay for the purchase of the land.

(18) MAJOR CONSTRUCTION COMMITMENTS

The **Everglades Construction Project (ECP)**, the first major step in the Everglades restoration pursuant to the Everglades Forever Act (EFA) was passed by the Florida Legislature in 1994. The 1994 EFA directed the District to acquire land, design, permit, and construct a series of Stormwater Treatment Areas (STAs) to reduce phosphorus levels from stormwater runoff and other sources before it enters the Everglades Protection Area (EPA). In total, the ECP was composed of 12 interrelated construction projects located between Lake Okeechobee and the EPA. The STAs, which consist of six large constructed wetlands with a combined area of over 52,000 acres, are the cornerstone of the ECP.

The ECP is one of the largest public works projects in the nation for environmental restoration. The total cost associated with implementing the ECP is shared among the District, state and federal governments, and the agricultural community. Major funding sources for the EFA include a one-tenth mill ad valorem property tax levy (0.0894 mill for FY2011), agricultural privilege taxes, state funds, federal funds, Alligator Alley toll revenues, and other environmental mitigation funds. The 1994 ECP capital projects were completed in fiscal year 2007 for a total cost of \$514.8 million (local share). When combined with the federal share of \$198.9 million, the total capital cost associated with the 1994 ECP is \$713.7 million. The District estimated remaining commitment for this project is \$104.3 million.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(18) MAJOR CONSTRUCTION COMMITMENTS (continued)

In 2003 the Florida Legislature amended the 1994 EFA to include the 2003 Long-Term Plan for Achieving Water Quality Goals for Everglades Protection Area Tributary Basins (Long-Term Plan) as the strategy for achieving the long-term water quality goals for the Everglades Protection Area. The amended EFA also expanded the use of the District's one-tenth mill ad valorem property tax levy, agricultural privilege taxes and other funding sources for implementing the initial phase of the Long-Term Plan, including Everglades Stormwater Treatment Area enhancements, research and optimization, and operation and maintenance of the ECP. Also in 2003, the State of Florida's Environmental Regulation Commission adopted a water quality standard for phosphorus within the EPA that includes a numeric criterion of 10 parts per billion (ppb) for total phosphorus.

In 2004, the Long-Term Plan was revised to include the addition of approximately 18,000 acres of STAs on Compartments B and C in the Everglades Agricultural Area (EAA). There were subsequent revisions occurring in 2005, 2006 and 2007. These revisions also addressed modifications to the STA enhancement projects, changes to the source controls component of the plan, changes to the plan's Process Development and Engineering component, and the addition of new projects to the Long-Term Plan. The revised Long-Term Plan's initial 13-year phase is projected to cost approximately \$1.2 billion.

During fiscal year 2011, the District continued implementation of the Long-Term Plan, as required by the EFA. In FY2011, a total of \$156.7 million was expended for work associated with the District's Everglades Program. Of this amount, \$15.4 million was for work related to implementing the Long-Term Plan. O&M accounted for \$15.2 million. Construction expenditures associated with the expansion of Compartments B and C (financed through issuance of COPS) totaled \$99.0 million. Debt service payments on the COPS related to Compartments B and C was approximately \$19.5 million. The remaining \$7.6 million was spent on other EFA-related components such as monitoring, assessment, research, and evaluation in the EPA. Project Management Plans will be revised at various phases of each project, and project cost estimate changes or schedule alterations will follow a required formal review and approval process. The total inception-to-date spent on the Long-Term Plan, which includes operations and maintenance, on-going construction costs for Compartments B and C, and debt service is approximately \$679.5 million. The District estimated remaining commitment for this project is \$104.3 million.

The **Kissimmee River Basin** restoration is another major project that includes converting the Kissimmee River and adjacent lands back to a more natural state. This involves restoring 43 miles of the historic river and approximately 40 square miles of river/floodplain ecosystem.

The state and federal governments will split the estimated \$620 million cost to restore the river. The U.S. Army Corps of Engineers (USACE) is responsible for the construction and the design of the restoration. As of fiscal year 2011 year end, the District has acquired approximately 97% of the estimated 105,000 acres needed to complete the project with approximately 1,900 acres in process of complex settlement negotiations, condemnation, or engineering solutions in lieu of acquisition. For ongoing engineering cost-to-cure acquisitions the District determines, together with the private landowner, feasible engineering structural cures that will abate impacts from project implementation and minimize the lands needed.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(18) MAJOR CONSTRUCTION COMMITMENTS (continued)

Acquisition negotiations that include cost-to-cure solutions require more resources than land-only real estate acquisitions. Details and exceptions must be submitted to and approved by the USACE. The District is dedicated to completing these negotiations with full acceptance from all agency partners.

The **Comprehensive Everglades Restoration Plan (CERP)** is the plan for the restoration, protection, and preservation of the water resources of central and southern Florida, including the Everglades. Principal features of the plan are the creation of approximately 217,000 acres of new reservoirs and wetlands-based water treatment areas. These features vastly increase storage and water supply for the natural system, as well as for urban and agricultural needs. The CERP is intended to improve the quantity, quality, timing and distribution of water delivered to freshwater and coastal ecosystems in South Florida, including the Everglades, through a series of projects spanning three decades. The success of this monumental program is continuously monitored and evaluated through Restoration Coordination and Verification.

Through the Water Resources Development Act of 2000, the United States Congress has authorized an initial \$1.4 billion package of projects that will begin implementation of the Comprehensive Plan. The initial authorization includes 1) six pilot projects, 2) ten specific project features, and 3) a programmatic authority through which smaller projects can be more quickly implemented.

Most recently, through the Water Resources Development Act of 2007, the U.S. Congress authorized an additional three projects of the Comprehensive Plan.

CERP is an equal partnership between the State of Florida and the federal government. The State of Florida and the South Florida Water Management District have invested approximately \$2.4 billion toward this effort. Through September 30, 2011, 60 percent, or approximately 243,167 acres, of the estimated lands needed to implement CERP have been acquired. The District estimated remaining commitment for this project is \$701.4 million.

(19) OTHER COMMITMENTS AND CONTINGENCIES

The District participates in several federal and state assistance programs that are subject to financial and program compliance audits. Such audits could lead to reimbursements to the grantor agency for disallowed expenditures. However, management believes such disallowances, if any, will be immaterial.

(20) SUBSEQUENT EVENTS

On January 10, 2012, Fitch Ratings downgraded the rating on the District's COPS to AA- from AA. This downgrade is a reflection of the District's loss of significant revenue raising capacity due to the passage of Senate Bill 2142, which authorizes the state legislature to determine annually the District's ad valorem tax revenues. This bill also subjects the District's annual budget to approval, in whole or in part, by the governor of the state.



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FINANCIAL SECTION

**REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A
(UNAUDITED)**

South Florida Water Management District
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - (Unaudited)
For the Year Ended September 30, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|--------------------|--------------------|--------------------|--|
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$166,397,270 | \$166,397,270 | \$167,060,545 | \$663,275 |
| Intergovernmental | 145,000 | 145,000 | 23,290 | (121,710) |
| Investment Earnings | 1,158,000 | 1,158,000 | 2,798,466 | 1,640,466 |
| Licenses, Permits and Fees | 2,500,000 | 2,500,000 | 2,628,542 | 128,542 |
| Sale of District Property | - | - | 825,573 | 825,573 |
| Indirect Costs Recovered | 7,556,000 | 7,556,000 | 5,420,591 | (2,135,409) |
| Leases | 75,000 | 75,000 | 67,814 | (7,186) |
| Other | - | - | 580,414 | 580,414 |
| Total Revenues | <u>177,831,270</u> | <u>177,831,270</u> | <u>179,405,235</u> | <u>1,573,965</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Operations and Maintenance | | | | |
| Mission Support | 247,362 | 209,384 | 169,830 | 39,554 |
| Operations and Maintenance | 11,557,662 | 11,077,168 | 10,039,272 | 1,037,896 |
| Restoration | 769,980 | 789,778 | 676,950 | 112,828 |
| Water Supply | 1,121,595 | 1,114,980 | 846,246 | 268,734 |
| Total Operations and Maintenance | <u>13,696,599</u> | <u>13,191,310</u> | <u>11,732,298</u> | <u>1,459,012</u> |
| Corporate Resources | | | | |
| Mission Support | 83,475,957 | 80,194,797 | 76,162,587 | 4,032,210 |
| Operations and Maintenance | 980,333 | 1,051,343 | 572,662 | 478,681 |
| Restoration | 613,486 | 538,205 | 122,350 | 415,855 |
| Water Supply | 453,445 | 277,475 | 176,997 | 100,478 |
| Total Corporate Resources | <u>85,523,221</u> | <u>82,061,820</u> | <u>77,034,596</u> | <u>5,027,224</u> |
| Regulatory and Public Affairs | | | | |
| Mission Support | 6,753,301 | 7,212,643 | 6,998,196 | 214,447 |
| Operations and Maintenance | - | 328,476 | 222,913 | 105,563 |
| Restoration | 6,907,434 | 6,430,944 | 4,026,775 | 2,404,169 |
| Water Supply | 28,917,953 | 27,515,811 | 24,465,394 | 3,050,417 |
| Total Regulatory and Public Affairs | <u>42,578,688</u> | <u>41,487,874</u> | <u>35,713,278</u> | <u>5,774,596</u> |
| Everglades Restoration and Capital Projects | | | | |
| Mission Support | 1,880,542 | 2,661,636 | 2,410,482 | 251,154 |
| Operations and Maintenance | 149,380 | 247,286 | 241,698 | 5,588 |
| Restoration | 20,230,266 | 19,776,070 | 19,467,458 | 308,612 |
| Water Supply | 1,321,470 | 1,749,240 | 1,652,090 | 97,150 |
| Total Everglades Restoration and Capital Projects | <u>23,581,658</u> | <u>24,434,232</u> | <u>23,771,728</u> | <u>662,504</u> |

South Florida Water Management District
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - (Unaudited)
 For the Year Ended September 30, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| Debt Service | | | | |
| Bank Loan Principal Payments | 1,143,358 | 1,143,358 | 2,285,714 | (1,142,356) |
| Bank Loan Interest | 121,555 | 121,555 | 168,000 | (46,445) |
| Total Debt Service | <u>1,264,913</u> | <u>1,264,913</u> | <u>2,453,714</u> | <u>(1,188,801)</u> |
| Contingency | | | | |
| Managerial Reserve | 6,362,900 | 11,094,590 | - | 11,094,590 |
| Managerial Reserve-Contingency | 3,177,892 | 3,177,892 | - | 3,177,892 |
| Total Contingency | <u>9,540,792</u> | <u>14,272,482</u> | <u>-</u> | <u>14,272,482</u> |
| Total Expenditures | <u>176,185,872</u> | <u>176,712,631</u> | <u>150,705,614</u> | <u>26,007,017</u> |
| Revenues in Excess of (Less than) Expenditures | <u>1,645,400</u> | <u>1,118,640</u> | <u>28,699,621</u> | <u>27,580,981</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (29,214,704) | (28,687,944) | (28,687,944) | - |
| Total Other Financing Sources (Uses) | <u>(29,214,704)</u> | <u>(28,687,944)</u> | <u>(28,687,944)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>(27,569,304)</u> | <u>(27,569,304)</u> | 11,677 | 27,580,981 |
| Fund Balance at Beginning of Year | 87,780,556 | 87,780,556 | 87,780,556 | - |
| Fund Balance at End of Year | <u>\$60,211,252</u> | <u>\$60,211,252</u> | <u>\$87,792,233</u> | <u>\$27,580,981</u> |

South Florida Water Management District
Okeechobee Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - (Unaudited)
For the Year Ended September 30, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|--------------------|--------------------|--------------------|--|
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$166,134,458 | \$166,134,458 | \$166,808,938 | \$674,480 |
| Intergovernmental | 218,000 | 218,000 | 600,781 | 382,781 |
| Investment Earnings | 1,380,000 | 1,380,000 | 2,010,183 | 630,183 |
| Licenses, Permits and Fees | 83,000 | 83,000 | 69,474 | (13,526) |
| Sale of District Property | 300,000 | 300,000 | 411,898 | 111,898 |
| Leases | 1,000,000 | 1,000,000 | 1,295,597 | 295,597 |
| Other | - | - | 223,262 | 223,262 |
| Total Revenues | <u>169,115,458</u> | <u>169,115,458</u> | <u>171,420,133</u> | <u>2,304,675</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Operations and Maintenance | | | | |
| Mission Support | 54,633 | 19,970 | 20,608 | (638) |
| Operations and Maintenance | 73,251,350 | 71,441,377 | 66,978,291 | 4,463,086 |
| Restoration | 1,092,389 | 962,004 | 755,652 | 206,352 |
| Total Operations and Maintenance | <u>74,398,372</u> | <u>72,423,351</u> | <u>67,754,551</u> | <u>4,668,800</u> |
| Corporate Resources | | | | |
| Mission Support | 5,928,258 | 5,878,258 | 4,326,208 | 1,552,050 |
| Operations and Maintenance | 1,968,321 | 1,966,821 | 1,710,876 | 255,945 |
| Restoration | - | - | 2,586 | (2,586) |
| Total Corporate Resources | <u>7,896,579</u> | <u>7,845,079</u> | <u>6,039,670</u> | <u>1,805,409</u> |
| Regulatory and Public Affairs | | | | |
| Mission Support | 4,378,586 | 4,228,452 | 3,976,514 | 251,938 |
| Operations and Maintenance | 262,391 | 287,265 | 271,976 | 15,289 |
| Restoration | 3,978,449 | 4,427,058 | 2,870,649 | 1,556,409 |
| Water Supply | 4,143,524 | 3,065,853 | 1,708,938 | 1,356,915 |
| Total Regulatory and Public Affairs | <u>12,762,950</u> | <u>12,008,628</u> | <u>8,828,077</u> | <u>3,180,551</u> |
| Everglades Restoration and Capital Projects | | | | |
| Operations and Maintenance | 6,716,515 | 8,009,214 | 7,704,673 | 304,541 |
| Restoration | 17,355,950 | 18,118,165 | 16,859,450 | 1,258,715 |
| Water Supply | - | 1,000 | 667 | 333 |
| Total Everglades Restoration and Capital Projects | <u>24,072,465</u> | <u>26,128,379</u> | <u>24,564,790</u> | <u>1,563,589</u> |

South Florida Water Management District
Okeechobee Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - (Unaudited)
For the Year Ended September 30, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|--|
| Debt Service | | | | |
| Bank Loan Principal Payments | 690,125 | 690,125 | 689,625 | 500 |
| Bank Loan Interest | 13,036 | 13,036 | 12,724 | 312 |
| Total Debt Service | <u>703,161</u> | <u>703,161</u> | <u>702,349</u> | <u>812</u> |
| Contingency | | | | |
| Managerial Reserve | 13,228,514 | 14,795,601 | - | 14,795,601 |
| Managerial Reserve-Contingency | 4,349,226 | 4,349,226 | - | 4,349,226 |
| Total Contingency | <u>17,577,740</u> | <u>19,144,827</u> | <u>-</u> | <u>19,144,827</u> |
| Total Expenditures | <u>137,411,267</u> | <u>138,253,425</u> | <u>107,889,437</u> | <u>30,363,988</u> |
| Revenues in Excess of (Less than) Expenditures | <u>31,704,191</u> | <u>30,862,033</u> | <u>63,530,696</u> | <u>32,668,663</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (62,545,671) | (61,703,512) | (61,703,468) | 44 |
| Total Other Financing Sources (Uses) | <u>(62,545,671)</u> | <u>(61,703,512)</u> | <u>(61,703,468)</u> | <u>44</u> |
| Net Change in Fund Balance | <u>(30,841,480)</u> | <u>(30,841,479)</u> | <u>1,827,228</u> | <u>32,668,707</u> |
| Fund Balance at Beginning of Year | <u>87,737,239</u> | <u>87,737,239</u> | <u>87,737,239</u> | <u>-</u> |
| Fund Balance at End of Year | <u><u>\$56,895,759</u></u> | <u><u>\$56,895,760</u></u> | <u><u>\$89,564,467</u></u> | <u><u>\$32,668,707</u></u> |

South Florida Water Management District
State Appropriations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - (Unaudited)
For the Year Ended September 30, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget- Positive (Negative) |
|---|----------------------|----------------------|--------------------|--|
| REVENUES | | | | |
| Intergovernmental | \$136,157 | \$136,157 | \$4,349,348 | \$4,213,191 |
| Investment Earnings | - | - | - | - |
| Total Revenues | <u>136,157</u> | <u>136,157</u> | <u>4,349,348</u> | <u>4,213,191</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Corporate Resources | | | | |
| Restoration | - | 219 | - | 219 |
| Total Corporate Resources | <u>-</u> | <u>219</u> | <u>-</u> | <u>219</u> |
| Regulatory and Public Affairs | | | | |
| Operations and Maintenance | 60,238 | 47,571 | 47,571 | - |
| Restoration | 11,037,088 | 11,853,085 | 6,507,597 | 5,345,488 |
| Water Supply | 2,086,995 | 2,067,695 | 1,376,550 | 691,145 |
| Total Regulatory and Public Affairs | <u>13,184,321</u> | <u>13,968,351</u> | <u>7,931,718</u> | <u>6,036,633</u> |
| Everglades Restoration and Capital Projects | | | | |
| Restoration | 1,980,978 | 362,601 | 337,765 | 24,836 |
| Total Everglades Restoration and Capital Projects | <u>1,980,978</u> | <u>362,601</u> | <u>337,765</u> | <u>24,836</u> |
| Contingency | | | | |
| Managerial Reserve | - | 834,127 | - | 834,127 |
| Total Contingency | <u>-</u> | <u>834,127</u> | <u>-</u> | <u>834,127</u> |
| Total Expenditures | <u>15,165,298</u> | <u>15,165,298</u> | <u>8,269,483</u> | <u>6,895,815</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(15,029,141)</u> | <u>(15,029,141)</u> | <u>(3,920,135)</u> | <u>11,109,006</u> |
| Net Change in Fund Balance | <u>(15,029,141)</u> | <u>(15,029,141)</u> | <u>(3,920,135)</u> | <u>11,109,006</u> |
| Fund Balance at Beginning of Year | 10,800,825 | 10,800,825 | 10,800,825 | - |
| Fund Balance at End of Year | <u>(\$4,228,316)</u> | <u>(\$4,228,316)</u> | <u>\$6,880,690</u> | <u>\$11,109,006</u> |

South Florida Water Management District
 Schedule of Employer Contributions
 Other Post-Employment Benefit Plans
 September 30, 2011

Schedule of Employer Contributions

| Year Ended September 30, | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|-----------------------------|---------------------------|--|---------------------------|
| 2008 | \$903,976 | \$3,458,515 | 26.14% |
| 2009 | \$1,028,112 | \$3,675,782 | 27.97% |
| 2010 | \$1,560,396 | \$7,972,296 | 19.57% |
| 2011 | \$3,705,335 | \$7,834,678 | 47.29% |

Schedule of Funding Progress

| Actuarial Valuation Date* | (1) Actuarial Value of Plan Assets | (2) Actuarial Accrued Liability (AAL) | (3) Unfunded Actuarial Accrued Liability (UAAL) | (4) Funded Ratio (Actuarial Value of Plan Assets/AAL) | (5) Covered Payroll (Active Plan Members) | (6) UAAL as a Percentage of Covered Payroll |
|---------------------------------|---|--|--|---|--|--|
| | | | (2) - (1) | (1) / (2) | | (3) / (5) |
| 2008 | - | \$ 44,993,790 | 44,993,790 | 0% | 115,455,078 | 38.97% |
| 2010 | - | \$ 97,110,991 | 97,110,991 | 0% | 123,626,745 | 78.55% |

* As required by GASB Statement No. 45 an actuarial valuation is required at least biennially.
 The years in which a valuation was completed are shown.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011**

BUDGETARY INFORMATION

- Budgets are legally adopted for all funds and are adopted on a basis consistent with generally accepted accounting principles. The adopted budget represents a fiscal-year financial plan that details Governing Board approved revenues and expenditures. The District's level of budgetary control, defined as the lowest level at which management may not reallocate resources without approval of the Governing Board, is at the program level within a fund and resource area. There are four Programs: Mission Support, Operations and Maintenance, Restoration, and Water Supply. The District is organized by departments which are grouped into four main resource areas: Operations and Maintenance, Corporate Resources, Regulatory and Public Affairs, and Everglades Restoration and Capital Projects.
- The accompanying budgetary data represent the original and the final amended budgets as approved by the Governing Board. Six budget amendments were approved by the Governing Board during fiscal year 2011.
- For the year ended September 30, 2011, there were no adjustments to the total budgeted expenditures in the State Appropriations Fund as a result of the budget amendments. The General Fund and the Okeechobee Basin Special Revenue Fund realized increases in budgeted expenditures of \$526,759 and \$812,158, respectively, as a result of amendments during fiscal year 2011. None of the reported funds had expenditures for the fiscal year in excess of the final budgetary appropriation.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

- The employer contributions reported on the Schedule of Employer Contributions (see page IV-6) represents the current amount paid by the District for the current year cost of the benefits, which were entirely paid to or on behalf of retirees. Accordingly, no assets have been placed in trust to advance fund the employer's obligation.



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FINANCIAL SECTION

OTHER SUPPLEMENTAL INFORMATION

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Big Cypress Basin SR Fund

Accounts for the normal operating expenditures of the Big Cypress Basin, an area covering all or part of two counties in Southwest Florida. Funding is provided by a .2265 mill tax levy and interest earnings.

Save Our Rivers SR Fund

Accounts for revenues provided by: 1) a portion of documentary stamp tax revenues appropriated and allocated in the District's name and deposited in the Florida Water Management Lands Trust Fund administered by the State of Florida, 2) regulatory fines, and 3) interest earnings used to fund expenditures incurred towards the management and restoration of environmentally sensitive water resource lands within the District. This fund also accounts for the principal and interest payments on special obligation land acquisition bonds.

Aquatic Plant Control Fund

Accounts for revenues provided by the Florida Department of Environmental Protection towards expenditures incurred for aquatic plant control throughout the District, including the Kissimmee River and Upper Chain of Lakes.

Melaleuca Control Fund

Accounts for revenues provided by the Florida Department of Environmental Protection which fund expenditures incurred in order to control the spread of melaleuca trees in environmentally sensitive areas.

Wetland Mitigation Fund

Accounts for revenues provided by private and other governmental contributions as part of the required permit to fund expenditures incurred to create new wetlands or improve alternative existing wetlands due to the destruction of designated wetlands. Revenues are also provided by operating transfers from the Lake Belt Mitigation Fund.

Indian River Lagoon Restoration Fund

Accounts for revenues provided by sales of Indian River Lagoon license plates, used in funding expenditures incurred for the purpose of enhancing the environmental and scenic value of surface waters in the Indian River Lagoon.

External Grants Fund

Accounts for revenues and expenditures related to grants that are received and used primarily for monitoring, restoration, and maintenance efforts. This separate fund facilitates the detailed tracking of expenditures and/or cost share contributions.

Stormwater Treatment Areas Operations and Maintenance Fund

Accounts for expenditures incurred towards the operations and maintenance of the Stormwater Treatment Areas (STAs) as required by the Everglades Forever Act. Revenue is provided by operating transfers from the District's Everglades Trust Fund.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds (continued)

Lake Belt Mitigation Fund

Accounts for revenues received pursuant to Chapter 373.41492, Florida Statutes, which requires mitigation from impacts resulting from rock mining in the Lake Belt area of Miami-Dade County, and related expenditures incurred towards the acquisition, restoration and management of environmentally sensitive lands.

Everglades License Plate Fund

Accounts for proceeds derived from Everglades license plate sales, which are used to fund expenditures incurred towards the conservation and protection of the natural resources and abatement of water pollution in the Everglades.

Lake Okeechobee Trust Fund

Accounts for revenues provided by the State of Florida through the Department of Environmental Protection towards restoration projects associated with Lake Okeechobee.

Capital Projects Funds

Capital Projects Funds are maintained to account for financial resources to be used for the purchase of real property and the acquisition or construction of major capital facilities.

District CP Fund

Accounts for capital expenditures on projects associated with District-wide functions. Revenue is provided through operating transfers from the General Fund.

Big Cypress Basin CP Fund

Accounts for capital expenditures incurred towards projects benefiting the Big Cypress Basin. Revenue is provided through operating transfers from the Big Cypress Basin SR Fund.

Save Our Rivers CP Fund

Accounts for revenues received from annual allocations through the State's Florida Forever Trust Fund, and related expenditures incurred for the purchase of environmentally sensitive lands.

Federal Emergency Management Agency Fund

Accounts for revenues provided by the Department of Homeland Security to fund related capital project expenditures.

Florida Bay Fund

Accounts for capital expenditures associated with restoring a more natural quantity, distribution, and timing of water flows to Florida Bay.

Federal Land Acquisitions Fund

Accounts for grant revenues received from the federal government in support of expenditures relating to the purchase of environmentally sensitive lands.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Nonmajor Governmental Funds

Capital Projects Funds (continued)

Comprehensive Everglades Restoration Plan (CERP) – Federal Funds

Accounts for revenues received from and expenditures funded through the federal government for the Comprehensive Everglades Restoration Plan.

Comprehensive Everglades Restoration Plan (CERP) – Other Creditable Funds Fund

Accounts for revenues received from and expenditures funded through various sources for the Comprehensive Everglades Restoration Plan, excluding revenues and expenditures from federal sources, district ad-valorem property tax sources, and the state's Save Our Everglades Trust Fund.

COPS – Comprehensive Everglades Restoration Plan (CERP) Fund

Accounts for revenues from Certificates of Participation issued to support the accelerated construction of projects in the Comprehensive Everglades Restoration Plan.

Permanent Fund

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the District's programs.

Wetland Mitigation Permanent Fund

Accounts for the long-term maintenance portion of fees collected from private businesses and other governmental agencies as a condition for issuing wetlands mitigation permits. Interest earned on these fees is used to pay for the costs associated with long-term maintenance of lands purchased pursuant to the District's wetlands mitigation program.

South Florida Water Management District
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

| | Special Revenue Funds | | | |
|--|-------------------------|-----------------------|--------------------------|----------------------|
| | Big Cypress Basin SR | Save Our Rivers SR | Aquatic Plant Control | Melaleuca Control |
| ASSETS | | | | |
| Cash and Investments | \$10,041,724 | \$2,617,074 | \$ - | \$ - |
| Cash Held by Trustee | - | - | - | - |
| Accounts Receivable | 20,873 | 354,199 | - | - |
| Due from Other Governments | 131,566 | - | 421,465 | - |
| Inventory | 59,087 | - | - | - |
| Other Assets | - | - | - | - |
| Total Assets | \$10,253,250 | \$2,971,273 | \$421,465 | \$ - |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$998,152 | \$115,112 | \$48,947 | \$ - |
| Due to Other Governments | 300,000 | - | - | - |
| Due to Other Funds | 11,987 | - | 372,518 | - |
| Deferred Revenue | - | 500,000 | 295,987 | - |
| Total Liabilities | 1,310,139 | 615,112 | 717,452 | - |
| FUND BALANCES | | | | |
| Nonspendable | 59,087 | - | - | - |
| Restricted | 8,884,024 | 2,356,161 | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | (295,987) | - |
| Total Fund Balances (Deficits) | 8,943,111 | 2,356,161 | (295,987) | - |
| Total Liabilities and Fund Balances | \$10,253,250 | \$2,971,273 | \$421,465 | \$ - |

| | Special Revenue Funds (Continued) | | | |
|--------------------------------------|-----------------------------------|---------------------------------------|--------------------|--|
| | Wetland Mitigation | Indian River Lagoon Restoration | External Grants | Stormwater Treatment Areas Operations & Maintenance |
| ASSETS | | | | |
| Cash and Investments | \$33,069,571 | \$439,091 | \$ - | \$9,579,691 |
| Cash Held by Trustee | - | - | - | - |
| Accounts Receivable | 53,294 | 845 | - | 19,424 |
| Due from Other Governments | - | - | 2,742,606 | - |
| Inventory | - | - | - | - |
| Other Assets | - | - | - | - |
| | <u>33,122,865</u> | <u>439,936</u> | <u>2,742,606</u> | <u>9,599,115</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$357,009 | \$ - | \$36,690 | \$457,406 |
| Due to Other Governments | 10,274 | - | - | - |
| Due to Other Funds | - | - | 3,100,223 | 35,962 |
| Deferred Revenue | - | 23,653 | - | - |
| | <u>367,283</u> | <u>23,653</u> | <u>3,136,913</u> | <u>493,368</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 23,290,831 | 416,283 | - | 9,105,747 |
| Assigned | 9,464,751 | - | - | - |
| Unassigned | - | - | (394,307) | - |
| | <u>32,755,582</u> | <u>416,283</u> | <u>(394,307)</u> | <u>9,105,747</u> |
| Total Fund Balances (Deficits) | <u>32,755,582</u> | <u>416,283</u> | <u>(394,307)</u> | <u>9,105,747</u> |
| Total Liabilities and Fund Balances | <u>\$33,122,865</u> | <u>\$439,936</u> | <u>\$2,742,606</u> | <u>\$9,599,115</u> |

Continued

South Florida Water Management District
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

Special Revenue Funds (Concluded)

| | Lake Belt Mitigation | Everglades License Plate | Lake Okeechobee Trust Fund | Total |
|--------------------------------------|-------------------------|-----------------------------|----------------------------------|---------------------|
| ASSETS | | | | |
| Cash and Investments | \$6,598,173 | \$335,890 | \$8,381,735 | \$71,062,949 |
| Cash Held by Trustee | - | - | - | - |
| Accounts Receivable | 12,080 | 858 | - | 461,573 |
| Due from Other Governments | - | - | 529,476 | 3,825,113 |
| Inventory | - | - | - | 59,087 |
| Other Assets | 54,601 | - | - | 54,601 |
| | <u>6,664,854</u> | <u>336,748</u> | <u>8,911,211</u> | <u>75,463,323</u> |
| Total Assets | <u>\$6,664,854</u> | <u>\$336,748</u> | <u>\$8,911,211</u> | <u>\$75,463,323</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$ - | \$375,779 | \$2,389,095 |
| Due to Other Governments | - | - | - | 310,274 |
| Due to Other Funds | - | - | - | 3,520,690 |
| Deferred Revenue | - | - | 529,476 | 1,349,116 |
| | <u>-</u> | <u>-</u> | <u>905,255</u> | <u>7,569,175</u> |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>905,255</u> | <u>7,569,175</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | 59,087 |
| Restricted | 6,664,854 | 336,748 | 8,005,956 | 59,060,604 |
| Assigned | - | - | - | 9,464,751 |
| Unassigned | - | - | - | (690,294) |
| | <u>6,664,854</u> | <u>336,748</u> | <u>8,005,956</u> | <u>67,894,148</u> |
| Total Fund Balances (Deficits) | <u>6,664,854</u> | <u>336,748</u> | <u>8,005,956</u> | <u>67,894,148</u> |
| Total Liabilities and Fund Balances | <u>\$6,664,854</u> | <u>\$336,748</u> | <u>\$8,911,211</u> | <u>\$75,463,323</u> |

| Capital Projects Funds | | | | |
|--------------------------------------|--------------------|-------------------------|-----------------------|--|
| | District CP | Big Cypress Basin CP | Save Our Rivers CP | Federal Emergency Management Agency |
| ASSETS | | | | |
| Cash and Investments | \$1,573,196 | \$10,067,551 | \$13,239,762 | \$127,717 |
| Cash Held by Trustee | - | - | - | - |
| Accounts Receivable | 3,026 | 19,294 | 26,605 | - |
| Due from Other Governments | - | - | 74,425 | 17,993 |
| Inventory | - | - | - | - |
| Other Assets | - | - | - | - |
| | <u>\$1,576,222</u> | <u>\$10,086,845</u> | <u>\$13,340,792</u> | <u>\$145,710</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$1,381,089 | \$367,646 | \$73,309 | \$17,993 |
| Due to Other Governments | - | - | - | - |
| Due to Other Funds | - | - | - | - |
| Deferred Revenue | - | - | 74,425 | - |
| | <u>1,381,089</u> | <u>367,646</u> | <u>147,734</u> | <u>17,993</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | 9,719,199 | 13,193,058 | - |
| Assigned | 195,133 | - | - | 127,717 |
| Unassigned | - | - | - | - |
| | <u>195,133</u> | <u>9,719,199</u> | <u>13,193,058</u> | <u>127,717</u> |
| Total Fund Balances (Deficits) | <u>\$1,576,222</u> | <u>\$10,086,845</u> | <u>\$13,340,792</u> | <u>\$145,710</u> |
| Total Liabilities and Fund Balances | <u>\$1,576,222</u> | <u>\$10,086,845</u> | <u>\$13,340,792</u> | <u>\$145,710</u> |

Continued

South Florida Water Management District
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

| | Capital Projects Funds (Continued) | | | |
|--------------------------------------|------------------------------------|-----------------------------|--|---|
| | Florida Bay | Federal Land Acquisition | Comprehensive Everglades Restoration Plan Federal Funds | Comprehensive Everglades Restoration Plan Other Creditable |
| ASSETS | | | | |
| Cash and Investments | \$2,516,465 | \$4,906,133 | \$ - | \$2,225,955 |
| Cash Held by Trustee | - | - | - | - |
| Accounts Receivable | 4,828 | 63,019 | - | - |
| Due from Other Governments | 80,417 | - | - | - |
| Inventory | - | - | - | - |
| Other Assets | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$2,601,710</u> | <u>\$4,969,152</u> | <u>\$ -</u> | <u>\$2,225,955</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$135,700 | \$30,653 | \$ - | \$ - |
| Due to Other Governments | - | - | - | - |
| Due to Other Funds | 5,994 | - | 547,823 | - |
| Deferred Revenue | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>141,694</u> | <u>30,653</u> | <u>547,823</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 2,460,016 | 4,938,499 | - | - |
| Assigned | - | - | - | 2,225,955 |
| Unassigned | - | - | (547,823) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances (Deficits) | <u>2,460,016</u> | <u>4,938,499</u> | <u>(547,823)</u> | <u>2,225,955</u> |
| Total Liabilities and Fund Balances | <u>\$2,601,710</u> | <u>\$4,969,152</u> | <u>\$ -</u> | <u>\$2,225,955</u> |

| | <u>Capital Projects Funds (Concluded)</u> | | <u>Permanent Fund</u> | |
|--------------------------------------|---|---------------------|-----------------------|--|
| | COPS Comprehensive Everglades Restoration Plan (CERP) | Total | Wetland Mitigation | Total Nonmajor Governmental Funds |
| ASSETS | | | | |
| Cash and Investments | \$268 | \$34,657,047 | \$13,967,764 | \$119,687,760 |
| Cash Held by Trustee | 27,377,232 | 27,377,232 | - | 27,377,232 |
| Accounts Receivable | - | 116,772 | 23,497 | 601,842 |
| Due from Other Governments | - | 172,835 | - | 3,997,948 |
| Inventory | - | - | - | 59,087 |
| Other Assets | - | - | - | 54,601 |
| | | | | |
| Total Assets | <u>\$27,377,500</u> | <u>\$62,323,886</u> | <u>\$13,991,261</u> | <u>\$151,778,470</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | \$ - | \$2,006,390 | \$ - | \$4,395,485 |
| Due to Other Governments | - | - | - | 310,274 |
| Due to Other Funds | - | 553,817 | - | 4,074,507 |
| Deferred Revenue | - | 74,425 | - | 1,423,541 |
| | | | | |
| Total Liabilities | <u>-</u> | <u>2,634,632</u> | <u>-</u> | <u>10,203,807</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 13,988,620 | 14,047,707 |
| Restricted | 27,377,500 | 57,688,272 | 2,641 | 116,751,517 |
| Assigned | - | 2,548,805 | - | 12,013,556 |
| Unassigned | - | (547,823) | - | (1,238,117) |
| | | | | |
| Total Fund Balances (Deficits) | <u>27,377,500</u> | <u>59,689,254</u> | <u>13,991,261</u> | <u>141,574,663</u> |
| Total Liabilities and Fund Balances | <u>\$27,377,500</u> | <u>\$62,323,886</u> | <u>\$13,991,261</u> | <u>\$151,778,470</u> |

South Florida Water Management District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

| | Special Revenue Funds | | | |
|--|-------------------------|-----------------------|--------------------------|----------------------|
| | Big Cypress Basin SR | Save Our Rivers SR | Aquatic Plant Control | Melaleuca Control |
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$13,365,503 | \$ - | \$ - | \$ - |
| Intergovernmental | - | 7,024,793 | 1,831,221 | 1,094,387 |
| Investment Earnings | 233,610 | 4 | - | - |
| Licenses, Permits and Fees | 32,375 | - | - | - |
| Sale of District Property | - | 33,128 | - | - |
| Leases | - | 718,887 | - | - |
| Other | 4,329 | - | 543 | 3,184 |
| | <u>13,635,817</u> | <u>7,776,812</u> | <u>1,831,764</u> | <u>1,097,571</u> |
| EXPENDITURES | | | | |
| Current Operating | | | | |
| Mission Support | 701,135 | - | - | - |
| Operations and Maintenance | 2,532,281 | 352,433 | 1,851,465 | 1,097,571 |
| Restoration | 4,434,319 | - | - | - |
| Water Supply | 2,059,232 | - | - | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Bond Principal Retirement | - | 5,415,000 | - | - |
| Bond Interest | - | 1,489,721 | - | - |
| | <u>9,726,967</u> | <u>7,257,154</u> | <u>1,851,465</u> | <u>1,097,571</u> |
| Revenues in Excess of (Less than) Expenditures | <u>3,908,850</u> | <u>519,658</u> | <u>(19,701)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | (4,970,411) | - | - | - |
| | <u>(4,970,411)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (1,061,561) | 519,658 | (19,701) | - |
| Fund Balances (Deficits) at Beginning of Year | <u>10,004,672</u> | <u>1,836,503</u> | <u>(276,286)</u> | <u>-</u> |
| Fund Balances (Deficits) at End of Year | <u>\$8,943,111</u> | <u>\$2,356,161</u> | <u>(\$295,987)</u> | <u>\$ -</u> |

| Special Revenue Funds (Continued) | | | | |
|--|-----------------------|---------------------------------------|--------------------|--|
| | Wetland Mitigation | Indian River Lagoon Restoration | External Grants | Stormwater Treatment Areas Operations & |
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$ - | \$ - | \$ - | \$15,428,366 |
| Intergovernmental | - | 106,265 | 4,281,076 | - |
| Investment Earnings | 613,284 | 9,633 | - | 259,218 |
| Licenses, Permits and Fees | 607,675 | - | - | - |
| Sale of District Property | - | - | - | - |
| Leases | - | - | - | - |
| Other | 1,207 | - | 60,000 | 7,708 |
| Total Revenues | 1,222,166 | 115,898 | 4,341,076 | 15,695,292 |
| EXPENDITURES | | | | |
| Current Operating | | | | |
| Mission Support | - | - | - | - |
| Operations and Maintenance | 2,169,221 | - | - | 27,220 |
| Restoration | 357,294 | 97,928 | 2,771,797 | 15,246,786 |
| Water Supply | 27,000 | - | 15,000 | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Bond Principal Retirement | - | - | - | - |
| Bond Interest | - | - | - | - |
| Total Expenditures | 2,553,515 | 97,928 | 2,786,797 | 15,274,006 |
| Revenues in Excess of (Less than) Expenditures | (1,331,349) | 17,970 | 1,554,279 | 421,286 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 1,686,536 | - | - | - |
| Transfers Out | - | - | - | - |
| Total Other Financing Sources (Uses) | 1,686,536 | - | - | - |
| Net Change in Fund Balances | 355,187 | 17,970 | 1,554,279 | 421,286 |
| Fund Balances (Deficits) at Beginning of Year | 32,400,395 | 398,313 | (1,948,586) | 8,684,461 |
| Fund Balances (Deficits) at End of Year | <u>\$32,755,582</u> | <u>\$416,283</u> | <u>(\$394,307)</u> | <u>\$9,105,747</u> |

Continued

South Florida Water Management District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

| | Special Revenue Funds (Concluded) | | | |
|--|-----------------------------------|-----------------------------|----------------------------------|---------------------|
| | Lake Belt Mitigation | Everglades License Plate | Lake Okeechobee Trust Fund | Total |
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$ - | \$ - | \$ - | \$28,793,869 |
| Intergovernmental | - | 245,959 | 1,263,678 | 15,847,379 |
| Investment Earnings | 113,934 | 9,646 | - | 1,239,329 |
| Licenses, Permits and Fees | 4,679,178 | - | - | 5,319,228 |
| Sale of District Property | - | - | - | 33,128 |
| Leases | - | - | - | 718,887 |
| Other | - | - | - | 76,971 |
| Total Revenues | 4,793,112 | 255,605 | 1,263,678 | 52,028,791 |
| EXPENDITURES | | | | |
| Current Operating | | | | |
| Mission Support | - | - | - | 701,135 |
| Operations and Maintenance | 117,819 | - | - | 8,148,010 |
| Restoration | - | 202,245 | 2,636,326 | 25,746,695 |
| Water Supply | - | - | - | 2,101,232 |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Bond Principal Retirement | - | - | - | 5,415,000 |
| Bond Interest | - | - | - | 1,489,721 |
| Total Expenditures | 117,819 | 202,245 | 2,636,326 | 43,601,793 |
| Revenues in Excess of (Less than) Expenditures | 4,675,293 | 53,360 | (1,372,648) | 8,426,998 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | 1,686,536 |
| Transfers Out | (2,554,210) | - | - | (7,524,621) |
| Total Other Financing Sources (Uses) | (2,554,210) | - | - | (5,838,085) |
| Net Change in Fund Balances | 2,121,083 | 53,360 | (1,372,648) | 2,588,913 |
| Fund Balances (Deficits) at Beginning of Year | 4,543,771 | 283,388 | 9,378,604 | 65,305,235 |
| Fund Balances (Deficits) at End of Year | <u>\$6,664,854</u> | <u>\$336,748</u> | <u>\$8,005,956</u> | <u>\$67,894,148</u> |

| | Capital Projects Funds | | | |
|--|------------------------|-------------------------|---------------------|--|
| | District CP | Big Cypress Basin CP | Save Our Rivers | Federal Emergency Management Agency |
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 14,140,347 | 105,109 |
| Investment Earnings | 18,233 | 245,658 | 315,555 | - |
| Licenses, Permits and Fees | - | - | - | - |
| Sale of District Property | - | - | - | - |
| Leases | - | - | - | - |
| Other | - | 266 | - | - |
| Total Revenues | <u>18,233</u> | <u>245,924</u> | <u>14,455,902</u> | <u>105,109</u> |
| EXPENDITURES | | | | |
| Current Operating | | | | |
| Mission Support | - | - | - | - |
| Operations and Maintenance | - | 75,847 | 157,775 | - |
| Restoration | - | 3,538,890 | 93,104 | 105,109 |
| Water Supply | - | - | - | - |
| Capital Outlay | 22,083,100 | 2,931,815 | 15,189,615 | - |
| Debt Service | | | | |
| Bond Principal Retirement | - | - | - | - |
| Bond Interest | - | - | - | - |
| Total Expenditures | <u>22,083,100</u> | <u>6,546,552</u> | <u>15,440,494</u> | <u>105,109</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(22,064,867)</u> | <u>(6,300,628)</u> | <u>(984,592)</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 23,486,167 | 4,970,411 | - | - |
| Transfers Out | - | - | (1,242,712) | - |
| Total Other Financing Sources (Uses) | <u>23,486,167</u> | <u>4,970,411</u> | <u>(1,242,712)</u> | <u>-</u> |
| Net Change in Fund Balances | 1,421,300 | (1,330,217) | (2,227,304) | - |
| Fund Balances (Deficits) at Beginning of Year | <u>(1,226,167)</u> | <u>11,049,416</u> | <u>15,420,362</u> | <u>127,717</u> |
| Fund Balances (Deficits) at End of Year | <u>\$195,133</u> | <u>\$9,719,199</u> | <u>\$13,193,058</u> | <u>\$127,717</u> |

Continued

South Florida Water Management District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

| | Capital Projects Funds (Continued) | | | |
|--|------------------------------------|-----------------------------|--|---|
| | Florida Bay | Federal Land Acquisition | Comprehensive Everglades Restoration Plan Federal Funds | Comprehensive Everglades Restoration Plan Other Creditable |
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 135,266 | - | - | - |
| Investment Earnings | 62,600 | 5,196 | - | - |
| Licenses, Permits and Fees | - | - | - | - |
| Sale of District Property | - | - | - | - |
| Leases | - | 336,941 | - | - |
| Other | - | - | - | - |
| Total Revenues | 197,866 | 342,137 | - | - |
| EXPENDITURES | | | | |
| Current Operating | | | | |
| Mission Support | - | - | - | - |
| Operations and Maintenance | - | - | - | - |
| Restoration | 1,043,871 | 232,161 | - | - |
| Water Supply | - | - | - | - |
| Capital Outlay | 32,009 | 203,680 | - | - |
| Debt Service | | | | |
| Bond Principal Retirement | - | - | - | - |
| Bond Interest | - | - | - | - |
| Total Expenditures | 1,075,880 | 435,841 | - | - |
| Revenues in Excess of (Less than) Expenditures | (878,014) | (93,704) | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | 280,000 | - | - |
| Transfers Out | - | (716,637) | - | - |
| Total Other Financing Sources (Uses) | - | (436,637) | - | - |
| Net Change in Fund Balances | (878,014) | (530,341) | - | - |
| Fund Balances (Deficits) at Beginning of Year | 3,338,030 | 5,468,840 | (547,823) | 2,225,955 |
| Fund Balances (Deficits) at End of Year | <u>\$2,460,016</u> | <u>\$4,938,499</u> | <u>(\$547,823)</u> | <u>\$2,225,955</u> |

| | Capital Projects Funds (Concluded) | | Permanent Fund | |
|--|---|---------------------|-----------------------|--|
| | COPS Comprehensive Everglades Restoration Plan (CERP) | Total | Wetland Mitigation | Total Nonmajor Governmental Funds |
| REVENUES | | | | |
| Ad Valorem Property Taxes | \$ - | \$ - | \$ - | \$28,793,869 |
| Intergovernmental | - | 14,380,722 | - | 30,228,101 |
| Investment Earnings | 158,264 | 805,506 | 266,341 | 2,311,176 |
| Licenses, Permits and Fees | - | - | 149,610 | 5,468,838 |
| Sale of District Property | 2,160 | 2,160 | - | 35,288 |
| Leases | - | 336,941 | - | 1,055,828 |
| Other | 4,844 | 5,110 | - | 82,081 |
| Total Revenues | 165,268 | 15,530,439 | 415,951 | 67,975,181 |
| EXPENDITURES | | | | |
| Current Operating | | | | |
| Mission Support | - | - | - | 701,135 |
| Operations and Maintenance | - | 233,622 | - | 8,381,632 |
| Restoration | - | 5,013,135 | - | 30,759,830 |
| Water Supply | - | - | - | 2,101,232 |
| Capital Outlay | - | 40,440,219 | - | 40,440,219 |
| Debt Service | | | | |
| Bond Principal Retirement | - | - | - | 5,415,000 |
| Bond Interest | - | - | - | 1,489,721 |
| Total Expenditures | - | 45,686,976 | - | 89,288,769 |
| Revenues in Excess of (Less than) Expenditures | 165,268 | (30,156,537) | 415,951 | (21,313,588) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | 28,736,578 | 1,131,374 | 31,554,488 |
| Transfers Out | (3,816,493) | (5,775,842) | (263,700) | (13,564,163) |
| Total Other Financing Sources (Uses) | (3,816,493) | 22,960,736 | 867,674 | 17,990,325 |
| Net Change in Fund Balances | (3,651,225) | (7,195,801) | 1,283,625 | (3,323,263) |
| Fund Balances (Deficits) at Beginning of Year | 31,028,725 | 66,885,055 | 12,707,636 | 144,897,926 |
| Fund Balances (Deficits) at End of Year | <u>\$27,377,500</u> | <u>\$59,689,254</u> | <u>\$13,991,261</u> | <u>\$141,574,663</u> |

South Florida Water Management District
Special Revenue Fund
Big Cypress Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|-------------------|-------------------|--|
| REVENUES | | | |
| Ad Valorem Property Taxes | \$13,392,977 | \$13,365,503 | (\$27,474) |
| Investment Earnings | 362,000 | 233,610 | (128,390) |
| Licenses, Permits and Fees | 19,000 | 32,375 | 13,375 |
| Other | - | 4,329 | 4,329 |
| Total Revenues | <u>13,773,977</u> | <u>13,635,817</u> | <u>(138,160)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 2,138,320 | 2,036,115 | 102,205 |
| Restoration | 34,526 | 37,282 | (2,756) |
| Total Operations and Maintenance | <u>2,172,846</u> | <u>2,073,397</u> | <u>99,449</u> |
| Corporate Resources | | | |
| Mission Support | 551,631 | 313,994 | 237,637 |
| Operations and Maintenance | 76,794 | (53,174) | 129,968 |
| Restoration | 82,413 | 35,007 | 47,406 |
| Water Supply | 25,000 | 24,979 | 21 |
| Total Corporate Resources | <u>735,838</u> | <u>320,806</u> | <u>415,032</u> |
| Regulatory and Public Affairs | | | |
| Mission Support | 407,723 | 386,252 | 21,471 |
| Operations and Maintenance | 63,838 | 62,208 | 1,630 |
| Restoration | 3,842,602 | 3,565,910 | 276,692 |
| Water Supply | 2,464,638 | 2,017,660 | 446,978 |
| Total Regulatory and Public Affairs | <u>6,778,801</u> | <u>6,032,030</u> | <u>746,771</u> |
| Everglades Restoration and Capital Projects | | | |
| Mission Support | 21,670 | 889 | 20,781 |
| Operations and Maintenance | 549,633 | 487,132 | 62,501 |
| Restoration | 916,908 | 796,120 | 120,788 |
| Water Supply | 21,746 | 16,593 | 5,153 |
| Total Everglades Restoration and Capital Projects | <u>1,509,957</u> | <u>1,300,734</u> | <u>209,223</u> |

South Florida Water Management District
Special Revenue Fund
Big Cypress Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|--------------------|--------------------|--|
| Contingency | | | |
| Managerial Reserve | 1,145,786 | - | 1,145,786 |
| Managerial Reserve-Contingency | 342,052 | - | 342,052 |
| Total Contingency | <u>1,487,838</u> | <u>-</u> | <u>1,487,838</u> |
| Total Expenditures | <u>12,685,280</u> | <u>9,726,967</u> | <u>2,958,313</u> |
| Revenues in Excess of (Less than) Expenditures | <u>1,088,697</u> | <u>3,908,850</u> | <u>2,820,153</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | (4,970,411) | (4,970,411) | - |
| Total Other Financing Sources (Uses) | <u>(4,970,411)</u> | <u>(4,970,411)</u> | <u>-</u> |
| Net Change in Fund Balance | (3,881,714) | (1,061,561) | 2,820,153 |
| Fund Balance at Beginning of Year | 10,004,672 | 10,004,672 | - |
| Fund Balance at End of Year | <u>\$6,122,958</u> | <u>\$8,943,111</u> | <u>\$2,820,153</u> |

South Florida Water Management District
Special Revenue Fund
Save Our Rivers SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|--------------------|--------------------|--|
| REVENUES | | | |
| Intergovernmental | \$6,912,397 | \$7,024,793 | \$112,396 |
| Investment Earnings | - | 4 | 4 |
| Sale of District Property | - | 33,128 | 33,128 |
| Leases | 530,184 | 718,887 | 188,703 |
| Total Revenues | <u>7,442,581</u> | <u>7,776,812</u> | <u>334,231</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 353,460 | 352,433 | 1,027 |
| Total Operations and Maintenance | <u>353,460</u> | <u>352,433</u> | <u>1,027</u> |
| Debt Service | | | |
| Bond Principal Retirement | 5,415,000 | 5,415,000 | - |
| Bond Interest | 1,489,722 | 1,489,721 | 1 |
| Total Debt Service | <u>6,904,722</u> | <u>6,904,721</u> | <u>1</u> |
| Contingency | | | |
| Managerial Reserve | 234,399 | - | 234,399 |
| Total Contingency | <u>234,399</u> | <u>-</u> | <u>234,399</u> |
| Total Expenditures | <u>7,492,581</u> | <u>7,257,154</u> | <u>235,427</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(50,000)</u> | <u>519,658</u> | <u>569,658</u> |
| Net Change in Fund Balance | (50,000) | 519,658 | 569,658 |
| Fund Balance at Beginning of Year | 1,836,503 | 1,836,503 | - |
| Fund Balance at End of Year | <u>\$1,786,503</u> | <u>\$2,356,161</u> | <u>\$569,658</u> |

South Florida Water Management District
Special Revenue Fund
Aquatic Plant Control
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|---------------------------|---------------------------|--|
| REVENUES | | | |
| Intergovernmental | \$1,891,087 | \$1,831,221 | (\$59,866) |
| Other | - | 543 | 543 |
| Total Revenues | <u>1,891,087</u> | <u>1,831,764</u> | <u>(59,323)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 1,978,440 | 1,851,465 | 126,965 |
| Total Operations and Maintenance | <u>1,978,440</u> | <u>1,851,465</u> | <u>126,965</u> |
| Total Expenditures | <u>1,978,440</u> | <u>1,851,465</u> | <u>126,965</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(87,343)</u> | <u>(19,701)</u> | <u>67,642</u> |
| Net Change in Fund Balance | (87,343) | (19,701) | 67,642 |
| Fund Balance at Beginning of Year | (276,286) | (276,286) | - |
| Fund Balance at End of Year | <u><u>(\$363,629)</u></u> | <u><u>(\$295,987)</u></u> | <u><u>\$67,642</u></u> |

South Florida Water Management District
Special Revenue Fund
Melaleuca Control
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|------------------|------------------|--|
| REVENUES | | | |
| Intergovernmental | \$1,200,000 | \$1,094,387 | (\$105,613) |
| Other | - | 3,184 | 3,184 |
| Total Revenues | <u>1,200,000</u> | <u>1,097,571</u> | <u>(102,429)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 1,100,000 | 1,097,571 | 2,429 |
| Total Operations and Maintenance | <u>1,100,000</u> | <u>1,097,571</u> | <u>2,429</u> |
| Contingency | | | |
| Managerial Reserve | 100,000 | - | 100,000 |
| Total Contingency | <u>100,000</u> | <u>-</u> | <u>100,000</u> |
| Total Expenditures | <u>1,200,000</u> | <u>1,097,571</u> | <u>102,429</u> |
| Revenues in Excess of (Less than) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance at End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

South Florida Water Management District
Special Revenue Fund
Wetland Mitigation
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|---------------------|---------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$613,284 | \$613,284 |
| Licenses, Permits and Fees | - | 607,675 | 607,675 |
| Other | - | 1,207 | 1,207 |
| Total Revenues | <u>-</u> | <u>1,222,166</u> | <u>1,222,166</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 2,384,068 | 2,080,403 | 303,665 |
| Total Operations and Maintenance | <u>2,384,068</u> | <u>2,080,403</u> | <u>303,665</u> |
| Regulatory and Public Affairs | | | |
| Water Supply | 27,000 | 27,000 | - |
| Total Regulatory and Public Affairs | <u>27,000</u> | <u>27,000</u> | <u>-</u> |
| Everglades Restoration and Capital Projects | | | |
| Operations and Maintenance | 92,809 | 88,818 | 3,991 |
| Restoration | 410,883 | 357,294 | 53,589 |
| Total Everglades Restoration and Capital Projects | <u>503,692</u> | <u>446,112</u> | <u>57,580</u> |
| Contingency | | | |
| Managerial Reserve | 7,429,423 | - | 7,429,423 |
| Total Contingency | <u>7,429,423</u> | <u>-</u> | <u>7,429,423</u> |
| Total Expenditures | <u>10,344,184</u> | <u>2,553,515</u> | <u>7,790,668</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(10,344,184)</u> | <u>(1,331,349)</u> | <u>9,012,835</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 1,686,536 | 1,686,536 | - |
| Transfers Out | - | - | - |
| Total Other Financing Sources (Uses) | <u>1,686,536</u> | <u>1,686,536</u> | <u>-</u> |
| Net Change in Fund Balance | (8,657,648) | 355,187 | 9,012,835 |
| Fund Balance at Beginning of Year | 32,400,395 | 32,400,395 | - |
| Fund Balance at End of Year | <u>\$23,742,747</u> | <u>\$32,755,582</u> | <u>\$9,012,835</u> |

South Florida Water Management District
Special Revenue Fund
Indian River Lagoon Restoration
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|-----------------------|-------------------------|--|
| REVENUES | | | |
| Intergovernmental | \$ - | \$106,265 | \$106,265 |
| Investment Earnings | - | 9,633 | 9,633 |
| Total Revenues | <u>-</u> | <u>115,898</u> | <u>115,898</u> |
| EXPENDITURES | | | |
| Current | | | |
| Regulatory and Public Affairs | | | |
| Restoration | 393,457 | 97,928 | 295,529 |
| Total Regulatory and Public Affairs | <u>393,457</u> | <u>97,928</u> | <u>295,529</u> |
| Total Expenditures | <u>393,457</u> | <u>97,928</u> | <u>295,529</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(393,457)</u> | <u>17,970</u> | <u>411,427</u> |
| Net Change in Fund Balance | (393,457) | 17,970 | 411,427 |
| Fund Balance at Beginning of Year | 398,313 | 398,313 | - |
| Fund Balance at End of Year | <u><u>\$4,856</u></u> | <u><u>\$416,283</u></u> | <u><u>\$411,427</u></u> |

South Florida Water Management District
Special Revenue Fund
External Grants
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|-----------------------------|---------------------------|--|
| REVENUES | | | |
| Intergovernmental | \$482,374 | \$4,281,076 | \$3,798,702 |
| Other | 15,000 | 60,000 | 45,000 |
| Total Revenues | <u>497,374</u> | <u>4,341,076</u> | <u>3,843,702</u> |
| EXPENDITURES | | | |
| Current | | | |
| Regulatory and Public Affairs | | | |
| Restoration | 2,300,000 | 2,300,000 | - |
| Water Supply | 15,000 | 15,000 | - |
| Total Regulatory and Public Affairs | <u>2,315,000</u> | <u>2,315,000</u> | <u>-</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 641,244 | 471,797 | 169,447 |
| Total Everglades Restoration and Capital Projects | <u>641,244</u> | <u>471,797</u> | <u>169,447</u> |
| Total Expenditures | <u>2,956,244</u> | <u>2,786,797</u> | <u>169,447</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(2,458,870)</u> | <u>1,554,279</u> | <u>4,013,149</u> |
| Net Change in Fund Balance | (2,458,870) | 1,554,279 | 4,013,149 |
| Fund Balance at Beginning of Year | (1,948,586) | (1,948,586) | - |
| Fund Balance at End of Year | <u><u>(\$4,407,456)</u></u> | <u><u>(\$394,307)</u></u> | <u><u>\$4,013,149</u></u> |

South Florida Water Management District
Special Revenue Fund
Stormwater Treatment Areas - Operations and Maintenance
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|--------------------|--------------------|--|
| REVENUES | | | |
| Ad Valorem Property Taxes | \$15,428,366 | \$15,428,366 | \$ - |
| Investment Earnings | - | 259,218 | 259,218 |
| Other | - | 7,708 | 7,708 |
| Total Revenues | <u>15,428,366</u> | <u>15,695,292</u> | <u>266,926</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | - | 27,220 | (27,220) |
| Restoration | 15,715,268 | 13,697,031 | 2,018,237 |
| Total Operations and Maintenance | <u>15,715,268</u> | <u>13,724,251</u> | <u>1,991,017</u> |
| Corporate Resources | | | |
| Restoration | 287,344 | 240,969 | 46,375 |
| Total Corporate Resources | <u>287,344</u> | <u>240,969</u> | <u>46,375</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 1,502,019 | 1,308,786 | 193,233 |
| Total Everglades Restoration and Capital Projects | <u>1,502,019</u> | <u>1,308,786</u> | <u>193,233</u> |
| Contingency | | | |
| Managerial Reserve | 4,277,711 | - | 4,277,711 |
| Total Contingency | <u>4,277,711</u> | <u>-</u> | <u>4,277,711</u> |
| Total Expenditures | <u>21,782,342</u> | <u>15,274,006</u> | <u>6,508,336</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(6,353,976)</u> | <u>421,286</u> | <u>6,775,262</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (6,353,976) | 421,286 | 6,775,262 |
| Fund Balance at Beginning of Year | 8,684,461 | 8,684,461 | - |
| Fund Balance at End of Year | <u>\$2,330,485</u> | <u>\$9,105,747</u> | <u>\$6,775,262</u> |

South Florida Water Management District
Special Revenue Fund
Lake Belt Mitigation
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|--------------------|--------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$113,934 | \$113,934 |
| Licenses, Permits and Fees | - | 4,679,178 | 4,679,178 |
| Total Revenues | <u>-</u> | <u>4,793,112</u> | <u>4,793,112</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 159,500 | 117,819 | 41,681 |
| Total Operations and Maintenance | <u>159,500</u> | <u>117,819</u> | <u>41,681</u> |
| Contingency | | | |
| Managerial Reserve | 500 | - | 500 |
| Total Contingency | <u>500</u> | <u>-</u> | <u>500</u> |
| Total Expenditures | <u>160,000</u> | <u>117,819</u> | <u>42,181</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(160,000)</u> | <u>4,675,293</u> | <u>4,835,293</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | (2,554,210) | (2,554,210) | - |
| Total Other Financing Sources (Uses) | <u>(2,554,210)</u> | <u>(2,554,210)</u> | <u>-</u> |
| Net Change in Fund Balance | (2,714,210) | 2,121,083 | 4,835,293 |
| Fund Balance at Beginning of Year | 4,543,771 | 4,543,771 | - |
| Fund Balance at End of Year | <u>\$1,829,561</u> | <u>\$6,664,854</u> | <u>\$4,835,293</u> |

South Florida Water Management District
Special Revenue Fund
Everglades License Plate
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|------------------------|-------------------------|--|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 245,959 | \$245,959 |
| Investment Earnings | - | 9,646 | 9,646 |
| Total Revenues | <u>-</u> | <u>255,605</u> | <u>255,605</u> |
| EXPENDITURES | | | |
| Current | | | |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 204,168 | 202,245 | 1,923 |
| Total Everglades Restoration and Capital Projects | <u>204,168</u> | <u>202,245</u> | <u>1,923</u> |
| Total Expenditures | <u>204,168</u> | <u>202,245</u> | <u>1,923</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(204,168)</u> | <u>53,360</u> | <u>257,528</u> |
| Net Change in Fund Balance | (204,168) | 53,360 | 257,528 |
| Fund Balance at Beginning of Year | 283,388 | 283,388 | - |
| Fund Balance at End of Year | <u><u>\$79,220</u></u> | <u><u>\$336,748</u></u> | <u><u>\$257,528</u></u> |

South Florida Water Management District
Special Revenue Fund
Lake Okeechobee Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|-----------------------------|---------------------------|--|
| REVENUES | | | |
| Intergovernmental | \$437,325 | \$1,263,678 | \$826,353 |
| Total Revenues | <u>437,325</u> | <u>1,263,678</u> | <u>826,353</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Restoration | 213,788 | 211,557 | 2,231 |
| Total Operations and Maintenance | <u>213,788</u> | <u>211,557</u> | <u>2,231</u> |
| Regulatory and Public Affairs | | | |
| Restoration | 1,197,495 | 773,245 | 424,250 |
| Total Regulatory and Public Affairs | <u>1,197,495</u> | <u>773,245</u> | <u>424,250</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 2,144,350 | 1,651,524 | 492,826 |
| Total Everglades Restoration and Capital Projects | <u>2,144,350</u> | <u>1,651,524</u> | <u>492,826</u> |
| Contingency | | | |
| Managerial Reserve | 7,813,283 | - | 7,813,283 |
| Total Contingency | <u>7,813,283</u> | <u>-</u> | <u>7,813,283</u> |
| Total Expenditures | <u>11,368,916</u> | <u>2,636,326</u> | <u>8,732,590</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(10,931,591)</u> | <u>(1,372,648)</u> | <u>9,558,943</u> |
| Net Change in Fund Balance | (10,931,591) | (1,372,648) | 9,558,943 |
| Fund Balance at Beginning of Year | 9,378,604 | 9,378,604 | - |
| Fund Balance at End of Year | <u><u>(\$1,552,987)</u></u> | <u><u>\$8,005,956</u></u> | <u><u>\$9,558,943</u></u> |

South Florida Water Management District
 Capital Projects Fund
 District CP
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|----------------------|---------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$18,233 | \$18,233 |
| Total Revenues | <u>-</u> | <u>18,233</u> | <u>18,233</u> |
| | | | |
| Everglades Restoration and Capital Projects | | | |
| Operations and Maintenance | - | - | |
| Restoration | 22,260,000 | 22,083,100 | 176,900 |
| Total Everglades Restoration and Capital Projects | <u>22,260,000</u> | <u>22,083,100</u> | <u>176,900</u> |
| | | | |
| Contingency | | | |
| Managerial Reserve | 1,226,167 | - | 1,226,167 |
| Total Contingency | <u>1,226,167</u> | <u>-</u> | <u>1,226,167</u> |
| Total Expenditures | <u>23,486,167</u> | <u>22,083,100</u> | <u>1,403,067</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(23,486,167)</u> | <u>(22,064,867)</u> | <u>1,421,300</u> |
| | | | |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 23,486,167 | 23,486,167 | - |
| Total Other Financing Sources (Uses) | <u>23,486,167</u> | <u>23,486,167</u> | <u>-</u> |
| Net Change in Fund Balance | - | 1,421,300 | 1,421,300 |
| Fund Balance at Beginning of Year | (1,226,167) | (1,226,167) | - |
| Fund Balance at End of Year | <u>(\$1,226,167)</u> | <u>\$195,133</u> | <u>\$1,421,300</u> |

South Florida Water Management District
 Capital Projects Fund
 Okeechobee Basin CP
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|-------------------|-------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$1,603,991 | \$1,603,991 |
| Sale of District Property | - | 540,000 | 540,000 |
| Other | - | 2,247 | 2,247 |
| Total Revenues | <u>-</u> | <u>2,146,238</u> | <u>2,146,238</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 64,780,377 | 53,809,420 | 10,970,957 |
| Restoration | 378,600 | 363,672 | 14,928 |
| Total Operations and Maintenance | <u>65,158,977</u> | <u>54,173,092</u> | <u>10,985,885</u> |
| Corporate Resources | | | |
| Restoration | 20,025 | 12,752 | 7,273 |
| Total Corporate Resources | <u>20,025</u> | <u>12,752</u> | <u>7,273</u> |
| Regulatory and Public Affairs | | | |
| Restoration | 8,113 | 8,113 | - |
| Total Regulatory and Public Affairs | <u>8,113</u> | <u>8,113</u> | <u>-</u> |
| Everglades Restoration and Capital Projects | | | |
| Operations and Maintenance | 64,488 | 48,291 | 16,197 |
| Restoration | 20,630,024 | 11,470,487 | 9,159,537 |
| Total Everglades Restoration and Capital Projects | <u>20,694,512</u> | <u>11,518,778</u> | <u>9,175,734</u> |

South Florida Water Management District
 Capital Projects Fund
 Okeechobee Basin CP
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|----------------------|---------------------|--|
| Contingency | | | |
| Managerial Reserve | 29,889,651 | - | 29,889,651 |
| Total Contingency | <u>29,889,651</u> | <u>-</u> | <u>29,889,651</u> |
| Total Expenditures | <u>115,771,278</u> | <u>65,712,735</u> | <u>50,058,543</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(115,771,278)</u> | <u>(63,566,497)</u> | <u>52,204,781</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 55,432,844 | 55,432,800 | (44) |
| Total Other Financing Sources (Uses) | <u>55,432,844</u> | <u>55,432,800</u> | <u>(44)</u> |
| Net Change in Fund Balance | (60,338,434) | (8,133,697) | 52,204,737 |
| Fund Balance at Beginning of Year | 61,925,767 | 61,925,767 | - |
| Fund Balance at End of Year | <u>\$1,587,333</u> | <u>\$53,792,070</u> | <u>\$52,204,737</u> |

South Florida Water Management District
 Capital Projects Fund
 Big Cypress Basin CP
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|--------------------|--------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$245,658 | \$245,658 |
| Other | - | 266 | 266 |
| Total Revenues | <u>-</u> | <u>245,924</u> | <u>245,924</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 977,073 | 783,265 | 193,808 |
| Restoration | 463,000 | 456,936 | 6,064 |
| Total Operations and Maintenance | <u>1,440,073</u> | <u>1,240,201</u> | <u>199,872</u> |
| Regulatory and Public Affairs | | | |
| Operations and Maintenance | - | - | |
| Restoration | 1,500,000 | 1,500,000 | - |
| Total Regulatory and Public Affairs | <u>1,500,000</u> | <u>1,500,000</u> | <u>-</u> |
| Everglades Restoration and Capital Projects | | | |
| Operations and Maintenance | 2,283,242 | 2,101,358 | 181,884 |
| Restoration | 1,786,155 | 1,704,993 | 81,162 |
| Total Everglades Restoration and Capital Projects | <u>4,069,397</u> | <u>3,806,351</u> | <u>263,046</u> |
| Contingency | | | |
| Managerial Reserve | 1,200,400 | - | 1,200,400 |
| Total Contingency | <u>1,200,400</u> | <u>-</u> | <u>1,200,400</u> |
| Total Expenditures | <u>8,209,870</u> | <u>6,546,552</u> | <u>1,663,318</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(8,209,870)</u> | <u>(6,300,628)</u> | <u>1,909,242</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 4,970,411 | 4,970,411 | - |
| Total Other Financing Sources (Uses) | <u>4,970,411</u> | <u>4,970,411</u> | <u>-</u> |
| Net Change in Fund Balance | (3,239,459) | (1,330,217) | 1,909,242 |
| Fund Balance at Beginning of Year | 11,049,416 | 11,049,416 | - |
| Fund Balance at End of Year | <u>\$7,809,957</u> | <u>\$9,719,199</u> | <u>\$1,909,242</u> |

South Florida Water Management District
 Capital Projects Fund
 Save Our Rivers CP
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|------------------------------|----------------------------|--|
| REVENUES | | | |
| Intergovernmental | \$1,575,000 | \$14,140,347 | \$12,565,347 |
| Investment Earnings | - | 315,555 | 315,555 |
| Total Revenues | <u>1,575,000</u> | <u>14,455,902</u> | <u>12,880,902</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 165,419 | 157,775 | 7,644 |
| Total Operations and Maintenance | <u>165,419</u> | <u>157,775</u> | <u>7,644</u> |
| Corporate Resources | | | |
| Restoration | 500 | - | 500 |
| Total Corporate Resources | <u>500</u> | <u>-</u> | <u>500</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 26,522,156 | 15,282,719 | 11,239,437 |
| Total Everglades Restoration and Capital Projects | <u>26,522,156</u> | <u>15,282,719</u> | <u>11,239,437</u> |
| Total Expenditures | <u>26,688,075</u> | <u>15,440,494</u> | <u>11,247,581</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(25,113,075)</u> | <u>(984,592)</u> | <u>24,128,483</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | (1,242,712) | (1,242,712) | - |
| Total Other Financing Sources (Uses) | <u>(1,242,712)</u> | <u>(1,242,712)</u> | <u>-</u> |
| Net Change in Fund Balance | (26,355,787) | (2,227,304) | 24,128,483 |
| Fund Balance at Beginning of Year | 15,420,362 | 15,420,362 | - |
| Fund Balance at End of Year | <u><u>(\$10,935,425)</u></u> | <u><u>\$13,193,058</u></u> | <u><u>\$24,128,483</u></u> |

South Florida Water Management District
 Capital Projects Fund
 Everglades Trust Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|-------------------|-------------------|--|
| REVENUES | | | |
| Ad Valorem Property Taxes | \$37,672,887 | \$37,888,362 | \$215,475 |
| Agricultural Privilege Taxes | 11,300,000 | 11,064,462 | (235,538) |
| Intergovernmental | - | - | |
| Investment Earnings | 967,000 | 2,268,704 | 1,301,704 |
| Other | - | 1,871 | 1,871 |
| Total Revenues | <u>49,939,887</u> | <u>51,223,399</u> | <u>1,283,512</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | 42,249 | 44,122 | (1,873) |
| Restoration | 5,430,439 | 4,803,269 | 627,170 |
| Total Operations and Maintenance | <u>5,472,688</u> | <u>4,847,391</u> | <u>625,297</u> |
| Corporate Resources | | | |
| Restoration | 2,770,466 | 1,777,989 | 992,477 |
| Total Corporate Resources | <u>2,770,466</u> | <u>1,777,989</u> | <u>992,477</u> |
| Regulatory and Public Affairs | | | |
| Restoration | 3,007,606 | 2,756,316 | 251,290 |
| Total Regulatory and Public Affairs | <u>3,007,606</u> | <u>2,756,316</u> | <u>251,290</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 15,313,941 | 13,613,717 | 1,700,224 |
| Total Everglades Restoration and Capital Projects | <u>15,313,941</u> | <u>13,613,717</u> | <u>1,700,224</u> |
| Debt Service | | | |
| COPS Bond Principal Retirement | 5,367,156 | 5,367,156 | - |
| COPS Bond Interest | 14,123,931 | 14,123,931 | - |
| Total Debt Service | <u>19,491,087</u> | <u>19,491,087</u> | <u>-</u> |

South Florida Water Management District
 Capital Projects Fund
 Everglades Trust Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|-----------------|---------------|--|
| Contingency | | | |
| Managerial Reserve | 86,315,078 | - | 86,315,078 |
| Total Contingency | 86,315,078 | - | 86,315,078 |
| Total Expenditures | 132,370,866 | 42,486,500 | 89,884,366 |
| Revenues in Excess of (Less than) Expenditures | (82,430,979) | 8,736,899 | 91,167,878 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 733,182 | 733,182 | - |
| Transfers Out | - | - | - |
| Total Other Financing Sources (Uses) | 733,182 | 733,182 | - |
| Net Change in Fund Balance | (81,697,797) | 9,470,081 | 91,167,878 |
| Fund Balance at Beginning of Year | 98,534,957 | 98,534,957 | - |
| Fund Balance at End of Year | \$16,837,160 | \$108,005,038 | \$91,167,878 |

South Florida Water Management District
 Capital Projects Fund
 Federal Emergency Management Agency
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|-----------------|------------------|--|
| REVENUES | | | |
| Intergovernmental | \$86,825 | \$105,109 | \$18,284 |
| Total Revenues | <u>86,825</u> | <u>105,109</u> | <u>18,284</u> |
| EXPENDITURES | | | |
| Current | | | |
| Regulatory and Public Affairs | | | |
| Restoration | 117,928 | 105,109 | 12,819 |
| Total Regulatory and Public Affairs | <u>117,928</u> | <u>105,109</u> | <u>12,819</u> |
| Contingency | | | |
| Managerial Reserve | 14,231 | - | 14,231 |
| Total Contingency | <u>14,231</u> | <u>-</u> | <u>14,231</u> |
| Total Expenditures | <u>132,159</u> | <u>105,109</u> | <u>27,050</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(45,334)</u> | <u>-</u> | <u>45,334</u> |
| Net Change in Fund Balance | (45,334) | - | 45,334 |
| Fund Balance at Beginning of Year | 127,717 | 127,717 | - |
| Fund Balance at End of Year | <u>\$82,383</u> | <u>\$127,717</u> | <u>\$45,334</u> |

South Florida Water Management District
 Capital Projects Fund
 Florida Bay
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|--------------------|--------------------|--|
| REVENUES | | | |
| Intergovernmental | \$ - | \$135,266 | \$135,266 |
| Investment Earnings | - | 62,600 | 62,600 |
| Total Revenues | <u>-</u> | <u>197,866</u> | <u>197,866</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Restoration | 28,038 | 28,038 | - |
| Total Operations and Maintenance | <u>28,038</u> | <u>28,038</u> | <u>-</u> |
| Corporate Resources | | | |
| Restoration | 12,729 | 12,729 | - |
| Total Corporate Resources | <u>12,729</u> | <u>12,729</u> | <u>-</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 2,229,466 | 1,035,113 | 1,194,353 |
| Total Everglades Restoration and Capital Projects | <u>2,229,466</u> | <u>1,035,113</u> | <u>1,194,353</u> |
| Contingency | | | |
| Managerial Reserve | 20,297 | - | 20,297 |
| Total Contingency | <u>20,297</u> | <u>-</u> | <u>20,297</u> |
| Total Expenditures | <u>2,290,530</u> | <u>1,075,880</u> | <u>1,214,650</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(2,290,530)</u> | <u>(878,014)</u> | <u>1,412,516</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | |
| Transfers Out | - | - | |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (2,290,530) | (878,014) | 1,412,516 |
| Fund Balance at Beginning of Year | 3,338,030 | 3,338,030 | - |
| Fund Balance at End of Year | <u>\$1,047,500</u> | <u>\$2,460,016</u> | <u>\$1,412,516</u> |

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Ad Valorem
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|--------------------|--------------------|--|
| REVENUES | | | |
| Investment Earnings | \$372,000 | \$1,667,323 | \$1,295,323 |
| Leases | - | 989,365 | 989,365 |
| Other | - | 6,007 | 6,007 |
| Total Revenues | <u>372,000</u> | <u>2,662,695</u> | <u>2,290,695</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Operations and Maintenance | - | 45,655 | (45,655) |
| Restoration | 1,457,763 | 1,141,104 | 316,659 |
| Total Operations and Maintenance | <u>1,457,763</u> | <u>1,186,759</u> | <u>271,004</u> |
| Corporate Resources | | | |
| Operations and Maintenance | - | 84 | (84) |
| Restoration | 24,593,036 | 5,289,654 | 19,303,382 |
| Total Corporate Resources | <u>24,593,036</u> | <u>5,289,738</u> | <u>19,303,298</u> |
| Regulatory and Public Affairs | | | |
| Restoration | 1,664,490 | 1,559,884 | 104,606 |
| Total Regulatory and Public Affairs | <u>1,664,490</u> | <u>1,559,884</u> | <u>104,606</u> |
| Everglades Restoration and Capital Projects | | | |
| Operations and Maintenance | - | 17,557 | (17,557) |
| Restoration | 179,830,134 | 176,878,273 | 2,951,861 |
| Total Everglades Restoration and Capital Projects | <u>179,830,134</u> | <u>176,895,830</u> | <u>2,934,304</u> |
| Debt Service | | | |
| COPS Bond Principal Retirement | 4,337,844 | 4,337,844 | - |
| COPS Bond Interest | 11,415,246 | 11,415,246 | - |
| Total Debt Service | <u>15,753,090</u> | <u>15,753,090</u> | <u>-</u> |

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Ad Valorem
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|-----------------|---------------|--|
| Contingency | | | |
| Managerial Reserve | 2,772,819 | - | 2,772,819 |
| Total Contingency | 2,772,819 | - | 2,772,819 |
| Total Expenditures | 226,071,332 | 200,685,301 | 25,386,031 |
| Revenues in Excess of (Less than) Expenditures | (225,699,332) | (198,022,606) | 27,676,726 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 52,198,612 | 52,198,612 | - |
| Transfers Out | (280,000) | (280,000) | - |
| Total Other Financing Sources (Uses) | 51,918,612 | 51,918,612 | - |
| Net Change in Fund Balance | (173,780,720) | (146,103,994) | 27,676,726 |
| Fund Balance at Beginning of Year | 208,736,313 | 208,736,313 | - |
| Fund Balance at End of Year | \$34,955,593 | \$62,632,319 | \$27,676,726 |

South Florida Water Management District
 Capital Projects Fund
 Federal Land Acquisition
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|--------------------|--------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$5,196 | \$5,196 |
| Leases | - | 336,941 | 336,941 |
| Total Revenues | <u>-</u> | <u>342,137</u> | <u>342,137</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Restoration | 230,905 | 209,513 | 21,392 |
| Total Operations and Maintenance | <u>230,905</u> | <u>209,513</u> | <u>21,392</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 263,938 | 226,328 | 37,610 |
| Total Everglades Restoration and Capital Projects | <u>263,938</u> | <u>226,328</u> | <u>37,610</u> |
| Contingency | | | |
| Managerial Reserve | 234,384 | - | 234,384 |
| Total Contingency | <u>234,384</u> | <u>-</u> | <u>234,384</u> |
| Total Expenditures | <u>729,227</u> | <u>435,841</u> | <u>293,386</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(729,227)</u> | <u>(93,704)</u> | <u>635,523</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 280,000 | 280,000 | - |
| Transfers Out | (716,637) | (716,637) | - |
| Total Other Financing Sources (Uses) | <u>(436,637)</u> | <u>(436,637)</u> | <u>-</u> |
| Net Change in Fund Balance | (1,165,864) | (530,341) | 635,523 |
| Fund Balance at Beginning of Year | 5,468,840 | 5,468,840 | - |
| Fund Balance at End of Year | <u>\$4,302,976</u> | <u>\$4,938,499</u> | <u>\$635,523</u> |

South Florida Water Management District
 Capital Projects Fund
 Save Our Everglades
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|-----------------------|-----------------------|--|
| REVENUES | | | |
| Intergovernmental | \$61,601,924 | \$32,687,058 | (\$28,914,866) |
| Investment Earnings | - | 6,745 | 6,745 |
| Leases | - | 507,148 | 507,148 |
| Total Revenues | <u>61,601,924</u> | <u>33,200,951</u> | <u>(28,400,973)</u> |
| EXPENDITURES | | | |
| Current | | | |
| Regulatory and Public Affairs | | | |
| Restoration | 4,052,157 | 828,134 | 3,224,023 |
| Total Regulatory and Public Affairs | <u>4,052,157</u> | <u>828,134</u> | <u>3,224,023</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 39,665,824 | 33,153,895 | 6,511,929 |
| Total Everglades Restoration and Capital Projects | <u>39,665,824</u> | <u>33,153,895</u> | <u>6,511,929</u> |
| Contingency | | | |
| Managerial Reserve | 28,477,778 | - | 28,477,778 |
| Total Contingency | <u>28,477,778</u> | <u>-</u> | <u>28,477,778</u> |
| Total Expenditures | <u>72,195,759</u> | <u>33,982,029</u> | <u>38,213,730</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(10,593,835)</u> | <u>(781,078)</u> | <u>9,812,757</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | (39,500,000) | (39,500,000) | - |
| Total Other Financing Sources (Uses) | <u>(39,500,000)</u> | <u>(39,500,000)</u> | <u>-</u> |
| Net Change in Fund Balance | (50,093,835) | (40,281,078) | 9,812,757 |
| Fund Balance at Beginning of Year | 21,989,791 | 21,989,791 | - |
| Fund Balance at End of Year | <u>(\$28,104,044)</u> | <u>(\$18,291,287)</u> | <u>\$9,812,757</u> |

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Federal Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|-----------------------------------|-----------------------------|-----------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Fund Balance at Beginning of Year | (\$547,823) | (\$547,823) | \$ - |
| Fund Balance at End of Year | <u>(\$547,823)</u> | <u>(\$547,823)</u> | <u>\$ -</u> |

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Other Creditable Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|-----------------------------------|-----------------------------|-----------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Fund Balance at Beginning of Year | \$2,225,955 | \$2,225,955 | \$ - |
| Fund Balance at End of Year | <u>\$2,225,955</u> | <u>\$2,225,955</u> | <u>\$ -</u> |

South Florida Water Management District
 Capital Projects Fund
 COPS - Everglades Forever Act (EFA)
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|----------------------|---------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$442,018 | \$442,018 |
| Sale of District Property | - | 55,504 | 55,504 |
| Other | - | 114 | 114 |
| Total Revenues | <u>-</u> | <u>497,636</u> | <u>497,636</u> |
| EXPENDITURES | | | |
| Current | | | |
| Operations and Maintenance | | | |
| Restoration | - | (6,472) | 6,472 |
| Total Operations and Maintenance | <u>-</u> | <u>(6,472)</u> | <u>6,472</u> |
| Corporate Resources | | | |
| Restoration | - | 46 | (46) |
| Total Corporate Resources | <u>-</u> | <u>46</u> | <u>(46)</u> |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 111,292,000 | 99,035,822 | 12,256,178 |
| Total Everglades Restoration and Capital Projects | <u>111,292,000</u> | <u>99,035,822</u> | <u>12,256,178</u> |
| Contingency | | | |
| Managerial Reserve | 20,677,347 | - | 20,677,347 |
| Total Contingency | <u>20,677,347</u> | <u>-</u> | <u>20,677,347</u> |
| Total Expenditures | <u>131,969,347</u> | <u>99,029,396</u> | <u>32,939,951</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(131,969,347)</u> | <u>(98,531,760)</u> | <u>33,437,587</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 3,816,493 | 3,816,493 | - |
| Total Other Financing Sources (Uses) | <u>3,816,493</u> | <u>3,816,493</u> | <u>-</u> |
| Net Change in Fund Balance | (128,152,854) | (94,715,267) | 33,437,587 |
| Fund Balance at Beginning of Year | 133,366,995 | 133,366,995 | - |
| Fund Balance at End of Year | <u>\$5,214,141</u> | <u>\$38,651,728</u> | <u>\$33,437,587</u> |

South Florida Water Management District
 Capital Projects Fund
 COPS - Comprehensive Everglades Restoration Plan (CERP)
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|---|---------------------|---------------------|--|
| REVENUES | | | |
| Investment Earnings | \$ - | \$158,264 | \$158,264 |
| Sale of District Property | - | 2,160 | 2,160 |
| Other | - | 4,844 | 4,844 |
| Total Revenues | <u>-</u> | <u>165,268</u> | <u>165,268</u> |
| EXPENDITURES | | | |
| Current | | | |
| Everglades Restoration and Capital Projects | | | |
| Restoration | 115,323 | - | 115,323 |
| Total Everglades Restoration and Capital Projects | <u>115,323</u> | <u>-</u> | <u>115,323</u> |
| Total Expenditures | <u>115,323</u> | <u>-</u> | <u>115,323</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(115,323)</u> | <u>165,268</u> | <u>280,591</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | (3,816,493) | (3,816,493) | - |
| Total Other Financing Sources (Uses) | <u>(3,816,493)</u> | <u>(3,816,493)</u> | <u>-</u> |
| Net Change in Fund Balance | (3,931,816) | (3,651,225) | 280,591 |
| Fund Balance at Beginning of Year | 31,028,725 | 31,028,725 | - |
| Fund Balance at End of Year | <u>\$27,096,909</u> | <u>\$27,377,500</u> | <u>\$280,591</u> |

South Florida Water Management District
 Permanent Fund
 Wetland Mitigation
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2011

| | Final Budget | Actual | Variance with Final Budget-Positive (Negative) |
|--|---------------------|---------------------|--|
| REVENUES | | | |
| Investment Earnings | \$263,700 | \$266,341 | \$2,641 |
| Licenses, Permits and Fees | - | 149,610 | 149,610 |
| Total Revenues | <u>263,700</u> | <u>415,951</u> | <u>152,251</u> |
| EXPENDITURES | | | |
| Current | | | |
| Contingency | | | |
| Managerial Reserve | 1,131,374 | - | 1,131,374 |
| Total Contingency | <u>1,131,374</u> | <u>-</u> | <u>1,131,374</u> |
| Total Expenditures | <u>1,131,374</u> | <u>-</u> | <u>1,131,374</u> |
| Revenues in Excess of (Less than) Expenditures | <u>(867,674)</u> | <u>415,951</u> | <u>1,283,625</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 1,131,374 | 1,131,374 | - |
| Transfers Out | (263,700) | (263,700) | - |
| Total Other Financing Sources (Uses) | <u>867,674</u> | <u>867,674</u> | <u>-</u> |
| Net Change in Fund Balance | - | 1,283,625 | 1,283,625 |
| Fund Balance at Beginning of Year | 12,707,636 | 12,707,636 | - |
| Fund Balance at End of Year | <u>\$12,707,636</u> | <u>\$13,991,261</u> | <u>\$1,283,625</u> |



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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one District department to another on a cost reimbursement basis.

Self Insurance Fund

Accounts for the operations related to providing workers' compensation, general liability, and automobile insurance coverage to all District departments. Revenue is provided through interfund charges based on a cost allocation study.

Health Benefits Fund

Accounts for the operations related to providing health and medical insurance coverage to District employees and retirees who choose to remain in the plan. Revenue is provided through interfund charges and employee and retiree contributions.

South Florida Water Management District
Combining Statement of Net Assets
Internal Service Funds
September 30, 2011

| | Self Insurance Fund | Health Benefits Fund | Total |
|---|------------------------|-------------------------|--------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Investments | \$18,993,840 | \$6,592,726 | \$25,586,566 |
| Accounts Receivable | 74,129 | 19,155 | 93,284 |
| Due from Other Funds | - | 599,359 | 599,359 |
| Prepays | 539,584 | - | 539,584 |
| Other Assets | 140,000 | 624,000 | 764,000 |
| Total Current Assets | 19,747,553 | 7,835,240 | 27,582,793 |
| Noncurrent Assets | | | |
| Furniture, Fixtures and Equipment | 27,459 | - | 27,459 |
| Computer Hardware | 8,196 | - | 8,196 |
| Vehicles | 36,224 | - | 36,224 |
| Accumulated Depreciation | (22,865) | - | (22,865) |
| Total Noncurrent Assets | 49,014 | - | 49,014 |
| Total Assets | 19,796,567 | 7,835,240 | 27,631,807 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | \$20,496 | \$855,271 | \$875,767 |
| Due to Other Funds | 5,993 | - | 5,993 |
| Claims Payable | 788,624 | 2,036,819 | 2,825,443 |
| Total Current Liabilities | 815,113 | 2,892,090 | 3,707,203 |
| Noncurrent Liabilities | | | |
| Claims Payable | 4,258,376 | - | 4,258,376 |
| Total Noncurrent Liabilities | 4,258,376 | - | 4,258,376 |
| Total Liabilities | 5,073,489 | 2,892,090 | 7,965,579 |
| NET ASSETS | | | |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 49,014 | - | 49,014 |
| Unrestricted | 14,674,064 | 4,943,150 | 19,617,214 |
| Total Net Assets | \$14,723,078 | \$4,943,150 | \$19,666,228 |

South Florida Water Management District
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended September 30, 2011

| | Self Insurance Fund | Health Benefits Fund | Total |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| OPERATING REVENUES | | | |
| Charges for Services | \$5,170,863 | \$26,931,834 | \$32,102,697 |
| Other Operating Revenue | 140,522 | 580,958 | 721,480 |
| Total Operating Revenues | <u>5,311,385</u> | <u>27,512,792</u> | <u>32,824,177</u> |
| OPERATING EXPENSES | | | |
| Salaries | 488,913 | - | 488,913 |
| Benefits | 221,571 | - | 221,571 |
| Claims | (216,960) | 26,521,184 | 26,304,224 |
| Purchased Services | 174,659 | - | 174,659 |
| Administrative Fees | - | 1,943,952 | 1,943,952 |
| Other | 1,571,886 | - | 1,571,886 |
| Depreciation | 6,580 | - | 6,580 |
| Total Operating Expenses | <u>2,246,649</u> | <u>28,465,136</u> | <u>30,711,785</u> |
| OPERATING INCOME (LOSS) | 3,064,736 | (952,344) | 2,112,392 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment Earnings | 423,084 | 162,157 | 585,241 |
| Total Nonoperating Revenues | <u>423,084</u> | <u>162,157</u> | <u>585,241</u> |
| Change in Net Assets | 3,487,820 | (790,187) | 2,697,633 |
| Net Assets at Beginning of Year | <u>11,235,258</u> | <u>5,733,337</u> | <u>16,968,595</u> |
| Net Assets at End of Year | <u>\$14,723,078</u> | <u>\$4,943,150</u> | <u>\$19,666,228</u> |

South Florida Water Management District
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2011

| | Self Insurance Fund | Health Benefits Fund | Total |
|--|------------------------|-------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Receipts from Customers | \$5,096,734 | \$26,922,209 | \$32,018,943 |
| Cash Payments to Suppliers | (1,728,415) | (1,943,952) | (3,672,367) |
| Cash Payments for Salaries, Benefits | (710,484) | - | (710,484) |
| Cash Payments to Administrators | - | (46,000) | (46,000) |
| Claims Paid | (622,040) | (25,996,015) | (26,618,055) |
| Other Receipts (Payments) | 140,522 | 523,004 | 663,526 |
| Net cash provided by (used in) operating activities | 2,176,317 | (540,754) | 1,635,563 |
| CASH FLOWS FROM CAPITAL ACTIVITIES: | | | |
| Purchase of Capital Assets | (10,251) | - | (10,251) |
| Net cash used for capital activities | (10,251) | - | (10,251) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest Earnings | 423,084 | 162,157 | 585,241 |
| Net cash provided by investing activities | 423,084 | 162,157 | 585,241 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,589,150 | (378,597) | 2,210,553 |
| Cash and Cash Equivalents, Beginning of Year | 16,404,690 | 6,971,323 | 23,376,013 |
| Cash and Cash Equivalents, End of Year | \$18,993,840 | \$6,592,726 | \$25,586,566 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES: | | | |
| Operating Income (Loss) | \$3,064,736 | (\$952,344) | \$2,112,392 |
| Adjustments to reconcile operating income to net cash used in operating activities: | | | |
| Depreciation | 6,580 | - | 6,580 |
| CHANGES IN ASSETS AND LIABILITIES: | | | |
| Decrease (Increase) in Accounts Receivable | (74,129) | (9,625) | (83,754) |
| Decrease (Increase) in Due from Other Funds | - | (21,834) | (21,834) |
| Decrease (Increase) in Prepaids | 42,064 | - | 42,064 |
| Decrease (Increase) in Others Assets | - | (46,000) | (46,000) |
| Increase (Decrease) in Accounts Payable | (24,150) | (36,120) | (60,270) |
| Increase (Decrease) in Due to Other Funds | 216 | - | 216 |
| Increase (Decrease) in Estimated Unpaid Claims | (839,000) | 525,169 | (313,831) |
| Net Cash Provided by (Used in) Operating Activities | \$2,176,317 | (\$540,754) | \$1,635,563 |

STATISTICAL SECTION

Statistical Section

This part of the South Florida Water Management District’s Comprehensive Annual Financial Report presents detailed information as context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the District’s overall financial health.

FINANCIAL TRENDS VI-2

These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.

REVENUE CAPACITY VI-8

These schedules contain information to help the reader assess the factors affecting the District’s ability to generate its property taxes.

DEBT CAPACITY VI-17

These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debts and the District’s ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION VI-19

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION VI-23

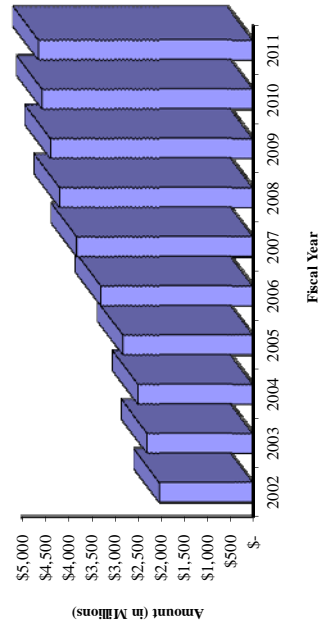
These schedules contain information about the District’s operations and resources to help the reader understand how the District’s financial information relates to the services the District’s provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The District implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.*

Schedule 1
South Florida Water Management District
Net Assets by Category
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 ¹ | 2009 | 2010 | 2011 |
| Invested in capital assets, net of related debt | \$ 1,701,250,828 | \$ 1,962,938,768 | \$ 2,199,470,206 | \$ 2,473,840,536 | \$ 2,991,538,729 | \$ 3,398,712,773 | \$ 3,679,678,118 | \$ 3,788,956,243 | \$ 3,889,860,428 | \$ 4,157,311,051 |
| Restricted for: | | | | | | | | | | |
| Debt Service | 4,690,501 | 6,509,648 | 9,873,615 | 8,172,744 | 5,842,813 | 26,937,291 | 28,235,089 | 28,523,676 | 28,802,266 | 30,327,489 |
| Wetlands Mitigation Expendable | 14,855,135 | 19,199,337 | 20,463,621 | 14,048,767 | 13,048,502 | 11,552,393 | 13,790,936 | 16,476,384 | 23,272,435 | 23,290,831 |
| Nonexpendable | 5,380,398 | 5,656,211 | 6,945,763 | 7,030,157 | 7,230,157 | 7,538,957 | 7,687,077 | 10,262,096 | 12,707,636 | 13,988,620 |
| Environmental Programs | 55,443,173 | 69,154,265 | 32,524,198 | 26,097,971 | 40,830,660 | 49,828,254 | 57,195,146 | 51,814,854 | 233,501,723 | 267,486,175 |
| Capital Construction | - | - | - | - | - | - | - | - | - | 63,511,269 |
| Totals for Restricted | 80,369,207 | 100,519,461 | 69,807,197 | 55,349,639 | 66,952,132 | 95,856,895 | 106,908,248 | 107,077,010 | 298,284,060 | 398,604,384 |
| Unrestricted | 231,346,934 | 212,417,921 | 204,525,775 | 266,450,259 | 215,398,367 | 301,251,768 | 379,896,285 | 471,387,884 | 355,459,774 | 68,008,071 |
| Total Net Assets | \$ 2,012,966,969 | \$ 2,275,876,190 | \$ 2,473,803,178 | \$ 2,795,640,434 | \$ 3,273,889,228 | \$ 3,795,821,436 | \$ 4,166,482,651 | \$ 4,367,421,137 | \$ 4,543,604,262 | \$ 4,623,923,506 |

Total Net Assets



¹ Ending net assets restated by \$41,053,467.

Schedule 2
South Florida Water Management District
Changes in Net Assets
 Last Ten Fiscal Year
 (Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Functions/Programs | | | | | | | | | | |
| Expenses | | | | | | | | | | |
| Mission Support | - | - | - | \$ 115,901,217 | \$ 128,467,596 | \$ 103,599,908 | \$ 105,245,086 | \$ 114,123,630 | \$ 121,213,117 | \$ 121,213,117 |
| Operations and Maintenance | - | - | - | 91,518,678 | 97,480,318 | 146,532,283 | 133,417,655 | 122,360,621 | 134,014,814 | 134,014,814 |
| Restoration | - | - | - | 183,764,384 | 183,624,022 | 195,459,257 | 179,584,139 | 170,045,556 | 115,552,532 | 115,552,532 |
| Water Supply | - | - | - | 71,239,720 | 77,191,322 | 73,680,009 | 50,853,964 | 30,375,078 | 28,085,557 | 28,085,557 |
| Interest on Long-Term Debt | - | - | - | 5,862,342 | 25,466,262 | 27,496,071 | 26,880,613 | 26,264,799 | 25,608,163 | 25,608,163 |
| Total Expenses | \$ 357,547,401 | \$ 299,134,119 | \$ 373,574,001 | \$ 417,298,017 | \$ 468,286,341 | \$ 512,229,520 | \$ 546,767,528 | \$ 495,981,457 | \$ 463,169,684 | \$ 424,474,183 |
| Program Revenues | | | | | | | | | | |
| Operating Grants & Contributions | | | | | | | | | | |
| Mission Support | - | - | - | - | 37,726,800 | 39,301,930 | 39,287,214 | 20,070,144 | 4,291,272 | 3,993,318 |
| Operations and Maintenance | - | - | - | - | 1,304,033 | 16,326,983 | 21,103,303 | 11,061,814 | 20,087,646 | 23,810,358 |
| Restoration | - | - | - | - | 26,382,690 | 51,205,258 | 27,172,174 | 7,655,238 | 4,751 | 3,521,120 |
| Water Supply | - | - | - | - | - | - | - | - | - | - |
| Total Operating Grants & Contributions | 103,899,298 | 71,994,832 | 41,968,192 | 93,011,818 | 65,413,523 | 106,834,171 | 87,562,691 | 38,787,196 | 24,383,669 | 31,324,796 |
| Capital Grants & Contributions: | | | | | | | | | | |
| Mission Support | - | - | - | - | - | 612,722 | 1,902,128 | 12,000 | 3,193,658 | - |
| Operations and Maintenance | - | - | - | - | 13,656,576 | 21,986,733 | 54,381,178 | 7,806,297 | 21,301,044 | 12,560,490 |
| Restoration | - | - | - | - | 368,432,012 | 262,837,217 | 191,915,979 | 53,211,727 | 80,199,258 | 10,797,605 |
| Water Supply | - | - | - | - | 1,371,778 | 7,250 | - | - | - | - |
| Total Capital Grants & Contributions | 222,092,228 | 144,884,863 | 157,103,336 | 208,538,280 | 383,460,366 | 285,443,922 | 248,199,285 | 61,030,024 | 104,693,960 | 23,358,095 |
| Charges for Services | | | | | | | | | | |
| Mission Support | - | - | - | - | - | - | 148,175 | 99,733 | 10,379,191 | 11,278,950 |
| Operations and Maintenance | - | - | - | - | - | - | 6,388,625 | 3,280,921 | 4,857,675 | 8,039,514 |
| Restoration | - | - | - | - | - | - | - | - | - | - |
| Water Supply | - | - | - | - | 11,805,719 | 12,761,049 | 4,630,694 | 6,061,734 | 5,798,803 | 3,319,171 |
| Total Charges for Services | 7,583,178 | 15,482,234 | 10,820,870 | 9,495,049 | 11,805,719 | 12,761,049 | 11,167,494 | 9,442,388 | 21,035,669 | 22,637,635 |
| Total Program Revenues | 333,574,704 | 232,361,929 | 209,892,398 | 311,065,147 | 460,679,608 | 405,039,142 | 346,929,470 | 109,259,608 | 150,113,298 | 77,320,526 |
| Net (Expense)/Revenue | (23,972,697) | (66,772,190) | (163,681,603) | (106,232,870) | (7,606,733) | (107,190,378) | (199,838,058) | (386,721,849) | (313,056,386) | (347,153,657) |

Schedule 2
South Florida Water Management District
Changes in Net Assets
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Revenues | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property Taxes, Levied for General Purposes | 279,028,610 | 308,054,749 | 343,908,082 | 325,825,399 | 386,282,388 | 476,628,776 | 475,621,991 | 451,384,521 | 394,194,577 | 347,234,986 |
| Property Taxes, Levied for Everglades Constructio | - | - | - | 62,577,693 | 70,980,322 | 84,882,009 | 84,388,098 | 81,045,067 | 72,185,795 | 64,381,190 |
| Investment Earnings | 9,711,920 | 10,387,350 | 8,254,627 | 7,845,492 | 18,440,431 | 47,506,506 | 37,834,818 | 28,483,350 | 14,467,902 | 13,693,847 |
| Other | 7,884,053 | 11,239,272 | 9,445,921 | 31,821,543 | 11,220,865 | 20,105,295 | 13,707,833 | 26,747,397 | 8,391,237 | 2,162,878 |
| Gain on Sale of Capital Assets | - | - | - | - | 15,365,812 | - | - | - | - | - |
| Total General Revenues | 296,624,583 | 329,681,371 | 361,608,630 | 428,070,127 | 502,289,818 | 629,122,586 | 611,552,740 | 587,660,335 | 489,239,511 | 427,472,901 |
| Total Revenue | 630,199,287 | 562,043,300 | 571,501,028 | 739,135,274 | 962,969,426 | 1,034,161,728 | 958,482,210 | 696,919,943 | 639,352,809 | 504,793,427 |
| Change in Net Assets | \$ 272,651,886 | \$ 262,909,181 | \$ 197,927,027 | \$ 321,837,257 | \$ 494,683,085 | \$ 521,932,208 | \$ 411,714,682 | \$ 200,938,486 | \$ 176,183,125 | \$ 80,319,244 |

Notes: In fiscal year 2006 the District changed its level of control. Due to this change only totals will be presented for all years prior to fiscal year 2006.

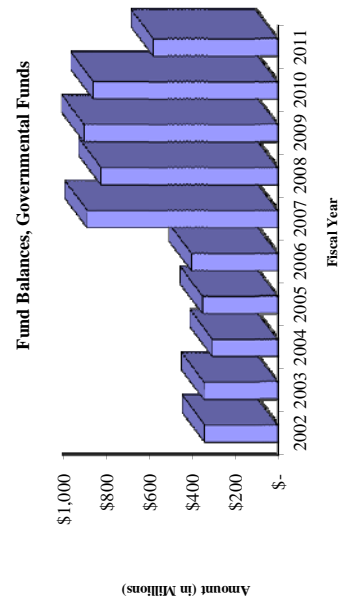
During fiscal year 2010, the District reorganized its resource area and major program structure. The figures for fiscal year 2006 - 2009 have been restated based upon the new structure.

The increase in charges for services in the Mission Support program in fiscal year 2010 relates to services charged by the Self Insurance Fund and Health Insurance Fund, internal service funds.

Schedule 3
South Florida Water Management District
Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 14,852,102 | \$ 11,765,623 | \$ 10,503,187 | \$ 12,557,883 | \$ 11,933,752 | \$ 9,776,476 | \$ 9,296,735 | \$ 7,631,800 | \$ 11,120,668 | \$ - |
| Unreserved | 23,338,160 | 22,181,011 | 28,534,385 | 26,251,006 | 37,101,833 | 54,269,757 | 84,982,169 | 81,084,241 | 76,659,888 | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | - | - | 1,190,857 |
| Committed | - | - | - | - | - | - | - | - | - | 13,571,806 |
| Assigned | - | - | - | - | - | - | - | - | - | 50,267,731 |
| Unassigned | - | - | - | - | - | - | - | - | - | 22,761,839 |
| Total General Fund | 38,190,262 | 33,946,634 | 39,037,572 | 38,808,889 | 49,035,585 | 64,046,233 | 94,278,904 | 88,716,041 | 87,780,556 | 87,792,233 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 157,553,563 | 209,167,052 | 238,721,295 | 178,809,881 | 137,723,123 | 202,169,397 | 95,628,437 | 100,455,114 | 128,352,468 | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Funds | 57,641,290 | 67,478,234 | 44,639,896 | 98,731,116 | 98,778,294 | 120,286,117 | 126,025,864 | 137,081,191 | 116,393,784 | - |
| Capital Project Funds | 83,700,381 | 29,896,880 | (21,388,585) | 30,963,011 | 113,473,976 | 497,274,716 | 504,835,607 | 572,503,303 | 523,243,561 | - |
| Permanent Fund | (194) | 120,721 | 216,480 | 156,240 | 11,904 | 124,439 | (902,266) | (37,783) | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | - | 19,858,805 |
| Restricted | - | - | - | - | - | - | - | - | - | 418,023,868 |
| Committed | - | - | - | - | - | - | - | - | - | 31,991,986 |
| Assigned | - | - | - | - | - | - | - | - | - | 32,464,433 |
| Unassigned | - | - | - | - | - | - | - | - | - | (13,880,130) |
| Total All Other Governmental Funds: | 298,895,040 | 306,662,887 | 262,189,086 | 308,660,248 | 349,987,297 | 819,854,669 | 725,587,642 | 810,001,825 | 767,989,813 | 488,458,962 |
| Grand Total | \$ 337,085,302 | \$ 340,609,521 | \$ 301,226,658 | \$ 347,469,137 | \$ 399,022,882 | \$ 883,900,902 | \$ 819,866,546 | \$ 898,717,866 | \$ 855,770,369 | \$ 576,251,195 |

Note: The District implemented GASB #54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. The increase in fund balance in fiscal year 2007 is a result of the issuance of Certificates of Participation (COPS), Series 2006, in the amount of \$546,120,000, the proceeds of which will be used to provide funds for the construction of the Acceler8 projects. Details regarding the District's outstanding debt can be found in Note 10 of the financial statements.



Schedule 4
South Florida Water Management District
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|--------------------|--------------------|---------------------|--------------------|---------------------|---------------------|---------------------|--------------------|---------------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| REVENUES | | | | | | | | | | |
| Ad Valorem Property Taxes | \$ 266,530,649 | \$ 295,177,218 | \$ 331,671,331 | \$ 376,053,364 | \$ 445,749,903 | \$ 549,849,748 | \$ 548,747,480 | \$ 520,754,080 | \$ 454,702,214 | \$ 400,551,714 |
| Agricultural Privilege Taxes | 12,497,961 | 12,877,531 | 12,236,751 | 12,349,728 | 11,512,807 | 11,661,037 | 11,262,609 | 11,675,508 | 11,678,158 | 11,064,462 |
| Intergovernmental | 327,863,368 | 216,734,066 | 196,951,248 | 301,439,509 | 448,598,226 | 204,806,608 | 286,478,999 | 97,309,268 | 92,069,137 | 67,888,578 |
| Investment Earnings | 9,861,898 | 10,532,979 | 8,374,907 | 7,976,081 | 18,716,094 | 47,506,507 | 37,834,818 | 28,483,350 | 14,404,749 | 13,108,606 |
| Licenses, Permits and Fees | 5,731,531 | 12,458,105 | 6,359,132 | 5,999,113 | 6,906,828 | 8,113,937 | 5,507,593 | 6,538,332 | 10,989,204 | 8,166,854 |
| Self-Insurance Premiums | 1,979,866 | 2,518,647 | 2,878,819 | 2,816,417 | 1,992,597 | 2,536,441 | 3,109,956 | 2,548,463 | - | - |
| Sale of District Property | 826,406 | 1,966,859 | 770,698 | 20,564,902 | 943,075 | 669,441 | 1,521,780 | 342,759 | 603,025 | 1,868,263 |
| Indirect Costs Recovered | 3,072,510 | 3,881,216 | 4,473,238 | 4,388,282 | 4,250,305 | 5,814,975 | 8,460,722 | 6,885,448 | 5,445,432 | 5,420,591 |
| Leases | 2,084,447 | 3,179,028 | 4,614,065 | 3,996,809 | 4,898,891 | 4,647,111 | 5,659,901 | 2,904,055 | 2,443,466 | 3,915,752 |
| Other | 1,772,471 | 2,717,651 | 1,170,839 | 3,551,069 | 4,034,888 | 11,714,828 | 1,502,932 | 11,173,458 | 2,934,236 | 895,996 |
| Total Revenues | 632,221,107 | 562,043,300 | 569,501,028 | 739,135,274 | 947,603,614 | 847,320,633 | 910,086,790 | 688,614,721 | 595,269,621 | 512,880,816 |
| EXPENDITURES | | | | | | | | | | |
| Current Operating | 324,229,088 | 319,598,748 | 340,643,689 | 404,980,082 | - | - | - | - | - | - |
| Mission Support | - | - | - | - | 112,631,686 | 109,436,655 | 107,521,245 | 102,689,836 | 97,584,202 | 94,765,560 |
| Operations and Maintenance | - | - | - | - | 107,005,090 | 112,187,086 | 140,170,271 | 119,992,071 | 112,283,074 | 125,507,410 |
| Restoration | - | - | - | - | 199,738,140 | 256,087,796 | 228,347,719 | 148,745,910 | 157,002,200 | 129,413,639 |
| Water Supply | - | - | - | - | 71,040,556 | 77,119,810 | 73,702,317 | 50,649,663 | 32,559,823 | 32,328,114 |
| Capital Outlay | 237,726,536 | 238,468,225 | 252,652,260 | 284,130,917 | 475,145,947 | 274,226,563 | 379,030,673 | 143,169,182 | 183,126,292 | 370,729,580 |
| Debt Service | | | | | | | | | | |
| Bond Principal Retirement | 4,160,000 | 3,450,000 | 2,025,000 | 3,260,000 | 4,500,000 | 4,660,000 | 4,785,000 | 4,975,000 | 5,190,000 | 5,415,000 |
| Bond Interest and Other Fiscal Charges | 3,677,680 | 2,728,371 | 1,981,904 | 2,583,429 | 2,444,126 | 2,303,401 | 2,143,086 | 1,940,171 | 1,722,396 | 1,489,721 |
| Bank Loan Principal Payments | - | - | 10,558,228 | 4,872,193 | 3,577,553 | 86,847,342 | 3,247,469 | 1,832,482 | 1,832,482 | 2,975,339 |
| Bank Loan Interest | - | - | 915,934 | 610,763 | 740,199 | 580,847 | 390,991 | 279,620 | 206,172 | 180,724 |
| Bond Issuance Costs | 421,036 | 608,179 | - | - | - | - | - | - | - | - |
| Defeasance Costs | 1,880,274 | 1,633,561 | - | - | - | - | - | - | - | - |
| Capital Lease Principal Payments | - | - | 1,405,367 | 1,296,990 | 1,144,988 | 968,060 | 502,187 | 193,161 | 200,330 | - |
| Capital Lease Interest | - | - | 100,935 | 98,004 | 81,584 | 53,983 | 25,894 | 12,712 | 5,543 | - |
| COPS Principal Retirement | - | - | - | - | - | - | 7,675,000 | 9,015,000 | 9,370,000 | 9,705,000 |
| COPS Interest | - | - | - | - | - | 10,091,807 | 26,579,294 | 26,268,593 | 25,923,546 | 25,539,177 |
| Total Expenditures | 572,094,614 | 566,487,084 | 610,283,317 | 701,832,378 | 978,049,869 | 934,563,350 | 974,121,146 | 609,763,401 | 627,006,060 | 798,049,264 |
| Revenues in Excess of (Less Than) Expenditures | 60,126,493 | (4,443,784) | (40,782,289) | 37,302,896 | (30,446,255) | (87,242,717) | (64,034,356) | 78,851,320 | (31,736,439) | (285,168,448) |

Schedule 4
South Florida Water Management District
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|-----------------|---------------|---------------|----------------|-----------------|---------------|-----------------|------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers In | 80,489,239 | 117,935,376 | 146,298,313 | 142,255,948 | 212,798,171 | 261,893,797 | 214,646,804 | 454,498,325 | 163,744,472 | 143,735,575 |
| Transfers Out | (80,489,239) | (117,935,376) | (146,298,313) | (142,255,948) | (212,798,171) | (261,893,797) | (214,646,804) | (454,498,325) | (174,955,529) | (143,735,575) |
| Land Acquisition Refunding Bonds Issues | 23,810,000 | 34,550,000 | - | - | - | - | - | - | - | - |
| Proceeds of Bond Issuance | - | - | - | - | - | - | - | - | - | - |
| Premium on Bonds Issued | - | 2,460,629 | - | - | - | 26,081,797 | - | - | - | - |
| Discount on Bonds Issued | (102,843) | - | - | - | - | (81,060) | - | - | - | - |
| Payment to Bond Escrow Agent | (21,900,000) | (35,370,000) | - | - | - | - | - | - | - | - |
| Proceeds of Bank Loan | 9,000,000 | 4,827,374 | - | 8,000,000 | 82,000,000 | - | - | - | - | - |
| Proceeds of Capital Leases | - | 1,500,000 | 1,399,426 | 939,583 | - | - | - | - | - | - |
| Proceeds of Certificate of Participation (COPS) | - | - | - | - | - | 546,120,000 | - | - | - | - |
| Total Other Financing Sources (Uses) | 10,807,157 | 7,968,003 | 1,399,426 | 8,939,583 | 82,000,000 | 572,120,737 | - | - | (11,211,057) | - |
| Net Change in Fund Balance | \$ 70,933,650 | \$ 3,524,219 | \$ (39,382,863) | \$ 46,242,479 | \$ 51,553,745 | \$ 484,878,020 | \$ (64,034,356) | \$ 78,851,320 | \$ (42,947,496) | \$ (285,168,448) |
| Debt Service as a percentage of noncapital expenditures ¹ | 2.21% | 3.40% | 4.90% | 2.88% | 2.65% | 26.02% | 8.42% | 8.51% | 9.57% | 11.11% |

Notes: The increase in the debt service ratio in fiscal year 2007 is due to the issuance of Certificates of Participation (COPS), Series 2006, in the amount of \$546,120,000. Details regarding the District's outstanding debt can be found in Note 10 of the financial statements.

During fiscal year 2010, the District reorganized its resource area and major program structure. The figures for fiscal year 2006 - 2009 have been restated based upon the new structure.

Beginning in fiscal year 2010, the District established an internal service fund to account for worker's compensation, auto and general liability insurance. As such, premium revenues are now reported in the Self-Insurance Fund.

¹ For purposes of calculating debt service as a percentage of noncapital expenditures, noncapital expenditures excludes expenditures that are classified as capital outlay on the government-wide financial statements, which may be different than those shown above. The noncapital expenditure amount used in the calculation is determined by subtracting the capital outlay amount shown on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (see page III-11) from the total expenditure amount shown above.

Schedule 5
South Florida Water Management District
Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Property Taxes | \$ 266,530,649 | \$ 295,177,218 | \$ 331,671,331 | \$ 376,053,364 | \$ 445,749,903 | \$ 549,849,748 | \$ 548,747,480 | \$ 520,754,080 | \$ 454,702,214 | \$ 400,551,714 |
| Agricultural Privilege Taxes | 12,497,961 | 12,877,531 | 12,236,751 | 12,349,728 | 11,512,807 | 11,661,037 | 11,262,609 | 11,675,508 | 11,678,158 | 11,064,462 |
| Intergovernmental | 327,863,368 | 216,734,066 | 196,951,248 | 301,439,509 | 448,598,226 | 204,806,608 | 286,478,999 | 97,309,268 | 92,069,137 | 67,888,578 |
| Investment Earnings | 9,861,898 | 10,532,979 | 8,374,907 | 7,976,081 | 18,716,094 | 47,506,507 | 37,834,818 | 28,483,350 | 14,404,749 | 13,108,606 |
| Licenses, Permits & Fees | 5,731,531 | 12,458,105 | 6,359,132 | 5,999,113 | 6,906,828 | 8,113,937 | 5,507,593 | 6,538,332 | 10,989,204 | 8,166,854 |
| Leases | 2,084,447 | 3,179,028 | 4,614,065 | 3,996,809 | 4,898,891 | 4,647,111 | 5,659,901 | 2,904,055 | 2,443,466 | 3,915,752 |
| Other | 7,651,253 | 11,084,373 | 9,293,594 | 31,320,670 | 11,220,865 | 20,735,685 | 14,595,390 | 20,950,128 | 8,982,693 | 8,184,850 |
| Total | \$ 632,221,107 | \$ 562,043,300 | \$ 569,501,028 | \$ 739,135,274 | \$ 947,603,614 | \$ 847,320,633 | \$ 910,086,790 | \$ 688,614,721 | \$ 595,269,621 | \$ 512,880,816 |

Schedule 6
South Florida Water Management District
Property Tax Revenue by County
 Last Ten Fiscal Years
 (in Thousands)

| Fiscal Year | Broward | Charlotte * | Collier | Miami-Dade | Glades | Hendry | Highlands * | Lee |
|-------------|-------------------|--------------|-----------------|-------------------|--------------|----------------|--------------|------------------|
| 2002 | 55,284 19.81% | 56 0.02% | 17,049 6.11% | 70,853 25.39% | 266 0.10% | 2,792 1.00% | 324 0.12% | 21,427 7.68% |
| 2003 | 61,921 20.10% | 58 0.02% | 20,079 6.52% | 77,472 25.15% | 276 0.09% | 2,757 0.89% | 328 0.11% | 24,867 8.07% |
| 2004 | 68,896 20.03% | 69 0.02% | 23,032 6.70% | 89,879 26.13% | 294 0.09% | 2,806 0.82% | 280 0.08% | 28,842 8.39% |
| 2005 | 77,187 19.87% | 75 0.02% | 26,063 6.71% | 99,372 25.58% | 298 0.08% | 2,903 0.75% | 362 0.09% | 33,775 8.70% |
| 2006 | 89,586 19.59% | 105 0.02% | 31,274 6.84% | 116,767 25.54% | 366 0.08% | 2,834 0.62% | 380 0.08% | 43,411 9.49% |
| 2007 | 105,682 18.82% | 117 0.02% | 39,245 6.99% | 139,563 24.85% | 513 0.09% | 3,232 0.58% | 672 0.12% | 60,215 10.72% |
| 2008 | 106,200 18.96% | 222 0.04% | 38,430 6.86% | 145,653 26.01% | 449 0.08% | 3,103 0.55% | 555 0.10% | 58,010 10.36% |
| 2009 | 101,545 19.07% | 96 0.02% | 36,569 6.87% | 143,415 26.94% | 410 0.08% | 2,900 0.54% | 536 0.10% | 50,973 9.57% |
| 2010 | 88,823 19.05% | 83 0.02% | 32,370 6.94% | 129,243 27.71% | 384 0.08% | 2,746 0.59% | 470 0.10% | 39,242 8.41% |
| 2011 | 77,688 18.87% | 72 0.02% | 28,407 6.90% | 113,386 27.55% | 356 0.09% | 2,593 0.63% | 427 0.10% | 33,482 8.13% |

* Amounts represent property taxes only for the portion of the county that is within the District's boundaries.

Schedule 6
South Florida Water Management District
Property Tax Revenue by County
 Last Ten Fiscal Years
 (in Thousands)

| Fiscal Year | Martin | Monroe | Okaloosa* | Orange* | Osceola* | Palm Beach | Polk* | St. Lucie | Total |
|-------------|-----------------|-----------------|----------------|-----------------|-----------------|-------------------|----------------|-----------------|--------------------|
| 2002 | 7,503 2.69% | 7,725 2.77% | 661 0.24% | 17,980 6.44% | 6,605 2.37% | 64,308 23.04% | 374 0.13% | 5,821 2.09% | 279,028 100.00% |
| 2003 | 8,119 2.64% | 8,413 2.73% | 700 0.23% | 18,418 5.98% | 7,252 2.35% | 70,578 22.91% | 440 0.14% | 6,377 2.07% | 308,055 100.00% |
| 2004 | 8,860 2.58% | 9,801 2.85% | 781 0.23% | 19,122 5.56% | 8,080 2.35% | 75,408 21.92% | 491 0.14% | 7,267 2.11% | 343,908 100.00% |
| 2005 | 10,414 2.68% | 11,716 3.02% | 910 0.23% | 20,766 5.35% | 9,119 2.35% | 85,636 22.05% | 595 0.15% | 9,212 2.37% | 388,403 100.00% |
| 2006 | 12,413 2.71% | 14,678 3.21% | 1,016 0.22% | 22,945 5.02% | 10,868 2.38% | 98,021 21.45% | 790 0.17% | 11,809 2.58% | 457,263 100.00% |
| 2007 | 13,846 2.47% | 17,907 3.19% | 1,481 0.26% | 28,104 5.01% | 14,495 2.58% | 118,700 21.14% | 1,322 0.24% | 16,416 2.92% | 561,510 100.00% |
| 2008 | 13,724 2.45% | 17,254 3.08% | 1,399 0.25% | 29,268 5.23% | 15,810 2.82% | 112,805 20.15% | 1,568 0.28% | 15,560 2.78% | 560,010 100.00% |
| 2009 | 12,370 2.32% | 15,932 2.99% | 1,218 0.23% | 29,852 5.61% | 15,614 2.93% | 106,580 20.02% | 1,446 0.27% | 12,974 2.44% | 532,430 100.00% |
| 2010 | 11,279 2.42% | 13,614 2.92% | 1,140 0.24% | 26,985 5.79% | 13,017 2.79% | 95,642 20.51% | 1,104 0.23% | 10,238 2.20% | 466,380 100.00% |
| 2011 | 10,582 2.57% | 11,915 2.89% | 891 0.22% | 24,122 5.86% | 10,901 2.65% | 86,691 21.06% | 818 0.20% | 9,285 2.26% | 411,616 100.00% |

* Amounts represent property taxes only for the portion of the county that is within the District's boundaries.

Schedule 7
South Florida Water Management District
Direct Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$1,000 of assessed value)

| Fiscal Year | Okeechobee Basin | | | Big Cypress Basin | | |
|-------------|------------------|--------|--------|-------------------|--------|--------|
| | District | Basin | Total | District | Basin | Total |
| 2002 | 0.2840 | 0.4130 | 0.6970 | 0.2840 | 0.2425 | 0.5265 |
| 2003 | 0.2840 | 0.4130 | 0.6970 | 0.2840 | 0.2425 | 0.5265 |
| 2004 | 0.2840 | 0.4130 | 0.6970 | 0.2840 | 0.2425 | 0.5265 |
| 2005 | 0.2840 | 0.4130 | 0.6970 | 0.2840 | 0.2425 | 0.5265 |
| 2006 | 0.2840 | 0.4130 | 0.6970 | 0.2840 | 0.2425 | 0.5265 |
| 2007 | 0.2840 | 0.4130 | 0.6970 | 0.2840 | 0.2425 | 0.5265 |
| 2008 | 0.2549 | 0.3691 | 0.6240 | 0.2549 | 0.2265 | 0.4814 |
| 2009 | 0.2549 | 0.3691 | 0.6240 | 0.2549 | 0.2265 | 0.4814 |
| 2010 | 0.2549 | 0.3691 | 0.6240 | 0.2549 | 0.2265 | 0.4814 |
| 2011 | 0.2549 | 0.3691 | 0.6240 | 0.2549 | 0.2265 | 0.4814 |

Notes: Since South Florida Water Management District is a regional governmental unit, it is not reasonable to present overlapping property tax rates.

The reduction of property tax rates in fiscal year 2008 is a result of the passage of House Bill 1-B, which required a reduction in taxes by all local governments and special taxing districts.

State law limits the combined District-at-Large and basin tax millage for each of the two basins at 0.8 mills (\$0.80 per \$1,000 of taxable value). The state constitutional limit is slightly higher at 1 mill (\$1.00 per \$1,000 of taxable value).

Source: South Florida Water Management District Budget Department.

Schedule 8
South Florida Water Management District
Property Tax Collections
 Last Ten Fiscal Years

| Fiscal Year Ended Sept. 30 | District Wide Tax Rate | | Okeechobee Basin Tax Rate | | Big Cypress Basin Tax Rate | | Total Tax Levy | Collections within the Fiscal Year of the Levy | | Percentage of Levy | Collection of Prior Year Taxes ¹ | Total Collections to Date | Percentage of Levy ² |
|----------------------------|------------------------|--------|---------------------------|--------|----------------------------|--------|----------------|--|--------|--------------------|---|---------------------------|---------------------------------|
| | Rate | Rate | Rate | Rate | Rate | Rate | | \$ | \$ | | | | |
| 2002 | 0.2840 | 0.4130 | 0.2425 | 0.2425 | 0.2425 | 0.2425 | \$ 265,735,680 | \$ 264,039,232 | 99.4% | \$ 2,355,772 | \$ 266,395,004 | 100.2% | |
| 2003 | 0.2840 | 0.4130 | 0.2425 | 0.2425 | 0.2425 | 0.2425 | 295,346,451 | 292,857,702 | 99.2% | 1,860,683 | 294,718,385 | 99.8% | |
| 2004 | 0.2840 | 0.4130 | 0.2425 | 0.2425 | 0.2425 | 0.2425 | 331,860,455 | 329,382,620 | 99.3% | 1,777,530 | 331,160,150 | 99.8% | |
| 2005 | 0.2840 | 0.4130 | 0.2425 | 0.2425 | 0.2425 | 0.2425 | 375,371,188 | 372,357,871 | 99.2% | 2,696,744 | 375,054,615 | 99.9% | |
| 2006 | 0.2840 | 0.4130 | 0.2425 | 0.2425 | 0.2425 | 0.2425 | 444,075,931 | 423,518,333 | 95.4% | 2,090,550 | 425,608,883 | 95.8% | |
| 2007 | 0.2840 | 0.4130 | 0.2425 | 0.2425 | 0.2425 | 0.2425 | 553,009,838 | 554,856,040 | 100.3% | 3,623,093 | 558,459,133 | 101.0% | |
| 2008 | 0.2549 | 0.3691 | 0.2265 | 0.2265 | 0.2265 | 0.2265 | 549,484,359 | 539,248,357 | 98.1% | 5,829,932 | 545,078,289 | 99.2% | |
| 2009 | 0.2549 | 0.3691 | 0.2265 | 0.2265 | 0.2265 | 0.2265 | 525,229,365 | 514,311,078 | 97.9% | 5,256,004 | 519,567,082 | 98.9% | |
| 2010 | 0.2549 | 0.3691 | 0.2265 | 0.2265 | 0.2265 | 0.2265 | 459,945,322 | 442,168,909 | 96.1% | 11,526,724 | 453,695,633 | 98.6% | |
| 2011 | 0.2549 | 0.3691 | 0.2265 | 0.2265 | 0.2265 | 0.2265 | 399,025,958 | 384,381,001 | 96.3% | 18,915,088 | 403,296,089 | 101.1% | |

NOTE: During fiscal year 2009 tax collections were received at a slower rate than typical, which caused an increase of prior year's cash collections in fiscal year 2010.

¹ Reflects taxes collected during the year that were levied in prior years. Not all tax collectors provide information sufficient to distinguish prior year tax collections by year that the tax was levied.

² Includes taxes collected for the current year levy plus collections of taxes that were levied in prior years. As such collections could be greater than 100% of the taxes levied during the year.

Schedule 9
South Florida Water Management District
Taxable Property Values and Just Values of Taxable Property by County
 Current Fiscal Year

| County | Just Value ¹ | Taxable Value ² | Taxable Value as a percentage of Just Value |
|--------------|-------------------------|----------------------------|---|
| Broward | \$ 180,749,926,763 | \$ 130,575,319,216 | 72.24% |
| Charlotte * | 162,005,474 | 118,995,839 | 73.45% |
| Collier | 74,808,032,058 | 61,916,372,317 | 82.77% |
| Glades | 3,652,323,691 | 592,735,941 | 16.23% |
| Hendry | 5,369,147,093 | 1,812,568,091 | 33.76% |
| Highlands * | 1,024,944,121 | 672,323,026 | 65.60% |
| Lee | 70,351,061,296 | 55,923,873,007 | 79.49% |
| Martin | 25,246,530,409 | 17,550,023,079 | 69.51% |
| Miami-Dade | 265,572,390,727 | 194,187,972,510 | 73.12% |
| Monroe | 27,477,022,009 | 19,773,673,591 | 71.96% |
| Okeechobee * | 2,741,453,877 | 1,459,948,510 | 53.25% |
| Orange * | 54,881,647,448 | 40,349,323,168 | 73.52% |
| Osceola * | 28,292,018,751 | 18,103,430,819 | 63.99% |
| Palm Beach | 166,960,572,123 | 127,409,023,003 | 76.31% |
| Polk * | 1,940,927,274 | 1,336,552,439 | 68.86% |
| St. Lucie | 23,543,369,919 | 15,369,771,269 | 65.28% |
| | \$ 932,773,373,033 | \$ 687,151,905,825 | 73.67% |

* County is only partially within the District's boundaries.

¹ Source: Florida Department of Revenue, Florida Property Valuations and Tax Data Book.
 Partial county just value is calculated based on the percentage of taxable value that is within the District's boundaries compared to the taxable value of the whole county.

² Just value is a legal synonym for "full cash value" or "fair market value".
 Source: South Florida Water Management District Budget Department, FY 2011 Budget.
 Taxable value is defined as assessed value which has been adjusted for any exemptions provided by the State Constitution.

Schedule 10
South Florida Water Management District
Taxable Value of Property
 Last Ten Fiscal Years

| Fiscal Year | Real Property ¹ | Personal Property ² | Centrally Assessed Property ³ | Total | District Tax Rate ⁴ | Okeechobee Basin Tax Rate ⁴ | Total Direct Tax Rate ⁵ |
|-------------|----------------------------|--------------------------------|--|--------------------|--------------------------------|--|------------------------------------|
| | | | | | | | |
| 2002 | \$ 370,073,604,685 | \$ 34,976,828,360 | \$ 215,255,462 | \$ 405,265,688,507 | 2.84 | 4.13 | 6.97 |
| 2003 | 414,399,307,427 | 36,399,225,671 | 219,964,194 | 451,018,497,292 | 2.84 | 4.13 | 6.97 |
| 2004 | 469,651,692,616 | 37,277,744,647 | 239,306,014 | 507,168,743,277 | 2.84 | 4.13 | 6.97 |
| 2005 | 535,652,622,464 | 37,581,256,994 | 249,689,014 | 573,483,568,472 | 2.84 | 4.13 | 6.97 |
| 2006 | 639,271,283,210 | 39,061,362,113 | 270,717,328 | 678,603,362,651 | 2.84 | 4.13 | 6.97 |
| 2007 | 803,519,922,519 | 41,423,176,998 | 284,238,697 | 845,227,338,214 | 2.84 | 4.13 | 6.97 |
| 2008 | 892,838,395,941 | 42,892,968,298 | 300,886,190 | 936,052,250,429 | 2.55 | 3.69 | 6.24 |
| 2009 | 853,857,161,850 | 40,515,829,852 | 369,348,354 | 894,742,340,056 | 2.55 | 3.69 | 6.24 |
| 2010 | 742,675,388,669 | 40,715,092,253 | 399,210,940 | 783,789,691,862 | 2.55 | 3.69 | 6.24 |
| 2011 | 645,555,800,822 | 41,283,680,011 | 312,424,992 | 687,151,905,825 | 2.55 | 3.69 | 6.24 |

Note:

Since the District applies its tax rates to the taxable value of property, the taxable value has been shown in this schedule. Taxable value is defined as assessed value which has been adjusted for any exemptions provided by the State Constitution. Valuations are as of January 1 on the calendar year preceding the applicable District fiscal year.

- ¹ Real property refers to land, land improvements, and any buildings or structures located on the land.
- ² Personal property includes property that can be moved from one location to another.
- ³ Centrally assessed property generally refers to properties that are assessed as a whole unit. A railroad is an example of centrally assessed property.
- ⁴ Tax rates are per \$1,000 of assessed value.
- ⁵ Tax rates are per \$1,000 of assessed value. Total direct tax rate represents the rate in 15 of the Districts 16 counties. Collier County is the District's only county which is not geographically located in the Okeechobee Basin.

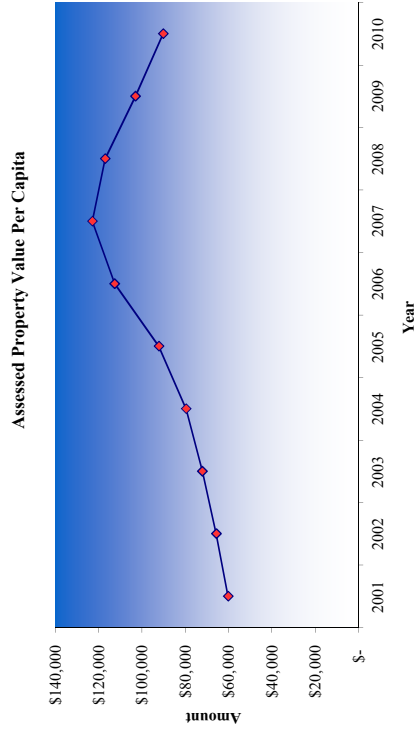
Source: South Florida Water Management District Budget Department, Form DR-420s.

Schedule 11
South Florida Water Management District
Assessed Value Per Capita
 Last Ten Calendar Years

| | Calendar Year | | | | | | | | | |
|---|---------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|-----------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Assessed Property Value ¹ (in Billions) | \$ 405.3 | \$ 451.0 | \$ 507.2 | \$ 573.5 | \$ 678.6 | \$ 845.2 | \$ 936.1 | \$ 894.7 | \$ 783.8 | \$ 687.2 |
| District Population ² | 6,728,467 | 6,864,738 | 7,027,363 | 7,199,934 | 7,359,652 | 7,504,525 | 7,617,705 | 7,648,679 | 7,609,852 | 7,615,667 |
| Assessed Property Value Per Capita | \$ 60,237 | \$ 65,698 | \$ 72,175 | \$ 79,654 | \$ 92,205 | \$ 112,625 | \$ 122,885 | \$ 116,974 | \$ 102,998 | \$ 90,235 |

¹ Assessed value is as of January 1st for real, personal and centrally assessed property located within the boundaries of the District.

² Population data is from The Office of Economic & Demographic Research and has been adjusted for counties with boundaries only partially within the District.



Schedule 12
South Florida Water Management District
Principal Property Tax Payers
 Current Year and Five Years Prior

| Taxpayer | 2011 | | | 2006 | | |
|--|--------------------------|------|--|--------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Florida Power & Light Company | \$ 9,854,173,698 | 1 | 1.43% | \$ 6,331,743,321 | 1 | 0.93% |
| Walt Disney Company | 6,982,356,990 | 2 | 1.02% | 6,194,118,181 | 2 | 0.91% |
| Universal | 1,409,256,323 | 3 | 0.21% | 1,565,314,671 | 3 | 0.23% |
| Westgate Properties | 1,209,727,221 | 4 | 0.18% | 1,001,813,446 | 6 | 0.15% |
| Marriott Ownership Resorts, Inc. | 1,045,241,015 | 5 | 0.15% | 1,261,567,853 | 5 | 0.19% |
| Bellsouth Telecommunications, Inc. | 1,005,695,318 | 6 | 0.15% | 1,401,827,566 | 4 | 0.21% |
| Hilton Corporation | 899,132,325 | 7 | 0.13% | - | - | - |
| Wyndham Resorts | 664,943,356 | 8 | 0.10% | - | - | - |
| Progressive Energy | 608,056,153 | 9 | 0.09% | 396,000,000 | 10 | 0.06% |
| Orange Lake CC | 598,955,058 | 10 | 0.09% | - | - | - |
| Vistana | - | - | - | 580,584,834 | 7 | 0.09% |
| Florida Power Corporation ¹ | - | - | - | 572,654,709 | 8 | 0.08% |
| R H Resorts/Rosen Hotels | - | - | - | 418,720,980 | 9 | 0.06% |
| Totals | \$ 24,277,537,457 | | 3.55% | \$ 19,724,345,561 | | 2.91% |

Notes: Amounts represent assessed value as of January 1 of the year presented. The amounts shown reflect county totals even though some counties may only partially be within the District's boundaries.

The earliest year for which this data is available is fiscal year 2006. As such, 2006 will be the base year for comparison.

¹ Florida Power Corporation now operates as Progressive Energy.

Source: Data was obtained from the Tax Collector or Property Appraiser for the sixteen counties that are included in South Florida Water Management District's geographical boundaries.

Schedule 13
South Florida Water Management District
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

| Fiscal Year Ended Sept. 30 | Governmental Activities | | | | | | | Total Outstanding Debt | Percentage of Personal Income ³ | Per Capita ⁴ | Percentage of Assessed Value ⁵ |
|----------------------------|---|------------------------|----------------|---------------|-------------------------------|--|----------------|------------------------|--|-------------------------|---|
| | Land Acquisition Bonds - WMLTF ² | Land Purchases Payable | Capital Leases | Bank Loans | Certificates of Participation | | | | | | |
| 2002 | \$ 69,825,000 | \$ - | \$ 4,125,961 | \$ 26,764,555 | \$ - | | \$ 100,715,516 | 0.0496% | 14.67 | 0.0249% | |
| 2003 | 65,555,000 | 112,142,857 | 3,379,304 | 26,888,088 | - | | 207,965,249 | 0.0986% | 29.59 | 0.0461% | |
| 2004 | 63,530,000 | 134,396,198 | 3,373,363 | 16,329,860 | - | | 217,629,421 | 0.0938% | 30.23 | 0.0429% | |
| 2005 | 60,270,000 | 100,108,087 | 3,008,733 | 19,456,880 | - | | 182,843,700 | 0.0726% | 24.84 | 0.0319% | |
| 2006 ¹ | 55,770,000 | 77,679,516 | 1,863,645 | 97,878,527 | - | | 233,191,688 | 0.0851% | 31.07 | 0.0344% | |
| 2007 | 51,110,000 | 40,219,445 | 895,678 | 11,031,537 | 546,120,000 | | 649,376,660 | 0.2265% | 85.25 | 0.0768% | |
| 2008 | 46,325,000 | 40,910,434 | 393,491 | 7,783,160 | 538,445,000 | | 633,857,085 | 0.2154% | 82.87 | 0.0677% | |
| 2009 | 41,350,000 | - | 200,330 | 5,950,678 | 529,430,000 | | 576,931,008 | 0.1952% | 75.81 | 0.0645% | |
| 2010 | 36,160,000 | - | - | 4,118,196 | 520,060,000 | | 560,338,196 | 0.1898% | 73.58 | 0.0715% | |
| 2011 | 30,745,000 | - | - | 1,142,847 | 510,355,000 | | 542,242,847 | 0.1764% | 70.70 | 0.0789% | |

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

¹ During fiscal year 2006, the District utilized short-term bank financing.

² WMLTF stands for Water Management Lands Trust Fund.

³ Refer to Schedule 15 for personal income information.

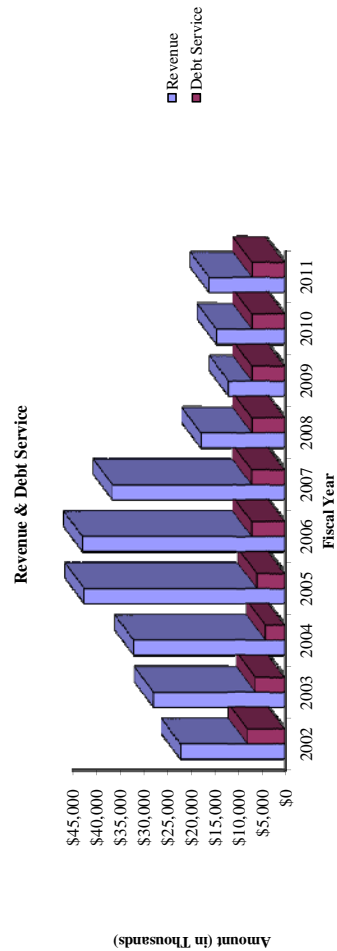
⁴ Refer to Schedule 15 for population information.

⁵ Refer to Schedule 10 for assessed value information.

Schedule 14
South Florida Water Management District
Pledged-Revenue Bond Coverage
 Last Ten Fiscal Years

| Fiscal Year | Revenue | | | | Debt Service | | | Coverage Ratio |
|-------------|-------------------------|-----------------|---------------------------|---------------|--------------|--------------|--------------------|----------------|
| | Documentary Stamp Taxes | Civil Penalties | Allocated Interest Income | Total Revenue | Principal | Interest | Total Debt Service | |
| 2002 | \$ 19,077,914 | \$ 1,205,167 | \$ 1,779,116 | \$ 22,062,197 | \$ 4,160,000 | \$ 3,677,680 | \$ 7,837,680 | 2.81 |
| 2003 | 25,308,332 | 677,827 | 1,793,006 | 27,779,165 | 3,450,000 | 2,728,371 | 6,178,371 | 4.50 |
| 2004 | 30,328,188 | 729,712 | 876,611 | 31,934,511 | 2,025,000 | 1,981,904 | 4,006,904 | 7.97 |
| 2005 | 40,825,275 | 641,382 | 1,004,100 | 42,470,757 | 3,260,000 | 2,583,429 | 5,843,429 | 7.27 |
| 2006 | 40,437,784 | 556,170 | 1,829,897 | 42,823,851 | 4,500,000 | 2,444,126 | 6,944,126 | 6.17 |
| 2007 | 34,619,597 | 810,573 | 1,042,873 | 36,473,043 | 4,660,000 | 2,303,401 | 6,963,401 | 5.24 |
| 2008 | 15,193,803 | 1,037,381 | 1,507,927 | 17,739,111 | 4,785,000 | 2,143,086 | 6,928,086 | 2.56 |
| 2009 | 10,909,497 | 450,011 | 522,616 | 11,882,124 | 4,975,000 | 1,940,171 | 6,915,171 | 1.72 |
| 2010 | 13,972,497 | 46,147 | 437,404 | 14,456,048 | 5,190,000 | 1,722,396 | 6,912,396 | 2.09 |
| 2011 | 15,760,042 | 12,956 | 208,320 | 15,981,318 | 5,415,000 | 1,489,721 | 6,904,721 | 2.31 |

Source: Florida Department of Environmental Protection, Water Management Lands Trust Fund, Bureau of Finance and Accounting Contracts Disbursements Section and District accounting records.



Schedule 15
South Florida Water Management District
Demographic and Economic Statistics
 Last Ten Calendar Years

| Calendar Year | Population ¹ | Personal Income (in thousands) ² | Per Capita Personal Income | School Enrollment K - 12 ³ | Unemployment Rate ⁴ |
|---------------|-------------------------|---|----------------------------|---------------------------------------|--------------------------------|
| 2002 | 6,864,738 | \$ 203,150,631 | \$ 29,593 | 1,063,783 | 6.1% |
| 2003 | 7,027,363 | 210,894,834 | 30,011 | 1,084,866 | 5.5% |
| 2004 | 7,199,934 | 231,929,083 | 32,213 | 1,096,057 | 5.0% |
| 2005 | 7,359,652 | 251,907,469 | 34,228 | 1,102,719 | 4.0% |
| 2006 | 7,504,525 | 274,090,198 | 36,523 | 1,124,773 | 3.4% |
| 2007 | 7,617,705 | 286,718,796 | 37,638 | 1,082,297 | 4.4% |
| 2008 | 7,648,679 | 294,230,623 | 38,468 | 1,071,876 | 6.1% |
| 2009 | 7,609,852 | 295,589,133 | 38,843 | 1,073,728 | 10.6% |
| 2010 | 7,615,667 | 295,290,827 | 38,774 | 1,084,184 | 11.7% |
| 2011 | 7,669,381 | 307,349,120 | 40,075 | 1,096,048 | 10.9% |

Note: Data has been adjusted for counties with boundaries only partially within the District.

¹ Population data is from The Office of Economic & Demographic Research. See Schedule 16 for details on population.

² Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce.

Final data for calendar year 2011 is currently unavailable. The figure shown for calendar year 2011 is the average of the first three quarters of the year. Fiscal year 2010 data has been updated using final figures.

³ Student enrollment data is obtained from The Florida Department of Education. Enrollment figures are based on the fall enrollment number for the calendar year specified.

⁴ Source: Bureau of Labor Statistics - <http://www.bls.gov/lau/home>.

Schedule 16
South Florida Water Management District
District Population by County
 Last Ten Calendar Years

| | Calendar Year | | | | | | | | | |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Broward | 1,669,153 | 1,698,425 | 1,723,131 | 1,740,987 | 1,753,162 | 1,765,707 | 1,758,494 | 1,744,922 | 1,742,891 | 1,748,066 |
| Charlotte * | 743 | 760 | 785 | 770 | 802 | 823 | 6,300 | 6,287 | 6,302 | 6,079 |
| Collier | 277,457 | 292,466 | 306,186 | 317,788 | 326,658 | 333,858 | 332,854 | 333,032 | 333,554 | 321,520 |
| Miami-Dade | 2,312,478 | 2,345,932 | 2,379,818 | 2,422,075 | 2,437,022 | 2,462,292 | 2,477,289 | 2,472,344 | 2,476,289 | 2,496,435 |
| Glades | 10,664 | 10,729 | 10,733 | 10,729 | 10,796 | 11,055 | 11,323 | 11,311 | 11,330 | 12,884 |
| Hendry | 36,154 | 36,511 | 37,394 | 38,376 | 38,678 | 39,651 | 41,216 | 41,320 | 41,026 | 39,140 |
| Highlands * | 9,171 | 9,310 | 9,482 | 9,626 | 9,957 | 10,169 | 8,718 | 8,675 | 8,677 | 8,594 |
| Lee | 475,073 | 495,088 | 521,253 | 549,442 | 585,608 | 615,741 | 623,725 | 615,124 | 616,626 | 618,754 |
| Martin | 131,051 | 134,491 | 137,637 | 141,059 | 142,645 | 143,737 | 143,868 | 143,856 | 143,848 | 146,318 |
| Monroe | 81,140 | 80,537 | 81,236 | 82,413 | 80,510 | 78,987 | 76,081 | 77,925 | 78,150 | 73,090 |
| Okeechobee * | 35,820 | 36,491 | 37,244 | 37,010 | 37,893 | 38,249 | 39,203 | 38,909 | 38,918 | 39,196 |
| Orange * | 238,966 | 245,791 | 253,484 | 260,859 | 269,881 | 276,401 | 269,825 | 268,349 | 268,860 | 277,321 |
| Oscola * | 192,775 | 209,807 | 225,139 | 234,451 | 255,135 | 265,325 | 270,972 | 270,060 | 270,541 | 265,998 |
| Palm Beach | 1,183,197 | 1,211,448 | 1,242,270 | 1,265,900 | 1,287,987 | 1,295,033 | 1,294,654 | 1,287,344 | 1,286,778 | 1,320,134 |
| Polk * | 7,536 | 7,679 | 7,926 | 8,128 | 8,476 | 8,716 | 17,572 | 17,530 | 17,514 | 18,063 |
| St. Lucie | 203,360 | 211,898 | 226,216 | 240,039 | 259,315 | 271,961 | 276,585 | 272,864 | 274,363 | 277,789 |
| Total | 6,864,738 | 7,027,363 | 7,199,934 | 7,359,652 | 7,504,525 | 7,617,705 | 7,648,679 | 7,609,852 | 7,615,667 | 7,669,381 |

* County is only partially within the District's boundaries. Population is prorated based on estimated population within the geographic boundaries of the District.

Source: The Office of Economic & Demographic Research - Florida Demographic Database, August 2010 (2002 - 2010).

Source: University of Florida, Bureau of Economic and Business Research (2011).

Schedule 17
South Florida Water Management District
Employment Data
 Last Ten Calendar Years

| Calendar Year | Total Labor Force | | Employed | Unemployed | Unemployment Rate (%) |
|-------------------|-------------------|-----------|----------|------------|-----------------------|
| | | | | | |
| 2002 | 3,473,704 | 3,264,210 | 209,494 | 6.1 | |
| 2003 | 3,520,975 | 3,325,940 | 195,035 | 5.5 | |
| 2004 | 3,600,708 | 3,422,407 | 178,301 | 5.0 | |
| 2005 | 3,714,548 | 3,564,785 | 149,763 | 4.0 | |
| 2006 | 3,815,337 | 3,686,457 | 128,880 | 3.4 | |
| 2007 | 3,855,439 | 3,685,668 | 169,771 | 4.4 | |
| 2008 | 3,844,561 | 3,610,123 | 234,438 | 6.1 | |
| 2009 | 3,844,536 | 3,438,418 | 406,118 | 10.6 | |
| 2010 ¹ | 3,876,208 | 3,423,749 | 452,459 | 11.7 | |
| 2011 ² | 3,899,305 | 3,474,754 | 424,551 | 10.9 | |

Note: Data has been adjusted for counties with boundaries only partially within the District.

¹ Figures have been updated to reflect revised inputs and reestimation.

² Final data for the calendar year 2011 is currently not available. The 2011 figures are based on the yearly average, with December figures being preliminary.

Source: Bureau of Labor Statistics - <http://www.bls.gov/lau/home>.

Schedule 19
South Florida Water Management District
Authorized Positions per 100,000 Population
 Last Ten Calendar Years

| | Calendar Year | | | | | | | | | |
|--|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Number of Authorized Positions ¹ | 1,771 | 1,771 | 1,771 | 1,771 | 1,771 | 1,784 | 1,808 | 1,828 | 1,842 | 1,933 |
| Population ² | 6,864,738 | 7,027,363 | 7,199,934 | 7,359,652 | 7,504,525 | 7,617,705 | 7,648,679 | 7,609,852 | 7,615,667 | 7,669,381 |
| Authorized Positions per 100,000 Population | 26 | 25 | 25 | 24 | 24 | 23 | 24 | 24 | 24 | 25 |

¹ Number of authorized positions is a measurement utilized for budgeting purposes that includes both filled positions and planned positions. Each authorized position is equal to one full-time employee.

² Population data is from The Office of Economic & Demographic Research and has been adjusted for counties with boundaries only partially within the District. Details regarding population figures can be found on Schedule 16.

Schedule 20
 South Florida Water Management District
 District Employees by Resource Area and Major Program
 Current Fiscal Year

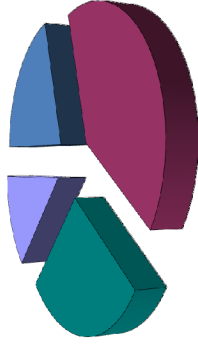
| Resource Area / Major Program | Number of Employees per Program ¹ | Percentage of Employees per Resource Area | Percentage of Employees District-wide |
|--|--|---|---|
| Corporate Resources | | | |
| Mission Support | 201 | 99.01% | 12.82% |
| Restoration | 2 | 0.99% | 0.13% |
| Corporate Resources Total | 203 | 100.00% | 12.95% |
| Operations & Maintenance Resources | | | |
| Mission Support | 1 | 0.15% | 0.06% |
| Operations and Maintenance | 558 | 84.42% | 35.61% |
| Restoration | 101 | 15.28% | 6.45% |
| Water Supply | 1 | 0.15% | 0.06% |
| Operations & Maintenance Resources Total | 661 | 100.00% | 42.18% |
| Regulatory & Public Affairs Resources | | | |
| Mission Support | 60 | 20.98% | 3.83% |
| Operations and Maintenance | 1 | 0.35% | 0.06% |
| Restoration | 34 | 11.89% | 2.17% |
| Water Supply | 191 | 66.78% | 12.19% |
| Regulatory & Public Affairs Resources Total | 286 | 100.00% | 18.25% |
| Everglades Restoration & Capital Projects Resources | | | |
| Mission Support | 3 | 0.84% | 0.19% |
| Operations and Maintenance | 50 | 13.97% | 3.19% |
| Restoration | 295 | 82.40% | 18.83% |
| Water Supply | 10 | 2.79% | 0.64% |
| Everglades Restoration & Capital Projects Resources Total | 358 | 100.00% | 22.85% |
| Executive Office Resources | | | |
| Mission Support | 56 | 94.93% | 3.59% |
| Operations and Maintenance | 1 | 1.69% | 0.06% |
| Restoration | 1 | 1.69% | 0.06% |
| Water Supply | 1 | 1.69% | 0.06% |
| Executive Office Resources Total | 59 | 100.00% | 3.77% |
| District Total | 1,567 | | 100.00% |

¹ Number of employees includes all filled positions (including shared positions) at the end of the fiscal year.

Schedule 21
South Florida Water Management District
District Employees by Major Program
 Last Six Fiscal Years

| Major Program | Fiscal Year | | | | | |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Mission Support | 431 | 427 | 438 | 445 | 445 | 321 |
| Operations and Maintenance | 626 | 622 | 653 | 647 | 658 | 610 |
| Restoration | 433 | 453 | 454 | 459 | 455 | 433 |
| Water Supply | 240 | 240 | 251 | 243 | 246 | 203 |
| District Total | 1,730 | 1,742 | 1,796 | 1,794 | 1,804 | 1,567 |

District Employees by Major Program
Current Fiscal Year



■ Mission Support ■ Operations and Maintenance ■ Restoration ■ Water Supply

Notes: During fiscal year 2006, the District reorganized its resource area and major program structure. Due to the restructure, information will be provided for fiscal year 2006 and forward. Any subsequent restructuring has been adjusted for in the schedule

Schedule 22
South Florida Water Management District
Permit Applications Received
 Last Ten Fiscal Years

| Permit Category | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Environmental Resource | 2,304 | 2,353 | 2,547 | 2,690 | 2,706 | 2,229 | 1,673 | 1,423 | 1,917 | 1,656 |
| Consumptive Use | 1,623 | 1,983 | 2,476 | 2,541 | 2,503 | 3,806 | 3,037 | 2,638 | 2,818 | 2,144 |
| SWIM & Everglades Works Of The District | 84 | 37 | 9 | 20 | 78 | 51 | 12 | 4 | 5 | 26 |
| Total Applications Received | 4,011 | 4,373 | 5,032 | 5,251 | 5,287 | 6,086 | 4,722 | 4,065 | 4,740 | 3,826 |

Note: During fiscal year 2010 the District began to include minor permit application activities as workload indicators. This change in process also changed how permit applications are counted by the District. The permit application data shown has been adjusted retroactively to reflect this change.

Source: Regulation Department of South Florida Water Management District

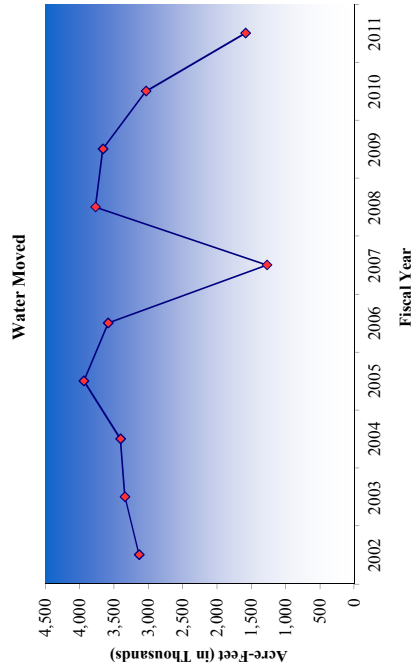
Schedule 23

South Florida Water Management District
 Water Moved by District Pump Stations
 Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Acre-Feet (Thousands) | 3,131 | 3,339 | 3,404 | 3,938 | 3,583 | 1,272 | 3,768 | 3,660 | 3,032 | 1,584 |

Note: The decrease in fiscal years 2007 and 2011 is due to severe drought conditions experienced in South and Central Florida during those years.

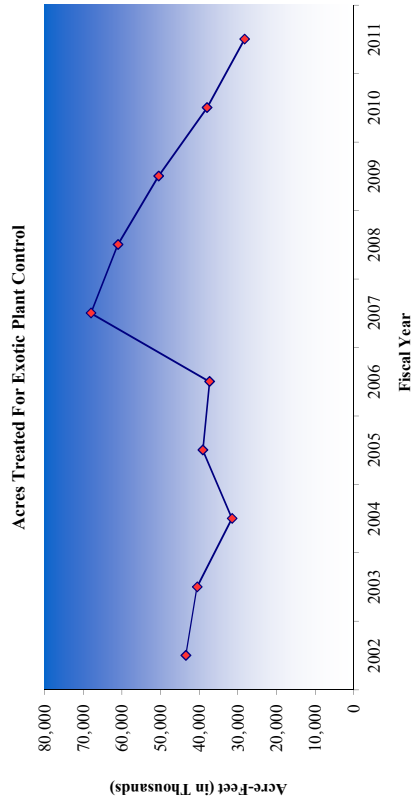
Source: Water Quality Assessment Division of South Florida Water Management District.



Schedule 24
 South Florida Water Management District
 Exotic Plant Control
 Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Acres treated | 43,495 | 40,565 | 31,527 | 39,077 | 37,350 | 68,053 | 61,070 | 50,538 | 38,015 | 28,284 |

Source: Land Stewardship Division of South Florida Water Management District.

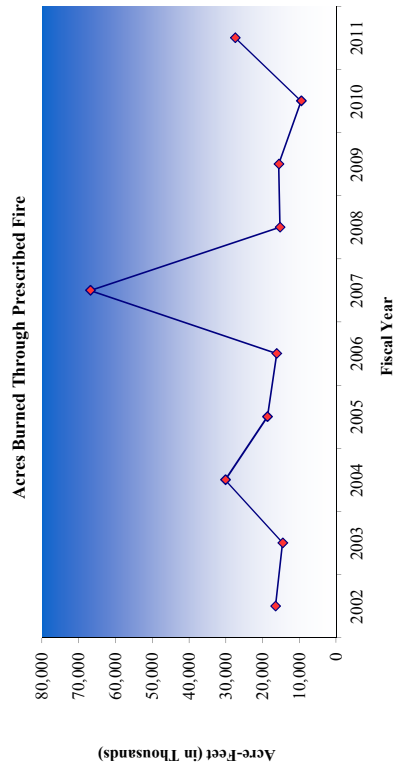


Schedule 25
 South Florida Water Management District
 Prescribed Burns
 Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--------------|-------------|--------|--------|--------|--------|----------|--------|--------|-------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Acres burned | 16,500 | 14,555 | 30,132 | 18,704 | 16,211 | 66,825 * | 15,283 | 15,609 | 9,523 | 27,479 |

* During fiscal year 2007, over 55,000 acres were burned in Lake Okeechobee as a suppression tool to combat wildfires.

Source: Land Stewardship Division of South Florida Water Management District.



Schedule 26
South Florida Water Management District
Stormwater Treatment
 Last Ten Water Years

| | Water Year | | | | | | | | | |
|-----------------------------------|------------|------|------|------|------|------|------|------|------|------|
| | 1994-2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Metric tons of phosphorus removed | 1,100 | 300 | 300 | 500 | 300 | 200 | 100 | 400 | 300 | 300 |

Notes: The District is directed by the Everglades Forever Act to reduce phosphorus levels from storm runoff and other sources before it enters the Everglades Protection Area. These reductions, which began in 1994, are achieved through Stormwater Treatment Areas (STA) and Best Management Practices.

A water year is the period from May 1 through April 30.

Source: South Florida Water Management District Environment Report.

Schedule 27
South Florida Water Management District
Capital Assets by Major Program
Current Fiscal Year

| Major Program | Land | Intangibles- Not Depreciated | Construction In Process | Canals & Levees | Buildings | Intangibles- Depreciated | Equipment | Improvements | Water Control Structures | Total |
|--------------------------|-------------------------|---------------------------------|----------------------------|-----------------------|----------------------|-----------------------------|----------------------|----------------------|--------------------------------|-------------------------|
| Mission Support | \$ - | \$ 1,523 | \$ 7,500,011 | \$ - | \$ 24,899,942 | \$ 19,592,429 | \$ 11,058,717 | \$ 2,315 | \$ - | \$ 63,054,937 |
| Operations & Maintenance | 995,643,196 | 7,619,377 | 46,771,312 | 373,547,841 | 40,787,582 | 899,258 | 25,073,632 | 9,400,170 | 291,788,088 | 1,791,530,456 |
| Restoration | 1,567,637,943 | 32,684,792 | 775,710,075 | 183,853,801 | 978,366 | 1,669,591 | 13,730,043 | 6,216,980 | 194,026,471 | 2,776,508,062 |
| Water Supply | - | - | 559,281 | - | - | 162,672 | 902,535 | - | - | 1,624,488 |
| District Total | \$ 2,563,281,139 | \$ 40,305,692 | \$ 830,540,679 | \$ 557,401,642 | \$ 66,665,890 | \$ 22,323,950 | \$ 50,764,927 | \$ 15,619,465 | \$ 485,814,559 | \$ 4,632,717,943 |

Source: Capital asset records of South Florida Water Management District.



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DISCLOSURE SECTION

S.E.C. RULE 15c2-12 DISCLOSURES

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

CONTINUING ANNUAL AND EVENT DISCLOSURES

The following disclosures comply with amendments of the Securities and Exchange Commission (SEC) Rule 15c2-12 (b)(5)(i)(A) to (D). Effective in 1995, the amendments required municipal bond underwriters to gain reasonable assurance from bond issuers that they will provide annual information and notices of material events for disclosure to the secondary bond market. To enter the bond market, the District and other issuers of state and local government securities are indirectly affected by these amendments. We are using this section of the District's Comprehensive Annual Financial Report to comply with our continuing disclosure agreement.

DISTRICT AGREEMENT AND EFFECTIVE DATES

In respective Bond Resolutions, the District agreed to provide continuing disclosure of annual information and notices of material events upon issuing its

- Special Obligation Land Acquisition Refunding Bonds, Series 2002,
- Special Obligation Land Acquisition Refunding Bonds, Series 2003, and
- Certificates of Participation, Series 2006.

| SUMMARY OF CONTINUING BOND DISCLOSURE REQUIREMENTS | | | | |
|---|--------------------------------------|--------------------------------------|-------------------------------|---|
| Recipient | Annual Financial Information | Audited Annual Financial Statements | Notice of Material Events | Notice of Failure to Provide Annual Financial Information |
| | SEC Rule 15c2-12 (b)(5)(i)(A) | SEC Rule 15c2-12 (b)(5)(i)(B) | SEC Rule 15c2-12 (b)(5)(i)(C) | SEC Rule 15c2-12 (b)(5)(i)(D) |
| | Effective FYE (1) After Jan. 1, 1996 | Effective FYE (1) After Jan. 1, 1996 | Effective July 3, 1995 | Effective April 1 After FYE (1) |
| Each NRMSIR (2) or the MSRB (3) | | | X | X |
| Each NRMSIR (2) | X | X | | |
| Paying Agent (4) | X | X | X | X |
| Underwriters (4) | X | X | X | X |
| (1) For the District, the date first effective was for Fiscal Year Ended (FYE) September 30, 1996. (2) Nationally Recognized Municipal Securities Information Repository. (3) Municipal Securities Rulemaking Board. (4) Required under Governing Board Resolution 95-28, Section 24, in connection with the issuance of the Special Obligation Land Acquisition Refunding Bonds, Series 1995. | | | | |

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

ANNUAL FINANCIAL INFORMATION

SEC Rule 15c2-12(b)(5)(i)(A) requires annual financial information and operating data that are generally consistent with the presentation included in the Official Statements for each bond issue. The following paragraphs summarize the “Security for the Bonds” and the “Security for the Certificates” appearing in the Official Statements. Subsequent paragraphs, tables, and exhibits contain the required financial information and operating data to include:

- pledged revenues,
- funding and allocation of monies and deposits of the Trust Fund, and
- lease payments.

SECURITY FOR THE BONDS

The Bonds are secured by a first lien on and payable solely from the “Pledged Revenues” as provided in the Bond Resolution.

The Bonds are limited obligations of the District. As such, the District, the State of Florida, or any public body in the State shall not:

- pledge its full faith and credit to the payment of bond principal, interest or premium; or
- directly or indirectly be contingently obligated to levy any taxes or to make any appropriation for payment except from the pledged revenues for debt service on the Bonds.

Pledged Revenues consist of all monies collected, allocated to the District, and deposited in the Water Management Lands Trust Fund (the “Trust Fund”) which consist of:

- a share of the Documentary Stamp Tax,
- investment earnings and civil penalties.

The pledged revenues equally and ratably secure the Series 2002 and 2003 Bonds. The Florida Department of Environmental Protection maintains the Trust Fund.

DOCUMENTARY STAMP TAX

The State of Florida imposes an excise tax on documents (the “Documentary Stamp Tax”). Under current law, the Documentary Stamp Tax is levied upon certain instruments whereby interests in real property are conveyed, original issues of stock, bonds and debentures issued in the State of Florida, promissory notes or other written obligations to pay money, and mortgages recorded in the State of Florida. In general, the amount of the Documentary Stamp Tax due with respect to an instrument is based upon the amount of indebtedness evidenced or secured thereby, or in the case of documents transferring interests in property, upon the consideration for the transfer, or, in the case of stocks and bonds, upon the face value or actual value thereof.

The Documentary Stamp Tax is collected by the Florida Department of Revenue (DOR) and by the Clerks of the Circuit Courts of the counties in Florida on behalf of the DOR. The Documentary Stamp Tax is distributed, for various purposes, pursuant to a statutorily-prescribed formula.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Under current law, the DOR distributes the Documentary Stamp Tax collections and investment earnings, thereon, as follows:

- The first 8% to the State of Florida General Revenue Fund to pay a portion of the costs of general government.
- The costs of collection and enforcement of the Documentary Stamp Tax are deducted by and for the use of the Department of Revenue.
- A portion of the then remaining Documentary Stamp Tax collections (including investment earnings) are required to be deposited in the Trust Fund.

There is no assurance that the Florida Legislature will not change the percentage allocations to the General Fund, the Documentary Stamp Tax collections to the Trust Fund, or the percentage of the Trust Fund allocable to the District. Likewise, the Legislature could implement an appropriations bill affecting the distributions to the Trust Fund. Such changes, if made, could affect distributions to the Trust Fund. However, there exists an implied contract with the State to allocate sufficient documentary stamp revenues to cover debt service.

The following table illustrates the current and historical taxation rates and percentage distribution to the Trust Fund.

| DOCUMENTARY STAMP TAX RATES AND TRUST FUND DISTRIBUTION | | | |
|--|---|--------------------------|--------------------------|
| Year Effective | Tax (Per \$100) Stocks/Bonds/Mortgages | Tax (Per \$100) Deeds | Percent to Trust Fund |
| 1963 | \$0.15 | - | - |
| 1981 | \$0.15 | \$0.45 | 7.20% |
| 1985 | \$0.15 | \$0.50 | 9.80% |
| 1987 | \$0.15 | \$0.55 | 9.20% |
| 1990 | \$0.32 | \$0.55 | 6.90% |
| 1991 | \$0.32 | \$0.60 | 6.56% |
| 1992 | \$0.35 | \$0.70 | 5.84% |
| 2001 | \$0.35 | \$0.70 | 4.20% |

FUNDING AND ALLOCATION OF THE TRUST FUND

Deposits distributed to the Trust Fund began accruing to the District and the State's other four water management districts in August 1981. Under present law, moneys from the Trust Fund (net of DEP's administrative expenses) are allocated monthly among the State's five water management districts in the following percentages:

- 30% - South Florida
- 25% - St. Johns River
- 25% - Southwest Florida
- 10% - Suwannee River
- 10% - Northwest Florida

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

USE OF THE TRUST FUND

Expenditure of moneys from the Trust Fund is limited to payment of debt service and the acquisition, management, maintenance and capital improvement costs of certain lands included within the District's Five-Year Plan and to DEP's cost to administer the Trust Fund.

Moneys in the Trust Fund not needed to meet land acquisition and management costs, or current debt service, are invested by the State Treasurer to the credit of the Trust Fund, in the manner provided by Florida law. Interest received on such investments is credited to the Trust Fund and proportionally allocated to the District.

ESCROW AND RESERVE FUNDS

Security for payment of debt service on outstanding bonds is provided from two sources:

- an Escrow Fund within the Trust Fund and
- a Surety Bond issued by AMBAC and held by the Trustee.

Trust Fund Escrow

An agreement between the District and the Florida Department of Environmental Protection (DEP) requires DEP to set aside and escrow from the first moneys allocable to the District in the Trust Fund, sufficient moneys for the payment of principal and interest on the Bonds becoming due in such Bond Year. DEP is obligated to pay Trust Fund moneys sufficient to pay debt service as it becomes due on the Bonds to the District's Paying Agent. However, such payment shall not exceed the District's cumulative portion of funds in the Trust Fund.

Debt Service Reserve Fund/Surety Bond

The Bond Resolution provides for establishment and maintenance of the Reserve Fund for the purpose of making deposits in the Debt Service Fund in the event the moneys therein are insufficient for the payment of sums due on the Bonds, and for no other purpose. Moneys on deposit in the Reserve Fund shall be maintained for the benefit of the holders of the Series 2002 and 2003 Bonds, and any parity obligations of the District issued pursuant to the Resolution.

The District is required to have on deposit in the Reserve Fund an amount of money and/or Debt Service Reserve Fund Surety Bonds equal to the Reserve Fund Requirement. Beginning in 1995, the District obtained a Debt Service Reserve Fund Surety Bond to meet this requirement. The Reserve Fund Requirement is defined in the Resolution to mean, at any time, an amount equal to the lesser of:

- the maximum amount of principal and interest on all outstanding bonds due in any succeeding fiscal year, or
- the aggregate of ten (10%) of the original proceeds of each series of bonds.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

SECURITY FOR THE CERTIFICATES OF PARTICIPATION

The Series 2006 Certificates evidence undivided proportionate interests in the principal portion and interest portion of Basic Lease Payments made by the Governing Board to the Corporation under the Series 2006 Lease. The Series 2006 Certificates are secured by and payable from the Trust Estate established for the Series 2006 Certificates (the "Trust Estate") pursuant to the Trust Agreement and any amounts payable under the Financial Guaranty Insurance Policy. The Trust Estate consists of all estate, right, title and interest of the Trustee in and to the Basic Lease Payments under the Series 2006 Lease, and all amounts held in the funds and accounts under the Trust Agreement in accordance with the provisions of the Master Lease and the Trust Agreement, including investment earnings thereon, and any and all monies received by the Trustee pursuant to the Series 2006 Lease and the Trust Agreement which are not required to be remitted to the Governing Board or the Corporation pursuant to the Master Lease or the Trust Agreement.

Purpose of the Series 2006 Certificates

The Series 2006 Lease is entered into, and the Series 2006 Certificates issued to provide for the lease-purchase financing of the acquisition, construction, installation and equipping of certain facilities and improvements to land for the restoration, protection and preservation of the Everglades ecosystem pursuant to the Acceler8 Project; refinance certain interim financings of the District, a portion of which was used to commence construction of certain of the 2006 Facilities; and pay certain costs of issuance of the Series 2006 Certificates, including the premium on a financial guaranty insurance policy for the Series 2006 Certificates. The Series 2006 Certificates are executed and delivered pursuant to a Master Trust Agreement dated November 1, 2006, and as amended and supplemented by the Series 2006 Supplemental Trust Agreement, dated November 1, 2006.

Lease Payments

All Basic and Additional Lease Payments and all other amounts required to be paid by the Governing Board under the Series 2006 Lease and all other Leases are payable solely from legally available funds budgeted and appropriated by the Governing Board for such purpose. Revenues available to the Governing Board for operational purposes and capital projects such as the Series 2006 Facilities include, but are not necessarily limited to, ad valorem taxes, operating grants and contributions from various sources, including the State of Florida, and capital grants and contributions from various sources, including the State and Federal Government.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

ANNUAL DEBT SERVICE REQUIREMENTS

Debt service requirements on the Series 2002 and 2003 Bonds, and Series 2006 Certificates are as follows:

| ANNUAL DEBT SERVICE (Principal and Interest) REQUIREMENTS (in Millions) | | | | |
|--|------------------|--------------------|--------------------|--------------------|
| Fiscal Years | Total | Series 2002 | Series 2003 | Series 2006 |
| 2012 | \$ 42.14 | \$ 2.54 | \$ 4.38 | \$ 35.22 |
| 2013 | 42.14 | 2.53 | 4.37 | 35.24 |
| 2014 | 42.08 | 2.54 | 4.35 | 35.19 |
| 2015 | 42.06 | 2.53 | 4.35 | 35.18 |
| 2016 - 2020 | 182.50 | 2.52 ¹ | 4.34 ¹ | 175.64 |
| 2021 - 2025 | 175.18 | | | 175.18 |
| 2026 - 2030 | 174.58 | | | 174.58 |
| 2031 - 2035 | 173.81 | | | 173.81 |
| 2036 - 2037 | 69.27 | | | 69.27 ² |
| Totals | \$ 943.76 | \$ 12.66 | \$ 21.79 | \$ 909.31 |

AUDITED ANNUAL FINANCIAL STATEMENTS

Section II of this Comprehensive Annual Financial Report contains the District’s Basic Financial Statements and related Report of Independent Certified Public Accountants. These statements are consistent with the Basic Financial Statements contained in the Official Statements in compliance with SEC Rule 15c-12(b)(5)(i)(A) and (B).

¹ Scheduled payoff – October 1, 2015.

² Scheduled payoff – October 1, 2036.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

REQUIRED NOTICES

The following table lists each material event and required notice defined in SEC Rule 15c2-12(b)(5)(i)(C) and (D). The table confirms that no notice to the NRMSIR or the MSRB and the SID was required for any of the material events related to each of the indicated Land Acquisition Bond Series currently outstanding. This confirms compliance with SEC Rule 15c2-12(b)(5)(i)(C) and (D) from July 3, 1995 to the date of this report.

| NOTICE OF MATERIAL EVENTS OR FAILURE TO PROVIDE REQUIRED ANNUAL FINANCIAL INFORMATION | | LAND ACQUISITION BONDS | | CERTIFICATES |
|---|---|---------------------------|----------------|----------------|
| RULE SEC. | DESCRIPTION | SERIES 2002 | SERIES 2003 | SERIES 2006 |
| (C)(1) | Principal and interest payment delinquencies. | None | None | None |
| (C)(2) | Non-payment related defaults. | None | None | None |
| (C)(3) | Unscheduled draws on debt service reserves reflecting financial difficulties. | None | None | None |
| (C)(4) | Unscheduled draws on credit enhancements reflecting financial difficulties. | None | None | None |
| (C)(5) | Substitution of credit or liquidity providers, or their failure to perform. | None | None | None |
| (C)(6) | Adverse tax opinions or events affecting the tax-exempt status of the security. | None | None | None |
| (C)(7) | Modifications to rights of security holders. | None | None | None |
| (C)(8) | Bond calls. | None | None | None |
| (C)(9) | Defeasances. | None | None | None |
| (C)(10) | Release, substitution, or sale of property securing repayment of the securities. | None | None | None |
| (C)(11) | Ratings changes. | (a) | (a) | (a) |
| (*) | Default of the Florida Department of Environmental Protection on its obligations under the Agreement. | None | None | None |
| (D) | Failure to provide annual financial information or operating data in a timely manner. | None | None | None |

(a) During fiscal year 2011, Moody's Investor Services (Moody's) and Standard and Poor's (S&P) withdrew their ratings of the District's bond insurer, AMBAC Assurance Corporation. This rating was previously withdrawn by Fitch Ratings. In addition, during fiscal year 2011, S&P lowered its credit rating on the District's Certificates to AA from AA+. The rating on all District debt is based on the District's underlying "non-insured" rating for the current fiscal year as follows:

- Certificates of Participation, Series 2006, rated Aa2, AA and AA by Moody's, Standard & Poor's and Fitch, respectively.
- Land Acquisition Bonds, Series 2002 and 2003, rated A1, A+ and A by Moody's, Standard & Poor's and Fitch, respectively.

On January 10, 2012, Fitch Ratings downgraded the rating on the District's COPS to AA- from AA. This downgrade is a reflection of the District's loss of significant revenue raising capacity due to the passage of Senate Bill 2142.



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