

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2006



Southwest Florida
Water Management District



A Component Unit of the State of Florida

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2006

Prepared by: Finance Department

Southwest Florida
Water Management District



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A Component Unit of the State of Florida

Mission Statement:

The mission of the Southwest Florida Water Management District (District) is to manage water and related natural resources to ensure their continued availability while maximizing environmental, economic and recreational benefits. Central to the mission is maintaining the balance between the water needs of current and future users while protecting and maintaining water and related natural resources which provide the District with its existing and future water supply.

The Governing Board of the District assumes its responsibilities as authorized in Chapter 373 and other chapters of the Florida Statutes by directing a wide-range of programs, initiatives, and actions. These include, but are not limited to, flood protection, water use, well construction and environmental resource permitting, water conservation, education, land acquisition, water resource and supply development and supportive data collections and analysis efforts.

The District does not discriminate upon the basis of any individual's disability status. This non-discrimination policy involves every aspect of the District's functions, including one's access to, participation, employment, or treatment in its programs or activities. Anyone requiring reasonable accommodation regarding this document as provided for in the Americans with Disabilities Act should contact Finance administration at (352) 796-7211 or 1-800-423-1476 (Florida only), extension 4121; TDD only: 1-800-231-6103; Fax: (352) 540-6011; Suncom Fax: 663-6011.

**Southwest Florida Water Management District
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2006**

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March 27, 2007

To the Citizens of the Southwest Florida Water Management District:

The Comprehensive Annual Financial Report of the Southwest Florida Water Management District (District) for the fiscal year ended September 30, 2006, is hereby submitted.

State law requires that local governmental entities publish within 12 months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2006.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with U.S. generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the information presented is accurate in all material respects, and is reported in a manner that presents fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's activities have been included.

KPMG LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the District's financial statements for the year ended September 30, 2006. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

About the District

The Southwest Florida Water Management District (District) encompasses approximately 10,000 square miles of a 16-county area in west-central Florida and is one of five regional water management districts charged by Chapter 373 of the Florida Statutes to preserve and protect the state's water resources.

Approximately one quarter of the state's population (4.4 million) resides within the District. The District was established in 1961 by a special act of the Florida Legislature to serve as local sponsor of the Four River Basins, Florida Project. This was a major flood control project sponsored by the U.S. Army Corps of Engineers after Hurricane Donna caused extensive damage in west-central Florida in 1960.

The District's original mission was to protect people and property from flooding caused by tropical storms and other heavy rains. This was done in part by building structures to control high waters. The Tampa Bypass Canal, which diverts Hillsborough River overflow away from the flood-prone areas of Tampa and Temple Terrace, is the most prominent example of this water resources management responsibility.

Today's regional flood protection efforts remain an important element of the District's mission. Since the District was created in 1961, the demands of growth have resulted in additional responsibilities mandated of the District by the Florida Legislature. As delegated by the Florida Department of Environmental Protection (DEP), the District now authorizes permits for consumptive use of water, well construction, surface water management, and the protection of wetlands. Water supply, water resources development, and water quality are major concerns, and many projects with local, state and federal funding partners focus on ensuring adequate sustainable quality water for the future.

An 11-member Governing Board determines the District's overall policies, executes its regulatory responsibilities, administers contracts, hires the Executive Director subject to confirmation by the Florida Senate, and authorizes tax levies and general fund and Basin budgets subject to review by the Governor. Each member is appointed by the Governor and confirmed by the Florida Senate. District Governing Board members serve staggered four-year terms, are eligible for reappointment, and serve as unpaid citizen volunteers. One or more Governing Board members also serve in an ex officio role on each of the District's eight Basin Boards.

Unique to the Southwest Florida Water Management District, each of the eight watershed basins within the District is overseen by a Basin Board. There are 44 Basin Board members, who are also appointed by the Governor and confirmed by the Florida Senate. Basin Board members serve three-year terms, are eligible for reappointment, and serve as unpaid citizen volunteers. They offer a localized perspective to water management and make statutorily required recommendations and decisions. Because of its Districtwide hydrologic significance, the District Governing Board also oversees activities in a ninth watershed area, the Green Swamp Basin.

The annual budget serves as the foundation for the District's financial planning and control. 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 the conduct of hearings for taxpayer comment, the Governing Board sets the tax rates and adopts a budget in September. The appropriated budget is prepared by fund, department and activity. The Governing Board delegates authority to the Executive Director to execute transfers of budgeted funds not to exceed \$50,000, if no reserve funds are involved. Delegated transfers are presented to the Governing Board for approval and to the appropriate Basin Board(s) for information at their next regular scheduled meeting. All transfers of funds from the contingency and other reserve accounts exceeding \$50,000 require prior Governing or Basin Board approval. All transfers approved by Basin Boards are reported to the Governing Board for ratification.

The District is authorized by the Florida Constitution and Florida State Statutes to fund its general operations from ad valorem property taxes. The District Governing Board may levy up to one-half mill for the general costs of the District. In addition, each of the eight Basin Boards may assess up to one-half mill with the approval of the Governing Board and the Executive Office of the Governor to support projects undertaken within, or directly affecting, their individual areas. One mill equals \$1 of tax per \$1,000 of taxable property value. Funding for District programs is supplemented by District permit fees and by grants from and contracts with federal, state and local governments, and private sector organizations.

The Reporting Entity

The financial statements of the District include all operations for which the District is financially accountable.

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

The District's financial statements for the fiscal year ended September 30, 2006, will be incorporated into the State of Florida's financial statements for the state's fiscal year ending June 30, 2007, as a discretely presented component unit. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government, which is the State of Florida, and to differentiate their financial position, results of operations and cash flows.

Factors Affecting Financial Condition

Economic Conditions and Outlook.¹ Short-term estimates and forecasts again show the economy of the counties in the District outperforming the state as a whole and the nation in most sectors. However, higher insurance premiums, deductibles, and mortgage interest rates are having a chilling effect on the housing sector. No hurricane made landfall in the state this year. Therefore, the basic forces that drive the economy should remain unchanged.

Permanent population for counties in the District grew 1.77 percent between 2005 and 2006, which was slower than Florida's total population growth of 2.08 percent. Permanent population growth in the District between 2006 and 2010 is projected at around 6 percent versus Florida's 7 percent. Total employment for counties in the District grew 2.26 percent from 2005 to 2006 versus 2.23 percent for Florida. Between 2006 and 2010, employment will grow approximately 8.8 percent in the District and 8.5 percent around the state. In the next four years, the fastest Districtwide employment growth will be in the Agricultural Services (7.57 percent), Construction (5.89 percent), and Services (13.5 percent) sectors.

The counties with the highest projected growth in total employment between 2005 and 2006 were Manatee (4.27 percent), Charlotte and Hernando (just over 3 percent), DeSoto (2.81 percent) and Hillsborough (2.63 percent). These same counties should remain sector leaders through 2010 with growth ranging from 10.08 percent (Hillsborough) to 16.54 percent (Manatee). Again, above normal hurricane and tropical storm activity may affect growth rates. The District's slower population growth combined with faster employment growth may be contributing to real per capita income in the District increasing 1.11 percent between 2005 and 2006 versus 0.93 percent for the state. By 2010, real per capita income in the District is projected to grow 5.60 percent over its 2006 level. This is almost a full percentage point ahead of Florida as a whole (4.61 percent).

¹ Except as noted, all data are based on countywide data and are derived from Woods and Poole Economics. 2006 State Profile: State and County Projections to 2030.

Among non-agricultural economic sectors, services are the fastest growing economic segment in the District. Districtwide services employment grew 3.51 percent between 2005 and 2006 vis-à-vis 3.28 percent for Florida and 2.3 percent for the nation. Service employment will continue to dominate increases in employment through 2010 with service employment growth in the District (13.50 percent) surpassing that of the state (12.48 percent) and the nation (9.27 percent).

The District will equal or exceed the state and national averages in job growth in the region's second fastest growing sector – agricultural services. Agricultural services employment in the District counties grew 1.93 percent between 2005 and 2006 versus 1.87 percent for Florida and 1.93 percent for the nation. In 2010, the agricultural services sector in the District will be 7.57 percent larger than in 2006. The state's and the nation's agricultural service sectors will grow at a pace similar to that of the District. Slower employment growth, relative to the state and the nation, is expected in the mining, construction, and manufacturing sectors.

Residential development and tourism are significant economic activities in the District. In residential development, the outlook is dramatically different from last year. Housing starts have declined and vacant inventory is increasing². The Florida Association of Realtors reported that yearly third quarter sales of existing single-family homes and condominiums have slumped³. Sales of single family homes fell in all the District's Metropolitan Statistical Areas: Lakeland-Winter Haven (-25 percent), Punta Gorda (-36 percent), Sarasota-Bradenton (-34 percent), and Tampa-St. Petersburg-Clearwater (-43 percent). Existing condominium sales declined between 16 percent (Lakeland-Winter Haven) and 55 percent (Sarasota-Bradenton). Median 2006 sale prices were generally lower than in the third quarter of 2005 in many counties. The housing sector recovery will likely be predicated on lower mortgage interest rates and insurance affordability. In 2006, the 30-year fixed-rate mortgage interest rate seesawed from 6.10 percent in January to 6.80 percent in July to 6.11 percent in the first week of December⁴. A leading expert noted that rising application volumes predict a reinvigorated national housing sector in 2007⁵. However, the cost and availability of homeowner's and commercial insurance is still a critical issue. The growing concern about triple digit increases in homeowner's insurance premiums prompted the Governor to call a special session of the Legislature. Uncertainty in the property insurance market may continue to negatively affect the market for real estate in 2007.

Regarding tourism, harmful algal blooms reappeared off of the District's southern coastal counties, although less severe than last year.⁶ Fortunate as well, the forecast calling for another frenetic hurricane season was negated by an El Niño event⁷. Tourism indicators were mixed. For instance, the St. Petersburg/Clearwater Area Convention and Visitors Bureau reported that total visitors were up slightly (0.7 percent) through September relative to 2005. However, total room nights decreased 2.8 percent and measures of visitor satisfaction were down slightly⁸.

² Third quarter housing starts decline. Tampa Bay Business Journal. October 26, 2006. <http://tampabay.bizjournals.com/tampabay/stories/2006/10/23/daily47.html>. Accessed: December 1, 2006.

³ Florida Sales Report – 3rd Quarter 2006. Single Family, Existing Homes. Florida Association of Realtors and the University of Florida Real Estate Research Center.

<http://media.living.net/releases/3rd%20Qtr%202006%20Stats%20Release.htm>. Accessed: 11/30/2006.

⁴ Freddie Mac (December 7, 2006). "Slowing Housing Market Helps Keep Mortgage Rates Down." Press release.

<http://www.freddiemac.com/dlink/html/PMMS/display/PMMSOutputWk.jsp?week=49&ending=20061207>. Accessed: December 11, 2006.

⁵ Northaft, Frank. Weekly Commentary. December 7, 2006. <http://www.freddiemac.com/news/finance/> Accessed: December 11, 2006.

⁶ Maps. Harmful Algal Bloom Events-Current Status. Florida Fish and Wildlife Conservation Commission (FWC). http://research.myfwc.com/gallery/view_category.asp?catid=1884&subcatid=4434 Accessed: December 6, 2006.

⁷ "Return of El Niño yields near normal 2006 Atlantic Hurricane Season". National Oceanic and Atmospheric Administration. <http://www.noaanews.noaa.gov/stories2006/s2748.htm>

⁸ "September 2006 Visitor Profile." Prepared for the St. Petersburg/Clearwater Area Convention and Visitors Bureau by Research Data Services, Inc. November 8, 2006.

Agriculture usually plays a large and moderating role in the region's economy. Although employment growth is slower in agriculture than in other sectors, on-farm employment in the District expanded 0.45 percent between 2005 and 2006 versus 0.24 percent in the state as a whole and 0.09 percent for the nation. Farm employment in the District will increase 1.74 percent by 2010. This growth is more than twice the growth in this sector for the state as a whole (0.81 percent). Counties with the highest farm employment growth in 2005-2006 were Citrus (0.91 percent), DeSoto (1.15 percent), Manatee (1.10 percent), and Hillsborough (0.95 percent). These same counties will be growth leaders in this sector by 2010 with growth rates between 3.54 percent (Hillsborough) and 4.39 percent (DeSoto). Pasco, Hernando, Lake, and Polk counties experienced the largest declines in farm employment in 2005-2006 (-0.67 percent, -0.62 percent, -0.43 percent, and -0.29 percent, respectively). In 2010, the nation will have a smaller farming sector. Hernando, Lake, Pasco, and Polk will mirror that trend with reductions in the farming labor force between 1.10 percent and 3.11 percent.

In 2006, District farmers reported earnings growth of 2.61 percent. This was just slightly ahead of the nation (2.35 percent) and the state (2.40 percent). By 2010, farm earnings growth in the District will continue to outpace the state and nation at 11 percent. Districtwide agricultural services' employment grew 1.93 percent in 2006 – nearly four times faster than farm employment. Florida trailed the District at 1.87 percent. The District will continue to be a leader in agricultural services' employment with growth through 2010 projected at 7.57 percent versus 7.21 percent for Florida.

Citrus and Vegetables are two of the predominant crop groups in the District. A short orange crop is expected for the 2006-2007 season⁹. The navel and Valencia production forecast calls for 13.2 percent and 13.6 percent less fruit, respectively. However, grapefruit production will be 34.2 percent higher. The Brazilian orange crop estimates are 12 percent higher than in 2005-2006. The vast majority of citrus acreage in the District is dedicated to oranges processed for juice. In 2006, beginning Florida orange juice inventory and production hit ten and fourteen year lows, respectively. Brazilian production will increase only slightly (0.9 percent). Consequently, higher orange juice prices will persist. Average on-tree prices for early and mid-season and Valencia oranges for processing are projected to be at \$6.53 and \$9.25 per box, respectively, in 2006-2007 compared to \$4.46 and \$6.47 per box in 2005-2006. Total on-tree revenues for all Florida citrus will soar 32 percent to over \$1 billion in 2006-2007.

The vegetable sector should continue to expand as U.S. per capita consumption of fresh produce continues to grow. A leading expert at ASU Polytechnic calls for fresh tomato consumption to increase from "19.22 pounds per capita in 2006 to 20.96 pounds in 2016. The U.S. grower price is expected to increase 1.6 percent annually from 2006 through 2016. For the same time period, exports are expected to increase at annual rate of 4.4 percent and imports by 1.6 percent."¹⁰ These trends bode well for Florida tomato growers. Additionally, increasing concerns over pesticide residue and other health concerns about imported vegetables are expected to better position U.S. and Florida vegetable producers where regulatory programs are more protective of consumers. Country of origin labeling should enhance this advantage.

In summary, the non-agricultural economy of the region is anticipated to fare quite well in comparison to the state, as a whole, and the nation. The agricultural sector in the District, while still facing an uncertain future, continues to hold its own and is expected to experience modest growth in employment and earnings. The relatively good expected performance of the District regional economy should bode well for the region's ability to finance necessary water resource-related projects.

⁹ Citrus statistics are derived from: Brown, Mark G. Florida Citrus Outlook 2006-2007 Season. Prepared for Florida Citrus Commission Market and Economic Research Committee. October 25, 2006.

¹⁰ Padilla, Luis. "RE: Preliminary 2007 US Fruit and Vegetable Outlook." Faculty Research Associate. Morrison School of Management and Agribusiness. ASU Polytechnic. Email. 8 December 2006.

Long-term financial planning. The District exercises its management of water resources through five "areas of responsibility": Water Supply, Flood Protection, Water Quality, Natural Systems and Management Services. Long-term financial planning, as well as strategic direction, is provided by the District Water Management Plan, the District Strategic Plan, annual development of a Program Budget, and a Five-Year Capital Improvements Plan that connects planning and program budgeting.

As one example of long-term financial planning in the area of water supply, consider the District's Long-Range Water Supply and Water Resource Development Funding Plan (formerly known as the Financial Engine). The District's recently updated Regional Water Supply Plan (RWSP) shows that at least an additional 409 million gallons per day (mgd) of new water supplies will be required by 2025. It is estimated that at least half of this need has either been met or will be met by projects that were under development as of December 2006. The bulk of the remaining water demand will be met by several large scale water supply development projects identified in the RWSP. The capital cost of these projects, combined with the cost of District water resource development projects to restore the minimum flows to the upper Peace River, amounts to some \$2.17 billion. The Long-Range Funding Plan addresses this need by combining and projecting funds available from the District, project cooperators, the State's Water Protection and Sustainability Program, and other state and federal appropriations in a pay-as-you go funding strategy assuming the District is able to retain ad valorem tax dollars generated by increase in property tax value currently under review by Governor Crist and the Legislature. The resulting \$2.44 billion identified through 2025 will be sufficient to cover the capital costs indicated, if the District can "stay the course" in retaining ad valorem taxes, with the remaining \$270 million to be used for smaller scale water supply projects and as a reserve for the development of projects to replace water supplies that may be reduced as the result of the establishment or revision of minimum flows and levels. This Long-Range Funding Plan is reviewed annually as part of the District budget process. The RWSP is updated on a five-year cycle.

Cash management policies and practices. Cash temporarily available during the year was pooled and invested in the Local Government Surplus Trust Fund, which is administered by the State Board of Administration, and in government securities with maturities of not to exceed 3 years. The District's investment policy is to minimize credit and market risks while maintaining a competitive yield on the portfolio. The average rate of return on District investments was 4.2 percent. Interest earnings include appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor will the District necessarily realize such amounts, especially in the case of temporary changes in the fair value of investments that the District intends to hold to maturity.

Risk Management. The Risk Management Section of the District's Human Resources Department is charged with the responsibility to provide a safe and healthy environment to protect employees and the public against losses that would affect the District's ability to fulfill its goals and objectives. Districtwide safety programs to familiarize employees with risk control techniques to minimize accident-related losses have been offered to all District employees.

The District is currently self-insured for workers' compensation. The District contracts with a third-party administrator to administer workers' compensation claims and maintains an excess workers' compensation insurance policy to cover claims in excess of \$500,000 per occurrence.

The District continues to be successful in maintaining employee group medical benefit costs at a level equal to or less than the average cost for similar benefit plans based on industry type, geographic location and plan structure.

Pension Trust Operations. Employees of the District are covered by the Florida Retirement System (FRS). FRS contribution rates are actuarially determined and spread to all participant governments within the FRS system. The District has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the FRS.

Debt Administration. The District continued to have no outstanding bonded debt at the end of fiscal year 2006.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended September 30, 2005. This was the eighteenth consecutive year that 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. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

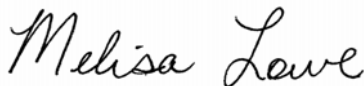
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Sincere appreciation is extended to the many District employees who assisted with the preparation of this report, with special thanks to the employees of the Finance Department, especially the Accounting & Financial Reporting Section. Special recognition is due the Visual Communications Section staff for the design of the cover and tabs, and the Print Shop for producing the report. In closing, this report would not have been possible without the support and leadership of the District Governing Board, the District's Basin Boards and the District's Executive staff.

Sincerely,



Daryl F. Pokrana
Finance Director



Melisa Lowe
Accounting & Financial Reporting Manager

**SOUTHWEST FLORIDA
WATER MANAGEMENT DISTRICT**

**Management Services Division
Deputy Executive Director
Eugene A. Schiller**

FINANCE DEPARTMENT

Department Director
Daryl F. Pokrana

Assistant Director
Linda R. Pilcher

Section Managers

Accounting & Financial Reporting Melisa Lowe
Contracts Administration Steven Long
Financial Systems Noel Pioszak
Purchasing Malcolm Wilson

Accounting & Financial Reporting Staff

Accounting

Julie McClung, Sr. Supervisor
Mike Cacioppo
Sonja Grant
Ann Kenny
John Walker

Financial Compliance

Patrick Sevon, Supervisor
Darlene Gent
Melissa Williams
Patty Williams

Accounts Payable

Karen Frazier, Supervisor
Crystal Buck
Reed Clickener
Ellen Cuarta
Mary Hrivnak
Judy Misener
Shelia Roush
Sanita Savarese

Property Administration

Kerri Meadors

Administrative Supervisor

Spring Aikens



Financial Section

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
Notes to the Financial Statements



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

Independent Auditors' Report

Members of the Governing Board of the
Southwest Florida Water Management District:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Southwest Florida Water Management District (the District), a component unit of the State of Florida, as of and for the year ended September 30, 2006, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 and each major fund of the Southwest Florida Water Management District, as of September 30, 2006, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2007 on our consideration of the District's internal control over financial reporting and on 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 on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Section 215.97 *Florida Statutes*. The other supplementary information and the schedule of expenditures of federal awards and state financial assistance 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 and statistical 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.

KPMG LLP

January 26, 2007
Certified Public Accountants

Management's Discussion and Analysis (unaudited)

The Southwest Florida Water Management District's (District) discussion and analysis is designed to offer readers of the District's financial statements a narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2006. Readers are encouraged to read the Management's Discussion and Analysis in conjunction with the transmittal letter beginning on page i and the District's financial statements, which begin on page 13.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1.1 billion. Of this amount, \$343.5 million may be used to meet the District's ongoing obligations to citizens and creditors. It is the District's intent to use these assets to 1) liquidate contracts and purchase orders of the prior period in the amount of \$214.4 million and 2) pay claims associated with the District's Workers' Compensation Self-insurance Program estimated at \$0.8 million. The remaining net assets are earmarked for New Water Sources Initiative (NWSI) and Water Supply and Resource Development projects and funding for future years.
- The District's total net assets increased by \$126.3 million. This increase is primarily attributable to the investment in capital assets and to the Governing Board's designation of funds necessary to address long-term water supply and resource development needs consistent with the District's Regional Water Supply Plan.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$453.9 million, an increase of \$86.8 million in comparison with the prior year. Of this total amount, \$153.7 million is available for spending at the District's discretion and has been earmarked as noted above.
- The District has no bonded debt.

Overview of the 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 contains 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.

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 District'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 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 distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include: water resources planning and monitoring; acquisition, restoration and public works; operation and maintenance of lands and works; regulation; outreach; and management and administration.

The government-wide financial statements can be found on pages 13 and 14 of this report.

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.

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 the District'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 fund balance sheet and the governmental fund 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 one general fund, eleven special revenue funds and two capital projects funds, all of which are considered to be major funds. Information is presented separately for each of these in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The District adopts an annual appropriated budget for all funds. To demonstrate compliance with the adopted budget, budgetary comparison statements have been provided for all funds in accordance with Governmental Accounting Standards Board, Statement No. 34. Although not required, budgetary comparison schedules for the District's capital projects funds have been provided on pages 47 and 48 of this report, as other supplemental information.

The governmental fund financial statements can be found on pages 15 through 28 of this report.

Notes to the 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 financial statements can be found on pages 29 through 45 of this report.

Additional information. Additional information about the District, which may be of interest to the reader, is found under the Statistical, Single Audit and Management Letter sections of this report.

Government-wide Financial Analysis

The overall condition of the District improved in both fiscal years 2006 and 2005.

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 \$1.1 billion. At September 30, 2006, the District reported positive balances in all three categories of net assets. The same situation held true for the prior fiscal year. The District's total net assets increased by \$126.3 million. The majority of the increase is attributable to the investment in capital assets and to the Governing Board's designation of funds necessary to address long-term water supply and resource development needs consistent with the District's Regional Water Supply Plan.

Southwest Florida Water Management District's Net Assets

	Governmental Activities	
	2006	2005
Current and Other Assets	\$ 527,488,475	\$ 426,237,598
Capital Assets	693,083,691	652,916,266
Total Assets	<u>1,220,572,166</u>	<u>1,079,153,864</u>
Current and Other Liabilities	72,843,716	58,383,900
Long-term Liabilities	26,115,955	25,414,820
Total Liabilities	<u>98,959,671</u>	<u>83,798,720</u>
Net Assets:		
Invested in Capital Assets	693,083,691	652,916,266
Restricted for:		
Partnership Agreement	85,022,824	86,964,669
Unrestricted	343,505,980	255,474,209
Total Net Assets	<u>\$ 1,121,612,495</u>	<u>\$ 995,355,144</u>

By far the largest portion of the District's net assets in the amount of \$693.1 million (62 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure). The District uses these capital assets to carry out its statutory responsibilities; consequently, these assets are not available for future spending.

Restricted net assets in the amount of \$85 million (7 percent) represent resources that are subject to external restrictions on how they may be used.

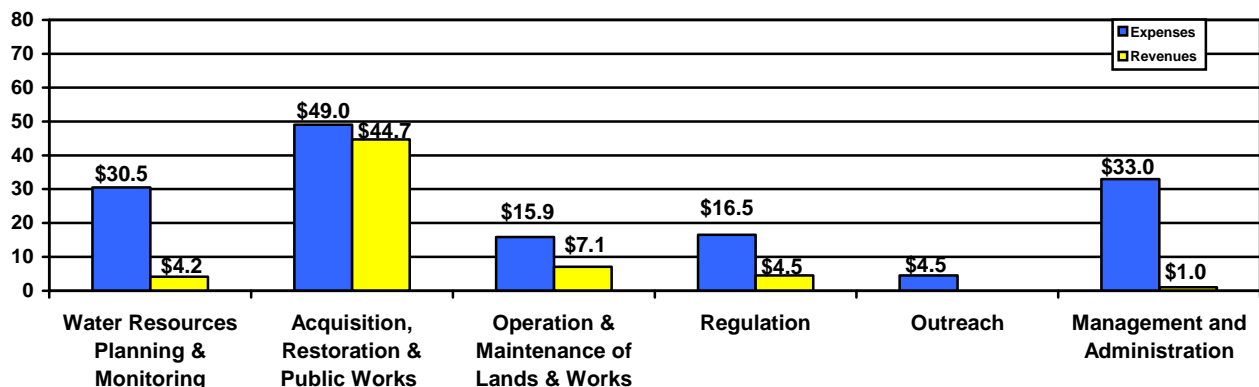
Unrestricted net assets in the amount of \$343.5 million (31 percent) may be used to meet the District's ongoing obligations to citizens and creditors. As noted earlier, it is the District's intent to use these assets to 1) liquidate contracts and purchase orders of the prior period in the amount of \$214.4 million and 2) to pay claims associated with the District's Workers' Compensation Self-insurance Program estimated at \$0.8 million based on an independent actuarial determination. The remaining funds are earmarked for New Water Sources Initiative (NWSI) and Water Supply and Resource Development projects and funding for future years.

Governmental activities. Governmental activities increased the District's net assets by \$126.3 million. Changes in key elements of this increase are as follows:

Southwest Florida Water Management District's Changes in Net Assets

	Governmental Activities	
	2006	2005
Revenues:		
Program revenues:		
Charges for services	\$ 6,757,426	\$ 6,285,377
Operating grants and contributions	29,109,494	22,945,387
Capital grants and contributions	25,585,607	39,018,186
General revenues:		
Ad valorem property taxes	189,355,313	161,163,202
Unrestricted investment earnings	19,640,423	9,467,843
Other	5,311,387	19,306,576
Total Revenues	<u>275,759,650</u>	<u>258,186,571</u>
Expenses:		
Water Resources Planning & Monitoring	30,510,960	28,225,093
Acquisition, Restoration & Public Works	49,035,932	70,492,840
Operation & Maintenance of Lands & Works	15,929,460	13,754,235
Regulation	16,493,948	15,927,204
Outreach	4,543,475	3,707,207
Management and Administration	32,988,524	32,435,994
Total Expenses	<u>149,502,299</u>	<u>164,542,573</u>
Change in net assets	126,257,351	93,643,998
Net assets - beginning of year	995,355,144	901,711,146
Net assets - end of year	<u>\$ 1,121,612,495</u>	<u>\$ 995,355,144</u>

Expenses and Program Revenues* - Governmental Activities
(shown in millions)



* Program Revenues exclude ad valorem property taxes in accordance with Governmental Accounting Standards Board, Statement No. 34 – See Note I.B.

Revenues

Ad valorem property taxes are the District's primary source of revenue. For fiscal year 2006, ad valorem property taxes increased \$28.2 million (17.5 percent) above fiscal year 2005. The General Fund Districtwide millage rate and the eight Basin millage rates remained at the same levels as fiscal year 2005. The increase in ad valorem property tax revenues is due to higher property valuations resulting from resales, reassessments, and new construction throughout the District.

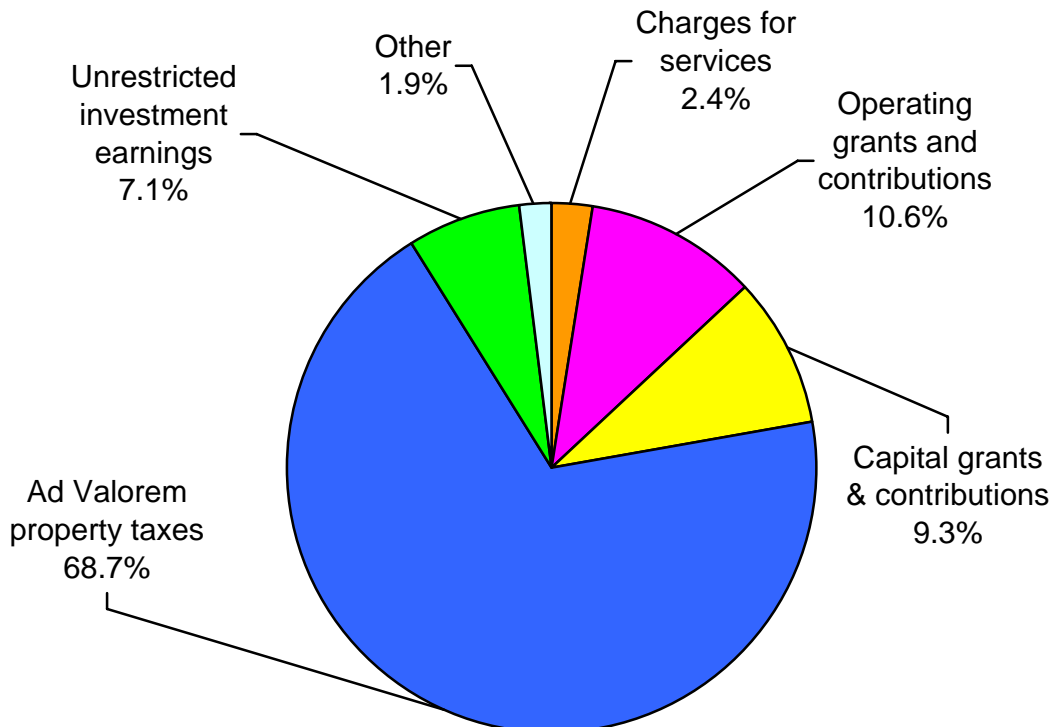
Operating grants and contributions increased by \$6.2 million (26.9 percent) above fiscal year 2005, due primarily to an increase in intergovernmental revenues received from the Ecosystem Management and Restoration Trust Fund (EMRTF), the Environmental Protection Agency and the Florida Fish and Wildlife Conservation Commission for the Lake Panasoffkee Restoration Council Implementation project; the EMRTF and the Florida Department of Agricultural Consumer Services for the Facilitating Agricultural Resource Management Systems (FARMS) projects; and the Water Management Lands Trust Fund for land management and maintenance costs associated with the Save Our Rivers Program.

Capital grants and contributions decreased by \$13.4 million (34.4 percent) below fiscal year 2005 due primarily to a reduction in the number of acres of land acquired in fiscal year 2006 as compared with fiscal year 2005. The Florida Department of Environmental Protection provided the majority of this revenue from the Florida Forever Trust Fund for land acquisition.

Unrestricted investment earnings increased by \$10.2 million (107.4 percent) above fiscal year 2005 due to the current economic conditions and rising interest rates. The District received a 2.7 percent average yield on its investments during fiscal year 2005 compared with an average yield of 4.2 percent during fiscal year 2006.

Other Revenues decreased by \$14 million (72.5 percent) below fiscal year 2005 due primarily to a parcel of land that was donated in fiscal year 2005 to the District with a fair market value of approximately \$17.9 million, offset by a gain on sale of capital assets of an approximate \$4.2 million in fiscal year 2006.

FY2006 Revenues by Source – Governmental Activities



Expenses

Acquisition, Restoration & Public Works program expenses decreased \$21.5 million (30.4 percent) compared with fiscal year 2005. Expenses included in this program include the development and construction of all capital projects, cooperative projects, land acquisition and the restoration of lands and water bodies. The decrease in expenses is due to a number of different projects relating to this program area. The majority of the decrease is due to a reduction in land acquisition cost caused by the reduction in the number of acres of land acquired in fiscal year 2006 (5,071 acres) as compared with fiscal year 2005 (11,632 acres). Costs associated with the construction of capital projects decreased due to the replacement and construction of the Tampa Service Office Building Number One being completed in fiscal year 2005. Actual expenditures associated with cooperative funding and restoration projects are incurred as work on the projects is completed. Since the projects are often multi-year and the work is generally completed by local governments with the District reimbursing costs, expenditures can fluctuate year to year depending on the status of the projects and when they are completed. A few examples of projects that were either completed in fiscal year 2005 or had less expenditures incurred in fiscal year 2006 as compared to fiscal year 2005 are as follows:

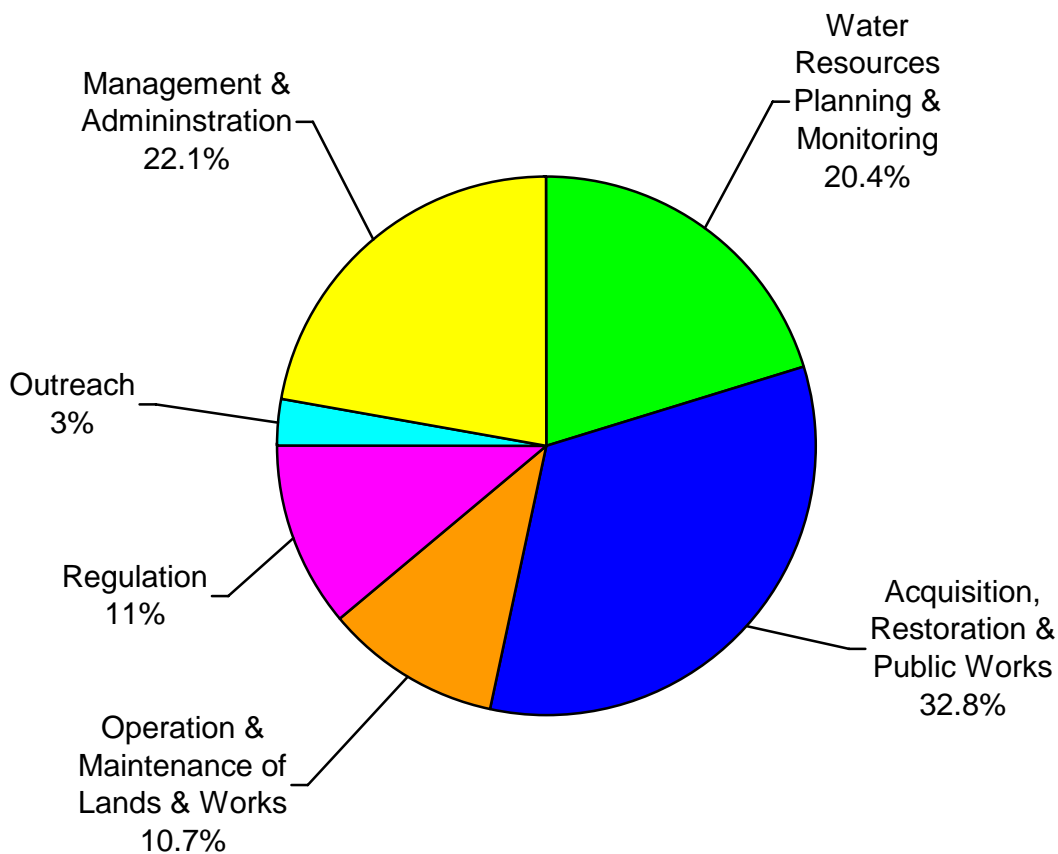
- Pinellas County North/South Beaches Reuse Construction project
- Polk County – Utilities Northeast Service Area Reuse project
- Hurricane Charley – Emergency Watershed Protection project

Operation & Maintenance of Lands and Works program expenses increased \$2.2 million (15.8 percent) compared with fiscal year 2005. Expenses included in this program include all operation and maintenance of facilities, flood control and water supply structures, lands and other works authorized by Chapter 373, Florida Statutes. The increase in expenses is due to a number of different projects relating to program area. There were increased costs associated with the field maintenance of District water control structures and well sites, including mowing, painting, tree trimming and fence repair; land management and maintenance costs associated with the Save Our Rivers Program; and general operating costs such as insurance, utilities, repairs and maintenance of buildings, and parts and supplies.

Outreach program expenses increased \$836 thousand (22.6 percent) compared with fiscal year 2005. Expenses included in this program include environmental education activities, such as water conservation campaigns and water resources education; public information activities; all lobbying activities relating to local, regional, state and federal governmental affairs; and all public relations activities, including public service announcements and advertising in any media. The increase in expenses relates to several areas such as increased funding for public service announcements used to educate the community that presents factual information on the nature, use, and management of water resources; educating teachers and providing educational materials for their use; and supporting a variety of environmental and water resource related projects such as, Florida Yards and Neighborhoods, Adopt-A-Pond, and Watershed Education. A few examples of projects that started incurring expenditures during fiscal year 2006 are as follows:

- Water Conservation Education Theatre Project
- Stormwater Education Program at the Florida Aquarium
- Florida Yards & Neighborhoods - Builder/Developer Coordination

FY2006 Expenses by Program – Governmental Activities



Financial Analysis of the Government's Funds

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

Governmental funds. 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 funding requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At September 30, 2006, the District's governmental funds reported combined ending fund balances of \$453.9 million, an increase of \$86.8 million in comparison with the prior year. Unreserved fund balance totals \$153.7 million. This total includes deficit undesignated fund balances totaling \$35.1 million in the Withlacoochee River Basin, Surface Water Improvement and Management (SWIM) Program, Department of Transportation (DOT) Mitigation and Save Our Rivers funds (see Note III.B, page 36). These balances result from contractual obligations (encumbrances) at year-end that are not eligible for reimbursement until expenditures are incurred against them, thus creating deficit undesignated fund balances at September 30. Without the deficit undesignated fund balances, the combined unreserved fund balance was \$188.8 million available for spending at the District's discretion. Of this amount, the Governing Board has designated \$184.4 million for various purposes including the New Water Sources Initiative, Water Supply and Resource Development, and funding for the fiscal year 2007 budget. Reserved fund balance totals \$300.2 million and is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate \$299.4 million in contracts and purchase orders of the prior period and 2) pay approximately \$0.8 million in estimated claims associated with the District's Workers' Compensation Self-insurance Program.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$123.1 million, while the total fund balance was \$171.2 million. As a measure of the general fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to the total fund expenditures, which amounted to \$88.3 million. Unreserved, undesignated fund balance represents 139.4 percent of the total general fund expenditures, while total fund balance represents 193.9 percent of that same amount.

The fund balance of the District's general fund increased by \$45.5 million during the current fiscal year. The increase is due primarily to \$40.3 million in tax revenue being allocated to fund Water Supply and Resource Development projects that are currently in the planning stages and have only incurred an approximate \$2 million in expenditures during this fiscal year.

The Governing Board has designated \$107.3 million for projects and reserves primarily for the New Water Sources Initiative and Water Supply and Resource Development, \$11.4 million as funding for the fiscal year 2007 budget, and \$0.3 million for the self-funded workers' compensation program. The remaining \$4.1 million is available to offset ad valorem property tax requirements as balance forward in future years.

General Fund Budgetary Highlights

The District's General Fund budget was not amended during fiscal year 2006.

In total, the General Fund revenue budget was \$156 million with actual revenues of \$139.2 million, resulting in a variance of \$16.8 million (10.8 percent). The variance is primarily due to a reduction in intergovernmental revenues offset by increases in interest earnings, licenses and permit fees and other unanticipated revenues.

Intergovernmental revenues are recognized at the time related expenditures are incurred. For fiscal year 2006, the Intergovernmental Revenues budget was \$34.1 million and actual revenues were \$9.2 million, resulting in a variance of \$24.9 million (73 percent). The decrease is due primarily to outside funding being budgeted to fund various District projects that are currently in the planning stages and have not incurred a significant amount of expenditures. As an example, \$12.9 million was budgeted to fund Water Supply and Resource Development projects that are currently in the planning stages and have only incurred an approximate \$1.6 million in expenditures during this fiscal year.

Interest earnings were budgeted at \$3 million and actual earnings were \$7.7 million, resulting in a variance of \$4.7 million (156 percent). The increase is due to the current economic conditions, rising interest rates, a larger amount of invested cash throughout the year and the appreciation in the fair market value of investments.

The District's program areas include a variety of projects, initiatives and reserves that are necessary to carry out the District's mission to preserve and protect the state's water resources (see Note I.D, page 31). The General Fund budget-to-actual expenditure variances are primarily due to encumbrances that exist at year-end for projects that are often multi-year, resulting in expenditures that do not always coincide with the budget period; and reserves established to fund various long-term programs or initiatives consistent with the Regional Water Supply Plan. After removing the encumbrances from the budget-to-actual variances, one program area showed a significant variance.

The District Management and Administration program budget was \$43.3 million and actual expenditures were \$31.9 million. After removing encumbrances totaling \$3.8 million, a variance of \$7.6 million (17.7 percent) remains. The variance is primarily due to: \$3.1 million of budgeted reserves not required in fiscal year 2006; commission expenditures that were \$1.9 million less than anticipated due primarily to the refund of excess commissions from county Property Appraisers and Tax Collectors; legal expenditures that were \$0.8 million less than anticipated due to less litigation filed against the

District; and the Information Resources Department payroll expenditures that were \$0.5 million less than anticipated due to position vacancies and turnover.

These variances will not have a significant effect on future services or liquidity of the District.

Capital Assets

The District's investment in capital assets at September 30, 2006, amounted to \$693.1 million (net of accumulated depreciation). This investment in capital assets includes land, land interests, buildings, machinery and equipment, infrastructure, construction in progress and other capital assets.

Major capital asset events during the current fiscal year include the following:

- The District acquired a fifty percent interest in approximately 5,118 acres within the Green Swamp Wilderness Preserve in Polk County. The District's share of the land acquisition costs (not including ancillary costs) totaled \$24.3 million and was funded from the Florida Forever and Water Management Lands Trust Funds.
- Following are some of the construction in progress projects that were completed during fiscal year 2006:
 - Withlacoochee River Transect #1
 - Withlacoochee River Transect #2
 - Connerton Wellsite
 - Brooksville Building #35 Addition
 - Brooksville Covered Walkways

**Southwest Florida Water Management District's
Capital Assets
(net of depreciation)**

	2006	2005
Land	\$ 528,043,212	\$ 494,673,129
Land Interests (less-than-fee)	32,205,042	32,187,117
Buildings	25,895,143	29,176,649
Machinery and Equipment	8,994,843	7,929,151
Infrastructure	77,930,526	75,073,804
Construction in Progress	19,982,673	13,847,964
Other Capital Assets	32,252	28,452
Total Assets	\$ 693,083,691	\$ 652,916,266

Additional information on the District's capital assets can be found in Note I.E.4 on page 33 and Note IV.E on page 40.

Economic Factors and Next Year's Budgets and Rates

The District's primary source of funding is ad valorem property taxes. Property tax values within the District increased by a historic 26.41 percent in 2006 due to property resales, reassessments and new construction. The property tax levy for fiscal year 2007 budget requirements is based on the tax roll for calendar year 2006. The General Fund Districtwide millage rate and seven of the eight Basin millage rates were held at the fiscal year 2006 levels. The Coastal Rivers Basin lowered its millage rate from 0.235 for fiscal year 2006 to 0.205 for fiscal year 2007. The General Fund Districtwide millage rate has

not been increased for 14 consecutive years and the eight Basin millage rates have been lowered but not been increased for 13 consecutive years. The additional tax revenue from the tax base growth has been dedicated to water resource management projects, including funds allocated for the projects outlined in the Regional Water Supply Plan through 2025 — a major step in ensuring sustainable water supplies and a protected environment for future generations of southwest Floridians.

The 2007 Legislature is currently considering proposed legislation that would impact the millage rates levied by the District and Basins, which if passed, could have a material impact on the District's future budgets beginning with fiscal year 2008. This could seriously impede the District's ability to continue providing financial assistance for sustainable alternative water supply development in the region consistent with the District's Long-Range Water Supply and Water Resource Development Funding Plan through 2025 (i.e., Strategic Funding Plan for the Regional Water Supply Plan).

The current economic conditions and the improving interest rates have positively affected District investment earnings. The District received a 4.2 percent yield on its investments during fiscal year 2006. Interest earnings for fiscal year 2007 were conservatively based on a 4.5 percent rate of return, up from the 3.0 percent assumption used in fiscal year 2006.

During the current fiscal year, the unreserved fund balance in the general fund increased to \$123.1 million. The Governing Board has designated \$107.3 million for projects and reserves primarily for the New Water Sources Initiative and Water Supply and Resource Development, \$11.4 million as funding for the fiscal year 2007 budget, and \$0.3 million for the self-funded workers' compensation program. The remaining \$4.1 million is available to offset ad valorem property tax revenue requirements as balance forward in future years.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information should be addressed to the Office of the Finance Director, Southwest Florida Water Management District, 2379 Broad Street, Brooksville, Florida, 34604-6899; or by calling (352) 796-7211, extension 4121; or by e-mail to Daryl.Pokrana@WaterMatters.org.



Basic Financial Statements

The Basic Financial Statements include both the Government-wide Financial Statements and Fund Financial Statements.

The Government-wide Financial Statements consist of a statement of net assets and a statement of activities which report information about the District as a whole using the economic resource measurement focus and the accrual basis of accounting.

The Fund Financial Statements report additional detailed information about the District's governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting.

**Southwest Florida Water Management District
Statement of Net Assets
September 30, 2006**

ASSETS	<u>Governmental Activities</u>
Cash and Investments	\$ 398,877,519
Receivables	15,475,798
Deposits	25,000
Inventories	94,357
Other Assets	543,294
Restricted assets:	
Cash and Investments	112,472,507
Capital Assets (net of accumulated depreciation)	
Land	528,043,212
Land Interests	32,205,042
Buildings	25,895,143
Machinery and Equipment	8,994,843
Infrastructure	77,930,526
Construction in Progress	19,982,673
Other Capital Assets	32,252
Total Assets	<u>1,220,572,166</u>
 LIABILITIES	
Accounts and Contracts Payable	44,283,105
Payroll and Related Costs	2,770,398
Contracts Payable-Retainage	2,186,017
Due To Other Governments	289,434
Unearned Revenue	20,161,147
Liabilities Payable From Restricted Assets	3,153,615
Noncurrent Liabilities:	
Due Within One Year	1,479,092
Due in More Than One Year	24,636,863
Total Liabilities	<u>98,959,671</u>
 NET ASSETS	
Invested in Capital Assets	693,083,691
Restricted for:	
Partnership Agreement	85,022,824
Unrestricted (Page 43, note V. B.)	343,505,980
Total Net Assets	<u><u>\$ 1,121,612,495</u></u>

The notes to the financial statements are an integral part of this statement.

Southwest Florida Water Management District
Statement of Activities
For the Year Ended September 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Primary government:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Water Resources Planning & Monitoring	\$ 30,510,960	\$ 186,666	\$ 4,023,747	\$ -	\$ (26,300,547)
Acquisition, Restoration & Public Works	49,035,932	-	19,136,863	25,585,607	(4,313,462)
Operation & Maintenance of Lands & Works	15,929,460	1,549,729	5,520,569	-	(8,859,162)
Regulation	16,493,948	4,026,078	424,642	-	(12,043,228)
Outreach	4,543,475	-	-	-	(4,543,475)
Management and Administration	32,988,524	994,953	3,673	-	(31,989,898)
Total governmental activities	\$ 149,502,299	\$ 6,757,426	\$ 29,109,494	\$ 25,585,607	(88,049,772)
General Revenues:					
					189,355,313
					19,640,423
					4,223,961
					1,087,426
					214,307,123
					126,257,351
					995,355,144
					\$1,121,612,495

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
Balance Sheet
Governmental Funds
September 30, 2006**

	General	Alafia River Basin	Hillsborough River Basin	Northwest Hillsborough Basin	Coastal Rivers Basin	Pinellas- Anclote River Basin	Withlacoochee River Basin	Peace River Basin	Manasota Basin	SWIM Program	DOT Mitigation	Partnership Trust	Save Our Rivers	Facilities	Total Governmental Funds
ASSETS															
Cash and Investments	\$ 179,659,514	\$ 8,958,440	\$ 18,857,336	\$ 21,591,582	\$ 10,993,299	\$ 92,184,213	\$ 12,849,978	\$ 26,978,535	\$ 37,847,870	\$ 8,575,832	\$ 1,837,008	\$ 87,865,147	\$ -	\$ 3,151,272	\$ 511,350,026
Due From Other Governments	5,069,778	254,270	710,309	69,480	535,943	536,228	1,107,822	985,352	1,423,574	1,842,512	338,262	-	622,136	289,634	13,785,300
Due From Other Funds	518,617	-	-	-	-	-	-	-	-	-	-	-	-	-	518,617
Interest Receivable	703,410	34,169	62,289	93,848	50,274	415,356	27,856	127,158	168,682	7,456	-	-	-	-	1,690,498
Deposits	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Inventories	84,836	-	-	-	-	-	-	9,521	-	-	-	-	-	-	94,357
Other Assets	534,294	-	-	7,800	450	150	-	150	450	-	-	-	-	-	543,294
Total Assets	186,595,449	9,246,879	19,629,934	21,762,710	11,579,966	93,135,947	13,985,656	28,100,716	39,440,576	10,425,800	2,175,270	87,865,147	622,136	3,440,906	528,007,092
LIABILITIES AND FUND BALANCES															
Liabilities:															
Accounts and Contracts Payable	9,521,766	1,244,611	757,240	1,432,362	2,346,410	16,052,356	1,018,045	4,857,943	3,886,027	3,138,174	90,321	2,842,323	103,519	145,623	47,436,720
Payroll and Related Costs	2,535,381	14,175	35,615	7,708	30,161	27,690	33,232	34,416	25,187	19,781	7,052	-	-	-	2,770,398
Contracts Payable-Retainage	475,858	9,687	7,552	1,480	108,191	16,421	682,463	71,523	17,561	324,703	65,969	-	-	404,609	2,186,017
Due To Other Governments	231,158	-	58,216	-	60	-	-	-	-	-	-	-	-	-	289,434
Due To Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	518,617	-	518,617
Deferred Revenue	2,587,252	161,608	166,400	84,677	119,413	306,090	6,403,429	2,553,977	822,104	5,762,547	1,903,723	-	-	-	20,871,220
Total Liabilities	15,351,415	1,430,081	1,025,023	1,526,227	2,604,235	16,402,557	8,137,169	7,517,859	4,750,879	9,245,205	2,067,065	2,842,323	622,136	550,232	74,072,406
Fund Balances:															
Reserved for Encumbrances	47,390,032	3,682,734	8,507,146	13,696,225	6,459,251	46,618,207	10,758,186	18,486,410	26,550,368	25,976,901	1,186,127	85,000,000	4,312,706	815,119	299,439,412
Reserved for Workers' Compensation Claims	759,000	-	-	-	-	-	-	-	-	-	-	-	-	-	759,000
Unreserved:															
Designated for Future Projects	104,799,687	3,023,914	3,127,854	4,952,734	1,542,284	24,050,772	-	688,514	6,103,506	-	-	-	-	1,632,311	149,921,576
Designated for Subsequent Year's Expenditures	11,446,038	1,110,150	6,969,911	1,587,524	974,196	6,064,411	-	1,407,933	2,035,823	-	-	-	-	154,901	31,750,887
Designated for Workers' Compensation Self-Insurance Program	263,260	-	-	-	-	-	-	-	-	-	-	-	-	-	263,260
Designated for NWSI/Partnership Reserve	2,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500,000
Undesignated	4,086,017	-	-	-	-	-	(4,909,699)	-	-	(24,796,306)	(1,077,922)	22,824	(4,312,706)	288,343	(30,699,449)
Total Fund Balances	171,244,034	7,816,798	18,604,911	20,236,483	8,975,731	76,733,390	5,848,487	20,582,857	34,689,697	1,180,595	108,205	85,022,824	-	2,890,674	453,934,686
Total Liabilities and Fund Balances	\$ 186,595,449	\$ 9,246,879	\$ 19,629,934	\$ 21,762,710	\$ 11,579,966	\$ 93,135,947	\$ 13,985,656	\$ 28,100,716	\$ 39,440,576	\$ 10,425,800	\$ 2,175,270	\$ 87,865,147	\$ 622,136	\$ 3,440,906	

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

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

693,083,691

Delinquent taxes are not available to pay for current period expenditures and, therefore, amounts are deferred in the funds.

710,073

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

(26,115,955)

Net assets of governmental activities

\$ 1,121,612,495

The notes to the financial statements are an integral part of this statement.

Southwest Florida Water Management District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2006

	General	Alafia River Basin	Hillsborough River Basin	Northwest Hillsborough Basin	Coastal Rivers Basin	Pinellas-Anclote River Basin	Withlacoochee River Basin	Peace River Basin	Manasota Basin	SWIM Program	DOT Mitigation	Partnership Trust	Save Our Rivers	Facilities	Total Governmental Funds
REVENUES															
Ad Valorem Property Taxes	\$ 115,088,950	\$ 4,251,799	\$ 10,084,129	\$ 5,690,823	\$ 4,449,920	\$ 25,938,951	\$ 3,701,008	\$ 6,760,928	\$ 11,011,650	\$ -	\$ -	\$ -	\$ -	\$ 2,400,000	\$ 189,378,158
Intergovernmental Revenues	9,199,513	289,122	1,294,480	61,289	773,127	573,420	6,451,939	2,144,266	1,681,519	5,733,477	1,561,637	-	25,483,260	289,634	55,536,683
Interest on Invested Funds	7,680,872	369,375	666,926	1,020,993	550,405	4,526,909	305,257	1,399,096	1,837,557	60,644	85,798	1,136,591	-	-	19,640,423
License and Permit Fees	4,026,078	-	-	-	-	-	-	-	-	-	-	-	-	-	4,026,078
Other	3,188,322	6,796	17,397	9,828	181,670	95,435	11,298	10,451	21,170	-	-	-	-	-	3,542,367
Total Revenues	139,183,735	4,917,092	12,062,932	6,782,933	5,955,122	31,134,715	10,469,502	10,314,741	14,551,896	5,794,121	1,647,435	1,136,591	25,483,260	2,689,634	272,123,709
EXPENDITURES															
Current:															
Water Resources Planning and Monitoring	17,490,120	407,816	1,826,718	492,490	1,153,307	1,262,741	2,590,314	1,715,597	2,025,823	1,309,351	-	-	-	-	30,274,277
Acquisition, Restoration and Public Works	11,656,736	1,135,122	565,894	1,280,168	1,666,303	11,510,166	4,656,916	3,511,376	3,138,127	6,417,365	1,561,637	15,140,534	25,287,966	1,102,864	88,631,174
Operations and Maintenance of Lands and Works	9,541,300	438,073	1,780,014	156,341	548,841	345,074	1,780,959	1,066,304	858,596	-	-	-	195,294	-	16,710,796
Regulation	16,280,759	-	-	-	-	-	-	-	-	-	-	-	-	-	16,280,759
Outreach	1,539,809	219,794	442,111	273,836	212,579	728,995	220,467	419,397	330,758	127,124	-	-	-	-	4,514,870
Management and Administration	31,813,962	76,430	162,299	85,155	102,598	575,969	122,301	199,478	49,395	-	-	-	-	-	33,187,587
Total Expenditures	88,322,686	2,277,235	4,777,036	2,287,990	3,683,628	14,422,945	9,370,957	6,912,152	6,402,699	7,853,840	1,561,637	15,140,534	25,483,260	1,102,864	189,599,463
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,861,049	2,639,857	7,285,896	4,494,943	2,271,494	16,711,770	1,098,545	3,402,589	8,149,197	(2,059,719)	85,798	(14,003,943)	-	1,586,770	82,524,246
OTHER FINANCING SOURCES (USES)															
Transfers In	-	-	-	-	-	-	-	-	-	2,149,897	-	12,062,098	-	-	14,211,995
Transfers Out	(5,359,395)	(635,627)	(2,901,102)	(681,168)	(590,855)	(3,042,205)	(141,500)	(408,525)	(451,618)	-	-	-	-	-	(14,211,995)
Sale of Capital Assets	-	-	4,289,660	-	-	-	-	-	-	-	-	-	-	-	4,289,660
Total Other Financing Sources and Uses	(5,359,395)	(635,627)	1,388,558	(681,168)	(590,855)	(3,042,205)	(141,500)	(408,525)	(451,618)	2,149,897	-	12,062,098	-	-	4,289,660
Net Change In Fund Balances	45,501,654	2,004,230	8,674,454	3,813,775	1,680,639	13,669,565	957,045	2,994,064	7,697,579	90,178	85,798	(1,941,845)	-	1,586,770	86,813,906
Fund Balances - Beginning	125,742,380	5,812,568	9,930,457	16,422,708	7,295,092	63,063,825	4,891,442	17,588,793	26,992,118	1,090,417	22,407	86,964,669	-	1,303,904	367,120,780
Fund Balances - Ending	\$ 171,244,034	\$ 7,816,798	\$ 18,604,911	\$ 20,236,483	\$ 8,975,731	\$ 76,733,390	\$ 5,848,487	\$ 20,582,857	\$ 34,689,697	\$ 1,180,595	\$ 108,205	\$ 85,022,824	\$ -	\$ 2,890,674	\$ 453,934,686

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances -- total governmental funds	\$ 86,813,906
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	40,920,405
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and adjustments) resulted in a net decrease to net assets.	(752,980)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. However, delinquent taxes recorded as of September 30, 2006 were less than the amount recorded at prior year end, resulting in a net decrease to income.	(22,845)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(701,135)
Change in net assets of governmental activities	\$ 126,257,351

The notes to the financial statements are an integral part of this statement.

Southwest Florida Water Management District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	\$ 114,285,827	\$ 115,088,950	\$ 803,123
Intergovernmental Revenues	34,092,416	9,199,513	(24,892,903)
Interest on Invested Funds	3,000,000	7,680,872	4,680,872
License and Permit Fees	3,000,000	4,026,078	1,026,078
Other	1,636,182	3,188,322	1,552,140
Total Revenues	156,014,425	139,183,735	(16,830,690)
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	31,214,805	17,490,120	13,724,685
Acquisition, Restoration and Public Works	148,883,817	11,656,736	137,227,081
Operations and Maintenance of Lands and Works	10,283,435	9,541,300	742,135
Regulation	19,053,802	16,280,759	2,773,043
Outreach	1,898,303	1,539,809	358,494
Management and Administration	43,278,299	31,813,962	11,464,337
Total Expenditures	254,612,461	88,322,686	166,289,775
Excess (Deficiency) of Revenues Over (Under) Expenditures	(98,598,036)	50,861,049	149,459,085
OTHER FINANCING SOURCES (USES)			
Transfers Out	(6,925,120)	(5,359,395)	1,565,725
Net Change In Fund Balance	(105,523,156)	45,501,654	151,024,810
Fund Balance - Beginning	105,523,156	125,742,380	20,219,224
Fund Balance - Ending	\$ -	\$ 171,244,034	\$ 171,244,034

The notes to the financial statements are an integral part of this statement.

Southwest Florida Water Management District
Alafia River Basin Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	\$ 4,248,798	\$ 4,251,799	\$ 3,001
Intergovernmental Revenues	1,815,403	289,122	(1,526,281)
Interest on Invested Funds	125,000	369,375	244,375
Other	-	6,796	6,796
Total Revenues	6,189,201	4,917,092	(1,272,109)
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	1,181,793	407,816	773,977
Acquisition, Restoration and Public Works	6,272,470	1,135,122	5,137,348
Operations and Maintenance of Lands and Works	1,385,957	438,073	947,884
Outreach	337,809	219,794	118,015
Management and Administration	345,567	76,430	269,137
Total Expenditures	9,523,596	2,277,235	7,246,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,334,395)	2,639,857	5,974,252
OTHER FINANCING SOURCES (USES)			
Transfers Out	(2,241,463)	(635,627)	1,605,836
Net Change In Fund Balance	(5,575,858)	2,004,230	7,580,088
Fund Balance - Beginning	5,575,858	5,812,568	236,710
Fund Balance - Ending	\$ -	\$ 7,816,798	\$ 7,816,798

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
Hillsborough River Basin Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	\$ 9,990,292	\$ 10,084,129	\$ 93,837
Intergovernmental Revenues	7,095,292	1,294,480	(5,800,812)
Interest on Invested Funds	250,000	666,926	416,926
Other	-	17,397	17,397
Total Revenues	17,335,584	12,062,932	(5,272,652)
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	4,225,169	1,826,718	2,398,451
Acquisition, Restoration and Public Works	11,547,477	565,894	10,981,583
Operations and Maintenance of Lands and Works	4,660,496	1,780,014	2,880,482
Outreach	749,455	442,111	307,344
Management and Administration	817,151	162,299	654,852
Total Expenditures	21,999,748	4,777,036	17,222,712
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,664,164)	7,285,896	11,950,060
OTHER FINANCING SOURCES (USES)			
Transfers Out	(4,603,298)	(2,901,102)	1,702,196
Sale of Capital Assets	-	4,289,660	4,289,660
Total Other Financing Sources and Uses	(4,603,298)	1,388,558	5,991,856
Net Change In Fund Balance	(9,267,462)	8,674,454	17,941,916
Fund Balance - Beginning	9,267,462	9,930,457	662,995
Fund Balance - Ending	\$ -	\$ 18,604,911	\$ 18,604,911

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
Northwest Hillsborough Basin Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Ad Valorem Property Taxes	\$ 5,669,310	\$ 5,690,823	\$ 21,513
Intergovernmental Revenues	2,266,283	61,289	(2,204,994)
Interest on Invested Funds	350,000	1,020,993	670,993
Other	-	9,828	9,828
Total Revenues	<u>8,285,593</u>	<u>6,782,933</u>	<u>(1,502,660)</u>
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	762,494	492,490	270,004
Acquisition, Restoration and Public Works	20,878,221	1,280,168	19,598,053
Operations and Maintenance of Lands and Works	549,950	156,341	393,609
Outreach	452,803	273,836	178,967
Management and Administration	486,735	85,155	401,580
Total Expenditures	<u>23,130,203</u>	<u>2,287,990</u>	<u>20,842,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,844,610)	4,494,943	19,339,553
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,234,718)	(681,168)	553,550
Net Change In Fund Balance	<u>(16,079,328)</u>	<u>3,813,775</u>	<u>19,893,103</u>
Fund Balance - Beginning	16,079,328	16,422,708	343,380
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 20,236,483</u>	<u>\$ 20,236,483</u>

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
Coastal Rivers Basin Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Ad Valorem Property Taxes	\$ 4,405,125	\$ 4,449,920	\$ 44,795
Intergovernmental Revenues	3,872,644	773,127	(3,099,517)
Interest on Invested Funds	200,000	550,405	350,405
Other	225,000	181,670	(43,330)
Total Revenues	<u>8,702,769</u>	<u>5,955,122</u>	<u>(2,747,647)</u>
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	3,426,874	1,153,307	2,273,567
Acquisition, Restoration and Public Works	9,320,135	1,666,303	7,653,832
Operations and Maintenance of Lands and Works	1,350,277	548,841	801,436
Outreach	397,553	212,579	184,974
Management and Administration	449,694	102,598	347,096
Total Expenditures	<u>14,944,533</u>	<u>3,683,628</u>	<u>11,260,905</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,241,764)	2,271,494	8,513,258
OTHER FINANCING SOURCES (USES)			
Transfers Out	(794,690)	(590,855)	203,835
Net Change In Fund Balance	<u>(7,036,454)</u>	1,680,639	8,717,093
Fund Balance - Beginning	7,036,454	7,295,092	258,638
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 8,975,731</u>	<u>\$ 8,975,731</u>

The notes to the financial statements are an integral part of this statement.

Southwest Florida Water Management District
Pinellas-Anclote River Basin Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Ad Valorem Property Taxes	\$ 25,745,112	\$ 25,938,951	\$ 193,839
Intergovernmental Revenues	7,861,056	573,420	(7,287,636)
Interest on Invested Funds	1,500,000	4,526,909	3,026,909
Other	-	95,435	95,435
TOTAL REVENUES	<u>35,106,168</u>	<u>31,134,715</u>	<u>(3,971,453)</u>
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	3,447,518	1,262,741	2,184,777
Acquisition, Restoration and Public Works	77,894,372	11,510,166	66,384,206
Operations and Maintenance of Lands and Works	4,130,696	345,074	3,785,622
Outreach	1,522,266	728,995	793,271
Management and Administration	2,301,626	575,969	1,725,657
Total Expenditures	<u>89,296,478</u>	<u>14,422,945</u>	<u>74,873,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,190,310)	16,711,770	70,902,080
OTHER FINANCING SOURCES (USES)			
Transfers Out	(7,037,731)	(3,042,205)	3,995,526
Net Change In Fund Balance	<u>(61,228,041)</u>	<u>13,669,565</u>	<u>74,897,606</u>
Fund Balance - Beginning	61,228,041	63,063,825	1,835,784
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 76,733,390</u>	<u>\$ 76,733,390</u>

The notes to the financial statements are an integral part of this statement.

Southwest Florida Water Management District
Withlacoochee River Basin Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	3,686,350	3,701,008	14,658
Intergovernmental Revenues	14,368,527	6,451,939	(7,916,588)
Interest on Invested Funds	100,000	305,257	205,257
Other	-	11,298	11,298
Total Revenues	\$ 18,154,877	\$ 10,469,502	\$ (7,685,375)
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	5,156,042	2,590,314	2,565,728
Acquisition, Restoration and Public Works	12,958,128	4,656,916	8,301,212
Operations and Maintenance of Lands and Works	2,740,267	1,780,959	959,308
Outreach	348,577	220,467	128,110
Management and Administration	394,660	122,301	272,359
Total Expenditures	21,597,674	9,370,957	12,226,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,442,797)	1,098,545	4,541,342
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,384,067)	(141,500)	1,242,567
Net Change In Fund Balance	(4,826,864)	957,045	5,783,909
Fund Balance - Beginning	4,826,864	4,891,442	64,578
Fund Balance - Ending	\$ -	\$ 5,848,487	\$ 5,848,487

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
Peace River Basin Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	\$ 6,697,190	\$ 6,760,928	\$ 63,738
Intergovernmental Revenues	21,786,326	2,144,266	(19,642,060)
Interest on Invested Funds	500,000	1,399,096	899,096
Other	-	10,451	10,451
Total Revenues	28,983,516	10,314,741	(18,668,775)
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	3,476,598	1,715,597	1,761,001
Acquisition, Restoration and Public Works	36,992,273	3,511,376	33,480,897
Operations and Maintenance of Lands and Works	3,052,285	1,066,304	1,985,981
Outreach	673,286	419,397	253,889
Management and Administration	681,284	199,478	481,806
Total Expenditures	44,875,726	6,912,152	37,963,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,892,210)	3,402,589	19,294,799
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,134,401)	(408,525)	725,876
Net Change In Fund Balance	(17,026,611)	2,994,064	20,020,675
Fund Balance - Beginning	17,026,611	17,588,793	562,182
Fund Balance - Ending	\$ -	\$ 20,582,857	\$ 20,582,857

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
 Manasota Basin Special Revenue Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2006**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Ad Valorem Property Taxes	\$ 10,948,147	\$ 11,011,650	\$ 63,503
Intergovernmental Revenues	6,902,009	1,681,519	(5,220,490)
Interest on Invested Funds	650,000	1,837,557	1,187,557
Other	-	21,170	21,170
Total Revenues	<u>18,500,156</u>	<u>14,551,896</u>	<u>(3,948,260)</u>
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	6,138,295	2,025,823	4,112,472
Acquisition, Restoration and Public Works	32,522,952	3,138,127	29,384,825
Operations and Maintenance of Lands and Works	1,840,779	858,596	982,183
Outreach	563,896	330,758	233,138
Management and Administration	1,006,110	49,395	956,715
Total Expenditures	<u>42,072,032</u>	<u>6,402,699</u>	<u>35,669,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,571,876)	8,149,197	31,721,073
OTHER FINANCING SOURCES (USES)			
Transfers Out	(3,472,301)	(451,618)	3,020,683
Net Change In Fund Balance	<u>(27,044,177)</u>	<u>7,697,579</u>	<u>34,741,756</u>
Fund Balance - Beginning	27,044,177	26,992,118	(52,059)
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 34,689,697</u>	<u>\$ 34,689,697</u>

The notes to the financial statements are an integral part of this statement.

Southwest Florida Water Management District
SWIM Program Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 31,706,699	\$ 5,733,477	\$ (25,973,222)
Interest on Invested Funds	-	60,644	60,644
Total Revenues	31,706,699	5,794,121	(25,912,578)
EXPENDITURES			
Current:			
Water Resources Planning and Monitoring	2,982,265	1,309,351	1,672,914
Acquisition, Restoration and Public Works	42,000,703	6,417,365	35,583,338
Outreach	411,050	127,124	283,926
Total Expenditures	45,394,018	7,853,840	37,540,178
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,687,319)	(2,059,719)	11,627,600
OTHER FINANCING SOURCES (USES)			
Transfers In	13,687,319	2,149,897	(11,537,422)
Net Change In Fund Balance	-	90,178	90,178
Fund Balance - Beginning	-	1,090,417	1,090,417
Fund Balance - Ending	\$ -	\$ 1,180,595	\$ 1,180,595

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
DOT Mitigation Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 6,837,554	\$ 1,561,637	\$ (5,275,917)
Interest on Invested Funds	-	85,798	85,798
Total Revenues	6,837,554	1,647,435	(5,190,119)
EXPENDITURES			
Current:			
Acquisition, Restoration and Public Works	6,837,554	1,561,637	5,275,917
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	85,798	85,798
Fund Balance - Beginning	-	22,407	22,407
Fund Balance - Ending	\$ -	\$ 108,205	\$ 108,205

The notes to the financial statements are an integral part of this statement.

**Southwest Florida Water Management District
Partnership Trust Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Interest on Invested Funds	\$ <u> -</u>	\$ <u> 1,136,591</u>	\$ <u> 1,136,591</u>
EXPENDITURES			
Current:			
Acquisition, Restoration and Public Works	<u> 100,140,538</u>	<u> 15,140,534</u>	<u> 85,000,004</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (100,140,538)</u>	<u> (14,003,943)</u>	<u> 86,136,595</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u> 15,140,538</u>	<u> 12,062,098</u>	<u> (3,078,440)</u>
Net Change In Fund Balance	<u> (85,000,000)</u>	<u> (1,941,845)</u>	<u> 83,058,155</u>
Fund Balance - Beginning	<u> 85,000,000</u>	<u> 86,964,669</u>	<u> 1,964,669</u>
Fund Balance - Ending	<u><u> -</u></u>	<u><u> 85,022,824</u></u>	<u><u> 85,022,824</u></u>

The notes to the financial statements are an integral part of this statement.



Notes to the Financial Statements

The notes to the financial statements contain a summary of significant accounting policies and other notes considered necessary for a clear understanding of the financial statements.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

Description

The Southwest Florida Water Management District (District) is one of five regional water management districts charged by Chapter 373 of the Florida Statutes to preserve and protect the state's water resources. The District covers all or parts of 16 counties along Florida's central west coast. Approximately 17 percent of the state's total land area and roughly a quarter of its population are contained within the boundaries of the District, which stretches from Levy County in the north to Charlotte County in the south and inland as far as Highlands and Polk counties.

I. Summary of significant accounting policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting entity

The District is an independent special district of the State of Florida and is governed by an eleven-member board, which is appointed by the Governor of Florida and confirmed by the Senate. As required by GAAP, these financial statements include all operations for which the District is financially accountable. The District is a component unit of the State of Florida for financial reporting purposes and these financial statements will be included in the State of Florida's Comprehensive Annual Financial Report as a discretely presented component unit for the fiscal year ending June 30, 2007.

B. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities that report information about the District as a whole. The statement of net assets reports all financial and capital resources.

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

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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. Ad valorem

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

property taxes are recognized as revenues in the year for which they are levied. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when such liabilities have matured.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Intergovernmental revenues are recognized at the time related expenditures are incurred, if such amounts are expected to be collected within one year. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The District has eleven *special revenue funds* that are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Eight of the District's special revenue funds are watershed basins that are financed by ad valorem property taxes and supplemented by grants from federal, state and local governments. The basins account for revenue sources that are legally restricted to expenditures for specified purposes within the respective basin, offering a local perspective to water management projects and programs. A unique fund has been established for each of the individual watershed basins as follows:

- Alafia River Basin
- Hillsborough River Basin
- Northwest Hillsborough Basin
- Coastal Rivers Basin
- Pinellas-Anclote River Basin
- Withlacoochee River Basin
- Peace River Basin
- Manasota Basin

The *SWIM Program Fund* accounts for revenue sources received from the State of Florida and local governments that are legally restricted for the restoration and preservation of surface waters as provided in the Surface Water and Improvement Management (SWIM) Act created by the Florida State Legislature (see Note I.E.7, page 34).

The *DOT Mitigation Fund* accounts for revenue sources received from the State of Florida that are restricted for mitigation activities, pursuant to Section 373.4137, Florida Statutes. The state-mandated Florida Department of Transportation (FDOT) program requires that mitigation to offset the adverse wetland impacts of transportation projects be funded by the FDOT and be carried out through the Florida Department of Environmental Protection and the water management districts, in consultation with federal, state and local agencies' regulatory requirements (see Note I.E.7, page 34).

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
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The *Partnership Trust Fund* accounts for activities as defined by the Northern Tampa Bay New Water Supply and Ground Water Withdrawal Reduction Agreement. The objectives to be achieved by this agreement are developing water supply and reducing ground water pumpage, ending litigation among the parties to the agreement, and providing District financial assistance to Tampa Bay Water (see Note V.B, page 43).

The District has two *capital projects funds* that are maintained to account for financial resources to be used for the acquisition or construction of major capital projects.

The *Save Our Rivers Fund* accounts for financial resources received from the State of Florida and local governments for the acquisition of lands necessary for water management, water supply, and conservation of water resources under the Save Our Rivers and Florida Forever land acquisition programs (see Note I.E.7, page 34).

The *Facilities Fund* accounts for financial resources from the District's general fund for the acquisition of land and construction and major renovations of District facilities.

D. Classification of expenditures

The District currently categorizes the revenues, expenditures, and budget data it submits to the Governor's Office, the Department of Environmental Protection and the Legislature by six program areas. These programs, which are set forth in Section 373.536(5)(d)4, Florida Statutes, are:

1.0 Water Resources Planning and Monitoring

This program includes all water management planning, including water supply planning, development of minimum flows and levels, and other water resource planning; research, data collection, analysis, and monitoring; and technical assistance (including local and regional plan and program review).

2.0 Acquisition, Restoration and Public Works

This program includes the development and construction of all capital projects (except for those contained in Program 3.0), including water resource development projects/water supply development assistance, water control projects, and support and administrative facilities construction; cooperative projects; land acquisition (including Save Our Rivers/Florida Forever); and the restoration of lands and water bodies.

3.0 Operation and Maintenance of Lands and Works

This program includes all operation and maintenance of facilities, flood control and water supply structures, lands, and other works authorized by Chapter 373, Florida Statutes.

4.0 Regulation

This program includes water use permitting, water well construction permitting, water well contractor licensing, environmental resource and surface water management permitting, permit administration and enforcement, and any delegated regulatory program.

5.0 Outreach (Public Education)

This program includes all environmental education activities, such as water conservation campaigns and water resources education; public information activities; all lobbying activities relating to local, regional, state, and federal governmental affairs; and all public relations activities, including public service announcements and advertising in any media.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
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6.0 Management and Administration

This program includes all Governing and Basin Board support; executive support; management information systems; unrestricted reserves; and general counsel, ombudsman, human resources, finance, audit, risk management, and administrative services.

E. Assets, liabilities, and net assets

1. Cash and investments.

Cash balances are pooled for investment purposes with the exception of restricted assets, which are separately invested. Cash includes cash-on-hand and demand deposits. Interest earned from investments is allocated to the respective funds based on each fund's average equity in the pooled fund.

Investments are stated at fair value pursuant to GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. It is the practice of the District to hold all government securities to maturity.

The District has limited its investments to the following investments authorized in Section 218.415, Florida Statutes: (a) Local Government Surplus Funds Trust Fund; (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, limited to two types of money market funds: (1) Treasury funds investing exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities or (2) Government funds which invest in U.S. Treasury and U.S. government agency and instrumentalities securities and repurchase agreements collateralized by U.S. government securities; (c) Savings accounts in state-certified public depositories, as defined in Section 280.02, Florida Statutes; (d) Certificates of deposit in state-certified public depositories, as defined in Section 280.02, Florida Statutes; (e) Direct obligations of the U.S. Treasury; and (f) Direct obligations of federal agencies and instrumentalities.

2. Inventories.

Inventories are carried at average cost and consist of expendable supplies held for consumption. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

3. Restricted assets.

Certain proceeds, including interest income, of the General Fund (\$3,540,788), Alafia River Basin Fund (\$202,719), Hillsborough River Basin Fund (\$253,346), Northwest Hillsborough Basin Fund (\$131,740), Coastal Rivers Basin Fund (\$81,071), Pinellas-Anclote River Basin Fund (\$435,755), Withlacoochee River Basin Fund (\$7,273,251), Peace River Basin Fund (\$2,788,605), Manasota Basin Fund (\$827,094), SWIM Program Fund (\$6,714,296), DOT Mitigation Fund (\$2,056,271), Save Our Rivers Fund (\$302,424), and the Partnership Trust Fund (\$87,865,147) are classified as restricted assets on the statement of net assets because their use is limited to specific purposes as identified within their related agreements. As long as these agreements are in effect, the cash balances, which are maintained in separate investment accounts, cannot be used for any other purpose.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
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4. Capital assets.

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., bridges, water control structures, levees and similar items), are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available. Maintenance, repairs and minor renovations are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	5 - 50
Machinery & Equipment	3 - 25
Infrastructure	20 - 50
Other	5

5. Compensated absences.

District employees earn vacation and sick leave benefits based on hours worked. Vacation leave benefits are fully vested when earned and employees can carry forward from one fiscal year to the next up to 360 hours of accumulated vacation leave. Sick leave benefits do not vest until an employee has earned five years of creditable service with the District. Upon retirement, death, resignation or separation in good standing, an employee is eligible to receive, at his/her current rate of pay, 100 percent of accumulated vacation benefits and either 25, 30 or 35 percent (depending on their number of years of service) of accumulated vested sick leave benefits (up to a maximum of 480 hours).

The accrued liability for compensated absences represents the liability for accrued vacation and sick leave benefits for employees currently eligible or likely to become eligible to receive those leave benefits in the future. The District permits employees to accumulate earned but unused vacation and sick leave benefits. The amount estimated to be used in subsequent fiscal years is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Fund balance.

The reserved portion of fund balance of the governmental fund types is reported to indicate the portion of the fund balance that 1) is not appropriable for expenditure or 2) is legally segregated for a specific future use.

The unreserved portion of fund balance is classified as either designated or undesignated. Designated fund balance identifies tentative plans for the future use of financial resources. Undesignated fund balance is available for future appropriation.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
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7. State trust funds.

Under Florida Statutes, the District is entitled to monies from the State of Florida, which are allocated and appropriated to various trust funds. Monies are released to the District for various programs when eligibility requirements have been met. It is the District's policy to recognize monies received through these state trust funds as intergovernmental revenues at the time an eligible cost has been incurred.

The Water Management Lands Trust Fund was established in 1981 pursuant to Section 373.59, Florida Statutes. Funded primarily from a portion of the documentary stamp taxes collected by the state, the nonlapsing trust fund provides funding to the District for 1) land acquisition; 2) ongoing management, maintenance, and capital improvements of lands; 3) payments in lieu of taxes; 4) preacquisition costs associated with land purchases; and 5) the Surface Water Improvement and Management (SWIM) Program. Revenues received from the trust fund are accounted for in the District's general fund, the watershed basin funds, the SWIM Program Fund and the Save Our Rivers Fund. The Florida Department of Environmental Protection (FDEP) has oversight responsibility for this trust fund.

The Florida Forever Trust Fund was established in 1999 pursuant to Section 259.1051, Florida Statutes. The Florida Forever program is the successor program to the Florida Preservation 2000 program. The Trust is funded through bond proceeds and may be used for 1) the acquisition of environmentally significant lands (at least 50 percent of trust funds must be used for land acquisition); 2) water resource development; 3) regional water supply planning; and 4) the SWIM Program. Revenues received from the trust fund are accounted for in the Save Our Rivers Fund. The FDEP has oversight responsibility for this trust fund.

The Ecosystem Management and Restoration Trust Fund was established in 1996 pursuant to Section 403.1651, Florida Statutes. The trust fund is funded through various sources, such as documentary stamp taxes, transfers from other trust funds, general revenues, interest earnings and fines. It provides funding to the District for the detailed planning and implementation of programs for the management and restoration of ecosystems, including the SWIM Program and the restoration of Lake Panasoffkee and the Weeki Wachee River. Revenues received from the trust fund are accounted for in the District's general fund, the watershed basin funds, and the SWIM Program Fund. The FDEP has oversight responsibility for this trust fund.

The Water Protection Sustainability Program Trust Fund was established in 2005 pursuant to Section 403.890 of the Florida Statutes and is funded by excise tax proceeds. The State's Water Protection and Sustainability Program (WPSP) provides funds for the District Governing and Basin Boards' highly effective partnership programs (i.e., New Water Sources Initiative, Water Supply and Resource Development, and Cooperative Funding) for alternative water supply development assistance, and for the Basin Boards' Surface Water Improvement Management (SWIM) Program and other surface water restoration activities in the water management district designated priority water bodies. Revenues received from the trust fund are accounted for in the District's general fund, the watershed basin funds, and the SWIM Program Fund. The Florida Department of Environmental Protection (FDEP) has oversight responsibility for this trust fund.

The State Transportation Trust Fund was established in 1931 pursuant to Section 206.46, Florida Statutes. The trust fund is funded through gas tax proceeds as authorized by Chapter 83-3, Laws of Florida, and such other funds which accrue to the Florida Department of Transportation (FDOT) which are not required to be maintained in separate trust funds. It provides funding to the District for mitigation activities that offset the adverse wetland impacts of transportation projects. Revenues

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
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received from the trust fund are accounted for in the District's general fund (indirect charges) and the DOT Mitigation Fund. The FDOT has oversight responsibilities for this trust fund.

8. Use of estimates.

Management of the District has made a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets.

The governmental funds balance sheet includes a reconciliation between *fund balances—total governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets.

One element of that reconciliation states that “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.”

The details of the \$26,115,955 difference are as follows:

Judgment (Skyway Trap and Skeet Club, Inc., see Note IV.H., page 42)	\$19,564,003
Compensated Absences	5,792,952
Claims (Workers' Compensation)	<u>759,000</u>
Net adjustment to reduce <i>fund balances—total governmental funds</i> to arrive at <i>net assets of governmental activities</i>	<u>\$26,115,955</u>

B. Explanation of the differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances—total governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

The details of this \$40,920,405 difference are as follows:

Capital outlay	\$43,929,190
Depreciation expense	<u>(3,008,785)</u>
Net adjustment to increase <i>net change in fund balances—total governmental funds</i> to arrive at <i>change in net assets of governmental activities</i>	<u>\$40,920,405</u>

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
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Another element of that reconciliation states that, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets." In the statement of activities, only the gain on the sale of capital assets is reported which caused the difference of \$752,980. However, in the governmental funds, the proceeds from the sale increased financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.

Another element of that reconciliation states "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The \$22,845 difference is the net effect of taxes related to the current period that should be recorded as revenue, and taxes relating to prior years that were eliminated from revenues.

The final element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds."

The details of this \$701,135 difference are as follows:

Judgment (Skyway Trap and Skeet Club, Inc., see Note IV.H., page 42)	\$(184,724)
Workers' Compensation Claims	54,000
Compensated absences	<u>831,859</u>
<i>Net adjustment to decrease net change in fund balances – total governmental funds to arrive at change in net assets of governmental activities</i>	<u><u>\$701,135</u></u>

III. Stewardship, compliance and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted by the Governing and Basin Boards for all governmental funds and may be amended by District Governing Board action for supplemental budgetary appropriations. Remaining appropriations encumbered or designated for future projects at fiscal year-end are carried forward and reappropriated in the following fiscal year. Unencumbered or undesignated appropriations lapse at fiscal year-end.

The District Governing Board approves budget transfers among departments and capital projects during the year. Expenditures in excess of appropriations in one or more departments of a fund do not constitute a violation of budgetary controls as long as total expenditures do not exceed total appropriations for the fund. Budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

B. Deficit undesignated fund equity

A deficit undesignated fund balance exists in the Withlacoochee River Basin Fund (\$4,909,699), the SWIM Program Fund (\$24,796,306), the DOT Mitigation Fund (\$1,077,922), and the Save Our Rivers Fund (\$4,312,706). These deficits result from contractual obligations (encumbrances) at year-end that are not eligible for reimbursement until expenditures are incurred against them, thus creating a deficit undesignated fund balance at September 30, 2006.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
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IV. Detailed notes

A. Cash and investments

Deposits: At September 30, 2006, the District's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

At September 30, 2006, the carrying amount of the District's cash demand deposit account was a deficit (\$1,347,245) and the bank balance was \$1,108,075. The District actively manages its cash balance and invests excess cash on a daily basis. This may result in a negative book balance. However, a positive bank balance is maintained at all times.

Investments: The District's investment policy is written in accordance with Sections 373.556 and 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 objectives of the District's investment policy are to provide safety of capital, liquidity of funds and the optimal rate of return on investments at the time of investment.

As of September 30, 2006 the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 273,904,450	0.86
State Board of Administration Investment Pool	238,790,421	0.09
Total Fair Value	<u>\$ 512,694,871</u>	
Portfolio weighted average maturity		0.50

Interest rate risk: In accordance with the District's investment policy, the exposure to declines in fair values is managed by limiting the weighted average maturity of its investment portfolio to three years or less. Of the District's investments in U.S. Agencies, \$136,047,205 is callable by the issuer and is subject to the risk of being called prior to maturity. The District's investments have various call dates. It is assumed that the investments will not be called.

Credit Risk: All of the District's investments in the U.S. Agencies were rated AAA by Standard and Poors and Aaa by Moody's Investor Services. The State Board of Administration Investment Pool is an external investment pool that is not registered with the Securities Exchange commission (SEC), but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the District's investments in the State Board of Administration Investment Pool have been determined based on the pool's share price, which approximates fair value. The State Board of Administration Investment Pool is not rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk: The District's policy authorizes investment allocation limits on security types and maturity limitations which may be modified by the Finance Director from time to time based on market conditions, risk and diversification investment strategies. The District places no limit on the amount the District may invest in any one issuer.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
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At September 30, 2006 the District had the following percentage allocation by issuer:

<u>Issuer</u>	<u>Percentage of Total Portfolio</u>
State Board of Administration Investment Pool	46.57%
Federal Home Loan Bank	22.90%
Federal Home Loan Mortgage Corporation	16.91%
Federal National Mortgage Association	9.73%
Federal Farm Credit Bank	3.89%
	100.00%

The fair value of cash and investments at September 30, 2006, is summarized as follows:

	<u>FAIR VALUE</u>
U.S. Agencies	\$ 186,039,303
U.S. Agencies Held by Trustees	87,865,147
Investments in State Board of Administration Investment Pool	238,790,421
Total Investments	512,694,871
Demand Deposit Accounts	(1,347,245)
Petty Cash	2,400
Total Demand Deposits and Petty Cash	(1,344,845)
Total Cash and Investments	\$ 511,350,026

B. Receivables

Receivables at year-end for the District's individual major funds are as follows:

<u>Fund</u>	<u>Intergovernmental</u>	<u>Interest</u>	<u>Total Receivables</u>
General	\$ 5,069,778	\$ 703,410	\$ 5,773,188
Alafia River Basin	254,270	34,169	288,439
Hillsborough River Basin	710,309	62,289	772,598
Northwest Hillsborough Basin	69,480	93,848	163,328
Coastal Rivers Basin	535,943	50,274	586,217
Pinellas-Anclote River Basin	536,228	415,356	951,584
Withlacoochee River Basin	1,107,822	27,856	1,135,678
Peace River Basin	985,352	127,158	1,112,510
Manasota Basin	1,423,574	168,682	1,592,256
SWIM Program	1,842,512	7,456	1,849,968
DOT Mitigation	338,262	-	338,262
Save Our Rivers	622,136	-	622,136
Facilities	289,634	-	289,634
Total	\$ 13,785,300	\$ 1,690,498	\$ 15,475,798

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
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C. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned because all eligibility requirements have not been met. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General		
Delinquent property taxes receivable	\$ 437,635	
Grant drawdowns prior to meeting all eligibility requirements		\$ 2,149,617
Alafia River Basin		
Delinquent property taxes receivable	8,634	
Grant drawdowns prior to meeting all eligibility requirements		152,974
Hillsborough River Basin		
Delinquent property taxes receivable	33,964	
Grant drawdowns prior to meeting all eligibility requirements		132,436
Northwest Hillsborough Basin		
Delinquent property taxes receivable	15,810	
Grant drawdowns prior to meeting all eligibility requirements		68,867
Coastal Rivers Basin		
Delinquent property taxes receivable	20,784	
Grant drawdowns prior to meeting all eligibility requirements		98,629
Pinellas-Anclote River Basin		
Delinquent property taxes receivable	78,300	
Grant drawdowns prior to meeting all eligibility requirements		227,790
Withlacoochee River Basin		
Delinquent property taxes receivable	43,651	
Grant drawdowns prior to meeting all eligibility requirements		6,359,778
Peace River Basin		
Delinquent property taxes receivable	48,756	
Grant drawdowns prior to meeting all eligibility requirements		2,505,221
Manasota Basin		
Delinquent property taxes receivable	22,539	
Grant drawdowns prior to meeting all eligibility requirements		799,565
SWIM Program		
Grant drawdowns prior to meeting all eligibility requirements		5,762,547
DOT Mitigation		
Grant drawdowns prior to meeting all eligibility requirements		1,903,723
Total deferred revenue for governmental funds	<u>\$ 710,073</u>	<u>\$ 20,161,147</u>

D. Property Taxes

Ad valorem property taxes are computed using property values at January 1 of each year and are considered to be levied upon the District Governing Board's adoption of the final millage rate in September. The taxes are due November 1 and become delinquent April 1 of the following year. A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percent each month thereafter. Tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1 of each year at which time a lien attaches to the property.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

E. Capital Assets

Capital asset activity for the year ended September 30, 2006 was as follows:

	Balance at October 1, 2005	Increases/ Adjustments	Decreases/ Adjustments	Reclassifications	Balance at September 30, 2006
Capital assets, not being depreciated:					
Land	\$ 494,673,129	\$ 33,537,367	\$ (167,284)	\$ -	\$ 528,043,212
Land Interests	32,187,117	17,925	-	-	32,205,042
Construction in Progress	13,847,964	7,049,791	(915,082)	-	19,982,673
Total capital assets, not being depreciated	540,708,210	40,605,083	(1,082,366)	-	580,230,927
Capital assets, not being depreciated:					
Buildings	36,112,727	465,598	(234,247)	(3,638,041)	32,706,037
Machinery and Equipment	31,346,126	3,120,080	(7,522,393)	-	26,943,813
Infrastructure	117,436,890	507,992	(277,029)	3,638,041	121,305,894
Other	102,602	13,929	(3,810)	-	112,721
Total capital assets being depreciated	184,998,345	4,107,599	(8,037,479)	-	181,068,465
Less accumulated depreciation for:					
Buildings	6,936,078	(123,937)	(1,247)	-	6,810,894
Machinery and Equipment	23,416,975	2,032,383	(7,500,388)	-	17,948,970
Infrastructure	42,363,086	1,090,210	(77,928)	-	43,375,368
Other	74,150	10,129	(3,810)	-	80,469
Total accumulated depreciation	72,790,289	3,008,785	(7,583,373)	-	68,215,701
Total capital assets, being depreciated, net	112,208,056	1,098,814	(454,106)	-	112,852,764
Governmental activities capital assets, net	\$ 652,916,266	\$ 41,703,897	\$ (1,536,472)	\$ -	\$ 693,083,691

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Water Resources Planning & Monitoring	\$ 184,078
Acquisition, Restoration & Public Works	862,033
Operation & Maintenance of Lands & Works	435,828
Regulation	10,630
Outreach	4,745
Management and Administration	1,511,471
Total depreciation expense - governmental activities	\$ 3,008,785

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

F. Interfund receivables, payables, and transfers

Interfund receivables and payables at September 30, 2006, and interfund transfers occurring during the fiscal year are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 518,617	\$ -	\$ -	\$ 5,359,395
Alafia River Basin	-	-	-	635,627
Hillsborough River Basin	-	-	-	2,901,102
Northwest Hillsborough Basin	-	-	-	681,168
Coastal Rivers Basin	-	-	-	590,855
Pinellas-Anclote River Basin	-	-	-	3,042,205
Withlacoochee River Basin	-	-	-	141,500
Peace River Basin	-	-	-	408,525
Manasota Basin	-	-	-	451,618
SWIM Program	-	-	2,149,897	-
Partnership Trust	-	-	12,062,098	-
Save Our Rivers	-	518,617	-	-
	<u>\$ 518,617</u>	<u>\$ 518,617</u>	<u>\$ 14,211,995</u>	<u>\$ 14,211,995</u>

The Interfund Receivables and Interfund Payables relate to the following:

- (1) The Save Our Rivers Capital Projects Fund had a deficit cash balance of \$518,617 at September 30, 2006. Program activities reported in this fund are funded through the Florida Forever and Water Management Lands Trust Funds on a cost reimbursement basis, thus creating a negative cash balance at year-end. The general fund advances the cash required to cover temporary cash deficits in the Save Our Rivers Fund.

Interfund Transfers In and Interfund Transfers Out are used for the following purposes:

- (1) To move General fund and Basin fund revenues to the Partnership Trust Fund annually pursuant to the Northern Tampa Bay New Water Supply and Ground Water Withdrawal Reduction Agreement described in Note V.B on page 43. During fiscal year 2006, \$12,062,098 was transferred to the Partnership Trust Fund.
- (2) To move General fund and Basin fund revenues to the SWIM Program Fund to cover the District's share of program expenditures. During fiscal year 2006, \$2,149,897 was transferred to the SWIM Program Fund.

G. Leases

Operating Leases

The District has lease commitments under various operating leases for offices and associated parking space, and Supervisory Control and Data Acquisition (SCADA) tower leases with the longest operating lease in effect until 2011. Lease expenditures for the year ended September 30, 2006, amounted to \$697,642.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

Future minimum lease payments for the non-cancelable operating leases are as follows:

Fiscal Year Ending September 30,	Minimum Lease Payments
2007	\$91,279
2008	89,697
2009	88,834
2010	82,151
2011	82,697
	\$434,658

H. Long-term obligations

Long-term liability activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Judgment	\$ 19,748,727	\$ -	\$ 184,724	\$ 19,564,003 ⁽¹⁾	\$ 500,000
Compensated Absences	4,961,093	1,224,806	392,947	5,792,952 ⁽²⁾	574,299
Workers' Compensation	705,000	1,008,088	954,088	759,000 ⁽³⁾	404,793
Total	\$ 25,414,820	\$ 2,232,894	\$ 1,531,759	\$ 26,115,955	\$ 1,479,092

(1) During the year ended September 30, 2004, the District settled a legal matter, which obligates both parties to perform certain activities. The District estimated its cost to comply with the judgment at \$19.8 million based on cost estimates obtained from a third party engineer. Given the long-term nature of the judgment, funding of the obligation will be addressed annually through the budget process. The Pinellas-Anclote River Basin special revenue fund will be used to satisfy the obligations for the judgment.

(2) The general and special revenue funds will be used to satisfy the obligations for the compensated absences.

(3) The general fund will be used to pay for workers' compensation claims.

V. Other information

A. Risk Management

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural or manmade disasters. The District purchases commercial insurance coverages for all liabilities except workers' compensation as discussed below. During the year ended September 30, 2006, there were no significant reductions in insurance coverage from the prior year. In addition, no claims settlement has exceeded the insurance coverage amounts during the past three fiscal years.

The District has a self-insurance program for its workers' compensation exposure, with excess coverage purchased for claims in excess of \$500,000 per occurrence. Current expenditures related to the self-insurance program are accounted for in the District's general fund.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include estimates of prior and current year existing claims and incurred but not reported claims (IBNR). The long-term liability for workers' compensation claims was based on an independent actuarial determination.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

Changes in the balances of workers' compensation claims liabilities during the past two years are as follows:

	Year ended 09/30/2006	Year ended 09/30/2005
Unpaid claims, beginning of fiscal year	\$ 705,000	\$ 705,000
Incurred claims, including IBNRs and changes in estimates	1,008,088	435,212
Claim payments	(954,088)	(435,212)
Unpaid claims, end of fiscal year	<u>\$ 759,000</u>	<u>\$ 705,000</u>

At September 30, 2006, general fund assets of \$1,022,260 were held for the purpose of funding future workers' compensation claims liabilities, with a corresponding \$759,000 reserve for workers' compensation claims and a \$263,260 designation of the general fund balance.

B. Commitments and contingencies

At September 30, 2006, the District had unrestricted net assets (as defined by GASB, Statement No. 34) of approximately \$343.5 million that may be used to meet the government's ongoing commitments to citizens and creditors. It is the District's intent to use these assets to 1) liquidate contracts and purchase orders of the prior period in the amount of \$214.4 million; and 2) to pay claims associated with the District's Workers' Compensation Self-insurance Program estimated at \$0.8 million based on an independent actuarial determination. The remaining net assets are earmarked for New Water Sources Initiative (NWSI) and Water Supply and Resource Development projects, and funding for future years.

The District's most significant commitment is under the Northern Tampa Bay New Water Supply and Ground Water Withdrawal Reduction Agreement (Partnership Agreement). The Partnership Agreement was signed in May 1998 with Tampa Bay Water and its six member governments. The Agreement provides for the development of at least 85 million gallons per day (mgd) of new water by the end of 2007 and implementation of aggressive conservation and demand management programs to reduce demand by 17 mgd. Tampa Bay Water is currently working to develop more than the 85 mgd of new supply, 68 mgd of which will reduce groundwater pumping at its central system wellfields. The development of new water will enable Tampa Bay Water to meet phased reductions in pumpage at the eleven Northern Tampa Bay wellfields. January 1, 2003, began the 12-month running average period that required an average annual withdrawal of 121 mgd from the consolidated wellfields. So far, Tampa Bay Water has met and exceeded that requirement. January 1, 2008, begins the 12-month running average that will, by year end, result in an average annual withdrawal of 90 mgd. Under the Agreement, the District has committed to contribute \$183 million toward development of alternative water supply projects, and \$90 million toward conservation and reuse projects (at least \$9 million per year) that effectively reduce potable water use. At September 30, 2006, the District has paid a cumulative total of \$167,859,466 to a trust, which includes interest earned by the trust, held by a financial institution. Effective January 24, 2006, the date the Governing Board approved the second amendment to the Seawater Desalination Funding Agreement, interest earnings on the \$85 million (funding set aside for the Desal Plant) began accruing to the benefit of Tampa Bay Water. The earnings will remain in the District's Partnership Trust Fund until Tampa Bay Water has operated the Desal Plant for 12 consecutive months following November 1, 2007, at an average rate of 20 mgd of water for distribution to the customers of Tampa Bay Water; provided that Tampa Bay Water shall have commenced such operation as soon as practicable following November 1, 2007. Therefore, the interest earnings will continue to accrue to the benefit of Tampa Bay Water until November 1, 2008, or thereafter. In the event Tampa Bay Water fails to achieve the 12 consecutive months of operations at 20 mgd by

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

December 31, 2010, the interest shall revert back to the District. For fiscal year 2006, interest earnings in the amount of \$2.8 million have been recorded as a liability on the District's financial records. The final payment in the amount \$15,140,534 will be made to the trust in fiscal year 2007 for a cumulative total of \$183 million.

The District has been named as a defendant in several legal actions resulting from various causes. In the opinion of management and its legal counsel, any ultimate liability to the District resulting from resolution of the suits will not have a material effect on the financial condition of the District.

The District participates in various federally and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the District.

C. Employee retirement systems and pension plans

The District contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan and a defined contribution investment plan. The State of Florida Division of Retirement administers the plans. The FRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature established the FRS under Chapter 121, Florida Statutes, and has sole authority to amend benefits provisions.

In March 2002, the FRS introduced a second retirement plan option – The FRS Investment Plan. The FRS Investment Plan is a defined contribution plan in which the employer's contributions are defined by law. The ultimate benefit, however, depends in part on the performance of the investment funds. The FRS Investment Plan is funded by employer contributions that are based on the employee's salary and FRS membership class. The Investment Plan directs contributions to individual member accounts, and the employee selects the allocation of funds within his/her account. The FRS offers a wide selection of funds from which to choose. The employee's retirement benefit is the value of his/her account at termination. After six years of service, the Investment Plan participant is eligible for the same health insurance subsidy that is provided to the defined benefit pension plan.

Each year, the FRS issues a publicly available 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, 1317 Winewood Blvd, Bldg 8, Tallahassee, Florida 32315-9000. The report is also available through the FRS Website.

The FRS is non-contributory for employees and the District is required to contribute an actuarially determined rate. The contribution rates by class at September 30, 2006, were as follows: regular class – 9.85 percent; senior management class – 13.12 percent; and Deferred Retirement Option Program (DROP) – 10.91 percent. The contributions of the District are established and may be amended by the Florida Legislature. Contribution rates are established statewide for all participating governmental units. Accordingly, the actuarial information and related disclosures attributable to District employees are not determinable.

The District's contributions to the FRS for the years ended September 2004, 2005 and 2006 were \$2,644,077, \$2,798,648 and \$3,179,057 respectively, equal to the required contributions for each year.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Notes to the Financial Statements
September 30, 2006

D. Other post-employment benefits

Section 112.0801, Florida Statutes, requires the District to make certain health care benefits (medical, dental and vision) available for retired employees at a premium cost of no more than that applicable to active employees. To determine the health care plan costs the District is required to commingle the claims experience of the retiree group with that of the active employees. These benefits are fully insured and provided through an outside provider. Expenses for the coverage provided by the outside carrier are recognized in the general and special revenue funds as premiums are paid to the insurance providers. Substantially all of the District's participating employees become eligible for those benefits if they reach normal retirement age while working for the District. As of September 30, 2006, 689 participants (642 active and 47 retirees) were eligible to receive benefits. These benefits are currently funded on a pay as you go basis. The expenditure in the current year for all active employees was \$3,531,016. Retirees pay 100 percent of their premium costs.

The Governmental Accounting Standards Board has issued statement number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which will require an actuarially computed liability for these benefits to be reported beginning in fiscal year 2008. At September 30, 2006, management has not estimated the impact of Statement No. 45, but is in the process of identifying an actuary to perform the required calculations.

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Other Supplementary Information

**Southwest Florida Water Management District
Save Our Rivers Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental Revenues	\$ 32,916,152	\$ 25,483,260	\$ (7,432,892)
EXPENDITURES			
Current:			
Acquisition, Restoration and Public Works	28,672,000	25,287,966	3,384,034
Operations and Maintenance of Lands and Works	4,244,152	195,294	4,048,858
Total Expenditures	32,916,152	25,483,260	7,432,892
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -

See accompanying independent auditors' report.

**Southwest Florida Water Management District
Facilities Fund Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2006**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	\$ 2,400,000	\$ 2,400,000	\$ -
Intergovernmental Revenues	-	289,634	289,634
Total Revenues	2,400,000	2,689,634	289,634
EXPENDITURES			
Current:			
Acquisition, Restoration and Public Works	3,703,195	1,102,864	2,600,331
Outreach	2,000	-	2,000
Total Expenditures	3,705,195	1,102,864	2,602,331
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,305,195)	1,586,770	2,891,965
Fund Balance - Beginning	1,305,195	1,303,904	(1,291)
Fund Balance - Ending	\$ -	\$ 2,890,674	\$ 2,890,674

See accompanying independent auditors' report.



Statistical Section

The statistical tables differ from financial statements because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the District.

Southwest Florida Water Management District
Net Assets by Component
For The Last Six Years
(accrual basis of accounting)

	Fiscal Year					
	2006	2005	2004	2003	2002	2001
Governmental activities						
Invested in Capital Assets	\$ 693,083,691	\$ 652,916,266	\$ 593,149,521	\$ 544,800,181	\$ 515,929,344	\$ 479,314,226
Restricted for Partnership Agreement	85,022,824	86,964,669	85,841,584	85,251,298	85,682,484	86,963,804
Unrestricted	343,505,980	255,474,209	222,720,041	212,904,388	179,200,817	155,791,704
Total Governmental activities net assets	<u>\$ 1,121,612,495</u>	<u>\$ 995,355,144</u>	<u>\$ 901,711,146</u>	<u>\$ 842,955,867</u>	<u>\$ 780,812,645</u>	<u>\$ 722,069,734</u>

Beginning with fiscal year 2001, GASB Statement 34 was implemented.

Southwest Florida Water Management District
Changes in Net Assets
For The Last Six Years
(accrual basis of accounting)

	Fiscal Year					
	2006	2005	2004	2003	2002	2001
Expenses						
Governmental activities:						
Water Resources Planning & Monitoring	\$ 30,510,960	\$ 28,225,093	\$ 21,751,944	\$ 15,579,114	\$ 14,338,621	\$ 13,496,490
Acquisition, Restoration & Public Works	49,035,932	70,492,840	77,426,245	44,556,653	51,865,426	45,214,951
Operation & Maintenance of Lands & Works	15,929,460	13,754,235	14,653,283	12,900,859	12,316,549	13,014,948
Regulation	16,493,948	15,927,204	14,314,706	13,606,323	12,386,701	11,735,276
Outreach	4,543,475	3,707,207	3,727,632	3,527,078	2,948,200	2,890,486
Management and Administration	32,988,524	32,435,994	27,937,157	27,010,734	25,803,748	21,823,485
Total governmental activities expenses	<u>149,502,299</u>	<u>164,542,573</u>	<u>159,810,967</u>	<u>117,180,761</u>	<u>119,659,245</u>	<u>108,175,636</u>
Program Revenues						
Governmental activities:						
Charges for services:						
Water Resources Planning & Monitoring	186,666	192,074	249,779	311,498	267,661	52,272
Acquisition, Restoration & Public Works	-	-	-	-	9,774	-
Operation & Maintenance of Lands & Works	1,549,729	1,661,289	1,669,597	1,349,230	882,651	341,339
Regulation	4,026,078	3,443,788	3,303,915	2,552,911	2,382,605	2,170,210
Outreach	-	-	-	2,200	16,500	-
Management and Administration	994,953	988,226	1,035,609	1,368,194	1,182,522	1,051,459
Operating grants and contributions	29,109,494	22,945,387	25,535,832	9,629,528	8,561,473	9,098,570
Capital grants and contributions	25,585,607	39,018,186	37,012,993	28,467,877	38,046,026	42,923,480
Total governmental activities program revenues	<u>61,452,527</u>	<u>68,248,950</u>	<u>68,807,725</u>	<u>43,681,438</u>	<u>51,349,212</u>	<u>55,637,330</u>
Net (expense) revenue	<u>(88,049,772)</u>	<u>(96,293,623)</u>	<u>(91,003,242)</u>	<u>(73,499,323)</u>	<u>(68,310,033)</u>	<u>(52,538,306)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Ad Valorem Property Taxes	189,355,313	161,163,202	143,869,238	129,555,903	119,241,746	107,401,383
Unrestricted investment earnings	19,640,423	9,467,843	4,565,891	5,490,920	7,696,602	15,206,819
Gain on sale of capital assets	4,223,961	-	348,906	89,808	-	18,601
Other	1,087,426	19,306,576	974,486	505,914	114,596	315,681
Total governmental activities general revenues	<u>214,307,123</u>	<u>189,937,621</u>	<u>149,758,521</u>	<u>135,642,545</u>	<u>127,052,944</u>	<u>122,942,484</u>
Change in Net Assets	<u>\$ 126,257,351</u>	<u>\$ 93,643,998</u>	<u>\$ 58,755,279</u>	<u>\$ 62,143,222</u>	<u>\$ 58,742,911</u>	<u>\$ 70,404,178</u>

Beginning with fiscal year 2001, GASB Statement 34 was implemented.

**Southwest Florida Water Management District
General Government Expenditures by Program (1)
For The Last Six Fiscal Years**

Fiscal Year	Water Resources Planning and Monitoring	Acquisition, Restoration And Public Works	Operations And Maintenance Of Lands And Works	Regulation	Outreach- Public Education	District Management And Administration	Total Expenditures
2006	\$30,274,277 15.97%	\$88,631,174 46.75%	\$16,710,796 8.81%	\$16,280,759 8.59%	\$4,514,870 2.38%	\$33,187,587 17.50%	\$189,599,463 100.00%
2005	28,010,481 13.58%	112,707,054 54.64%	14,693,684 7.13%	15,892,959 7.70%	3,676,618 1.78%	31,295,098 15.17%	206,275,894 100.00%
2004	21,788,639 11.60%	104,049,607 55.40%	15,572,454 8.29%	14,250,561 7.59%	3,718,886 1.98%	28,428,608 15.14%	187,808,755 100.00%
2003	15,884,100 10.90%	71,952,001 49.35%	13,490,901 9.25%	13,506,724 9.26%	3,514,563 2.41%	27,445,094 18.83%	145,793,383 100.00%
2002	14,171,194 9.08%	88,255,415 56.58%	12,492,363 8.01%	12,326,062 7.90%	2,956,308 1.90%	25,792,026 16.53%	155,993,368 100.00%
2001	13,501,117 8.74%	90,912,033 58.87%	11,535,473 7.47%	11,661,561 7.55%	2,890,246 1.87%	23,944,272 15.50%	154,444,702 100.00%

(1) This schedule shows combined General Government Expenditures and includes the General, Special Revenue, and Capital Projects Funds.

Beginning with fiscal year 2001, General Government Expenditures have been presented by program area, as defined under Section 373.536(5)(d)4., Florida Statutes. Prior to fiscal year 2001, General Government Expenditures were presented according to function. The expenditures for fiscal years 1997 through 2000 have not been restated by program area and are reported on page 52.

**Southwest Florida Water Management District
General Government Expenditures by Function (1)
For Fiscal Years 1997 Through 2000**

Fiscal Year	Administrative	General Counsel	Commissions	Resource Management	Resource Regulation	Operations and Maintenance	Land Resources	Total Expenditures
2000	\$20,563,316 17.60%	\$2,179,649 1.87%	\$2,717,420 2.33%	\$37,227,422 31.87%	\$11,433,901 9.79%	\$10,669,912 9.13%	\$32,019,024 27.41%	\$116,810,644 100.00%
1999	19,600,000 18.89%	2,898,528 2.79%	2,648,974 2.55%	30,727,530 29.62%	11,386,075 10.98%	8,807,020 8.49%	27,673,935 26.68%	103,742,062 100.00%
1998	20,044,753 20.77%	1,920,256 1.99%	2,596,154 2.69%	30,193,106 31.29%	11,202,060 11.61%	8,993,553 9.32%	21,550,604 22.33%	96,500,486 100.00%
1997	20,249,262 21.53%	2,459,069 2.61%	2,375,151 2.53%	38,098,112 40.50%	10,855,908 11.54%	8,445,683 8.98%	11,581,022 12.31%	94,064,207 100.00%

(1) This schedule shows combined General Government Expenditures and includes the General, Special Revenue, and Capital Projects Funds.

Beginning with fiscal year 2001, General Government Expenditures have been presented by program area, as defined under Section 373.536(5)(d)4., Florida Statutes, and are reported on page 51. Prior to fiscal year 2001, General Government Expenditures were presented according to function as reflected on this schedule. The expenditures reflect those amounts reported in the comprehensive annual financial reports for those fiscal years and have not been restated by program area.

**Southwest Florida Water Management District
General Government Revenues By Source (1)
For The Last Ten Fiscal Years**

Fiscal Year	Ad Valorem Property Taxes	Inter-Governmental Revenues	Interest on Invested Funds	License And Permit Fees	Other Revenues	Total Revenues
2006	\$189,378,158 69.59%	\$55,536,683 20.41%	\$19,640,423 7.22%	\$4,026,078 1.48%	\$3,542,367 1.30%	\$272,123,709 100.00%
2005	161,263,640 67.07%	62,903,153 26.16%	9,467,843 3.94%	3,443,788 1.43%	3,371,782 1.40%	240,450,206 100.00%
2004	143,801,912 65.92%	63,138,573 28.94%	4,565,891 2.09%	3,303,915 1.51%	3,349,578 1.54%	218,159,869 100.00%
2003	129,549,220 72.24%	38,974,623 21.74%	5,490,920 3.06%	2,552,911 1.42%	2,755,089 1.54%	179,322,763 100.00%
2002	119,312,415 66.80%	47,294,407 26.48%	7,696,602 4.31%	2,357,605 1.32%	1,954,882 1.09%	178,615,911 100.00%
2001	107,871,878 60.23%	52,022,050 29.05%	15,206,819 8.49%	2,170,210 1.21%	1,825,072 1.02%	179,096,029 100.00%
2000	99,645,894 64.36%	37,926,389 24.50%	13,521,786 8.73%	2,134,534 1.38%	1,602,377 1.03%	154,830,980 100.00%
1999	94,005,983 68.39%	31,489,911 22.91%	8,565,607 6.23%	2,134,867 1.55%	1,260,264 0.92%	137,456,632 100.00%
1998	88,790,677 70.74%	23,428,458 18.66%	9,836,607 7.84%	1,967,139 1.57%	1,500,369 1.19%	125,523,250 100.00%
1997	85,085,860 76.71%	14,554,920 13.12%	7,931,848 7.15%	1,911,865 1.72%	1,442,556 1.30%	110,927,049 100.00%

(1) This schedule includes General, Special Revenue and Capital Projects Funds.

**Southwest Florida Water Management District
Ad Valorem Property Tax Revenues By Source (1)
For The Last Ten Fiscal Years**

Fiscal Year	District	Alafia River Basin	Hillsborough River Basin	Northwest Hillsborough Basin	Coastal Rivers Basin	Pinellas-Anclote River Basin	Withlacoochee River Basin	Peace River Basin	Manasota Basin	Facilities Fund	Total	Percent Base Year	Annual Change In Percent
2006	\$115,088,950	\$4,251,799	\$10,084,129	\$5,690,823	\$4,449,920	\$25,938,951	\$3,701,008	\$6,760,928	\$11,011,650	\$2,400,000	\$189,378,158	222.6 %	33.1 %
2005	98,617,333	3,577,067	8,668,890	5,004,715	3,740,550	22,519,738	2,889,460	5,774,020	9,221,867	1,250,000	161,263,640	189.5	20.5
2004	88,260,896	2,517,053	7,125,716	4,593,204	3,317,387	20,270,787	2,598,289	6,038,604	8,104,976	975,000	143,801,912	169.0	16.7
2003	77,833,580	2,257,796	6,503,367	4,218,523	3,042,400	18,492,468	2,317,120	5,454,067	7,129,899	2,300,000	129,549,220	152.3	12.1
2002	72,255,628	2,037,219	6,068,473	3,956,118	2,829,355	17,218,219	2,330,146	5,080,107	6,287,150	1,250,000	119,312,415	140.2	13.4
2001	65,161,463	1,797,473	5,341,977	3,482,779	2,600,589	15,801,596	2,105,648	4,678,499	5,651,854	1,250,000	107,871,878	126.8	9.7
2000	59,945,401	1,622,336	5,004,344	2,984,970	2,467,984	14,804,987	1,907,895	4,364,669	5,193,308	1,350,000	99,645,894	117.1	6.6
1999	56,485,528	1,510,639	4,611,989	2,771,906	2,340,201	14,148,290	1,748,138	4,220,523	4,847,044	1,321,725	94,005,983	110.5	6.1
1998	54,139,099	1,363,588	4,263,250	2,542,692	2,268,001	13,493,162	1,648,864	4,069,071	4,552,950	450,000	88,790,677	104.4	4.4
1997	51,362,703	1,254,558	4,106,343	2,343,650	2,189,734	13,030,027	1,569,764	3,892,729	4,875,352	461,000	85,085,860	100.0	0.0

(1) This schedule includes General, Special Revenue and Capital Projects Funds.

**Southwest Florida Water Management District
Ad Valorem Property Tax Revenues By County
For The Last Ten Fiscal Years**

Fiscal Year	Charlotte County	Citrus County	Desoto County	Hardee County	Hernando County	Highlands County	Hillsborough County	Lake County	Levy County
2006	\$9,460,493 5.00%	\$5,639,059 2.98%	\$691,213 0.36%	\$788,792 0.42%	\$4,925,311 2.60%	\$2,153,281 1.14%	\$43,054,784 22.73%	\$22,883 0.01%	\$521,149 0.28%
2005	7,625,085 4.73%	4,604,586 2.86%	648,433 0.40%	830,431 0.51%	4,046,797 2.51%	1,844,887 1.14%	37,314,510 23.14%	19,355 0.01%	419,712 0.26%
2004	6,519,997 4.54%	4,192,495 2.92%	608,992 0.42%	821,026 0.57%	3,619,738 2.52%	1,683,539 1.17%	33,715,627 23.45%	16,680 0.01%	363,008 0.25%
2003	5,581,364 4.31%	3,851,404 2.97%	514,879 0.40%	677,976 0.52%	3,275,779 2.53%	1,531,531 1.18%	30,796,818 23.77%	14,627 0.01%	338,310 0.26%
2002	4,993,772 4.19%	3,654,434 3.06%	514,580 0.43%	559,349 0.47%	3,063,314 2.57%	1,480,066 1.24%	28,691,946 24.05%	13,303 0.01%	325,122 0.27%
2001	4,527,994 4.20%	3,409,021 3.16%	463,960 0.43%	524,720 0.49%	2,776,543 2.57%	1,415,411 1.31%	25,349,449 23.50%	12,643 0.01%	300,825 0.28%
2000	4,098,324 4.11%	3,209,940 3.22%	438,792 0.44%	527,027 0.53%	2,649,084 2.66%	1,341,544 1.35%	22,973,329 23.05%	10,821 0.01%	281,085 0.28%
1999	3,882,244 4.13%	3,029,739 3.22%	409,732 0.44%	509,422 0.54%	2,494,811 2.65%	1,282,282 1.36%	21,330,466 22.69%	10,811 0.01%	266,208 0.28%
1998	3,750,204 4.22%	2,947,103 3.32%	401,469 0.45%	488,551 0.55%	2,418,917 2.72%	1,275,673 1.44%	19,612,647 22.09%	10,383 0.01%	248,423 0.28%
1997	3,764,552 4.42%	2,791,048 3.28%	385,403 0.45%	489,316 0.58%	2,362,118 2.78%	1,212,954 1.43%	18,130,918 21.31%	10,003 0.01%	239,136 0.28%

(Continued)

**Southwest Florida Water Management District
Ad Valorem Property Tax Revenues By County
For The Last Ten Fiscal Years
(Continued)**

Fiscal Year	Manatee County	Marion County	Pasco County	Pinellas County	Polk County	Sarasota County	Sumter County	Total
2006	\$13,924,895 7.35%	\$2,742,778 1.45%	\$13,650,954 7.21%	\$49,977,644 26.39%	\$13,431,641 7.09%	\$26,130,517 13.80%	\$2,262,764 1.19%	\$189,378,158 100.00%
2005	11,849,868 7.35%	2,304,740 1.43%	11,154,070 6.92%	43,617,283 27.05%	11,734,719 7.28%	21,693,705 13.45%	1,555,459 0.96%	161,263,640 100.00%
2004	10,377,230 7.22%	2,031,561 1.41%	9,497,470 6.60%	39,362,797 27.37%	10,545,318 7.33%	19,146,756 13.31%	1,299,678 0.91%	143,801,912 100.00%
2003	9,102,886 7.03%	1,822,527 1.41%	8,341,467 6.44%	36,147,693 27.90%	9,548,241 7.37%	16,832,207 12.99%	1,171,511 0.91%	129,549,220 100.00%
2002	8,019,003 6.72%	1,743,415 1.46%	7,507,878 6.29%	33,854,882 28.37%	9,014,593 7.56%	14,839,812 12.44%	1,036,946 0.87%	119,312,415 100.00%
2001	7,161,501 6.64%	1,594,177 1.48%	6,707,029 6.22%	31,020,770 28.75%	8,360,747 7.75%	13,395,311 12.42%	851,777 0.79%	107,871,878 100.00%
2000	6,565,397 6.59%	1,435,778 1.44%	6,176,589 6.20%	29,042,944 29.15%	7,860,437 7.89%	12,324,792 12.37%	710,011 0.71%	99,645,894 100.00%
1999	6,183,943 6.58%	1,322,793 1.41%	5,736,126 6.10%	27,781,399 29.56%	7,728,727 8.22%	11,449,390 12.18%	587,890 0.63%	94,005,983 100.00%
1998	5,773,126 6.50%	1,228,892 1.38%	5,424,918 6.11%	26,518,202 29.87%	7,387,532 8.32%	10,785,132 12.15%	519,505 0.59%	88,790,677 100.00%
1997	5,650,891 6.64%	1,163,757 1.37%	5,333,746 6.27%	25,638,073 30.12%	6,863,179 8.07%	10,595,035 12.45%	455,731 0.54%	85,085,860 100.00%

**Southwest Florida Water Management District
Fund Balance Comparison To Annual Expenditures
For The Last Ten Fiscal Years**

Fiscal Year	General Fund			Fiscal Year	Special Revenue Funds		
	Unreserved Fund Balance	Annual Expenditures	Balance As Percentage of Expenditures		Unreserved Fund Balance	Annual Expenditures	Balance As Percentage of Expenditures
2006	\$123,095,002 (1)	\$88,322,686	139.37 %	2006	\$32,878,423	\$74,690,653	44.02 %
2005	79,249,802	87,210,599	90.87	2005	12,768,377	75,619,588	16.89
2004	63,927,282	70,871,896	90.20	2004	17,043,939	76,946,507	22.15
2003	56,889,560	64,095,574	88.76	2003	(992,560) (2)	54,361,367	(1.83)
2002	46,657,577	57,907,902	80.57	2002	19,148,603	61,062,553	31.36
2001	31,134,254	62,170,953	50.08	2001	24,699,711	45,953,696	53.75
2000	19,839,086	57,829,330	34.31	2000	23,679,518	29,696,817	79.74
1999	14,145,824	54,679,414	25.87	1999	19,846,207	21,601,411	91.87
1998	37,108,127	53,231,368	69.71	1998	45,297,807	24,225,257	186.99
1997	25,762,708	53,091,159	48.53	1997	31,603,258	32,033,509	98.66

(1) Includes \$107.3 million designated by the Governing Board for future New Water Sources Initiative (NWSI), water supply and water resource development projects, consistent with the District's Long-Range Water Supply and Water Resource Development Funding Plan through 2025.

(2) The deficit unreserved fund balance resulted from encumbrances accounted for in three of the District's special revenue funds: the Withlacoochee River Basin, SWIM Program, and DOT Mitigation. The encumbrances are contractual obligations of the District that are not eligible for reimbursement until expenditures are incurred against them; thus, creating an overall deficit unreserved fund balance at year-end.

(Continued)

**Southwest Florida Water Management District
Fund Balance Comparison To Annual Expenditures
For The Last Ten Fiscal Years
(Continued)**

Fiscal Year	Capital Projects Funds			Fiscal Year	Total		
	Unreserved Fund Balance	Annual Expenditures	Balance As Percentage of Expenditures		Unreserved Fund Balance	Annual Expenditures	Balance As Percentage of Expenditures
2006	(\$2,237,151) (3)	\$26,586,124	(8.41) %	2006	\$153,736,274	\$189,599,463	81.08 %
2005	(3,800,112) (3)	43,445,707	(8.75)	2005	88,218,067	206,275,894	42.77
2004	(26,643,785) (3)	39,990,352	(66.63)	2004	54,327,436	187,808,755	28.93
2003	(8,445,145) (3)	27,336,442	(30.89)	2003	47,451,855	145,793,383	32.55
2002	(1,974,847) (3)	37,022,913	(5.33)	2002	63,831,333	155,993,368	40.92
2001	(26,545,080) (3)	46,320,053	(57.31)	2001	29,288,885	154,444,702	18.96
2000	(3,556,230) (3)	29,284,497	(12.14)	2000	39,962,374	116,810,644	34.21
1999	(7,856,135) (3)	24,836,443	(31.63)	1999	26,135,896	101,117,268	25.85
1998	781,003	19,043,861	4.10	1998	83,186,937	96,500,486	86.20
1997	625,569	8,939,539	7.00	1997	57,991,535	94,064,207	61.65

(3) The deficit unreserved fund balance resulted from encumbrances at year-end for impending land purchases in the Save Our Rivers Capital Projects Fund. The land purchases have been or will be funded from the Water Management Lands Trust Fund, the Preservation 2000 Trust Fund, or the Florida Forever Trust Fund (the successor program to Preservation 2000). The cash required to finance the purchases is or will be recorded in the Capital Projects Fund with the revenue deferred at year-end or is reserved in the named State of Florida trust funds until required by the District for land acquisitions.

**Southwest Florida Water Management District
Ad Valorem Property Tax Levies, Tax Collections And Assessed Valuations
For The Last Ten Fiscal Years**

Fiscal Year	Assessed Valuation	Total Tax Levy (1)	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent Of Total Tax Collection To Tax Levy
2006	\$288,027,816,770	\$188,076,151	\$188,729,789	100.35%	\$648,369	\$189,378,158	100.69%
2005	244,929,632,264	160,203,737	159,400,042	99.50%	1,863,598	161,263,640	100.66%
2004	218,825,726,760	142,878,252	142,874,841	100.00%	927,071	143,801,912	100.65%
2003	196,733,416,139	129,287,121	128,923,451	99.72%	625,769	129,549,220	100.20%
2002	179,984,482,391	118,192,061	118,351,223	100.13%	961,192	119,312,415	100.95%
2001	162,692,043,704	107,051,963	106,626,498	99.60%	1,245,380	107,871,878	100.77%
2000	150,544,563,710	99,153,543	98,856,352	99.70%	789,542	99,645,894	100.50%
1999	141,288,924,735	93,088,275	93,352,010	100.28%	653,973	94,005,983	100.99%
1998	133,560,002,552	88,033,728	88,296,672	100.30%	494,005	88,790,677	100.86%
1997	126,836,423,345	84,214,617	84,620,186	100.48%	465,674	85,085,860	101.03%

(1) Total Tax Levy represents the budgeted tax levy for the District and Basins.

Source: District Records - Finance Department, Budget Section; Department of Revenue; County Governments.

**Southwest Florida Water Management District
Taxable Assessed And Estimated Actual Value Of Taxable Property
For The Last Ten Fiscal Years**

Fiscal Year	Charlotte County		Citrus County		Desoto County		Hardee County	
	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)
2006	\$15,988,917,489 5.55%	\$32,413,213,000	\$8,700,489,533 3.02%	\$15,252,557,896	\$1,141,425,064 0.40%	\$3,689,127,949	\$1,404,977,510 0.49%	\$2,689,526,887
2005	12,924,151,263 5.28%	21,061,621,462	7,061,830,905 2.89%	10,331,795,930	1,049,892,450 0.43%	2,094,506,489	1,395,590,539 0.57%	2,000,214,062
2004	10,868,251,435 4.97%	16,470,519,948	6,377,731,045 2.91%	7,953,046,751	1,006,248,987 0.46%	1,795,866,626	1,381,408,737 0.63%	1,841,574,901
2003	9,397,451,189 4.78%	13,787,164,905	5,951,463,421 3.03%	7,074,397,845	861,104,943 0.44%	1,680,115,048	1,129,707,419 0.57%	1,584,505,572
2002	8,386,850,539 4.66%	11,765,949,970	5,585,926,065 3.10%	6,257,479,829	860,588,600 0.48%	1,641,097,760	934,388,620 0.52%	1,555,385,773
2001	7,595,307,510 4.67%	10,329,838,220	5,186,796,299 3.19%	5,708,577,441	769,162,554 0.47%	1,608,953,885	876,412,155 0.54%	1,585,134,436
2000	6,923,396,053 4.60%	9,497,812,520	4,889,387,557 3.25%	5,308,083,181	738,754,884 0.49%	1,523,122,233	886,008,919 0.59%	1,533,016,212
1999	6,532,613,607 4.62%	8,578,159,248	4,636,024,601 3.28%	5,026,928,200	685,385,819 0.49%	1,485,278,334	853,546,216 0.60%	1,572,693,024
1998	6,279,933,532 4.70%	7,980,139,729	4,547,012,499 3.40%	4,705,350,500	667,456,789 0.50%	1,417,511,147	820,909,640 0.61%	1,523,595,499
1997	6,276,526,201 4.95%	7,607,952,513	4,301,587,444 3.39%	4,579,093,150	636,734,249 0.50%	1,378,877,006	812,859,961 0.64%	1,493,719,593

(1) Assessments are calculated at 100% of market value less exempt and immune values.

(2) The estimated actual represents the estimated total value of taxable property within the 16-county area encompassed by the District. Only portions of six of the counties lie within the District boundaries (Charlotte, Highlands, Lake, Levy, Marion and Polk counties).

Source: Florida Statistical Abstract, State of Florida, Department of Revenue, and District Records - Finance Department, Budget Section.

(Continued)

**Southwest Florida Water Management District
Taxable Assessed And Estimated Actual Value Of Taxable Property
For The Last Ten Fiscal Years
(Continued)**

Fiscal Year	Hernando County		Highlands County		Hillsborough County		Lake County	
	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)
2006	\$7,646,691,051 2.65%	\$14,737,835,803	\$3,510,605,604 1.22%	\$8,271,475,339	\$64,750,787,840 22.47%	\$111,058,543,985	\$55,477,839 0.02%	\$24,012,999,573
2005	6,302,986,453 2.57%	11,004,596,658	2,933,630,183 1.20%	5,710,710,588	55,903,214,952 22.82%	87,484,564,131	46,727,001 0.02%	17,331,655,024
2004	5,600,584,555 2.56%	8,746,471,806	2,690,892,370 1.23%	4,688,682,365	50,779,806,100 23.21%	72,964,455,006	40,709,970 0.02%	14,415,158,888
2003	5,122,539,116 2.60%	7,642,982,147	2,565,605,756 1.30%	4,194,944,329	46,355,925,135 23.56%	64,837,890,327	35,141,203 0.02%	12,541,891,742
2002	4,734,177,073 2.63%	6,820,855,210	2,477,528,213 1.38%	3,949,400,610	42,891,979,863 23.83%	59,207,297,196	32,358,284 0.02%	11,114,607,760
2001	4,303,861,686 2.65%	6,246,678,319	2,385,636,554 1.47%	3,782,245,187	37,682,680,554 23.16%	53,291,862,679	29,283,069 0.02%	10,087,584,597
2000	4,096,364,117 2.72%	5,562,618,435	2,251,151,995 1.49%	3,645,550,032	34,496,030,668 22.91%	46,085,148,076	27,754,082 0.02%	9,238,981,450
1999	3,843,732,046 2.72%	5,288,124,346	2,148,770,949 1.52%	3,580,436,059	31,747,753,743 22.47%	41,379,146,380	25,861,753 0.02%	8,348,378,288
1998	3,752,464,158 2.81%	5,026,183,128	2,115,610,971 1.58%	3,248,707,921	29,180,233,724 21.85%	38,338,369,171	25,571,676 0.02%	7,670,282,422
1997	3,648,652,323 2.88%	4,856,424,853	2,030,513,798 1.60%	3,387,143,201	26,904,587,783 21.21%	35,281,572,634	23,327,222 0.02%	7,150,688,018

(1) Assessments are calculated at 100% of market value less exempt and immune values.

(2) The estimated actual represents the estimated total value of taxable property within the 16-county area encompassed by the District. Only portions of six of the counties lie within the District boundaries (Charlotte, Highlands, Lake, Levy, Marion and Polk counties).

Source: Florida Statistical Abstract, State of Florida, Department of Revenue, and District Records - Finance Department, Budget Section.

(Continued)

Southwest Florida Water Management District
Taxable Assessed And Estimated Actual Value Of Taxable Property
For The Last Ten Fiscal Years
(Continued)

Fiscal Year	Levy County		Manatee County		Marion County		Pasco County	
	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)
2006	\$788,382,168 0.27%	\$4,651,266,241	\$24,759,022,291 8.60%	\$39,852,622,216	\$4,216,130,979 1.46%	\$28,210,769,525	\$19,804,373,845 6.88%	\$37,956,299,419
2005	634,607,144 0.26%	2,892,868,688	21,188,932,148 8.65%	31,744,642,359	3,412,304,183 1.39%	19,412,346,247	16,171,800,551 6.60%	27,816,171,324
2004	549,645,916 0.25%	2,319,580,260	18,574,279,816 8.49%	26,527,994,186	3,020,525,681 1.38%	16,203,462,528	13,883,582,485 6.34%	22,177,518,936
2003	514,932,657 0.26%	1,828,924,432	16,270,421,255 8.27%	22,702,620,085	2,738,924,877 1.39%	14,177,653,309	12,262,273,454 6.23%	18,859,943,686
2002	472,650,625 0.26%	1,709,505,277	14,359,883,510 7.98%	19,384,158,966	2,501,256,463 1.39%	12,819,400,375	11,002,947,919 6.11%	16,827,458,579
2001	440,252,953 0.27%	1,507,735,121	12,789,045,630 7.86%	16,654,859,576	2,283,066,481 1.40%	11,587,044,419	9,875,275,051 6.07%	14,926,055,100
2000	407,621,875 0.27%	1,450,180,272	11,586,175,475 7.70%	14,792,186,341	2,044,822,224 1.36%	10,660,989,518	9,092,768,760 6.04%	13,152,044,529
1999	379,082,077 0.27%	1,342,014,746	10,959,496,359 7.76%	13,519,211,907	1,884,601,020 1.33%	9,835,274,891	8,363,185,159 5.92%	12,087,492,344
1998	355,309,292 0.27%	1,292,901,965	10,211,809,447 7.65%	12,707,449,501	1,732,842,965 1.30%	9,241,624,880	7,957,419,741 5.96%	10,904,978,467
1997	340,241,843 0.27%	1,227,578,185	9,719,900,185 7.66%	11,872,639,912	1,665,146,896 1.31%	8,497,514,091	7,606,689,696 6.00%	10,444,615,432

(1) Assessments are calculated at 100% of market value less exempt and immune values.

(2) The estimated actual represents the estimated total value of taxable property within the 16-county area encompassed by the District. Only portions of six of the counties lie within the District boundaries (Charlotte, Highlands, Lake, Levy, Marion and Polk counties).

Source: Florida Statistical Abstract, State of Florida, Department of Revenue, and District Records - Finance Department, Budget Section.

(Continued)

**Southwest Florida Water Management District
Taxable Assessed And Estimated Actual Value Of Taxable Property
For The Last Ten Fiscal Years
(Continued)**

Fiscal Year	Pinellas County		Polk County		Sarasota County		Sumter County		Total	
	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)	Taxable Assessed Value (1)	Estimated Actual (2)
2006	\$62,891,555,541 21.84%	\$110,393,548,929	\$22,463,188,999 7.80%	\$37,963,793,843	\$46,517,976,673 16.15%	\$61,995,122,756	\$3,387,814,344 1.18%	\$6,755,285,291	\$288,027,816,770 100.00%	\$539,903,988,652
2005	54,946,057,068 22.43%	87,782,983,400	19,808,792,690 8.09%	27,996,939,791	38,833,229,197 15.85%	62,014,707,687	2,315,885,537 0.95%	5,142,166,017	244,929,632,264 100.00%	421,822,489,857
2004	49,736,379,395 22.73%	74,989,311,400	18,175,358,199 8.31%	23,218,366,615	34,139,701,996 15.60%	50,785,454,437	2,000,620,073 0.91%	3,487,213,628	218,825,726,760 100.00%	348,584,678,281
2003	45,522,214,631 23.15%	66,487,561,200	16,372,841,445 8.32%	21,243,060,892	29,864,864,281 15.18%	43,539,696,480	1,768,005,357 0.90%	2,944,121,089	196,733,416,139 100.00%	305,127,473,088
2002	42,412,684,581 23.56%	59,343,393,200	15,470,541,404 8.60%	20,383,440,390	26,353,336,881 14.64%	36,752,413,719	1,507,383,751 0.84%	2,650,276,940	179,984,482,391 100.00%	272,182,121,554
2001	39,016,510,925 23.98%	52,852,990,700	14,449,672,403 8.88%	18,441,382,093	23,783,753,695 14.62%	31,567,616,197	1,225,326,185 0.75%	2,359,021,549	162,692,043,704 100.00%	242,537,579,519
2000	36,571,099,997 24.29%	47,860,664,200	13,583,962,496 9.02%	16,609,984,276	21,930,739,771 14.57%	28,256,271,308	1,018,524,837 0.68%	1,778,675,015	150,544,563,710 100.00%	216,955,327,598
1999	34,874,382,682 24.69%	44,382,705,500	13,168,283,712 9.32%	15,365,515,433	20,352,366,804 14.40%	25,931,541,134	833,838,188 0.59%	1,528,838,454	141,288,924,735 100.00%	199,251,738,288
1998	33,311,305,395 24.94%	42,355,438,300	12,726,018,383 9.53%	14,780,658,503	19,137,443,797 14.33%	23,801,300,412	738,660,543 0.55%	1,297,878,196	133,560,002,552 100.00%	186,292,369,741
1997	32,213,721,168 25.40%	40,358,853,400	11,803,162,322 9.31%	14,312,480,973	18,205,445,978 14.35%	22,127,308,749	647,326,276 0.51%	1,171,123,629	126,836,423,345 100.00%	175,747,585,339

(1) Assessments are calculated at 100% of market value less exempt and immune values.

(2) The estimated actual represents the estimated total value of taxable property within the 16-county area encompassed by the District. Only portions of six of the counties lie within the District boundaries (Charlotte, Highlands, Lake, Levy, Marion and Polk counties).

Source: Florida Statistical Abstract, State of Florida, Department of Revenue, and District Records - Finance Department, Budget Section.

**Southwest Florida Water Management District
Schedule Of Property Tax Rates For The District And Watershed Basins (Per \$1000 Assessed Valuation)
For The Last Ten Fiscal Years**

Fiscal Year	District	Alafia River Basin	Hillsborough River Basin	Northwest Hillsborough Basin	Coastal Rivers Basin	Pinellas-Anclote River Basin	Withlacochee River Basin	Peace River Basin	Manasota Basin	Maximum Legal Rate (1)	
										District Wide	Per Basin
2006	.422	.240	.285	.268	.235	.400	.265	.195	.160	.500	.500
2005	.422	.240	.285	.268	.235	.400	.265	.195	.160	.500	.500
2004	.422	.240	.285	.268	.235	.400	.265	.195	.160	.500	.500
2003	.422	.240	.285	.268	.235	.400	.265	.195	.160	.500	.500
2002	.422	.240	.285	.268	.235	.400	.295	.195	.160	.500	.500
2001	.422	.240	.285	.268	.235	.400	.298	.195	.160	.500	.500
2000	.422	.240	.285	.268	.235	.401	.298	.195	.160	.500	.500
1999	.422	.240	.285	.268	.235	.401	.298	.195	.160	.500	.500
1998	.422	.240	.285	.268	.235	.401	.298	.195	.160	.500	.500
1997	.422	.240	.285	.268	.235	.401	.298	.195	.181	.500	.500

(1) The maximum legal millage rates for ad valorem taxes are established under Chapter 373.503, Florida Statutes, for the District and Basins.

Source: Southwest Florida Water Management District, Budget in Brief Fiscal Year 2006 Annual Service Budget

**Southwest Florida Water Management District
Schedule Of Principal Taxpayers By County
September 30, 2006**

<u>County</u>	<u>Ad Valorem Tax Collections</u>	<u>Percentage Of Collections</u>	<u>Taxable Assessed Value</u>	<u>Percentage Of Assessed Valuation</u>
Pinellas County	\$49,977,644	26.39%	\$62,891,555,541	21.84%
Hillsborough County	43,054,784	22.73%	64,750,787,840	22.47%
Sarasota County	26,130,517	13.80%	46,517,976,673	16.15%
Manatee County	13,924,895	7.35%	24,759,022,291	8.60%
Pasco County	13,650,954	7.21%	19,804,373,845	6.88%
Polk County	13,431,641	7.09%	22,463,188,999	7.80%
Charlotte County	9,460,493	5.00%	15,988,917,489	5.55%
Citrus County	5,639,059	2.98%	8,700,489,533	3.02%
Hernando County	4,925,311	2.60%	7,646,691,051	2.65%
Marion County	2,742,778	1.45%	4,216,130,979	1.46%
Sumter County	2,262,764	1.19%	3,387,814,344	1.18%
Highlands County	2,153,281	1.14%	3,510,605,604	1.22%
Hardee County	788,792	0.42%	1,404,977,510	0.49%
DeSoto County	691,213	0.36%	1,141,425,064	0.40%
Levy County	521,149	0.28%	788,382,168	0.27%
Lake County	22,883	0.01%	55,477,839	0.02%
Total	<u>\$189,378,158</u>	<u>100.00%</u>	<u>\$288,027,816,770</u>	<u>100.00%</u>

**Southwest Florida Water Management District
Demographic Statistics--Population By District, Basin And County
September 30, 2006**

Southwest Florida Water Management District, By Basin

County	Population Within SWFWMD Boundaries	Green Swamp	Alafia River	Hillsborough River	Northwest Hillsborough	Coastal Rivers	Pinellas-Anclote River	Withlacoochee River	Peace River	Manasota
Charlotte *	148,115	N/A	N/A	N/A	N/A	N/A	N/A	N/A	148,115	N/A
Citrus	132,635	N/A	N/A	N/A	N/A	51,409	N/A	81,226	N/A	N/A
DeSoto	32,606	N/A	N/A	N/A	N/A	N/A	N/A	N/A	32,606	N/A
Hardee	27,333	N/A	N/A	N/A	N/A	N/A	N/A	N/A	27,333	N/A
Hernando	150,784	N/A	N/A	N/A	N/A	126,990	N/A	23,794	N/A	N/A
Highlands*	85,288	N/A	N/A	N/A	N/A	N/A	N/A	N/A	85,288	N/A
Hillsborough	1,131,546	N/A	252,787	550,271	328,488	N/A	N/A	N/A	N/A	N/A
Lake*	1,394	1,394	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Levy*	20,949	N/A	N/A	N/A	N/A	N/A	N/A	20,949	N/A	N/A
Manatee	304,364	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	304,364
Marion*	83,489	N/A	N/A	N/A	N/A	N/A	N/A	83,489	N/A	N/A
Pasco	406,897	1,912	N/A	107,909	N/A	203,083	67,382	26,611	N/A	N/A
Pinellas	947,744	N/A	N/A	N/A	N/A	N/A	947,744	N/A	N/A	N/A
Polk*	525,585	47,520	54,780	70,656	N/A	N/A	N/A	N/A	352,629	N/A
Sarasota	367,867	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	367,867
Sumter	74,052	N/A	N/A	N/A	N/A	N/A	N/A	74,052	N/A	N/A
Total	4,440,648	50,826	307,567	728,836	328,488	381,482	1,015,126	310,121	645,971	672,231

* Data is for portion of county located within SWFWMD boundaries

Permanent Population = Year-Round Residents Only

Source: Projections of Florida Population by County, 2005-2030, Bureau of Economic and Business Research (BEBR), 2006 Basin & County portional populations are obtained from Estimates of 2000 Census Populations by Political and Geographic Boundaries of the SWFWMD, GIS Associates, Inc. for the SWFWMD, July 2004

**Southwest Florida Water Management District
Demographic Statistics--Population By County
For The Last Ten Fiscal Years**

Fiscal Year	Charlotte * County	Citrus County	Desoto County	Hardee County	Hernando County	Highlands * County	Hillsborough County	Lake * County
2006	148,115 3.34%	132,635 2.99%	32,606 0.73%	27,333 0.62%	150,784 3.40%	85,288 1.92%	1,131,546 25.48%	1,394 0.03%
2005	150,957 3.47%	129,110 2.97%	34,105 0.78%	27,787 0.64%	145,207 3.34%	84,011 1.93%	1,108,435 25.49%	1,335 0.03%
2004	146,157 3.44%	125,804 2.97%	33,713 0.79%	27,400 0.65%	140,670 3.31%	82,493 1.94%	1,079,587 25.43%	1,276 0.03%
2003	142,818 3.45%	123,008 2.97%	32,798 0.79%	27,437 0.66%	136,484 3.29%	81,256 1.96%	1,055,617 25.49%	1,225 0.03%
2002	143,848 3.54%	120,471 2.96%	32,736 0.80%	26,921 0.66%	132,762 3.26%	80,185 1.97%	1,026,906 25.26%	2,424 0.06%
2001	140,919 3.54%	118,085 2.96%	32,209 0.81%	26,938 0.68%	130,802 3.28%	79,415 1.99%	998,948 25.07%	2,316 0.06%
2000	137,437 3.53%	115,608 2.96%	31,169 0.80%	26,407 0.68%	128,025 3.28%	77,592 1.99%	971,078 24.92%	2,224 0.06%
1999	134,242 3.52%	113,358 2.97%	30,128 0.79%	26,134 0.68%	125,546 3.29%	76,011 1.99%	945,564 24.77%	2,143 0.06%
1998	132,186 3.52%	111,068 2.95%	29,087 0.77%	25,408 0.68%	122,679 3.27%	74,610 1.99%	931,481 24.80%	2,075 0.06%
1997	130,343 3.53%	108,970 2.95%	28,336 0.77%	24,958 0.67%	120,414 3.26%	73,007 1.97%	916,065 24.78%	2,013 0.05%

(Continued)

**Southwest Florida Water Management District
Demographic Statistics--Population By County
For The Last Ten Fiscal Years
(Continued)**

Fiscal Year	Levy * County	Manatee County	Marion * County	Pasco County	Pinellas County	Polk * County	Sarasota County	Sumter County	Total
2006	20,949 0.47%	304,364 6.85%	83,489 1.88%	406,897 9.16%	947,744 21.34%	525,585 11.84%	367,867 8.28%	74,052 1.67%	4,440,648 100.00%
2005	20,674 0.48%	295,242 6.79%	80,310 1.85%	389,776 8.96%	943,640 21.71%	512,537 11.79%	358,307 8.24%	66,416 1.53%	4,347,849 100.00%
2004	20,220 0.48%	286,884 6.76%	77,202 1.82%	375,318 8.84%	939,864 22.14%	496,571 11.70%	348,761 8.22%	63,001 1.48%	4,244,921 100.00%
2003	19,861 0.48%	277,362 6.70%	74,226 1.79%	361,432 8.73%	933,994 22.55%	473,196 11.43%	339,684 8.20%	61,348 1.48%	4,141,746 100.00%
2002	20,123 0.49%	270,771 6.66%	59,727 1.47%	352,380 8.66%	929,207 22.84%	478,252 11.76%	334,023 8.21%	56,932 1.40%	4,067,668 100.00%
2001	19,740 0.50%	264,002 6.63%	58,515 1.47%	344,765 8.65%	921,482 23.13%	466,503 11.71%	325,957 8.18%	53,345 1.34%	3,983,941 100.00%
2000	19,208 0.49%	257,391 6.60%	56,754 1.46%	334,986 8.60%	915,791 23.50%	455,516 11.69%	318,338 8.17%	49,698 1.27%	3,897,222 100.00%
1999	18,676 0.49%	250,871 6.57%	54,950 1.44%	327,536 8.58%	907,265 23.76%	445,150 11.66%	313,218 8.20%	47,007 1.23%	3,817,799 100.00%
1998	18,013 0.48%	245,505 6.53%	53,600 1.43%	321,074 8.55%	900,320 23.97%	437,764 11.64%	308,052 8.20%	43,680 1.16%	3,756,602 100.00%
1997	17,521 0.47%	240,008 6.49%	51,956 1.41%	314,629 8.51%	894,117 24.19%	430,445 11.65%	303,393 8.21%	40,160 1.09%	3,696,335 100.00%

* Data is for portion of the county located within the SWFWMD boundaries

Source: Projections of Florida Population by County, 2005-2030, Bureau of Economic and Business Research (BEER), 2006 Basin & County portional populations are obtained from Estimates of 2000 Census Populations by Political and Geographical Boundaries of the SWFWMD, GIS Associates, Inc. for the SWFWMD, July 2004

**Southwest Florida Water Management District
Demographic Statistics--Changes In Population
For The Last Ten Fiscal Years**

Fiscal Year	Population	Increase	Percent Increase
2006	4,440,648	92,799	2.13 %
2005	4,347,849	102,928	2.42
2004	4,244,921	103,175	2.49
2003	4,141,746	74,078	1.82
2002	4,067,668	83,727	2.10
2001	3,983,941	86,719	2.23
2000	3,897,222	79,423	2.08
1999	3,817,799	61,197	1.63
1998	3,756,602	60,267	1.63
1997	3,696,335	-	-

Source: Projections of Florida Population by County, 2005-2030, Bureau of Economic and Business Research (BEBR), 2006 Basin & County portional populations are obtained from Estimates of 2000 Census Populations by Political and Geographic Boundaries of the SWFWMD, GIS Associates, Inc. for the SWFWMD, July 2004

**Southwest Florida Water Management District
Estimated Total Water Use By County (MGD)
September 30, 2006**

<u>County</u>	<u>Agricultural</u>	<u>Industrial Commercial</u>	<u>Mining Dewatering</u>	<u>Public Supply (Withdrawal)</u>	<u>Domestic Self-Supply</u>	<u>Recreational Aesthetic</u>	<u>Total (Withdrawal) (1)</u>	<u>Public Supply (Use) (2)</u>	<u>Total (Use) (3)</u>
Charlotte *	9.363	0.038	1.071	8.061	3.102	3.285	24.920	16.460	33.319
Citrus	2.286	0.893	1.579	13.771	5.337	4.422	28.288	13.666	28.183
Desoto	56.788	0.063	1.498	39.909	2.256	0.281	100.795	1.381	62.267
Hardee	45.818	0.204	2.726	1.889	1.981	0.244	52.862	1.586	52.559
Hernando	3.004	6.380	12.714	21.414	2.325	4.699	50.536	22.880	52.002
Highlands *	39.894	0.342	0.020	8.476	0.663	2.896	52.291	8.761	52.576
Hillsborough	64.833	15.068	2.068	196.620	1.154	14.572	294.315	132.262	229.957
Lake *	1.410	0.000	0.000	0.000	0.092	0.000	1.502	0.040	1.542
Levy *	9.066	0.030	0.000	0.893	1.977	0.287	12.253	0.823	12.183
Manatee	72.237	0.167	0.660	50.314	0.259	6.579	130.216	39.876	119.778
Marion *	4.047	0.119	0.000	8.123	5.381	2.789	20.459	7.954	20.290
Pasco	15.152	3.777	2.271	65.529	5.680	6.026	98.435	38.625	71.531
Pinellas	0.354	0.053	0.971	22.513	0.287	5.385	29.563	105.210	112.260
Polk *	90.944	39.076	47.556	62.176	2.256	10.735	252.743	70.145	260.712
Sarasota	3.909	0.097	0.786	26.465	0.199	9.457	40.913	34.165	48.613
Sumter	9.386	0.162	7.008	10.746	2.033	4.249	33.584	9.873	32.711
Total	<u>428.491</u>	<u>66.469</u>	<u>80.928</u>	<u>536.899</u>	<u>34.982</u>	<u>75.906</u>	<u>1,223.675</u>	<u>503.707</u>	<u>1,190.483</u>

* Data is for portion of county located within the SWFWMD boundaries.

(1) Total (Withdrawal) - Represents the sum of the preceding six columns and represents total water withdrawal by county for all categories.

(2) Public Supply (Use) - Represents total consumptive use of public supply water within a county. When compared to Public Supply (Withdrawal) column, a large difference would represent an import or an export of publicly supplied water from one county to another.

NOTE: Public Supply (Use) versus (Withdrawal) differences in Citrus, Hardee, Hernando, Highlands, and Marion are the result of data being obtained from two different sources with slightly different numbers (not intercounty transfers).

(3) Total (Use) - The product of "Total (Withdrawal)" minus "Public Supply (Withdrawal)" plus "Public Supply (Use)" and represents consumptive use of publicly supplied water in the county.

**Southwest Florida Water Management District
Permit Applications Received
For The Last Ten Fiscal Years**

Fiscal Year	Water Use Permit Applications	Environmental Resource Permit Applications	Well Construction Permit Applications	Total Permit Applications
2006	659 3.16%	4,321 20.72%	15,870 76.12%	20,850 100.00%
2005	641 3.31%	3,953 20.40%	14,779 76.29%	19,373 100.00%
2004	652 3.68%	3,767 21.26%	13,301 75.06%	17,720 100.00%
2003	6,700 (1) 31.07%	3,334 15.46%	11,529 53.47%	21,563 100.00%
2002	729 4.31%	3,128 18.47%	13,076 77.22%	16,933 100.00%
2001	833 4.70%	3,032 17.12%	13,841 78.18%	17,706 100.00%
2000	851 4.88%	3,031 17.38%	13,560 77.74%	17,442 100.00%
1999	933 5.63%	3,127 18.86%	12,521 75.51%	16,581 100.00%
1998	923 6.30%	2,892 19.73%	10,840 73.97%	14,655 100.00%
1997	810 5.54%	2,665 18.22%	11,148 76.24%	14,623 100.00%

(1) Water use permits in the Southern Water Use Caution Area (SWUCA) were automatically updated in 2003, to be in line with the SWUCA I rule, which accounted for the large number of permit applications for that fiscal year.

**Southwest Florida Water Management District
Budgeted Personnel (FTE's) by Program
For The Last Ten Fiscal Years**

Fiscal Year	Water Resources Planning and Monitoring	Acquisition, Restoration And Public Works	Operations And Maintenance Of Lands And Works	Regulation	Outreach- Public Education	District Management And Administration	Total Budgeted Personnel (FTE's)
2006	120 16.30%	67 9.10%	109 14.81%	213 28.94%	20 2.72%	207 28.13%	736 100.00%
2005	120 16.30%	65 8.83%	107 14.54%	216 29.35%	20 2.72%	208 28.26%	736 100.00%
2004	118 16.03%	60 8.15%	112 15.22%	214 29.08%	18 2.45%	214 29.07%	736 100.00%
2003	120 16.30%	54 7.34%	118 16.03%	214 29.08%	17 2.31%	213 28.94%	736 100.00%
2002	123 16.71%	48 6.52%	120 16.30%	216 29.35%	18 2.45%	211 28.67%	736 100.00%
2001	122 16.58%	52 7.07%	116 15.76%	215 29.21%	19 2.58%	212 28.80%	736 100.00%
2000	122 16.58%	52 7.07%	118 16.03%	216 29.35%	19 2.58%	209 28.39%	736 100.00%
1999	108 14.67%	65 8.83%	124 16.85%	214 29.08%	18 2.45%	207 28.12%	736 100.00%
1998	105 14.27%	70 9.51%	122 16.58%	214 29.08%	18 2.45%	207 28.11%	736 100.00%
1997	93 12.64%	72 9.78%	116 15.76%	218 29.62%	49 6.66%	188 25.54%	736 100.00%

This schedule reports the budgeted personnel full-time equivalents by program.

**Southwest Florida Water Management District
Schedule Of Insurance In Force
September 30, 2006**

Policy Expiration Date	Types Of Coverage	Company	Policy Number	Annual Premium	Limits Of Coverage	Deductible
10/01/06	Property (\$89,939,510 blanket limit on \$89,939,510 of values including Bldgs / BPP / WCS)	Arch Specialty Landmark American	ESP0001750-01 LHD343115	\$156,236 69,253	\$5,000,000 \$84,939,510 (xs of \$5M) Extra Expense - \$475,000 Replacement Cost	\$5,000 per occurrence Flood - \$50,000 Windstorm - 2% minimum \$100,000
10/01/06	Inland Marine	St. Paul Travelers	QT-660-1032C436-05	76,129		
	Boat			incl.	Physical Damage: \$160,047	\$2,500
	Contractor's Equipment			incl.	\$5,174,374 (Scheduled Equipment) \$200,000 Rented Equipment (incl) \$25,000 (Unscheduled Equipment)	\$2,500 \$2,500 \$2,500
	Radio / Tower / Equipment			incl.	\$10,412	\$2,500
	Electronic Data Processing			incl.	\$14,268,683 Extra Expense - \$500,000	\$2,500 all losses
	Valuable Papers & Records			incl.	\$6,800,600	\$2,500
10/01/06	Boiler & Machinery	St. Paul Travelers	BAJ-BM-21-445D4554-05	5,093	\$10,000,000	\$2,500
09/29/07	Flood	Philadelphia Indemnity "	00200023402006 00200023412006	1,558 1,558	\$500,000 Bldg / \$500,000 Contents - Tpa Bldg 1 \$500,000 Bldg / \$500,000 Contents - Tpa Data Ctr	\$500 Bldg / \$500 Contents \$500 Bldg / \$500 Contents
01/20/07	Flood	Philadelphia Indemnity	87022353602006	4,976	\$500,000 Bldg / \$300,000 Contents - Sarasota	\$50,000 Bldg / \$50,000 Contents
10/01/06	Liability Coverage General Liability Law Enforcement Liability Auto Liability and Physical Damage on 244 Vehicles Public Officials Errors and Omissions/Employment Practices (Retroactive date 10/1/93)	PGIT	PK FL1 0274501 05-03	79,073 13,000 116,914 80,040	\$1M per claim / \$3M Aggregate \$1M per claim / \$1M Aggregate \$1M per Occ / \$1M Aggregate \$1M per claim	First Dollar First Dollar First Dollar/\$1K Comp and Coll \$25,000 per claim
	Service Fee			23,500		
08/26/07	Petroleum Liability	Commerce & Industry	FLP7511732	550	\$1M Occurrence / \$2M Aggregate	\$500 Third Party \$300,000 Corr. Action
10/01/06	Crime	Great American		5,251	\$1,000,000	\$10,000
			Subtotal	\$633,131		
10/01/06	Self-Funded Workers' Compensation		-----	\$200,000	\$200,000 Budgeted for W/C Claim Costs Medical / Indemnity / Expenses / Settlements	
10/01/07	Excess Insurance	Midwest Employers	EWC005056	67,890	Statutory limits	\$500,000 SIR
09/30/06	Service Fee for TPA	Johns Eastern	03CONC00030	23,450	Third Party Administrative Fee	
09/30/06	State Assessment	Dept. of Insurance	-----	44,231	Self-Insurer Assessment	
			Subtotal	\$335,571		
			Total	\$968,702		

Source: District Records - Risk Manager

**Southwest Florida Water Management District
Miscellaneous Statistical Data
September 30, 2006**

Highest Total Water Use By County (MGD)

	<u>Total Usage</u>	<u>% Of District</u>
Polk County	260.712	21.90%
Hillsborough County	229.957	19.32%
Manatee County	119.778	10.06%
Pinellas County	112.260	9.43%
Pasco County	71.531	6.01%
	<u>794.238</u>	<u>66.72%</u>

Highest Total Population By County

	<u>Total Population</u>	<u>% Of District</u>
Hillsborough County	1,131,546	25.48%
Pinellas County	947,744	21.34%
Polk County	525,585	11.84%
Pasco County	406,897	9.16%
Sarasota County	367,867	8.28%
	<u>3,379,639</u>	<u>76.10%</u>

Population Projections

Year	District Green Swamp	Alafia River Basin	Hillsborough River Basin	Northwest Hillsborough Basin	Coastal Rivers Basin	Pinellas- Anclote River Basin	Withlacoochee River Basin	Peace River Basin	Manasota Basin	Total SWFWMD
2010	56,371	342,693	815,094	366,555	431,700	1,055,279	359,054	713,037	750,700	4,890,483
2015	61,450	374,783	894,523	401,391	479,024	1,093,089	404,825	776,000	823,600	5,308,685
2020	66,107	404,306	967,565	433,468	522,288	1,128,753	447,429	832,989	890,200	5,693,105
2025	70,188	430,294	1,031,969	461,743	560,575	1,161,191	485,522	883,216	948,800	6,033,498
2030	73,943	454,286	1,091,509	487,870	596,493	1,191,515	521,395	929,519	1,002,900	6,349,430

OTHER MISCELLANEOUS STATISTICS

Date of Incorporation	July 1, 1961
District Headquarters	Brooksville, Florida - Hernando County
Satellite Offices	Tampa, Bartow, Sarasota
Employees (Board-authorized and temporary)	786 (736 Board-authorized and 50 temporary)
Area	9,822 square miles
Maximum Tax Levy-District	\$0.50 PER \$1,000 of assessed taxable property value
Maximum Tax Levy-Basins	\$0.50 PER \$1,000 of assessed taxable property value
Water Use Permits Issued	605
Environmental Resource Permits Issued	3,640
Well Construction Permits Issued	13,833
Average Rainfall	50-55 inches per year
Elevation Range	0-300 feet above mean sea level



Single Audit



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Governing Board of the
Southwest Florida Water Management District:

We have audited the financial statements of the governmental activities and each major fund of the Southwest Florida Water Management District (the District), a component unit of the State of Florida, as of and for the year ended September 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 26, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Governing Board and management of the District, federal and state awarding agencies and pass-through entities, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 26, 2007
Certified Public Accountants



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

**Report on Compliance With Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133
and Chapter 10.550, *Rules of the Auditor General***

Members of the Governing Board of the
Southwest Florida Water Management District:

Compliance

We have audited the compliance of the Southwest Florida Water Management District (the District), a component unit of the State of Florida, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the requirements described in the Executive Office of the Governor's *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2006. The District's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2006.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal



program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program or state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Governing Board and management of the District, and federal and state awarding entities and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 26, 2007
Certified Public Accountants

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2006

<u>Federal/State Grantor/Pass through Grantor</u>	CFDA, CSFA <u>Number</u>	<u>Grant ID#</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct Program: Natural Resources Conservation Service			
Hurricane Charley Emergency Watershed Protection	none	65-4209-4-1632	\$ 2,402,498
Total Program			<u>2,402,498</u>
Total U.S. Department of Agriculture			<u>2,402,498</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Program:			
Lake Panasoffkee - Removal of Sediment	66.202	X-97456302	1,098,700
Total Program			<u>1,098,700</u>
Passed through Florida Department of Environmental Protection:			
Broadway Outfall Stormwater Retrofit Project	66.460	WM793	3,331
McIntosh Park Enhanced Stormwater Project	66.460	C9-99451502-0	143,321
South Glenn Arven Outfall Stormwater Retrofit	66.460	C9-99451503-0	130,427
McKay Bay Eastshore Commerce Park	66.460	C9-99451504-0	370,538
Total Program			<u>647,617</u>
Total U.S. Environmental Protection Agency			<u>1,746,317</u>
<u>U.S. Department of Homeland Security - FEMA</u>			
Direct Program:			
FY 2004 Map Modernization Management Support	97.070	EMA-2004-CA-5038	102,613
FY 2005 Map Modernization Management Support	97.070	EMA-2005-CA-5231	29,295
Total Program			<u>131,908</u>
Direct Program:			
Cooperating Technical Partners MAS Desoto & Hardee Co	97.045	EMA-2005-CA-5218	98,800
Cooperating Technical Partners MAS Hernando County	97.045	EMA-2004-CA-5021	480,418
Cooperating Technical Partners MAS Pasco & Sarasota Co	97.045	EMA-2003-GR-5373	941,795
Total Program			<u>1,521,013</u>
Passed through Florida Department of Community Affairs:			
Hurricane Wilma Disaster Assistance	97.036	FEMA-DR-1609-FL	1,675
Charlotte Harbor Cleanup Multiple Hurricanes	97.036	FEMA-1539,45,51,61	60,456
Total Program			<u>62,131</u>
Total Department of Homeland Security - FEMA			<u>1,715,052</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Alligator Creek Restoration Master Plan for Charlotte Harbor	15.FFA	1448-40181-00J042	16,700
Total Program			<u>16,700</u>
Total U.S. Department of Interior			<u>16,700</u>
<u>National Oceanic and Atmospheric Administration</u>			
Passed through Florida Department of Environmental Protection:			
Coastal Impact Assistance Wolf Creek/Sarasota Bay	11.419	NA17OZ2147	12,058
Coastal Impact Assistance Terra Ceia	11.419	NA17OZ2147	166,825
Coastal Impact Assistance Alligator Creek	11.419	NA17OZ2147	50,000
Total Program			<u>228,883</u>
Passed through Pinellas County Environmental Foundation:			
Terra Ceia Upland Habitat Restoration	11.463	2002-0005-034	107,262
Total Program			<u>107,262</u>
Total National Oceanic and Atmospheric Administration			<u>336,145</u>
<u>U.S. Department of Transportation</u>			
Passed through Florida Department of Transportation:			
Efficient Transportation Decision Making	20.205	none	279,972
Maintenance and Monitoring	20.205	none	46,175
Total Program			<u>326,147</u>
Total Department of Transportation			<u>326,147</u>
Total Expenditures of Federal Awards			\$ 6,542,859

(Continued)

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2006
(Continued)

<u>Federal/State Grantor/Pass through Grantor</u>	CFDA, CSFA <u>Number</u>	<u>Grant ID #</u>	<u>Expenditures</u>
<u>Department of Agriculture and Consumer Services</u>			
Facilitating Agricultural Resource Management	42.017	007375	\$ 437,606
Total Department of Agriculture and Consumer Services			<u>437,606</u>
<u>Department of Community Affairs</u>			
Hurricane Wilma Disaster Assistance	52600308	06-WL-&K-13-00-20-749	268
Charlotte Harbor Cleanup Multiple Hurricanes	52600308	G0145	6,500
Total Department of Community Affairs			<u>6,768</u>
<u>Department of Environmental Protection</u>			
Water Management Districts - Land Acquisition:			
Florida Forever Land Acquisition	37.022	FFTF	21,190,934
Florida Forever Pre-acquisition	37.022	FFTF	71,070
Save Our Rivers Pre-acquisition/Ancillary	37.022	WMLTF	1,181,818
Save Our Rivers Land Acquisition	37.022	WMLTF	3,141,785
Save Our Rivers Land Management	37.022	WMLTF	5,261,490
Save Our Rivers Payment in Lieu of Taxes	37.022	WMLTF	195,294
Total Program			<u>31,042,391</u>
Water Management District Permitting Assistance:			
Potable Water Well Permitting in Delineated Areas	37.030	GW218	144,670
Total Program			<u>144,670</u>
Statewide Surface Water Restoration and Wastewater Projects:			
Surface Water Improvement Management S.W.I.M.	37.039	WMLTF	1,927,917
Lake Thonotosassa-Pemberton Baker Creek Dist Res. 04-13	37.039	SWW51	60,000
Lake Panasoffkee Restoration Project	37.039	SWW11	70,006
Lake Panasoffkee Restoration Project	37.039	SWW21	575,402
Lake Panasoffkee Restoration Project	37.039	SWW31	2,165,519
Shell Creek District Resolutions 02-15	37.039	SWW31	797,066
Shell Creek District Resolutions 05-18	37.039	SWW61	293,042
Lake Hancock Outfall Treatment District Resolution 04-13	37.039	SWW51	78,716
Port Redwing District Resolution 04-13	37.039	SWW51	10,589
Alligator Creek District Resolution 04-13	37.039	SWW51	152,998
Rainbow River Veg Mapping & Elevation District Res 04-13	37.039	SWW51	35,069
Clam Bayou Stormwater Treatment District Resolution 04-13	37.039	SWW51	1,835
McIntosh Park District Resolution 04-13	37.039	SWW51	292,617
Terra Ceia Habitat Restoration District Resolution 04-13	37.039	SWW51	283,110
Robinson Preserve	37.039	EMRTF	600,000
Tampa Bay Reg. RCLM	37.039	EMRTF	1,881,024
McKay Bay Eastshore/Commerce Park District Res. 04-13	37.039	SWW51	367,041
Stormwater Filtration District Resolution 04-13	37.039	SWW51	53,638
Peace Creek Canal Ecosystem Trust Fund Dist Res. 05-18	37.039	SWW61	234,198
Rainbow River District Resolution 04-13	37.039	SWW51	20,000
Upper Myakka - FARMS	37.039	EMRTF	50,435
Total Program			<u>9,950,222</u>
Water Protection and Sustainability Program Trust Fund:			
Total Program	37.066	WPSPTF	1,715,873
Total Department of Environmental Protection			<u>42,853,156</u>
<u>Florida Fish and Wildlife Commission</u>			
Lake Panasoffkee Restoration Project	77.016	03192	605,287
Total Florida Fish and Wildlife Commission			<u>605,287</u>
<u>Department of Transportation</u>			
DOT Mitigation	37.020	none	1,634,324
Total Program			<u>1,634,324</u>
Maintenance and Monitoring	none	none	182,616
Total Department of Transportation			<u>1,816,940</u>
Total State Financial Assistance			<u>45,719,757</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 52,262,616</u>

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

Note to Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2006

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Southwest Florida Water Management District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

Schedule of Findings and Questioned Costs

Year ended September 30, 2006

(1) Summary of Auditors' Results

(a)	The type of report issued on the basic financial statements:	Unqualified
(b)	Reportable conditions in internal control were disclosed by the audit of the basic financial statements:	None reported
	Material weaknesses:	No
(c)	Noncompliance which is material to the basic financial statements:	No
(d)	Reportable conditions in internal control over major federal awards programs and state projects:	None reported
	Material weaknesses:	No
(e)	The type of report issued on compliance for major federal programs and state projects:	Unqualified opinion
(f)	Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 or Section 215.97 <i>Florida Statutes</i> :	No
(g)	The major programs/projects tested are as follows:	
		<u>CFDA #</u>
	Federal Programs:	
	Lake Panasoffkee-Removal of Sediment	66.202
	McKay Bay Eastshore Commerce Park	66.460
	Highway Planning and Construction Cluster	20.205
	Map Modernization Management Support	97.070
		<u>CSFA #</u>
	State Projects:	
	Water Management Districts – Land Acquisition	37.022
	Statewide Surface Water Restoration and Wastewater Projects	37.039
	Water Protection and Sustainability ProgramTrust Fund	37.066
	Department of Transportation Mitigation	37.020
(h)	Dollar threshold used to distinguish between Type A and Type B programs/projects:	
	Federal programs	\$ 300,000
	State projects	1,371,593
(i)	Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133:	Yes

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

Schedule of Findings and Questioned Costs

Year ended September 30, 2006

- | | |
|----------------------------------------------------------------------------------------------------------------------------|------|
| (2) Findings Relating to the Financial Statements Reported in Accordance With <i>Government Auditing Standards</i>: | None |
| (3) Findings and Questioned Costs Relating to Federal Programs: | None |
| (4) Findings and Questioned Costs Relating to State Projects: | None |



Management Letter



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

Management Letter

Members of the Governing Board
Southwest Florida Water Management District:

We have audited the financial statements of the governmental activities and each major fund of the Southwest Florida Water Management District (the District), a component unit of the State of Florida, as of and for the year ended September 30, 2006, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have also issued our report dated January 26, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, as well as our report on the District's compliance and internal control over compliance applicable to each major federal program and state project, and schedule of findings and questioned costs. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of governmental audits performed in the State of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General*, Section 10.554(1)(h)(1), require that, unless otherwise required to be reported in the auditors' report on internal control over financial reporting and compliance and other matters or in the schedule of findings and questioned costs, a management letter shall include a statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no significant findings or recommendations made in the preceding annual financial audit.

As required by the *Rules of the Auditor General*, Section 10.554(1)(h)(2), the scope of our audit included a review of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, *Florida Statutes* as it relates to the investment of public funds.

The *Rules of the Auditor General*, Section 10.554(1)(h)(3), require that we address in the management letter any findings and recommendations to improve the District's financial management, accounting procedures, and internal controls. There were no recommendations to improve the District's financial management, accounting procedures, and internal controls.



The *Rules of the Auditor General*, Section 10.554(1)(h)(4), require disclosure in the management letter of the following matters, if not already reported in the auditors' report on internal control over financial reporting and on compliance and other matters or in the schedule of findings and questioned costs, unless clearly inconsequential:

- (a) Violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered within the scope of the audit.
- (b) Improper or illegal expenditures discovered within the scope of the audit that may not materially affect the financial statements.
- (c) Deficiencies in internal control that are not reportable conditions, including, but not limited to:
 - (1) Improper or inadequate accounting procedures (i.e., the omission of required disclosures from the annual financial statements);
 - (2) Failures to properly record financial transactions; and
 - (3) Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

The results of our audit disclosed no violations of laws, rules, regulations or contractual provisions or abuse, no improper or illegal expenditures, or other deficiencies in internal control which are not otherwise reported.

The *Rules of the Auditor General*, Section 10.554(1)(h)(5), also require that we report on the District's name or official title and legal authority. The disclosure of this information is included in the notes to the financial statements.

As required by the *Rules of Auditor General*, Section 10.554(1)(h)(6)(a), the scope of our audit included a review of the provisions of Section 218.503(1), *Florida Statutes* regarding financial emergencies. In connection with our audit, we determined that the District is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), *Florida Statutes*.

As required by the *Rules of the Auditor General* Section 10.554(1)(h)(6)(b), we determined that the annual financial report for the District for the fiscal year ended September 30, 2006, to be filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2006.

As required by the *Rules of the Auditor General* Sections 10.554(1)(h)(6)(c) and 10.556(7), we applied financial condition assessment procedures pursuant to Section 10.556(7), *Rules of the Auditor General*. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

* * * * *

This management letter is intended solely for the information and use of the Governing Board and management of the District, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 26, 2007
Certified Public Accountants