

**NORTHWEST FLORIDA WATER
MANAGEMENT DISTRICT**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
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SEPTEMBER 30, 2009**

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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Governors,
Northwest Florida Water Management District:

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Florida Water Management District, a component unit of the State of Florida, as of and for the year ended September 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Northwest Florida Water Management District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northwest Florida Water Management District, as of September 30, 2009, 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 February 11, 2010, on our consideration of Northwest Florida Water Management 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 and the budgetary comparisons on information on pages 3 – 7 and 30 – 37, 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 Northwest Florida Water Management District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General and is also not a required part of the basic financial statements of Northwest Florida Water Management District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

James Moore & Co., P.L.

Tallahassee, Florida
February 11, 2010

Management's Discussion and Analysis

As management of the Northwest Florida Water Management District, we offer readers of the Northwest Florida Water Management District's financial statements this narrative overview and analysis of the financial activities of the Northwest Florida Water Management District for the fiscal year ended September 30, 2009.

Financial Highlights

- The assets of the Northwest Florida Water Management District exceeded its liabilities at the close of the most recent fiscal year by \$215,602,947 (*net assets*). Of this amount, \$39,124,254 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Northwest Florida Water Management District's governmental funds reported combined ending fund balances of \$51,832,885, an increase of \$4,381,902. Approximately 1% of this total amount, \$474,941 is *available for spending* at the government's discretion (*unreserved undesignated fund balance*).
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$474,941, or 7% percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Northwest Florida Water Management District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Northwest Florida Water Management 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 Northwest Florida Water Management 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 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., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Northwest Florida Water Management District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Northwest Florida Water Management District include: water resources planning and monitoring; acquisition, restoration and public works; operation and maintenance of lands and works; regulation; outreach; and administration.

The government-wide financial statements include only the Northwest Florida Water Management District, a component unit of the State of Florida.

The government-wide financial statements can be found on pages 8 – 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Northwest Florida Water Management 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 Northwest Florida Water Management District are in one category: governmental funds.

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 Northwest Florida Water Management District maintains seven 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, Surface Water Improvement and Management Fund, Land Fees Fund, Projects Fund, Capital Projects Fund, Land Management Fund, and DOT Mitigation Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 10 – 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 – 28 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Northwest Florida Water Management District’s budgetary comparison for its major funds. The Northwest Florida Water Management District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the general fund and each major fund to demonstrate compliance with this budget and can be found on pages 30 – 37.

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 Northwest Florida Water Management District, assets exceeded liabilities by \$215,602,947 at the close of the most recent fiscal year.

By far the largest portion of the Northwest Florida Water Management District's net assets (78 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Northwest Florida Water Management District uses these capital assets to protect environmentally sensitive lands and to provide services to citizens; consequently, these assets are not available for future spending.

**NORTHWEST FLORIDA WATER MANAGEMENT
DISTRICT'S NET ASSETS**

	2009	2008
Current and other assets	\$ 78,205,226	\$ 67,473,211
Capital assets	164,441,442	161,174,206
Total assets	242,646,668	228,647,417
Long-term liabilities outstanding	671,380	670,765
Other liabilities	26,372,341	20,022,228
Total liabilities	27,043,721	20,692,993
Net assets		
Invested in capital assets	164,441,442	161,174,206
Restricted	12,037,251	10,806,046
Unrestricted	39,124,254	35,974,172
Total net assets	\$ 215,602,947	\$ 207,954,424

An additional portion of the Northwest Florida Water Management District's net assets (5.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$39,124,254) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Northwest Florida Water Management District is able to report positive balances in all three categories of net assets.

Governmental activities. Governmental activities increased Northwest Florida Water Management District's net assets by \$7,648,523, thereby accounting for the total growth in the net assets of the Northwest Florida Water Management District. Key elements of this increase are the acquisition of environmentally sensitive lands, purchases of heavy equipment, and building and grounds improvements made in the current year.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT'S CHANGE IN
NET ASSETS**

	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 463,980	\$ 580,580
Operating grants and contributions	12,225,485	12,454,161
Capital grants and contributions	14,137,216	20,333,012
General revenues:		
Property taxes	4,538,581	4,701,799
Grants and contributions not restricted to specific programs	1,044,926	1,044,926
Other	1,252,839	881,069
Total revenues	33,663,027	39,995,547
Expenses:		
Water resources planning and monitoring	3,613,832	2,440,820
Acquisition, restoration and public works	11,261,450	9,142,996
Operation and maintenance of lands and works	2,970,754	4,029,052
Regulation	2,752,411	2,741,653
Outreach	214,621	185,355
Administration	5,201,436	4,727,546
Total expenses	26,014,504	23,267,422
Change in net assets	7,648,523	16,728,125
Net assets, beginning of year	207,954,424	191,226,299
Net assets, ending of year	\$ 215,602,947	\$ 207,954,424

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Northwest Florida Water Management 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 Northwest Florida Water Management 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.

As of the end of the current fiscal year, the Northwest Florida Water Management District's governmental funds reported combined ending fund balances of \$51,832,885, an increase of \$4,381,902 in comparison with the prior year. Approximately 1 % of this total amount, \$474,941, constitutes unreserved undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to activities associated with various special revenue funds.

The general fund is the chief operating fund of the Northwest Florida Water Management District. At the end of the current fiscal year, unreserved fund balance was \$39,984,847 and total fund balance of the general fund was \$39,987,686.

The fund balance of the Northwest Florida Water Management District's general fund increased by \$3,342,749 during the current fiscal year. The key factor in this growth is intergovernmental revenues exceeding the current year expenditures.

General Fund Budgetary Highlights

There were no significant differences between the original budget and the final amended budget for expenditures in the General Fund.

Capital Asset and Debt Administration

Capital assets. The Northwest Florida Water Management District's investment in capital assets for its governmental activities as of September 30, 2009, amounts to \$164,441,442 (net of accumulated depreciation). This investment in capital assets includes land, building, infrastructure, vehicles, office equipment, field equipment and computer equipment. The total increase in the Northwest Florida Water Management District's investment in capital assets for the current fiscal year was 2 percent.

Additional information of the Northwest Florida Water Management District's capital assets can be found in note III.C. on page 24 of this report.

Economic Factors and Next Year's Budgets and Rates

The economic downturn will continue to impact revenues available and therefore expenditures for District operations. The fiscal Year 2009-10 State General Appropriations Act did not fund the Florida Forever Program and reduced appropriations from the Water Management Lands Trust Fund. The State's Long Range Financial Outlook as of December 2009 projects a \$3.2B shortfall. The forecast shows improvement in the extreme financial and economic stress, however months of modest growth are expected before full recovery. Ad valorem tax revenues continue to decrease due to decreased home values. The District will need to either scale down some programs and/or rely on District sinking fund reserves. The District will place emphasis on projects and programs that will serve to stimulate the economy within northwest Florida and the State.

Requests for Information

This financial report is designed to provide a general overview of the Northwest Florida Water Management District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration, Northwest Florida Water Management District, 81 Water Management Drive, Havana, FL 32333.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009**

		<u>Governmental Activities</u>
Assets		
Cash and cash equivalents		\$ 198,748
Investments		71,512,477
Receivables		6,483,449
Other assets		7,713
Prepaid items		2,839
Capital assets		
Land and improvements	161,057,419	
Other capital assets, net of depreciation	<u>3,384,023</u>	164,441,442
Total Assets		<u>242,646,668</u>
Liabilities		
Accounts payable and accrued expenses		1,564,938
Unearned revenue		24,807,403
Long-term liabilities		
Due within one year		671,380
Due in more than one year		-
Total Liabilities		<u>27,043,721</u>
Net Assets		
Invested in capital assets		164,441,442
Restricted for:		
Water management lands		10,945,338
Mitigation		1,098,387
Unrestricted		39,117,780
Total Net Assets		<u>\$ 215,602,947</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>Programs/Function</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Water resources planning and monitoring	\$ 3,613,832	\$ -	\$ 4,426,639	\$ -	\$ 812,807
Acquisition, restoration and public works	11,261,450	-	-	14,137,216	2,875,766
Operation and maintenance of lands and works	2,970,754	-	3,472,234	-	501,480
Regulation	2,752,411	463,980	4,200,000	-	1,911,569
Outreach	214,621	-	126,612	-	(88,009)
Administration	5,201,436	-	-	-	(5,201,436)
Total governmental activities	<u>\$ 26,014,504</u>	<u>\$ 463,980</u>	<u>\$ 12,225,485</u>	<u>\$ 14,137,216</u>	<u>812,177</u>
General revenues:					
Property taxes					4,538,581
Grants and contributions not restricted to specific programs					1,044,926
Unrestricted investment earnings					94,453
Miscellaneous					1,158,386
Total general revenues					<u>6,836,346</u>
Changes in net assets					<u>7,648,523</u>
Net assets, beginning of year					207,954,424
Net assets, end of year					<u>\$ 215,602,947</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009**

	General Fund	Surface Water Improvement and Management Fund	Lands Fees Fund	Projects Fund	Lands Management Fund	Capital Projects Fund	DOT Mitigation Fund	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 198,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,748
Investments	36,787,067	15,508,320	6,887,762	35,276	379,389	3,032,987	8,881,676	71,512,477
Accounts receivable	877	-	182,803	-	-	-	-	183,680
Due from other governments	351,232	651,456	-	2,000,919	2,014,792	1,281,370	-	6,299,769
Due from other funds	5,844,343	-	65,786	62,889	-	-	2,057,491	8,030,509
Deposits	7,713	-	-	-	-	-	-	7,713
Prepaid items	2,839	-	-	-	-	-	-	2,839
Total Assets	\$ 43,192,819	\$ 16,159,776	\$ 7,136,351	\$ 2,099,084	\$ 2,394,181	\$ 4,314,357	\$ 10,939,167	\$ 86,235,735

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009
(Continued)**

	<u>General Fund</u>	<u>Surface Water Improvement and Management Fund</u>	<u>Lands Fees Fund</u>	<u>Projects Fund</u>	<u>Lands Management Fund</u>	<u>Capital Projects Fund</u>	<u>DOT Mitigation Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 1,280,383	\$ 37,369	\$ -	\$ 195,381	\$ 51,776	\$ 29	\$ -	\$ 1,564,938
Unearned revenue	-	14,599,158	16,000	14,019	329,343	8,103	9,840,780	24,807,403
Due to other funds	2,123,276	1,523,249	-	1,889,684	2,013,062	481,238	-	8,030,509
Total liabilities	<u>3,403,659</u>	<u>16,159,776</u>	<u>16,000</u>	<u>2,099,084</u>	<u>2,394,181</u>	<u>489,370</u>	<u>9,840,780</u>	<u>34,402,850</u>
Fund balances (deficits)								
Reserved for land acquisition	-	-	-	-	-	3,824,987	-	3,824,987
Reserved for land management/ acquisition/projects	-	-	7,120,351	-	-	-	-	7,120,351
Reserved for DOT Mitigation	-	-	-	-	-	-	1,098,387	1,098,387
Reserved for prepaid items	2,839	-	-	-	-	-	-	2,839
Unreserved								
Designated (See Note III. H.)	39,311,380	-	-	-	-	-	-	39,311,380
Undesignated	474,941	-	-	-	-	-	-	474,941
Total fund balances (deficits)	<u>39,789,160</u>	<u>-</u>	<u>7,120,351</u>	<u>-</u>	<u>-</u>	<u>3,824,987</u>	<u>1,098,387</u>	<u>51,832,885</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 43,192,819</u>	<u>\$ 16,159,776</u>	<u>\$ 7,136,351</u>	<u>\$ 2,099,084</u>	<u>\$ 2,394,181</u>	<u>\$ 4,314,357</u>	<u>\$ 10,939,167</u>	

Amounts reported for governmental activities in the statement of net assets are different because:
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds 164,441,442
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds (671,380)
Net assets of governmental activities \$ 215,602,947

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General Fund	Surface Water Improvement and Management Fund	Lands Fees Fund	Projects Fund	Lands Management Fund	Capital Projects Fund	DOT Mitigation Fund	Total Governmental Funds
Revenues								
Property taxes	\$ 4,538,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,538,581
Permits and licenses	463,980	-	-	-	-	-	-	463,980
Timber sales	-	-	1,049,835	-	-	-	-	1,049,835
Intergovernmental revenue	5,245,128	2,958,255	-	2,395,642	3,482,820	7,507,834	3,174,262	24,763,941
Federal grants	-	-	-	2,865,925	-	-	-	2,865,925
Investment income (loss)	94,453	(205,351)	18,107	(1,894)	(6,327)	2,929	(8,467)	(106,550)
Miscellaneous revenue	634	-	49,329	-	16,446	-	13,750	80,159
Total revenues	<u>10,342,776</u>	<u>2,752,904</u>	<u>1,117,271</u>	<u>5,259,673</u>	<u>3,492,939</u>	<u>7,510,763</u>	<u>3,179,545</u>	<u>33,655,871</u>
Expenditures								
Salaries	4,167,061	651,232	-	664,184	564,645	50,930	211,555	6,309,607
Employee benefits	1,952,895	118,320	-	119,673	115,400	9,001	41,326	2,356,615
Professional/contractual services	477,133	359,124	-	2,692,983	994,676	624,296	415,361	5,563,573
Services	1,103,614	29,592	-	30,452	167,736	1,475	11,319	1,344,188
Commodities	397,138	17,915	-	23,062	642,416	-	116,170	1,196,701
Capital outlay	373,145	34,391	-	21,180	338,967	800,875	2,035,296	3,603,854
Grants and aids	827,689	999,204	-	1,100,000	16,350	5,963,096	-	8,906,339
Administrative overhead allocated	(1,485,634)	456,212	-	453,396	394,675	34,906	146,445	-
Secondary fringe allocated	(963,242)	292,266	-	297,879	254,802	23,256	95,039	-
Total expenditures	<u>6,849,799</u>	<u>2,958,256</u>	<u>-</u>	<u>5,402,809</u>	<u>3,489,667</u>	<u>7,507,835</u>	<u>3,072,511</u>	<u>29,280,877</u>
Excess (deficiency) of revenues over expenditures	<u>3,492,977</u>	<u>(205,352)</u>	<u>1,117,271</u>	<u>(143,136)</u>	<u>3,272</u>	<u>2,928</u>	<u>107,034</u>	<u>4,374,994</u>

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

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

	General Fund	Surface Water Improvement and Management Fund	Lands Fees Fund	Projects Fund	Lands Management Fund	Capital Projects Fund	DOT Mitigation Fund	Total Governmental Funds
Other financing sources (uses)								
Sale of general fixed assets	\$ 6,208	\$ -	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ 6,908
Operating transfers in	-	205,352	9,746	143,136	6,474	-	-	364,708
Operating transfers out	(354,962)	-	-	-	(9,746)	-	-	(364,708)
Total other financing sources (uses)	(348,754)	205,352	10,446	143,136	(3,272)	-	-	6,908
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,144,223	-	1,127,717	-	-	2,928	107,034	4,381,902
Fund balances, beginning of year	36,644,937	-	5,992,634	-	-	3,822,059	991,353	47,450,983
Fund balances (deficits), end of year	<u>\$ 39,789,160</u>	<u>\$ -</u>	<u>\$ 7,120,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,824,987</u>	<u>\$ 1,098,387</u>	<u>\$ 51,832,885</u>

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

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Amounts reported for governmental activities in the Statement of Activities (page 9) are different because:

Net change in fund balance - total governmental funds (page 13)	\$ 4,381,902
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	3,501,783
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, exchanges and trade-ins) is to decrease net assets	(234,547)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(615)
Changes in net assets of governmental activities (page 9)	\$ 7,648,523

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

I. Summary of Significant Accounting Policies:

The Northwest Florida Water Management District (the "District") was established by the Florida Water Resources Act of 1972, Chapter 72-299, Laws of Florida and operates under Chapter 373, Florida Statutes. It was the State of Florida Legislature's stated intent in establishing the District, and other Districts, to: provide for the management of water and related land resources; promote the conservation, development, and proper utilization of surface and ground water; develop and regulate dams, impoundments, reservoirs, and other works and to provide water storage for beneficial purposes; prevent damage from floods, soil erosion, and excessive drainage; preserve natural resources, fish and wildlife; promote recreational development, protect public lands and assist in maintaining the navigability of rivers and harbors; and otherwise promote the health, safety, and the general welfare of the people of the State.

The District encompasses all or part of sixteen counties in the northwestern part of Florida. There are nine members of the District Governing Board. Each member resides within the District and is appointed by the Governor and confirmed by the Senate. Board members are appointed for a four-year term.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board (GASB) is responsible for establishing accounting principles generally accepted in the United States of America for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in accounting principles generally accepted in the United States of America and used by the District are discussed below.

A. Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the District as a component unit of the State of Florida. Based on the criteria listed below the State of Florida is considered the primary government.

A primary government is financially accountable for an organization if (1) it appoints a voting majority of the organization's governing board, (2) it is able to impose its will on the organization or (3) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Based upon these criteria, the District is considered to be a component unit of the State of Florida and is disclosed in the State of Florida's financial statements.

The accompanying financial statements present the primary government only since there are no component units for which the government is considered to be financially accountable.

B. Financial Reporting Structure

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

I. Summary of Significant Accounting Policies: (Continued)

B. Financial Reporting Structure (Continued)

Government-wide 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The focus of the government-wide statements is on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported.

The governmental-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Administrative overhead, including centralized expenses, are directly allocated to specific functions and are included in direct expenses. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Program revenues are netted within program expenses in the statement of activities to present the net cost of each program.

Fund Financial Statements

The emphasis of fund financial statements is on the District's major funds, each presented in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Districts transactions are recorded in the following fund types:

The *General Fund* is the principal operating fund used to account for most of the District's general activities.

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

The District reports the following major governmental funds:

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

The *Surface Water Improvement and Management (S.W.I.M) Fund* accounts for expenditures of state and local funds legally restricted for restoration and preservation of surface waters under the Surface Water Improvement and Management Act created by the State of Florida Legislature.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

I. Summary of Significant Accounting Policies: (Continued)

B. Financial Reporting Structure (Continued)

Fund Financial Statements (Continued)

The *Lands Fees Fund* accounts for revenue from sale of licenses, leases and right of way easements, timber sales and other revenues generated from District owned lands. Funds are transferred to other Lands division funds and used only for land acquisitions, land management activities or capital improvements on District owned lands.

The *Projects Fund* accounts for all resource management projects and activities funded through dedicated revenue sources from grants and contracts with state, federal or local government entities or water utility authorities.

The *Lands Management Fund* accounts for activities associated with the management, improvement and maintenance of District owned lands. State appropriations from the Water Management Lands Trust Fund provide the primary funding source for Districts land management activities.

The *Capital Projects Fund* accounts for the acquisition of fixed assets or construction of major capital projects.

The *DOT Mitigation Fund* accounts for all resource management mitigation projects and activities funded through dedicated Florida Department of Transportation funding sources. Expenditures include land acquisitions, restorations, monitoring and other water resource related activities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 judgements, are recorded only when payment is due.

Property taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

I. Summary of Significant Accounting Policies: (Continued)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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. Assets, Liabilities and Equity

1. *Deposits and Investments*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Fund, SEC registered money market funds with the highest credit quality rating, and savings and CD accounts in state-certified public depositories.

Investments for the District are reported at fair value. The Local Government Surplus Fund Investment Pool ("Florida PRIME") and the Fund B Surplus Funds Trust Fund (Fund B) operates in accordance with appropriate state laws and regulations. The Florida PRIME is structured as a "2a-7 like" fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A "2a - 7 like" fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Fund B is accounted for as a fluctuating net asset value pool by the Florida State Board of Administration. The SBA reports the values of the investments in Fund B at the net asset value . Fair value for Fund B must be calculated using a fair value factor, which was .54915069 at September 30, 2009. As a Florida PRIME and a Fund B participant, the entity invests in pools of investments whereby the District owns a share of the respective pool, not the underlying securities. The investments in the Florida PRIME and Fund B are reported at fair value.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

I. Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Equity (Continued)

3. Property Taxes

The District is authorized by section 373.503, Florida Statutes, to levy ad valorem taxes on all real and personal property located within the District not to exceed .05 mills. The rate for the 2008-2009 fiscal year was .045 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the sixteen counties comprising the District. Commissions are paid to the counties for these appraisal and collection services.

Taxes are billed and collected for the District by the County Tax Collectors according to Florida Statute under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1

4. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as equipment assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life of one year or more, and other assets with an initial, individual cost of more than \$50,000 (amount not rounded) and an estimated useful life of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	40
Leasehold improvements	15
Field equipment	7
Office equipment	7
Vehicles and water craft	7
Lawn maintenance equipment	5
Computer equipment, technical equipment and software	3

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

I. Summary of Significant Accounting Policies: (Continued)

D. Assets, Liabilities and Equity (Continued)

5. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In addition, the District's policy is to annually authorize a leave sale of up to 80 hours as a benefit to employees and to reduce the District's liability for compensated absences. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use.

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

II. Reconciliation of Government-Wide and Fund Financial Statements:

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

The governmental fund balance sheet includes a reconciliation between *fund balances – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund.” The details of this difference are as follows:

Compensated absences	\$ 671,380
<i>Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities</i>	
	\$ 671,380

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

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

Capital outlay	\$ 4,034,380
Depreciation expense	(532,597)
<i>Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	
	\$ 3,501,783

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (615)
<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	
	\$ (615)

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

II. Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) and the government-wide statement of activities (Continued)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.” The detail of this difference is as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (234,547)
Net adjustment to decrease net changes in <i>fund balances</i> – <i>total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (234,547)

III. Detailed Notes On All Funds:

A. Deposits and Investments

Deposits. At year end, the District had carrying amounts of deposits of \$198,748 and bank balances of \$656,426. Of the bank balances, \$656,426, was covered by Federal depository insurance or by collateral held by the District’s custodial bank which is pledged to a state trust fund that provides security in accordance with Florida Security for Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Investments. The foremost objective of the District’s investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance as compared to the safety and liquidity of funds. The District’s investment policy limits investments to those relatively low risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the District manages credit risk, interest rate risk, custodial credit risk and concentration of credit risk is as follows:

Credit Risk: The District minimizes credit risk, the risk of loss due to failure of the security, by limiting investments to authorized investments. Investments of the Florida State Board of Administration Pool are divided into two funds: Florida PRIME and Fund B. Florida PRIME is rated by Standards and Poors. The current rating is AAAM. Fund B is not rated by any nationally recognized statistical rating agency.

Interest Rate Risk: The District manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, Florida State Board of Administration Florida PRIME and Fund B. The weighted average days to maturity of the Florida PRIME at September 30, 2009 was 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the weighted average days to maturity. The weighted average life of Fund B at September 30, 2009 was 6.69 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

IV. Detailed Notes On All Funds: (Continued)

A. Deposits and Investments Continued)

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District's name, and are held by the party that either sells to or buys for the District. No investments held at year end were subject to custodial credit risk. The Florida State Board of Administration Florida PRIME does not participate in securities lending, but the District owns shares of the Florida PRIME and not the underlying investments. Fund B has not participated in a securities lending program in the fiscal year ending September 30, 2009.

As of September 30, 2009, the District had the following investments reported at market values:

	Fair Market Value
Florida PRIME	\$ 70,366,946
Fund B	1,145,531
	\$ 71,512,477

B. Receivables

Receivables as of year end for the government's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	SWIM Fund	Lands Fees Fund	Projects Fund	Lands Management Fund	Capital Projects Fund	Total
Receivables:							
Accounts	\$ 877	\$ -	\$ 182,803	\$ -	\$ -	\$ -	\$ 183,680
Intergovernmental	351,232	651,456	-	2,000,919	2,014,792	1,281,370	6,299,769
Gross receivables	352,109	651,456	182,803	2,000,919	2,014,792	1,281,370	6,483,449
Less: allowance for uncollectibles	-	-	-	-	-	-	-
Net total receivables	\$ 352,109	\$ 651,456	\$ 182,803	\$ 2,000,919	\$ 2,014,792	\$1,281,370	\$6,483,449

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

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements	\$ -	\$ 24,807,403
Total deferred/unearned revenue for governmental funds	\$ -	\$ 24,807,403

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

III. Detailed Notes On All Funds: (Continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2009, was as follows:

<u>Governmental Activities</u>	<u>Balance 10/01/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 09/30/09</u>
Capital assets, not being depreciated:				
Land	\$158,033,221	\$ 3,258,745	\$ (234,547)	\$161,057,419
Total capital assets, not being depreciated	<u>158,033,221</u>	<u>3,258,745</u>	<u>(234,547)</u>	<u>161,057,419</u>
Capital assets, being depreciated:				
Buildings and improvements	1,435,712	68,008	-	1,503,720
Infrastructure	1,002,011	-	-	1,002,011
Machinery and equipment	4,712,122	707,627	(529,204)	4,890,545
Total capital assets, being depreciated	<u>7,149,845</u>	<u>775,635</u>	<u>(529,204)</u>	<u>7,396,276</u>
Less accumulated depreciation for:				
Buildings and improvements	(736,893)	(48,641)	-	(785,534)
Infrastructure	(11,690)	(20,040)	-	(31,730)
Machinery and equipment	(3,260,277)	(463,916)	529,204	(3,194,989)
Total accumulated depreciation	<u>(4,008,860)</u>	<u>(532,597)</u>	<u>529,204</u>	<u>(4,012,253)</u>
Total capital assets being depreciated, net	<u>\$ 3,140,985</u>	<u>\$ 243,038</u>	<u>\$ -</u>	<u>\$ 3,384,023</u>

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

Governmental Activities:	
Water resources planning and monitoring	\$ 42,802
Acquisition, restoration and public works	2,031
Operation and maintenance of lands and works	168,481
Regulation	69,175
Outreach	2,567
Administration	247,541
	<u>\$ 532,597</u>

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

III. Detailed Notes On All Funds: (Continued)

D. Interfund Balances and Activity

Due to the General Fund from the Capital Projects Fund for operating expenditures	\$ 481,238
Due to the General Fund from the SWIM Fund for expenditures related to restoration and preservation of surface waters under the Surface Water Improvement and Management Act	1,460,359
Due to the General Fund from the Projects Fund for expenditures related to operating expenditures	1,889,684
Due to the General Fund from the Lands Management Fund for operating expenditures	2,013,062
Due to the DOT Mitigation Fund from the General Fund for operating expenditures	2,057,491
Due to the Lands Fees Fund from the General Fund for operating expenditures	65,786
Due to Projects Fund from the SWIM Fund for operating expenditures	62,889
	<u>\$ 8,030,509</u>

Transfers To/From Other Funds

Transfers to/from other funds at September 30, 2009 consist of the following:

From the General Fund to the Projects Fund for expenditures related to District general activities	\$ 143,136
From the General Fund to the SWIM Fund for expenditures related to surface water activities	205,352
From the General Fund to the Lands Management Fund for expenditures related to lands management activities	6,474
From the Lands Management Fund to the Lands Fees Fund for expenditures related to the management of lands of the district	9,746
	<u>\$ 364,708</u>

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

III. Detailed Notes On All Funds: (Continued)

E. Leases

The District is committed under operating leases for office space. Future minimum lease payments for these leases for the next five years and in the aggregate are as follows:

Year-Ending September 30	Total
2010	\$ 221,189
2011	183,080
2012	188,173
2013	193,480
2014	198,587
Thereafter	592,467
Total Lease Payments	\$ 1,576,976

F. Long-term Debt

Changes in Long-term Liabilities. Long term liability activity for the year ended September 30, 2009, was as follows:

	Balance 10/01/08	Additions	Deductions	Balance 09/30/09	Due within one year
Governmental activities					
Compensated absences	\$ 670,765	\$ 979,899	\$ 979,284	\$ 671,380	\$ 671,380
Total	\$ 670,765	\$ 979,899	\$ 979,284	\$ 671,380	\$ 681,380

G. Reserved Fund Balances

	Capital Projects	Lands Fees Fund	DOT Mitigation Fund	Total
Reserved for land acquisition	\$3,824,987	\$ -	\$ -	\$ 3,824,987
Reserved for land management/acquisition/projects	-	7,120,351	-	7,120,351
Reserved for DOT Mitigation	-	-	1,098,387	1,098,387
	\$ 3,824,987	\$ 7,120,351	\$ 1,098,387	\$ 12,043,725

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

III. Detailed Notes On All Funds: (Continued)

H. Designated Fund Balances

In the fund statements, designations of equity are used to show the amounts within unreserved equity which are intended to be used for specific purposes, that are not legally restricted. The District has established designations in the following amounts in the general fund balance:

Budget stabilization reserve	\$ 8,800,000
Resource Inventory/Minimum Flows and Levels/Regulatory	3,557,000
Surface Water Improvement Projects	5,890,000
Water Resource and Supply Development	11,330,000
Regional Water Supply Plans	800,000
Litigation and Expert Witnesses	648,000
Compensated Absences	671,380
Computer and Technology Requirements	460,000
Small Community Water Supply	3,090,000
Mitigation Banking Activities	1,827,000
Capital Improvement Fund	1,600,000
Small Community Hurricane Assistance / Water Cleanup	638,000
Total unreserved, designated fund balance	\$ 39,311,380

IV. Other Information:

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

C. Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

IV. Other Information: (Continued)

D. Employee Retirement Systems and Plans

Statewide Local Government Retirement System (SLGRS)

Plan Description: The Northwest Florida Water Management District contributes to the Florida Retirement System, a cost sharing multiple employer public employee retirement system administrated by the State of Florida. The Florida Retirement System provides retirement and disability benefits. The Division of Retirement issues a publicly available financial report that includes the pension benefit obligation, the net assets and unfunded pension benefit obligation. That report may be obtained by writing to the Division of Retirement, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or calling (850) 488-5760.

Funding Policy: The District, is required to contribute 9.85% for regular annual covered employee's salary, 13.12% for senior management covered employee's salary, and 10.91% for employees participating in the DROP program. Employees are not required to contribute to the Retirement System. The contribution requirements of Northwest Florida Water Management District may be changed by the Florida Retirement System. The District's contributions to the Florida Retirement System for the years ended September 30, 2009, 2008, and 2007 were \$649,605, \$585,086, and \$486,121, respectively.

E. Post-Employment Benefits

Pursuant to Section 112.363, Florida Statutes, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS) to assist retirees of all State-administered retirement systems in paying health insurance costs. During the 2008-09 fiscal year, the HIS program was funded by required contributions consisting of 1.11% assessed against the payroll for all active employees covered in State-administered retirement systems. This assessment is included in the Florida Retirement System contribution rates presented in the State Retirement Plans footnote above. Eligible retirees, spouses, or financial dependents under any State-administered retirement system must provide proof of health insurance coverage, which can include Medicare. During the 2008-09 fiscal year, participants received an extra \$5 per month for each year of creditable service completed at the time of retirement; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

F. New Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting, effective for the District's fiscal year beginning October 1, 2009. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The District is currently evaluating the effect that Statement No. 54 will have on its financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General Fund				Surface Water Improvement and Management Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Property taxes	\$ 4,755,799	\$ 4,728,179	\$ 4,538,581	\$ (189,598)	\$ -	\$ -	\$ -	\$ -
Permits	721,100	721,100	463,980	(257,120)	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Timber sales	-	-	-	-	-	-	-	-
Intergovernmental revenue	5,244,926	5,244,926	5,245,128	202	10,243,661	10,605,197	2,958,255	(7,646,942)
Federal grants	-	-	-	-	-	-	-	-
Investment income (loss)	950,000	950,000	94,453	(855,547)	-	-	(205,351)	(205,351)
Miscellaneous revenue	8,000	8,000	634	(7,366)	-	-	-	-
Total revenues	<u>11,679,825</u>	<u>11,652,205</u>	<u>10,342,776</u>	<u>(1,309,429)</u>	<u>10,243,661</u>	<u>10,605,197</u>	<u>2,752,904</u>	<u>(7,852,293)</u>
Expenditures								
Salaries	4,819,624	4,618,631	4,167,061	451,570	889,511	720,898	651,232	69,666
Employee benefits	1,952,949	2,071,689	1,952,895	118,794	160,815	129,240	118,320	10,920
Professional/contractual services	1,816,463	1,970,894	477,133	1,493,761	6,400,086	7,074,174	359,124	6,715,050
Services	1,406,056	1,481,556	1,103,614	377,942	61,195	61,195	29,592	31,603
Commodities	627,900	652,900	397,138	255,762	33,135	33,135	17,915	15,220
Capital outlay	511,050	586,350	373,145	213,205	43,100	43,100	34,391	8,709
Grants and aids	7,735,000	7,735,000	827,689	6,907,311	1,558,000	1,558,000	999,204	558,796
Administrative overhead allocated	(1,849,858)	(1,766,190)	(1,485,634)	(280,556)	691,579	645,617	456,212	189,405
Secondary fringe allocated	(1,077,481)	(1,035,467)	(963,242)	(72,225)	406,240	339,838	292,266	47,572
Total expenditures	<u>15,941,703</u>	<u>16,315,363</u>	<u>6,849,799</u>	<u>9,465,564</u>	<u>10,243,661</u>	<u>10,605,197</u>	<u>2,958,256</u>	<u>7,646,941</u>
Excess (deficiency) of revenues over expenditures	<u>(4,261,878)</u>	<u>(4,663,158)</u>	<u>3,492,977</u>	<u>8,156,135</u>	<u>-</u>	<u>-</u>	<u>(205,352)</u>	<u>(205,352)</u>

The accompanying note to required supplementary information
is an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

	<u>General Fund</u>				<u>Surface Water Improvement and Management Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Other financing sources (uses)								
Sale of general fixed assets	\$ -	\$ -	\$ 6,208	\$ 6,208	\$ -	\$ -	\$ -	\$ -
Operating transfers in	5,515,587	7,559,607	-	(7,559,607)	-	-	205,352	205,352
Operating transfers out	(310,000)	(310,000)	(354,962)	(44,962)	-	-	-	-
Total other financing sources (uses)	<u>5,205,587</u>	<u>7,249,607</u>	<u>(348,754)</u>	<u>(7,598,361)</u>	<u>-</u>	<u>-</u>	<u>205,352</u>	<u>205,352</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>943,709</u>	<u>2,586,449</u>	<u>3,144,223</u>	<u>557,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	36,644,937	36,644,937	36,644,937	-	-	-	-	-
Fund balances (deficits), end of year	<u>\$ 37,588,646</u>	<u>\$ 39,231,386</u>	<u>\$ 39,789,160</u>	<u>\$ 557,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying note to required supplementary information
is an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

	Lands Fees Fund				Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Timber sales	1,000,000	1,000,000	1,049,835	49,835	-	-	-	-
Intergovernmental revenue	-	-	-	-	2,104,913	3,316,304	2,395,642	(920,662)
Federal grants	-	-	-	-	4,674,796	5,143,400	2,865,925	(2,277,475)
Investment income (loss)	125,815	125,815	18,107	(107,708)	-	-	(1,894)	(1,894)
Miscellaneous revenue	950	950	49,329	48,379	-	-	-	-
Total revenues	1,126,765	1,126,765	1,117,271	(9,494)	6,779,709	8,459,704	5,259,673	(3,200,031)
Expenditures								
Salaries	-	-	-	-	603,051	663,835	664,184	(349)
Employee benefits	-	-	-	-	109,661	129,245	119,673	9,572
Professional/contractual services	-	-	-	-	4,551,905	6,041,905	2,692,983	3,348,922
Services	-	-	-	-	31,693	31,693	30,452	1,241
Commodities	-	-	-	-	19,720	24,253	23,062	1,191
Capital outlay	-	-	-	-	29,100	29,100	21,180	7,920
Grants and aids	-	-	-	-	1,000,000	1,100,000	1,100,000	-
Administrative overhead allocated	-	-	-	-	469,164	450,320	453,396	(3,076)
Secondary fringe allocated	-	-	-	-	275,415	299,353	297,879	1,474
Total expenditures	-	-	-	-	7,089,709	8,769,704	5,402,809	3,366,895
Excess (deficiency) of revenues over expenditures	1,126,765	1,126,765	1,117,271	(9,494)	(310,000)	(310,000)	(143,136)	166,864

The accompanying note to required supplementary information
is an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

	Lands Fees Fund				Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
Other financing sources (uses)								
Sale of general fixed assets	\$ -	\$ -	\$ 700	\$ 700	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	9,746	9,746	310,000	310,000	143,136	(166,864)
Operating transfers out	(515,655)	(511,229)	-	511,229	-	-	-	-
Total other financing sources (uses)	(515,655)	(511,229)	10,446	521,675	310,000	310,000	143,136	(166,864)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	611,110	615,536	1,127,717	512,181	-	-	-	-
Fund balances, beginning of year	5,992,634	5,992,634	5,992,634	-	-	-	-	-
Fund balances (deficits), end of year	<u>\$ 6,603,744</u>	<u>\$ 6,608,170</u>	<u>\$ 7,120,351</u>	<u>\$ 512,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying note to required supplementary information
is an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

	Lands Management Fund				Capital Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
Revenues								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Timber sales	-	-	-	-	-	-	-	-
Intergovernmental revenue	8,111,232	7,209,116	3,482,820	(3,726,296)	31,416,536	31,555,444	7,507,834	(24,047,610)
Federal grants	-	-	-	-	-	-	-	-
Investment income (loss)	6,705	6,705	(6,327)	(13,032)	50,000	50,000	2,929	(47,071)
Miscellaneous revenue	-	-	16,446	16,446	-	-	-	-
Total revenues	<u>8,117,937</u>	<u>7,215,821</u>	<u>3,492,939</u>	<u>(3,722,882)</u>	<u>31,466,536</u>	<u>31,605,444</u>	<u>7,510,763</u>	<u>(24,094,681)</u>
Expenditures								
Salaries	617,749	586,216	564,645	21,571	65,927	63,391	50,930	12,461
Employee benefits	138,969	131,983	115,400	16,583	15,174	14,590	9,001	5,589
Professional/contractual services	3,388,250	3,357,750	994,676	2,363,074	1,310,000	1,325,000	624,296	700,704
Services	472,750	472,750	167,736	305,014	7,975	7,975	1,475	6,500
Commodities	1,319,300	1,334,300	642,416	691,884	1,575	1,575	-	1,575
Capital outlay	1,925,500	1,112,500	338,967	773,533	5,062,500	10,923,180	800,875	10,122,305
Grants and aids	99,000	99,000	16,350	82,650	24,870,473	19,140,011	5,963,096	13,176,915
Administrative overhead allocated	493,244	468,119	394,675	73,444	52,803	50,771	34,906	15,865
Secondary fringe allocated	282,125	267,727	254,802	12,925	30,109	28,951	23,256	5,695
Total expenditures	<u>8,736,887</u>	<u>7,830,345</u>	<u>3,489,667</u>	<u>4,340,678</u>	<u>31,416,536</u>	<u>31,555,444</u>	<u>7,507,835</u>	<u>24,047,609</u>
Excess (deficiency) of revenues over expenditures	<u>(618,950)</u>	<u>(614,524)</u>	<u>3,272</u>	<u>617,796</u>	<u>50,000</u>	<u>50,000</u>	<u>2,928</u>	<u>(47,072)</u>

The accompanying note to required supplementary information
is an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

	Lands Management Fund				Capital Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
Other financing sources (uses)								
Sale of general fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers in	570,655	566,229	6,474	(559,755)	-	-	-	-
Operating transfers out	-	-	(9,746)	(9,746)	-	-	-	-
Total other financing sources (uses)	570,655	566,229	(3,272)	(569,501)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(48,295)	(48,295)	-	48,295	50,000	50,000	2,928	(47,072)
Fund balances, beginning of year	-	-	-	-	3,822,059	3,822,059	3,822,059	-
Fund balances (deficits), end of year	\$ (48,295)	\$ (48,295)	\$ -	\$ 48,295	\$ 3,872,059	\$ 3,872,059	\$ 3,824,987	\$ (47,072)

The accompanying note to required supplementary information
is an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)**

DOT Mitigation Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Permits	-	-	-	-
Penalties	-	-	-	-
Timber sales	-	-	-	-
Intergovernmental revenue	10,475,597	10,553,945	3,174,262	(7,379,683)
Federal grants	-	-	-	-
Investment income (loss)	500,000	500,000	(8,467)	(508,467)
Miscellaneous revenue	-	-	13,750	13,750
Total revenues	<u>10,975,597</u>	<u>11,053,945</u>	<u>3,179,545</u>	<u>(7,874,400)</u>
Expenditures				
Salaries	183,036	213,514	211,555	1,959
Employee benefits	34,695	44,564	41,326	3,238
Professional/contractual services	2,780,049	2,780,049	415,361	2,364,688
Services	74,783	74,783	11,319	63,464
Commodities	447,027	447,027	116,170	330,857
Capital outlay	7,336,347	5,055,547	2,035,296	3,020,251
Grants and aids	-	-	-	-
Administrative overhead allocated	143,068	151,363	146,445	4,918
Secondary fringe allocated	83,592	99,598	95,039	4,559
Total expenditures	<u>11,082,597</u>	<u>8,866,445</u>	<u>3,072,511</u>	<u>5,793,934</u>
Excess (deficiency) of revenues over expenditures	<u>(107,000)</u>	<u>2,187,500</u>	<u>107,034</u>	<u>(2,080,466)</u>

The accompanying note to required supplementary information
is an integral part of this schedule.

NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(Continued)

DOT Mitigation Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Other financing sources (uses)				
Sale of general fixed assets	\$ -	\$ -	\$ -	\$ -
Operating transfers in	-	-	-	-
Operating transfers out	(55,000)	(2,335,800)	-	2,335,800
Total other financing sources (uses)	(55,000)	(2,335,800)	-	2,335,800
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(162,000)	(148,300)	107,034	255,334
Fund balances, beginning of year	991,353	991,353	991,353	-
Fund balances (deficits), end of year	<u>\$ 829,353</u>	<u>\$ 843,053</u>	<u>\$ 1,098,387</u>	<u>\$ 255,334</u>

The accompanying note to required supplementary information
is an integral part of this schedule.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2009**

I. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end.

The Board generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Florida Statutes, prior to July 15, the Executive Director submits to the Governing Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with the estimates for the current year and actual data for the prior year. The Governing Board requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to September 30, the budget is legally enacted through adoption by the District's Governing Board.
4. The Director of Administration is required by the District to present a monthly financial report and schedule of disbursements to the Board.
5. Revisions that alter the total expenditures of any fund must be approved by the Governing Board. The legal level of budgetary control is the fund level.
6. Formal budgetary integration is employed as a management control device during the year.
7. Budgets for the governmental fund types are presented on a basis consistent with accounting principles generally accepted in the United States of America.

ADDITIONAL INFORMATION

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-Through Grantor/State Grantor /Program Title	Contract Number	Federal CFDA Number	State CSFA Number	Expenditures
FEDERAL AWARDS				
U.S. Department of Homeland Security				
Cooperating Technical Partners	EMA-2005-CA-5217	97.045	-	\$ 40,888
Cooperating Technical Partners	EMA-2006-CA-5611	97.045	-	424,459
Cooperating Technical Partners	EMA-2007-CA-5775	97.045	-	1,109,552
Cooperating Technical Partners	EMA-2008-CA-5886	97.045	-	773,832
Cooperating Technical Partners	EMA-2009-CA-5937	97.045	-	59,361
				<u>2,408,092</u>
Map Modernization Management Support	EMA-2006-CA-5636	97.070	-	55,204
Map Modernization Management Support	EMA-2006-CA-5670	97.070	-	2,350
Map Modernization Management Support	EMA-2007-CA-5721	97.070	-	13,500
Map Modernization Management Support	EMA-2008-CA-5861	97.070	-	16,025
				<u>87,079</u>
U.S. Environmental Protection Agency				
Passed-Through Florida Department of Environmental Protection				
Water Quality Management Planning	G0229	66.454	-	<u>100,939</u>
U.S. Environmental Protection Agency				
Passed-Through Florida Department of Environmental Protection				
Water Pollution Control State, Interstate and Tribal Program Support	G0154	66.419	-	<u>161,112</u>
U.S. Department of Transportation				
Passed-Through State of Florida Department of Transportation				
Highway Planning and Construction	BDN58	20.205	-	33,799
Highway Planning and Construction	BDG92	20.205	-	42,476
				<u>76,275</u>
Total Federal Awards				<u>2,833,497</u>

See accompanying note to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

(Continued)

<u>Federal Grantor/Pass-Through Grantor/State Grantor /Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>State CSFA Number</u>	<u>Expenditures</u>
STATE FINANCIAL ASSISTANCE				
Florida Department of Environmental Protection				
DOT Mitigation Projects	-	-	37.020	\$ 1,127,967
Water Management Districts – Land Acquisition Water Management Lands Trust Fund	-	-	37.022	7,259,187
Water Management Districts–Land Acquisition Florida Forever Trust Fund	-	-	37.022	7,439,616
				<u>14,698,803</u>
Water Management District Permitting Assistance - Chapter 62-524 F.A.C. Program Implementation	S0274	-	37.030	60,000
Statewide Surface Water Restoration and Wastewater Projects	-	-	37.039	2,276,140
Water Protection and Sustainability Program	-	-	37.066	2,117,744
Florida Springs Initiative Grant Program	S0371	-	37.052	98,325
Total State Financial Assistance				<u>20,379,979</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				<u>\$ 23,213,476</u>

See accompanying note to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the Federal and State Award activity of the Northwest Florida Water Management District, and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-profit Organizations* and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Honorable Board of Governors,
Northwest Florida Water Management District:

We have audited the financial statements of the governmental activities and each major fund of Northwest Florida Water Management District, as of and for the year ended September 30, 2009, which collectively comprise the Northwest Florida Water Management District's basic financial statements and have issued our report thereon dated February 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Northwest Florida Water Management District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northwest Florida Water Management District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northwest Florida Water Management District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Northwest Florida Water Management District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Northwest Florida Water Management District's financial statements that is more than inconsequential will not be prevented or detected by the Northwest Florida Water Management District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Northwest Florida Water Management District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of Northwest Florida Water Management District's management, the Board of Governors, State awarding agencies, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
February 11, 2010

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE STATE OF FLORIDA, OFFICE
OF THE AUDITOR GENERAL**

To the Honorable Board of Governors,
Northwest Florida Water Management District:

Compliance

We have audited the compliance of Northwest Florida Water Management District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the State of Florida, Department of Financial Services State Projects Compliance Supplement, that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009. The Northwest Florida Water Management District's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs and State projects is the responsibility of Northwest Florida Water Management District's management. Our responsibility is to express an opinion on Northwest Florida Water Management District's compliance based on our audit.

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

In our opinion, Northwest Florida Water Management District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009.

Internal Control Over Compliance

The management of Northwest Florida Water Management District, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs and State projects. In planning and performing our audit, we considered Northwest Florida Water Management District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program or State project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Florida Water Management District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program or a State project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program or a State project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program or State project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program or a State project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Northwest Florida Water Management District's management, the Board of Governors, State awarding agencies, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
February 11, 2010

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS
SEPTEMBER 30, 2009**

I. Summary of Auditors' Results:

Financial Statements

A. Type of audit report issued on the financial statements: Unqualified.

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards and State Projects

Internal control over major Federal programs and major State projects:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Types of auditor's report issued on compliance for major Federal programs and major State projects: Unqualified

Any audit findings that are required to be reported in accordance with OMB Circular A-133 or Chapter 10.550, Rules of the State of Florida, Office of the Auditor General? yes no

B. Identification of major programs/projects:

Federal Program	Federal CFDA Number
Cooperating Technical Partners	97.045

**NORTHWEST FLORIDA WATER MANAGEMENT DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
 FEDERAL PROGRAMS AND STATE PROJECTS
 SEPTEMBER 30, 2009
 (Continued)**

I. Summary of Auditors' Results: (Continued)

B. Identification of major programs/projects: (Continued)

State Project	State CSFA Number
Water Management Districts – Land Acquisition	37.022
Any prior year findings related to major Federal programs or major State projects?	_____ yes <u> X </u> no
Dollar threshold used to distinguish between type A and type B Federal programs:	\$300,000
Dollar threshold used to distinguish between type A and type B State projects:	\$611,399
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

II. Findings relating to the general purpose financial statements which are required to be reported in accordance with *Government Auditing Standards*:

None.

III. Federal Program Findings and Questioned Costs:

None.

IV. State Project Findings and Questioned Costs:

None.

V. Prior Year Audit Findings – Federal Program and State Projects:

None.

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER
10.550, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL**

To the Honorable Board of Governors,
Northwest Florida Water Management District:

We have audited the financial statements of Northwest Florida Water Management District, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated February 11, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each major Federal program and State project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 11, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Northwest Florida Water Management District complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Northwest Florida Water Management District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Northwest Florida Water Management District for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Northwest Florida Water Management District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Northwest Florida Water Management District's management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
February 11, 2010