

Comprehensive Annual Financial Report

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

Fiscal Year Ended September 30, 2008



COVER PHOTO: The Taylor Creek Stormwater Treatment Area is built on a section of publicly owned Grassy Island Ranch in Okeechobee County. About 10 percent of Taylor Creek's water flow is diverted into the treatment area where aquatic plants, like Fireflag (*Thalia geniculata*) pictured above, remove excess phosphorus. The clean water then returns to the creek, which flows into Lake Okeechobee and south into the Everglades.

COMPREHENSIVE ANNUAL FINANCIAL REPORT



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

A Component Unit of the State of Florida

Fiscal Year Ended September 30, 2008

Prepared by
Accounting and Financial Services Division
Christian Flierl, Director

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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INTRODUCTORY SECTION



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

TO: GOVERNING BOARD MEMBERS AND CAROL ANN WEHLE, EXECUTIVE DIRECTOR

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT – FISCAL YEAR 2008

Florida Statutes require that an external audit of our financial statements be performed by a firm of independent certified public accountants to express an opinion that the basic financial statements of the South Florida Water Management District (the District) are fairly presented in conformance with accounting principles generally accepted in the United States (GAAP). Pursuant to this requirement, we hereby issue the comprehensive annual financial report for the District for the fiscal year ended September 30, 2008.

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

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

Independent auditors have audited the basic financial statements in accordance with generally accepted auditing standards and included a review of internal accounting controls to the extent necessary to express an opinion on the fairness of these basic financial statements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the South Florida Water Management District's basic financial statements for the fiscal year ended September 30, 2008 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section (Section II) of this report.

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

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

DISTRICT BACKGROUND

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

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

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

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

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

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

GEOGRAPHIC BOUNDARIES OF THE DISTRICT

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

GENERAL OPERATIONS

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

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

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

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

REGULATORY POWERS

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

- projects with impacts on wetlands or other surface waters (dredge and fill),
- Surface Water Improvement and Management (SWIM) "Works of the District",
- use of District lands, canals, streams or aquifers,
- drainage system construction or operation, and
- well construction.

OTHER DISTRICT PROGRAMS

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

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

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

REGIONAL ECONOMIC CONDITION AND OUTLOOK

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

Population growth within the District's geographic boundaries has slowed during the recent fiscal year, with only a 0.8 percent increase as compared to a 1.5 percent increase for the prior year. Despite this downturn, the District's population is expected to steadily increase from the 2008 rate at an average of 1.5 percent per year over the next five years, with the largest numerical increases occurring in Miami-Dade, Orange and Palm Beach Counties and the highest percentage growth rates occurring in Osceola, St. Lucie and Collier Counties, according to data published by the Florida Office of Economic and Demographic Research.

Florida's economic conditions, similar to economic conditions nationwide, are projected to continue their decline into 2010 and possibly beyond. The October 2008 unemployment rate for Florida was 7.0 percent compared to 4.2 percent from a year ago; and 6.6 percent for the entire United States compared to 4.8 percent from a year ago. This increase coupled with other economic indicators, such as the slowing housing market and increased rate of foreclosures will translate into a significant slow down in property value growth into 2009.

In June 2007, the Florida Legislature passed a property tax reform package which was comprised of two components. The first, House Bill 1-B, required a reduction in taxes by all local governments and special taxing districts from three to nine percent, depending on their past per capita tax increases. This component also limited future year revenues by setting a maximum limit on future tax levies to the rolled-back millage rate. After over ten years of constant ad valorem millage rates, the fiscal year 2008 budget saw a reduction in levied rates, and accordingly ad valorem tax revenue, as a result of this legislative action. The second component of the tax reform package was approved in January 2008 by Florida voters as an amendment to the State Constitution. This amendment (known as Amendment 1) allows property owners to deduct an additional \$25,000 homestead exemption from the assessed value of their properties. This additional exemption, which was retroactive to January 1, 2008, has taken effect in the fiscal year 2009 budget, which reflects a 4.4 percent decrease in ad valorem revenue due primarily to this property tax reform.

The District has taken steps to prepare for potential terrorism, economic downturns and catastrophic weather events by establishing an Economic Stabilization Fund. As of September 30, 2008, the economic stabilization reserve was \$25.4 million.

MAJOR INITIATIVES

EVERGLADES RESTORATION

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

Today, the Everglades face critical challenges as a result of more than 100 years of human progress. Phosphorus-enriched agricultural and stormwater runoff has threatened the ecosystem's delicate balance. Other threats include changes in the quantity, distribution and timing of freshwater; an infestation of non-

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

native plants; mercury accumulation in the tissue of some Everglades fish, birds and other animals; and a reduction in the size of the Everglades marshes.

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

The **Everglades Construction Project (ECP)** was the first major step in Everglades restoration pursuant to the 1994 Everglades Forever Act. The STAs, which consist of six large constructed wetlands, totaling over 47,000 acres of effective treatment area, are the cornerstone of the ECP. Other ECP components include hydropattern improvements and diversion of stormwater flows from Lake Okeechobee. Operations and maintenance of the STAs and other features of the ECP have commenced upon completion of each individual project. Over the past decade, phosphorus control programs consisting of Stormwater Treatment Areas and best farming/management practices together have prevented over 2,840 metric tons of phosphorus from entering the Everglades.

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

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

The United States Congress approved CERP in 2000, under the Water Resources Development Act, authorizing ten initial full-scale projects along with six pilot projects. Implementation is currently estimated to cost \$10.9 billion, according to the CERP 2005 Report to Congress, half of which will be paid by the federal government. The State of Florida will provide one-fourth of the total cost, and the South Florida Water Management District and various local agencies in South Florida will provide one-fourth of the total cost. To date, the District has expended \$1.7 billion which includes \$1.3 billion for project land acquisition.

During 2005, the District launched Acceler8, an expedited initiative to be financed by Certificates of Participation to revitalize the ecosystem by increasing the pace on eight restoration projects included in the CERP and Everglades plans. Through fiscal year 2008, proceeds from the certificates totaling \$308.4 million have been utilized to reimburse construction costs related to the projects.

On December 16, 2008, following extensive negotiations, due diligence and public deliberation, the South Florida Water Management District's Governing Board voted to accept the negotiated proposal to acquire approximately 180,000 acres of agricultural land for approximately \$1.34 billion. The vast tracts of land in the Everglades Agricultural Area would be used to reestablish a part of the historic connection between Lake Okeechobee and the Everglades through a managed system of storage and treatment and, at the same time,

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

safeguard the St. Lucie and Caloosahatchee rivers and estuaries. The benefits of the land acquisition would include increasing water storage to reduce harmful freshwater discharges from Lake Okeechobee to Florida's coastal rivers and estuaries, improving the delivery of cleaner water to the Everglades, preventing tons of phosphorus from entering the Everglades and eliminating the need for "back-pumping" water into Lake Okeechobee. The proposed transaction, which is contingent upon financing, would represent the largest land acquisition in Florida's history.

LAKE OKEECHOBEE

The Lake Okeechobee Program is a multi-year, multi-component project which is designed to improve Lake Okeechobee and its estuaries by reducing excess nutrient loading, managing water levels and reducing or eliminating exotic plant species. In 2000, the Florida State Legislature passed the Lake Okeechobee Protection Bill, which required the District, in partnership with the Florida Department of Agriculture and Consumer Services and the Florida Department of Environmental Protection, to restore the lake and its watershed. In 2007, the program was further extended under the Northern Everglades and Estuaries Protection legislation, which addressed both water quality and water storage needs. One of the components of this program is the Lake Okeechobee Fast Track (LOFT) Project, which is designed to reduce phosphorus loads to the lake. In 2006, the District entered into a grant agreement with the Florida Department of Environmental Protection that extends to 2010. This grant will provide reimbursement of \$25.0 million towards the completion of this project. Total expenditures for the Lake Okeechobee Program for fiscal year 2008 totaled \$58.1 million.

KISSIMMEE BASIN RESTORATION

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

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

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

The state and federal governments will split the estimated \$578 million cost to restore the river. The United States Army Corps of Engineers is responsible for the construction and the design of the restoration. The District has completed all voluntary acquisitions comprising approximately 105,000 acres of land needed for the Project. In addition, engineering solutions will be implemented in lieu of acquiring land.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

FINANCIAL POLICIES

PRINCIPLES OF SOUND FINANCIAL MANAGEMENT

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

BUDGET ADOPTION AND CONTROLS

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

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

CASH MANAGEMENT

The District's cash position is bolstered by an aggressive but prudent investment policy. Cash not currently needed for operations is placed in a variety of investments depending on how soon the cash will be needed for spending. During the last fiscal year our investments included U.S. Agency obligations, the Florida Local Government Surplus Funds Trust Fund Investment Pool, certificates of deposit and money market accounts.

RISK MANAGEMENT

The District is self-insured, within varying limits, for workers' compensation, general liability, and automobile liability insurance programs. All premium revenue and claims expenditures are reported in the District's General Fund. The District participates in a fully insured health care program that has enabled the District to realize substantial cost savings.

Risk control procedures have been established to reasonably ensure that the District's employees are aware of their responsibilities regarding loss exposures related to their duties. In a similar manner, risk control procedures have been established to reduce possible losses to property owned by or under District control.

DEBT ADMINISTRATION

The largest portion of the District's debt is comprised of the unpaid balance of revenue bonds referred to as Certificates of Participation, Series 2006, and to a lesser extent, the unpaid balance of Special Obligation

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Land Acquisition Bonds. The certificates were issued to provide funds for the construction of accelerated projects in furtherance of Everglades restoration. Land acquisition bonds were issued to finance the purchase of environmentally sensitive lands and are secured by a share of statewide documentary stamp tax collections. Our credit rating remains Aaa for these insured bonds. The District has no general obligation bonds authorized or outstanding. The total liability for the revenue bonds and the land acquisition bonds at September 30, 2008 is \$538.4 million and \$46.3 million, respectively. We are obligated for payments on the certificates through fiscal year 2037, and on the bonds through fiscal year 2016.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

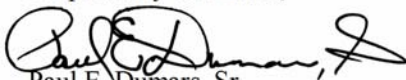
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Florida Water Management District for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the eighteenth consecutive year the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, satisfying both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. 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.

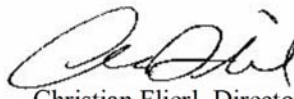
ACKNOWLEDGMENTS

We extend our sincere appreciation to the many District employees who provided countless hours of research and analysis in the preparation of this report. Special thanks go to the employees of the Division of Accounting and Financial Services for their diligence in the production of this report.

Respectfully submitted,

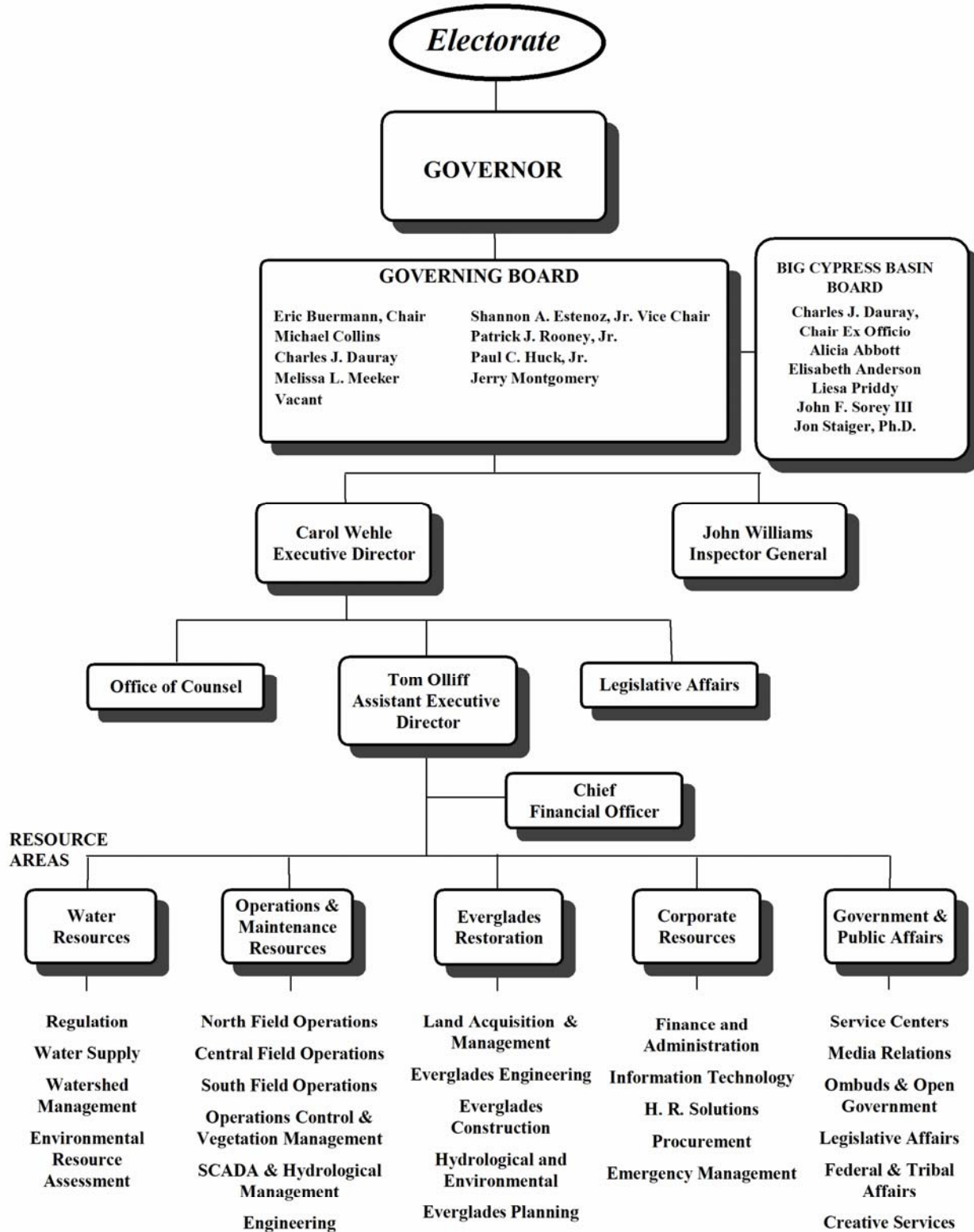


Paul E. Dumars, Sr.,
Chief Financial Officer
March 26, 2009



Christian Flierl, Director
Division of Accounting and Financial Services

ORGANIZATION CHART AND LIST OF PRINCIPAL OFFICIALS



Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Florida Water Management District

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

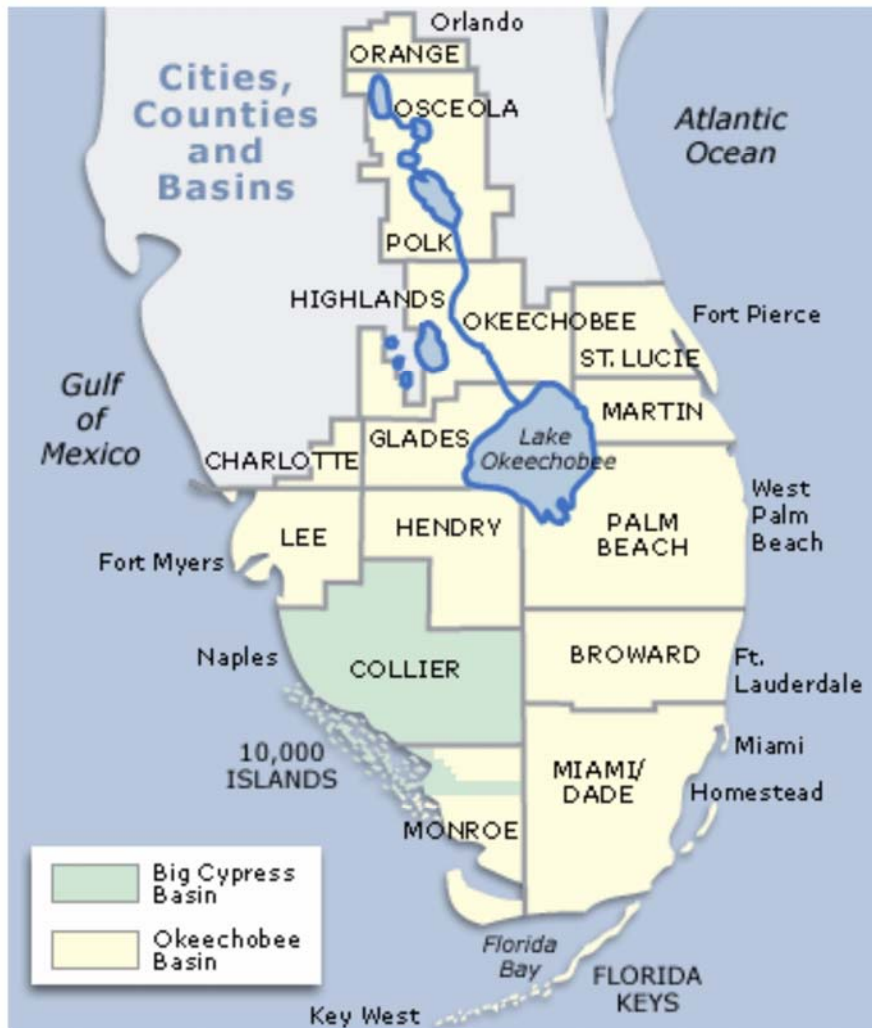
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

South Florida Water Management District Geographic Boundaries



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

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



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FINANCIAL SECTION



SHARPTON, BRUNSON & COMPANY, P.A.

Certified Public Accountants & Business Consultants

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Suite 600
Tallahassee, Florida 32301
Telephone: (850) 224-2994
Facsimile: (850) 222-1241

Independent Auditor's Report

To the Governing Board of the
South Florida Water Management District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Florida Water Management District (the District), a component unit of the State of Florida, as of and for the year ended September 30, 2008, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of September 30, 2008 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2009 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 (MD&A) and the required supplementary information other than MD&A, on pages II-3 through II-23 and IV-1 through IV-10, respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplemental information, statistical section, and disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has 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 section, statistical section, and disclosure section 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.

Sharpton Brunson & Company, P.A.

March 20, 2009

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Our discussion and analysis of the South Florida Water Management District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2008. Please read it in conjunction with the transmittal letter beginning on page I-1 and the District's basic financial statements, which begin on page III-1.

FINANCIAL HIGHLIGHTS

- District assets exceeded liabilities at the close of fiscal year 2008 by approximately \$4.2 billion.
- Net assets increased almost 11 percent during the year, from \$3.8 billion at September 30, 2007 to \$4.2 billion at September 30, 2008, a change of \$0.4 billion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$85.0 million, or about 48.0 percent of total General Fund expenditures.
- The District's total capital assets increased by \$456.4 million during the current fiscal year. This increase resulted primarily from major land acquisitions and construction of various projects.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

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. All of the funds of the District are categorized as governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Okeechobee Basin Special Revenue Fund, State Appropriations Fund, Save Our Rivers Capital Projects Fund, Everglades Trust Fund, Comprehensive Everglades Restoration Plan Fund, Save Our Everglades Fund, Acceler8 Everglades Construction Project Fund, and Acceler8 Comprehensive Everglades Restoration Plan Fund all of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages III-3 to III-11 of this report.

Individual fund data for each of the 21 non-major governmental funds is provided in the form of combining statements on pages V-4 to V-17 of this report.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided that include the original and final appropriated budgets as well as the final actual results of operations for the General Fund, Okeechobee Basin Special Revenue Fund, and the State Appropriations Fund to demonstrate compliance with these budgets. The budgetary comparison schedules for these three funds are being reported as required supplementary information other than management discussion and analysis and are presented immediately after the notes on pages IV-1 to IV-8. Budgetary comparison schedules for the other governmental funds are presented on pages V-18 to V-49 of this report.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages III-12 to III-39 of this report.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by over \$4.2 billion at the close of the most recent fiscal year, an increase of \$412.2 million from the prior fiscal year. By far the largest portion of the District's net assets (89.1 percent) reflects its investment in capital assets (e.g., land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets (9.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance (1.4 percent) of net assets relates to the unrestricted portion. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. Key elements of the net asset increase are presented on the following page.

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

	2008	2007
Current and Other Assets	\$ 929,019,121	\$ 988,154,137
Capital Assets, Net	4,092,113,891	3,635,739,029
Total Assets	5,021,133,012	4,623,893,166
Current and Other Liabilities	175,016,854	112,167,529
Long-term Liabilities Outstanding	638,580,040	715,904,201
Total Liabilities	813,596,894	828,071,730
Net Assets:		
Invested in Capital Assets,		
Net of Related Debt	3,725,960,133	3,398,712,773
Restricted	398,442,244	508,207,299
Unrestricted	83,133,741	(111,098,636)
Total Net Assets	\$4,207,536,118	\$3,795,821,436

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

**District's Changes in Net Assets
Fiscal Years Ended September 30**

Revenues	2008	2007
Program Revenues		
Charges for Services	\$ 11,167,494	\$ 12,761,049
Operating Grants and Contributions	87,562,691	106,834,171
Capital Grants and Contributions	248,199,285	285,443,922
General Revenues		
Property Taxes	560,010,089	561,510,785
Investment Earnings	37,834,818	47,506,506
Miscellaneous	13,707,833	20,105,295
Total Revenues	958,482,210	1,034,161,728
Expenses		
Land Stewardship	13,284,667	14,480,201
District Everglades	70,075,520	71,929,012
Operations and Maintenance	133,247,616	83,000,117
Water Supply	54,678,200	59,868,436
Kissimmee Watershed	7,638,402	12,166,328
Regulation	19,001,809	17,322,886
Lake Okeechobee	20,614,407	26,628,565
Coastal Watersheds	40,076,948	32,484,337
Mission Support	103,599,908	128,467,596
Comprehensive Everglades Restoration Plan	41,425,271	24,865,512
Modeling and Scientific Support	15,628,709	15,550,268
Interest on Long-term Debt	27,496,071	25,466,262
Total Expenses	546,767,528	512,229,520
Increase in Net Assets	411,714,682	521,932,208
Net assets – Beginning of fiscal year	3,795,821,436	3,273,889,228
Net assets – End of fiscal year	\$4,207,536,118	\$3,795,821,436

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Property taxes continue as the District's primary source of revenue. For fiscal year 2008, revenue from property taxes totaled \$560.0 million of which \$11.3 million represents Agricultural Privilege Taxes. This reflects a decrease of \$1.5 million from fiscal year 2007, attributable to legislative action reducing the District-wide, Okeechobee Basin and Big Cypress Basin millage rates. Despite an increase in property values throughout the District, lower ad valorem property tax revenue was projected for fiscal year 2008 due to legislative tax reform initiatives. In fiscal years 2007 and 2008, taxable property values within the District increased annually by 24.6 percent and 10.7 percent, respectively.

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

Although during fiscal year 2008 tax revenues derived from the Agricultural Privilege Tax decreased approximately \$400,000 from the prior fiscal year's level of \$11.7 million, this continues to be a steady source of revenue for the Everglades Trust Fund. Annual revenue realized is directly related to a change in acres in the Everglades Agricultural Area and C-139 basin from the previous year's tax rolls. Acres can be taken off the tax rolls due to construction and change in land status to non-agricultural use tax classification.

Operating grants and contributions totaled \$87.6 million for fiscal year 2008, a decrease of approximately \$19.3 million from the prior fiscal year. The majority of revenue in this category is derived from advanced funding from the State of Florida, through the Department of Environmental Protection, for water supply and regional water management purposes. Annual appropriations vary depending upon the State's budget, with revenues being recognized by the District upon actual receipt of the funds. During fiscal year 2008, the District realized a net reduction of approximately \$17.0 million in comparison to fiscal year 2007, primarily resulting from a decrease in State revenue sources received.

Capital grants and contributions totaled \$248.2 million for fiscal year 2008, a decrease of approximately \$37.2 million from fiscal year 2007. The District recognizes revenue for capital purposes when received, primarily for land acquisition and to a lesser extent capital construction, from a number of sources including State appropriations, the Florida Forever Trust Fund, Save Our Everglades Trust Fund, and participating counties. During fiscal year 2008, the District acquired several significant land holdings under the Land Stewardship, Kissimmee Watershed, Lake Okeechobee and Coastal Watershed programs, resulting in approximately \$100.0 million more in capital revenues being realized in comparison to the prior fiscal year. Offsetting this increase was a reduction in the value of assets (land) donated to the District, the fair value of which is recognized as capital grant revenue. During fiscal year 2008, the fair value of donated capital assets was about \$137.2 million less than that recognized in fiscal year 2007, which when combined with the aforementioned increases in revenue for land acquisitions, results in a net overall reduction in capital program revenue of \$37.2 million.

Investment earnings during fiscal year 2008 decreased by approximately \$9.7 million to \$37.8 million from the previous fiscal year 2007 level of \$47.5 million. The reduction is primarily attributed to two factors. First, cash on hand from the 2006 Series Certificates of Participation (COPS) proceeds was reduced due to the construction expenditures incurred during the fiscal year, leaving less money invested, and in turn resulting in a decrease of \$3.3 million in interest earned on such balances. Additionally, rates earned on investments dropped approximately 1.50% on average due to economic conditions. The District kept a slightly higher allocation of idle funds in cash accounts that have lower yields due to the uncertainty and volatility in the markets, translating to a drop of \$4.5 million on pooled investment earnings.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Miscellaneous Revenue totaled \$13.7 million for fiscal year 2008, and consists of self-insurance premiums (\$3.1 million); indirect costs recovered (\$8.5 million); and other revenue (\$2.1 million). The net decrease of approximately \$6.4 million from fiscal year 2007 is attributed to a combination of factors. In fiscal year 2007 the District received a one-time payment of \$10.0 million related to land development rights. Offsetting this decrease from fiscal year 2007 to fiscal year 2008 were increases related to higher self-insurance premiums (\$0.6 million) and indirect costs reimbursed (\$2.7 million) during 2008. The revenue increase attributable to indirect costs reimbursed results from both an agency shift in project emphasis towards the Comprehensive Everglades Restoration Plan (CERP) program along with a calculated increase in the District's indirect cost rate factor upon which the indirect cost rate reimbursement revenue is based.

Expenses related to the Operations and Maintenance, Water Supply, Kissimmee Watershed, Lake Okeechobee, Coastal Watersheds, Mission Support, and Comprehensive Everglades Restoration Plan Programs totaled approximately \$401.3 million or 73.4 percent of the \$546.8 million in total expenses for fiscal year 2008. These seven (7) programs experienced significant variances in terms of total program expenses for fiscal year 2008 in comparison to the previous fiscal year, and are further discussed as follows.

Operations and Maintenance Program expense incurred during fiscal year 2008 was \$133.2 million, an increase of \$50.2 million over the \$83.0 million expensed in fiscal year 2007. Additional program expenses in fiscal year 2008 are primarily the result of increased activities and added costs (e.g. rising fuel prices) associated with the operations, repair and maintenance of the District's water control infrastructure. Contributing to this cost increase are operational activities associated with moving water throughout the District's canal and waterway system in order to meet flood control and water supply requirements, maintenance of the levee and canal banks, and expenses associated with responding to 1,261 instrumentation maintenance requests at data collection sites, treating 83,825 acres of aquatic/terrestrial vegetation, inspecting/assessing ten District bridges and 139 water control structures, surveying/assessing 220 miles of canals, and performing eight miles of tree clearing at Golden Gate Main and Cypress Canals.

This program is primarily responsible for the operation and maintenance of more than 500 water control structures and over 60 pump stations, installation and maintenance of more than 2,000 automated remote terminal units and 25 weather stations, and maintenance of 1,969 miles of canals and levees, of which 1,800 are in the C&SF Project, and 169 in the Big Cypress Basin. The strategic priority goal of the Operations and Maintenance Program is to minimize damage from flooding, provide adequate regional water supply, and protect and restore the environment by optimally operating and maintaining the primary flood control and water supply system.

Water Supply Program expense incurred during fiscal year 2008 totaled \$54.7 million, which equates to a decrease of \$5.2 million in comparison to the \$59.9 million expensed in fiscal year 2007. The reduction is primarily related to less funds available through the State in support of Alternative Water Supply projects, and the District's required match. This program is responsible for the District's evaluation of long-term water supply needs as well as planning and development associated with various water resource projects.

Program accomplishments in fiscal year 2008 include implementation of the Water Shortage Program in response to drought conditions in Lake Okeechobee, the Everglades, and other basins throughout the District; and completion of a feasibility study for sub-regional water supply projects in Broward and Miami-Dade counties. Other key program highlights include managing Alternative Water Supply projects involving 69 local partners, and the funding of 17 projects in the Water Savings Incentive Program. The strategic priority goal of the Water Supply Program is to ensure an adequate supply of water to protect natural systems and to meet all existing and projected reasonable-beneficial uses, while sustaining water resources for future generations.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Kissimmee Watershed Program expense incurred during fiscal year 2008 amounted to \$7.6 million, a \$4.6 million decrease from the \$12.2 million incurred during the previous fiscal year. The decrease in expenses between the two fiscal years is directly related to the winding down of land acquisitions relative to the Kissimmee River Restoration Project. The District has essentially completed all voluntary acquisitions, with the remainder in condemnation. This translates into operational resources being redirected to other priority programs, and therefore less expenses being incurred in comparison to prior periods.

The Kissimmee Watershed Program is charged with developing an integrated strategy for addressing the water quality and quantity requirements for the Kissimmee River, Chain of Lakes and Lake Okeechobee using a combination of watershed modeling tools, environmental monitoring and assessment, adaptive management and partnership with federal and state agencies, local governments and other stakeholders. The strategic priority goal of the program is to restore ecological integrity to the Kissimmee River and its floodplain ecosystem and integrate Kissimmee watershed management strategies with those of Lake Okeechobee protection and water supply development.

Lake Okeechobee Program expense incurred during fiscal year 2008 was \$20.6 million as compared to \$26.6 million in fiscal year 2007. The annual decrease in expenses was \$6.0 million. The primary contributor to this reduction was the agency shift in the use of state revenues from funding operational expenses to capital, primarily land acquisitions. In addition, during the prior fiscal year enhanced efforts were undertaken to improve the health of the lake through the implementation of dredging projects.

Significant accomplishments of the program during fiscal year 2008 included monitoring lake conditions in response to continued low lake levels triggering different in-lake restoration projects, exotics control and water allocation projects.

The focus of the Lake Okeechobee Program is to solve three key problems associated with the lake, including excessive nutrient loading, extremely high or low water levels, and inundation of exotic plant species. The strategic priority goal of the program is to improve the health of the Lake Okeechobee ecosystem by improving water quality, reducing or eliminating exotic species and better managing water levels.

Coastal Watersheds Program expense incurred during fiscal year 2008 was \$40.0 million, an increase of \$7.5 million over fiscal year 2007 expense of \$32.5 million. The primary factor contributing to this increase was the program's ability to make significant progress towards completing initiative projects in comparison to past years, with fiscal year 2008 realizing a 92.0 percent expenditure rate in relation to the available discretionary budget, a 44.0 percent improvement over the previous year.

Key accomplishments of the program during fiscal year 2008 included the completion of 65 local initiative projects for habitat restoration, flood protection, water quality and hydrologic improvements; completion of several studies used in the development of the draft Northern Everglades Protection Plans; finalization of 27 research, mapping and modeling efforts to be used in plan development, restoration, water supply and operational decisions; and completion of the Surface Water Improvement and Management Plan for Lower Charlotte Harbor.

The Coastal Watersheds Program implements habitat and water quality improvement projects, increases the District's ability to make informed operational decisions from applied scientific research, administers State-funded initiatives with local governments, and manages tributary floodplains of nine coastal water bodies in South Florida. The strategic priority goal of the program is to restore coastal watersheds and receiving water bodies through local initiatives and applied scientific research.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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Mission Support Program expense incurred during fiscal year 2008 was \$103.6 million. This represents a reduction of \$24.9 million from the \$128.5 million expensed in fiscal year 2007. The overall decrease is mainly attributed to a reduction of \$10.6 in contractual services and an \$8.0 million reduction in estimated liabilities resulting from legal related matters to which the District is a party. Another factor contributing to the reduction in expenses was an overall re-distribution of various costs previously captured under Mission Support to other programs that derive a more direct benefit from the related services.

Significant program accomplishments during the fiscal year include: successfully negotiated 104 General Engineering & Professional Services contracts; completed several different software application upgrades; conducted numerous training sessions and conferences; coordinated 25 press events and wrote and distributed over 250 news releases, statements, opinion pieces, advisories and letters to the editor. Also influenced and assisted in the passage of major environmental legislation (Everglades Restoration Bonds, Florida Forever Successor Program, and Ocean Outfalls) and secured \$128.9 million in state appropriations during a very challenging fiscal year. Other program highlights included receiving the Achievement of Excellence in Procurement Award from the National Purchasing Institute; the Certification of Achievement of Excellence in Financial Reporting for the District's fiscal year 2007 Comprehensive Annual Financial Report and the Distinguished Budget Presentation with Special Recognition for Capital Reporting for the District's fiscal year 2008 Budget Document from the Government Finance Officers Association; and the Project Management Institute's Chapter Award for the Project of the Year for e-Permitting.

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

Comprehensive Everglades Restoration Plan (CERP) Program expense during fiscal year 2008 was \$41.4 million. This represents an increase of \$16.5 million from the \$24.9 million expensed in fiscal year 2007. The increase is primarily attributable to the reclassification of capital assets during the year in order to properly reflect the impact of other participating and partnering agencies' contributions to and interest in lands acquired in furtherance of the program. These reclassifications and adjustments resulted in an expense being recognized in the CERP Program during fiscal year 2008 that would not have otherwise been reflected in the prior comparing year.

The District is the CERP implementing agency for the State of Florida, in partnership with the U.S. Army Corps of Engineers. The program works to improve the quantity, quality, timing and distribution of water delivered to freshwater and coastal systems in South Florida. The program costs include completion of Project Implementation Reports; implementation of program-level management activities, including adaptive assessment and monitoring; and implementation of new and improved restoration technologies. The key strategic priority goal of the CERP Program is to restore, preserve and protect the South Florida ecosystem through implementation of the Comprehensive Everglades Restoration Plan and other related federal water resources projects.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

General Fund

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

At fiscal year end the fund balance of the General Fund was \$94.3 million which represents an increase of approximately \$30.3 million from the fiscal year 2007 ending balance of \$64.0 million. Of the \$94.3 million, \$85.0 million was unreserved and \$9.3 million was reserved for encumbrances. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 48.0 percent of the General Fund expenditures totaling \$176.9 million, while total fund balance represents 53.3 percent of that same amount. Several factors contributed to this increase including excess of revenues over expenditures of \$74.9 million.

Total revenues in the General Fund increased approximately \$0.3 million from the prior year. This net increase is comprised of the following: an increase of \$2.6 million relative to indirect cost recovery resulting from higher personnel costs and a change in the District's overhead rate from 79.2 percent to 107.1 percent; higher self-insurance premiums of \$0.6 million; an increase associated with intergovernmental revenues of \$0.4 million for citrus canker tree replacement; and decreases in property tax revenues of \$0.4 million, fees of \$1.5 million, and investment earnings of \$1.4 million.

Total expenditures decreased approximately \$4.5 million in fiscal year 2008 to \$176.9 million. The net decrease was comprised of several program areas with small increases and decreases within the General Fund from fiscal year 2007 to 2008. The largest expenditure decrease of \$4.7 million occurred in the Mission Support program. Mission Support program expenditure reductions were mostly due to one-time contractual services costs incurred in fiscal year 2007 for planning, implementation, support and licenses for the new Enterprise Resource Planning system.

Operating transfers netted to \$44.7 million in other financing uses for fiscal year 2008. Transfers-out totaled \$45.7 million, of which the majority (\$44.6 million) was to the CERP Fund, representing the General Fund's 2008 annual contribution to CERP to fund planned operations and capital projects. Other transfers-out of \$1.1 million from the General Fund to the District Capital Projects Fund were for scheduled capital improvement projects (\$0.9 million) and to fund debt service payments (\$0.2 million). The transfers-in amount totaled \$1.0 million. The majority of the transfers-in (\$0.9 million) related to additional investment income generated in the Alternative Water Supply Fund being moved to the General Fund.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Okeechobee Basin Special Revenue Fund

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

The total fund balance of the Okeechobee Basin Special Revenue Fund at September 30, 2008 was \$73.9 million, a decrease of \$6.5 million from fiscal year 2007. Factors contributing to this net decrease include a reduction in revenues over expenditures of \$131.3 million in fiscal year 2008 as compared to \$136.6 million in fiscal year 2007 and an increase in transfers-out.

Total revenues in the Okeechobee Basin Special Revenue Fund increased \$3.5 million over the previous fiscal year. This net increase is primarily comprised of the following: an increase in sales of District property of \$0.4 million; an increase associated with intergovernmental revenues from the Federal Emergency Management Agency of \$4.9 million for Hurricanes Francis and Jeanne closeout (\$4.2 million), Hurricane Charley (\$0.6 million), Hurricane Katrina (\$0.1 million); and decreases in property tax revenues of \$0.6 million and lower investment earnings of \$1.5 million.

Total expenditures increased by \$8.8 million in fiscal year 2008 to \$109.9 million. The net increase is an 8.7 percent change from fiscal year 2007 and primarily relates to an increase in Operations and Maintenance program expenditures of \$12.3 million resulting from repairs and maintenance associated with the District's water control infrastructure, offset by decreases of \$0.5 million in debt service due to the prior year payoff of an outstanding loan and an overall net decrease of \$3.0 million in other program expenditures.

For fiscal year 2008, operating transfers netted to \$137.8 million, with transfers-out totaling \$137.9 million and transfers-in \$0.1 million. The majority of the transfers-out (\$82.6 million) was to the CERP Fund, representing the Okeechobee Basin Special Revenue Fund's 2008 annual contribution for CERP in order to fund planned operations and capital projects. The remaining transfers-out, the amount of \$55.3 million, went to the Okeechobee Basin Capital Fund to support scheduled capital improvement projects (\$47.6 million) and various purchases of goods and services resulting from emergency conditions created by unprecedented low water levels for Lake Okeechobee (\$7.7 million).

State Appropriations Fund

The State Appropriations Fund accounts for expenditures incurred for various projects utilizing revenue from state sources. The Water Protection and Sustainability Trust Fund, Ecosystem Management Trust Fund and other state appropriations are the primary sources of revenue for this fund. In recent years, the State has advanced funds to the District for major long-term projects, such as flood mitigation and restoration of various water bodies.

During fiscal year 2008, the balance of the State Appropriations Fund decreased by \$5.6 million to \$30.3 million by the end of fiscal year. The State Appropriations Fund spent \$40.5 million in 2008, and received advances in the amount of \$34.8 million from the State of Florida. Total revenues decreased by \$16.3 million over the prior year. Balances and activity in this fund varies from year to year based on the amount and timing of revenues received by the State and the status of on-going projects. Total expenditures in the State Appropriations Fund increased \$0.7 million in fiscal year 2008, primarily as a result of on-going local government agreements and alternative water supply projects. There were no operating transfers in the State Appropriations Fund during fiscal year 2008.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
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Save Our Rivers Capital Projects Fund

The Save Our Rivers Capital Projects Fund accounts for revenues received from annual allocations through the State's Florida Forever Trust Fund, and related expenditures incurred for the purchase of environmentally sensitive lands.

The fund balance of the Save Our Rivers Capital Projects Fund increased approximately \$1.4 million during the current fiscal year bringing the total fund balance at the end of fiscal year 2008 to \$15.6 million.

Total fiscal year 2008 revenues increased by \$49.1 million in the Save Our Rivers Capital Projects Fund from the prior year, and total expenditures increased approximately \$49.6 million to \$54.7 million. These increases are primarily attributable to reimbursements from the Florida Forever Trust Fund for several large land purchases during the fiscal year. Balances and activity in this fund vary from year to year based on State appropriations and the status of on-going capital projects.

Everglades Trust Fund

The Everglades Trust Fund was established to account for capital expenditures to construct Stormwater Treatment Areas (STAs) which will cleanse stormwater runoff from the Everglades Agricultural Area (EAA) through naturally occurring biological and physical processes. Additional objectives include hydroperiod restoration and water supply. Revenue for this fund is provided through a .100 mill tax levy, non-ad valorem tax assessments to property owners in the EAA, state and federal contributions, and interest earnings.

During fiscal year 2008 the fund balance of the Everglades Trust Fund increased \$14.2 million to \$89.1 million at fiscal year end. Several factors contributed to this increase including excess of revenues over expenditures of \$31.4 million.

Total revenues in the Everglades Trust Fund remained approximately at the same level as in the prior fiscal year, \$90.7 million. This was primarily due to no increases in tax revenues for fiscal year 2008.

Total expenditures increased approximately \$9.9 million in fiscal year 2008 to \$59.4 million. Several factors contributed to this increase, the most significant of which included an additional \$22.7 million expended for work related to implementing the Long-Term Plan within the District's Everglades program and higher debt service payments of \$3.0 million during fiscal year 2008 associated with Certificates of Participation issuance. These increases were partially offset by a reduction in capital outlay expenditures of \$15.4 during the year relative to the completion of several construction projects.

For fiscal year 2008, operating transfers-out totaled \$17.1 million which represented annual funding to cover on-going operations and maintenance costs of the STAs (\$16.1 million) and Florida Bay restoration projects (\$1.0 million) as outlined in the Everglades Forever Act.

Comprehensive Everglades Restoration Plan (CERP) Fund

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

During fiscal year 2008, the fund balance of the CERP Fund increased by \$27.5 million to \$109.6 million at fiscal year end.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Comprehensive Everglades Restoration Plan (CERP) Fund (continued)

Total revenues of the fund were \$1.9 million, which is comparable to prior fiscal year 2007 revenue.

Total expenditures decreased \$8.9 million during fiscal year 2008 in comparison to fiscal year 2007, from \$108.5 million to \$99.6 million. Fiscal year 2008 saw a \$21.2 million increase in debt service payments relative to COPS in comparison to the prior fiscal year as a result of the first principal payment being made during the 2008 fiscal year (only interest was due and paid in fiscal year 2007). This increase was offset by a decrease of \$30.1 million in overall Fund operating and capital expenditures. During fiscal year 2008, several significant projects of the Comprehensive Everglades Restoration Plan, which are accounted for in the CERP Fund, were placed on hold pending the outcome of Everglades litigation and the District's intent to acquire significant landholdings in furtherance of Everglades restoration.

Operating transfers netted to \$125.3 million in other financing sources for fiscal year 2008. The transfers-in of \$127.2 million was comprised of funding received from the General Fund (\$44.6 million) and Okeechobee Basin Special Revenue Fund (\$82.6 million). The transfers-out amount of \$1.9 million reflects funding to the Save Our Everglades Trust Fund (\$1.5 million) to support prior fiscal year costs related to the Picayune Project and to the Acceler8 CERP Fund (\$0.4 million) to adjust for fiscal year 2006 costs of the ACME Basin B Project.

Save Our Everglades Trust Fund (SOETF)

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

The fund balance at September 30, 2008 for the SOETF was \$2.1 million, a decrease of \$0.4 million from the \$2.5 million balance a year earlier.

Total revenues in the Save Our Everglades Trust Fund increased approximately \$18.9 million over the prior fiscal year. The net increase was largely due to grant funded projects and a reduction in grant funded land acquisitions which occurred during fiscal year 2008.

Overall expenses increased by \$21.5 million in fiscal year 2008; however, capital outlay expenditures decreased \$7.3 million to \$43.8 million. This decrease was due to a reduction in land purchases and land acquisition associated costs. This decrease was offset by increases in various program expenditures of \$28.8 million for the following projects: Miami River Dredging Project (\$10.0 million); Lake Okeechobee Technical Plan and Regional Control Projects (\$3.6 million); Estuary Protection Plan Project (\$1.0 million); and CERP Projects (\$14.2 million).

Acceler8 Everglades Construction Project Fund

The Acceler8 Everglades Construction Project Fund accounts for the revenues from Certificates of Participation issued to support the accelerated construction of projects in the Everglades/Long-Term Plan Implementation.

During fiscal year 2008, the fund balance decreased by \$0.9 million to \$12.9 million at fiscal year end. Total revenues decreased approximately \$2.7 million over the prior year due to a reduction in investment earnings on COPS balances.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Acceler8 Comprehensive Everglades Restoration Plan Fund

The Acceler8 Comprehensive Everglades Restoration Plan Fund accounts for the revenues from Certificates of Participation issued to support the accelerated construction of projects in the Comprehensive Everglades Restoration Plan.

During fiscal year 2008, the fund balance decreased \$111.2 million to \$266.4 million at fiscal year end as a result of construction activity and the related reimbursement of costs from the proceeds of the COPS debt.

Total revenues decreased \$1.5 million from the prior year, primarily due to a reduction in investment earnings generated during fiscal year 2008.

Total expenditures of the Acceler8 Comprehensive Everglades Restoration Plan Fund decreased by \$13.7 million during fiscal year 2008 in comparison to fiscal year 2007, from approximately \$141.0 million to \$127.3 million. This net decrease in expenditures was due to a reduction in debt service of \$48.5 million relative to a short term bank loan that was paid off in fiscal year 2007, coupled with an increase of \$34.8 million in costs associated with accelerated project construction activities.

The transfers-in totaled \$0.4 million during fiscal year 2008, which was comprised of funding received from the Comprehensive Everglades Restoration Plan Fund for a fiscal year 2006 adjustment of costs associated with the ACME Project.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted expenditures in the final General Fund budget of \$231.6 million were \$3.9 million higher than the original adopted budget of \$227.7 million for fiscal year 2008. This increase in budgeted expenditures is due to a June 2008 budget amendment (Governing Board Resolution No. 2008-620) to settle a general liability claims bill passed by the Florida Legislature in its 2008 session. Funding for this budget amendment came from fund balance.

At the end of the fiscal year, the General Fund's budget for Water Resources reflected \$4.9 million remaining as available balance. The Water Supply Program showed \$3.2 million left unspent due primarily to outstanding encumbrances (\$3.0 million) of which \$2.6 million were for Intergovernmental Agreements-Alternative Water Supply and Water Conservation Projects, and the remainder associated with various other Water Supply Projects. The remaining available balance of \$1.7 million is comprised of outstanding encumbrances and for ongoing work associated with Permitting Projects and Coastal Water Quality Monitoring Projects.

At the end of fiscal year 2008, the General Fund's budget for Corporate Resources reflected \$11.7 million remaining as available balance. The majority of this available balance resides in the Mission Support Program. The Mission Support Program reflects \$11.2 million in unspent budget authority due largely to outstanding encumbrances (\$4.0 million) and actual tax collector's/county appraisal's fees (\$1.6 million) which were less than budgeted amounts.

The final amended General Fund budget also included over \$36.6 million in reserves comprised of managerial reserves of \$31.6 million and \$5.0 million in contingency reserves. The District does not spend directly out of managerial reserve accounts. The use of this funding is handled through Governing Board budget transfer approval, which authorizes the movement of budget authority out of managerial reserves and/or contingency reserves to a District program within a resource area's operating or capital budget.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of September 30, 2008, the District's investment in capital assets, net of accumulated depreciation, was \$4.09 billion, up \$456.4 million from \$3.64 billion at the end of fiscal year 2007. This investment in capital assets includes land, buildings, equipment, canals and levees, water control structures, and construction in progress. In fiscal year 2008, land balances increased 8.3 percent or approximately \$183.4 million; construction in progress balances went up by \$169.3 million, or 43.0 percent; canals and levees increased by 12.1 percent or approximately \$59.2 million; and other capital assets net of depreciation saw a rise of 8.3 percent or \$44.4 million when compared to fiscal year 2007.

	Capital Assets (net of depreciation)	
	2008	2007
Land	\$2,401,753,526	\$2,218,327,873
Canals and Levees	550,364,249	491,144,479
Buildings	42,861,889	41,807,778
Equipment	70,993,940	66,733,034
Improvements	12,300,768	10,850,775
Water Control Structures	451,275,616	413,596,363
Construction in Process	562,563,903	393,278,727
Total	\$4,092,113,891	\$3,635,739,029

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

Land Acquisition Highlights

9,590 total acres of land acquired (5,442 acres for CERP projects; 2,009 acres for Save Our Rivers projects, including 366 acres towards Kissimmee River Restoration; and 1,773 acres for Northern Everglades projects)

- \$57.3 million of land acquisitions funded by the Save Our Everglades Trust Fund
- \$54.5 million of land acquisitions funded by the Florida Forever Trust Fund
- \$41.8 million of land acquisitions funded by Local Governments and Federal Sources
- \$29.8 million of land acquisitions funded by District Ad Valorem Sources

Canals and Levees Construction Highlights

- \$30.3 million of construction completed on EAA STA Compartments B & C (Project Components STA-6 Section 2 / STA-2, Cell 2 / STA-5, Flow-way 3) and the STA-1W Enhancements Project
- \$27.8 million of construction completed on Kissimmee River Canal Project Components

Water Control Structures Construction Highlights

- \$24.2 million of construction completed on EAA STA Compartment C (Project Components STA-6, Section 2 and STA-5, Flow-way 3)
- \$7.7 million of construction completed on EAA STA Compartment B
- \$5.8 million of construction completed on STA-1W Enhancements Project

Additional information on the District's capital assets can be found in Note 9 on page III-27 of this report.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

LONG-TERM DEBT ADMINISTRATION

At the end of fiscal year 2008, the District had \$633.9 million in total outstanding long-term debt, representing a decrease of \$15.5 million from the prior year. The balance is comprised of bonds, bank loans, and Certificates of Participation totaling \$592.6 million with the remainder of \$41.3 million attributed to land purchases payable and capital leases.

Long-term Debt Outstanding

	2008	2007
Special Obligation Land Acquisition Bonds	\$ 46,325,000	\$ 51,110,000
Bank Loans	7,783,160	11,031,537
Certificates of Participation	538,445,000	546,120,000
Land Purchase Payable	40,910,434	40,219,445
Capital Leases	393,491	895,678
Total	\$633,857,085	\$649,376,660

The Special Obligation Land Acquisition Refunding Bonds Series 2002 (\$17.5 million) and Series 2003 (\$28.8 million) finance the acquisition of environmentally sensitive lands. Documentary stamp tax revenues provided through the State of Florida's Water Management Lands Trust Fund secure the repayment of this debt.

At the end of fiscal year 2008, the outstanding balance on commercial bank debt was approximately \$7.8 million. This amount represents two bank loans. The first was obtained to fund the conversion of a telemetry system from analog to digital and the second to fund the implementation of the District's enterprise resource planning system.

In November 2006, the District issued \$546.1 million in Certificates of Participation (COPS) to provide for the lease-purchase financing of the acquisition, construction, and equipping of certain expedited Everglades Restoration projects. The outstanding balance at the end of fiscal year 2008 was \$538.4 million.

The District continues to receive very favorable ratings on its bonds. The Special Obligation Bonds are rated AAA/A+ by Standard & Poor's, AAA/A- by Fitch, and Aaa/A1 by Moody's. The COPS are rated AAA/AA+ by Standard and Poor's, AAA/AA by Fitch and Aaa/Aa1 by Moody's. A bond rating indicates the investment quality of the bonds, which is based on an assessment of the economic and financial condition of the agency, and is reflective of the overall managerial expertise of the agency. The District strives to maintain this superior bond rating for its obligations in order to realize more favorable borrowing costs.

Debt Management Policy

The District is not legally restricted as to the amount of debt that can be issued; however, guidelines on debt limits are included in the District's *Debt Management Policy*. During the 1990s, the District made a commitment to the citizens of south Florida to operate in accordance with sixteen guiding principles designed to achieve and maintain the highest standards of fiscal accountability. The Governing Board of the District adopted a *Debt Management Policy* in May 1993, which was updated in April 2005 and the last revision to the debt policy was adopted in October 2008. The policy and related guidelines enables the District to identify and address potential concerns and alternatives early in the capital planning and debt issuance process.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Debt Management Policy (continued)

The policy directs the District to:

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

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

- The net debt per capita shall not exceed \$250.
- Debt service shall not exceed 20 percent of available ad-valorem revenues, related interest income thereon and permit fee revenue.
- The debt-to-assessed value shall not exceed .30 percent of the assessed value of property within the District.

Additional information about the District's long-term debt can be found in Note 10 on pages III-28 through III-31 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

ECONOMIC FACTORS

The District developed a series of revenue assumptions used during the preparation of its 2009 fiscal year budget. These revenue assumptions were based on current and projected economic indicators and historical trends. The Florida Department of Revenue and the State Ad Valorem Estimating Conference provided county projection data and trends in ad valorem tax-roll growth rates over a five-year period along with tax reform legislation which was analyzed by the District's Budget Office. Revenue-collection history and information supplied by various departments within the District were used to determine all remaining ad valorem and ad valorem related sources. The District's dedicated revenue assumptions were formulated using information from state trust fund balances and from agreements with federal, state and local governments.

As in prior fiscal years, ad valorem property taxes continue to be the District's largest single, ongoing source of revenue. Excluding the anticipated proceeds from a second COPS issuance in fiscal year 2009, 52.5 percent of the District's fiscal year 2009 budget is projected to be funded through ad valorem tax revenues.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

ECONOMIC FACTORS (continued)

The remaining revenue budget includes anticipated funding from local, state and federal sources, as well as from fees and investment earnings. Taxable property values within the District decreased by 4.4 percent from \$936.1 billion in 2007 to \$894.7 billion in 2008. Ad valorem taxes projected for fiscal year 2009 are \$525.2 million, an estimated \$24.3 million less than the prior year due to the passage of Amendment 1 which lowered District ad valorem revenue collections.

Amendment 1 was approved by Florida voters in January 2008. This amendment allows property owners to deduct an additional \$25,000 homestead exemption from the assessed value of their properties. The depressed real estate market with devaluation of properties and the high rate of foreclosures are all contributing factors to revenue projections being less in fiscal year 2009 and beyond. As a result, fiscal year 2009 reflects budget reductions in the following areas: alternative water supply, water quality projects for estuaries, Everglades Stormwater Treatment Areas and Long-Term Plan activities, capital projects refurbishment and operating costs such as travel, training, conferences, professional memberships, equipment and performance-based salary increases.

State revenues have also been declining recently, which is the District's second major source of revenue. The State of Florida has been impacted by the current economic factors resulting in overall lower revenue estimates and actual collections. As a result, the amounts that the State of Florida appropriated for District projects are less than in prior fiscal years. Due to these reductions, decreases in the District's budget are reflected in alternative water supply, surface water improvement and other water resource projects. The Save Our Everglades Trust Fund, primarily used for land purchases, was reduced by 75.0 percent and the District is considering alternative financing to fund land acquisition in fiscal year 2009.

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

The discussion in this section will focus on economic factors and property tax reform legislation affecting the District's ad valorem revenue budget. The following factors were considered in preparing the District's budget for the 2009 fiscal year.

Property Values

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

The housing market has deteriorated significantly since its peak at the end of 2006 and Florida has been one of the hardest hit states along with California, Arizona and Nevada. The current housing downturn can be attributed to soaring home prices and over supply from investors. The high prices and over supply resulted from the easing of underwriting standards and the increased appetite for risk over the past several years making it less difficult for prospective homebuyers to qualify for a mortgage. To afford a home with the record price increases seen throughout the majority of the country, homebuyers became increasingly dependant on exotic mortgage products intended to reduce down payments and monthly payments.

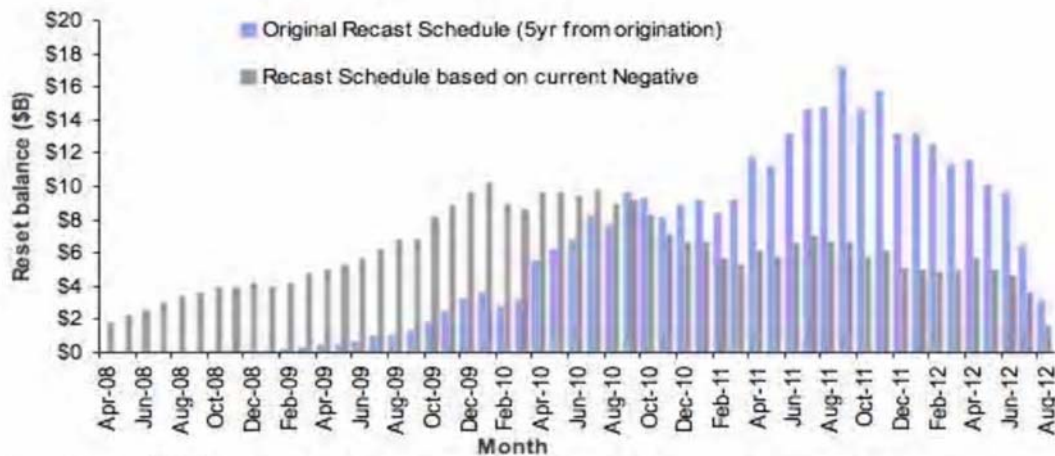
**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Rate Resets

One of the most prevalent exotic mortgage products was the 2/28 hybrid Adjustable Rate Mortgage (ARM) which locked a buyer into a fixed rate (a “teaser” rate and often much lower) for two years before recasting to the fully amortized rate for twenty-eight years. In 2006, adjustable rate mortgages represented roughly 78.0 percent of all sub-prime mortgages. In Florida there are 300,490 sub-prime mortgages, 65.5 percent of which are adjustable rate mortgages with 32.0 percent expected to have interest rate resets over the next twelve months. The difference from the “teaser” rate to the fully amortized rate is roughly 3.0 to 5.0 percent higher, which represents a significant increase in the borrower’s monthly mortgage payment.

Another popular exotic mortgage product was the negative amortization loan (also referred to as an Option ARM). A negative amortization mortgage provided homebuyers with an extra payment option each month. In addition to paying the fully amortized payment or only the interest costs, a negative amortization loan actually allowed borrowers to make a “minimum” payment that was less than the interest costs (similar to credit cards). The minimum payment option results in a homebuyer accumulating negative equity in their home, absent an increase in the value of the house. In 2006, negative amortizing loans represented 26 percent (46 percent if you factor in refinances) of all Alt-A originations. In Florida there are 239,310 Alt-A mortgages, 57.7 percent of which are Adjustable Rate Mortgages. The original recast schedule was set for five years, however many loans will recast sooner because most borrowers were only making the “minimum” payment and the mortgage has specific loan caps built-in (See Graph below). Consequently, as loan balances arrive at the built in caps (usually between 110 and 125 percent of the initial loan amount) they will automatically recast to the fully amortized rate (roughly 1 to 2 percent higher). That means that the borrower’s monthly payment will swell to include both principal and interest creating significant payment increases. The situations outlined above lead to massive defaults in the Alt-A and sub-prime segments of the mortgage market.

Option ARM Reset Schedule



SOURCE: Credit Suisse

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Foreclosures

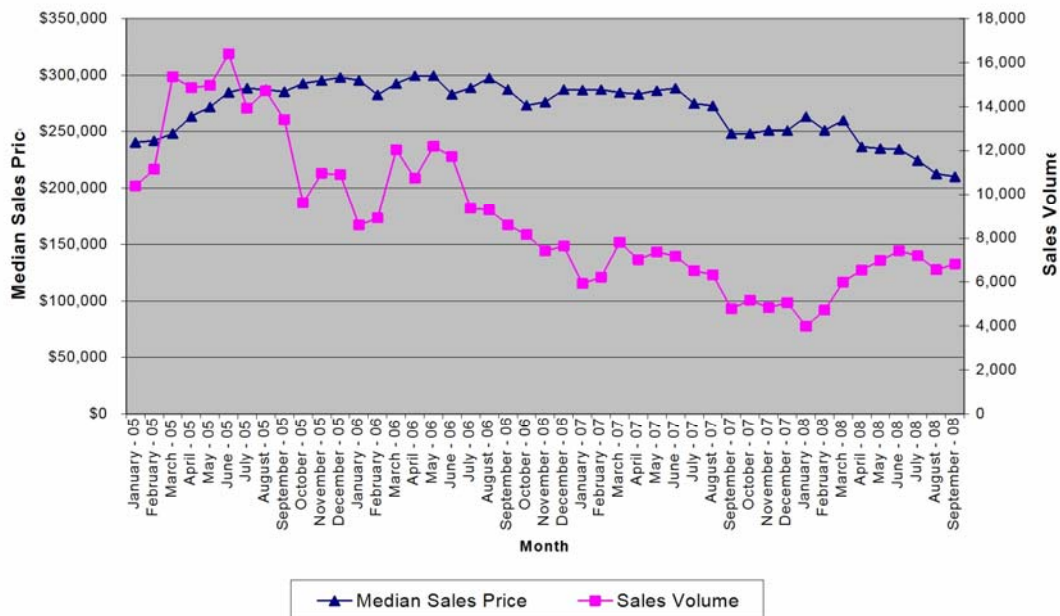
Foreclosures have resulted from easy credit due to the lack of underwriting standards and unprecedented home price declines. Foreclosures for Broward, Lee, Miami-Dade, Orange and Palm Beach Counties (which represents 80 percent of the District's Tax Base) increased by 331.6 percent from September 2007 to September 2008. However, the absolute number of homes entering foreclosure each month does not clearly depict the effect and timing on future housing supply. There are three basic stages of the foreclosure process and it may take anywhere from six to twelve months for a home to move through the entire foreclosure process and finally end up as a unit of inventory.

The first stage of foreclosure begins after a homeowner misses a mortgage payment and the lender begins its collection efforts. This process usually lasts for ninety days and if payment is not received after ninety days, a Notice of Default (NOD) is filed. The second stage begins approximately ninety days after the notice of default, where a Notice of Trustee Sale (NTS) or Notice of Foreclosure Sale (NFS) is made, which serves as a public announcement of an upcoming auction for the home. The third stage begins three weeks after the notice of trustee sale and a public auction is held for the property. If the home sells at auction, the foreclosure is removed from the foreclosure data. However, if the home is not sold at auction, then the property becomes Real Estate Owned (REO). This is when the property is passed on to the lender and it is the bank's responsibility to sell the home.

Home Prices

The Federal Housing Finance Agency's House Price Index indicates that home prices have fallen 16.04 percent in Florida since September 2007. The index is based on single-family properties transactions involving conforming, conventional mortgages purchased or securitized by Fannie Mae or Freddie Mac.

Existing Home Sales and Prices for SFWMD 16 Counties



SOURCE: Florida Association of Realtors, Florida Sales Report

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

Population Growth

Another main economic factor driving ad valorem taxes is population growth and the impact it has on property values. Population growth impacts property values because as the population increases, demand for homes rises, which results in higher property values. This relationship between the real estate market and change in population will affect District revenues because ad valorem taxes are collected from property owners based on property values set by the county property appraiser's office. It is important to monitor population trends to effectively develop future budgets capable of being supported by the tax base.

In 2008, the population of this agency's jurisdiction increased by 0.80 percent, which is a decrease from the prior year's growth of 1.51 percent. From 2002 through 2008 the annual population growth across the District averaged 1.89 percent. The consistent increase in population throughout Southern Florida has been on-going for the past thirty-five years .

New Construction

Residential construction is vital to any region with a growing population and economy because it allows for sustained growth into the future. Where there are new residents building homes, there is also an opportunity for businesses to develop in that region due to an increased demand for products and services. Residential and commercial construction is a reliable indicator of how the economy will perform in the short run. While residential construction has been on a significant decline over the last three years, increases in interest rates, property taxes and insurance premiums should be closely monitored because they are important factors that can adversely affect real estate market growth if income levels cannot support property values.

General Fund – Unreserved Fund Balance

At the end of fiscal year 2008, the total unreserved fund balance in the general fund is \$85.0 million. This represents an increase of \$30.7 million or approximately 56.6 percent from fiscal year 2007. The District has appropriated \$31.6 million of the \$85.0 million for spending in the fiscal year 2009 budget.

The District also designates a portion of its unreserved fund balance for Economic Stabilization. Presently, the District has placed in its General Fund's Designated for Economic Stabilization, a total of \$12.6 million to safeguard against short-term fluctuations in statewide economic activity. This represents an increase of \$2.4 million or approximately 19.0 percent from fiscal year 2007.

NEXT YEAR'S BUDGETS AND RATES

The District's fiscal year 2009 adopted millage rates have remained the same as the fiscal year 2008 rates. In FY2009, all property owners within the District's boundaries will be assessed the same District-at-Large millage rate of .2549 mills. In addition, property owners within the Okeechobee Basin will be assessed both the Okeechobee Basin tax rate of .2797 mills and the Everglades Construction Project tax rate of .0894 mills, which are each the same as fiscal year 2008, for a combined tax assessment of .6240 mills. Property owners within the Big Cypress Basin will be assessed the Big Cypress Basin millage rate of .2265 mills, which is unchanged from fiscal year 2008 and the District-at-Large tax rate of .2549 mills, for a combined tax assessment of .4814 mills. State law limits the combined District-at-Large and basin tax millage for each of the two basins at 0.8 mills (80 cents per \$1,000 of taxable value). The state constitutional limit is slightly higher at 1 mill (\$1.00 per \$1,000 of taxable value).

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

NEXT YEAR'S BUDGETS AND RATES (continued)

The District's approved budget for fiscal year 2009 totals \$2.974 billion, an increase of approximately \$1.6 billion from the fiscal year 2008 amended budget of \$1.359 billion. This increase is directly attributable to the potential land acquisition for the purpose of Everglades Restoration to be financed through Certificates of Participation proceeds. In fiscal year 2009, 87.0 percent of the approved budget is dedicated to this proposed acquisition and to other projects benefiting the Everglades, Lake Okeechobee, Kissimmee River and Coastal Watersheds programs.

Requests for Information

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



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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

South Florida Water Management District
Statement of Net Assets
September 30, 2008

	<u>Total Governmental Activities</u>
ASSETS	
Cash and Investments	\$466,225,738
Accounts Receivable	3,930,764
Due from Other Governments	48,747,918
Inventory	5,006,144
Other Assets	6,666,312
Restricted Assets:	
Temporarily Restricted - Cash and Investments	390,755,168
Permanently Restricted - Cash and Investments	7,687,077
Capital Assets	
Land	2,401,753,526
Construction In Progress	562,563,903
Canals and Levees	550,364,249
Other Capital Assets, Net of Depreciation	577,432,213
	<u>5,021,133,012</u>
LIABILITIES	
Accounts Payable	116,627,761
Due to Other Governments	616,948
Unearned Revenue	334,069
Noncurrent Liabilities:	
Due Within One Year	
Bonds Payable	4,975,000
Bond Premiums Payable	296,398
Bank Loans Payable	1,832,482
Certificates of Participation Payable	9,015,000
Certificates of Participation Premiums	1,717,694
Land Purchase Payable	30,370,434
Capital Leases Payable	193,161
Compensated Absences	8,000,000
Self-Insurance Claims Payable	1,037,907
Due in More Than One Year	
Bonds Payable	41,350,000
Bond Premiums Payable	740,165
Bank Loans Payable	5,950,678
Certificates of Participation Payable	529,430,000
Certificates of Participation Premiums	21,076,412
Land Purchases Payable	10,540,000
Capital Leases Payable	200,330
Compensated Absences	14,547,000
OPEB Obligation	5,248,289
Self-Insurance Claims Payable	9,448,166
Other Claims Payable	49,000
	<u>813,596,894</u>
NET ASSETS	
Invested In Capital Assets, Net of Related Debt	3,725,960,133
Restricted for:	
Debt Service	28,235,089
Wetlands Mitigation	
Expendable	13,790,936
Nonexpendable	7,687,077
Environmental Programs	57,195,146
Capital Construction	291,533,996
Unrestricted	83,133,741
	<u>83,133,741</u>
Total Net Assets	<u>\$4,207,536,118</u>

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Statement of Activities
For the Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Land Stewardship	\$13,284,667	\$6,292,595	\$20,901,880	\$8,465,041	\$22,374,849
District Everglades	70,075,520	-	276,467	2,000,000	(67,799,053)
Operations and Maintenance	133,247,616	96,030	18,385,334	38,902,263	(75,863,989)
Water Supply	54,678,200	-	27,147,888	-	(27,530,312)
Kissimmee Watershed	7,638,402	-	-	54,236,563	46,598,161
Regulation	19,001,809	4,630,694	24,286	-	(14,346,829)
Lake Okeechobee	20,614,407	-	120,000	38,427,581	17,933,174
Coastal Watersheds	40,076,948	-	20,104,395	38,932,855	18,960,302
Mission Support	103,599,908	148,175	-	1,902,128	(101,549,605)
Comprehensive Everglades Restoration Plan	41,425,271	-	602,441	58,318,980	17,496,150
Modeling & Scientific Support	15,628,709	-	-	-	(15,628,709)
Interest on Long Term Debt	27,496,071	-	-	7,013,874	(20,482,197)
 Total	 \$546,767,528	 \$11,167,494	 \$87,562,691	 \$248,199,285	 (199,838,058)
 General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					475,621,991
Property Taxes, Levied for Everglades Construction					84,388,098
Investment Earnings					37,834,818
Miscellaneous					13,707,833
 Total General Revenues					 611,552,740
 Change in Net Assets					 411,714,682
 Net Assets - Beginning					 3,795,821,436
 Net Assets - Ending					 \$4,207,536,118

See Accompanying Notes to the Financial Statements

South Florida Water Management District
 Balance Sheet
 Governmental Funds
 September 30, 2008

	General	Okeechobee Basin SR	State Appropriations
ASSETS			
Cash and Investments	\$125,085,199	\$61,563,816	\$22,907,578
Accounts Receivable	1,051,111	1,160,066	-
Due from Other Governments	3,765,847	9,090,253	18,088,555
Due from Other Funds	1,226,528	5,722,609	-
Due from Trustee	-	-	-
Inventory	325,000	4,638,258	-
Other Assets	183,125	3,420	-
	<u>\$131,636,810</u>	<u>\$82,178,422</u>	<u>\$40,996,133</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$37,308,393	\$8,292,251	\$10,373,831
Due to Other Governments	-	-	330,943
Due to Other Funds	-	-	-
Deferred Revenue	49,513	-	-
	<u>37,357,906</u>	<u>8,292,251</u>	<u>10,704,774</u>
FUND BALANCES			
Reserved for:			
Encumbrances	9,296,735	4,850,475	25,316,607
Acquisition of Land	-	-	-
Enhancement of Land	-	-	-
Long-term Management of Land	-	-	-
Unreserved, Reported in:			
General Fund			
Designated for Subsequent Years Expenditures	31,634,451	-	-
Designated for Economic Stabilization	12,576,000	-	-
Designated for Insurance Claims	15,920,079	-	-
Undesignated	24,851,639	-	-
Special Revenue Funds			
Designated for Subsequent Years Expenditures	-	16,467,355	4,558,516
Designated for Economic Stabilization	-	11,884,000	-
Undesignated	-	40,684,341	416,236
Capital Projects Funds			
Designated for Subsequent Years Expenditures	-	-	-
Undesignated	-	-	-
Permanent Fund			
Designated for Subsequent Years Expenditures	-	-	-
Undesignated	-	-	-
	<u>94,278,904</u>	<u>73,886,171</u>	<u>30,291,359</u>
Total Liabilities and Fund Balances	<u>\$131,636,810</u>	<u>\$82,178,422</u>	<u>\$40,996,133</u>

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Balance Sheet
Governmental Funds
September 30, 2008

	Save Our Rivers CP	Everglades Trust Fund	Comprehensive Everglades Restoration Plan (CERP)
ASSETS			
Cash and Investments	\$15,321,076	\$93,667,819	\$120,079,702
Accounts Receivable	324,271	740,964	-
Due from Other Governments	-	1,250,538	63,038
Due from Other Funds	-	-	83,123
Due from Trustee	-	-	-
Inventory	-	-	-
Other Assets	-	31,127	-
	<u>\$15,645,347</u>	<u>\$95,690,448</u>	<u>\$120,225,863</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$22,680	\$6,622,129	\$10,606,351
Due to Other Governments	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue	-	-	59,556
	<u>22,680</u>	<u>6,622,129</u>	<u>10,665,907</u>
FUND BALANCES			
Reserved for:			
Encumbrances	5,320,427	6,541,601	9,301,971
Acquisition of Land	-	-	-
Enhancement of Land	-	-	-
Long-term Management of Land	-	-	-
Unreserved, Reported in:			
General Fund			
Designated for Subsequent Years Expenditures	-	-	-
Designated for Economic Stabilization	-	-	-
Designated for Insurance Claims	-	-	-
Undesignated	-	-	-
Special Revenue Funds			
Designated for Subsequent Years Expenditures	-	-	-
Designated for Economic Stabilization	-	-	-
Undesignated	-	-	-
Capital Projects Funds			
Designated for Subsequent Years Expenditures	-	71,668,741	95,190,753
Undesignated	10,302,240	10,857,977	5,067,232
Permanent Fund			
Designated for Subsequent Years Expenditures	-	-	-
Undesignated	-	-	-
	<u>15,622,667</u>	<u>89,068,319</u>	<u>109,559,956</u>
Total Liabilities and Fund Balances	<u>\$15,645,347</u>	<u>\$95,690,448</u>	<u>\$120,225,863</u>

See Accompanying Notes to the Financial Statements

	<u>Save Our Everglades</u>	<u>Acceler8 Everglades Construction Project</u>	<u>Acceler8 Comprehensive Everglades Restoration Plan</u>
ASSETS			
Cash and Investments	\$477,943	\$84	\$ -
Accounts Receivable	-	-	-
Due from Other Governments	1,985,014	-	-
Due from Other Funds	-	-	-
Due from Trustee	-	12,941,424	278,592,572
Inventory	-	-	-
Other Assets	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$2,462,957</u></u>	<u><u>\$12,941,508</u></u>	<u><u>\$278,592,572</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$267,241	\$2,608	\$12,104,095
Due to Other Governments	136,000	-	-
Due to Other Funds	-	-	83,123
Deferred Revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u><u>403,241</u></u>	<u><u>2,608</u></u>	<u><u>12,187,218</u></u>
FUND BALANCES			
Reserved for:			
Encumbrances	5,458,462	167,724	869,344
Acquisition of Land	-	-	-
Enhancement of Land	-	-	-
Long-term Management of Land	-	-	-
Unreserved, Reported in:			
General Fund			
Designated for Subsequent Years Expenditures	-	-	-
Designated for Economic Stabilization	-	-	-
Designated for Insurance Claims	-	-	-
Undesignated	-	-	-
Special Revenue Funds			
Designated for Subsequent Years Expenditures	-	-	-
Designated for Economic Stabilization	-	-	-
Undesignated	-	-	-
Capital Projects Funds			
Designated for Subsequent Years Expenditures	-	12,771,100	260,772,900
Undesignated	(3,398,746)	76	4,763,110
Permanent Fund			
Designated for Subsequent Years Expenditures	-	-	-
Undesignated	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u><u>2,059,716</u></u>	<u><u>12,938,900</u></u>	<u><u>266,405,354</u></u>
Total Liabilities and Fund Balances	<u><u>\$2,462,957</u></u>	<u><u>\$12,941,508</u></u>	<u><u>\$278,592,572</u></u>

Continued

South Florida Water Management District
Balance Sheet
Governmental Funds
September 30, 2008

	Other Governmental Funds	Total Governmental Funds
ASSETS		
Cash and Investments	\$134,030,769	\$573,133,986
Accounts Receivable	654,352	3,930,764
Due from Other Governments	14,504,673	48,747,918
Due from Other Funds	-	7,032,260
Due from Trustee	-	291,533,996
Inventory	42,886	5,006,144
Other Assets	465,561	683,233
	<u>\$149,698,241</u>	<u>\$930,068,301</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$16,618,899	\$102,218,478
Due to Other Governments	150,005	616,948
Due to Other Funds	6,949,137	7,032,260
Deferred Revenue	225,000	334,069
	<u>23,943,041</u>	<u>110,201,755</u>
FUND BALANCES		
Reserved for:		
Encumbrances	16,323,813	83,447,159
Acquisition of Land	3,520,838	3,520,838
Enhancement of Land	10,270,098	10,270,098
Long-term Management of Land	7,687,077	7,687,077
Unreserved, Reported in:		
General Fund		
Designated for Subsequent Years Expenditures	-	31,634,451
Designated for Economic Stabilization	-	12,576,000
Designated for Insurance Claims	-	15,920,079
Undesignated	-	24,851,639
Special Revenue Funds		
Designated for Subsequent Years Expenditures	21,253,461	42,279,332
Designated for Economic Stabilization	970,000	12,854,000
Undesignated	28,777,154	69,877,731
Capital Projects Funds		
Designated for Subsequent Years Expenditures	18,138,093	458,541,587
Undesignated	18,702,131	46,294,020
Permanent Fund		
Designated for Subsequent Years Expenditures	112,535	112,535
Undesignated	-	-
	<u>125,755,200</u>	<u>819,866,546</u>
Total Fund Balances	<u>\$149,698,241</u>	<u>\$930,068,301</u>
Total Liabilities and Fund Balances	<u>\$149,698,241</u>	<u>\$930,068,301</u>

See Accompanying Notes to the Financial Statements

South Florida Water Management District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 September 30, 2008

Fund balances - total governmental funds \$819,866,546

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

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

Governmental capital assets	\$4,293,058,331	
Less accumulated depreciation	<u>(200,944,440)</u>	4,092,113,891

Long term liabilities not due and payable in the current period are not reported in the governmental funds.

Bonds payable	(46,325,000)	
Bond premium payable	(1,036,563)	
Bank loans payable	(7,783,160)	
Certificates of participation payable	(538,445,000)	
Certificates of participation premium payable	(22,794,106)	
Land purchases payable	(40,910,434)	
Capital leases payable	(393,491)	
Compensated absences	(22,547,000)	
Other post employment benefits (OPEB) payable	(5,248,289)	
Self-insurance claims payable	(10,486,073)	
Other claims payable	<u>(49,000)</u>	(696,018,116)

The difference between retired debt and new debt is amortized as an adjustment of interest expense in the statement of activities over the remaining life of the debt. The discounts, premiums, and issuance costs on the debt are not accrued/deferred in governmental funds, but rather are recognized as other financing sources or uses when the debt is issued.

Unamortized debt issuance costs - bonds	395,466	
Unamortized debt issuance costs - certificates of participation	3,484,222	
Unamortized discount on debt - bonds	92,648	
Unamortized discount on debt - certificates of participation	45,380	
Unamortized deferred interest	<u>1,965,364</u>	5,983,080

Bond and certificates of participation interest due October 1, 2008 are not reported as a liability of the governmental funds.

Accrued interest payable - bonds	(1,186,792)	
Accrued interest payable - certificates of participation	<u>(13,222,491)</u>	<u>(14,409,283)</u>

Net assets of governmental activities \$4,207,536,118

South Florida Water Management District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	General	Okeechobee Basin SR	State Appropriations	Save Our Rivers CP
REVENUES				
Ad Valorem Property Taxes	\$228,804,107	\$228,736,420	\$ -	\$ -
Agricultural Privilege Taxes	-	-	-	-
Intergovernmental	624,854	5,239,247	34,836,755	54,236,563
Investment Earnings	5,901,026	5,979,703	-	600,636
Licenses, Permits and Fees	3,934,272	100,525	-	-
Self-Insurance Premiums	3,109,956	-	-	-
Sale of District Property	33,765	916,644	-	-
Indirect Costs Recovered	8,460,722	-	-	-
Leases	148,100	75	-	1,223,921
Other	817,335	165,740	10,560	833
Total Revenues	251,834,137	241,138,354	34,847,315	56,061,953
EXPENDITURES				
Current Operating				
Land Stewardship	324,679	1,116,990	-	-
District Everglades	-	118	46,972	-
Operations and Maintenance	13,280,741	76,401,340	43,500	-
Water Supply	27,330,823	1,959,959	22,402,127	-
Kissimmee Watershed	279,913	5,895,857	291,947	-
Regulation	18,540,301	207,823	-	-
Lake Okeechobee	4,035	6,825,833	-	-
Coastal Watersheds	4,480,256	6,840,146	17,441,433	-
Mission Support	95,664,538	9,313,004	-	-
Comprehensive Everglades Restoration Plan	-	-	250,000	-
Modeling & Scientific Support	15,571,695	-	-	-
Capital Outlay	-	-	-	54,660,570
Debt Service				
Bond Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Bank Loan Principal Payments	1,142,857	689,625	-	-
Bank Loan Interest	264,000	89,069	-	-
Capital Lease Principal Payments	-	502,187	-	-
Capital Lease Interest	-	25,894	-	-
COPS Principal Retirement	-	-	-	-
COPS Interest	-	-	-	-
Total Expenditures	176,883,838	109,867,845	40,475,979	54,660,570
Revenues in Excess of (Less than) Expenditures	74,950,299	131,270,509	(5,628,664)	1,401,383
OTHER FINANCING SOURCES (USES)				
Transfers In	1,033,343	132,000	-	-
Transfers Out	(45,750,971)	(137,891,090)	-	-
Total Other Financing Sources (Uses)	(44,717,628)	(137,759,090)	-	-
Net Change in Fund Balances	30,232,671	(6,488,581)	(5,628,664)	1,401,383
Fund Balances at Beginning of Year	64,046,233	80,374,752	35,920,023	14,221,284
Fund Balances at End of Year	\$94,278,904	\$73,886,171	\$30,291,359	\$15,622,667

See Accompanying Notes to the Financial Statements

	Everglades Trust Fund	Comprehensive Everglades Restoration Plan (CERP)	Save Our Everglades	Acceler8 Everglades Construction Project
REVENUES				
Ad Valorem Property Taxes	\$73,125,490	\$ -	\$ -	\$ -
Agricultural Privilege Taxes	11,262,609	-	-	-
Intergovernmental	2,000,000	63,038	93,897,695	-
Investment Earnings	4,197,111	1,734,952	-	-
Licenses, Permits and Fees	-	-	-	-
Self-Insurance Premiums	-	-	-	-
Sale of District Property	-	3,053	-	-
Indirect Costs Recovered	-	-	-	-
Leases	-	-	-	-
Other	141,599	105,082	-	-
Total Revenues	90,726,809	1,906,125	93,897,695	-
EXPENDITURES				
Current Operating				
Land Stewardship	-	9,243	-	-
District Everglades Operations and Maintenance	50,271,533	-	-	-
Water Supply	-	3,343	10,000,000	-
Kissimmee Watershed Regulation	-	-	-	-
Lake Okeechobee	-	-	3,860,733	-
Coastal Watersheds	-	-	1,056,799	-
Mission Support	-	-	-	-
Comprehensive Everglades Restoration Plan Modeling & Scientific Support	133	3,149,342	37,199,977	-
Capital Outlay	4,932,483	66,395,914	43,761,425	871,369
Debt Service				
Bond Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Bank Loan Principal Payments	-	-	-	-
Bank Loan Interest	-	-	-	-
Capital Lease Principal Payments	-	-	-	-
Capital Lease Interest	-	-	-	-
COPS Principal Retirement	934,124	6,740,876	-	-
COPS Interest	3,234,966	23,344,328	-	-
Total Expenditures	59,373,239	99,643,046	95,878,934	871,369
Revenues in Excess of (Less than) Expenditures	31,353,570	(97,736,921)	(1,981,239)	(871,369)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	127,244,266	1,578,422	-
Transfers Out	(17,127,287)	(1,975,373)	-	-
Total Other Financing Sources (Uses)	(17,127,287)	125,268,893	1,578,422	-
Net Change in Fund Balances	14,226,283	27,531,972	(402,817)	(871,369)
Fund Balances at Beginning of Year	74,842,036	82,027,984	2,462,533	13,810,269
Fund Balances at End of Year	\$89,068,319	\$109,559,956	\$2,059,716	\$12,938,900

Continued

South Florida Water Management District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2008

	Acceler8 Comprehensive Everglades Restoration Plan	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad Valorem Property Taxes	\$ -	\$18,081,463	\$548,747,480
Agricultural Privilege Taxes	-	-	11,262,609
Intergovernmental	-	95,580,847	286,478,999
Investment Earnings	15,650,681	3,770,709	37,834,818
Licenses, Permits and Fees	-	1,472,796	5,507,593
Self-Insurance Premiums	-	-	3,109,956
Sale of District Property	-	568,318	1,521,780
Indirect Costs Recovered	-	-	8,460,722
Leases	-	4,287,805	5,659,901
Other	-	261,783	1,502,932
	<u>15,650,681</u>	<u>124,023,721</u>	<u>910,086,790</u>
EXPENDITURES			
Current Operating			
Land Stewardship	-	16,290,976	17,741,888
District Everglades	-	14,449,461	64,768,084
Operations and Maintenance	-	22,699,459	122,428,383
Water Supply	-	3,228,568	54,921,477
Kissimmee Watershed	-	2,277,438	8,745,155
Regulation	-	32,716	18,780,840
Lake Okeechobee	-	47,383,222	58,073,823
Coastal Watersheds	-	10,397,916	40,216,550
Mission Support	-	2,543,703	107,521,245
Comprehensive Everglades Restoration Plan	26,148	346,812	40,972,412
Modeling & Scientific Support	-	-	15,571,695
Capital Outlay	127,268,077	81,140,835	379,030,673
Debt Service			
Bond Principal Retirement	-	4,785,000	4,785,000
Bond Interest	-	2,143,086	2,143,086
Bank Loan Principal Payments	-	1,414,987	3,247,469
Bank Loan Interest	-	37,922	390,991
Capital Lease Principal Payments	-	-	502,187
Capital Lease Interest	-	-	25,894
COPS Principal Retirement	-	-	7,675,000
COPS Interest	-	-	26,579,294
	<u>127,294,225</u>	<u>209,172,101</u>	<u>974,121,146</u>
Revenues in Excess of (Less than) Expenditures	<u>(111,643,544)</u>	<u>(85,148,380)</u>	<u>(64,034,356)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	396,951	84,261,822	214,646,804
Transfers Out	-	(11,902,083)	(214,646,804)
	<u>396,951</u>	<u>72,359,739</u>	<u>-</u>
Net Change in Fund Balances	(111,246,593)	(12,788,641)	(64,034,356)
Fund Balances at Beginning of Year	<u>377,651,947</u>	<u>138,543,841</u>	<u>883,900,902</u>
Fund Balances at End of Year	<u>\$266,405,354</u>	<u>\$125,755,200</u>	<u>\$819,866,546</u>

See Accompanying Notes to the Financial Statements

South Florida Water Management District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2008

Net change in fund balances - total governmental funds \$(64,034,356)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay	\$435,659,897	
Donated capital assets	49,282,978	
Current year depreciation expense	<u>(27,356,101)</u>	457,586,774

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

Bonds principal payment	4,785,000	
Bank loan principal payment	3,247,469	
Bank amortization adjustment	906	
COPS principal payment	7,675,000	
Capital lease principal payment	<u>502,187</u>	16,210,562

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

Change in land purchases payable	(690,989)	
Change in long-term compensated absences	(1,922,000)	
Change in long-term self-insurance claims payable	(1,561,293)	
Change in OPEB payable	(2,580,394)	
Change in other claims payable	8,276,000	
Bond interest payable at September 30, 2008	(1,186,792)	
Bond interest payable at September 30, 2007	1,327,757	
COPS interest payable at September 30, 2008	(13,222,491)	
COPS interest payable at September 30, 2007	13,356,803	
Amortization of deferred interest on bonds	(280,767)	
Amortization of discount on debt - bonds	(28,636)	
Amortization of discount on debt - certificates	(19,001)	
Amortization of premium on debt - bonds	403,355	
Amortization of premium on debt - certificates	1,750,842	
Amortization of cost of issuance on bonds	(140,464)	
Amortization of cost of issuance on certificates	<u>(318,318)</u>	3,163,612

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differ from the change in fund balance by the cost of the assets sold.

Proceeds from sale of capital assets	(1,457,210)	
Net gain on sale/disposal of capital assets	<u>245,300</u>	<u>(1,211,910)</u>

Change in net assets of governmental activities \$411,714,682

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(1) DESCRIPTION OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT

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

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The District follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District has not identified any component units and is not a participant in any joint venture.

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

(b) Government-wide and Fund Financial Statements

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

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

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

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues from property taxes and interest to be available if they are collected within sixty (60) days of the end of the current fiscal period. Intergovernmental revenues are considered to be available if they are received within ten (10) months.

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

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

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

(d) Major Funds

The District reports the following major governmental funds:

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

The Okeechobee Basin SR Fund accounts for the normal operating expenditures of the Okeechobee Basin, an area covering all or part of fifteen (15) counties in South Florida. Funding is provided by a .2797 mill property tax levy, intergovernmental revenues, permitting fees and interest earnings.

The State Appropriations Fund accounts for expenditures made for various projects utilizing state sources. Among the funding sources are the Surface Water Projects from Ecosystem Management and Restoration Trust Fund, the Water Protection and Sustainability Trust Fund, and various state agencies.

The Save Our Rivers CP Fund accounts for capital expenditures for the purchase of sensitive water resource land. Funding is provided through allocations from the Florida Forever Trust Fund.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Major Funds (continued)

The Everglades Trust Fund accounts for capital expenditures to construct six (6) stormwater treatment areas to cleanse stormwater runoff from the Everglades Agricultural Area (EAA) through naturally occurring biological and physical processes. Additional objectives include hydroperiod restoration and water supply. Funding is provided through a .0894 mill tax levy, non-ad valorem assessments to property owners in the EAA, State and Federal contributions, and interest earnings.

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

The Save Our Everglades Fund accounts for revenues and expenditures for the Comprehensive Everglades Restoration Plan that are funded from the State's Save Our Everglades Trust Fund.

The Acceler8 Everglades Construction Project Fund accounts for revenues derived from debt, both short term and long term, issued to support the construction of projects in the Everglades/Long Term Plan Implementation Program and expenditures associated with the construction of those projects.

The Acceler8 Comprehensive Everglades Restoration Plan Fund accounts for revenues derived from debt, both short-term and long-term, issued to support the construction of projects in the Comprehensive Everglades Restoration Plan and expenditures associated with the construction of those projects.

(e) Budgetary Information

The District has elected to report budgetary comparisons as required supplementary information (RSI). Please refer to the accompanying notes to the RSI for the District's budgetary information on page IV-9.

(f) Cash and Investments

Cash includes currency on hand and demand deposits. The District utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund. Negative cash balances in individual funds are reported as interfund payables with offsetting receivables recorded in loaning fund(s).

In accordance with provision of GASB Statement No. 31, the District reports investments at their fair market value, with unrealized gains and losses credited to or charged against investment income.

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

Non-participating investments, such as non-negotiable certificates of deposit with redemption values that do not consider market rates, are reported at amortized costs. The District has investments in the Local

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and Investments (continued)

Government Surplus Funds Trust Fund, which has been divided by the State Board of Administration into two investment pools: Pool A and Pool B. Under the guidelines of GASB Statement No. 31, Pool A is a "2a-7 like" pool. Accordingly, investments in Pool A are reported at amortized cost. Pool B is accounted for as a fluctuating net asset value (NAV) pool. Investments in Pool B have been valued at their fair value factor as of the balance sheet date.

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

(g) Inventory

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

(h) Capital Assets

Capital assets, which include land, buildings, equipment, vehicles and infrastructure assets (bridges, water control structures, canals and levees), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of one year or more. Items purchased or acquired are reported at historical cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated. Maintenance, repairs and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies are capitalized when the related expenditure is incurred.

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

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

<u>Asset</u>	<u>Years</u>
Vehicles	5-15
Equipment	5-25
Buildings	10-40
Improvements Other Than Buildings	12-20
Water Control Structures	25-50

Canals and levees are considered to be land improvements and therefore are not depreciated.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Compensated Absences

District employees are granted a specific number of vacation and sick leave hours with pay. Non-management employees are permitted to accrue a maximum of 360 hours of vacation as of December 31. Managers are permitted to accrue a maximum of 480 hours of vacation as of December 31. Employees are paid for excess vacation time over the maximum in January. Upon termination of employment, employees are paid for a percentage of unused sick leave after at least six years of service. The costs of vacation and sick leave benefits (compensated absences) are budgeted and expended in the respective operating funds when payments are made to employees. However, the liability for all accrued and vested vacation and sick leave benefits plus sick leave benefits expected to become vested is recorded in the government-wide financial statements. The District normally liquidates its liability for compensated absences from the General Fund and the Okeechobee Basin Special Revenue Funds.

(j) Wetlands Mitigation

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

(k) Fund Balances / Net Assets

In the fund financial statements, reservations of fund balance are reported to indicate that a portion of fund balance is not available for appropriation for expenditure or is legally segregated for a specific purpose. Designations of fund balance identify tentative plans for the future use of financial resources. The undesignated fund balance is available for future appropriation.

Net assets represent the difference between assets and liabilities and are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of September 30, 2008, the District had approximately \$57 million in restricted net assets through enabling legislation.

(l) Use of Estimates

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

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impact of Recently Issued Accounting Policies, Not Yet Implemented

In November 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 49 “Accounting and Financial Reporting for Pollution Remediation Obligations”. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of this document excludes pollution *prevention* or *control obligations* with respect to current operations, and future pollution remediation activity that are required upon retirement of an asset, such as landfill closures and postclosure care and nuclear power plant decommissioning. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2007, with measurement of pollution remediation liabilities required at the beginning of that period so that beginning net assets can be restated. The District is required to implement this Statement in its fiscal year beginning October 1, 2008. The District is currently analyzing its accounting practices to determine the potential financial impact of this Statement.

In June 2007, GASB issued Statement No. 51 “Accounting and Reporting for Intangible Assets”. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets. Examples of intangible assets include easements, water rights, timber rights, patents, trademarks, and computer software. This Statement requires that all intangible assets not specifically excluded by its scope provision be classified as capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009 and are generally required to be retroactive. The District is required to implement this Statement in its fiscal year beginning October 1, 2010. The District is currently analyzing its accounting practices to determine the potential financial impact of this Statement.

In November 2007, GASB issued Statement No. 52 “Land and Other Real Estate Held as Investments by Endowments”. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2008. The District is required to implement this Statement in its fiscal year beginning October 1, 2008. The District is not affected by this Statement.

In June 2008, GASB issued Statement No. 53 “Accounting and Financial Reporting for Derivative Instruments”. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The District is required to implement this Statement in its fiscal year beginning October 1, 2009. The District is currently analyzing its accounting practices to determine the potential financial impact of this Statement.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(3) CASH AND INVESTMENTS

Statement of Policy

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

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

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

As of September 30, 2008, the District had placed approximately 47% of its investments in U.S. Agency Obligations, 31% in Agency Mortgage Backed Securities, 6.5% in Non-Agency Mortgage Backed Securities, 11% in the Florida Local Government Surplus Funds Trust Fund (also known as the "Local Government Investment Pool" or "LGIP") and 4.5% in a Certificate of Deposit.

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

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(3) CASH AND INVESTMENTS (continued)

The SBA systematically allows access to funds in Pool A. Participants in Pool B receive periodic distributions to the extent that Pool B receives proceeds from: 1) maturities of securities, coupon interest collections or collateral interest and principal pay downs, or 2) the sale of securities, collateral liquidation or other restructure or workout activities. At such time, the Investment Manager transfers cash or securities to Pool A for the benefit of Pool B shareholders. Such transfers are consistent with the pro rata allocation of Pool B shareholders of record as of the initial segregation of assets in the LGIP. Effective March 2008, the SBA contracted with Federated Investors, Inc. to provide investment advisory services to the investment pool. The SBA has since put into place processes that allow for improved reporting, full transparency, conservative investment practices, improved portfolio guidelines and stricter internal controls. According to the SBA, Pool A meets the criteria to be considered as "2a-7 like", as defined by GASB Statement No. 31. Accordingly, it has been reported at the same value as the pool shares allocated to the District. Pool A maintains a AAAM rating by Standard and Poor's Ratings Services. Pool B is accounted for as a fluctuating net asset value (NAV) pool with a fair value factor of .798385 at September 30. The pool is currently not rated by any nationally recognized statistical rating agency.

The Local Government Investment Pool is governed by the rules of Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the Administration of the Pool. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA.

Interest Rate Risk

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

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

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

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

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(3) CASH AND INVESTMENTS (continued)

As of September 30, 2008 the District had the following investments in its pooled portfolio.

Investment Type	Fair Value	Effective Duration (in yrs)
SunTrust CD	\$ 25,074,409	0.03
Local Government Surplus Trust Fund - Pool A	55,340,437	0.02
Local Government Surplus Trust Fund - Pool B	3,446,291	9.60
U.S. Agency Obligations	254,588,000	1.16
Mortgage Backed Securities	<u>203,980,226</u>	2.83
Total Fair Value	<u>\$ 542,429,363</u>	
 Portfolio Effective Duration		 1.67

Credit Risk

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

All of the District's investments in agency securities for fiscal year 2008 were rated AAA by Standard and Poor's and Fitch ratings, and Aaa by Moody's Investor Services. In addition, all of the District's investments in Mortgage Backed Securities were rated AAA by at least two of the three listed rating services. This applies to the direct agency obligations as well as the investment into non-agency mortgages and CMO's.

Credit Quality Distribution for Securities with Credit

<u>Investment Type</u>	<u>Credit Rating</u>
Local Government Surplus Trust Fund - Pool A	AAAm
Local Government Surplus Trust Fund - Pool B	Unrated
Fannie Mae – Agencies & Mortgages	AAA
Freddie Mac – Agencies & Mortgages	AAA
Federal Home Loan Bank – Agencies	AAA
Federal Farm Credit Bank – Agencies	AAA
Ginnie Mae - Mortgage Backed Security	AAA
Lehman Non-Agency Mortgage Backed Security	AAA
Wells Fargo Non-Agency Mortgage Backed Security	AAA
Goldman Sachs Non-Agency Mortgage Backed Security	AAA
SunTrust - CD	Unrated

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(3) CASH AND INVESTMENTS (continued)

Custodial Credit Risk - Deposits

All of the District's cash deposits are held in accounts at depository institutions which are recognized as State of Florida Qualified Public Depositories in accordance with state statutes and the District's investment policy.

The most significant cash deposit of the District at September 30, 2008 is the balance of proceeds from the issuance of Certificates of Participation (COPS) in fiscal year 2007. The "Cash Deposits Held by Trustee" balance consists of \$291,533,996 in COPS proceeds, which are held in trust by a third party financial institution on behalf of the District and \$22,237,491, representing debt service on the COPS, due October 1, 2008.

Custodial Credit Risk - Investments

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

Concentration of Credit Risk

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

Percentage Allocation by Issuer as of September 30, 2008

<u>Issuer</u>	<u>Percent of Total</u>
Local Government Surplus Trust Fund - Pool A	10.17%
Local Government Surplus Trust Fund - Pool B	0.63%
Fannie Mae	22.48%
Freddie Mac	34.74%
Ginnie Mae	2.24%
Federal Farm Credit Bank	5.51%
Federal Home Loan Bank	12.86%
Wells Fargo Non-Agency Mortgage Backed Security	3.82%
Goldman Sachs Non-Agency Mortgage Backed Security	1.25%
Lehman	1.70%
SunTrust CD	4.60%

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(3) CASH AND INVESTMENTS (continued)

Cash and investments as of September 30, 2008 are comprised of the following:

Cash Deposits:

Money Market Accounts	\$ 8,414,128
Demand Deposit Accounts	46,329
Petty Cash	<u>6,675</u>
Total Cash Deposits	<u>8,467,132</u>

Cash Deposits Held by Trustee: 313,771,487

Investments Held by the District:

U.S. Agency Obligations	254,588,000
Investments in Mortgage Backed Securities	203,980,226
Local Government Surplus Trust Fund - Pool A	55,340,437
Local Government Surplus Trust Fund - Pool B	3,446,291
SunTrust CD	<u>25,074,409</u>
Total Investments	<u>542,429,363</u>
Total Cash and Investments	<u>\$ 864,667,982</u>

(4) ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2008 consist of the following:

	General Fund	Okeechobee Basin SR Fund	Save Our Rivers CP Fund	Everglades Trust Fund	Other Funds	Total
Leases	\$ -	\$ -	\$ 14,702	\$ -	\$ 180,493	\$ 195,195
Interest	1,031,650	1,159,461	101,998	740,964	465,836	3,499,909
Other	<u>19,461</u>	<u>605</u>	<u>207,571</u>	<u>-</u>	<u>8,023</u>	<u>235,660</u>
	<u>\$ 1,051,111</u>	<u>\$ 1,160,066</u>	<u>\$ 324,271</u>	<u>\$ 740,964</u>	<u>\$ 654,352</u>	<u>\$ 3,930,764</u>

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2008 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,226,528	\$ -
Okeechobee Basin SR Fund	5,722,609	-
Comprehensive Everglades Restoration Plan Fund	83,123	-
Acceler8 CERP Fund	-	83,123
Other Funds	-	6,949,137
	<u>\$ 7,032,260</u>	<u>\$ 7,032,260</u>

Interfund balances at year end represent either pending transfer from funds in which revenues are recorded to their corresponding capital expenditure fund or temporary loans to fund grant activity in special revenue funds with pending reimbursements.

Interfund transfers during the year are as follows:

<i>From:</i>	<i>To:</i>						Totals
	General Fund	Okeechobee Basin SR Fund	Comprehensive Everglades	Save Our Everglades	Acceler8 CERP Fund	Other Funds	
General	\$ -	\$ -	\$ 44,614,358	\$ -	\$ -	\$ 1,136,613	\$ 45,750,971
Okeechobee Basin SR	-	-	82,629,908	-	-	55,261,182	137,891,090
Everglades Trust Fund	-	-	-	-	-	17,127,287	17,127,287
Comprehensive Everglades	-	-	-	1,578,422	396,951	-	1,975,373
Other Governmental Funds	<u>1,033,343</u>	<u>132,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,736,740</u>	<u>11,902,083</u>
	<u>\$ 1,033,343</u>	<u>\$ 132,000</u>	<u>\$ 127,244,266</u>	<u>\$ 1,578,422</u>	<u>\$ 396,951</u>	<u>\$ 84,261,822</u>	<u>\$ 214,646,804</u>

The majority of transfers are used to account for the District's required share of funding for Everglades restoration in accordance with the Comprehensive Everglades Restoration Plan. Other transfers are to reimburse funds for expenditures made on behalf of the paying funds.

(6) OPERATING LEASE RENTAL REVENUES

Property on Operating Leases and Property Held for Lease

The District purchases land for environmental restoration projects. Quite often there are agricultural activities occurring on parts of the land at the time of purchase. If the land is not needed for a project immediately, the District allows these activities to continue because it results in lower land maintenance costs. In addition, the District charges rent for the continued use of the land for farming until such time it is needed for an environmental restoration project. The District's investment in property on which there are operating leases is \$732 million as of September 30, 2008.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(6) OPERATING LEASE RENTAL REVENUES (continued)

Revenues under Operating Leases

The following is a schedule by year of minimum future revenues on noncancelable operating leases, including contingent revenues which may be received under certain leases of land on the basis of use in excess of stipulated minimums. For fiscal year 2008, contingent revenues were \$-0-.

Year Ending September 30:

2009	\$ 2,814,218
2010	1,041,871
2011	1,061,549
2012	656,302
2013	564,120
2014 - 2018	<u>569,335</u>
Total minimum future revenues	<u>\$ 6,707,395</u>

(7) PROPERTY TAXES

The District is permitted by Florida Statutes to levy taxes up to .800 mills per \$1,000 of assessed valuation. The rate levied for a majority of the District for fiscal year 2008 was .624 mills. Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for real and personal property located within the District. The assessed value at January 1, 2007, upon which the fiscal year 2008 levy was based, was approximately \$936.1 billion.

A four percent discount is allowed if the taxes are paid in November, with the discount declining by one percentage point each month thereafter. Taxes become delinquent April 1 of each year. Delinquent property tax certificates are sold to the public beginning June 1, at which time a lien attaches to the property. By fiscal year end, virtually all property taxes are collected either directly or through tax certificate sales. Property tax revenues are recorded by the District based on the amount of receipts reported by the county tax collectors. Property taxes receivable from the county tax collectors at September 30, 2008, is \$5,238,330 and is included in tax revenues.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(8) INTERGOVERNMENTAL TRANSACTIONS

Amounts due from other governments at September 30, 2008 and intergovernmental revenues for 2008 consist of the following:

	<u>Due From Other Governments</u>	<u>Intergovernmental Revenues</u>
U.S. Army Corps of Engineers	\$ 73,076	\$ 216,948
U.S. Department of Homeland Security	5,513,292	7,278,683
U.S. Department of the Interior	251	-
U.S. Department of Agriculture	4,069,585	8,846,953
Florida Department of Environmental Protection	25,960,148	247,378,765
Florida Fish and Wildlife Conservation Commission	62,501	1,283,269
Florida Department of Agriculture and Consumer Services	19,432	120,000
Florida Department of Transportation	7,926	2,024,286
Florida Department of Revenue	-	4,962,108
Florida Department of Motor Vehicles	-	409,789
Florida Inland Navigation District	3,949,074	3,949,074
Lee County		10,000,000
Palm Beach County	50,000	-
South West Florida Water Management District	5,550	5,550
Various Counties:		
Ad Valorem Taxes	5,238,330	-
Property Appraiser/Tax Collector Fee Credits	3,798,753	-
Other Governments	<u>-</u>	<u>3,574</u>
 Total	 <u>\$ 48,747,918</u>	 <u>\$ 286,478,999</u>

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(9) CAPITAL ASSETS ACTIVITY

	Balance at October 1, 2007	Additions	Retirements	Adjustments/ Reclassifications	Balance at September 30, 2008
<i>Capital Assets Not Being Depreciated:</i>					
Land	\$ 2,218,327,873	\$ 208,189,372	\$ (38,011,957)	\$ 13,248,238	\$ 2,401,753,526
Construction in Process	393,278,727	259,625,393	(1,577,262)	(88,762,955)	562,563,903
Canals and Levees	491,144,479	28,181,542	-	31,038,228	550,364,249
	<u>3,102,751,079</u>	<u>495,996,307</u>	<u>(39,589,219)</u>	<u>(44,476,489)</u>	<u>3,514,681,678</u>
<i>Capital Assets Being Depreciated:</i>					
Buildings	61,891,291	2,063,256	-	656,749	64,611,296
Equipment	130,908,111	15,362,344	(6,812,543)	1,363,464	140,821,376
Improvements	18,433,199	1,114,420	-	1,250,131	20,797,750
Water Control Structures	501,678,686	9,648,775	(387,375)	41,206,145	552,146,231
	<u>712,911,287</u>	<u>28,188,795</u>	<u>(7,199,918)</u>	<u>44,476,489</u>	<u>778,376,653</u>
<i>Less Accumulated Depreciation:</i>					
Buildings	20,083,513	1,654,948	-	10,946	21,749,407
Equipment	64,175,077	11,869,683	(6,208,952)	(8,372)	69,827,436
Improvements	7,582,424	914,558	-	-	8,496,982
Water Control Structures	88,082,325	12,916,912	(126,048)	(2,574)	100,870,615
	<u>179,923,339</u>	<u>27,356,101</u>	<u>(6,335,000)</u>	<u>-</u>	<u>200,944,440</u>
Capital Assets, Net	<u>\$ 3,635,739,027</u>	<u>\$ 496,829,001</u>	<u>\$ (40,454,137)</u>	<u>\$ -</u>	<u>\$ 4,092,113,891</u>

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

Land Stewardship	\$ 314,654
District Everglades	3,899,296
Operations and Maintenance	16,097,481
Water Supply	54,087
Kissimmee Restoration	95,407
Regulation	80,728
Lake Okeechobee	145,073
Coastal Watersheds	33,456
Mission Support	5,938,550
Comprehensive Everglades Restoration Plan	457,193
Modeling and Scientific Support	<u>240,176</u>
Total Depreciation Expense	<u>\$ 27,356,101</u>

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(10) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2008:

	Balance at October 1, 2007	Additions	Retirements And Adjustments	Balance at September 30, 2008	Amounts Due Within One Year
Land Acquisition Bonds	\$ 51,110,000	\$ -	\$ (4,785,000)	\$ 46,325,000	\$ 4,975,000
Bond Premium	1,439,918	-	(403,355)	1,036,563	296,398
Bank Loans	11,031,537	-	(3,248,377)	7,783,160	1,832,482
COPs	546,120,000	-	(7,675,000)	538,445,000	9,015,000
COPs Premium	24,544,948	-	(1,750,842)	22,794,106	1,717,694
Land Purchase Payable	40,219,445	40,910,434	(40,219,445)	40,910,434	30,370,434
Capital Leases	895,678	-	(502,187)	393,491	193,161
Compensated Absences	20,625,000	11,972,000	(10,050,000)	22,547,000	8,000,000
Other Post Emp Benefits	2,667,895	2,580,394	-	5,248,289	-
Self Insurance Claims	8,924,780	2,427,821	(866,528)	10,486,073	1,037,907
Other Claims	8,325,000	49,000	(8,325,000)	49,000	-
	<u>\$ 715,904,201</u>	<u>\$ 57,939,649</u>	<u>\$ (77,825,734)</u>	<u>\$ 696,018,116</u>	<u>\$ 57,438,076</u>

Special Obligation Land Acquisition Bonds are issued by the District to provide funds for the acquisition of environmentally sensitive lands. Principal and interest on the Land Acquisition Bonds are secured by a lien on documentary stamp excise taxes collected statewide by the State of Florida and allocated to the State's five water management districts through the Water Management Lands Trust Fund. For the current fiscal year, principal and interest payments and total revenue recognized were \$6,928,086 and \$22,670,376, respectively. Debt service payments have averaged 25% of the related revenue over the past ten years. The District accounts for debt service transactions in the Save Our Rivers SR Fund.

A summary of the status of the District's bonded debt as of September 30, 2008 is shown below:

Issue	Original Amount	Fiscal Year Maturity	Interest Rates	Remaining Balance
2002 Refunding	\$ 23,810,000	2009-2016	3.00-4.00%	\$ 17,495,000
2003 Refunding	<u>34,550,000</u>	2009-2016	3.50-5.25%	<u>28,830,000</u>
	<u>\$ 58,360,000</u>			<u>\$ 46,325,000</u>

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(10) LONG-TERM LIABILITIES (continued)

Fiscal year requirements to amortize bonded debt outstanding as of September 30, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,975,000	\$ 1,940,171	\$ 6,915,171
2010	5,190,000	1,722,396	6,912,396
2011	5,415,000	1,489,721	6,904,721
2012	5,655,000	1,265,749	6,920,749
2013	5,865,000	1,035,786	6,900,786
2014-2016	<u>19,225,000</u>	<u>1,403,335</u>	<u>20,628,335</u>
	<u>\$ 46,325,000</u>	<u>\$ 8,857,158</u>	<u>\$ 55,182,158</u>

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

A summary of the status of the District's outstanding bank loans at September 30, 2008 is shown below:

Issue	<u>Original Amount</u>	<u>Fiscal Year Maturity</u>	<u>Interest Rates</u>	<u>Remaining Balance</u>
2003	\$ 2,827,374	2009-2011	4.30%	\$ 1,211,731
2003	2,000,000	2009-2011	2.83%	857,143
2005	<u>8,000,000</u>	2009-2013	4.20%	<u>5,714,286</u>
	<u>\$ 12,827,374</u>			<u>\$ 7,783,160</u>

Fiscal year requirements to amortize the bank loans as of September 30, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,832,482	\$ 279,620	\$ 2,112,102
2010	1,832,482	206,172	2,038,654
2011	1,832,482	132,724	1,965,206
2012	1,142,857	72,000	1,214,857
2013	<u>1,142,857</u>	<u>24,000</u>	<u>1,166,857</u>
	<u>\$ 7,783,160</u>	<u>\$ 714,516</u>	<u>\$ 8,497,676</u>

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(10) LONG-TERM LIABILITIES (continued)

In fiscal year 2007, the District issued Certificates of Participation (COPS), Series 2006, in order to provide funds for the construction of accelerated projects in furtherance of restoration of the Everglades. COPS are statutorily-authorized tax-exempt certificates showing participation through ownership of a 'share' of lease payments for a capital facility of a governmental agency. Total COPS issued amounted to \$546,120,000, having interest rates ranging from 3.5% to 5.0%. The District accounts for debt service transactions relative to COPS in the Everglades Trust Fund and the Comprehensive Everglades Restoration Plan Fund.

Fiscal year requirements to amortize the Certificates of Participation as of September 30, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 9,015,000	\$ 26,268,594	\$ 35,283,594
2010	9,370,000	25,923,546	35,293,546
2011	9,705,000	25,539,177	35,244,177
2012	10,135,000	25,088,036	35,223,036
2013	10,610,000	24,626,168	35,236,168
2014-2018	60,970,000	114,832,909	175,802,909
2019-2023	77,630,000	97,745,900	175,375,900
2024-2028	98,965,000	75,864,375	174,829,375
2029-2033	126,305,000	47,838,625	174,143,625
2034-2037	<u>125,740,000</u>	<u>12,957,000</u>	<u>138,697,000</u>
	<u>\$ 538,445,000</u>	<u>\$ 476,684,330</u>	<u>\$ 1,015,129,330</u>

During fiscal year 2008, the Governing Board authorized the execution of a Stipulated Order of Taking and Final Judgment for the purchase of approximately 1,773 acres in St. Lucie County. The property, currently being used as a citrus farm, is planned to be made a part of the Indian River Lagoon project, which is included in the CERP. The District has taken title to the property but will allow the citrus farming activities to continue based on a leaseback agreement contained in the Order.

Under the terms of the Order, the District's total cost of the acquisition is approximately \$57.4 million, which includes the land acquisition price of \$50,498,700, together with a growth factor of \$1,997,504 and statutory attorney fees, expert fees and costs of \$4,892,791. During the fiscal year, the District made two of the three installments. The final payment is scheduled in fiscal year 2009, in the amount of \$26,370,434.

During fiscal year 2008, the Governing Board authorized the purchase of approximately 256.94 acres, which will be utilized for the CERP project in Northern Palm Beach County. Under the terms of the purchase agreement, the total cost of acquisition of \$18,540,000 is payable in five annual installments, the first of which was made during the fiscal year. The remaining balance is subject to simple interest of 4% per year. The fiscal year requirements are as follows:

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(10) LONG-TERM LIABILITIES (continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,000,000	\$ 581,600	\$ 4,581,600
2010	4,000,000	421,600	4,421,600
2011	4,000,000	261,600	4,261,600
2012	<u>2,540,000</u>	<u>101,600</u>	<u>2,641,600</u>
	<u>\$ 14,540,000</u>	<u>\$ 1,366,400</u>	<u>\$ 15,906,400</u>

During fiscal year 2003, the Governing Board approved the purchase of a major land acquisition known as Palm Beach Aggregates. The property is a commercial rock mine that is planned to be used to store water as part of the CERP described in note 18. The District has taken title to the property but will allow the rock mining operation to continue to completion based on an agreed-upon schedule for surrender of storage volume.

Under the original agreement, the District's total cost of the acquisition was \$157 million to acquire storage volume of up to 31,500 acre-feet of water. During fiscal year 2004, the agreement was amended. Under the amended agreement, the District will pay a total of \$217,581,500 to acquire total storage volume of up to 47,000 acre-feet of water. The final payment was made during fiscal year 2008, in the amount of \$40,219,445.

The liability for compensated absences is generally liquidated by the General Fund and the Okeechobee Basin SR Fund. The liability for claims and judgments (which is identified in the schedule of long-term liabilities as "other liabilities") is generally liquidated by the General Fund.

(11) DEFICIT FUND BALANCES

At September 30, 2008, the following funds have deficit fund balances:

<u>Fund</u>	<u>Amount</u>
Aquatic Plant Control Fund	\$ 397,250
District Capital Projects Fund	1,352,017
Comprehensive Everglades Restoration Plan - Federal Sources Capital Projects Fund	386,753

These deficits are expected to be covered by future reimbursements from the State of Florida, the federal government and operating transfers from the General fund.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(12) OPERATING LEASES

The District is committed under various operating leases for building, office space, vehicles, office equipment and data processing equipment. The majority of the operating leases contain options that the District may, at the end of the lease term, renew the lease. In most cases, the District expects that in the normal course of business, leases will be renewed or replaced with other leases. Lease expenditures for the year ended September 30, 2008 amounted to approximately \$3,398,000. Future minimum lease payments for these leases are as follows:

Year Ending September 30:

2009	\$ 3,566,995
2010	2,853,064
2011	2,434,502
2012	202,063
2013	208,851
2014	<u>50,613</u>
Total minimum future lease payments	<u>\$ 9,316,088</u>

(13) CAPITAL LEASES

The District has lease agreements that qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date of the lease. These lease agreements are to acquire equipment having an original cost of approximately \$939,600.

The following is a schedule of the District's future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of September 30, 2008:

Year Ending September 30:

2009	\$ 205,873
2010	<u>205,873</u>
Total minimum future lease payments	411,746
Less: Amount representing interest	<u>(18,255)</u>
Present value of future minimum lease payments	<u>\$ 393,491</u>

(14) DEFINED BENEFIT PENSION PLAN

Plan Description

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

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(14) DEFINED BENEFIT PENSION PLAN (continued)

available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

Funding Policy

The System is non-contributory for employees and the District is required to contribute an actuarially determined rate. The rates are fixed by law and vary based on employee class. During the fiscal year the rates were 9.85%, 13.12% and 10.91% of annual covered payroll for regular class, senior management class, and DROP class employees, respectively. The contributions of the District are established and may be amended by the State Legislature. The District's contributions to the System for the past three (3) fiscal years, equal to the required contributions for each year, are as follows:

Year Ending September 30:

2008	\$ 12,237,000
2007	11,523,000
2006	9,167,000

(15) OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

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

As of October 1, 2007, the plan covers 1,670 active participants and 170 retirees.

Funding Policy

The District contributes 2% for each year of creditable service up to a maximum of 30 years or 60% of the total premium. In addition, active employees contribute \$5.00 per pay period towards the future costs of retiree health insurance. All other costs are paid by the retirees. The plan is financed on a pay-as-you-go basis.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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(15) OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Annual OPEB Costs and Net OPEB Obligation

For the fiscal year ended September 30, 2008, the District's annual OPEB cost of \$3,484,370 was equal to the annual required contribution (ARC) for the fiscal year, one year's interest on the net OPEB obligation, and an adjustment equal to the discounted present value of the balance of the net OPEB obligation at the beginning of the year. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2008 and 2007 are as follows:

Fiscal Year Ended		
	2008	2007
Normal Cost (service cost for one year)	\$ 1,693,965	\$ 1,839,258
Amortization of Unfunded Actuarial Liability	1,764,550	1,548,872
Interest on Normal Cost and Amortization	-	76,645
Annual Required Contribution (ARC)	3,458,515	3,464,775
Net OPEB Obligation (NOO) at beginning of year	2,667,895	-
Annual Required Contribution (ARC)	3,458,515	3,464,775
Interest on NOO	128,059	-
Adjustment to ARC	(102,204)	-
Annual OPEB Cost (Expense)	3,484,370	3,464,775
Employer Contributions Made	(903,976)	(796,880)
Increase (decrease) in NOO	2,580,394	2,667,895
Estimated NOO at end of year	\$ 5,248,289	\$ 2,667,895
Percentage of Annual OPEB Cost Contributed	26.14%	23.00%

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

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

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2008 was as follows:

Actuarial Accrued Liability (AAL)	\$44,993,790
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	44,993,790
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	115,455,078
UAAL as a Percentage of Covered Payroll	38.97%

Actuarial valuations of an OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the October 1, 2007 actuarial valuation the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.80% investment rate of return and an annual healthcare cost trend rate of 10% in 2009, trending down 0.5% per year to 5.0% in 2020 and thereafter. The actuarial value of assets was not determined as the District has not advanced funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percent of payroll over a 29-year period with a closed amortization method. The assumed rate of payroll growth is 4.0% per year.

The required schedule of funding progress as shown in the Notes to the Required Supplementary Information (see page IV-10) presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

(16) INSURANCE ACTIVITIES

The District is exposed to the various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. In 1976 the District established a self-insurance program for its workers' compensation exposure. The District is totally self-insured for workers' compensation claims. In 1986 the District established a self-insurance program for automobile

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(16) INSURANCE ACTIVITIES (continued)

and general liability claims. The District's financial exposure for automobile and general liability is limited to \$100,000 per person and \$200,000 per occurrence pursuant to Section 768.28, Florida Statutes. The District transfers its risk for personal and real property through the purchase of an insurance policy. The coverage is written on a 100% replacement/stated value basis, with varying retentions. The District purchases commercial insurance for hospital and medical benefits. Settled claims have not exceeded the amount of commercial coverage or the legally defined liability limits in any of the past three fiscal years.

The self-insurance program is accounted for in the General Fund. Expenditures relating to insurance are charged to other funds based on a cost allocation study. These expenditures include actuarial estimates utilizing the Casualty Actuarial Society Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense. The actuarial figures are utilized to determine the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses and for losses incurred but not reported (IBNR) at year end.

The total estimated liability as of September 30, 2008 is approximately \$10,486,000 and is presented on a discounted basis using an expected investment yield of 4.0%. Changes in the Fund's claims liability amount for the current and prior fiscal years are summarized below:

Fiscal Year	Beginning Liability	Current Claims and Changes in Estimates	Claim Payments	Ending Liability
2007	\$ 7,858,524	\$ 2,523,326	\$ 1,457,070	\$ 8,924,780
2008	8,924,780	2,427,821	866,528	10,486,073

(17) COMMITMENTS – CONDEMNATION PROCEEDINGS

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

At September 30, 2008, the court has yet to rule on a number of proceedings for which the land value and title transfer date is undetermined. The District's estimated future commitment for the purchase price of these lands (including attorneys' fees, interest, and other costs) is approximately \$220.8 million.

Should the court rule there is no taking of land or that the value of the land claimed by the owners is lower than the amounts claimed, the estimated future purchase commitment will vary. When the court rules there is a taking, the District will budget and appropriate funds to pay for the purchase of the land.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(18) MAJOR CONSTRUCTION COMMITMENTS

The **Everglades Construction Project (ECP)**, the first major step in Everglades's restoration pursuant to the Everglades Forever Act (EFA) was passed by the Florida Legislature in 1994. The ECP is one of the largest public works projects in the nation for environmental restoration, estimated to cost approximately \$836 million over 20 years. The District expended \$514.8 million on the Everglades Construction Project which has been completed. The total cost associated with implementing the 1994 ECP is shared among the District, state and federal governments, and the agricultural community. Major funding sources for the EFA include ad valorem property taxes (0.0894 mill tax levy for FY2009), agricultural privilege taxes, state funds, federal funds, Alligator Alley toll revenues, and other environmental mitigation funds.

The 1994 EFA directed the District to acquire land, design, permit, and construct a series of Stormwater Treatment Areas (STAs) to reduce phosphorus levels from stormwater runoff and other sources before it enters the Everglades Protection Area. The STAs, which consist of six large constructed wetlands totaling over 47,000 acres, are the cornerstone of the ECP.

In 2003, the Florida Legislature amended the EFA to expand and extend the use of the District's one-tenth (0.0894 for FY2009) mill ad valorem property tax levy, agricultural privilege taxes and other funding sources for implementing the Everglades "Long-Term Plan." Also in 2003, the State of Florida's Environmental Regulation Commission adopted a water quality standard for phosphorus within the EPA that includes a numeric criterion of 10 ppb for total phosphorus.

In 2004, the 2003 Long-Term Plan was revised to include the addition of approximately 18,000 acres of STAs on Compartments B and C in the EAA. There were subsequent revisions occurring in 2005, 2006 and 2007. These revisions also addressed modifications to the STA enhancements projects, changes to the source controls component of the plan, changes to the plan's Process Development and Engineering component, and the addition of new projects to the Long-Term Plan. It is currently projected that the Long-Term Plan's initial 13-year phase, including these revisions, will cost approximately \$1.6 billion.

During fiscal year 2008, the District continued implementation of the Long-Term Plan, as required by the EFA. In fiscal year 2008, approximately \$74.4 million was expended for work associated with the District Everglades Program. Of this amount, \$46.6 million was expended for work related to implementing the Long-Term Plan with the exception of construction costs associated with the expansion of Compartments B and C. Construction expenditures associated with the expansion of Compartments B and C totaled \$0.9 million, which were funded from proceeds of COPS, issued in fiscal year 2007. The remaining expenditures were associated with operations and maintenance of the STAs, debt service payments and other EFA-related components such as monitoring, assessment, research and evaluation in the Everglades Protection Area. Project Management Plans will be revised at various phases of each project, and project cost estimate changes or schedule alterations will follow a required formal review and approval process. The total inception-to-date spent on the Long-Term Plan which includes operations and maintenance, on-going construction costs for Compartments B and C and debt service is approximately \$305.6 million.

Six of the STAs are currently operational in over 44,000 acres of effective treatment area including the initial STA expansions completed on Compartments B and C. During the last water year (WY08), the STAs removed over 98 metric tons of phosphorus that otherwise would have entered the Everglades. To date (through the end of WY08), the STAs have removed over 1,050 metric tons of phosphorus. In addition, best management practices by landowners in the Everglades Agricultural Area have removed over 1,790 tons of phosphorus that would have gone to the Everglades over the past ten years.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(18) MAJOR CONSTRUCTION COMMITMENTS (continued)

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

The state and federal governments will split the estimated \$578 million cost to restore the river. The U.S. Army Corps of Engineers is responsible for the construction and the design of the restoration. As of fiscal year 2008 year end, the District has acquired approximately 97% of the estimated 105,000 acres needed to complete the project.

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

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

Implementation of the CERP was estimated in 1999 to cost \$7.8 billion, with an additional \$500 million for programmatic costs. Half of the cost will be paid by the federal government and the other half shared by the State of Florida, the District and other local agencies. As of September 30, 2008, the District has expended \$1.9 billion with \$1.4 billion being spent for project land acquisition.

(19) OTHER COMMITMENTS AND CONTINGENCIES

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

(20) SUBSEQUENT EVENT

On December 16, 2008, the Governing Board voted to accept a proposal to acquire more than 180,000 acres of agricultural land for Everglades restoration from the United States Sugar Corporation, contingent upon a specific amendment to the negotiated purchase and sale contract. The amendment would allow the Governing Board to review the most current economic conditions, including interest rates and revenue streams, to ensure the District's capacity to finance the purchase while continuing to accomplish its existing statutory mandates and legal obligations. Upon approval of the agreement and subject to court validation and suitable market conditions, the District would issue COPS to fund the land acquisition. The parties must close on the purchase within 90 days of bond validation and no later than September 25, 2009.

**SOUTH FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

(20) SUBSEQUENT EVENT (continued)

Under the proposed agreement, the District would take ownership of more than 180,000 acres of land, including water control and conveyance infrastructure located on the land, for the proposed purchase price of \$1.34 billion. The transaction, subject to financing and U.S. Sugar's concurrence with the revised contract condition, would be the largest land acquisition in Florida's history. Under the proposed agreement, U.S. Sugar would retain ownership of and continue operating the company's major assets, including its sugar mill, refinery, citrus processing plant and railroad.

Under a separate assignable lease agreement, U.S. Sugar would lease and manage the land for agricultural operations for seven years. The lease arrangement allows for the release of the first 10,000 acres of property to the District (in 2,000-acre parcels of contiguous lands) at any time after the first year with appropriate notice. An additional 30,000 acres (in 10,000-acre or more parcels of contiguous lands) may be released in year six, on or after December 30, 2015. The agreement also allows for the release of up to 3,000 acres in connection with transfers to municipalities or other governmental entities. U.S. Sugar would be required to pay all property taxes and assessments, control the land for exotic and invasive plants and implement Best Management Practices to prevent pollution. The lease is estimated to generate a minimum of \$54 million in revenue. The District may continue to lease the land after seven years if the land is not yet needed for restoration purposes. U.S. Sugar is provided the right to match any lease offer from other interests.



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FINANCIAL SECTION

REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A
(UNAUDITED)

South Florida Water Management District
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - (Unaudited)
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad Valorem Property Taxes	\$229,055,729	\$229,055,729	\$228,804,107	(\$251,622)
Intergovernmental	-	-	624,854	624,854
Investment Earnings	2,900,000	2,900,000	5,901,026	3,001,026
Licenses, Permits and Fees	4,530,950	4,530,950	3,934,272	(596,678)
Self-Insurance Premiums	6,182,442	6,182,442	3,109,956	(3,072,486)
Sale of District Property	300,000	300,000	33,765	(266,235)
Indirect Costs Recovered	4,644,276	4,644,276	8,460,722	3,816,446
Leases	75,000	75,000	148,100	73,100
Other	-	-	817,335	817,335
	<u>247,688,397</u>	<u>247,688,397</u>	<u>251,834,137</u>	<u>4,145,740</u>
Total Revenues				
EXPENDITURES				
Current				
Water Resources				
Operations and Maintenance	43,992	27,855	21,698	6,157
Water Supply	38,428,388	29,835,027	26,648,922	3,186,105
Kissimmee Watershed	137,196	90,459	86,833	3,626
Regulation	18,480,943	18,784,395	17,734,056	1,050,339
Lake Okeechobee	41,115	-	-	-
Coastal Watersheds	3,574,505	3,568,063	3,569,800	(1,737)
Mission Support	30,375	29,960	48,012	(18,052)
Modeling & Scientific Support	10,687,029	10,436,380	9,809,066	627,314
	<u>71,423,543</u>	<u>62,772,139</u>	<u>57,918,387</u>	<u>4,853,752</u>
Total Water Resources				
Operations and Maintenance				
Operations and Maintenance	11,769,906	13,065,665	12,504,789	560,876
Water Supply	772,308	635,820	569,398	66,422
Kissimmee Watershed	228,360	231,315	103,969	127,346
Regulation	317,025	314,463	276,929	37,534
Lake Okeechobee	-	759	759	-
Coastal Watersheds	104,181	127,307	124,384	2,923
Mission Support	105,600	105,600	112,234	(6,634)
Modeling & Scientific Support	451,515	427,578	371,751	55,827
	<u>13,748,895</u>	<u>14,908,507</u>	<u>14,064,213</u>	<u>844,294</u>
Total Operations and Maintenance				

South Florida Water Management District
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - (Unaudited)
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Corporate Resources				
Operations and Maintenance	794,406	814,589	674,060	140,529
Water Supply	348,610	177,000	89,377	87,623
Regulation	564,093	611,613	397,150	214,463
Coastal Watersheds	79,602	-	-	-
Mission Support	106,385,104	99,550,789	88,340,430	11,210,359
Modeling & Scientific Support	418,474	242,190	174,495	67,695
	<u>108,590,289</u>	<u>101,396,181</u>	<u>89,675,512</u>	<u>11,720,669</u>
Government and Public Affairs				
Operations and Maintenance	-	9,974	9,474	500
Water Supply	-	2,000	2,000	-
Regulation	-	139,083	132,166	6,917
Coastal Watersheds	-	61,219	60,056	1,163
Mission Support	-	7,564,467	7,097,927	466,540
Modeling & Scientific Support	-	67,989	63,129	4,860
	<u>-</u>	<u>7,844,732</u>	<u>7,364,752</u>	<u>479,980</u>
Everglades Restoration				
Land Stewardship	379,489	327,400	324,679	2,721
Operations and Maintenance	153,273	76,355	70,720	5,635
Water Supply	192,033	21,542	21,126	416
Kissimmee Watershed	86,054	93,716	89,111	4,605
Lake Okeechobee	-	3,102	3,276	(174)
Coastal Watersheds	10,836,475	744,509	726,016	18,493
Mission Support	166,509	71,820	65,935	5,885
Modeling & Scientific Support	4,611,550	5,280,659	5,153,254	127,405
	<u>16,425,383</u>	<u>6,619,103</u>	<u>6,454,117</u>	<u>164,986</u>
Debt Service				
Bank Loan Principal Payments	1,143,358	1,143,358	1,142,857	501
Bank Loan Interest	266,821	266,821	264,000	2,821
	<u>1,410,179</u>	<u>1,410,179</u>	<u>1,406,857</u>	<u>3,322</u>
Contingency				
Managerial Reserve	11,063,500	31,619,565	-	31,619,565
Contingency Reserve	5,000,000	5,000,000	-	5,000,000
	<u>16,063,500</u>	<u>36,619,565</u>	<u>-</u>	<u>36,619,565</u>
	<u>227,661,789</u>	<u>231,570,406</u>	<u>176,883,838</u>	<u>54,686,568</u>
Revenues in Excess of (Less than) Expenditures	<u>20,026,608</u>	<u>16,117,991</u>	<u>74,950,299</u>	<u>58,832,308</u>

South Florida Water Management District
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - (Unaudited)
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,033,343	1,033,343	1,033,343	-
Transfers Out	<u>(45,518,376)</u>	<u>(45,750,971)</u>	<u>(45,750,971)</u>	-
Total Other Financing Sources (Uses)	<u>(44,485,033)</u>	<u>(44,717,628)</u>	<u>(44,717,628)</u>	-
Net Change in Fund Balances	(24,458,425)	(28,599,637)	30,232,671	58,832,308
Fund Balances at Beginning of Year	<u>64,046,233</u>	<u>64,046,233</u>	<u>64,046,233</u>	-
Fund Balances at End of Year	<u><u>\$39,587,808</u></u>	<u><u>\$35,446,596</u></u>	<u><u>\$94,278,904</u></u>	<u><u>\$58,832,308</u></u>

South Florida Water Management District
Okeechobee Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - (Unaudited)
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad Valorem Property Taxes	\$229,094,304	\$229,094,304	\$228,736,420	(\$357,884)
Intergovernmental	-	-	5,239,247	5,239,247
Investment Earnings	3,200,000	3,200,000	5,979,703	2,779,703
Licenses, Permits and Fees	83,000	83,000	100,525	17,525
Sale of District Property	-	-	916,644	916,644
Leases	-	-	75	75
Other	-	-	165,740	165,740
Total Revenues	<u>232,377,304</u>	<u>232,377,304</u>	<u>241,138,354</u>	<u>8,761,050</u>
EXPENDITURES				
Current				
Water Resources				
Operations and Maintenance	34,879	5	1,054	(1,049)
Water Supply	978,725	1,889,526	1,291,062	598,464
Kissimmee Watershed	4,023,281	4,452,497	3,804,670	647,827
Regulation	200,000	201,602	201,398	204
Lake Okeechobee	8,624,836	4,145,296	4,024,187	121,109
Coastal Watersheds	1,728,677	1,564,288	1,403,961	160,327
Total Water Resources	<u>15,590,398</u>	<u>12,253,214</u>	<u>10,726,332</u>	<u>1,526,882</u>
Operations and Maintenance				
Land Stewardship	555	555	-	555
District Everglades	-	-	118	(118)
Operations and Maintenance	69,349,881	71,680,349	70,210,330	1,470,019
Water Supply	10,955	-	-	-
Kissimmee Watershed	1,115,358	847,963	214,430	633,533
Lake Okeechobee	297,995	210,168	203,411	6,757
Coastal Watersheds	138,623	138,623	138,623	-
Mission Support	119,212	105,494	97,368	8,126
Total Operations and Maintenance	<u>71,032,579</u>	<u>72,983,152</u>	<u>70,864,280</u>	<u>2,118,872</u>
Corporate Resources				
Land Stewardship	5,000	-	53	(53)
Operations and Maintenance	3,189,667	2,474,068	1,488,907	985,161
Water Supply	997,385	-	-	-
Kissimmee Watershed	2,551,990	-	-	-
Regulation	137,448	-	-	-
Lake Okeechobee	4,066,974	42,000	8,980	33,020
Coastal Watersheds	3,528,705	-	-	-
Mission Support	10,011,646	6,344,898	4,367,311	1,977,587
Total Corporate Resources	<u>24,488,815</u>	<u>8,860,966</u>	<u>5,865,251</u>	<u>2,995,715</u>

South Florida Water Management District
Okeechobee Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - (Unaudited)
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Government and Public Affairs				
Land Stewardship	-	5,000	5,000	-
Operations and Maintenance	-	3,585,756	3,278,533	307,223
Water Supply	-	939,592	667,915	271,677
Kissimmee Watershed	-	1,953,943	1,249,436	704,507
Regulation	-	137,448	6,425	131,023
Lake Okeechobee	-	2,081,567	1,955,770	125,797
Coastal Watersheds	-	5,731,841	5,260,494	471,347
Mission Support	-	5,006,089	4,846,332	159,757
Total Government and Public Affairs	-	19,441,236	17,269,905	2,171,331
Everglades Restoration				
Land Stewardship	570,361	995,176	1,111,937	(116,761)
Operations and Maintenance	1,368,848	1,430,821	1,422,516	8,305
Water Supply	-	982	982	-
Kissimmee Watershed	731,639	643,015	627,321	15,694
Lake Okeechobee	461,290	647,737	633,485	14,252
Coastal Watersheds	183,702	42,279	37,068	5,211
Mission Support	-	1,993	1,993	-
Total Everglades Restoration	3,315,840	3,762,003	3,835,302	(73,299)
Debt Service				
Bank Loan Principal Payments	690,125	690,125	689,625	500
Bank Loan Interest	91,053	91,053	89,069	1,984
Capital Lease Principal Payments	503,188	503,188	502,187	1,001
Capital Lease Interest	26,894	26,894	25,894	1,000
Total Debt Service	1,311,260	1,311,260	1,306,775	4,485
Contingency				
Managerial Reserve	23,641,505	23,778,636	-	23,778,636
Contingency Reserve	5,000,000	5,000,000	-	5,000,000
Total Contingency	28,641,505	28,778,636	-	28,778,636
Total Expenditures	144,380,397	147,390,467	109,867,845	37,522,622
Revenues in Excess of (Less than) Expenditures	87,996,907	84,986,837	131,270,509	46,283,672
OTHER FINANCING SOURCES (USES)				
Transfers In	132,000	132,000	132,000	-
Transfers Out	(130,191,090)	(137,891,090)	(137,891,090)	-
Total Other Financing Sources (Uses)	(130,059,090)	(137,759,090)	(137,759,090)	-

South Florida Water Management District
Okeechobee Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - (Unaudited)
For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balances	(42,062,183)	(52,772,253)	(6,488,581)	46,283,672
Fund Balances at Beginning of Year	<u>80,374,752</u>	<u>80,374,752</u>	<u>80,374,752</u>	-
Fund Balances at End of Year	<u><u>\$38,312,569</u></u>	<u><u>\$27,602,499</u></u>	<u><u>\$73,886,171</u></u>	<u><u>\$46,283,672</u></u>

South Florida Water Management District
 State Appropriations
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - (Unaudited)
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$39,598,431	\$34,484,203	\$34,836,755	\$352,552
Other	-	-	10,560	10,560
Total Revenues	<u>39,598,431</u>	<u>34,484,203</u>	<u>34,847,315</u>	<u>363,112</u>
EXPENDITURES				
Current				
Water Resources				
District Everglades	247,090	247,090	46,972	200,118
Water Supply	26,468,002	19,597,746	17,223,288	2,374,458
Coastal Watersheds	15,015,254	16,200,062	6,891,843	9,308,219
Total Water Resources	<u>41,730,346</u>	<u>36,044,898</u>	<u>24,162,103</u>	<u>11,882,795</u>
Operations and Maintenance				
Coastal Watersheds	6,525	-	-	-
Total Operations and Maintenance	<u>6,525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Corporate Resources				
Operations and Maintenance	74,038	-	-	-
Water Supply	5,194,611	-	-	-
Kissimmee Watershed	575,000	-	-	-
Coastal Watersheds	30,442,686	-	-	-
Comprehensive Everglades Restoration Plan	1,250,000	-	-	-
Total Corporate Resources	<u>37,536,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
Government and Public Affairs				
Operations and Maintenance	-	182,777	43,500	139,277
Water Supply	-	5,194,611	5,178,839	15,772
Kissimmee Watershed	-	575,000	291,947	283,053
Coastal Watersheds	-	25,763,001	10,549,590	15,213,411
Comprehensive Everglades Restoration Plan	-	1,250,000	250,000	1,000,000
Total Government and Public Affairs	<u>-</u>	<u>32,965,389</u>	<u>16,313,876</u>	<u>16,651,513</u>
Everglades Restoration				
Comprehensive Everglades Restoration Plan	567,672	567,672	-	567,672
Total Everglades Restoration	<u>567,672</u>	<u>567,672</u>	<u>-</u>	<u>567,672</u>

South Florida Water Management District
 State Appropriations
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - (Unaudited)
 For the Year Ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Contingency				
Managerial Reserve	-	6,955,013	-	6,955,013
Total Contingency	-	6,955,013	-	6,955,013
Total Expenditures	79,840,878	76,532,972	40,475,979	36,056,993
Revenues in Excess of (Less than) Expenditures	(40,242,447)	(42,048,769)	(5,628,664)	36,420,105
Net Change in Fund Balances	(40,242,447)	(42,048,769)	(5,628,664)	36,420,105
Fund Balances at Beginning of Year	35,920,023	35,920,023	35,920,023	-
Fund Balances at End of Year	(\$4,322,424)	(\$6,128,746)	\$30,291,359	\$36,420,105

South Florida Water Management District
Schedule of Employer Contributions
Other Post-Employment Benefit Plans
September 30, 2008

<u>Year Ended September 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2007	\$796,880	\$3,464,775	23.00%
2008	\$903,976	\$3,458,515	26.14%

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2008

BUDGETARY INFORMATION

- Budgets are legally adopted for all funds and are adopted on a basis consistent with generally accepted accounting principles. The adopted budget represents a fiscal-year financial plan that details Governing Board approved revenues and expenditures. The District's level of budgetary control, defined as the lowest level at which management may not reallocate resources without approval of the Governing Board, is at the program level within a fund and resource area. There are 11 Programs: Coastal Watersheds, District Everglades, Kissimmee Watershed, Lake Okeechobee, Modeling & Scientific Support, Regulation, Water Supply, Operations & Maintenance, Comprehensive Everglades Restoration Plan, Land Stewardship and Mission Support. The District is organized by departments which are grouped into five main resource areas: Water Resources, Operations & Maintenance, Corporate Resources, Government and Public Affairs, and Everglades Restoration.
- The accompanying budgetary data represent the original and the final amended budgets as approved by the Governing Board. Five budget amendments were approved by the Governing Board during fiscal year 2008.
- For the year ended September 30, 2008, amendments to the General Fund and Okeechobee Basin Special Revenue Fund increased budgeted expenditures by a total of \$3.9 million and \$3.1 million, respectively. The State Appropriations Fund realized a decrease in budgeted expenditures of \$3.3 million as a result of amendments during fiscal year 2008. None of the reported funds had expenditures for the fiscal year in excess of the final budgetary appropriation.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

- The employer contributions reported on the Schedule of Employer Contributions (see page IV-9) represents the current amount paid by the District for the current year cost of the benefits, which were entirely paid to or on behalf of retirees. Accordingly, no assets have been placed in trust to advance fund the employer's obligation.

The funding progress of the OPEB plan as of September 30, 2008 and 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Actuarial Accrued Liability (AAL)	\$44,993,790	\$43,089,773
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	44,993,790	43,089,773
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%	0%
Covered Payroll (Active Plan Members)	115,455,078	109,262,864
UAAL as a Percentage of Covered Payroll	38.97%	39.44%

Note that the District's initial actuarial valuation for an OPEB plan was as of October 1, 2006, to determine the funded status and the employer's annual required contribution for the fiscal year ended September 30, 2007. Accordingly, only two year's of funding progress is available at this time.

FINANCIAL SECTION

OTHER SUPPLEMENTAL INFORMATION

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Big Cypress Basin SR Fund

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

Save Our Rivers SR Fund

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

Aquatic Plant Control Fund

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

Melaleuca Control Fund

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

Wetlands Mitigation Fund

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

Indian River Lagoon Restoration Fund

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

External Grants Fund

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

Alternative Water Supply Fund

Accounts for expenditures associated with the development of alternate water supply facilities including aquifer storage and recovery and wastewater reuse technologies. Revenue is provided by operating transfers from the General Fund.

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds (continued)

Stormwater Treatment Areas Operations and Maintenance Fund

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

Lake Belt Mitigation Fund

Accounts for revenues received pursuant to Chapter 373.4249(2), Florida Statutes, which requires mitigation from impacts resulting from rock mining in the Lake Belt area of Miami-Dade County, and related expenditures incurred towards the acquisition, restoration and management of environmentally sensitive lands.

Everglades License Plate Fund

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

Lake Okeechobee Trust Fund

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

Capital Projects Funds

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

District Fund

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

Okeechobee Basin CP Fund

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

Big Cypress Basin CP Fund

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

Federal Emergency Management Agency Fund

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

Nonmajor Governmental Funds

Capital Projects Funds (continued)

Florida Bay Fund

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

Federal Land Acquisitions Fund

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

CERP – Federal Funds

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

CERP – Other Creditable Funds Fund

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

Permanent Fund

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

Wetlands Mitigation Permanent Fund

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

South Florida Water Management District
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Special Revenue Funds			
	Big Cypress Basin SR	Save Our Rivers SR	Aquatic Plant Control	Melaleuca Management
ASSETS				
Cash and Investments	\$12,080,077	\$9,297,150	\$ -	\$216
Accounts Receivable	104,049	181,292	-	-
Due from Other Governments	208,963	5,554,433	390,314	-
Inventory	42,886	-	-	-
Other Assets	-	-	-	-
Total Assets	\$12,435,975	\$15,032,875	\$390,314	\$216
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$979,168	\$1,487,143	\$593,618	\$ -
Due to Other Governments	-	43,912	-	-
Due to Other Funds	-	-	193,946	-
Deferred Revenue	-	225,000	-	-
Total Liabilities	979,168	1,756,055	787,564	-
FUND BALANCES				
Reserved for:				
Encumbrances	2,218,327	778,393	455,245	-
Acquisition of Land	-	-	-	-
Enhancement of Land	-	-	-	-
Long-term Management of Land	-	-	-	-
Unreserved				
Designated for:				
Subsequent Years Expenditures	2,893,684	-	-	-
Economic Stabilization	970,000	-	-	-
Undesignated	5,374,796	12,498,427	(852,495)	216
Total Fund Balances	11,456,807	13,276,820	(397,250)	216
Total Liabilities and Fund Balances	\$12,435,975	\$15,032,875	\$390,314	\$216

Special Revenue Funds (Continued)

	Wetlands Mitigation	Indian River Lagoon Restoration	External Grants
ASSETS			
Cash and Investments	\$22,049,089	\$383,962	\$ -
Accounts Receivable	141,401	2,556	-
Due from Other Governments	-	-	4,129,258
Inventory	-	-	-
Other Assets	-	-	-
Total Assets	\$22,190,490	\$386,518	\$4,129,258
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$526,399	\$40,758	\$102,468
Due to Other Governments	-	-	-
Due to Other Funds	-	-	3,982,347
Deferred Revenue	-	-	-
Total Liabilities	526,399	40,758	4,084,815
FUND BALANCES			
Reserved for:			
Encumbrances	128,759	109,514	1,875,208
Acquisition of Land	3,520,838	-	-
Enhancement of Land	10,270,098	-	-
Long-term Management of Land	-	-	-
Unreserved			
Designated for:			
Subsequent Years Expenditures	6,881,957	-	-
Economic Stabilization	-	-	-
Undesignated	862,439	236,246	(1,830,765)
Total Fund Balances	21,664,091	345,760	44,443
Total Liabilities and Fund Balances	\$22,190,490	\$386,518	\$4,129,258

Continued

South Florida Water Management District
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

Special Revenue Funds (Continued)

	Alternative Water Supply	Stormwater Treatment Areas Operation & Maintenance	Lake Belt Mitigation
ASSETS			
Cash and Investments	\$212,748	\$5,217,032	\$8,971,147
Accounts Receivable	7,512	-	58,594
Due from Other Governments	-	-	-
Inventory	-	-	-
Other Assets	-	-	-
	<u>\$220,260</u>	<u>\$5,217,032</u>	<u>\$9,029,741</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$799,402	\$ -
Due to Other Governments	-	-	-
Due to Other Funds	-	-	-
Deferred Revenue	-	-	-
	<u>-</u>	<u>799,402</u>	<u>-</u>
Total Liabilities	-	799,402	-
FUND BALANCES			
Reserved for:			
Encumbrances	-	814,396	8,479
Acquisition of Land	-	-	-
Enhancement of Land	-	-	-
Long-term Management of Land	-	-	-
Unreserved			
Designated for:			
Subsequent Years Expenditures	25,924	-	66,069
Economic Stabilization	-	-	-
Undesignated	194,336	3,603,234	8,955,193
	<u>220,260</u>	<u>4,417,630</u>	<u>9,029,741</u>
Total Fund Balances	220,260	4,417,630	9,029,741
Total Liabilities and Fund Balances	<u>\$220,260</u>	<u>\$5,217,032</u>	<u>\$9,029,741</u>

Special Revenue Funds (Continued)

	Everglades License Plate	Lake Okeechobee Trust Fund	Total
ASSETS			
Cash and Investments	\$761,463	\$13,607,044	\$72,579,928
Accounts Receivable	4,798	-	500,202
Due from Other Governments	-	-	10,282,968
Inventory	-	-	42,886
Other Assets	-	464,787	464,787
	<u>\$766,261</u>	<u>\$14,071,831</u>	<u>\$83,870,771</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$85,546	\$927,023	\$5,541,525
Due to Other Governments	-	106,093	150,005
Due to Other Funds	-	-	4,176,293
Deferred Revenue	-	-	225,000
	<u>85,546</u>	<u>1,033,116</u>	<u>10,092,823</u>
FUND BALANCES			
Reserved for:			
Encumbrances	55,830	2,542,246	8,986,397
Acquisition of Land	-	-	3,520,838
Enhancement of Land	-	-	10,270,098
Long-term Management of Land	-	-	-
Unreserved			
Designated for:			
Subsequent Years Expenditures	537,362	10,848,465	21,253,461
Economic Stabilization	-	-	970,000
Undesignated	87,523	(351,996)	28,777,154
	<u>680,715</u>	<u>13,038,715</u>	<u>73,777,948</u>
Total Fund Balances	<u>680,715</u>	<u>13,038,715</u>	<u>73,777,948</u>
Total Liabilities and Fund Balances	<u>\$766,261</u>	<u>\$14,071,831</u>	<u>\$83,870,771</u>

Continued

South Florida Water Management District
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	Capital Projects Funds			
	District CP	Okeechobee Basin CP	Big Cypress Basin CP	Federal Emergency Management Agency
ASSETS				
Cash and Investments	\$ -	\$32,534,891	\$13,130,243	\$51,327
Accounts Receivable	362	-	60,882	-
Due from Other Governments	-	2,866,401	-	122,561
Inventory	-	-	-	-
Other Assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$362</u>	<u>\$35,401,292</u>	<u>\$13,191,125</u>	<u>\$173,888</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$125,851	\$10,621,903	\$53,371	\$18,700
Due to Other Governments	-	-	-	-
Due to Other Funds	1,226,528	-	-	-
Deferred Revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,352,379</u>	<u>10,621,903</u>	<u>53,371</u>	<u>18,700</u>
FUND BALANCES				
Reserved for:				
Encumbrances	580	6,715,537	10,300	197,826
Acquisition of Land	-	-	-	-
Enhancement of Land	-	-	-	-
Long-term Management of Land	-	-	-	-
Unreserved				
Designated for:				
Subsequent Years Expenditures	-	11,278,093	6,860,000	-
Economic Stabilization	-	-	-	-
Undesignated	(1,352,597)	6,785,759	6,267,454	(42,638)
	<u>(1,352,597)</u>	<u>6,785,759</u>	<u>6,267,454</u>	<u>(42,638)</u>
Total Fund Balances	<u>(1,352,017)</u>	<u>24,779,389</u>	<u>13,137,754</u>	<u>155,188</u>
Total Liabilities and Fund Balances	<u>\$362</u>	<u>\$35,401,292</u>	<u>\$13,191,125</u>	<u>\$173,888</u>

Capital Projects Funds (Continued)				
	Florida Bay	Federal Land Acquisition	Comprehensive Everglades Restoration Plan Federal Funds	Comprehensive Everglades Restoration Plan Other Creditable
ASSETS				
Cash and Investments	\$4,189,926	\$1,579,484	\$ -	\$2,225,181
Accounts Receivable	22,563	10,520	-	-
Due from Other Governments	73,077	-	1,159,666	-
Inventory	-	-	-	-
Other Assets	-	-	-	774
Total Assets	\$4,285,566	\$1,590,004	\$1,159,666	\$2,225,955
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$257,446	\$ -	\$103	\$ -
Due to Other Governments	-	-	-	-
Due to Other Funds	-	-	1,546,316	-
Deferred Revenue	-	-	-	-
Total Liabilities	257,446	-	1,546,419	-
FUND BALANCES				
Reserved for:				
Encumbrances	412,901	-	272	-
Acquisition of Land	-	-	-	-
Enhancement of Land	-	-	-	-
Long-term Management of Land	-	-	-	-
Unreserved				
Designated for:				
Subsequent Years Expenditures	-	-	-	-
Economic Stabilization	-	-	-	-
Undesignated	3,615,219	1,590,004	(387,025)	2,225,955
Total Fund Balances	4,028,120	1,590,004	(386,753)	2,225,955
Total Liabilities and Fund Balances	\$4,285,566	\$1,590,004	\$1,159,666	\$2,225,955

Continued

South Florida Water Management District
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2008

	<u>Capital Projects Funds (Continued)</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Total</u>	<u>Wetlands Mitigation</u>	
ASSETS			
Cash and Investments	\$53,711,052	\$7,739,789	\$134,030,769
Accounts Receivable	94,327	59,823	654,352
Due from Other Governments	4,221,705	-	14,504,673
Inventory	-	-	42,886
Other Assets	774	-	465,561
	<u>58,027,858</u>	<u>7,799,612</u>	<u>149,698,241</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$11,077,374	\$ -	\$16,618,899
Due to Other Governments	-	-	150,005
Due to Other Funds	2,772,844	-	6,949,137
Deferred Revenue	-	-	225,000
	<u>13,850,218</u>	<u>-</u>	<u>23,943,041</u>
FUND BALANCES			
Reserved for:			
Encumbrances	7,337,416	-	16,323,813
Acquisition of Land	-	-	3,520,838
Enhancement of Land	-	-	10,270,098
Long-term Management of Land	-	7,687,077	7,687,077
Unreserved			
Designated for:			
Subsequent Years Expenditures	18,138,093	112,535	39,504,089
Economic Stabilization	-	-	970,000
Undesignated	18,702,131	-	47,479,285
	<u>44,177,640</u>	<u>7,799,612</u>	<u>125,755,200</u>
Total Fund Balances	<u>58,027,858</u>	<u>7,799,612</u>	<u>149,698,241</u>
Total Liabilities and Fund Balances	<u>58,027,858</u>	<u>7,799,612</u>	<u>149,698,241</u>



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South Florida Water Management District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Special Revenue Funds			
	Big Cypress Basin SR	Save Our Rivers SR	Aquatic Plant Control	Melaleuca Control
REVENUES				
Ad Valorem Property Taxes	\$18,081,463	\$ -	\$ -	\$ -
Intergovernmental	-	22,670,376	2,230,023	4,348,896
Investment Earnings	675,445	6,322	-	-
Licenses, Permits and Fees	21,375	-	-	-
Sale of District Property	518	-	-	-
Leases	-	4,287,805	-	-
Other	2,174	11,430	5,279	54,428
	<u>18,780,975</u>	<u>26,975,933</u>	<u>2,235,302</u>	<u>4,403,324</u>
Total Revenues				
EXPENDITURES				
Current Operating				
Land Stewardship	-	8,364,741	-	-
District Everglades	-	-	-	-
Operations and Maintenance	4,438,229	1,750,251	2,435,129	4,350,060
Water Supply	2,152,085	712,406	-	-
Kissimmee Watershed	-	-	-	-
Regulation	32,716	-	-	-
Lake Okeechobee	-	5,250,899	-	-
Coastal Watersheds	5,988,522	-	-	-
Mission Support	1,027,369	-	-	-
Comprehensive Everglades Restoration Plan	38,402	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Bond Principal Retirement	-	4,785,000	-	-
Bond Interest	-	2,143,086	-	-
Bank Loan Principal Payments	-	-	-	-
Bank Loan Interest	-	-	-	-
	<u>13,677,323</u>	<u>23,006,383</u>	<u>2,435,129</u>	<u>4,350,060</u>
Total Expenditures				
Revenues in Excess of (Less than) Expenditures	<u>5,103,652</u>	<u>3,969,550</u>	<u>(199,827)</u>	<u>53,264</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(4,177,136)	-	(220,000)	-
	<u>(4,177,136)</u>	<u>-</u>	<u>(220,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	926,516	3,969,550	(419,827)	53,264
Beginning Fund Balances	<u>10,530,291</u>	<u>9,307,270</u>	<u>22,577</u>	<u>(53,048)</u>
Ending Fund Balances	<u>\$11,456,807</u>	<u>\$13,276,820</u>	<u>(\$397,250)</u>	<u>\$216</u>

Special Revenue Funds (Continued)

	Wetlands Mitigation	Indian River Lagoon Restoration	External Grants	Alternative Water Supply
REVENUES				
Ad Valorem Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	133,322	4,425,423	-
Investment Earnings	690,688	13,952	-	52,600
Licenses, Permits and Fees	1,301,820	-	-	-
Sale of District Property	-	-	-	-
Leases	-	-	-	-
Other	769	-	15,015	-
	<u>1,993,277</u>	<u>147,274</u>	<u>4,440,438</u>	<u>52,600</u>
Total Revenues				
EXPENDITURES				
Current Operating				
Land Stewardship	3,514,684	-	8,325	-
District Everglades	-	-	-	-
Operations and Maintenance	1,500	-	2,757,491	-
Water Supply	-	-	-	364,077
Kissimmee Watershed	-	-	307,735	-
Regulation	-	-	-	-
Lake Okeechobee	-	-	-	-
Coastal Watersheds	-	127,829	957,750	-
Mission Support	-	-	-	-
Comprehensive Everglades Restoration Plan	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Bond Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Bank Loan Principal Payments	-	-	-	-
Bank Loan Interest	-	-	-	-
	<u>3,516,184</u>	<u>127,829</u>	<u>4,031,301</u>	<u>364,077</u>
Total Expenditures				
Revenues in Excess of (Less than) Expenditures	<u>(1,522,907)</u>	<u>19,445</u>	<u>409,137</u>	<u>(311,477)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	6,559,604	-	-	-
Transfers Out	-	-	-	(945,343)
	<u>6,559,604</u>	<u>-</u>	<u>-</u>	<u>(945,343)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	5,036,697	19,445	409,137	(1,256,820)
Beginning Fund Balances	<u>16,627,394</u>	<u>326,315</u>	<u>(364,694)</u>	<u>1,477,080</u>
Ending Fund Balances	<u>\$21,664,091</u>	<u>\$345,760</u>	<u>\$44,443</u>	<u>\$220,260</u>

Continued

South Florida Water Management District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Special Revenue Funds (Continued)			
	Stormwater Treatment Areas Operations & Maintenance	Lake Belt Mitigation	Everglades License Plate	Lake Okeechobee Trust Fund
REVENUES				
Ad Valorem Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	4,962,109	276,467	35,307,581
Investment Earnings	-	508,708	27,508	-
Licenses, Permits and Fees	-	-	-	-
Sale of District Property	-	-	-	-
Leases	-	-	-	-
Other	56,383	-	71,604	2
	<u>56,383</u>	<u>5,470,817</u>	<u>375,579</u>	<u>35,307,583</u>
Total Revenues	56,383	5,470,817	375,579	35,307,583
EXPENDITURES				
Current Operating				
Land Stewardship	-	4,362,426	-	-
District Everglades Operations and Maintenance	14,073,263	-	376,198	-
Water Supply	-	-	-	-
Kissimmee Watershed Regulation	-	-	-	-
Lake Okeechobee	-	-	-	41,520,004
Coastal Watersheds	-	-	-	-
Mission Support	-	-	-	-
Comprehensive Everglades Restoration Plan	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Bond Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Bank Loan Principal Payments	-	-	-	-
Bank Loan Interest	-	-	-	-
	<u>14,073,263</u>	<u>4,362,426</u>	<u>376,198</u>	<u>41,520,004</u>
Total Expenditures	14,073,263	4,362,426	376,198	41,520,004
Revenues in Excess of (Less than) Expenditures	<u>(14,016,880)</u>	<u>1,108,391</u>	<u>(619)</u>	<u>(6,212,421)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	16,127,287	-	-	-
Transfers Out	-	(6,247,700)	-	-
	<u>16,127,287</u>	<u>(6,247,700)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	16,127,287	(6,247,700)	-	-
Net Change in Fund Balances	2,110,407	(5,139,309)	(619)	(6,212,421)
Beginning Fund Balances	<u>2,307,223</u>	<u>14,169,050</u>	<u>681,334</u>	<u>19,251,136</u>
Ending Fund Balances	<u>\$4,417,630</u>	<u>\$9,029,741</u>	<u>\$680,715</u>	<u>\$13,038,715</u>

	Special Revenue Funds (Continued)	Capital Projects Funds		
	Total	District CP	Okeechobee Basin CP	Big Cypress Basin CP
REVENUES				
Ad Valorem Property Taxes	\$18,081,463	\$ -	\$ -	\$ -
Intergovernmental	74,354,197	-	14,265,603	1,000,000
Investment Earnings	1,975,223	15,887	875,810	363,832
Licenses, Permits and Fees	1,323,195	-	-	-
Sale of District Property	518	-	567,800	-
Leases	4,287,805	-	-	-
Other	217,084	-	44,400	299
Total Revenues	100,239,485	15,887	15,753,613	1,364,131
EXPENDITURES				
Current Operating				
Land Stewardship	16,250,176	-	40,800	-
District Everglades	14,449,461	-	-	-
Operations and Maintenance	15,732,660	-	6,855,182	91,499
Water Supply	3,228,568	-	-	-
Kissimmee Watershed	307,735	-	1,969,703	-
Regulation	32,716	-	-	-
Lake Okeechobee	46,770,903	-	612,319	-
Coastal Watersheds	7,074,101	-	2,062,360	-
Mission Support	1,027,369	1,516,334	-	-
Comprehensive Everglades Restoration Plan	38,402	-	25,133	-
Capital Outlay	-	-	70,902,043	2,104,187
Debt Service				
Bond Principal Retirement	4,785,000	-	-	-
Bond Interest	2,143,086	-	-	-
Bank Loan Principal Payments	-	1,414,987	-	-
Bank Loan Interest	-	37,922	-	-
Total Expenditures	111,840,177	2,969,243	82,467,540	2,195,686
Revenues in Excess of (Less than) Expenditures	(11,600,692)	(2,953,356)	(66,713,927)	(831,555)
OTHER FINANCING SOURCES (USES)				
Transfers In	22,686,891	1,136,613	55,261,182	4,177,136
Transfers Out	(11,590,179)	-	-	-
Total Other Financing Sources (Uses)	11,096,712	1,136,613	55,261,182	4,177,136
Net Change in Fund Balances	(503,980)	(1,816,743)	(11,452,745)	3,345,581
Beginning Fund Balances	74,281,928	464,726	36,232,134	9,792,173
Ending Fund Balances	<u>\$73,777,948</u>	<u>(\$1,352,017)</u>	<u>\$24,779,389</u>	<u>\$13,137,754</u>

Continued

South Florida Water Management District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2008

	Capital Projects Funds (Continued)			
	Federal Emergency Management Agency	Florida Bay	Federal Land Acquisition	Comprehensive Everglades Restoration Plan Federal Funds
REVENUES				
Ad Valorem Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	487,998	216,947	-	5,256,102
Investment Earnings	-	144,167	59,362	37,909
Licenses, Permits and Fees	-	-	-	-
Sale of District Property	-	-	-	-
Leases	-	-	-	-
Other	-	-	-	-
Total Revenues	487,998	361,114	59,362	5,294,011
EXPENDITURES				
Current Operating				
Land Stewardship	-	-	-	-
District Everglades	-	-	-	-
Operations and Maintenance	20,118	-	-	-
Water Supply	-	-	-	-
Kissimmee Watershed	-	-	-	-
Regulation	-	-	-	-
Lake Okeechobee	-	-	-	-
Coastal Watersheds	250,897	1,010,558	-	-
Mission Support	-	-	-	-
Comprehensive Everglades Restoration Plan	-	20,777	-	262,500
Capital Outlay	215,394	646,270	-	5,064,812
Debt Service				
Bond Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Bank Loan Principal Payments	-	-	-	-
Bank Loan Interest	-	-	-	-
Total Expenditures	486,409	1,677,605	-	5,327,312
Revenues in Excess of (Less than) Expenditures	1,589	(1,316,491)	59,362	(33,301)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,000,000	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	1,000,000	-	-
Net Change in Fund Balances	1,589	(316,491)	59,362	(33,301)
Beginning Fund Balances	153,599	4,344,611	1,530,642	(353,452)
Ending Fund Balances	\$155,188	\$4,028,120	\$1,590,004	(\$386,753)

	Capital Projects Funds (Continued)		Permanent Fund	
	Comprehensive Everglades Restoration Plan Other Creditable	Total	Wetlands Mitigation	Total Nonmajor Governmental Funds
REVENUES				
Ad Valorem Property Taxes	\$ -	\$ -	\$ -	\$18,081,463
Intergovernmental	-	21,226,650	-	95,580,847
Investment Earnings	-	1,496,967	298,519	3,770,709
Licenses, Permits and Fees	-	-	149,601	1,472,796
Sale of District Property	-	567,800	-	568,318
Leases	-	-	-	4,287,805
Other	-	44,699	-	261,783
Total Revenues	-	23,336,116	448,120	124,023,721
EXPENDITURES				
Current Operating				
Land Stewardship	-	40,800	-	16,290,976
District Everglades	-	-	-	14,449,461
Operations and Maintenance	-	6,966,799	-	22,699,459
Water Supply	-	-	-	3,228,568
Kissimmee Watershed	-	1,969,703	-	2,277,438
Regulation	-	-	-	32,716
Lake Okeechobee	-	612,319	-	47,383,222
Coastal Watersheds	-	3,323,815	-	10,397,916
Mission Support	-	1,516,334	-	2,543,703
Comprehensive Everglades Restoration Plan	-	308,410	-	346,812
Capital Outlay	2,208,129	81,140,835	-	81,140,835
Debt Service				
Bond Principal Retirement	-	-	-	4,785,000
Bond Interest	-	-	-	2,143,086
Bank Loan Principal Payments	-	1,414,987	-	1,414,987
Bank Loan Interest	-	37,922	-	37,922
Total Expenditures	2,208,129	97,331,924	-	209,172,101
Revenues in Excess of (Less than) Expenditures	(2,208,129)	(73,995,808)	448,120	(85,148,380)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	61,574,931	-	84,261,822
Transfers Out	-	-	(311,904)	(11,902,083)
Total Other Financing Sources (Uses)	-	61,574,931	(311,904)	72,359,739
Net Change in Fund Balances	(2,208,129)	(12,420,877)	136,216	(12,788,641)
Beginning Fund Balances	4,434,084	56,598,517	7,663,396	138,543,841
Ending Fund Balances	\$2,225,955	\$44,177,640	\$7,799,612	\$125,755,200

South Florida Water Management District

Special Revenue Fund

Big Cypress Basin SR

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	\$18,109,332	\$18,081,463	(\$27,869)
Investment Earnings	795,000	675,445	(119,555)
Licenses, Permits and Fees	19,000	21,375	2,375
Sale of District Property	-	518	518
Other	-	2,174	2,174
	<u>18,923,332</u>	<u>18,780,975</u>	<u>(142,357)</u>
Total Revenues			
EXPENDITURES			
Current			
Water Resources			
Coastal Watersheds	100,678	90,678	10,000
	<u>100,678</u>	<u>90,678</u>	<u>10,000</u>
Total Water Resources			
Operations and Maintenance			
Operations and Maintenance	3,729,456	2,799,730	929,726
Comprehensive Everglades Restoration Plan	10,115	6,729	3,386
	<u>3,739,571</u>	<u>2,806,459</u>	<u>933,112</u>
Total Operations and Maintenance			
Corporate Resources			
Operations and Maintenance	87,593	85,168	2,425
Regulation	20,000	14,306	5,694
Mission Support	480,690	298,340	182,350
	<u>588,283</u>	<u>397,814</u>	<u>190,469</u>
Total Corporate Resources			
Government and Public Affairs			
Land Stewardship	1,480	-	1,480
Operations and Maintenance	1,638,624	1,419,605	219,019
Water Supply	2,257,909	2,152,085	105,824
Regulation	27,386	18,410	8,976
Coastal Watersheds	8,056,776	5,897,844	2,158,932
Mission Support	767,521	729,029	38,492
Comprehensive Everglades Restoration Plan	68,882	31,673	37,209
	<u>12,818,578</u>	<u>10,248,646</u>	<u>2,569,932</u>
Total Government and Public Affairs			
Everglades Restoration			
Operations and Maintenance	135,731	133,726	2,005
Comprehensive Everglades Restoration Plan	27,643	-	27,643
	<u>163,374</u>	<u>133,726</u>	<u>29,648</u>
Total Everglades Restoration			
Contingency			
Managerial Reserve	1,285,576	-	1,285,576
Contingency Reserve	289,856	-	289,856
	<u>1,575,432</u>	<u>-</u>	<u>1,575,432</u>
Total Contingency			

South Florida Water Management District
Special Revenue Fund
Big Cypress Basin SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Total Expenditures	18,985,916	13,677,323	5,308,593
Revenues in Excess of (Less than) Expenditures	(62,584)	5,103,652	5,166,236
OTHER FINANCING SOURCES (USES)			
Transfers Out	(4,177,136)	(4,177,136)	-
Total Other Financing Sources (Uses)	(4,177,136)	(4,177,136)	-
Net Change in Fund Balances	(4,239,720)	926,516	5,166,236
Fund Balances at Beginning of Year	10,530,291	10,530,291	-
Fund Balances at End of Year	\$6,290,571	\$11,456,807	\$5,166,236

South Florida Water Management District

Special Revenue Fund

Save Our Rivers SR

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$18,217,592	\$22,670,376	\$4,452,784
Investment Earnings	-	6,322	6,322
Sale of District Property			
Leases	4,000,000	4,287,805	287,805
Other	-	11,430	11,430
	<u>22,217,592</u>	<u>26,975,933</u>	<u>4,758,341</u>
Total Revenues			
EXPENDITURES			
Current			
Water Resources			
Water Supply	752,406	712,406	40,000
Lake Okeechobee	5,275,302	4,465,831	809,471
	<u>6,027,708</u>	<u>5,178,237</u>	<u>849,471</u>
Total Water Resources			
Operations and Maintenance			
Land Stewardship	413,072	408,723	4,349
Operations and Maintenance	2,002,658	1,546,940	455,718
Lake Okeechobee	647,979	633,118	14,861
	<u>3,063,709</u>	<u>2,588,781</u>	<u>474,928</u>
Total Operations and Maintenance			
Corporate Resources			
Land Stewardship	132,938	123,302	9,636
	<u>132,938</u>	<u>123,302</u>	<u>9,636</u>
Total Corporate Resources			
Government and Public Affairs			
Land Stewardship	22,247	20,944	1,303
Lake Okeechobee	80,213	62,278	17,935
Coastal Watersheds			
	<u>102,460</u>	<u>83,222</u>	<u>19,238</u>
Total Government and Public Affairs			
Everglades Restoration			
Land Stewardship	8,193,118	7,811,772	381,346
Operations and Maintenance	28,112	203,311	(175,199)
Lake Okeechobee	125,000	89,672	35,328
	<u>8,346,230</u>	<u>8,104,755</u>	<u>241,475</u>
Total Everglades Restoration			
Debt Service			
Bond Principal Retirement	4,785,000	4,785,000	-
Bond Interest	2,143,087	2,143,086	1
	<u>6,928,087</u>	<u>6,928,086</u>	<u>1</u>
Total Debt Service			

South Florida Water Management District
Special Revenue Fund
Save Our Rivers SR
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Contingency			
Managerial Reserve	1,762,233	-	1,762,233
Total Contingency	1,762,233	-	1,762,233
Total Expenditures	26,363,365	23,006,383	3,356,982
Revenues in Excess of (Less than) Expenditures	(4,145,773)	3,969,550	8,115,323
Net Change in Fund Balances	(4,145,773)	3,969,550	8,115,323
Fund Balances at Beginning of Year	9,307,270	9,307,270	-
Fund Balances at End of Year	\$5,161,497	\$13,276,820	\$8,115,323

South Florida Water Management District
Special Revenue Fund
Aquatic Plant Control
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$5,221,812	\$2,230,023	(\$2,991,789)
Other	-	5,279	5,279
Total Revenues	5,221,812	2,235,302	(2,986,510)
EXPENDITURES			
Current			
Operations and Maintenance			
Operations and Maintenance	3,652,941	2,435,129	1,217,812
Total Operations and Maintenance	3,652,941	2,435,129	1,217,812
Contingency			
Managerial Reserve	1,425,890	-	1,425,890
Total Contingency	1,425,890	-	1,425,890
Total Expenditures	5,078,831	2,435,129	2,643,702
Revenues in Excess of (Less than) Expenditures	142,981	(199,827)	(342,808)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(220,000)	(220,000)	-
Total Other Financing Sources (Uses)	(220,000)	(220,000)	-
Net Change in Fund Balances	(77,019)	(419,827)	(342,808)
Fund Balances at Beginning of Year	22,577	22,577	-
Fund Balances at End of Year	(\$54,442)	(\$397,250)	(\$342,808)

South Florida Water Management District
Special Revenue Fund
Melaleuca Control
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$4,000,000	\$4,348,896	\$348,896
Other	-	54,428	54,428
Total Revenues	<u>4,000,000</u>	<u>4,403,324</u>	<u>403,324</u>
EXPENDITURES			
Current			
Operations and Maintenance			
Operations and Maintenance	4,394,081	4,203,707	190,374
Total Operations and Maintenance	<u>4,394,081</u>	<u>4,203,707</u>	<u>190,374</u>
Everglades Restoration			
Operations and Maintenance	-	146,353	(146,353)
Total Everglades Restoration	<u>-</u>	<u>146,353</u>	<u>(146,353)</u>
Contingency			
Managerial Reserve	300,000	-	300,000
Total Contingency	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total Expenditures	<u>4,694,081</u>	<u>4,350,060</u>	<u>344,021</u>
Revenues in Excess of (Less than) Expenditures	<u>(694,081)</u>	<u>53,264</u>	<u>747,345</u>
Net Change in Fund Balances	(694,081)	53,264	747,345
Fund Balances at Beginning of Year	<u>(53,048)</u>	<u>(53,048)</u>	<u>-</u>
Fund Balances at End of Year	<u><u>(\$747,129)</u></u>	<u><u>\$216</u></u>	<u><u>\$747,345</u></u>

South Florida Water Management District

Special Revenue Fund

Wetlands Mitigation

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$690,688	\$690,688
Licenses, Permits and Fees	-	1,301,820	1,301,820
Other	-	769	769
Total Revenues	-	1,993,277	1,993,277
EXPENDITURES			
Current			
Everglades Restoration			
Land Stewardship	3,783,463	3,514,684	268,779
Operations and Maintenance	2,450	1,500	950
Total Everglades Restoration	3,785,913	3,516,184	269,729
Contingency			
Managerial Reserve	7,994,714	-	7,994,714
Total Contingency	7,994,714	-	7,994,714
Total Expenditures	11,780,627	3,516,184	8,264,443
Revenues in Excess of (Less than) Expenditures	(11,780,627)	(1,522,907)	10,257,720
OTHER FINANCING SOURCES (USES)			
Transfers In	6,559,604	6,559,604	-
Total Other Financing Sources (Uses)	6,559,604	6,559,604	-
Net Change in Fund Balances	(5,221,023)	5,036,697	10,257,720
Fund Balances at Beginning of Year	16,627,394	16,627,394	-
Fund Balances at End of Year	<u>\$11,406,371</u>	<u>\$21,664,091</u>	<u>\$10,257,720</u>

South Florida Water Management District
Special Revenue Fund
Indian River Lagoon Restoration
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$185,000	\$133,322	(\$51,678)
Investment Earnings	14,000	13,952	(48)
Total Revenues	<u>199,000</u>	<u>147,274</u>	<u>(51,726)</u>
EXPENDITURES			
Current			
Water Resources			
Coastal Watersheds	<u>83,355</u>	<u>68,137</u>	<u>15,218</u>
Total Water Resources	<u>83,355</u>	<u>68,137</u>	<u>15,218</u>
Government and Public Affairs			
Coastal Watersheds	<u>200,000</u>	<u>59,692</u>	<u>140,308</u>
Total Government and Public Affairs	<u>200,000</u>	<u>59,692</u>	<u>140,308</u>
Total Expenditures	<u>283,355</u>	<u>127,829</u>	<u>155,526</u>
Revenues in Excess of (Less than) Expenditures	<u>(84,355)</u>	<u>19,445</u>	<u>103,800</u>
Net Change in Fund Balances	(84,355)	19,445	103,800
Fund Balances at Beginning of Year	<u>326,315</u>	<u>326,315</u>	<u>-</u>
Fund Balances at End of Year	<u><u>\$241,960</u></u>	<u><u>\$345,760</u></u>	<u><u>\$103,800</u></u>

South Florida Water Management District

Special Revenue Fund

External Grants

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$4,862,708	\$4,425,423	(\$437,285)
Other	(15,000)	15,015	30,015
Total Revenues	4,847,708	4,440,438	(407,270)
EXPENDITURES			
Current			
Water Resources			
Kissimmee Watershed	431,291	307,735	123,556
Coastal Watersheds	60	-	60
Total Water Resources	431,351	307,735	123,616
Operations and Maintenance			
Operations and Maintenance	2,162,250	2,162,155	95
Total Operations and Maintenance	2,162,250	2,162,155	95
Government and Public Affairs			
Operations and Maintenance	2,080,000	595,336	1,484,664
Coastal Watersheds	1,224,750	957,750	267,000
Total Government and Public Affairs	3,304,750	1,553,086	1,751,664
Everglades Restoration			
Land Stewardship	90,711	8,325	82,386
Total Everglades Restoration	90,711	8,325	82,386
Contingency			
Managerial Reserve	150,000	-	150,000
Total Contingency	150,000	-	150,000
Total Expenditures	6,139,062	4,031,301	2,107,761
Revenues in Excess of (Less than) Expenditures	(1,291,354)	409,137	1,700,491
Net Change in Fund Balances	(1,291,354)	409,137	1,700,491
Fund Balances at Beginning of Year	(364,694)	(364,694)	-
Fund Balances at End of Year	(\$1,656,048)	\$44,443	\$1,700,491

South Florida Water Management District
Special Revenue Fund
Alternative Water Supply
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$52,600	\$52,600
Total Revenues	-	52,600	52,600
EXPENDITURES			
Current			
Water Resources			
Water Supply	364,076	364,077	(1)
Total Water Resources	364,076	364,077	(1)
Contingency			
Managerial Reserve	25,924	-	25,924
Total Contingency	25,924	-	25,924
Total Expenditures	390,000	364,077	25,923
Revenues in Excess of (Less than) Expenditures	(390,000)	(311,477)	78,523
OTHER FINANCING SOURCES (USES)			
Transfers Out	(945,343)	(945,343)	-
Total Other Financing Sources (Uses)	(945,343)	(945,343)	-
Net Change in Fund Balances	(1,335,343)	(1,256,820)	78,523
Fund Balances at Beginning of Year	1,477,080	1,477,080	-
Fund Balances at End of Year	\$141,737	\$220,260	\$78,523

South Florida Water Management District
Special Revenue Fund
Stormwater Treatment Areas - Operations and Maintenance
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Other	\$ -	\$56,383	\$56,383
Total Revenues	-	56,383	56,383
EXPENDITURES			
Current			
Water Resources			
District Everglades	1,967,017	1,848,570	118,447
Total Water Resources	1,967,017	1,848,570	118,447
Operations and Maintenance			
District Everglades	14,593,088	12,041,022	2,552,066
Total Operations and Maintenance	14,593,088	12,041,022	2,552,066
Corporate Resources			
District Everglades	183,671	183,671	-
Total Corporate Resources	183,671	183,671	-
Contingency			
Managerial Reserve	716	-	716
Total Contingency	716	-	716
Total Expenditures	16,744,492	14,073,263	2,671,229
Revenues in Excess of (Less than) Expenditures	(16,744,492)	(14,016,880)	2,727,612
OTHER FINANCING SOURCES (USES)			
Transfers In	16,127,287	16,127,287	-
Total Other Financing Sources (Uses)	16,127,287	16,127,287	-
Net Change in Fund Balances	(617,205)	2,110,407	2,727,612
Fund Balances at Beginning of Year	2,307,223	2,307,223	-
Fund Balances at End of Year	\$1,690,018	\$4,417,630	\$2,727,612

South Florida Water Management District
Special Revenue Fund
Lake Belt Mitigation
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$4,962,109	\$4,962,109
Investment Earnings	-	508,708	508,708
Total Revenues	-	5,470,817	5,470,817
EXPENDITURES			
Current			
Everglades Restoration			
Land Stewardship	4,598,240	4,362,426	235,814
Total Everglades Restoration	4,598,240	4,362,426	235,814
Total Expenditures	4,598,240	4,362,426	235,814
Revenues in Excess of (Less than) Expenditures	(4,598,240)	1,108,391	5,706,631
OTHER FINANCING SOURCES (USES)			
Transfers Out	(6,247,700)	(6,247,700)	-
Total Other Financing Sources (Uses)	(6,247,700)	(6,247,700)	-
Net Change in Fund Balances	(10,845,940)	(5,139,309)	5,706,631
Fund Balances at Beginning of Year	14,169,050	14,169,050	-
Fund Balances at End of Year	<u>\$3,323,110</u>	<u>\$9,029,741</u>	<u>\$5,706,631</u>

South Florida Water Management District
Special Revenue Fund
Everglades License Plate
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$226,035	\$276,467	\$50,432
Investment Earnings	14,000	27,508	13,508
Other	-	71,604	71,604
Total Revenues	<u>240,035</u>	<u>375,579</u>	<u>135,544</u>
EXPENDITURES			
Current			
Water Resources			
District Everglades	461,669	376,198	85,471
Total Water Resources	<u>461,669</u>	<u>376,198</u>	<u>85,471</u>
Total Expenditures	<u>461,669</u>	<u>376,198</u>	<u>85,471</u>
Revenues in Excess of (Less than) Expenditures	<u>(221,634)</u>	<u>(619)</u>	<u>221,015</u>
Net Change in Fund Balances	(221,634)	(619)	221,015
Fund Balances at Beginning of Year	<u>681,334</u>	<u>681,334</u>	<u>-</u>
Fund Balances at End of Year	<u><u>\$459,700</u></u>	<u><u>\$680,715</u></u>	<u><u>\$221,015</u></u>

South Florida Water Management District
Special Revenue Fund
Lake Okeechobee Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$39,897,886	\$35,307,581	(\$4,590,305)
Other	-	2	2
Total Revenues	<u>39,897,886</u>	<u>35,307,583</u>	<u>(4,590,303)</u>
EXPENDITURES			
Current			
Water Resources			
Lake Okeechobee	4,039,273	2,985,931	1,053,342
Total Water Resources	<u>4,039,273</u>	<u>2,985,931</u>	<u>1,053,342</u>
Government and Public Affairs			
Lake Okeechobee	3,085,988	1,126,995	1,958,993
Total Government and Public Affairs	<u>3,085,988</u>	<u>1,126,995</u>	<u>1,958,993</u>
Everglades Restoration			
Lake Okeechobee	37,821,112	37,407,078	414,034
Total Everglades Restoration	<u>37,821,112</u>	<u>37,407,078</u>	<u>414,034</u>
Contingency			
Managerial Reserve	11,424,775	-	11,424,775
Total Contingency	<u>11,424,775</u>	<u>-</u>	<u>11,424,775</u>
Total Expenditures	<u>56,371,148</u>	<u>41,520,004</u>	<u>14,851,144</u>
Revenues in Excess of (Less than) Expenditures	<u>(16,473,262)</u>	<u>(6,212,421)</u>	<u>10,260,841</u>
Net Change in Fund Balances	(16,473,262)	(6,212,421)	10,260,841
Fund Balances at Beginning of Year	<u>19,251,136</u>	<u>19,251,136</u>	<u>-</u>
Fund Balances at End of Year	<u><u>\$2,777,874</u></u>	<u><u>\$13,038,715</u></u>	<u><u>\$10,260,841</u></u>

South Florida Water Management District

Capital Projects Fund

District CP

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$15,887	\$15,887
Other			
Total Revenues	-	15,887	15,887
EXPENDITURES			
Current			
Water Resources			
Mission Support	-	1,336,039	(1,336,039)
Total Water Resources	-	1,336,039	(1,336,039)
Corporate Resources			
Mission Support	98,576	180,295	(81,719)
Total Corporate Resources	98,576	180,295	(81,719)
Debt Service			
Bank Loan Principal Payments	1,416,491	1,414,987	1,504
Bank Loan Interest	38,525	37,922	603
Total Debt Service	1,455,016	1,452,909	2,107
Contingency			
Managerial Reserve	47,747	-	47,747
Total Contingency	47,747	-	47,747
Total Expenditures	1,601,339	2,969,243	(1,367,904)
Revenues in Excess of (Less than) Expenditures	(1,601,339)	(2,953,356)	(1,352,017)
OTHER FINANCING SOURCES (USES)			
Transfers In	1,136,613	1,136,613	-
Total Other Financing Sources (Uses)	1,136,613	1,136,613	-
Net Change in Fund Balances	(464,726)	(1,816,743)	(1,352,017)
Fund Balances at Beginning of Year	464,726	464,726	-
Fund Balances at End of Year	\$ -	(\$1,352,017)	(\$1,352,017)

South Florida Water Management District

Capital Projects Fund

Okeechobee Basin CP

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$10,000,000	\$14,265,603	\$4,265,603
Investment Earnings	-	875,810	875,810
Sale of District Property	567,800	567,800	-
Other	-	44,400	44,400
Total Revenues	10,567,800	15,753,613	5,185,813
EXPENDITURES			
Current			
Water Resources			
Lake Okeechobee	879,193	612,319	266,874
Total Water Resources	879,193	612,319	266,874
Operations and Maintenance			
Operations and Maintenance	62,592,327	59,497,416	3,094,911
Total Operations and Maintenance	62,592,327	59,497,416	3,094,911
Corporate Resources			
Kissimmee Watershed	621,509	352,909	268,600
Total Corporate Resources	621,509	352,909	268,600
Government and Public Affairs			
Operations and Maintenance	74,568	68,936	5,632
Coastal Watersheds	2,732,100	2,062,360	669,740
Total Government and Public Affairs	2,806,668	2,131,296	675,372
Everglades Restoration			
Land Stewardship	77,315	59,937	17,378
Kissimmee Watershed	9,240,377	6,434,685	2,805,692
Coastal Watersheds	10,000,000	10,000,000	-
Comprehensive Everglades Restoration Plan	4,503,499	3,378,978	1,124,521
Total Everglades Restoration	23,821,191	19,873,600	3,947,591
Contingency			
Managerial Reserve	10,072,920	-	10,072,921
Total Contingency	10,072,921	-	10,072,921
Total Expenditures	100,793,809	82,467,540	18,326,269
Revenues in Excess of (Less than) Expenditures	(90,226,009)	(66,713,927)	23,512,082

South Florida Water Management District
 Capital Projects Fund
 Okeechobee Basin CP
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers In	55,261,182	55,261,182	-
Total Other Financing Sources (Uses)	55,261,182	55,261,182	-
Net Change in Fund Balances	(34,964,827)	(11,452,745)	23,512,082
Fund Balances at Beginning of Year	36,232,134	36,232,134	-
Fund Balances at End of Year	\$1,267,307	\$24,779,389	\$23,512,082

South Florida Water Management District
 Capital Projects Fund
 Big Cypress Basin CP
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$1,000,000	\$1,000,000
Investment Earnings	-	363,832	363,832
Other	-	299	299
Total Revenues	-	1,364,131	1,364,131
EXPENDITURES			
Current			
Government and Public Affairs			
Operations and Maintenance	1,728,314	1,389,926	338,388
Comprehensive Everglades Restoration Plan	2,601,688	805,760	1,795,928
Total Government and Public Affairs	4,330,002	2,195,686	2,134,316
Contingency			
Managerial Reserve	6,860,000	-	6,860,000
Total Contingency	6,860,000	-	6,860,000
Total Expenditures	11,190,002	2,195,686	8,994,316
Revenues in Excess of (Less than) Expenditures	(11,190,002)	(831,555)	10,358,447
OTHER FINANCING SOURCES (USES)			
Transfers In	4,177,136	4,177,136	-
Total Other Financing Sources (Uses)	4,177,136	4,177,136	-
Net Change in Fund Balances	(7,012,866)	3,345,581	10,358,447
Fund Balances at Beginning of Year	9,792,173	9,792,173	-
Fund Balances at End of Year	<u>\$2,779,307</u>	<u>\$13,137,754</u>	<u>\$10,358,447</u>

South Florida Water Management District

Capital Projects Fund

Save Our Rivers CP

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$63,850,000	\$54,236,563	(\$9,613,437)
Investment Earnings	-	600,636	600,636
Leases	-	1,223,921	1,223,921
Other	-	833	833
	<u>63,850,000</u>	<u>56,061,953</u>	<u>(7,788,047)</u>
Total Revenues			
EXPENDITURES			
Current			
Corporate Resources			
Kissimmee Watershed	22,101	-	22,101
	<u>22,101</u>	<u>-</u>	<u>22,101</u>
Total Corporate Resources			
Everglades Restoration			
Kissimmee Watershed	6,163,985	5,296,468	867,517
Lake Okeechobee	66,900	66,900	-
Comprehensive Everglades Restoration Plan	53,793,428	49,297,202	4,496,226
	<u>60,024,313</u>	<u>54,660,570</u>	<u>5,363,743</u>
Total Everglades Restoration			
Contingency			
Managerial Reserve	18,096,741	-	18,096,741
	<u>18,096,741</u>	<u>-</u>	<u>18,096,741</u>
Total Contingency			
	<u>78,143,155</u>	<u>54,660,570</u>	<u>23,482,585</u>
Total Expenditures			
Revenues in Excess of (Less than) Expenditures	<u>(14,293,155)</u>	<u>1,401,383</u>	<u>15,694,538</u>
Net Change in Fund Balances	(14,293,155)	1,401,383	15,694,538
Fund Balances at Beginning of Year	<u>14,221,284</u>	<u>14,221,284</u>	<u>-</u>
Fund Balances at End of Year	<u><u>(\$71,871)</u></u>	<u><u>\$15,622,667</u></u>	<u><u>\$15,694,538</u></u>

South Florida Water Management District

Capital Projects Fund

Everglades Trust Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Ad Valorem Property Taxes	\$73,224,994	\$73,125,490	(\$99,504)
Agricultural Privilege Taxes	11,600,000	11,262,609	(337,391)
Intergovernmental	2,000,000	2,000,000	-
Investment Earnings	1,300,000	4,197,111	2,897,111
Sale of District Property			
Other	-	141,599	141,599
	<u>88,124,994</u>	<u>90,726,809</u>	<u>2,601,815</u>
Total Revenues			
EXPENDITURES			
Current			
Water Resources			
District Everglades	22,111,746	19,112,985	2,998,761
	<u>22,111,746</u>	<u>19,112,985</u>	<u>2,998,761</u>
Total Water Resources			
Operations and Maintenance			
District Everglades	15,886,378	12,976,449	2,909,929
	<u>15,886,378</u>	<u>12,976,449</u>	<u>2,909,929</u>
Total Operations and Maintenance			
Corporate Resources			
District Everglades	3,465,486	1,817,502	1,647,984
Mission Support			
	<u>3,465,486</u>	<u>1,817,502</u>	<u>1,647,984</u>
Total Corporate Resources			
Everglades Restoration			
District Everglades	24,118,693	21,297,213	2,821,480
Comprehensive Everglades Restoration Plan			
	<u>24,118,693</u>	<u>21,297,213</u>	<u>2,821,480</u>
Total Everglades Restoration			
Debt Service			
COPS Principal Retirement	3,071,866	934,124	2,137,742
COPS Interest	1,097,224	3,234,966	(2,137,742)
	<u>4,169,090</u>	<u>4,169,090</u>	<u>-</u>
Total Debt Service			
Contingency			
Managerial Reserve	45,447,375	-	45,447,375
	<u>45,447,375</u>	<u>-</u>	<u>45,447,375</u>
Total Contingency			
Total Expenditures	<u>115,198,768</u>	<u>59,373,239</u>	<u>55,825,529</u>
Revenues in Excess of (Less than) Expenditures	<u>(27,073,774)</u>	<u>31,353,570</u>	<u>58,427,344</u>

South Florida Water Management District
 Capital Projects Fund
 Everglades Trust Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers Out	(17,127,287)	(17,127,287)	-
Total Other Financing Sources (Uses)	(17,127,287)	(17,127,287)	-
Net Change in Fund Balances	(44,201,061)	14,226,283	58,427,344
Fund Balances at Beginning of Year	74,842,036	74,842,036	-
Fund Balances at End of Year	\$30,640,975	\$89,068,319	\$58,427,344

South Florida Water Management District
 Capital Projects Fund
 Federal Emergency Management Agency
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$900,976	\$487,998	(\$412,978)
Total Revenues	900,976	487,998	(412,978)
EXPENDITURES			
Current			
Water Resources			
Coastal Watersheds	476,032	250,897	225,135
Total Water Resources	476,032	250,897	225,135
Operations and Maintenance			
Operations and Maintenance	257,575	235,512	22,063
Total Operations and Maintenance	257,575	235,512	22,063
Contingency			
Managerial Reserve	556,542	-	556,542
Total Contingency	556,542	-	556,542
Total Expenditures	1,290,149	486,409	803,740
Revenues in Excess of (Less than) Expenditures	(389,173)	1,589	390,762
Net Change in Fund Balances	(389,173)	1,589	390,762
Fund Balances at Beginning of Year	153,599	153,599	-
Fund Balances at End of Year	(\$235,574)	\$155,188	\$390,762

South Florida Water Management District

Capital Projects Fund

Florida Bay

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$216,947	\$216,947
Investment Earnings	82,000	144,167	62,167
Total Revenues	82,000	361,114	279,114
EXPENDITURES			
Current			
Water Resources			
District Everglades	239	-	239
Coastal Watersheds	1,394,675	1,003,603	391,072
Comprehensive Everglades Restoration Plan	814,004	550,783	263,221
Total Water Resources	2,208,918	1,554,386	654,532
Corporate Resources			
Coastal Watersheds	22,657	22,657	-
Comprehensive Everglades Restoration Plan	3,480	3,480	-
Total Corporate Resources	26,137	26,137	-
Everglades Restoration			
Comprehensive Everglades Restoration Plan	239,768	97,082	142,686
Total Everglades Restoration	239,768	97,082	142,686
Contingency			
Managerial Reserve	100,170	-	100,170
Total Contingency	100,170	-	100,170
Total Expenditures	2,574,993	1,677,605	897,388
Revenues in Excess of (Less than) Expenditures	(2,492,993)	(1,316,491)	1,176,502
OTHER FINANCING SOURCES (USES)			
Transfers In	1,000,000	1,000,000	-
Total Other Financing Sources (Uses)	1,000,000	1,000,000	-
Net Change in Fund Balances	(1,492,993)	(316,491)	1,176,502
Fund Balances at Beginning of Year	4,344,611	4,344,611	-
Fund Balances at End of Year	\$2,851,618	\$4,028,120	\$1,176,502

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Ad Valorem
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$63,038	\$63,038
Investment Earnings	500,000	1,734,952	1,234,952
Sale of District Property	-	3,053	3,053
Other	-	105,082	105,082
Total Revenues	500,000	1,906,125	1,406,125
EXPENDITURES			
Current			
Water Resources			
Comprehensive Everglades Restoration Plan	5,691,729	3,841,895	1,849,834
Total Water Resources	5,691,729	3,841,895	1,849,834
Operations and Maintenance			
Operations and Maintenance	-	3,343	(3,343)
Comprehensive Everglades Restoration Plan	2,604,545	3,804,543	(1,199,998)
Total Operations and Maintenance	2,604,545	3,807,886	(1,203,341)
Corporate Resources			
Comprehensive Everglades Restoration Plan	6,684,507	8,417,346	(1,732,839)
Total Corporate Resources	6,684,507	8,417,346	(1,732,839)
Government and Public Affairs			
Comprehensive Everglades Restoration Plan	1,400,762	739,843	660,919
Total Government and Public Affairs	1,400,762	739,843	660,919
Everglades Restoration			
Land Stewardship	-	9,243	(9,243)
District Everglades	-	602	(602)
Operations and Maintenance	-	4,160	(4,160)
Comprehensive Everglades Restoration Plan	63,968,573	52,736,867	11,231,706
Total Everglades Restoration	63,968,573	52,750,872	11,217,701
Debt Service			
COPS Principal Retirement	6,858,854	6,740,876	117,978
COPS Interest	23,226,338	23,344,328	(117,990)
Total Debt Service	30,085,192	30,085,204	(12)
Contingency			
Managerial Reserve	49,542,630	-	49,542,630
Total Contingency	49,542,630	-	49,542,630
Total Expenditures	159,977,938	99,643,046	60,334,892

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Ad Valorem
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues in Excess of (Less than) Expenditures	(159,477,938)	(97,736,921)	61,741,017
OTHER FINANCING SOURCES (USES)			
Transfers In	127,244,266	127,244,266	-
Transfers Out	(1,975,373)	(1,975,373)	-
Total Other Financing Sources (Uses)	125,268,893	125,268,893	-
Net Change in Fund Balances	(34,209,045)	27,531,972	61,741,017
Fund Balances at Beginning of Year	82,027,984	82,027,984	-
Fund Balances at End of Year	\$47,818,939	\$109,559,956	\$61,741,017

South Florida Water Management District
 Capital Projects Fund
 Federal Land Acquisitions
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$59,362	\$59,362
Total Revenues	-	59,362	59,362
Net Change in Fund Balances	-	59,362	59,362
Fund Balances at Beginning of Year	1,530,642	1,530,642	-
Fund Balances at End of Year	\$1,530,642	\$1,590,004	\$59,362

South Florida Water Management District

Capital Projects Fund

Save Our Everglades

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$161,804,905	\$93,897,695	(\$67,907,210)
Total Revenues	<u>161,804,905</u>	<u>93,897,695</u>	<u>(67,907,210)</u>
EXPENDITURES			
Current			
Water Resources			
Lake Okeechobee	3,795,000	3,240,000	555,000
Coastal Watersheds	624,020	624,020	-
Total Water Resources	<u>4,419,020</u>	<u>3,864,020</u>	<u>555,000</u>
Government and Public Affairs			
Operations and Maintenance	10,000,000	10,000,000	-
Lake Okeechobee	1,205,000	-	1,205,000
Total Government and Public Affairs	<u>11,205,000</u>	<u>10,000,000</u>	<u>1,205,000</u>
Everglades Restoration			
Lake Okeechobee	870,511	620,733	249,778
Coastal Watersheds	31,290,983	27,705,530	3,585,453
Comprehensive Everglades Restoration Plan	54,150,094	53,688,651	461,443
Total Everglades Restoration	<u>86,311,588</u>	<u>82,014,914</u>	<u>4,296,674</u>
Contingency			
Managerial Reserve	68,569,316	-	68,569,316
Total Contingency	<u>68,569,316</u>	<u>-</u>	<u>68,569,316</u>
Total Expenditures	<u>170,504,924</u>	<u>95,878,934</u>	<u>74,625,990</u>
Revenues in Excess of (Less than) Expenditures	<u>(8,700,019)</u>	<u>(1,981,239)</u>	<u>6,718,780</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	1,578,422	1,578,422	-
Total Other Financing Sources (Uses)	<u>1,578,422</u>	<u>1,578,422</u>	<u>-</u>
Net Change in Fund Balances	(7,121,597)	(402,817)	6,718,780
Fund Balances at Beginning of Year	2,462,533	2,462,533	-
Fund Balances at End of Year	<u>(\$4,659,064)</u>	<u>\$2,059,716</u>	<u>\$6,718,780</u>

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Federal Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Intergovernmental	\$6,162,061	\$5,256,102	(\$905,959)
Investment Earnings	-	37,909	37,909
Total Revenues	<u>6,162,061</u>	<u>5,294,011</u>	<u>(868,050)</u>
EXPENDITURES			
Current			
Operations and Maintenance			
Comprehensive Everglades Restoration Plan	<u>262,500</u>	<u>262,500</u>	<u>-</u>
Total Operations and Maintenance	<u>262,500</u>	<u>262,500</u>	<u>-</u>
Everglades Restoration			
Comprehensive Everglades Restoration Plan	<u>5,975,064</u>	<u>5,064,812</u>	<u>910,252</u>
Total Everglades Restoration	<u>5,975,064</u>	<u>5,064,812</u>	<u>910,252</u>
Total Expenditures	<u>6,237,564</u>	<u>5,327,312</u>	<u>910,252</u>
Revenues in Excess of (Less than) Expenditures	<u>(75,503)</u>	<u>(33,301)</u>	<u>42,202</u>
Net Change in Fund Balances	(75,503)	(33,301)	42,202
Fund Balances at Beginning of Year	<u>(353,452)</u>	<u>(353,452)</u>	<u>-</u>
Fund Balances at End of Year	<u><u>(\$428,955)</u></u>	<u><u>(\$386,753)</u></u>	<u><u>\$42,202</u></u>

South Florida Water Management District
 Capital Projects Fund
 Comprehensive Everglades Restoration Plan - Other Creditable
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Current			
Everglades Restoration			
Comprehensive Everglades Restoration Plan	2,237,893	2,208,129	29,764
Total Everglades Restoration	2,237,893	2,208,129	29,764
Total Expenditures	2,237,893	2,208,129	29,764
Revenues in Excess of (Less than) Expenditures	(2,237,893)	(2,208,129)	29,764
Net Change in Fund Balances	(2,237,893)	(2,208,129)	29,764
Fund Balances at Beginning of Year	4,434,084	4,434,084	-
Fund Balances at End of Year	\$2,196,191	\$2,225,955	\$29,764

South Florida Water Management District
 Capital Projects Fund
 Acceler8 - Everglades Construction Project
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Current			
Everglades Restoration District Everglades	1,039,092	871,369	167,723
Total Everglades Restoration	1,039,092	871,369	167,723
Contingency			
Managerial Reserve	1,083,206	-	1,083,206
Total Contingency	1,083,206	-	1,083,206
Total Expenditures	2,122,298	871,369	1,250,929
Revenues in Excess of (Less than) Expenditures	(2,122,298)	(871,369)	1,250,929
Net Change in Fund Balances	(2,122,298)	(871,369)	1,250,929
Fund Balances at Beginning of Year	13,810,269	13,810,269	-
Fund Balances at End of Year	<u>\$11,687,971</u>	<u>\$12,938,900</u>	<u>\$1,250,929</u>

South Florida Water Management District
 Capital Projects Fund
 Acceler8 - Comprehensive Everglades Restoration Plan
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Investment Earnings	\$ -	\$15,650,681	\$15,650,681
Total Revenues	-	15,650,681	15,650,681
EXPENDITURES			
Current			
Corporate Resources			
Comprehensive Everglades Restoration Plan	-	26,148	(26,148)
Total Corporate Resources	-	26,148	(26,148)
Everglades Restoration			
Comprehensive Everglades Restoration Plan	128,209,174	127,268,077	941,097
Total Everglades Restoration	128,209,174	127,268,077	941,097
Contingency			
Managerial Reserve	169,932,261	-	169,932,261
Total Contingency	169,932,261	-	169,932,261
Total Expenditures	298,141,435	127,294,225	170,847,210
Revenues in Excess of (Less than) Expenditures	(298,141,435)	(111,643,544)	186,497,891
OTHER FINANCING SOURCES (USES)			
Transfers In	396,951	396,951	-
Total Other Financing Sources (Uses)	396,951	396,951	-
Net Change in Fund Balances	(297,744,484)	(111,246,593)	186,497,891
Fund Balances at Beginning of Year	377,651,947	377,651,947	-
Fund Balances at End of Year	\$79,907,463	\$266,405,354	\$186,497,891

South Florida Water Management District

Permanent Fund

Wetlands Mitigation

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Year Ended September 30, 2008

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Investment Earnings	\$300,000	\$298,519	(\$1,481)
Licenses, Permits and Fees	-	149,601	149,601
Total Revenues	<u>300,000</u>	<u>448,120</u>	<u>148,120</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(311,904)</u>	<u>(311,904)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(311,904)</u>	<u>(311,904)</u>	<u>-</u>
Net Change in Fund Balances	(11,904)	136,216	148,120
Fund Balances at Beginning of Year	<u>7,663,396</u>	<u>7,663,396</u>	<u>-</u>
Fund Balances at End of Year	<u><u>\$7,651,492</u></u>	<u><u>\$7,799,612</u></u>	<u><u>\$148,120</u></u>



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STATISTICAL SECTION

Statistical Section

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

FINANCIAL TRENDS VI-2

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

REVENUE CAPACITY VI-8

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

DEBT CAPACITY VI-17

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

DEMOGRAPHIC AND ECONOMIC INFORMATION VI-19

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

OPERATING INFORMATION VI-23

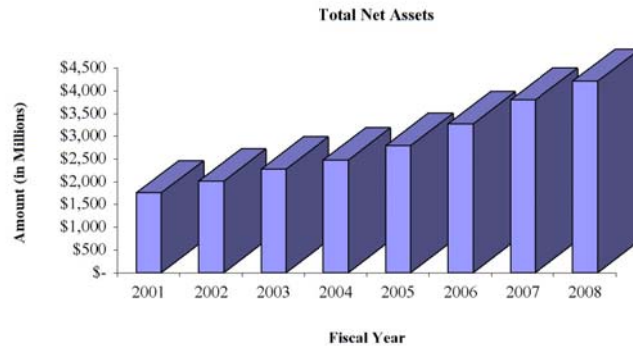
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

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

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

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
Invested in capital assets, net of related debt	\$ 1,510,106,373	\$ 1,701,250,828	\$ 1,962,938,768	\$ 2,199,470,206	\$ 2,473,840,536	\$ 2,991,538,729	\$ 3,398,712,773	\$ 3,725,960,133
Restricted for:								
Debt Service	6,046,727	4,690,501	6,509,648	9,873,615	8,172,744	5,842,813	26,937,291	28,235,089
Wetlands Mitigation								
Expendable	10,726,221	14,855,135	19,199,337	20,463,621	14,048,767	13,048,502	11,552,393	13,790,936
Nonexpendable	5,570,107	5,380,398	5,656,211	6,945,763	7,030,157	7,230,157	7,538,957	7,687,077
Environmental Programs		55,443,173	69,154,265	32,524,198	26,097,971	40,830,660	49,828,254	57,195,146
Capital Construction							412,350,404	291,533,996
Totals for Restricted	22,343,055	80,369,207	100,519,461	69,807,197	55,349,639	66,952,132	508,207,299	398,442,244
Unrestricted	221,370,715	231,346,934	212,417,921	204,525,775	266,450,259	215,398,367	(111,098,636)	83,133,741
Total Net Assets	<u>\$ 1,753,820,143</u>	<u>\$ 2,012,966,969</u>	<u>\$ 2,275,876,150</u>	<u>\$ 2,473,803,178</u>	<u>\$ 2,795,640,434</u>	<u>\$ 3,273,889,228</u>	<u>\$ 3,795,821,436</u>	<u>\$ 4,207,536,118</u>

- Notes:
- (1) South Florida Water Management District converted to GASB 34 in 2001, the first year a Statement of Net Assets was presented by the District.
 - (2) The net assets, restricted for capital construction, beginning in FY 2007 is the result of the District's first Certification of Participation (COPS) issuance, used to provide funding for the construction of the Acceler8 projects.
 - (3) The negative \$111.1 million of unrestricted net assets in fiscal year 2007 is the result of the \$412 million portion of the District's COPS issue that is not invested in capital assets.



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

Functions/Programs	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Land Stewardship					\$ 19,315,572	\$ 14,480,201	\$ 13,284,667
District Everglades					40,238,293	71,929,012	70,075,520
Operations and Maintenance					72,203,106	83,000,117	133,247,616
Water Supply					55,510,219	59,868,436	54,678,200
Kissimmee Watershed					36,033,207	12,166,328	7,638,402
Regulation					15,729,501	17,322,886	19,001,809
Lake Okeechobee					14,476,700	26,628,565	20,614,407
Coastal Watersheds					32,415,897	32,484,337	40,076,948
Mission Support					115,901,217	128,467,596	103,599,908
Comprehensive Everglades Restoration Plan					60,600,287	24,865,512	41,425,271
Modeling and Scientific Support					16,434,291	15,550,268	15,628,709
Interest on Long-Term Debt					5,862,342	25,466,262	27,496,071
Total Expenses	\$ 357,547,401	\$ 299,134,119	\$ 373,574,001	\$ 417,298,017	\$ 484,720,632	\$ 512,229,520	\$ 546,767,528
Program Revenues							
Operating Grants & Contributions							
Land Stewardship					15,225,629	20,820,155	20,901,880
District Everglades					610,693		276,467
Operations and Maintenance					22,501,171	11,468,898	18,385,334
Water Supply					26,382,690	51,191,903	27,147,888
Kissimmee Watershed						273,714	
Regulation						13,355	24,286
Lake Okeechobee					513,787	13,461,000	120,000
Coastal Watersheds					179,553	2,425,932	20,104,395
Mission Support							
Comprehensive Everglades Restoration Plan							602,441
Modeling and Scientific Support						166,337	
Interest on Long-Term Debt						7,012,877	
Total Operating Grants & Contributions	103,899,298	71,994,832	41,968,192	93,011,818	65,413,523	106,834,171	87,562,691

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

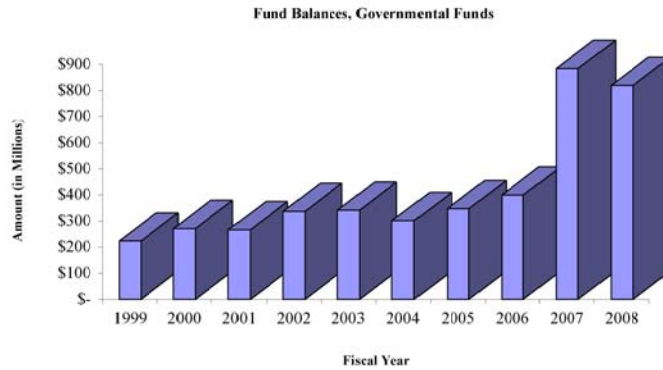
Functions/Programs	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Capital Grants & Contributions:							
Land Stewardship					3,609,064		8,465,041
District Everglades					2,094,606	171,772,287	2,000,000
Operations and Maintenance					3,032,753	21,986,733	38,902,263
Water Supply					1,371,778	7,250	
Kissimmee Watershed					54,741,895	4,953,070	54,236,563
Regulation							
Lake Okeechobee					3,509,464		38,427,581
Coastal Watersheds					1,613,921	4,431,805	38,932,855
Mission Support						612,722	1,902,128
Comprehensive Everglades Restoration Plan					306,472,126	81,680,055	58,318,980
Modeling and Scientific Support							
Interest on Long-Term Debt					7,014,759		7,013,874
Total Capital Grants & Contributions	<u>222,092,228</u>	<u>144,884,863</u>	<u>157,103,336</u>	<u>208,558,280</u>	<u>383,460,366</u>	<u>285,443,922</u>	<u>248,199,285</u>
Charges for Services	7,583,178	15,482,234	10,820,870	9,495,049			
Land Stewardship							6,292,595
Operations and Maintenance							96,030
Regulation					11,805,719	12,761,049	4,630,694
Mission Support							148,175
Total Charges for Services	<u>7,583,178</u>	<u>15,482,234</u>	<u>10,820,870</u>	<u>9,495,049</u>	<u>11,805,719</u>	<u>12,761,049</u>	<u>11,167,494</u>
Total Program Revenues	<u>333,574,704</u>	<u>232,361,929</u>	<u>209,892,398</u>	<u>311,065,147</u>	<u>460,679,608</u>	<u>405,039,142</u>	<u>346,929,470</u>
Net (Expense)/Revenue	<u>(23,972,697)</u>	<u>(66,772,190)</u>	<u>(163,681,603)</u>	<u>(106,232,870)</u>	<u>(24,041,024)</u>	<u>(107,190,378)</u>	<u>(199,838,058)</u>
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes	279,028,610	308,054,749	343,908,082	325,825,399	386,282,388	476,628,776	475,621,991
Property Taxes, Levied for Everglades Construction				62,577,693	70,980,322	84,882,009	84,388,098
Investment Earnings	9,711,920	10,387,350	8,254,627	7,845,492	18,440,431	47,506,506	37,834,818
Miscellaneous	7,884,053	11,239,272	9,445,921	31,821,543	11,220,865	20,105,295	13,707,833
Gain on Sale of Capital Assets					15,365,812		
Total General Revenues	<u>296,624,583</u>	<u>329,681,371</u>	<u>361,608,630</u>	<u>428,070,127</u>	<u>502,289,818</u>	<u>629,122,586</u>	<u>611,552,740</u>
Total Revenue	<u>630,199,287</u>	<u>562,043,300</u>	<u>571,501,028</u>	<u>739,135,274</u>	<u>962,969,426</u>	<u>1,034,161,728</u>	<u>958,482,210</u>
Change in Net Assets	<u>\$ 272,651,886</u>	<u>\$ 262,909,181</u>	<u>\$ 197,927,027</u>	<u>\$ 321,837,257</u>	<u>\$ 478,248,794</u>	<u>\$ 521,932,208</u>	<u>\$ 411,714,682</u>

Notes: (1) South Florida Water Management District converted to GASB 34 in 2001.
(2) The first year the District presented a programmatic Statement of Activities was fiscal year 2002.
(3) In fiscal year 2006 the District changed its level of control. Due to this change only totals will be presented for all years prior to fiscal year 2006.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 13,497,220	\$ 10,549,806	\$ 16,460,385	\$ 14,852,102	\$ 11,765,623	\$ 10,503,187	\$ 12,557,883	\$ 11,933,752	\$ 9,776,476	\$ 9,296,735
Unreserved	17,382,569	25,924,522	32,604,539	23,338,160	22,181,011	28,534,385	26,251,006	37,101,833	54,269,757	84,982,169
Total General Fund	30,879,789	36,474,328	49,064,924	38,190,262	33,946,634	39,037,572	38,808,889	49,035,585	64,046,233	94,278,904
All Other Governmental Funds										
Reserved	82,951,922	150,515,183	102,578,012	157,553,563	209,167,052	238,721,295	178,809,881	137,723,123	202,169,397	95,628,437
Unreserved, reported in:										
Special Revenue Funds	44,700,665	33,391,279	32,336,064	57,641,290	67,478,234	44,639,896	98,731,116	98,778,294	120,286,117	125,011,063
Capital Project Funds	64,497,258	50,728,253	81,941,984	83,700,381	29,896,880	(21,388,585)	30,963,011	113,473,976	497,274,716	504,835,607
Permanent Fund			230,668	(194)	120,721	216,480	156,240	11,904	124,439	112,535
Total All Other Governmental Funds	192,149,845	234,634,715	217,086,728	298,895,040	306,662,887	262,189,086	308,660,248	349,987,297	819,854,669	725,587,642
Grand Total	\$ 223,029,634	\$ 271,109,043	\$ 266,151,652	\$ 337,085,302	\$ 340,609,521	\$ 301,226,658	\$ 347,469,137	\$ 399,022,882	\$ 883,900,902	\$ 819,866,546

Note: The increase in fund balance in fiscal year 2007 is a result of the issuance of Certificates of Participation (COPS), Series 2006, in the amount of \$546,120,000, the proceeds of which will be used to provide funds for the construction of the Acceler8 projects. Details regarding the District's outstanding debt can be found in note 10 of the financial statements.



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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Ad Valorem Property Taxes	\$ 221,882,734	\$ 237,882,520	\$ 243,421,127	\$ 266,530,649	\$ 295,177,218	\$ 331,671,331	\$ 376,053,364	\$ 445,749,903	\$ 549,849,748	\$ 548,747,480
Agricultural Privilege Taxes			12,728,614	12,497,961	12,877,531	12,236,751	12,349,728	11,512,807	11,661,037	11,262,609
Intergovernmental	179,624,643	109,108,043	120,485,927	327,863,368	216,734,066	196,951,248	301,439,509	448,598,226	204,806,608	286,478,999
Investment Earnings	11,500,270	18,001,341	18,581,132	9,861,898	10,532,979	8,374,907	7,976,081	18,716,094	47,506,507	37,834,818
Licenses, Permits and Fees	6,109,804	12,142,979	9,105,446	5,731,531	12,458,105	6,359,132	5,999,113	6,906,828	8,113,937	5,507,593
Self-Insurance Premiums			2,323,352	1,979,866	2,518,647	2,878,819	2,816,417	1,992,597	2,536,441	3,109,956
Sale of District Property			4,996,686	826,406	1,966,859	770,698	20,564,902	943,075	669,441	1,521,780
Indirect Costs Recovered			2,966,738	3,072,510	3,881,216	4,473,238	4,388,282	4,250,305	5,814,975	8,460,722
Leases			2,012,442	2,084,447	3,179,028	4,614,065	3,996,809	4,898,891	4,647,111	5,659,901
Other	4,456,624	8,771,829	880,003	1,772,471	2,717,651	1,170,839	3,551,069	4,034,888	11,714,828	1,502,932
Total Revenues	423,574,075	385,906,712	417,501,467	632,221,107	562,043,300	569,501,028	739,135,274	947,603,614	847,320,633	910,086,790
EXPENDITURES										
Current Operating	215,637,182	241,921,787	274,675,757	324,229,088	319,598,748	340,643,689	404,980,082			
Land Stewardship								14,373,694	14,755,024	17,741,888
District Everglades								40,439,537	44,068,392	64,768,084
Operations and Maintenance								92,631,396	97,432,062	122,428,383
Water Supply								55,327,584	59,788,850	54,921,477
Kissimmee Watershed								9,950,615	11,276,315	8,745,155
Regulation								15,712,972	17,330,960	18,780,840
Lake Okeechobee								15,282,944	30,531,429	58,073,823
Coastal Watersheds								32,433,357	32,697,566	40,216,550
Mission Support								112,631,686	109,436,655	107,521,245
Comprehensive Everglades Restoration Plan								85,837,595	120,885,522	40,972,412
Modeling and Scientific Support								15,794,092	16,628,572	15,571,695
Capital Outlay	334,024,047	99,605,065	113,020,124	237,726,536	238,468,225	252,652,260	284,130,917	475,145,947	274,226,563	379,030,673
Debt Service										
Bond Principal Retirement	3,665,000	3,820,000	3,985,000	4,160,000	3,450,000	2,025,000	3,260,000	4,500,000	4,660,000	4,785,000
Bond Interest and Other Fiscal Charges	4,191,315	4,032,838	3,861,824	3,677,680	2,728,371	1,981,904	2,583,429	2,444,126	2,303,401	2,143,086
Bank Loan Principal Payments						10,558,228	4,872,193	3,577,553	86,847,342	3,247,469
Bank Loan Interest						915,934	610,763	740,199	580,847	390,991
Bond Issuance Costs				421,036	608,179					
Defeasance Costs				1,880,274	1,633,561					
Capital Lease Principal Payments						1,405,367	1,296,990	1,144,988	968,060	502,187
Capital Lease Interest						100,935	98,004	81,584	53,983	25,894
COPS Principal Retirement										7,675,000
COPS Interest									10,091,807	26,579,294
Total Expenditures	557,517,544	349,379,690	395,542,705	572,094,614	566,487,084	610,283,317	701,832,378	978,049,869	934,563,350	974,121,146
Revenues in Excess of (Less Than) Expenditures	(133,943,469)	36,527,022	21,958,762	60,126,493	(4,443,784)	(40,782,289)	37,302,896	(30,446,255)	(87,242,717)	(64,034,356)

Schedule 4

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
OTHER FINANCING SOURCES (USES)										
Transfers In	45,838,680	60,483,572	66,373,071	80,489,239	117,935,376	146,298,313	142,255,948	212,798,171	261,893,797	214,646,804
Transfers Out	(45,838,680)	(60,266,625)	(66,373,071)	(80,489,239)	(117,935,376)	(146,298,313)	(142,255,948)	(212,798,171)	(261,893,797)	(214,646,804)
Land Acquisition Refunding Bonds Issues				23,810,000	34,550,000					
Proceeds of Bond Issuance										
Premium on Bonds Issued					2,460,629				26,081,797	
Discount on Bonds Issued				(102,843)					(81,060)	
Payment to Bond Escrow Agent				(21,900,000)	(35,370,000)					
Proceeds of Bank Loan	15,036,499	10,000,000		9,000,000	4,827,374		8,000,000	82,000,000		
Proceeds of Capital Leases	2,156,814	1,335,440	3,530,940		1,500,000	1,399,426	939,583			
Proceeds of Certificate of Participation (COPS)									546,120,000	
Total Other Financing Sources (Uses)	<u>17,193,313</u>	<u>11,552,387</u>	<u>3,530,940</u>	<u>10,807,157</u>	<u>7,968,003</u>	<u>1,399,426</u>	<u>8,939,583</u>	<u>82,000,000</u>	<u>572,120,737</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (116,750,156)</u>	<u>\$ 48,079,409</u>	<u>\$ 25,489,702</u>	<u>\$ 70,933,650</u>	<u>\$ 3,524,219</u>	<u>\$ (39,382,863)</u>	<u>\$ 46,242,479</u>	<u>\$ 51,553,745</u>	<u>\$ 484,878,020</u>	<u>\$ (64,034,356)</u>
Debt Service as a percentage of noncapital expenditures¹	4.48%	3.60%	3.03%	2.21%	3.40%	4.90%	2.88%	2.65%	25.13%	9.25%

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

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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Property Taxes	\$ 221,882,734	\$ 237,882,520	\$ 243,421,127	\$ 266,530,649	\$ 295,177,218	\$ 331,671,331	\$ 376,053,364	\$ 445,749,903	\$ 549,849,748	\$ 548,747,480
Agricultural Privilege Taxes	-	-	12,728,614	12,497,961	12,877,531	12,236,751	12,349,728	11,512,807	11,661,037	11,262,609
Intergovernmental	179,624,643	109,108,043	120,485,927	327,863,368	216,734,066	196,951,248	301,439,509	448,598,226	204,806,608	286,478,999
Investment Earnings	11,500,270	18,001,341	18,581,132	9,861,898	10,532,979	8,374,907	7,976,081	18,716,094	47,506,507	37,834,818
Licenses, Permits & Fees	6,109,804	12,142,979	9,105,446	5,731,531	12,458,105	6,359,132	5,999,113	6,906,828	8,113,937	5,507,593
Leases	-	-	2,012,442	2,084,447	3,179,028	4,614,065	3,996,809	4,898,891	4,647,111	5,659,901
Other	4,456,624	8,771,829	11,166,779	7,651,253	11,084,373	9,293,594	31,320,670	11,220,865	20,735,685	14,595,390
Total	<u>\$ 423,574,075</u>	<u>\$ 385,906,712</u>	<u>\$ 417,501,467</u>	<u>\$ 632,221,107</u>	<u>\$ 562,043,300</u>	<u>\$ 569,501,028</u>	<u>\$ 739,135,274</u>	<u>\$ 947,603,614</u>	<u>\$ 847,320,633</u>	<u>\$ 910,086,790</u>

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

Fiscal Year	Broward	Charlotte *	Collier	Miami-Dade	Glades	Hendry	Highlands *	Lee
1999	\$ 43,554 <i>19.63%</i>	\$ 40 <i>0.02%</i>	\$ 11,612 <i>5.23%</i>	\$ 58,058 <i>26.17%</i>	\$ 248 <i>0.11%</i>	\$ 2,628 <i>1.18%</i>	\$ 258 <i>0.12%</i>	\$ 15,826 <i>7.13%</i>
2000	46,891 <i>19.71%</i>	41 <i>0.02%</i>	13,294 <i>5.39%</i>	61,813 <i>25.98%</i>	240 <i>0.10%</i>	2,747 <i>1.15%</i>	285 <i>0.12%</i>	17,046 <i>7.17%</i>
2001	50,643 <i>19.77%</i>	44 <i>0.02%</i>	15,101 <i>5.90%</i>	65,646 <i>25.63%</i>	261 <i>0.10%</i>	2,764 <i>1.08%</i>	336 <i>0.13%</i>	19,092 <i>7.45%</i>
2002	55,284 <i>19.81%</i>	56 <i>0.02%</i>	17,049 <i>6.11%</i>	70,853 <i>25.39%</i>	266 <i>0.10%</i>	2,792 <i>1.00%</i>	324 <i>0.12%</i>	21,427 <i>7.68%</i>
2003	61,921 <i>20.10%</i>	58 <i>0.02%</i>	20,079 <i>6.52%</i>	77,472 <i>25.15%</i>	276 <i>0.09%</i>	2,757 <i>0.89%</i>	328 <i>0.11%</i>	24,867 <i>8.07%</i>
2004	68,896 <i>20.03%</i>	69 <i>0.02%</i>	23,032 <i>6.70%</i>	89,879 <i>26.13%</i>	294 <i>0.09%</i>	2,806 <i>0.82%</i>	280 <i>0.08%</i>	28,842 <i>8.39%</i>
2005	77,187 <i>19.87%</i>	75 <i>0.02%</i>	26,063 <i>6.71%</i>	99,372 <i>25.58%</i>	298 <i>0.08%</i>	2,903 <i>0.75%</i>	362 <i>0.09%</i>	33,775 <i>8.70%</i>
2006	89,586 <i>19.59%</i>	105 <i>0.02%</i>	31,274 <i>6.84%</i>	116,767 <i>25.54%</i>	366 <i>0.08%</i>	2,834 <i>0.62%</i>	380 <i>0.08%</i>	43,411 <i>9.49%</i>
2007	105,682 <i>18.82%</i>	117 <i>0.02%</i>	39,245 <i>6.99%</i>	139,563 <i>24.85%</i>	513 <i>0.09%</i>	3,232 <i>0.58%</i>	672 <i>0.12%</i>	60,215 <i>10.72%</i>
2008	106,200 <i>18.96%</i>	222 <i>0.04%</i>	38,430 <i>6.86%</i>	145,653 <i>26.01%</i>	449 <i>0.08%</i>	3,103 <i>0.55%</i>	555 <i>0.10%</i>	58,010 <i>10.36%</i>

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

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

Fiscal Year	Martin	Monroe	Okeechobee *	Orange *	Osceola *	Palm Beach	Polk *	St. Lucie	Total
1999	\$ 6,110 2.75%	\$ 5,618 2.53%	\$ 564 0.25%	\$ 13,794 6.22%	\$ 4,625 2.08%	\$ 53,517 24.13%	\$ 288 0.13%	\$ 5,143 2.32%	\$ 221,883 100.00%
2000	6,521 2.74%	6,108 2.57%	582 0.24%	14,935 6.28%	5,056 2.13%	56,613 23.80%	305 0.13%	5,406 2.27%	237,883 100.00%
2001	7,040 2.75%	6,721 2.62%	633 0.25%	16,786 6.55%	5,633 2.20%	59,605 23.27%	304 0.12%	5,541 2.16%	256,150 100.00%
2002	7,503 2.69%	7,725 2.77%	661 0.24%	17,980 6.44%	6,605 2.37%	64,308 23.04%	374 0.13%	5,821 2.09%	279,028 100.00%
2003	8,119 2.64%	8,413 2.73%	700 0.23%	18,418 5.98%	7,252 2.35%	70,578 22.91%	440 0.14%	6,377 2.07%	308,055 100.00%
2004	8,860 2.58%	9,801 2.85%	781 0.23%	19,122 5.56%	8,080 2.35%	75,408 21.92%	491 0.14%	7,267 2.11%	343,908 100.00%
2005	10,414 2.68%	11,716 3.02%	910 0.23%	20,766 5.35%	9,119 2.35%	85,636 22.05%	595 0.15%	9,212 2.37%	388,403 100.00%
2006	12,413 2.71%	14,678 3.21%	1,016 0.22%	22,945 5.02%	10,868 2.38%	98,021 21.45%	790 0.17%	11,809 2.58%	457,263 100.00%
2007	13,846 2.47%	17,907 3.19%	1,481 0.26%	28,104 5.01%	14,495 2.58%	118,700 21.14%	1,322 0.24%	16,416 2.92%	561,510 100.00%
2008	13,724 2.45%	17,254 3.08%	1,399 0.25%	29,268 5.23%	15,810 2.82%	112,805 20.15%	1,568 0.28%	15,560 2.78%	560,010 100.00%

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

Schedule 7

South Florida Water Management District

Direct Property Tax Rates

Last Ten Fiscal Years

(Rate per \$1,000 of assessed value)

Fiscal Year	Okeechobee Basin			Big Cypress Basin		
	District	Basin	Total	District	Basin	Total
1999	0.2840	0.4130	0.6970	0.2840	0.2780	0.5620
2000	0.2840	0.4130	0.6970	0.2840	0.2780	0.5620
2001	0.2840	0.4130	0.6970	0.2840	0.2780	0.5620
2002	0.2840	0.4130	0.6970	0.2840	0.2425	0.5265
2003	0.2840	0.4130	0.6970	0.2840	0.2425	0.5265
2004	0.2840	0.4130	0.6970	0.2840	0.2425	0.5265
2005	0.2840	0.4130	0.6970	0.2840	0.2425	0.5265
2006	0.2840	0.4130	0.6970	0.2840	0.2425	0.5265
2007	0.2840	0.4130	0.6970	0.2840	0.2425	0.5265
2008	0.2549	0.3691	0.6240	0.2549	0.2265	0.4814

- Notes:
- (1) Since South Florida Water Management District is a regional governmental unit, it is not reasonable to present overlapping property tax rates.
 - (2) The reduction of property tax rates in fiscal year 2008 is a result of the passage of House Bill 1-B, which required a reduction in taxes by all local governments and special taxing districts.
 - (3) State law limits the combined District-at-Large and basin tax millage for each of the two basins at 0.8 mills (\$0.80 per \$1,000 of taxable value). The state constitutional limit is slightly higher at 1 mill (\$1.00 per \$1,000 of taxable value).

Source: South Florida Water Management District Budget Department.

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

Fiscal Year Ended Sept. 30	District Wide Tax Rate	Okeechobee Basin Tax Rate	Big Cypress Basin Tax Rate	Total Tax Levy	Collections within the Fiscal Year of the Levy	Percentage of Levy	Collection of Prior Year Taxes ¹	Total Collections to Date	Percentage of Levy ²
1999	0.2840	0.4130	0.2780	\$ 220,244,344	\$ 208,695,407	94.8%	\$ 1,073,258	\$ 209,768,665	95.2%
2000	0.2840	0.4130	0.2780	223,856,081	223,101,636	99.7%	1,378,159	224,479,795	100.3%
2001	0.2840	0.4130	0.2780	241,403,497	241,321,389	100.0%	1,269,213	242,590,602	100.5%
2002	0.2840	0.4130	0.2425	265,735,680	264,039,232	99.4%	2,355,772	266,395,004	100.2%
2003	0.2840	0.4130	0.2425	295,346,451	292,857,702	99.2%	1,860,683	294,718,385	99.8%
2004	0.2840	0.4130	0.2425	331,860,455	329,382,620	99.3%	1,777,530	331,160,150	99.8%
2005	0.2840	0.4130	0.2425	375,371,188	372,357,871	99.2%	2,696,744	375,054,615	99.9%
2006	0.2840	0.4130	0.2425	444,075,931	423,518,333	95.4%	2,090,550	425,608,883	95.8%
2007	0.2840	0.4130	0.2425	553,009,838	554,836,040	100.3%	3,623,093	558,459,133	101.0%
2008	0.2549	0.3691	0.2265	549,484,359	539,248,357	98.1%	5,829,932	545,078,289	99.2%

¹ Reflects taxes collected during the year that were levied in prior years. Tax Collectors do not provide information sufficient to distinguish prior year tax collections by year that the tax was levied.

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

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

<u>County</u>	<u>Just Value¹</u>	<u>Taxable Value²</u>	<u>Taxable Value as a percentage of Just Value</u>
Broward	\$ 264,285,400,516	\$ 177,045,353,663	66.99%
Charlotte *	286,590,930	211,667,119	73.86%
Collier	107,935,862,503	82,852,740,143	76.76%
Glades	4,859,219,728	744,038,641	15.31%
Hendry	8,259,759,595	2,832,791,255	34.30%
Highlands *	1,361,043,303	912,500,693	67.04%
Lee	125,322,466,658	96,696,583,658	77.16%
Martin	35,294,735,921	22,756,027,517	64.47%
Miami-Dade	366,565,302,028	247,443,347,081	67.50%
Monroe	40,825,156,078	29,000,698,180	71.04%
Okeechobee *	4,713,160,456	2,374,177,979	50.37%
Orange *	66,563,149,358	48,190,827,887	72.40%
Osceola *	34,959,582,461	26,426,229,781	75.59%
Palm Beach	236,349,113,806	170,229,136,344	72.02%
Polk *	3,795,147,983	2,629,283,395	69.28%
St. Lucie	38,864,635,859	25,706,847,093	66.14%
	<u>\$ 1,340,240,327,183</u>	<u>\$ 936,052,250,429</u>	<u>69.84%</u>

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

¹ Source: Florida Department of Revenue, Florida Property Valuations and Tax Data Book.
Partial county just value is calculated based on the percentage of taxable value that is within the District's boundaries compared to the taxable value of the whole county.
Just value is a legal synonym for "full cash value" or "fair market value".

² Source: South Florida Water Management District Budget Department, FY 2008 Budget.
Taxable value is defined as assessed value which has been adjusted for any exemptions provided by the State Constitution.

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

Fiscal Year	Real Property ¹	Personal Property ²	Centrally Assessed Property ³	Total	District Tax Rate ⁴	Okeechobee Basin Tax Rate ⁴	Total Direct Tax Rate ⁵
1999	\$ 285,332,102,327	\$ 30,436,557,919	\$ 220,354,928	\$ 315,989,015,174	2.84	4.13	6.97
2000	306,774,262,918	32,253,561,534	206,040,457	339,233,864,909	2.84	4.13	6.97
2001	332,021,252,166	33,859,267,491	217,415,732	366,097,935,389	2.84	4.13	6.97
2002	370,073,604,685	34,976,828,360	215,255,462	405,265,688,507	2.84	4.13	6.97
2003	414,399,307,427	36,399,225,671	219,964,194	451,018,497,292	2.84	4.13	6.97
2004	469,651,692,616	37,277,744,647	239,306,014	507,168,743,277	2.84	4.13	6.97
2005	535,652,622,464	37,581,256,994	249,689,014	573,483,568,472	2.84	4.13	6.97
2006	639,271,275,218	39,061,362,113	270,717,328	678,603,354,659	2.84	4.13	6.97
2007	803,519,922,519	41,423,176,998	284,238,697	845,227,338,214	2.84	4.13	6.97
2008	892,858,395,941	42,892,968,298	300,886,190	936,052,250,429	2.55	3.69	6.24

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

¹ Real property refers to land and land improvements. It includes any buildings or structures located on the land.

² Personal property includes property that can be moved from one location to another.

³ Centrally assessed property generally refers to properties that are assessed as a whole unit. A railroad is an example of centrally assessed property.

⁴ Tax rates are per \$1,000 of assessed value.

⁵ Tax rates are per \$1,000 of assessed value. Total direct tax rate represents the rate in 15 of the District's 16 counties. Collier County is the District's only county which is not geographically located in the Okeechobee Basin.

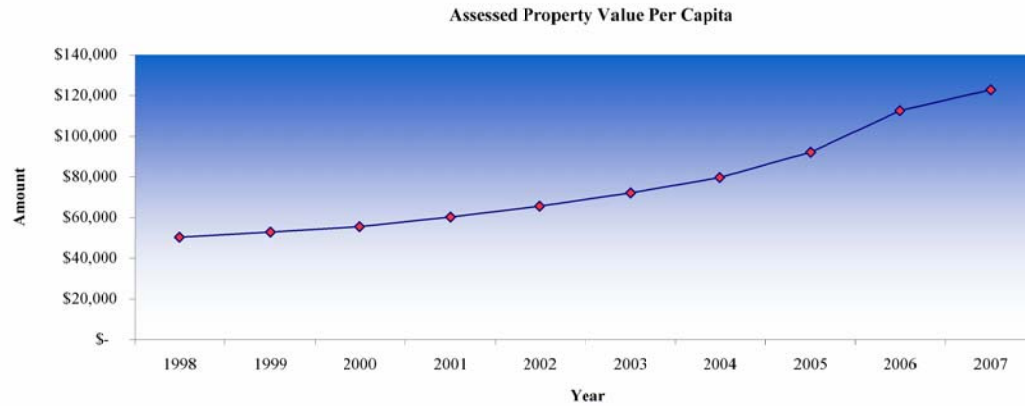
Source: South Florida Water Management District Budget Department, Form DR-420s.

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

	Calendar Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed Property Value ¹ (in Billions)	\$ 316.0	\$ 339.2	\$ 366.1	\$ 405.3	\$ 451.0	\$ 507.2	\$ 573.5	\$ 678.6	\$ 845.2	\$ 936.1
District Population ²	6,265,626	6,418,881	6,594,274	6,728,467	6,864,738	7,027,363	7,199,934	7,359,652	7,504,525	7,617,705
Assessed Property Value Per Capita	\$ 50,434	\$ 52,844	\$ 55,518	\$ 60,237	\$ 65,698	\$ 72,175	\$ 79,654	\$ 92,205	\$ 112,625	\$ 122,885

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

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



Schedule 12
South Florida Water Management District
Principal Property Tax Payers
Current and Two Years Ago

Taxpayer	2008			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power & Light Company	\$ 8,917,367,722	1	0.95%	\$ 6,331,743,321	1	0.93%
Walt Disney Company	7,338,475,094	2	0.78%	6,194,118,181	2	0.91%
Bellsouth Telecommunications, Inc.	2,246,577,897	3	0.24%	1,401,827,566	4	0.21%
Universal	1,458,276,158	4	0.16%	1,565,314,671	3	0.23%
Progressive Energy	1,429,441,782	5	0.15%	396,000,000	10	0.06%
Westgate Properties	1,127,714,284	6	0.12%	1,001,813,446	6	0.15%
Marriott Ownership Resorts, Inc.	1,067,889,245	7	0.11%	1,261,567,853	5	0.19%
Vistana	647,264,986	8	0.07%	580,584,834	7	0.09%
Orange Lake CC	615,184,717	9	0.07%	-	-	-
R H Resorts/Rosen Hotels	557,133,020	10	0.06%	418,720,980	9	0.06%
Florida Power Corporation ¹	-	-	-	572,654,709	8	0.08%
Totals	\$ 25,405,324,905		2.71%	\$ 19,724,345,561		2.91%

Notes: (1) Amounts represent assessed value as of January 1 of the year presented.
(2) The earliest year for which this data is available is fiscal year 2006. As such, 2006 will be the base year for comparison. The amounts shown reflect county totals even though some counties may only partially be within the District's boundaries.

¹ Florida Power Corporation now operates as Progressive Energy.

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

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

Fiscal Year Ended Sept. 30	Governmental Activities					Total Outstanding Debt	Percentage of Personal Income ³	Per Capita
	Land Acquisition Bonds - WMLTF ²	Land Purchases Payable	Capital Leases	Bank Loans	Certificates of Participation			
1999	\$ 79,880,000	\$ -	\$ 4,633,302	\$ 17,873,237	\$ -	\$ 102,386,539	0.0589%	\$ 15.95
2000	76,060,000	-	4,520,677	25,824,243	-	106,404,920	0.0567%	16.14
2001	72,075,000	-	6,273,316	22,470,636	-	100,818,952	0.0514%	14.98
2002	69,825,000	-	4,125,961	26,764,555	-	100,715,516	0.0496%	14.67
2003	65,555,000	112,142,857	3,379,304	26,888,088	-	207,965,249	0.0986%	29.59
2004	63,530,000	134,396,198	3,373,363	16,329,860	-	217,629,421	0.0938%	30.23
2005	60,270,000	100,108,087	3,008,733	19,456,880	-	182,843,700	0.0726%	24.84
2006 ¹	55,770,000	77,679,516	1,863,645	97,878,527	-	233,191,688	0.0851%	31.07
2007	51,110,000	40,219,445	895,678	11,031,537	546,120,000	649,376,660	0.2265%	85.25
2008	46,325,000	40,910,434	393,491	7,783,160	538,445,000	633,857,085	0.2154%	82.54

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

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

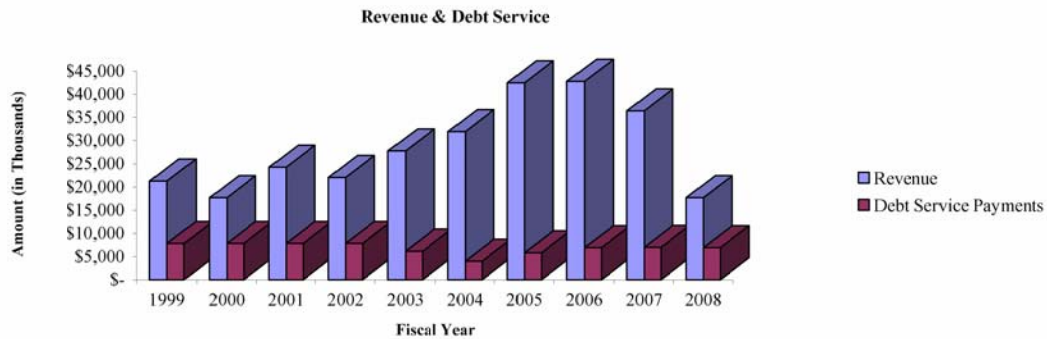
² The acronym WMLTF stands for Water Management Lands Trust Fund.

³ Refer to Schedule 15 for personal income information.

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

Fiscal Year	Revenue				Debt Service			Coverage Ratio
	Documentary Stamp Taxes	Civil Penalties	Allocated Interest Income	Total Revenue	Principal	Interest	Total Debt Service	
1999	\$ 19,354,065	\$ 457,636	\$ 1,468,828	\$ 21,280,529	\$ 3,665,000	\$ 4,191,315	\$ 7,856,315	2.71
2000	15,353,142	551,778	1,821,704	17,726,624	3,820,000	4,032,838	7,852,838	2.26
2001	20,692,711	921,210	2,696,414	24,310,335	3,985,000	3,861,824	7,846,824	3.10
2002	19,077,914	1,205,167	1,779,116	22,062,197	4,160,000	3,677,680	7,837,680	2.81
2003	25,308,332	677,827	1,793,006	27,779,165	3,450,000	2,728,371	6,178,371	4.50
2004	30,328,188	729,712	876,611	31,934,511	2,025,000	1,981,904	4,006,904	7.97
2005	40,825,275	641,382	1,004,100	42,470,757	3,260,000	2,583,429	5,843,429	7.27
2006	40,437,784	556,170	1,829,897	42,823,851	4,500,000	2,444,126	6,944,126	6.17
2007	34,619,597	810,573	1,042,873	36,473,043	4,660,000	2,303,401	6,963,401	5.24
2008	15,193,803	1,037,381	1,507,927	17,739,111	4,785,000	2,143,086	6,928,086	2.56

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



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

Calendar Year	Population ¹	Personal Income (in thousands) ²	Per Capita Personal Income	School Enrollment K - 12³	Unemployment Rate ⁴
1999	6,418,881	\$ 173,771,809	27,072	980,140	4.9%
2000	6,594,274	187,591,136	28,448	1,011,089	4.3%
2001	6,728,467	196,241,179	29,166	1,045,571	5.1%
2002	6,864,738	203,150,631	29,593	1,063,783	6.1%
2003	7,027,363	210,894,834	30,011	1,084,866	5.5%
2004	7,199,934	231,929,083	32,213	1,096,057	5.0%
2005	7,359,652	251,907,469	34,228	1,102,719	4.0%
2006	7,504,525	274,090,198	36,523	1,124,773	3.4%
2007	7,617,705	286,718,796	37,638	1,082,297	4.4%
2008	7,678,964	294,230,623	38,316	1,071,876	5.8%

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

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

² Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce. Final data for calendar year 2008 is currently unavailable. The figure shown for calendar year 2008 is the average of the first three quarters of the year.

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

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

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

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Broward	1,579,359	1,623,018	1,649,925	1,669,153	1,698,425	1,723,131	1,740,987	1,753,162	1,765,707	1,772,391
Charlotte *	691	708	723	743	760	785	770	802	823	831
Collier	239,421	251,377	264,475	277,457	292,466	306,186	317,788	326,658	333,858	339,128
Miami-Dade	2,208,140	2,253,779	2,285,869	2,312,478	2,345,932	2,379,818	2,422,075	2,437,022	2,462,292	2,475,018
Glades	10,331	10,576	10,612	10,664	10,729	10,733	10,729	10,796	11,055	11,256
Hendry	35,343	36,210	36,302	36,154	36,511	37,394	38,376	38,678	39,651	40,208
Highlands *	8,792	8,999	9,086	9,171	9,310	9,482	9,626	9,957	10,169	10,254
Lee	427,180	440,888	454,918	475,073	495,088	521,253	549,442	585,608	615,741	631,733
Martin	124,360	126,731	128,873	131,051	134,491	137,637	141,059	142,645	143,737	144,452
Monroe	79,963	79,589	80,588	81,140	80,537	81,236	82,413	80,510	78,987	78,205
Okeechobee *	34,586	35,192	35,424	35,820	36,491	37,244	37,010	37,893	38,249	38,292
Orange *	213,701	224,086	232,509	238,966	245,791	253,484	260,859	269,881	276,401	279,952
Osceola *	162,740	171,976	178,995	192,775	209,807	225,139	234,451	255,135	265,325	270,876
Palm Beach	1,098,859	1,131,191	1,154,473	1,183,197	1,211,448	1,242,270	1,265,900	1,287,987	1,295,033	1,299,332
Polk *	7,088	7,259	7,442	7,536	7,679	7,926	8,128	8,476	8,716	8,824
St. Lucie	188,327	192,695	198,253	203,360	211,898	226,216	240,039	259,315	271,961	278,212
Total	6,418,881	6,594,274	6,728,467	6,864,738	7,027,363	7,199,934	7,359,652	7,504,525	7,617,705	7,678,964

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

Source: The Office of Economic & Demographic Research - Florida Demographic Database, August 2008.

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

Calendar Year	Total Labor Force	Employed	Unemployed	Unemployment Rate (%)
1999	3,219,175	3,058,775	160,400	4.9
2000	3,340,194	3,197,811	142,383	4.3
2001	3,417,293	3,243,669	173,624	5.1
2002	3,473,704	3,264,210	209,494	6.1
2003	3,520,975	3,325,940	195,035	5.5
2004	3,600,708	3,422,407	178,301	5.0
2005	3,714,548	3,564,785	149,763	4.0
2006	3,815,337	3,686,457	128,880	3.4
2007	3,855,439	3,685,668	169,771	4.4
2008 ¹	3,865,415	3,641,520	223,895	5.8

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

¹ Final data for the calendar year 2008 is currently not available. The 2008 figures are based on the first 11 months of the year and November figures are preliminary.

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

Schedule 18

South Florida Water Management District

Ten Largest Employers within District Boundaries

Prior Calendar Year and Nine Years Prior

2007				1998			
Employers	Rank	Number of Employees	% of Total Employment	Employers	Rank	Number of Employees	% of Total Employment
Walt Disney World	1	59,500	1.6%	Walt Disney World	1	51,000	1.7%
Miami-Dade County Public Schools	2	50,000	1.4%	Miami-Dade County Public Schools	2	32,789	1.1%
Broward County School Board	3	36,853	1.0%	Broward County School Board	4	22,300	0.7%
Miami-Dade County	4	32,000	0.9%	Miami-Dade County	3	28,000	0.9%
Orange County Public Schools	5	26,000	0.7%	Orange County Public Schools	5	19,767	0.7%
Palm Beach County School Board	6	21,707	0.6%	Palm Beach County School Board	6	16,800	0.6%
Adventist Health Systems	7	16,002	0.4%	Adventist Health Systems	8	11,000	0.4%
Broward County	8	13,330	0.4%	Broward County	7	11,367	0.4%
Universal Orlando	9	13,000	0.4%	Universal Orlando			
Palm Beach County	10	11,293	0.3%	Palm Beach County	10	9,000	0.3%
				American Airlines	9	9,304	0.3%
		<u>279,685</u>	<u>7.7%</u>			<u>211,327</u>	<u>7.1%</u>

Note: Schedule excludes any county partially within the District boundaries that contributes less than 1% of total property tax revenue. Employers located in partial counties are scheduled at full employee count. Schedule excludes federal and state employees.

Source: Enterprise Florida, Inc. (www.eflora.com) and individual county Comprehensive Annual Financial Reports, when applicable. Total employment detail is shown on Schedule 17.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of Authorized Positions ¹	1,735	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,784	1,808
Population ²	6,418,881	6,594,274	6,728,467	6,864,738	7,027,363	7,199,934	7,359,652	7,504,525	7,617,705	7,678,964
Authorized Positions per 100,000 Population	27	27	26	26	25	25	24	24	23	24

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

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

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

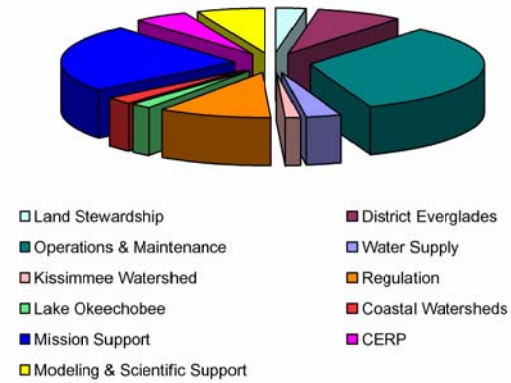
Resource Area/ Major Program	Number of Employees per Program ¹	Percentage of Employees per Resource Area	Percentage of Employees District-wide
Water Resources			
District Everglades	143	23.64%	7.96%
Water Supply	61	10.08%	3.40%
Kissimmee Watershed	23	3.80%	1.28%
Regulation	187	30.91%	10.41%
Lake Okeechobee	36	5.95%	2.00%
Coastal Watersheds	41	6.78%	2.28%
Modeling & Scientific Support	114	18.84%	6.35%
Water Resources Total	605	100.00%	33.68%
Operations & Maintenance Resources			
Operations & Maintenance	598	100.00%	33.30%
Operations & Maintenance Total	598	100.00%	33.30%
Corporation Resources			
Mission Support	355	100.00%	19.77%
Corporation Resources Total	355	100.00%	19.77%
Everglades Restoration Resources			
Land Stewardship	49	35.25%	2.73%
Comprehensive Everglades Restoration Plan	90	64.75%	5.01%
Everglades Restoration Resources Total	139	100.00%	7.74%
Government and Public Affairs			
Land Stewardship	1	1.01%	0.06%
Operations & Maintenance	5	5.05%	0.28%
Water Supply	1	1.01%	0.06%
Kissimmee Watershed	1	1.01%	0.06%
Regulation	2	2.02%	0.11%
Coastal Watersheds	3	3.03%	0.17%
Mission Support	83	83.84%	4.60%
Comprehensive Everglades Restoration Plan	3	3.03%	0.17%
Government and Public Affairs Total	99	100.00%	5.51%
District Total	1,796		100.00%

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

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

Major Program	Fiscal Year		
	2006	2007	2008
Land Stewardship	48	47	50
District Everglades	113	135	143
Operations & Maintenance	578	575	603
Water Supply	66	61	62
Kissimmee Watershed	29	28	24
Regulation	174	179	189
Lake Okeechobee	34	31	36
Coastal Watersheds	38	37	44
Mission Support	431	427	438
Comprehensive Everglades Restoration Plan (CERP)	99	101	93
Modeling & Scientific Support	120	121	114
District Total	<u>1,730</u>	<u>1,742</u>	<u>1,796</u>

District Employees by Major Program - Current Fiscal Year



Note: During fiscal year 2006, the District reorganized its resource area and major program structure. Due to the restructure, information will be provided for fiscal year 2006 and forward.

Schedule 22

South Florida Water Management District

Permit Applications Received

Last Ten Fiscal Years

Permit Category	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Environmental Resource	1,656	1,661	1,562	1,500	1,646	1,790	1,805	1,839	1,524	1,042
Consumptive Use	720	776	1,210	1,191	1,523	1,949	2,094	2,055	3,068	2,371
SWIM & Everglades Works Of The District	14	49	38	84	37	9	20	78	51	12
Total Applications Received	<u>2,390</u>	<u>2,486</u>	<u>2,810</u>	<u>2,775</u>	<u>3,206</u>	<u>3,748</u>	<u>3,919</u>	<u>3,972</u>	<u>4,643</u>	<u>3,425</u>

Source: Regulation Department of South Florida Water Management District.

Schedule 23

South Florida Water Management District

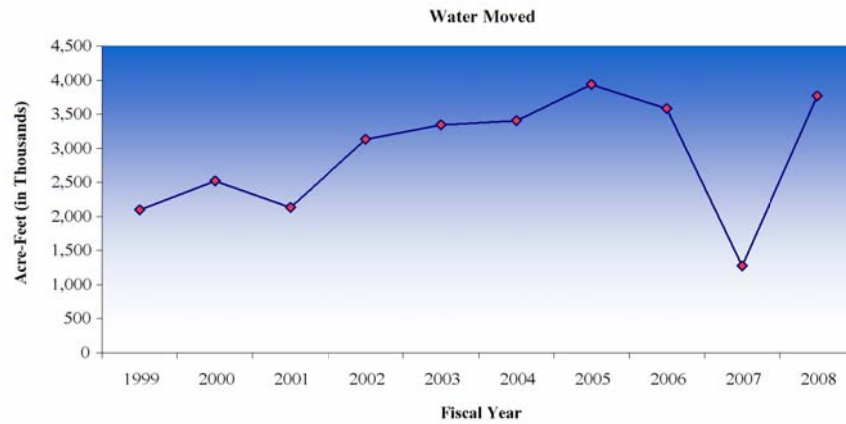
Water Moved by District Pump Stations

Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Acre-Feet (Thousands)	2,092	2,517	2,131	3,131	3,339	3,404	3,938	3,583	1,272	3,768

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

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





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DISCLOSURE SECTION

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

CONTINUING ANNUAL AND EVENT DISCLOSURES

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

DISTRICT AGREEMENT AND EFFECTIVE DATES

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

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

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

ANNUAL FINANCIAL INFORMATION

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

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

SECURITY FOR THE BONDS

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

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

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

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

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

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

DOCUMENTARY STAMP TAX

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

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

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

- The first 7% to the State of Florida General Revenue Fund to pay a portion of the costs of general government.
- The costs of collection and enforcement of the Documentary Stamp Tax are deducted by and for the use of the Department of Revenue.
- A portion of the then remaining Documentary Stamp Tax collections (including investment earnings) are required to be deposited in the Trust Fund.

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

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

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

FUNDING AND ALLOCATION OF THE TRUST FUND

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

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

USE OF THE TRUST FUND

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

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

ESCROW AND RESERVE FUNDS

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

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

Trust Fund Escrow

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

Debt Service Reserve Fund/Surety Bond

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

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

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

SECURITY FOR THE CERTIFICATES OF PARTICIPATION

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

Purpose of the Series 2006 Certificates

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

Lease Payments

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

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

ANNUAL DEBT SERVICE REQUIREMENTS

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

ANNUAL DEBT SERVICE (Principal and Interest) REQUIREMENTS (in Millions)					
Fiscal Years	Total	Series 2002	Series 2003	Series 2006	
2009	\$ 42.19	\$ 2.54	\$ 4.37	\$ 35.28	
2010	42.20	2.55	4.36	35.29	
2011	42.15	2.54	4.37	35.24	
2012	42.14	2.54	4.38	35.22	
2013 - 2017	203.44	10.12	17.41	175.91	
2018 - 2022	175.47			175.47	
2023 - 2027	174.94			174.94	
2028 - 2032	174.29			174.29	
2033 - 2037	173.46			173.46	
Totals	\$ 1,070.28	\$ 20.29	\$ 34.89	\$ 1,015.10	

AUDITED ANNUAL FINANCIAL STATEMENTS

Section II of this Comprehensive Annual Financial Report contains the District's Basic Financial Statements and related Report of Independent Certified Public Accountants. These statements are consistent with the Basic Financial Statements contained in the Official Statements in compliance with SEC Rule 15c2-12(b)(5)(i)(A) and (B).

SOUTH FLORIDA WATER MANAGEMENT DISTRICT

REQUIRED NOTICES

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

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



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