

Comprehensive Annual Financial Report



Fiscal year ended September 30, 2008

**St. Johns River Water Management District
A Component Unit of the State of Florida**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



ST. JOHNS RIVER WATER MANAGEMENT DISTRICT

A Component Unit of the State of Florida

Fiscal Year Ended September 30, 2008

Prepared by
Division of Financial Management
R. Gregory Rockwell, CPA, Director

Mission Statement

***"We will ensure the sustainable use and protection of water resources
for the benefit of the people of the District and the state of Florida."***

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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Comprehensive Annual Financial Report Introductory Section

Letter of Transmittal

GFOA Certificate of Achievement

Organizational Chart Listing Principal Officials

Map of the Geographic Boundaries of the District



St. Johns River Water Management District

Kirby B. Green III, Executive Director • David W. Fisk, Assistant Executive Director

4049 Reid Street • P.O. Box 1429 • Palatka, FL 32178-1429 • (386) 329-4500
On the Internet at www.sjrwmd.com.

TO: The Citizens of the St. Johns River Water Management District

SUBJECT: Comprehensive Annual Financial Report — Fiscal Year 2007–2008

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

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

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

Independent auditors have audited the basic financial statements in accordance with generally accepted auditing standards and included a review of internal accounting controls to the extent necessary to express an opinion on the fairness of these basic financial statements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the St. Johns River Water Management District's basic financial statements for the fiscal year ended September 30, 2008 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section (page 3) of this report.

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

GOVERNING BOARD

David G. Graham, CHAIRMAN JACKSONVILLE	Susan N. Hughes, VICE CHAIRMAN PONTE VEDRA	Ann T. Moore, SECRETARY BUNNELL	W. Leonard Wood, TREASURER FERNANDINA BEACH
Michael Ertel OVIEDO	Hersey "Herky" Huffman ENTERPRISE	vii Arlen N. Jumper FORT MCCOY	William W. Kerr MELBOURNE BEACH
			Duane L. Ottenstroer JACKSONVILLE

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

DISTRICT BACKGROUND

The St. Johns River Water Management District is one of the five regional water management districts (WMDs) created by the Florida Legislature with passage of the Florida Water Resources Act of 1972 (Chapter 373, F.S.). The act provides the WMDs with specific authorities and responsibilities to manage the water resources of the state. It directly mandates WMDs to perform some functions and authorizes them to perform others, provides authority for the Florida Department of Environmental Protection (FDEP) to delegate functions to the WMDs; and gives FDEP general supervisory authority over the WMDs.

A nine-member Governing Board, appointed by the Governor and confirmed by the Florida Senate, oversees the District. The Governing Board, which meets at least monthly, establishes policy, hires the Executive Director, executes regulatory responsibilities, approves contracts, and has constitutional authority to levy ad valorem taxes for water management purposes. The District's authorized staffing level currently is 717 Full Time Equivalents (FTEs). Most of the employees are located at the District's headquarters in Palatka, with the remainder in service centers located in Jacksonville, Altamonte Springs and Palm Bay.

The 1996 Legislature created Section 373.536(5), F.S., which authorizes the Executive Office of the Governor (EOG) to approve or disapprove, in whole or part, WMD budgets. The EOG, in cooperation with the WMDs, FDEP, legislative staff, and others, developed a standard budgetary reporting process and began implementing it in 1998. Under this process, WMDs use six standard program-reporting categories.

GEOGRAPHIC BOUNDARIES OF THE DISTRICT

Water management district boundaries are based on natural, hydrological basins rather than political or county limits, to allow for effective and efficient planning and management. The boundaries of the District encompass all or part of 18 northeast Florida counties, covering a total area of 12,283 square miles, approximately 23% of the state's land area. An estimated 4.7 million people live within the District's boundaries. There are 9 major surface water basins within the District. The most prominent river within the District is the St. Johns, which flows north through its upper, middle and lower basins. At 310 miles, it is the longest river located entirely in Florida. A map showing the geographic boundaries of the District can be found on page xvii.

REGIONAL ECONOMIC CONDITION AND OUTLOOK FOR FY 2008-2009

OVERVIEW OF THE REGIONAL ECONOMIC CONDITIONS

The District, which includes the metropolitan areas of Jacksonville and Orlando, has continued to grow at a slower pace in recent years. A slow but steady population growth has driven the District's economy to outperform the nation since 2001.

The District's primary revenues are from ad valorem taxes, which are property taxes based on assessed value of property in the region, and from state funding sources such as Florida Forever, Water Management Land Trust Funds, and Ecosystem Management Trust Fund, all of which are funded by the Documentary Stamp Tax. Since 2001, a steady population growth and robust housing market along with low unemployment and interest rates contributed to historically high increases in property values that, in turn, translated into double-digit increases in ad valorem revenues. This positive growth trend has recently been reversed due to a combination of a depressed housing market since 2005 that has resulted in less new construction activities and lower assessed values of real properties, legislative changes in 2007 and 2008 that have put a cap on the growth of ad valorem revenues, and the passage of constitution amendments on property taxes that permanently reduced the District's total taxable values.

Florida has experienced a slumping economy because of the housing market decline, a national recession, and a global financial crisis, which in turn has fueled job losses and dramatically slowed population growth. The impact of this slowdown is also evident throughout the District. Fortunately, the counties within the District have not been as severely impacted as other areas of our state. Because of the District's revenue structure and its baseline budgeting practice that gives priorities to mission-critical programs and projects, its financial health is less vulnerable to economic recession and fluctuation of the Florida's tourism-dependent economy.

MAJOR INDUSTRIES AND POPULATION TRENDS

Since 2000, the District's population has grown by 21.6% compared to the state's 18.3%. It is projected that by 2020, the District's population will grow from its current 4.7 million to 5.2 million. The rising population creates economic opportunities for more new homes, jobs, consumer goods, and services. It also brings challenge to government agencies such as the District to meet the ever-increasing demand for water and other infrastructure. However, in the short-run, Florida's population is expected to experience minimal annual increases before slowly rebounding in 2011.

Because of the robust population growth and low interest rates in the early 2000s, the construction industry within the District remained strong until 2005. The year 2006 was a turning point when new residential construction in the District declined by 20% due to a combination of increasing interest rates and a large inventory of unsold new homes. In 2007, a dramatic downturn in residential construction resulted in an almost 50% decline in building permits for single family housing units. The slowdown in residential construction continued in 2008. During the first 11 months of 2008, the total new housing starts in six Metropolitan Statistical Areas (MSA) that are either wholly or partially within the District were just 12,990 units, a decrease of 45% over the same period in 2007.

In addition to construction-related industries, the region's economy depends on tourism-related and hospitality industries. Tourism will feel the downturn with the number of visitors expected to decline 1.2% from last year. The state should slowly return to its normal tourism level in 2011. Florida has been hard-hit by the slowdown in construction and tourism-related activities with the state and districtwide unemployment rates increasing to 7.3% and 7.5%, respectively at December 31, 2008. In comparison, the national unemployment rate for the period was 6.5%.

SHORT-TERM ECONOMIC OUTLOOK

Over the next two years, the District's economy will grow at a slower pace than in previous years. Personal income growth is expected to decline to 2.0% in 2009 and 2.2% in 2010. The slower income growth is affected by the region's negative job growth rate (-1.4% in 2009) and a higher unemployment rate (8.04% in 2010) as projected.

With respect to the overall employment figure, nine of twelve industry sectors are expected to lose jobs this year. Most of the loss will come from the loss of construction-related employment. Most industry sectors are expected to rebound in 2011.

The region's outlook for tourism-related industries is weaker for 2008 and 2009 than in prior years. Florida is still attractive to foreign travelers due to the weak dollar, but Florida is facing competition from other sunny gateways, such as the Caribbean island nations. An uncertain economic future may have an impact on domestic travelers who may take shorter trips and spend less. It is projected that the total number of visitors to the state will see a decline of 1.2% in 2009 and an increase of 0.6% in 2010.

From 2008 to 2010, the District's population is projected to grow only by 0.45% a year. This slower population growth will provide a limited relief to the residential construction industry in the District and may help to absorb surplus housing units. Housing prices will continue to be depressed and new housing starts are likely to decline further in 2009. However, housing starts are expected to come out of the trough in 2010.

In addition, the District is also facing the loss of ad valorem revenues in 2010 and beyond, resulting from a combination of a constitutional amendment and a statewide depreciation in property values. The amendment relates to homesteaded properties that will: (1) increase the homestead exemption from \$25,000 per eligible homeowner to \$50,000; (2) make the Save-Our-Home savings differential portable when homeowners sell their houses; and (3) limit future budgets to the roll-back millage rate plus statewide per capita personal income growth. The constitutional amendment was approved by voters in January 2008, and consequently the District lost 7% total taxable values in FY 2008-2009. Furthermore, the District has received almost \$28 million less in state revenues in FY 2008-2009 than it was appropriated as the state is facing a \$2.3 billion budget deficit that could grow in 2009 and 2010 if the economy does not soon improve. The District will have to make tough choices between funding its baseline budget and continuing its commitments to several new programs and projects that were initiated in recent years.

MAJOR INITIATIVES

WATER RESOURCE DEVELOPMENT

The Water Resource Development (WRD) Program was mandated by 1997 legislation that required WMDs to complete specific water supply planning activities and initiate resource development and water supply projects. The legislation defines water resource development to differentiate it from water supply development and states that WMDs' primary responsibilities are water supply planning and water resource development. All water resource development projects are identified in the District's annual Water Resource Development work program.

The Fellsmere Farms Restoration Area, entails the construction of a 10,000-acre reservoir in Indian River County for the storage, treatment, and reuse of agricultural runoff to improve the quality of freshwater in

the St. Johns Water Management Area, Three Forks Marsh Conservation Area and ultimately the St. Johns River. This project, estimated to cost \$65 million, has an estimated fiscal year 2014–2015 completion date.

The St. Johns River – Taylor Creek Reservoir Water Supply Project, which involves the expansion of the existing Taylor Creek Reservoir water supply system, will be diverting and pumping raw water from the St. Johns River. This project, which is in the planning phase, will provide an estimated additional maximum water supply yield of 40 million gallons a day for a number of water utilities in the east-central Florida area, while continuing to provide flood control and restoration benefits to the Upper St. Johns River Basin.

Nine projects are currently under the WRD work program. Several construction projects have been moved from planning to implementation phase. Since 2001, Florida Forever has been the primary funding source of the program. The program budget for fiscal year 2008–2009 is \$11 million.

WATER SUPPLY DEVELOPMENT ASSISTANCE

This program was initiated in 1996 with the Alternative Water Supply Construction Cost-Sharing Program and the Reuse Feasibility Study and Planning Assistance Program. Legislation passed in 1997 required WMDs to complete specific planning activities and initiate water supply and resource development projects. During FY 2000–2001, the program expanded to include projects listed in the District Water Supply Plan (DWSP). Both technical and funding assistance are provided to local governments and utilities under the program.

This program continues to provide technical and cooperative assistance to local governments, but does so with a decreased emphasis on cooperative funding of alternative water supply construction projects. The former Alternative Water Supply Construction Cost-Sharing Program was discontinued in FY 2005–2006 with the advent of the Water Supply Protection and Sustainability (WSPS) Program, which now administers state and District funds for alternative water supply construction projects. Cooperative funding for reuse feasibility studies also has been discontinued in favor of directing funds to WSPS.

During FY 2008–2009, the program has a \$2.0 million budget to continue the Water Conservation Public Awareness Campaign. The campaign's goal is to educate and ultimately change the behavior of target audiences. The program has \$550,000 in cooperative funding in the FY 2008-2009 budget for the Alternative Water Supply Construction Cost-Sharing Program.

WATER PROTECTION AND SUSTAINABILITY

This program was initiated in 2005 with the requirements of revised Subsection 373.1961, F.S. The WSPS Program provides cost-share funding for alternative water supply projects, as identified in the DWSP. This program helps water suppliers and water users construct alternative water supply projects. The program replaces the previous Alternative Water Supply Construction Cost-Share Program and significantly increases the cost-share funding made available for construction.

Florida statutes specify that the District receive \$25 million in FY 2005-2006 and \$15 million a year thereafter; however, the actual amount is subject to annual legislative appropriations. The District was appropriated \$25 million in FY 2005-2006, \$15 million in FY 2006-2007, and \$13 million in FY 2007-2008. Because the state forecasted significant revenue shortfalls during the 2008 legislative session, the state eliminated the program funding for FY 2008-2009. The FY 2008-2009 budget of \$30.3 million for the WP&S-AWS program is from carryover encumbrances for valid contracts with cooperators to implement alternative water supply projects.

SURFACE WATER PROJECTS

The Lower St. Johns River Basin was designated in the 1987 Surface Water Improvement and Management (SWIM) Act as a priority water body in need of restoration and special protection. The Lower St. Johns River Basin (LSRWB) Program budget totals \$70 million, which is a 2.1% decrease over the FY 2007-2008 level. The allocation of \$15 million in ad valorem revenues to fund the LSJRB Reuse and Treatment Project reflects the District's commitment to reduce the pollutant loads in the lower basin.

The goal of the Upper St. Johns River Basin (USJRB) Program is to provide flood protection, reduce flood damage, improve water quality, enhance and restore wetland habitat, develop and maintain water supplies, control exotic and undesirable plants, provide public recreation opportunities in the basin, and to reduce freshwater discharges from the basin to the Indian River Lagoon. The USJRB Program is now in the operation and maintenance phase and will use \$2.6 million to continue the Adaptive Management, Banjo Groves Restoration, and Lake Washington Weir Boat Crossing projects.

The restoration phase of Lake Apopka is expected to continue for at least 25 years. It involves filtration of lake water through a marsh flow-way and annual harvests of gizzard shad to reduce the phosphorous concentration in the lake, adoption and implementation of a waste allocation rule to control phosphorous loading to the lake, planting of native emergent plants to stabilize sediments and improve shoreline habitat, and restoration of the former muck farms to aquatic and wetland habitats. In 2008–2009, the District plans to allocate \$4.1 million in ad valorem revenues to fund the North Shore Restoration Area project in Lake Apopka Basin.

The proposed FY 2008–2009 budget for Indian River Lagoon program is \$23 million, which is 36% less than the previous year. The reduction is due to reduced capital outlay and cooperative funding expenditures funded by Ecosystem Management Trust Fund. The program will receive \$4 million in federal funding for the construction of the Fellsmere Water Management Area project. The two main purposes of the Fellsmere Water Management Area are to provide a primary source of irrigation water supply and to provide water quality treatment of agricultural discharges from SunAg Joint Venture into the St. Johns Water Management Area (SJWMA) and subsequently into Three Forks Marsh Conservation Area (TFMCA).

LAND ACQUISITION

Florida Forever, the primary state funding source for land acquisition, emphasizes water resource development and restoration projects as well as land acquisition for non-structural flood protection and conservation. In addition to Florida Forever funds, the District uses ad valorem property tax revenues and mitigation funds for land acquisition. Since 1979, the District has acquired approximately 690,000 acres of land through ownership, management or conservation easement rights. These acquired lands have been a challenge to the District for their management due to staffing and funding constraints.

In the past, the District issued bonds and used ad valorem property tax revenues and a variety of state sources to fund land acquisitions. Since 2000, Florida Forever has become the primary funding source for the program. Because of its revenue constraints, the state recently changed the Florida Forever funding allocation formula through legislation from \$26.3 million to \$22.5 million per year starting in FY 2008-2009.

INTERNAL CONTROLS

BUDGET ADOPTION AND CONTROLS

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

The Governing Board also approves budget transfers between programs for expenditures that exceed \$50,000 and transfers in excess of \$100,000 during the year. The level of control at which expenditures may not legally exceed the budget is at the program level within a department. Encumbrance accounting is used to reserve budgeted appropriations for obligations incurred but not received.

CASH MANAGEMENT

Cash not currently needed for operations is placed in a variety of investments, depending on how soon the cash is needed for spending. During the last fiscal year, the District's investments included U.S. Agency obligations, the Florida Local Government Surplus Fund Investment Pool and money market accounts. The District's investment policy objectives are to ensure the preservation and liquidity of capital and to maximize the rate of return on the portfolio.

RISK MANAGEMENT

The District is fully insured for worker's compensation, general liability, automobile liability and employment-related practices. The District self-insures its land improvements and water structures. All premiums and claims expenditures are reported in the General Fund. The District participates in a fully insured health care program that has enabled the District to realize substantial savings.

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

DEBT ADMINISTRATION

The District's debt is composed mainly of the unpaid balance of Special Obligation Land Acquisition Bonds. These bonds were issued to finance the purchase of environmentally sensitive lands and are secured by a share of statewide documentary stamp tax collections. The District has no general obligation bonds authorized or outstanding. The total liability for our bonds at September 30, 2008 is \$44,480,000. We are obligated for payments on these bonds through fiscal year 2016. (See Management's Discussion and Analysis and the Notes to Financial Statements for information regarding the fiscal year 2007–2008 refinancing of the District's two Bond Series.)

AWARDS AND ACKNOWLEDGEMENTS

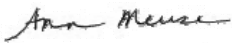
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended September 30, 2007. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive

annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We extend our sincere appreciation to the many District employees who provided countless hours of research and preparation in the production of this report. Special thanks go to the employees of the Department of Finance and Administration, the Office of Budget and Management Reporting and the Office of Communications and Governmental Affairs for their diligence in the production of this report.

Respectfully submitted,



Ann B. Meuse, CPA
Director, Department of Finance
and Administration



R. Gregory Rockwell, CPA
Director, Division of Financial Management

February 20, 2009

Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Johns River Water
Management District, Florida

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

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



A handwritten signature in black ink, appearing to read "K. L. R. H.", written over the printed name "President".

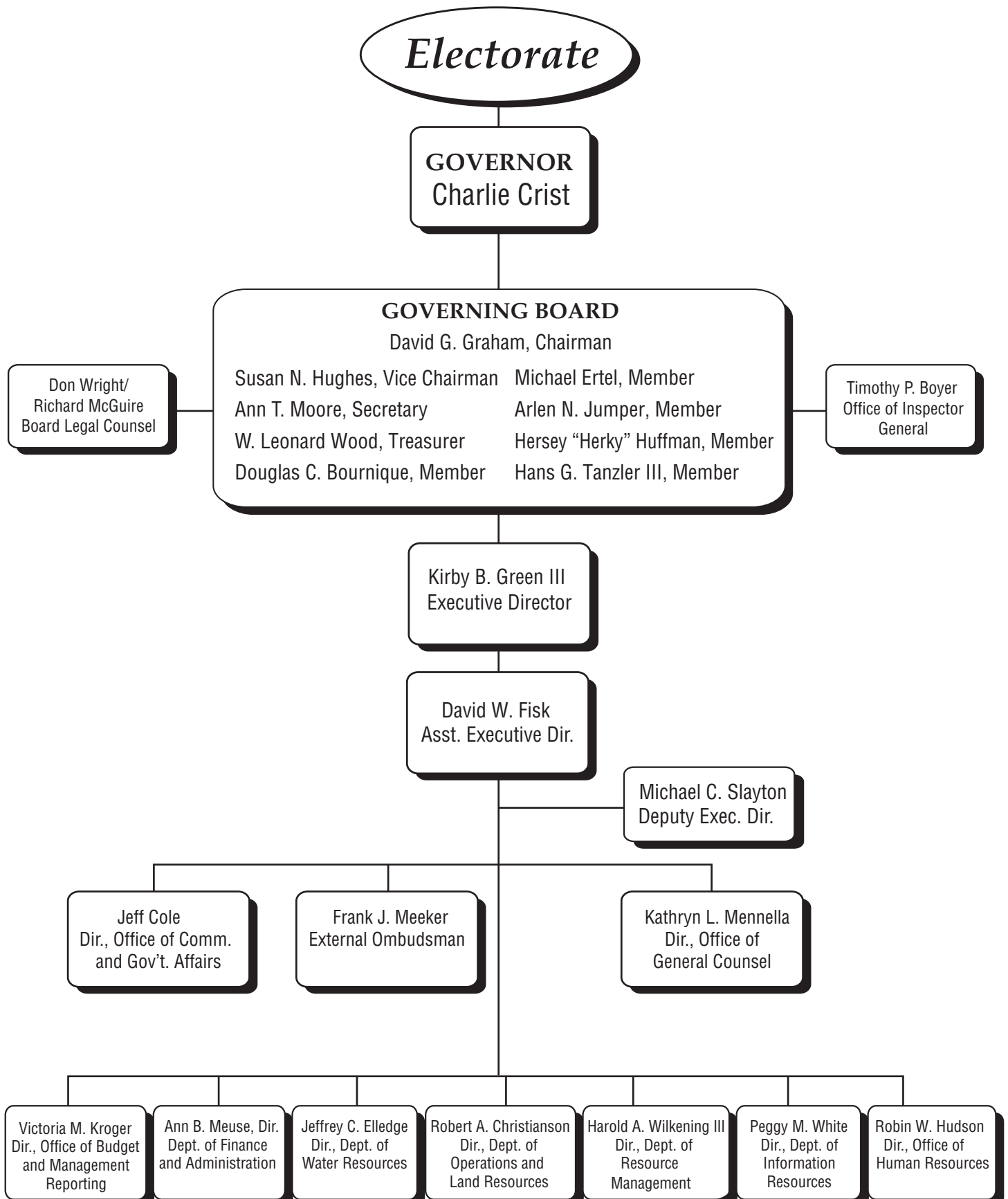
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written over the printed name "Executive Director".

Executive Director

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
ORGANIZATIONAL CHART LISTING PRINCIPAL OFFICIALS**

September 30, 2008







Comprehensive Annual Financial Report Financial Section

**Independent Auditors' Report
Management's Discussion and Analysis
(MD&A) (Unaudited)
Basic Financial Statements
Notes to the Financial Statements
Required Supplemental Information
Other Than MD&A (Unaudited)
Notes to Required Supplemental Information
Other Supplemental Information**



Independent Auditors' Report

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

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Governors,
St. Johns River Water Management District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Johns River Water Management District, a component unit of the State of Florida, as of and for the year ended September 30, 2008, which collectively comprise the St. Johns River Water Management District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Johns River 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2009, on our consideration of the St. Johns River 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 important for assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is 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 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 St. Johns River Water Management District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the 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 St. Johns River Water Management District. The combining and individual nonmajor fund financial statements, budgetary comparison information, and the schedule of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

James Marc + Co., P.L.

Gainesville, Florida
February 25, 2009



***Management's Discussion and
Analysis (MD&A) (Unaudited)***

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

This discussion and analysis is designed to provide insight into the St. Johns River Water Management District's (the District's) financial reporting, including an overview of the statements presented, explaining the information provided by each and their relationship to other statements. This discussion will also focus on significant financial issues and explain material changes in the District's financial position; address significant deviations from the District's financial plan (the approved budget); and identify highlights and concerns relative to individual funds.

The information contained focuses on the current year's activities and is specifically designed to assist the reader in assessing whether the District's financial position has improved or deteriorated. This discussion should be considered as only a part of the District's reporting. It should be read and evaluated in light of all of the other sections of this report.

FINANCIAL HIGHLIGHTS

The following financial highlights are discussed in greater detail in the following sections of this discussion:

- Total assets exceeded total liabilities by \$1,095,648,273 as of September 30, 2008, 77.3% of that difference is represented by land and easements owned and managed by the District.
- Net assets increased \$138,182,087, 14.4% over the previous year. This increase can primarily be attributable to the additions of land, easements, and infrastructure totaling \$82.7 million and additions to cash and investments totaling \$53.3 million during the fiscal year.
- Unrestricted net assets increased \$46,435,454, 49% over the previous year. The build-up of the Governing Board's designation of funds necessary to address long-term water supply and resource development needs and encumbered grants to local governments for cooperative funding projects are the primary reasons for the major increase.
- The District's Management and Administration expenditures decreased \$18.9 million, 46.3% over the previous year. The decrease is primarily due to the reduction in the District's liability for claims and judgments. During the previous fiscal year, the District accrued a \$10 million liability for a dispute; however, the actual liability was \$ 1.7 million.
- General revenues decreased \$16,854,029, -9.6% over the previous year. The decrease is, in part, due to the realized gains on sales of capital assets were \$16.7 million less than in the prior fiscal year.
- Total fund balance increased \$39,729,514, 30.2% over the previous year. This increase can be attributable to the same build-up of sinking funds, as discussed above, to provide future resources and matching funds for the long-term projects of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Government-wide financial statements — The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to the private-sector.

The *statement of net assets* presents information on all of the District's assets (both short-term spendable resources and capital assets) and liabilities (including long-term obligations), with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the government-wide financial statements present functions of the District (*governmental activities*) that are principally supported by taxes and intergovernmental revenues (primarily operating grants and contributions from the state of Florida). The governmental activities of the District include water resources planning and monitoring; acquisition, restoration and public works; operation and maintenance of lands and works; regulation; outreach; and District management and administration.

The government-wide financial statements include only the District. There are no component units for which the District is financially accountable.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements — A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are 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 fiscal year-end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains 13 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 and the special revenue funds for Ecosystems Management Trust, Florida Forever, Mitigation, and Water Protection and Sustainability, all of which are

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

Annual budgets are adopted for all governmental funds except for expenditures for long-term capital and cooperative funding projects, which adopt multi-year project length budgets. Estimated current year revenues and appropriations for project length budgets are included in the annual budget document for management control purposes. These long-term capital and cooperative funding projects are found in the General Fund, Ecosystems Management Trust, Florida Forever, Water Protection and Sustainability, State Grants, Federal Grants, Indian River Lagoon License Tag Fees and Special Revenue Funds—Other special revenue funds and the Capital Projects Other fund.

Budgetary comparison schedules have been provided that include the original and final appropriated budgets as well as the final actual results of operations for the General Fund, Ecosystems Management Trust Fund, Florida Forever Fund, Mitigation Fund and Water Protection and Sustainability Fund to demonstrate compliance with these budgets. The budgetary comparison schedules for the five major funds are being reported as Required Supplemental Information Other Than Management Discussion and Analysis and are presented after the Notes to the Financial Statements beginning on page 53. Budgetary comparison schedules for the other governmental funds are presented as Other Supplemental Information beginning on page 63.

Governmental fund budgets are prepared using the modified accrual basis and therefore include estimated revenues that are deemed both measurable and available, with only those appropriations that represent the current year's fund liability. The District considers estimated revenues available if they are anticipated to be earned during the budget period and collected during or within sixty (60) days after the close of the fiscal year, or within one hundred-twenty (120) days for reimbursable grants.

The adopted budgets for the General Fund, the Ecosystems Management Trust, Florida Forever, Water Protection and Sustainability, Water Management Lands Trust, State Grants, Federal Grants, Indian River Lagoon License Tag Fees and Special Revenue Funds—Other special revenue funds and the Capital Projects Other fund include re-appropriated encumbrances of unspent balances of previously approved appropriations, if requested, and the related source of funds anticipated to be used to fund those appropriations.

The basic governmental fund financial statements can be found on pages 22-27 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 31-52 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, changes in the District's net assets serve as one useful measure of the District's financial position. The following condensed comparisons show how the District's net assets changed from the end of the 2006–2007 fiscal year. The overall condition of the District improved in both fiscal years 2008 and 2007.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
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ST. JOHNS RIVER WATER MANAGEMENT DISTRICT'S NET ASSETS

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 206,406,343	\$ 171,452,714
Capital assets, net	979,219,559	896,139,366
Total assets	<u>1,185,625,902</u>	<u>1,067,592,080</u>
Long-term liabilities outstanding	54,702,063	70,102,389
Other liabilities	35,275,566	40,023,505
Total liabilities	<u>89,977,629</u>	<u>110,125,894</u>
Net assets		
Invested in capital assets, net of related debt	935,496,518	847,938,851
Restricted	18,621,314	14,432,348
Unrestricted	141,530,441	95,094,987
Total net assets	<u>\$ 1,095,648,273</u>	<u>\$ 957,466,186</u>

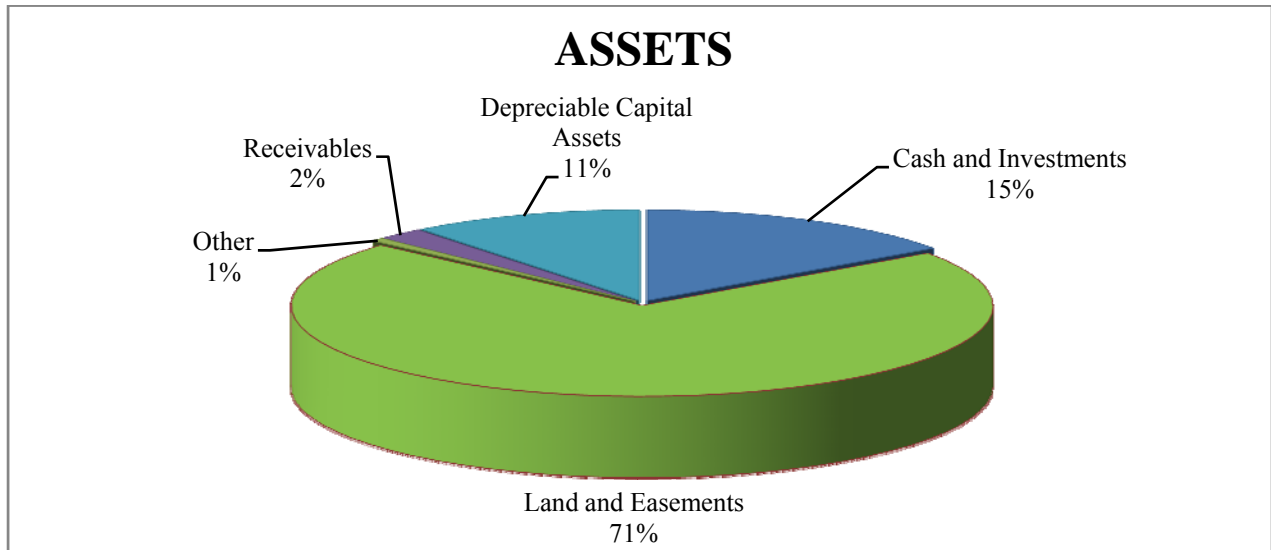
Total net assets increased by \$138,182,087, or 14.4%, over September 30, 2007. The majority of the increase can be attributed to the land, conservation easement, and infrastructure additions; the completion of the Harris Bayou reconnection and C-1 canal projects; as well as an increase in cash and investments of \$53.3 million for the Governing Board's designation necessary to address long-term water supply and resource development needs consistent with the District's Regional Water Supply Plan.

The District's net assets balance relative to total assets and the capital assets net of related debt category relative to total net assets are not typical of most local government jurisdictions providing municipal services. An understanding of the District's core mission is necessary to evaluate the District's financial position and financial performance over time. The District's core mission is to "...ensure the sustainable use and protection of water resources for the benefit of the people of the District and the state of Florida." One critical program in fulfilling this mission is land acquisition. Understanding the land acquisition approach is necessary to understand the District's financial position and how it changes over time. The result over time has been a significant build-up of net assets, especially amounts reported as invested in capital assets. As of September 30, 2008, land (\$769,591,127) and easements (\$77,564,805) less related long-term debt (\$44,480,000) comprise 73% of total District's net assets (\$1,095,648,273).

The District's financial position has improved as the result of the current year's operations. The primary indicator of this improvement is the \$46,435,454, or 49%, increase in unrestricted net assets from the previous year. This increase compares with a 60% increase in the prior year. However, this pattern of increasing unrestricted net assets balances may not continue in the future. In comparison to this year's amended budget, the District is projecting a revenue reduction of \$69.8 million for fiscal year 2008-2009. Ad valorem, state sources, and federal sources are projected to decline -5.6%, -33.7%, and -69.8%, respectively.

Restricted net assets increased during the fiscal year due to the acquisition of land and easements using funds restricted for this purpose. The majority of the remaining amount represents funds restricted to fulfill long-term mitigation requirements for land management and debt-service obligations.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**



ST. JOHNS RIVER WATER MANAGEMENT DISTRICT'S CHANGE IN NET ASSETS

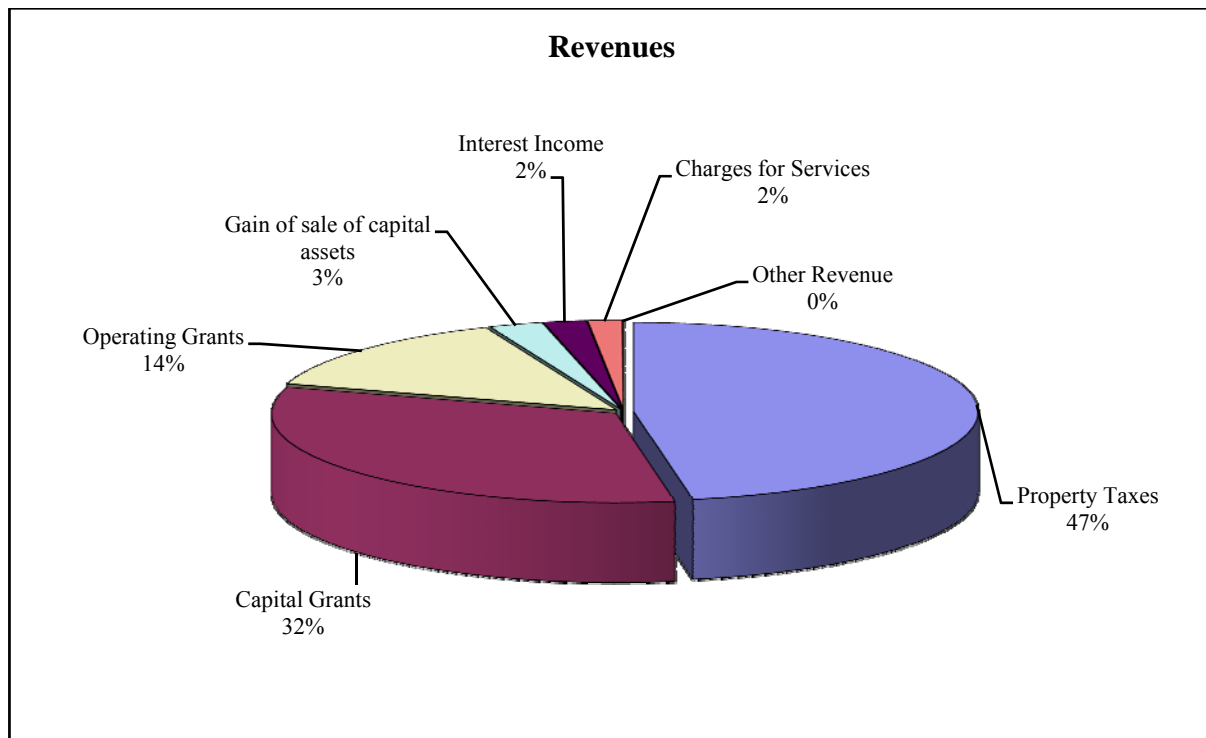
	<u>2008</u>	<u>2007</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 4,903,391	\$ 5,306,288
Operating Grants and Contributions	43,129,040	42,960,577
Capital Grants and Contributions	99,792,164	105,772,582
General Revenues:		
Ad Valorem Property Taxes	145,122,797	143,018,871
Unrestricted Investment Earnings	6,208,108	8,558,259
Gain on Sale of Capital Assets	7,742,637	24,424,763
Other Revenue	176,525	102,203
Total Revenues	<u>307,074,662</u>	<u>330,143,543</u>
Expenses		
Water Resources Planning and Monitoring	16,684,663	17,168,733
Acquisition, Restoration and Public Works	81,613,153	71,247,250
Operation and Maintenance of Lands and Works	24,104,108	21,677,617
Regulation	17,516,548	16,969,140
Outreach	5,066,235	5,347,966
District Management and Administration	22,004,507	40,943,492
Interest on Long-term Debt	1,903,361	2,090,959
Total Expenses	<u>168,892,575</u>	<u>175,445,157</u>
Increase in Net Assets	138,182,087	154,698,386
Net Assets, beginning of the year	957,466,186	802,767,800
Net Assets, end of the year	<u>\$ 1,095,648,273</u>	<u>\$ 957,466,186</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

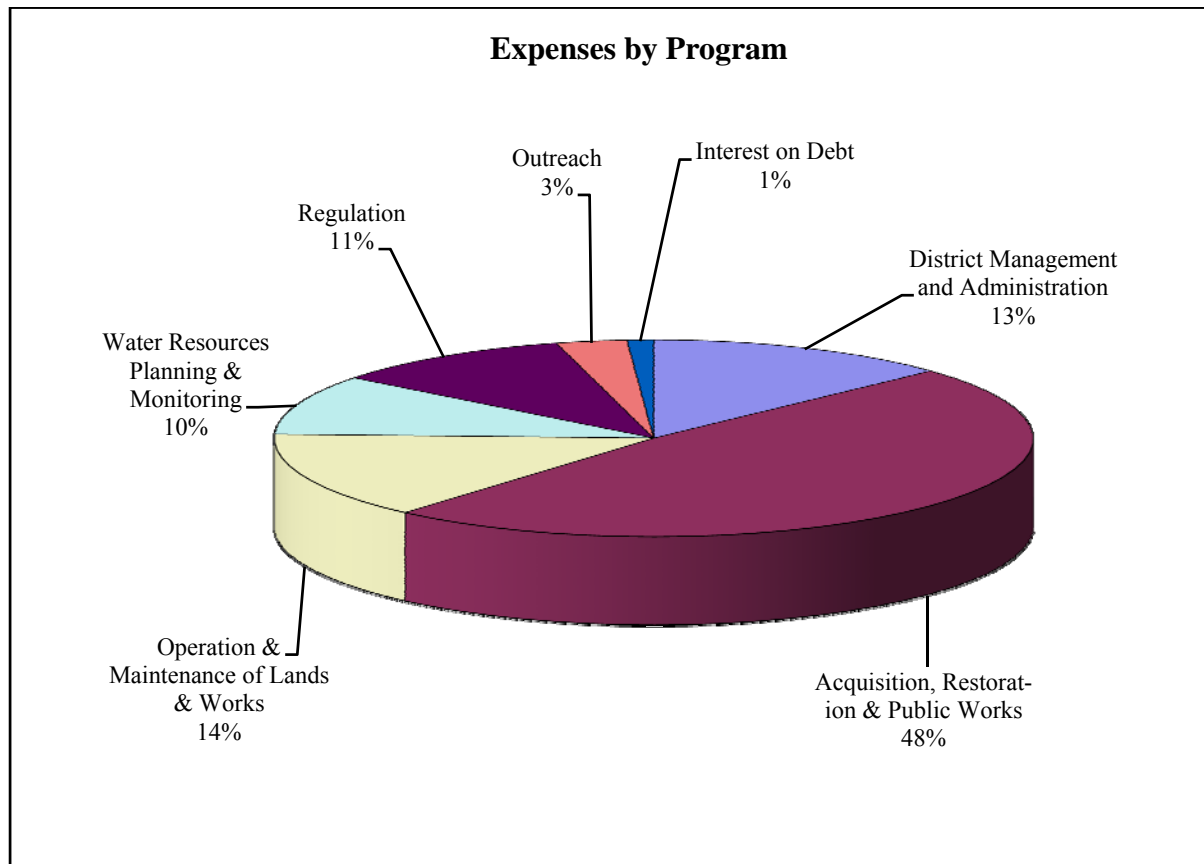
General revenues decreased by -9.6%, or \$16,854,029, less than the previous year. The decrease is primarily attributable to a reduction in gains on the sale of capital assets recognized (\$16.7 million) compared to the prior year. The District reduced its current millage rate (0.4158 mills or 3% less than the rolled back rate) resulting in a small increase in ad valorem taxes due to legislation passed during the 2007 special session that limits the maximum millage rate that local governments can levy. The decrease in tax revenues for fiscal year 2008–2009 is estimated at -\$8.1, million or -5.61%, (as discussed under the Economic Factors and Next Year's Budgets and Rates section, – see page 15 of this report) which is the result of a constitutional amendment passed in January 2008 that provides an additional \$25,000 in homestead exemptions and other property tax saving provisions that reduce taxable property values. The District acquired and exchanged land and easements during the 2007-2008 fiscal year that resulted in a net increase in land of 14,346 acres and a net decrease in conservation easements of 3,357 acres. These sales and exchanges of real property resulted in a recognized gain of \$7.7 million.

Charges for services decreased \$402,897, mainly due to the decline in licenses and permits. The decline is a result of the economic downturn caused by Florida's troubled housing market. Capital grants and contributions decreased \$5,980,418 due to lower grant funding. Other decreases included unrestricted earnings on investments of \$2,350,151, which was caused by significantly lower interest rates. The decrease in District management and administration expenditures can be attributed to the \$12.1 million reduction in claims and judgments in fiscal year 2007–2008. Gain on sale of capital assets was \$16.7 million less than the prior year.

Governmental activities — The District relies heavily on general revenues (ad valorem taxes, investment earnings) to fund the expenses of its governmental activities. Program revenues, consisting primarily of operating and capital grants and contributions, comprise 48% of total revenues. General revenues comprise 52% of total revenues. The largest component of general revenues is ad valorem taxes, which is projected to decline \$8.1 million in fiscal year 2008-2009.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds — The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's 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 September 30, 2008, the District's governmental funds reported combined ending fund balances of \$171,108,704 of which \$101,409,659 constitutes *unreserved fund balance* and, 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 liquidate contracts and purchase orders of the prior period (\$50,689,085); to pay debt service (\$6,306,030); to endow long-term maintenance on mitigation properties (\$7,592,783); to pay out escrow agreements and mitigation agreements on land acquisition (\$3,541,241); or for a variety of other restricted purposes (\$1,569,906).

In addition, the District has committed future resources related to state and federal grants and contributions, for which revenues will not be recognized until expenditures are incurred and invoiced in

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
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FOR THE YEAR ENDED SEPTEMBER 30, 2008**

the following fiscal year. These commitments are in the form of contracts and purchase orders and total \$58,527,464. Approximately \$2.5 million of this amount represents commitments for which cash has been received by the District, but the related revenue has not been earned and, therefore, has been deferred (see note (5) on page 42 of this report).

The General Fund is the chief operating fund of the District. As of September 30, 2008, unreserved fund balance of the General Fund was \$85,194,922, while total fund balance reached \$109,932,632. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 75% of total general fund expenditures, while total fund balance represents 96.6% of that same amount.

The fund balances of all the District's funds and General Fund increased by \$39,729,514 and \$37,417,988, respectively, during the year ended September 30, 2008, primarily as a result of the District's building of ad valorem property tax revenues for sinking funds to carry out large, long-term construction and cooperative funding projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's actual general fund revenues were higher than the final budget primarily due to a slight increase in ad valorem property taxes and investment earnings being higher than budgeted. The District's overall expenditures declined resulting in a large increase in the carrying amount of cash and investments thereby increasing its earnings. Regulatory permits, lease and timber sales, and fines and penalties all had a budget deficit in fiscal year 2007–2008 due to the economic housing and construction downturn.

The District experienced a surplus over the budgeted expenditures of \$18,473,276 in most all program areas, with long-term cooperative funding projects in the District's lower basin — (\$5,320,387), land acquisition — (\$912,654), water resource development projects — (\$1,125,098), reserves and designations — (\$3,821,481), and lapse salaries and benefits — (\$939,553) being the higher areas of budget to actual expenditure savings. The long-term cooperative funding projects are budgeted on a multi-year project-length basis; therefore, the budget variance does not reflect true unspent funds at fiscal year end. All unspent funds will be re-budgeted and encumbered in the following fiscal year to continue obligations granted to local governments.

The historical trend of general fund positive budget variances continued for the 2007–2008 fiscal year, with a higher (86%) than normal historically comparative 70% utilization of annual appropriations. This is largely due to the District lowering its final budget since actual expenditures were much less than projected and for unspent funds re-budgeted in the following fiscal year and to continue obligations to local governments.

SPECIAL REVENUE FUNDS HIGHLIGHTS

The District budgets all of its funds on an annual basis except for long-term cooperative funding and capital projects, which are budgeted on a multi-year project-length basis. The budgets for the special revenue funds also take into account the availability of funds, so the budgets for long-term projects in the special revenue funds are both affected by the multi-year and state or federal appropriation availability constraints during each budgeted fiscal year. The revenues cannot be recognized until the related expenditures have been recognized; therefore, there is a significant difference in the budgeted amounts and the actual revenues and expenditures recorded. The District budgets that amount available to the project, not the amount expected to be expended during the fiscal year.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets — The District's investment in capital assets for its governmental activities as of September 30, 2008, amounted to \$979,219,559 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems improvements, machinery and equipment, public access facilities, levees, canals, water control structures, and bridges. Major capital asset events during fiscal year 2007–2008 were 20 land and conservation easement acquisitions valued at \$79 million, including the completion of the Harris Bayou restoration/reconnection project of \$4 million. Additional information on the District's capital assets can be found in note 4 on page 41 of this report.

Long-term debt — At year-end, the District had total bonded debt outstanding of \$44,480,000, of which \$4,880,000 was due within one year. In addition, the District has long-term obligations of \$8,135,917 for vested leave balances earned by employees, \$1,625,000 for claims and judgments owed, and \$807,386 for the other post-employment benefits. A claim of \$12.2 million was settled by the District for \$1.7 million. Additional information on the District's long term debt can be found in note 8 starting on page 47 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Similar to the state, the District's 2008-2009 fiscal year budget decreased from the previous year's budget as of a result of sharp declines in its major revenue sources, which includes ad valorem taxes, state grants derived from documentary stamp taxes, and federal grants. Fueling the revenue reductions are the credit crisis, stagnate housing market, unstable energy prices, and higher unemployment. Florida's unemployment rate, which is among the highest in the nation, is 8.1% and is expected to stabilize in 2012. In comparison, the national unemployment rate is 7.2%.

Florida is also leading the nation in the housing crisis with declining home prices and an escalating number of foreclosures resulting in falling property tax collections expected over the next several years. As directed by the Governor, the millage rate for the 2007–2008 fiscal year was decreased to 0.4158 mills from the previous year's rate of 0.4620 mills. Due to the 10% reduction in the millage rate, the ad valorem tax revenues within the District are estimated to decrease by \$8.1 million, or 5.6% in fiscal year 2008-2009. The District's ad valorem collections were also affected by a recently passed constitutional amendment. The amendment relates to homesteaded properties that will: (1) increase the homestead exemption from \$25,000 per eligible homeowner to \$50,000; (2) make the Save-Our-Home savings differential portable when homeowners sell their houses; and (3) limit future budgets to the roll-back millage rate plus statewide per capita personal income growth. The constitutional amendment was approved by voters in January 29, 2008, and the District stands to lose an estimated \$20 million in ad valorem revenue over the next five years.

Documentary stamp tax collections are primarily driven by Florida's housing market. Residential and commercial construction activity has fallen off severely from the 2005-2006 boom year. Florida has experienced lower home sales and drastic price depreciation as compared to the other states. Documentary stamp tax collections are expected to continue declining as the adjustment to stricter lending standards and tighter credit conditions take hold. Prices will further weaken until the current housing inventory clears, which is not expected until 2010. Florida Forever, Water Management Lands Trust Fund, and Ecosystem Management Trust Fund are all funded by the state's documentary stamp tax. Combined, these funding sources cover over 60% of the District's budgeted expenses in fiscal year 2008–2009.

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FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Further, the District could receive less state revenues in 2010, as the state is facing a \$2.3 billion budget deficit that could grow if the economy does not soon improve. The state legislature met in a January 2009 special session to address cuts, including Florida Forever, to make up for the budget shortfall. Florida may receive additional funds from the federal government, which Congress is considering in its recent stimulus plan to jumpstart the economy. The District will have to make tough choices between funding its baseline budget and continuing its commitments to several new programs and projects that were initiated in recent years. However, the District's strategy of accumulating reserves to fund long term projects will help to buffer the impact of these reductions in the coming year.

The Water Protection and Sustainability Program enacted by the state Legislature provides the District funds up to \$25 million beginning July 1, 2005, and \$15 million in subsequent years for alternative water supply development. Because of revenue shortfalls, the state significantly reduced its 2008-2009 commitment to the District's Water Protection and Sustainability Trust Fund to \$0.

The District has been accumulating matching resources over the last several years to create a large-enough sinking fund to develop or assist in the development of one or more regionally significant water resource or supply development projects that could cost more than the District can afford to budget in a single year. The decline in the ad valorem property tax collections and other revenue sources will certainly impact the available amount of funding that District may be able to set aside in future years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the 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, Division of Financial Management, St. Johns River Water Management District, 4049 Reid Street, Palatka, FL 32177.



Basic Financial Statements

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 1,087,389
Investments	178,701,034
Accounts receivable	1,227,680
Inventories	299,026
Intergovernmental receivables	24,461,328
Unamortized issuance costs	410,719
Other assets	219,167
Non-depreciable capital assets:	
Land	769,591,127
Easements	77,564,805
Construction in progress	5,901,845
Depreciable capital assets:	
Building	34,311,272
Machinery and equipment	35,122,071
Infrastructure	114,805,607
Other depreciable assets	424,425
Accumulated depreciation	(58,501,593)
Total assets	1,185,625,902
LIABILITIES	
Accounts payable and other current liabilities	27,216,173
Deferred revenue	7,400,922
Due to other governmental units	269,825
Accrued interest payable	388,646
Long-term liabilities:	
Due within one year	6,749,958
Due in more than one year	47,952,105
Total Liabilities	89,977,629
NET ASSETS	
Invested in capital assets, net of related debt	935,496,518
Restricted for:	
Debt service	5,917,384
Legal restrictions	9,162,689
Land acquisition	3,541,241
Unrestricted	141,530,441
Total net assets	\$ 1,095,648,273

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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Function/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities			
Water resources planning and monitoring	\$ 16,684,663	\$ -	\$ 465,082
Acquisition, restoration, and public works	81,613,153	-	34,662,732
Operation/maintenance of lands and works	24,104,108	1,796,712	7,281,617
Regulation	17,516,548	3,106,679	106,202
Outreach	5,066,235	-	367,917
District management and administration	22,004,507	-	245,490
Interest on long-term debt	1,903,361	-	-
Total governmental activities	\$ 168,892,575	\$ 4,903,391	\$ 43,129,040

General Revenues:

Ad valorem property taxes
Miscellaneous revenue
Unrestricted investment earnings
Gain on sale of capital assets
Total general revenues

Increase in net assets

Net assets, beginning of year

Net assets, end of year

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

	Net (Expenses) Revenues and Changes in Net Assets
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ -	\$ (16,219,581)
99,166,168	52,215,747
625,996	(14,399,783)
-	(14,303,667)
-	(4,698,318)
-	(21,759,017)
-	(1,903,361)
<u>\$ 99,792,164</u>	<u>(21,067,980)</u>

145,122,797
176,525
6,208,108
7,742,637
<u>159,250,067</u>
138,182,087
<u>957,466,186</u>
<u>\$ 1,095,648,273</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	<u>General Fund</u>	<u>Ecosystems Management Trust</u>
Assets		
Cash and cash equivalents	\$ 1,087,389	\$ -
Investments	109,230,782	6,446,004
Accounts receivable	1,181,816	-
Due from other funds	11,773,077	-
Inventories	299,026	-
Intergovernmental receivables	1,874	5,700,881
Other assets	219,167	-
Total assets	<u>123,793,131</u>	<u>12,146,885</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	13,773,722	3,920,587
Due to other funds	-	2,391,441
Deferred revenue	-	5,834,857
Due to other governmental units	86,777	-
Total liabilities	<u>13,860,499</u>	<u>12,146,885</u>
Fund balances		
Reserved for:		
Encumbrances	306,647	-
Grants to local governments	24,132,037	-
Inventory	299,026	-
Legal restrictions	-	-
Land acquisition	-	-
Unreserved:		
Designated for:		
Economic stabilization reserve	7,800,000	-
Subsequent year's expenditures	19,489,668	-
Water protection and sustainability	-	-
LSJRB reuse initiative sinking fund	13,015,095	-
USJRB water resource development	3,951,230	-
Apopka reservoir/North Shore restoration projects	4,879,349	-
Nutrient reduction - St. Johns River/Lake Jesup	13,575,170	-
Land management/acquisition	9,335,206	-
Undesignated	13,149,204	-
Total fund balances	<u>109,932,632</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 123,793,131</u>	<u>\$ 12,146,885</u>

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

Florida Forever	Mitigation	Water Protection & Sustainability	Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,087,389
3,378,183	132,537	38,933,971	20,579,557	178,701,034
-	-	-	45,864	1,227,680
-	-	-	-	11,773,077
-	-	-	-	299,026
4,429,180	2,099,402	2,264,721	9,965,270	24,461,328
-	-	-	-	219,167
<u>7,807,363</u>	<u>2,231,939</u>	<u>41,198,692</u>	<u>30,590,691</u>	<u>217,768,701</u>
2,661,787	49,677	2,620,968	4,189,432	27,216,173
1,767,393	1,178,136	-	6,436,107	11,773,077
-	132,537	-	1,433,528	7,400,922
-	-	-	183,048	269,825
<u>4,429,180</u>	<u>1,360,350</u>	<u>2,620,968</u>	<u>12,242,115</u>	<u>46,659,997</u>
-	-	-	2,814,069	3,120,716
-	-	23,187,697	248,635	47,568,369
-	-	-	-	299,026
-	708,531	-	14,461,162	15,169,693
3,378,183	163,058	-	-	3,541,241
-	-	-	-	7,800,000
-	-	8,780,590	-	28,270,258
-	-	6,609,437	-	6,609,437
-	-	-	-	13,015,095
-	-	-	-	3,951,230
-	-	-	-	4,879,349
-	-	-	-	13,575,170
-	-	-	824,710	10,159,916
-	-	-	-	13,149,204
<u>3,378,183</u>	<u>871,589</u>	<u>38,577,724</u>	<u>18,348,576</u>	<u>171,108,704</u>
<u>\$ 7,807,363</u>	<u>\$ 2,231,939</u>	<u>\$ 41,198,692</u>	<u>\$ 30,590,691</u>	<u>\$ 217,768,701</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

Total fund balances – governmental funds	\$ 171,108,704
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amount included in the statement of net assets is the difference between:

Capital assets, at cost	1,037,721,152	
Accumulated depreciation	(58,501,593)	
		979,219,559

Long-term liabilities are not due and payable from current resources and, therefore, are not reported in the funds:

Bonds payable	(44,480,000)	
Unamortized loss on advanced refunding	802,433	
Unamortized bond premium	(456,193)	
		(44,133,760)

Certain assets and liabilities reported in governmental activities are financial resources and, therefore, are not reported in the funds:

Unamortized bond issuance costs		410,719
Compensated absences		(8,135,917)
Accrued interest payable		(388,646)
Other post-employment benefit payable		(807,386)
Claims and judgments		(1,625,000)

Net assets of governmental activities	<u><u>\$ 1,095,648,273</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>General Fund</u>	<u>Ecosystems Management Trust</u>
Revenues		
Ad valorem property taxes	\$ 145,122,797	\$ -
State	-	25,446,944
Federal	-	-
Investment earnings	5,777,098	-
Local mitigation	-	-
Licenses and permits	2,322,017	-
Cities and counties	-	-
Lease and timber sales	1,796,712	-
Fines and penalties	784,662	-
Other	176,525	-
Total revenues	<u>155,979,811</u>	<u>25,446,944</u>
Expenditures		
Current:		
Water resources planning and monitoring	16,508,808	-
Acquisition, restoration, and public works	30,677,478	25,413,786
Operation and maintenance of lands and works	9,650,902	-
Regulation	17,246,733	-
Outreach	4,687,209	-
District management and administration	35,017,686	33,158
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>113,788,816</u>	<u>25,446,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,190,995</u>	<u>-</u>
Other financing sources (uses):		
Transfers in	642,566	-
Transfers out	(5,714,064)	-
Sale of capital assets	223,919	-
Insurance/FEMA - loss recovery	74,572	-
Total other financing sources (uses)	<u>(4,773,007)</u>	<u>-</u>
Net change in fund balance	37,417,988	-
Fund balances, beginning of year	<u>72,514,644</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 109,932,632</u></u>	<u><u>\$ -</u></u>

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

Florida Forever	Mitigation	Water Protection & Sustainability	Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 145,122,797
61,906,212	15,260,363	7,229,674	23,106,691	132,949,884
-	-	-	4,706,562	4,706,562
-	-	-	431,010	6,208,108
-	1,062,553	-	1,680	1,064,233
-	-	-	-	2,322,017
-	-	-	821,525	821,525
-	-	-	-	1,796,712
-	-	-	-	784,662
-	-	-	3,296,423	3,472,948
<u>61,906,212</u>	<u>16,322,916</u>	<u>7,229,674</u>	<u>32,363,891</u>	<u>299,249,448</u>
-	-	-	495,244	17,004,052
65,036,208	9,108,171	14,300,534	35,304,455	179,840,632
-	226,590	-	7,725,481	17,602,973
-	-	-	106,203	17,352,936
-	-	-	367,917	5,055,126
-	-	-	212,332	35,263,176
-	-	-	4,725,000	4,725,000
-	-	-	1,694,125	1,694,125
<u>65,036,208</u>	<u>9,334,761</u>	<u>14,300,534</u>	<u>50,630,757</u>	<u>278,538,020</u>
<u>(3,129,996)</u>	<u>6,988,155</u>	<u>(7,070,860)</u>	<u>(18,266,866)</u>	<u>20,711,428</u>
6,445,905	-	4,738,625	975,439	12,802,535
-	(6,969,525)	-	(118,946)	(12,802,535)
62,274	-	-	18,657,321	18,943,514
-	-	-	-	74,572
<u>6,508,179</u>	<u>(6,969,525)</u>	<u>4,738,625</u>	<u>19,513,814</u>	<u>19,018,086</u>
3,378,183	18,630	(2,332,235)	1,246,948	39,729,514
-	852,959	40,909,959	17,101,628	131,379,190
<u>\$ 3,378,183</u>	<u>\$ 871,589</u>	<u>\$ 38,577,724</u>	<u>\$ 18,348,576</u>	<u>\$ 171,108,704</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Net change in fund balances – total governmental activities \$ 39,729,514

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

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. Also, capital assets are contributed to the District upon completion, requiring recognition of income not reported in the funds.

Capital assets acquired with financial resources	102,554,622	
Current year depreciation	(8,281,557)	
Contributions of capital assets	8,005	
		94,281,070

In the fund level statements, the entire amount of proceeds from the sale of capital assets is reported as an increase in financial resources. In the statement of activities, the amount reported is only the gain on disposal. The change in net assets differs from the change in fund balance by the net book value (original cost less depreciation to date of sale) of the assets sold, as well as the net book value of assets transferred to other agencies. (11,200,877)

Governmental funds report certain bond transactions as resources, uses, or expenditures. However, in the statement of activities these transactions are reported as expenses over the life of the debt:

Current year amortization of bond issuance costs	(66,236)	
Current year amortization of bond premiums	86,188	
Current year amortization of loss on refunding	(267,478)	
		(247,526)

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Issuing debt provides current financial resources to governmental funds but increases liabilities in the statement of net assets. 4,725,000

Some expenses reported in the statement of activities did not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Those include:

Accrued compensated absences	(593,384)	
Accrued interest payable	38,290	
Claims and judgments payable	11,450,000	
		10,894,906

Change in net assets of governmental activities		\$138,182,087
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The accompanying notes to financial statements are an integral part of this statement.



Notes to the Financial Statements

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(1) Summary of Significant Accounting Policies:

- (a) **General Information** — The St. Johns River Water Management District (the District) is a public corporation created by Chapter 373 of *Florida Statutes* (F.S.), known as the Florida Water Resources Act of 1972. The District is governed by a nine-member board that is appointed by the Governor and confirmed by the state Senate. The accompanying financial statements present the District's funds and activities.

The purpose of the District is to promote the conservation, development, and proper utilization of surface and ground water within the District and to prevent damage from floods, soil erosion and excessive drainage. In carrying out such purposes, the powers and duties of the District are to manage and regulate usage and storage of water within the District and to acquire properties and construct facilities necessary for such purposes.

The District encompasses all or part of 18 counties along Florida's east coast and stretches from Nassau County in the north to Indian River County in the south and inland as far as Baker, Lake, Marion, and Alachua counties.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental 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). 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.

- (b) **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 a 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 as such in the state of Florida financial statements.

- (c) **Government-Wide and Fund Financial Statements** — The government-wide financial statements consist of a statement of net assets and a statement of activities that report information about the District as a whole. The statement of net assets reports all financial and capital resources.

The government-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. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(1) Summary of Significant Accounting Policies (continued):

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 particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

- (d) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** — The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this are federal and state grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The District considers reimbursement amounts received within one year as available. Major revenues that are determined to be susceptible to accrual include property taxes, intergovernmental revenue, charges for services and investment income. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(1) Summary of Significant Accounting Policies (continued):

The *Ecosystems Trust Fund* is a special revenue fund that accounts for restricted state revenues received from the Ecosystems Management Trust Fund, administered by the Florida Department of Environmental Protection. The expenditures are for detailed planning and implementation of programs for the management and restoration of ecosystems, including the Surface Water Improvement Management Program (SWIM).

The *Florida Forever Fund* is a special revenue fund that accounts for restricted state revenues received from the Florida Forever Trust Fund, received from and administered by the Florida Department of Environmental Protection. The expenditures are for the acquisition of environmentally significant lands, water resource development, regional water supply planning and the SWIM Program.

The *Mitigation Fund* is a special revenue fund that accounts for restricted wetland mitigation revenues received from state and other sources. The expenditures are to offset adverse environmental impacts associated with the construction.

The *Water Protection and Sustainability Fund* is a special revenue fund that accounts for restricted state revenues, received from and administered by the Florida Department of Environmental Protection and the District's 50% match from ad valorem property tax revenues. This fund was created during the 2005-2006 fiscal year after the action by the state legislature to fund the Alternative Water Supply Program. The expenditures are to grant matching funds to assist counties, municipalities, special districts, publicly owned and privately owned water utilities, multi-jurisdictional water supply entities, or regional water supply authorities in the development of alternative water supply and reclaimed water supply projects.

The general fund and major individual funds are reported as separate columns in the governmental funds financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

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 GASB.

Amounts reported as program revenues include (1) permit application fees; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all ad valorem taxes.

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.

- (e) **Classification of Expenditures** — The District currently categorizes the revenues, expenditures, and budget data it submits to the Governor's Office, the Department of Environmental Protection, and the Legislature by six program areas. These programs, which are set forth in Section 373.536(5)(d)4, F.S., are each described as follows:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(1) Summary of Significant Accounting Policies (continued):

- Water Resources Planning and Monitoring — This program includes all water management planning, including water supply planning, ground-water resource assessment, water use data management, development of minimum flows and levels, and other water resources planning; research, data collection, analysis, and monitoring; and technical assistance, including hydrologic data collection, surface water quality monitoring, laboratory services, surveying services, and geographic information systems development.
 - Acquisition, Restoration, and Public Works — This program includes the development and construction of all capital projects (except for those contained in Operation and Maintenance of Lands and Works), including water resource development projects/water supply development assistance, water control projects, and support and administrative facilities construction; stormwater cost-share projects; land acquisition; and the restoration of lands and water bodies.
 - Operation and Maintenance of Lands and Works — This program includes all operation and maintenance of facilities, flood control and water supply structures, lands, and other works authorized by Chapter 373, F.S..
 - Regulation — This program includes consumptive use permitting, water well construction permitting and contractor licensing, environmental resource and surface water permitting, permit administration and enforcement, and any delegated regulatory program.
 - Outreach — This program includes all environmental education activities, such as water conservation campaigns and water resource education; public information activities; all lobbying activities relating to local, regional, state, and federal governmental affairs; and all public relations activities, including related public service announcements and advertising in any media.
 - District Management and Administration — This program includes all Governing Board support, executive direction, budget, ombudsman, administrative support (financial management and general services), general counsel, inspector general, fleet services (transportation and equipment), human resources, telecommunications, computer information systems, information resources application development, reserves and designations, and commissions paid to property appraisers and tax collectors.
- (f) **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.

Florida Statutes, bond covenants, and the District's adopted Investment Policy authorize District funds to be invested in direct obligations of the United States or its agencies and instrumentalities, direct obligations of states and municipalities, bankers' acceptances, commercial paper, corporate notes, repurchase agreements, mutual funds investing in direct obligations of the United States or its agencies and instrumentalities, and the Local Government Surplus Funds Trust Investment Pool (State Pool). Investments for the District are reported at fair value. The State Pool operates in accordance with appropriate state laws and regulations.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(1) Summary of Significant Accounting Policies (continued):

- (g) **Receivables and Payables** — Activity between funds that are representative of accounting transactions outstanding at the end of the fiscal year are referred to as due to/from other funds.
- (h) **Inventories** — All inventories are valued at average cost and consist of chemicals and supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased.
- (i) **Capital Assets** — A capital asset is real or personal property that has a cost equal to or greater than an established capitalization threshold and has an estimated useful life extending beyond one year. The District reports capital assets under the following categories and thresholds:

Land and Land Improvements	Capitalize all
Easements	Capitalize all
Buildings	\$1,000
Building Improvements	\$100,000
Infrastructure and Infrastructure Improvements	\$100,000
Machinery and Equipment	\$1,000
Construction in Progress	Accumulate all costs and capitalize when completed

Capital assets are reported at historical cost or estimated historical cost, plus any ancillary charges (freight and transportation charges, site preparation costs, installation costs, and professional fees) necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated fair 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 assets lives are not capitalized.

Buildings, infrastructure, software and machinery and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5–50
Infrastructure	10–50
Machinery and equipment	3–40

- (j) **Compensated Absences** — It is the District's policy to permit employees to accumulate earned, but unused vacation and sick leave benefits, which will be paid upon separation from the District. Effective November 15, 2004, senior management and permanent employees are entitled to accrue vacation time up to 480 hours and 360 hours, respectively. All staff are entitled to accrue an unlimited number of sick leave hours. Payment of unused vacation and sick leave is subject to District policy and employment criteria.

All vacation hours and a portion of the sick leave hours are accrued when incurred in the government 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(1) Summary of Significant Accounting Policies (continued):

- (k) **Long -Term Obligations** — In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities of governmental activities in the statement of net assets.
- (l) **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 for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
- (m) **Property Taxes** — The District is authorized by Section 373.503, F.S., to levy ad valorem taxes on all real and personal property located within the District, not to exceed 0.60 mills. The rate for the 2007-2008 fiscal year was 0.4158 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the 18 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 Statutes*, under the following calendar:

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

A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1 of each year. Property taxes are recognized as revenues in the fiscal year of the District in which the taxes are billed and substantially collected.

- (n) **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 expenses during the reporting period. Actual results could differ from these estimates.

(2) Budgetary Information:

The District has elected to report budgetary comparisons as Required Supplementary Information. The District's policies for adopting and monitoring its budget are included in the Required Supplementary Information section of this report.

(3) Deposits and Investments:

The District's bank accounts were deposited in a state-qualified public depository. The entire balance was insured 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 the Florida Security for Deposits Act, Chapter 280, for amounts held in access of Federal Deposit Insurance Corporation.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(3) Deposits and Investments (Continued):

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 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 investment policy manages credit risk, interest rate risk, custodial credit risk and concentration of credit risk is as follows:

- (a) Credit Risk** — In accordance with the District's investment policy, the District minimizes credit risk, the risk of loss due to the failure of the security, by limiting investments to the authorized investments in the investment policy, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the District will do business, and diversifying the investment portfolio to protect against losses on individual securities. Investments in Federal Instrumentalities, United States Treasury Securities, and Mortgage-Backed Securities are backed by the full faith and credit of the United States federal government. Investments in the Florida State Board of Administration Pool are divided into two funds: Local Government Surplus Funds Trust Fund Pool (LGIP) and Fund B Surplus Funds Trust Fund (Fund B). The LGIP is rated by Standard and Poors. The current rating is AAAm. The Fund B is not rated by any nationally recognized statistical rating agency. The fixed income money market funds in the Ridgeworth US Government Securities Fund and the Dreyfus Government Cash Management Fund are held in state-qualified public depositories and the balances are either insured or collateralized.
- (b) Interest Rate Risk** — In accordance with the District's investment policy, the District manages its exposure to declines in fair values of its investments by limiting the allowable length to maturity to a maximum of five years from the date of purchase, structuring the investment portfolio so that securities mature to meet ongoing operating cash requirements and investing operating funds primarily in shorter-term securities, Florida State Board of Administration – LGIP and Pool B, money market funds, and interest bearing time deposit accounts. The weighted average days to maturity of the LGIP at September 30, 2008 was 8.5 days. The weighted average life of Fund B at September 30, 2008 was 9.36 years.
- (c) 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 – LGIP does participate in securities lending, but the District owns shares of the LGIP and not the underlying securities. Fund B has not participated in a securities lending program in the fiscal year ending September 30, 2008.
- (d) Concentration of Credit Risk** — In accordance with the District's investment policy, the District manages its exposure to positions of 5% or more in the securities of a single issuer by diversifying the portfolio, limiting the maximum amount invested in any single issuer of commercial paper or corporate notes to 5%; interest bearing time deposit or savings account to 15%, state and/or local government taxable and/or tax-exempt debt to 20% and United States government agencies, federal instrumentalities, registered investment companies (money market mutual funds) and repurchase agreements to 25%; and limiting the maximum amount invested in commercial paper or corporate notes to 10%, state and/or local government taxable and/or tax- exempt debt to 20%, interest bearing time deposit or savings account to 25%, United States government agencies, registered investment companies (money market mutual funds) and repurchase agreements to 50%. While the District is allowed to invest 100% in the Florida Local Government Surplus Funds

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(3) Deposits and Investments (Continued):

Trust Fund, United States government securities and federal instrumentalities, the investment strategy is to maintain diversification.

- (e) A summary of the authorized investments of the District, including the maximum percentage of the total investments, maximum percentage with a individual issuer, and the maximum duration of each investment, follows:

Description of Investment	Investment Percentage Allowed	Individual Issuer % Allowed	Maturity Duration
State Pool	100%	100%	N/A
United States Government Securities	100%	100%	<5 years
United States Government Agencies	50%	25%	<5 years
Federal Instrumentalities	100%	25%	<5 years
Interest Bearing Time Deposit or Savings Accounts	25%	15%	<1 year
State and/or Local Government Taxable and/or Tax-Exempt Debt	20%	20%	<3 years
Registered Investment Companies (Money Market Mutual Funds)	50%	25%	N/A
Repurchase Agreements	50%	25%	<90 days
Commercial Paper and Corporate Notes	10%	5%	<2 years

- (f) As of September 30, 2008, the District had the following investments and maturities:

	Investment Maturity (in years)			
	Fair Value	Less than 1 year	1–3 year	3–5 years
Federal Instrumentalities	\$ 92,314,059	\$38,228,044	\$54,086,015	\$ -
United States Treasury Securities	24,707,199	-	24,707,199	-
Mortgage-Backed Securities	937,977	520,406	417,571	-
State Pool	7,870,568	7,870,568	-	-
Fixed Income Money Market Fund	52,871,231	52,871,231	-	-
TOTAL INVESTMENTS	\$178,701,034	\$99,490,249	\$79,210,785	\$ -

- (g) As of September 30, 2008, the District had the following investments reported at market-values:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(3) Deposits and Investments (Continued):

	S & P Rating	Maturity Date	Market Value	% of Portfolio
Federal Instrumentalities				
Federal National Mortgage Association	A-1+	10/29/2008	\$ 8,560,503	
Federal National Mortgage Association	AAA	05/15/2009	1,508,438	
Federal National Mortgage Association	AAA	12/10/2009	3,028,125	
Federal National Mortgage Association	AAA	12/15/2009	1,525,781	
Federal National Mortgage Association	AAA	03/12/2010	1,533,281	
Federal National Mortgage Association	AAA	11/15/2010	1,349,381	
Federal National Mortgage Association	AAA	02/15/2011	2,418,297	
Federal National Mortgage Association	AAA	02/15/2011	1,965,509	
Federal National Mortgage Association	AAA	02/15/2011	4,975,517	
Federal National Mortgage Association	AAA	02/25/2011	1,322,519	
Federal Home Loan Bank	AAA	10/03/2008	6,295,000	
Federal Home Loan Bank	AAA	10/15/2008	4,998,438	
Federal Home Loan Bank	AAA	02/13/2009	1,082,391	
Federal Home Loan Bank	AAA	04/24/2009	3,171,536	
Federal Home Loan Bank	AAA	10/09/2009	2,026,875	
Federal Home Loan Bank	AAA	03/12/2010	1,536,094	
Federal Home Loan Bank	AAA	03/17/2010	3,046,875	
Federal Home Loan Bank	AAA	03/17/2010	5,088,281	
Federal Home Loan Bank	AAA	08/13/2010	1,556,458	
Federal Home Loan Bank	AAA	10/20/2010	1,350,844	
Federal Home Loan Bank	AAA	12/10/2010	1,487,812	
Federal Home Loan Bank	AAA	02/18/2011	1,447,453	
Federal Home Loan Mortgage Corporation	AAA	10/15/2008	1,125,703	
Federal Home Loan Mortgage Corporation	AAA	10/17/2008	2,461,538	
Federal Home Loan Mortgage Corporation	A-1+	11/10/2008	2,044,762	
Federal Home Loan Mortgage Corporation	AAA	06/11/2009	1,848,696	
Federal Home Loan Mortgage Corporation	A-1+	09/14/2009	1,113,504	
Federal Home Loan Mortgage Corporation	AAA	09/15/2009	2,065,000	
Federal Home Loan Mortgage Corporation	AAA	11/30/2009	1,516,406	
Federal Home Loan Mortgage Corporation	AAA	11/30/2009	1,561,898	
Federal Home Loan Mortgage Corporation	AAA	02/25/2011	3,968,806	
Federal Home Loan Mortgage Corporation	AAA	06/09/2011	2,180,740	
Federal Farm Credit Bank	AAA	07/17/2009	1,952,535	
Federal Farm Credit Bank	AAA	10/23/2009	1,019,063	
Federal Farm Credit Bank	AAA	05/07/2010	8,180,000	
			92,314,059	51.66%
United States Treasury Securities				
U.S. Treasury Notes	TSY	09/30/2009	117,354	
U.S. Treasury Notes	TSY	09/30/2009	168,377	
U.S. Treasury Notes	TSY	12/31/2009	3,049,686	
U.S. Treasury Notes	TSY	02/15/2010	1,543,240	
U.S. Treasury Notes	TSY	03/31/2010	2,748,757	
U.S. Treasury Notes	TSY	05/15/2010	4,131,248	
U.S. Treasury Notes	TSY	06/15/2010	4,122,812	
U.S. Treasury Notes	TSY	08/15/2010	999,224	

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(3) Deposits and Investments (Continued):

U.S. Treasury Notes	TSY	08/31/2010	3,748,480	
U.S. Treasury Notes	TSY	04/30/2011	1,623,427	
U.S. Treasury Notes	TSY	05/31/2011	2,454,594	
			24,707,199	13.83%
Mortgage-Backed Securities				
Federal Home Loan Mortgage Corporation	AAA	08/01/2009	184,395	
Federal Home Loan Mortgage Corporation	AAA	08/01/2009	336,011	
Federal National Mortgage Association	AAA	03/01/2010	417,571	
			937,977	0.52%
Florida State Board of Administration Pool				
LGIP	AAAm		6,923,553	
Fund B	NR		947,015	
			7,870,568	4.40%
Fixed Income Money Market Fund				
Dreyfus Government Cash Management	NR		40,042,209	
Ridgeworth US Government Securities	NR		12,829,022	
			52,871,231	29.59%
TOTAL INVESTMENTS			\$178,701,034	100.00%

(4) Capital Assets:

(a) Capital asset activity for the year ended September 30, 2008, was as follows:

	Balance 10/1/07	Additions	Retirements	Balance at 9/30/08
Capital assets, not being depreciated:				
Land	\$698,597,723	\$ 71,906,781	\$ (913,377)	\$769,591,127
Easements	73,126,104	4,438,701	-	77,564,805
Construction in progress	1,414,932	4,486,913	-	5,901,845
Total capital assets, not being depreciated	773,138,759	80,832,395	(913,377)	853,057,777
Capital assets, being depreciated:				
Buildings	33,068,473	1,291,890	(49,091)	34,311,272
Infrastructure	108,409,456	6,396,151	-	114,805,607
Machinery and equipment	33,891,646	3,833,410	(2,602,985)	35,122,071
Other depreciable assets	424,425	-	-	424,425
Total capital assets, being depreciated	175,794,000	11,521,451	(2,652,076)	184,663,375
Less accumulated depreciation for:				
Buildings	(7,789,062)	(1,021,357)	41,311	(8,769,108)
Infrastructure	(23,722,850)	(3,323,006)	-	(27,045,856)
Machinery and equipment	(21,203,464)	(3,848,949)	2,532,046	(22,520,367)
Other depreciable assets	(78,017)	(88,245)	-	(166,262)
Total accumulated depreciation	(52,793,393)	(8,281,557)	2,573,357	(58,501,593)
Capital assets being depreciated, net	123,000,607	3,239,894	(78,719)	126,161,782
Governmental activities capital assets, net	<u>\$896,139,366</u>	<u>\$ 84,072,289</u>	<u>\$ (992,096)</u>	<u>\$979,219,559</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(4) Capital Assets (Continued):

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

Operation and maintenance of lands and works	\$ 7,171,955
District management and administration	1,109,602
Total depreciation expense	<u>\$ 8,281,557</u>

(b) Land Acquisition — The Florida Legislature determined that environmental mitigation of transportation projects could be more effectively achieved by regional, long-range planning rather than on a project-by-project basis and established, under Section 373.4137, F.S., that mitigation to offset adverse effects of transportation projects be funded by the Florida Department of Transportation and carried out by the water management districts. To comply with this statute, the District periodically acquires lands through various grant programs such as Florida Forever, Ecosystems Management and Water Management Lands Trust Funds, with the intent of utilizing these lands for future mitigation of transportation projects as identified by the Department of Transportation. This results in the District being reimbursed by the Department of Transportation for land originally purchased with non-mitigation revenue sources. When the District receives mitigation monies for lands originally purchased with non-mitigation revenue sources, the mitigation monies received revert to the original funding source used to purchase the land, and all restrictions associated with the original funding source apply. The District is required to expend these monies within one year of receipt.

In 2008, the Florida Department of Transportation purchased mitigation credits from the District on the Longbranch Conservation Easement property for \$3,671,152, the WT Ranch property for \$1,280,000 and the Medard property for \$434,700. The proceeds from the purchase reimbursed the Florida Forever funds originally used to purchase the properties. The District received mitigation funds from local sources for the release of conservation easements held by the District for \$1,060,053. These funds were transferred to the Florida Forever Fund replacing those funds originally used to purchase the Bull Creek North property. The District also sold utility easements to the Florida Power and Light corporation for \$62,274, which were originally purchased with Florida Forever funds.

The District expended these monies received from mitigation and sales of conservation easements to purchase the following qualified conservation lands: City of South Daytona property, \$1,122,338; Masters property, \$214,489; Neighborhood Lakes property, \$125,344; Freedom Commerce Exchange property, \$54,572; Progress Energy Easement property, \$22,079; Young property, \$100,616; Kaufman property, \$559,128; Itera property, \$463,569 Thompson Bowl property, \$156,411; Tusawilla property, \$175,073 and Bloom/Frank property, \$136,377, leaving an unspent balance of \$3,378,183 in the Florida Forever Fund.

The District sold a conservation easement on the Lee Ranch/Turkey Creek property to the National Resources Conservation Easement for \$18,657,321. The proceeds from this sale were used to reimburse District sources for part of the \$28.7 million acquisition cost of the property.

(5) Commitments:

Encumbrances of Future Resources

The District has committed future resources related to local, state, and federal grants and contributions for which revenues will not be recognized until expenditures are incurred in the following fiscal year. These

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(5) Commitments (Continued):

commitments, which are not included on the balance sheet, are in the form of contracts, grants to local governments and purchase orders and total as follows:

	Funding Source			Total
	Local	State	Federal	
Special Revenue Funds				
Ecosystems Management Trust	\$ -	\$ 27,974,220	\$ -	\$ 27,974,220
Water Protection and Sustainability	-	23,187,697	-	23,187,697
Water Management Lands Trust	-	2,850,340	-	2,850,340
Florida Forever	-	2,702,555	-	2,702,555
State Grants	-	550,428	-	550,428
FDOT Mitigation	-	34,697	-	34,697
Federal	-	-	1,216,530	1,216,530
Special Revenue Funds - Other	10,997	-	-	10,997
Total	\$ 10,997	\$ 57,299,937	\$ 1,216,530	\$ 58,527,464

(6) Interfund Balances and Activities:

Interfund balances at year-end are temporary loans to fund grant activities pending reimbursement. Interfund loans are repaid upon receipt of grant proceeds. The majority of the temporary loans listed below are from the General Fund to the various Special Revenue Funds for expenditures requiring reimbursements from the following grantors: \$1,767,393 — Florida Forever; \$1,562,327 — Water Management Lands Trust Fund; \$1,178,136 — Florida Department of Transportation; \$2,391,441 — Ecosystems Management Trust Fund; \$3,547,819 — Federal Sources; and \$1,325,961 — Other Local Sources. A summary of interfund balances at year end follows:

Receivable Funds	Amount	Payable Funds	Purpose
Major Funds:			
General Fund	\$ 1,767,393	Florida Forever Fund	Temporary Loan
General Fund	1,562,327	Water Management Lands Trust Fund	Temporary Loan
General Fund	1,178,136	Mitigation Fund	Temporary Loan
General Fund	2,391,441	Ecosystems Management Trust Fund	Temporary Loan
General Fund	3,547,819	Federal Grants Fund	Temporary Loan
General Fund	1,325,961	Special Revenue—Other Fund	Temporary Loan
Total	\$ 11,773,077		

The Water Protection and Sustainability Fund (WP and SF) was established as a result of a state program enacted in 2005 for the development of alternative water supplies. This program requires a 50% match of District resources. The \$4,738,625 transfer from the General Fund to the WP and SF are those matching District funds required per the program. The \$6,445,905 transfer from the Mitigation Fund to the Florida Forever Fund is for the change in funding source of District property originally purchased with Florida Forever funding and now funded with mitigation funds from the Florida Department of Transportation or local sources (see note 4(b)). The District also makes routine transfers among its funds in the course of the fiscal year. The principal purposes of the transfers are to allocate resources for land acquisition, construction or other capital projects, and to provide operating subsidies and indirect costs. These transfers are consistent with the activities of the funds involved. A summary of interfund transfers is as follows:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(6) Interfund Balances and Activities (Continued):

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 523,620	Mitigation Fund
General Fund	<u>118,946</u>	State Grants Fund
Total General Fund	642,566	
Special Revenue Funds:		
Florida Forever Fund	6,445,905	Mitigation Fund
Water Protection and Sustainability	<u>4,738,625</u>	General Fund
Total Major Funds	<u>11,827,096</u>	
Non-major - Capital Projects Funds:		
Capital Projects Other Fund	<u>975,439</u>	General Fund
Total All Funds	<u>\$ 12,802,535</u>	

(7) Other Post-Employment Benefits (OPEB):

The cost of post-employment healthcare benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, for the year ended September 30, 2008, the District recognizes the cost of post-employment healthcare benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows.

(a) Plan Description:

The District contributes, along with its employees and retirees, to the Blue Cross and Blue Shield of Florida Health Care Plan (Plan) to provide certain healthcare benefits to active and retired employees and their dependents. The Plan is a single-employer plan administered by Blue Cross and Blue Shield of Florida and the District. The benefits, benefit levels, employee contributions and employer contributions are governed by the Plan.

(b) Benefits Provided:

The District provides post-employment health care benefits to its retired employees and their dependents. To be eligible for benefits, an employee must have completed at least six years of service and started receiving pension benefits at termination. All health care benefits are provided through the District's Blue Cross Blue Shield employee health care plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental and substance abuse care; dental care; and prescriptions. Upon retirees reaching 65 years of age, Medicare becomes the primary insurer and the District's plan will not pay benefits already paid by Medicare.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(7) Other Post-Employment Benefits (OPEB) (Continued):

(c) Membership:

At September 30, 2008, membership consisted of:	Active Employees	682
	Inactive Employees	<u>43</u>
	Total	725

(d) Funding Policy:

The District contributes one-half the premium for retired employees between the ages of 62 and 65 and the state of Florida's Division of Retirement contributes each month \$5 for each year of service, up to \$150 per month. The District's Blue Cross and Blue Shield contract establishes the individual premium to be paid by the retired employees. The state of Florida prohibits the District from separately rating retired employees and active employees. As a result, the District's premium charges to retired employees can be no more than the premium cost applicable to active employees. Generally accepted accounting principles, however, require that the actuarial information presented below be calculated using age-adjusted premiums approximating claims costs for retirees separate from the active employees. The use of age-adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. For the fiscal year ending September 30, 2008, retired employees contributed \$5,000 to the plan. For retired employees, the District contributed \$45,329 and the state of Florida's Division of Retirement contributed \$187,924. For active employees, the District contributed \$5,537,106 and the employees contributed \$1,624,562.

(e) Annual OPEB Costs, Net OPEB Obligation and Funding Progress:

The District's actuarial valuation was performed for the plan as of October 1, 2007, and determined the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended September 30, 2008. The District's annual OPEB cost (expense) of \$807,386 was reduced by the retiree contributions of \$185,929, which reduced the \$993,315 ARC. The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation:

	<u>For the Fiscal Year Ending</u> <u>September 30, 2008</u>	<u>September 30, 2007</u>
Determination of Annual Required Contribution:		
Normal cost at year-end	\$ 534,669	N/A
Amortization of Unfunded Actuarial Liability	<u>458,646</u>	N/A
Annual Required Contribution (ARC)	<u>\$ 993,315</u>	N/A
Determination of Net OPEB Obligation:		
ARC	\$ 993,315	N/A
Interest on prior year Net OPEB Obligation	0	N/A
Adjustment to ARC	0	N/A
Annual OPEB Cost	993,315	N/A
Contributions made	<u>(185,929)</u>	N/A
Increase in Net OPEB Obligation	\$ 807,386	N/A
Net OPEB Obligation – beginning of year	\$ 0	N/A
Net OPEB Obligation – end of year	\$ 807,386	N/A

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(7) Other Post-Employment Benefits (OPEB) (Continued):

The following table shows three years of the annual OPEB cost and net OPEB obligation:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2006	N/A	N/A	N /A
9/30/2007	N/A	N/A	N /A
9/30/2008	\$993,315	18.7%	\$807,386

The following table shows three years of the funding progress of the OPEB Obligation:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liabilities AAL</u>	<u>Unfunded Actuarial Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/01/2005	N/A	N/A	N/A	N/A	N/A	N/A
10/01/2006	N/A	N/A	N/A	N/A	N/A	N/A
10/01/2007	0	\$7,050,520	\$7,050,520	0.0%	\$40,366,480	17.47%

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

While the District has not established an irrevocable trust fund or equivalent arrangement to accumulate assets to cover the unfunded actuarial accrued liability, it is paying into the state of Florida's Division of Retirement Services (FRS) an amount on a bi-monthly basis established to cover the future FRS contributions and paying one-half the monthly premiums on retirees between the ages of 62 and 65. Generally accepted accounting principles consider these payments as pay-as-you-go funding methodology and cannot be considered as meeting the District's net OPEB obligation nor as assets that can be used to offset the unfunded actuarial accrued liability.

(f) Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projections do not explicitly incorporate the potential effects of legal or contractual funding limitations.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(7) Other Post-Employment Benefits (OPEB) (Continued):

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2007, actuarial valuation, the Unit Credit Actuarial Cost Method was used. The actuarial assumptions included 5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.2%, decreasing each year until it reaches an ultimate rate of 5.0% in 2017. Life expectancies were based upon data found in the Sex-distinct RP-2000 Generational Tables. Ninety percent of all eligible members are assumed to elect coverage upon retirement and 30% are assumed to have an eligible spouse who will elect coverage. Retiree and spousal coverage is provided for the lifetime of both the participant and spouse. However, benefits are valued as payable only until age 65, as the option of enrolling in Medicare is a much more attractive option at a lower cost. The actuarial value of the assets was not determined as the District has not advance funded its obligation. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2008, was 29 years.

(8) Long-Term Obligations:

(a) Bonds Payable, OPEB, Compensated Absences and Claims and Judgments:

Bonds Payable from Governmental Activities:

	<u>Interest Rates</u>	<u>Principal</u>
Revenue Refunding Bonds, Series 2004 Payable in semi-annual installments through 2016	2% to 4%	\$ 37,865,000
Revenue Refunding Bonds, Series 2005 Payable in semi-annual installments through 2010	3.25% to 4.5%	<u>6,615,000</u>
Total bonds payable from governmental funds		<u>\$ 44,480,000</u>

Accrued Compensated Absences, OPEB and Claims and Judgments:

Vested portion of accrued vacation and sick pay (see note (1)(j) for a summary of the District's leave policies)	\$ 8,135,917
Claims and judgments	1,625,000
Other post-employment benefits	807,386
Less unamortized premium and deferred loss on advance refunding	<u>(346,240)</u>
Subtotal	<u>\$ 10,222,063</u>
Total Long-Term Obligations less unamortized balances	<u>\$ 54,702,063</u>

(b) Debt service requirements to maturity:

Debt service requirements to maturity on the District's long-term obligations as of September 30, 2008, are as follows:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(8) Long-Term Obligations (Continued):

Fiscal Year Ending September 30	Principal	Interest	Total Long-Term Obligations and Interest
2009	4,880,000	1,541,912	6,421,912
2010	5,045,000	1,372,812	6,417,812
2011	5,315,000	1,201,000	6,516,000
2012	5,475,000	1,041,550	6,516,550
2013	5,645,000	871,826	6,516,826
2014-2016	<u>18,120,000</u>	<u>1,430,562</u>	<u>19,550,562</u>
Total principal and interest	44,480,000	7,459,662	51,939,662
Less interest to be paid	-	<u>(7,459,662)</u>	<u>(7,459,662)</u>
Total principal	44,480,000	-	44,480,000
Deferred amounts	<u>(346,240)</u>	-	<u>(346,240)</u>
Totals	<u>\$ 44,133,760</u>	<u>\$ -</u>	44,133,760
Long-term obligations not included above:			
Accrued compensated absences payable			8,135,917
Other post-employment benefits			807,386
Claims and judgments			<u>1,625,000</u>
Total long-term obligations			<u>\$ 54,702,063</u>

(c) Long-Term Obligations:

Changes in long-term liabilities for the fiscal year ended September 30, 2008, are summarized as follows:

Governmental Activities:	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
General long-term obligations:					
Revenue bonds payable	\$ 49,205,000	\$ -	\$ 4,725,000	\$ 44,480,000	\$ 4,880,000
Deferred amounts:					
Issuance premiums	542,381	-	86,188	456,193	-
Unamortized loss on refunding	<u>(1,069,911)</u>	-	<u>(267,478)</u>	<u>(802,433)</u>	-
Total revenue bonds payable	48,677,470	-	4,543,710	44,133,760	4,880,000
Accrued compensated absences	7,542,533	3,884,667	3,291,283	8,135,917	244,958
Other post-employment benefits	807,386	-	-	807,386	-
Claims and judgments	<u>13,075,000</u>	<u>675,000</u>	<u>12,125,000</u>	<u>1,625,000</u>	<u>1,625,000</u>
Total governmental activity long-term obligations	<u>\$ 70,102,389</u>	<u>\$ 4,559,667</u>	<u>\$ 19,959,993</u>	<u>\$ 54,702,063</u>	<u>\$ 6,749,958</u>

Interest expense is \$1,903,361 in the accompanying Statement of Activities for the year ended September 30, 2008.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(8) Long-Term Obligations (Continued):

The District is committed under an operating lease for building, office and warehouse space. Future minimum lease payments for this lease is as follows:

<u>Year-Ending September 30</u>	<u>Total</u>
2009	432,218
2010	444,055
2011	456,307
Total Lease Payments	<u>\$ 1,332,580</u>

Governmental activities, claims and judgments, and compensated absences are generally liquidated by the general fund.

(9) Contingent Liabilities:

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

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

The District has entered into or is negotiating agreements to acquire various land parcels to be used for District purposes. These agreements provide options as to timing of the acquisitions, which may or may not be exercised depending on the Governing Board's decisions. The District has budgeted \$15,810,000 for land acquisition in the fiscal year ending September 30, 2009.

(10) Employee Benefits:

Other Post-Employment Benefits — In 1987, the Florida Legislature established through Chapter 112.363, F.S., the Retiree Health Insurance Subsidy (HIS) to assist retirees of all state-administered retirement systems in paying health insurance costs. For the year ended September 30, 2008 eligible retirees and beneficiaries received as much as \$5 per month for each year of creditable service completed at the time of retirement. The payments to individual retirees or beneficiaries as of September 30, 2008, were at least \$30, but not more than \$150 per month.

To be eligible to receive the HIS, a retiree under any state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. The HIS is funded by required contributions from employers participating in the Florida Retirement System (FRS). The contribution rate at September 30, 2008, is 1.11% of payroll for all active employees covered by the FRS. This contribution was added to the amount submitted for retirement contributions and was deposited in a separate trust fund from which the HIS payments are authorized. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

In addition to the HIS, Chapter 112.0801, F.S., provides that retirees may elect to participate in the District's group health insurance programs, with premiums being paid by the retiree. The District offers an

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(10) Employee Benefits (Continued):

additional benefit to retirees between the ages of 62 and 65 by paying one-half the health insurance plan premium costs. The total cost of this post-employment benefit for fiscal year ending September 30, 2008, was \$45,329 for 13 retirees.

Employee Retirement Systems and Pension Plans

Plan Description — The employees of the District participate in the Florida Retirement System Pension Plan (Pension Plan), a cost-sharing, multiple-employer public employee retirement system administered by the state of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, F.S., establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

The Pension Plan issues a publicly available financial report that includes financial statements, 10-year historical trend information, and other required supplementary information. That report may be obtained by writing to the:

State of Florida Department of Administration
Division of Retirement
Cedars Executive Center, Building C
2639 North Monroe Street
Tallahassee, Florida 32399-1560

The Pension Plan provides vesting of benefits after six years of creditable service. Regular members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service, however, there is a 5% benefit reduction for each year prior to normal retirement.

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they are vested (six years) and have reached the normal retirement date, which is being vested at age 62, or 30 years of service. If an employee completes 30 years of service before the age of 57, the employee may elect to defer the DROP election until age 57.

As of June 1, 2003, the FRS offered members the option of participating in the Florida Retirement System Investment Plan (Investment Plan), a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code. The Investment Plan is administered by the state of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, F.S., establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The Investment Plan provides vesting of benefits after one year of creditable service. Employees were eligible to make an election to participate in the Investment Plan instead of the Pension Plan. Existing employees may make the election beginning December 1, 2003. New

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(10) Employee Benefits (Continued):

employees may make the election within five months of their month of hire. Participants in the Investment Plan also have a one-time opportunity to switch back to the Pension Plan at any time by “buying back” into the Pension Plan. Retirement coverage is employee noncontributory. The employer pays all contributions. The rates for the Investment Plan are the same as the Pension Plan.

Funding Policy: The District is required to contribute 9.85% for regular annual covered employee’s salary, 13.12% for senior management annual covered employee’s salary, and 10.91% for employees participating in the Deferred Retirement Option Program. The contribution requirements of the District may be changed by the FRS. For each of the three years ended September 30, 2008, 2007, and 2006, the District contributed 100% of the required contribution to the FRS. The District’s contributions to the FRS for the years ended September 30, 2008, 2007, and 2006, were \$4,406,596, \$4,071,730, and \$3,286,657, respectively.

Deferred Compensation — The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all regular payroll District employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen financial emergency.

The District does not contribute to the 457 plan. Participation under the plan is solely at the discretion of the employee.

The District contributes to a deferred compensation plan created in accordance with Internal Revenue Code Section 401a. The plan is available to all regular payroll District employees and all contributions are made by the District for the benefit of those employees that contribute to the 457 plan mentioned above. The contribution is equal to 50% of employee’s 457 plan contribution up to 4% of the employee’s bi-weekly gross salary. The plan is vested at a rate of 20% per District year of service and fully vested after five years.

The District makes all annual and sick leave termination pay outs to the 401a plan and receives all unvested contributions after participating employee terminates District employment. If the employee liquidates the 401a termination pay proceeds within 90 days and is under age 59 1/2, the District will reimburse the employee 2.35% or the difference between the FICA tax saved and 10% early withdrawal penalty.

As of September 30, 2008, 567 employees were participating in the 401a plan, with fiscal year 2007–2008 District contributions totaling \$1,063,849. The total balance of the plan is \$3,520,395, of which \$3,355,290 and \$165,105 were vested and unvested, respectively.

The District has no liability for losses under the 457 or 401a plan but does have the duty of due care that would be required of an ordinary prudent investor. The District does not have a fiduciary relationship with the plan. Therefore, the assets and liabilities related to the plan are not recorded in the District’s financial statements.

(11) State Trust Funds:

Under *Florida Statutes*, the District is entitled to monies from the state of Florida that are allocated and appropriated to various trust funds. The Florida Department of Environmental Protection has oversight responsibility for the trust funds and releases funds to the District for various programs when eligibility requirements have been met. It is the District’s policy to recognize monies received through these state trust funds as intergovernmental revenues at the time an eligible cost has been incurred.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(11) State Trust Funds (Continued):

The Water Management Lands Trust Fund (WMLTF) was established in 1981 pursuant to Chapter 373.59, F.S. Funded primarily from a portion of the documentary stamp taxes collected by the state, the nonlapsing trust fund provides funding to the District for (1) payment of principal and interest on the land acquisition revenue bonds; (2) land acquisitions; (3) ongoing management, maintenance, and capital improvements of lands; (4) payments in lieu of taxes; (5) preacquisition costs associated with land purchases; and (6) the Surface Water Improvement and Management (SWIM) program. Revenues received from the trust fund are accounted for in the District's special revenue, debt service, and capital projects funds.

The Florida Forever Trust Fund was established in 2000 pursuant to Chapter 259.1051, F.S. The Florida Forever program is the successor program to the Preservation 2000 program. The trust fund is funded through bond proceeds and may be used for (1) the acquisition of environmentally significant lands (at least 50 percent of trust funds must be used for land acquisition); (2) water resource development; (3) regional water supply planning; and (4) the SWIM program. Revenues received from the trust fund are accounted for in the special revenue and capital projects funds.

The Ecosystem Management and Restoration Trust Fund was established in 1996 pursuant to Section 403.1651, F.S. The trust fund is funded through various sources, such as documentary stamp tax, transfers from other trust funds, general revenues, interest earnings, and fines. It provides funding to the District for the detailed planning and implementation of programs for the management and restoration of ecosystems, including the SWIM Program. Revenues received from the trust fund are accounted for in the special revenue funds.

The Alternative Water Supply Program (AWS) was established in 2005 pursuant to Chapter 373.1961, F.S. The program is funded through a distribution of a portion of revenues received by the Florida Water Protection and Sustainability Trust Fund (WP and S) from documentary stamp taxes collected by the state. The program was established for the development of alternative water supplies. The monies are available to assist counties, municipalities, special districts, publicly owned and privately owned water utilities, multi-jurisdictional water supply entities, or regional water supply authorities. Revenues received from the trust fund are accounted for in the special revenue funds.

(12) 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 District carries commercial insurance. Settlements have not exceeded insurance coverage for any of the past three fiscal years.

(13) Mitigation Bank Financial Responsibility Assurances:

The District is authorized by Section 373.4136, F.S. to permit the establishment of mitigation banks. A permit applicant proposing the establishment of a mitigation bank is required to demonstrate the financial ability to conduct the mitigation activities, and any necessary management of the site, monitoring of the mitigation, and any necessary corrective action indicated by the monitoring. The mitigation banks can provide the demonstrated financial assurance by obtaining a surety bond, performance bond, irrevocable letter of credit, or establishing a trust fund. If a bond or irrevocable letter of credit is used, a standby trust fund shall be established in which all payments under the bonds or letters of credits shall be directly deposited. If the mitigation banks fails to comply with the terms and conditions of the permit, the District may draw upon the financial assurance provided by the mitigation bank. As of September 30, 2008, the

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

(13) Mitigation Bank Financial Responsibility Assurances (Continued):

District estimates the value of the various financial assurances provided by the mitigation banks to be \$9.6 million.

(14) New Accounting Pronouncements

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the District's fiscal year beginning October 1, 2008. This Statement provides guidance regarding internally generated intangible assets, such as software development, and other intangible assets, such as easements, water rights, timber rights and other land management assets. This Statement requires that essentially all intangible assets be classified as capital assets. For the District, retroactive reporting is required for intangible assets except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. The District is currently evaluating the effect that Statement No. 51 will have on its financial statements.



***Required Supplemental Information
Other Than MD&A (Unaudited)***

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Ad valorem property taxes	\$ 144,677,781	\$ 144,677,781	\$ 145,122,797	\$ 445,016
Investment earnings	4,599,450	4,599,450	5,777,098	1,177,648
Regulatory permits	3,500,000	3,500,000	2,322,017	(1,177,983)
Lease and timber sales	911,975	1,608,471	1,796,712	188,241
Fines and penalties	734,659	736,534	784,662	48,128
Other	100,000	100,000	176,525	76,525
Total revenues	154,523,865	155,222,236	155,979,811	757,575
EXPENDITURES				
Water resources planning and monitoring				
Water supply planning	2,543,794	3,713,612	3,490,522	223,090
Groundwater resource assessment	2,188,212	2,279,312	2,233,566	45,746
Water use data management	860,467	901,367	739,937	161,430
Minimum flows and levels	1,576,485	1,702,636	1,576,521	126,115
Hydrologic data collection	4,591,466	4,610,816	4,448,798	162,018
Surface water quality monitoring	650,015	598,087	556,305	41,782
Laboratory services	1,673,326	1,849,626	1,789,869	59,757
Surveying services	1,137,058	1,137,058	1,093,108	43,950
Geographic information system				
Data management	639,075	659,075	580,182	78,893
Water resources planning and monitoring total	15,859,898	17,451,589	16,508,808	942,781
Acquisition, restoration and public works				
Land acquisition	1,676,906	6,082,665	5,170,011	912,654
Water resource development projects	2,638,672	2,435,472	1,310,374	1,125,098
Water supply development assistance	2,878,352	2,613,852	2,452,385	161,467
Water protection and sustainability	423,917	413,717	297,198	116,519
Abandoned artesian well plugging	226,599	184,799	165,818	18,981
Surface water projects program support	3,150,845	3,115,572	2,994,261	121,311
Florida Dept. of Transportation mitigation	-	-	(124,323)	124,323
Lower St. Johns River basin	41,312,287	10,311,695	4,991,308	5,320,387
Middle St. Johns River basin	7,146,449	1,182,643	767,373	415,270
Upper St. Johns River basin	1,677,777	1,648,845	1,598,385	50,460
Ocklawaha River basin	100,454	629,893	628,580	1,313

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Upper Ocklawaha River basin	1,831,066	1,810,463	1,516,649	293,814
Lake Apopka basin	3,507,521	4,655,303	4,296,137	359,166
Orange Creek basin	470,948	406,972	395,695	11,277
Northern Coastal basin	643,266	682,750	497,551	185,199
Indian River Lagoon basin	2,185,585	2,572,764	2,499,514	73,250
Stormwater cost share	4,621,063	792,249	789,447	2,802
Facilities construction	641,122	463,122	431,115	32,007
Acquisition, restoration and public works total	75,132,829	40,002,776	30,677,478	9,325,298
Operation and maintenance of lands and works				
Land management	861,975	853,475	690,276	163,199
Works - structures and levees operations and maintenance	3,541,915	3,461,915	3,542,544	(80,629)
Facilities management	4,631,434	4,315,219	4,278,542	36,677
Invasive plant management	-	-	(8,281)	8,281
Emergency management	35,953	35,953	66,815	(30,862)
Environmental management program	281,007	285,007	258,703	26,304
Operations and maintenance support	917,402	944,022	822,303	121,719
Operation and maintenance of lands and works total	10,269,686	9,895,591	9,650,902	244,689
Regulation				
Consumptive use permitting	4,626,684	4,598,768	4,362,229	236,539
Water well construction permitting and contractor licensing	713,615	718,486	585,810	132,676
Environmental resource and surface Water permitting	12,298,340	12,086,885	11,429,910	656,975
Resource management regulatory support	940,954	977,362	868,784	108,578
Regulation total	18,579,593	18,381,501	17,246,733	1,134,768
Outreach				
Outreach - public information	5,003,331	5,057,971	4,595,821	462,150
Lobbying	96,888	96,888	91,388	5,500
Outreach total	5,100,219	5,154,859	4,687,209	467,650

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
District management and administration				
Executive direction	1,859,345	1,986,135	1,788,115	198,020
General counsel	3,154,602	3,193,047	2,768,775	424,272
Inspector general	270,569	280,569	274,762	5,807
Human resources	5,740,757	5,047,234	4,392,177	655,057
Communications	1,200,967	1,287,889	1,232,589	55,300
Administrative support	3,794,788	3,824,134	3,615,046	209,088
Fleet services - transportation and equipment management	4,518,459	5,505,947	5,565,676	(59,729)
IR computer information systems	7,043,346	6,782,054	6,698,663	83,391
IR application development	5,706,206	5,787,286	5,429,737	357,549
Reserves and designations	5,000,000	3,821,481	-	3,821,481
Non-operating expenses	-	-	(21,655)	21,655
Property appraiser and tax collector fees	3,860,000	3,860,000	3,273,801	586,199
District management and administration total	42,149,039	41,375,776	35,017,686	6,358,090
Total expenditures	167,091,264	132,262,092	113,788,816	18,473,276
Excess (deficiency) of revenues over (under) expenditures	(12,567,399)	22,960,144	42,190,995	19,230,851
Other financing sources (uses)				
Transfers in	-	428,831	642,566	213,735
Transfers out	(15,926,291)	(6,094,416)	(5,714,064)	380,352
Sale of capital assets	125,000.00	125,000	223,919	98,919
Insurance/FEMA /Arbitrage - recovery	-	-	74,572	74,572
Total other financing sources (uses)	(15,801,291)	(5,540,585)	(4,773,007)	767,578
Net change in fund balance	(28,368,690)	17,419,559	37,417,988	19,998,429
Fund balance, beginning of year	72,514,644	72,514,644	72,514,644	-
Fund balance, end of year	\$ 44,145,954	\$ 89,934,203	\$ 109,932,632	\$ 19,998,429

(Concluded)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — ECOSYSTEMS MANAGEMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Ecosystems Management Trust Fund	\$ 54,311,718	\$ 28,545,839	\$ 25,446,944	\$ (3,098,895)
Total revenues	54,311,718	28,545,839	25,446,944	(3,098,895)
EXPENDITURES				
Acquisition, restoration and public works				
Land Acquisition	10,000,000	10,000,000	10,000,000	-
Lower St. Johns River Basin	26,454,990	4,463,657	3,999,182	464,475
Middle St. Johns River Basin	7,304,181	975,305	852,161	123,144
Upper St. Johns River Basin	300,000	300,000	250,530	49,470
Ocklawaha River Basin	110,099	268,134	165,529	102,605
Upper Ocklawaha River Basin	616,432	677,628	578,675	98,953
Lake Apopka Basin	135,976	48,287	13,741	34,546
Orange Creek Basin	1,200,000	462,061	112,061	350,000
Northern Coastal Basin	329,193	439,193	303,161	136,032
Indian River Lagoon Basin	7,860,847	10,878,416	9,138,746	1,739,670
Acquisition, restoration and public works total	54,311,718	28,512,681	25,413,786	3,098,895
District management and administration				
IR computer information systems	-	33,158	33,158	-
Total expenditures	54,311,718	28,545,839	25,446,944	3,098,895
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — FLORIDA FOREVER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Department of Environmental Protection	\$ 53,885,849	\$ 69,616,378	\$ 61,906,212	\$ (7,710,166)
Total revenues	<u>53,885,849</u>	<u>69,616,378</u>	<u>61,906,212</u>	<u>(7,710,166)</u>
EXPENDITURES				
Acquisition, restoration and public works				
Land acquisition	29,180,000	54,453,413	51,358,942	3,094,471
Water resource development projects	14,113,716	8,263,500	4,325,059	3,938,441
Abandoned artesian well plugging	400,000	400,000	25,940	374,060
Upper Ocklawaha River Basin	3,385,805	4,475,360	4,308,012	167,348
Lake Apopka Basin	-	2,049,700	2,049,700	-
Indian River Lagoon Basin	6,806,328	3,151,379	2,968,555	182,824
Total expenditures	<u>53,885,849</u>	<u>72,793,352</u>	<u>65,036,208</u>	<u>7,757,144</u>
Excess (deficiency) of revenues over				
 (under) expenditures	<u>-</u>	<u>(3,176,974)</u>	<u>(3,129,996)</u>	<u>46,978</u>
Other financing sources (uses)				
Transfers in	-	6,445,905	6,445,905	-
Transfers out	-	-	-	-
Sale of capital assets	-	62,274	62,274	-
Total other financing sources (uses)	<u>-</u>	<u>6,508,179</u>	<u>6,508,179</u>	<u>-</u>
Net change in fund balance	-	3,331,205	3,378,183	46,978
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 3,331,205</u>	<u>\$ 3,378,183</u>	<u>\$ 46,978</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — MITIGATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Department of Transportation	\$ -	\$ 15,402,175	\$ 15,260,363	\$ (141,812)
Local mitigation	1,098,963	1,062,553	1,062,553	-
Total revenues	1,098,963	16,464,728	16,322,916	(141,812)
EXPENDITURES				
Acquisition, restoration, and public works				
Land acquisition	-	6,412,726	6,412,726	-
Florida Dept. of Transportation mitigation	298,963	2,666,963	2,654,509	12,454
Upper Ocklawaha River Basin	200,000	245,000	40,936	204,064
Indian River Lagoon Basin	600,000	-	-	-
Acquisition, restoration and public works total	1,098,963	9,324,689	9,108,171	216,518
Operation/maintenance of lands and works				
Land management	-	265,303	226,590	38,713
Total expenditures	1,098,963	9,589,992	9,334,761	255,231
Excess (deficiency) of revenues over (under) expenditures	-	6,874,736	6,988,155	113,419
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(6,874,736)	(6,969,525)	(94,789)
Total other financing sources (uses)	-	(6,874,736)	(6,969,525)	(94,789)
Net change in fund balance	-	-	18,630	18,630
Fund Balance, beginning of year	852,959	852,959	852,959	-
Fund balance, end of year	\$ 852,959	\$ 852,959	\$ 871,589	\$ 18,630

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – WATER PROTECTION AND SUSTAINABILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Department of Environmental Protection	\$ 42,068,090	\$ 7,463,966	\$ 7,229,674	\$ (234,292)
Total revenues	<u>42,068,090</u>	<u>7,463,966</u>	<u>7,229,674</u>	<u>(234,292)</u>
EXPENDITURES				
Acquisition, restoration and public works				
Water protection and sustainability	75,331,435	12,635,260	13,120,373	(485,113)
Lower St. Johns River Basin	31,900	31,900	24,980	6,920
Middle St. Johns River Basin	31,900	15,950	-	15,950
Ocklawaha River Basin	700,000	-	-	-
Upper Ocklawaha River Basin	556,261	556,261	556,261	-
Lake Apopka Basin	4,493,970	243,970	177,132	66,838
Orange Creek Basin	117,000	117,000	103,696	13,304
Indian River Lagoon Basin	50,000	636,100	-	636,100
Stormwater cost share	2,698,060	581,787	318,092	263,695
Acquisition, restoration and public works total	<u>84,010,526</u>	<u>14,818,228</u>	<u>14,300,534</u>	<u>517,694</u>
Total expenditures	<u>84,010,526</u>	<u>14,818,228</u>	<u>14,300,534</u>	<u>517,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,942,436)</u>	<u>(7,354,262)</u>	<u>(7,070,860)</u>	<u>283,402</u>
Other financing sources (uses)				
Transfers in	16,680,334	5,056,675	4,738,625	(318,050)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>16,680,334</u>	<u>5,056,675</u>	<u>4,738,625</u>	<u>(318,050)</u>
Net change in fund balance	<u>(25,262,102)</u>	<u>(2,297,587)</u>	<u>(2,332,235)</u>	<u>(34,648)</u>
Fund balance, beginning of year	<u>40,909,959</u>	<u>40,909,959</u>	<u>40,909,959</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,647,857</u>	<u>\$ 38,612,372</u>	<u>\$ 38,577,724</u>	<u>\$ (34,648)</u>



*Notes to Required
Supplemental Information*

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2008

Stewardship, Compliance, and Accountability

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 and may be amended by Governing Board action for supplemental budgetary appropriations. Appropriations validly encumbered at year-end are carried forward to the following fiscal year. Appropriations that are not expended or encumbered lapse at the end of the fiscal year.

Budgetary control is exercised by fund and major expenditure program category. The major categories are water resources planning and monitoring; acquisition, restoration and public works; operation and maintenance of lands and works; regulation; outreach; and District management and administration (see note 1(e) of the Notes to Financial Statements for more information). Any excess of appropriations over estimated revenues represents an appropriation of beginning fund balance.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

The following procedures are followed by the Governing Board, acting in its capacity as the Taxing Authority of the District, in establishing the budget for the District.

On or before July 15, the Executive Director, as District Budget Officer, submits to the Governing Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes all proposed expenditures and all anticipated balances and receipts, including millage rates pursuant to Chapter 373.536, *Florida Statutes*.

Two public hearings are held to obtain taxpayers' comments. The budget is tentatively adopted during the first public hearing. The budget is finally adopted during the second public hearing. The budget is legally enacted through passage of a millage resolution and a budget resolution.

The Governing Board is authorized to amend budgets for the receipt of unanticipated revenues. Governing Board authorization to transfer budgeted amounts between programs within any fund is delegated to the Executive Director for transfer of \$50,000 or less. The Governing Board must approve any transfers between programs that exceed \$50,000 and all transfers exceeding \$100,000.

Formal budgetary integration is employed as a management control device during the year for all governmental fund types. Budgetary expenditures are reported on a basis consistent with the accounting principles generally accepted in the United States of America.



Other Supplemental Information

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS: SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditure for specific purposes.

Water Management Lands Trust Fund — Accounts for restricted revenues received from the Water Management Lands Trust Fund, established by *Florida Statutes* 373.59, through the Florida Department of Environmental Protection, and related expenditures. The moneys in the fund are continually appropriated for the purpose of land management and maintenance, capital improvements of land titled to the water management districts, payments in lieu of taxes, debt service payments on bonds and surface water restoration projects.

State Grants Fund — Accounts for miscellaneous restricted revenues received from the state of Florida and related expenditures. This fund is supported by reimbursable grants from state of Florida agencies other than Water Management Lands Trust, Ecosystems Management Trust, Florida Forever Trust and Florida Department of Transportation mitigation revenues, each of which is accounted for in its own specific special revenue fund.

Federal Grants Fund — Accounts for restricted revenues received from the federal government and related expenditures. The U.S. Environmental Protection Agency and the Natural Resources Conservation Service of the U.S. Department of Agriculture are two primary revenue sources for this fund. The expenditures may be transferred to and made from other funds when appropriate.

Long-term Maintenance Mitigation Fund — Accounts for donated, long-term mitigation revenues collected and expenditures for the perpetual maintenance of specific, environmentally sensitive conservation lands. The District is able to use only the interest earnings from the fund for land maintenance purposes. The expenditures may be transferred to and made from other funds when appropriate.

Indian River Lagoon License Tag Fees Fund — Accounts for restricted revenues received through the state of Florida specialized license plate donation program. The funds received from the sale of specialty license plates may only be used in the specific counties of the District where the Indian River Lagoon resides (including Brevard, Indian River and Volusia counties). The license plate revenues provide funding for public education and outreach projects, for supplementing local government storm-water cost-share programs, and for ongoing license plate promotions.

Special Revenue Funds - Other Fund — Accounts for restricted revenues received from local sources, such as cities, counties, and water management districts, as well as other private and public institutions and related expenditures. The expenditures may be transferred to and made from other funds when appropriate.

DEBT SERVICE FUND

Debt Service Fund — Accounts for the accumulation of resources for, and the payment of, principal and interest on the St. Johns River Water Management District Land Acquisition Revenue Refunding Bonds, Series 2004 and 2005. The fund is supported by interest income and revenue from the Water Management Lands Trust Fund.

CAPITAL PROJECTS FUND

Capital Projects Other Fund — Accounts for financial resources segregated for the construction or acquisition of major capital facilities. Land purchases are not covered by this fund. The revenue sources include land management revenue and other District sources. The expenditures may be transferred to and made from other funds when appropriate.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	Special Revenue Funds			
	Water Management Lands Trust	State Grants	Federal Grants	Long-term Maintenance Mitigation
Assets				
Investments	\$ -	\$ 1,366,598	\$ -	\$ 8,392,556
Accounts receivable	-	-	-	-
Intergovernmental receivables	3,403,577	160,200	4,403,350	33,828
Total assets	3,403,577	1,526,798	4,403,350	8,426,384
Liabilities and fund balances				
Liabilities				
Accounts payable	1,841,250	565,572	855,531	8,891
Due to other funds	1,562,327	-	3,547,819	-
Deferred revenue	-	901,146	-	-
Due to other governmental units	-	60,080	-	-
Total liabilities	3,403,577	1,526,798	4,403,350	8,891
Fund balances				
Reserved for:				
Encumbrances	-	-	-	-
Grants to local governments	-	-	-	-
Legal restrictions	-	-	-	7,592,783
Unreserved, designated for:				
Land management/acquisition	-	-	-	824,710
Total fund balances	-	-	-	8,417,493
Total liabilities and fund balances	\$ 3,403,577	\$ 1,526,798	\$ 4,403,350	\$ 8,426,384

Special Revenue Funds (Continued)

Indian River Lagoon License Tag Fees	Special Revenue Funds - Other	Special Revenue Total	Debt Service Fund	Capital Projects Other	Total Non-major Governmental Funds
\$ 1,111,240	\$ 532,382	\$ 11,402,776	\$ 6,260,925	\$ 2,915,856	\$ 20,579,557
-	-	-	45,864	-	45,864
-	1,964,315	9,965,270	-	-	9,965,270
1,111,240	2,496,697	21,368,046	6,306,789	2,915,856	30,590,691
177,288	638,354	4,086,886	759	101,787	4,189,432
-	1,325,961	6,436,107	-	-	6,436,107
-	532,382	1,433,528	-	-	1,433,528
122,968	-	183,048	-	-	183,048
300,256	2,496,697	12,139,569	759	101,787	12,242,115
-	-	-	-	2,814,069	2,814,069
248,635	-	248,635	-	-	248,635
562,349	-	8,155,132	6,306,030	-	14,461,162
-	-	824,710	-	-	824,710
810,984	-	9,228,477	6,306,030	2,814,069	18,348,576
\$ 1,111,240	\$ 2,496,697	\$ 21,368,046	\$ 6,306,789	\$ 2,915,856	\$ 30,590,691

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Special Revenue Funds			
	Water Management Lands Trust	State Grants	Federal Grants	Long-term Maintenance Mitigation
Revenues				
State	\$ 10,893,504	\$ 4,287,848	\$ -	\$ 1,785,070
Federal	-	-	4,706,562	-
Investment earnings	-	-	-	212,130
Local mitigation	-	-	-	1,680
Cities and counties	-	-	-	-
Other	-	-	-	-
Total revenues	10,893,504	4,287,848	4,706,562	1,998,880
Expenditures				
Current:				
Water resources planning and monitoring	26,700	468,544	-	-
Acquisition, restoration, and public works	3,278,387	3,489,702	23,363,883	-
Operation and maint. of lands and works	7,588,417	103,799	-	33,265
Regulation	-	106,203	-	-
Outreach	-	-	-	-
District management and administration	-	654	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	10,893,504	4,168,902	23,363,883	33,265
Excess (deficiency) of revenues over (under) expenditures	-	118,946	(18,657,321)	1,965,615
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(118,946)	-	-
Sale of capital assets	-	-	18,657,321	-
Total other financing sources (uses)	-	(118,946)	18,657,321	-
Net change in fund balance	-	-	-	1,965,615
Fund balances, beginning of year	-	-	-	6,451,878
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 8,417,493

Special Revenue Funds (Continued)

Indian River Lagoon License Tag Fees	Special Revenue Funds - Other	Special Revenue Total	Debt Service Fund	Capital Projects Other	Total Non-major Governmental Funds
\$ 193,202	\$ -	\$ 17,159,624	\$ 5,947,067	\$ -	\$ 23,106,691
-	-	4,706,562	-	-	4,706,562
39,551	-	251,681	179,329	-	431,010
-	-	1,680	-	-	1,680
-	821,525	821,525	-	-	821,525
-	3,296,423	3,296,423	-	-	3,296,423
232,753	4,117,948	26,237,495	6,126,396	-	32,363,891
-	-	495,244	-	-	495,244
970,577	3,538,353	34,640,902	-	663,553	35,304,455
-	-	7,725,481	-	-	7,725,481
-	-	106,203	-	-	106,203
-	367,917	367,917	-	-	367,917
-	211,678	212,332	-	-	212,332
-	-	-	4,725,000	-	4,725,000
-	-	-	1,694,125	-	1,694,125
970,577	4,117,948	43,548,079	6,419,125	663,553	50,630,757
(737,824)	-	(17,310,584)	(292,729)	(663,553)	(18,266,866)
-	-	-	-	975,439	975,439
-	-	(118,946)	-	-	(118,946)
-	-	18,657,321	-	-	18,657,321
-	-	18,538,375	-	975,439	19,513,814
(737,824)	-	1,227,791	(292,729)	311,886	1,246,948
1,548,808	-	8,000,686	6,598,759	2,502,183	17,101,628
\$ 810,984	\$ -	\$ 9,228,477	\$ 6,306,030	\$ 2,814,069	\$ 18,348,576

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — WATER MANAGEMENT LANDS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Department of Environmental Protection	\$ 10,506,264	\$ 11,831,089	\$ 10,893,504	\$ (937,585)
Total revenues	10,506,264	11,831,089	10,893,504	(937,585)
EXPENDITURES				
Water resources planning and monitoring				
Surveying services	26,700	26,700	26,700	-
Acquisition, restoration and public works				
Land acquisition	60,000	60,000	39,276	20,724
Surface water projects program support	41,099	41,099	41,099	-
Lower St. Johns River Basin	61,300	1,269,564	1,253,383	16,181
Middle St. Johns River Basin	208,683	337,701	329,791	7,910
Upper St. Johns River Basin	195,886	56,016	46,244	9,772
Ocklawaha River Basin	9,567	359,567	359,456	111
Upper Ocklawaha River Basin	406,254	171,846	142,015	29,831
Lake Apopka Basin	681,957	481,957	450,517	31,440
Orange Creek Basin	326,430	275,742	266,818	8,924
Northern Coastal Basin	112,560	12,560	7,420	5,140
Indian River Lagoon Basin	300,000	538,693	342,368	196,325
Acquisition, restoration and public works total	2,403,736	3,604,745	3,278,387	326,358
Operation/maintenance of lands and works				
Land management	6,145,464	6,194,930	5,774,227	420,703
Invasive plant management	1,630,364	1,644,714	1,517,286	127,428
Environmental management program	300,000	360,000	296,904	63,096
Operation and maintenance of lands and works total	8,075,828	8,199,644	7,588,417	611,227
Total expenditures	10,506,264	11,831,089	10,893,504	937,585
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — STATE GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Department of Environmental Protection	\$ 313,967	\$ 313,967	\$ 227,124	\$ (86,843)
Resolution 2000–24	3,589,016	3,038,588	2,990,441	(48,147)
Specific appropriations	511,475	205,360	91,738	(113,622)
Federal through state	615,635	835,635	703,397	(132,238)
Department of Transportation	167,216	167,216	225,148	57,932
Other agencies	100,000	50,000	50,000	-
State total	5,297,309	4,610,766	4,287,848	(322,918)
Total revenues	5,297,309	4,610,766	4,287,848	(322,918)
EXPENDITURES				
Water resources planning and monitoring				
Groundwater resource assessment	140,000	140,000	123,325	16,675
Surface water quality monitoring	358,920	358,920	345,219	13,701
Water resources planning and monitoring total	498,920	498,920	468,544	30,376
Acquisition, restoration and public works				
Abandoned artesian well plugging	5,000	5,000	-	5,000
Lower St. Johns River Basin	532,378	764,128	543,073	221,055
Middle St. Johns River Basin	871,607	144,158	84,972	59,186
Indian River Lagoon Basin	3,052,501	2,861,657	2,861,657	-
Acquisition, restoration and public works total	4,461,486	3,774,943	3,489,702	285,241
Operation/maintenance of lands and works				
Invasive plant management	173,967	173,967	103,799	70,168
Regulation				
Environmental resource and surface water permitting	162,216	162,216	106,203	56,013
District management and administration				
Communications	720	720	654	66
Total expenditures	5,297,309	4,610,766	4,168,902	441,864

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — STATE GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Excess (deficiency) of revenues over				
(under) expenditures	-	-	118,946	118,946
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(118,946)	(118,946)
Total other financing sources (uses)	-	-	(118,946)	(118,946)
Net change in fund balance	-	-	-	-
Fund Balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

(Concluded)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — FEDERAL GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Federal				
Environmental Protection Agency	\$ 2,074,041	\$ 881,238	\$ 843,386	\$ (37,852)
Natural Resources Conservation Service	8,876,371	4,362,786	3,829,176	(533,610)
Other	-	34,000	34,000	-
Federal total	10,950,412	5,278,024	4,706,562	(571,462)
Total revenues	10,950,412	5,278,024	4,706,562	(571,462)
EXPENDITURES				
Acquisition, restoration and public works				
Land acquisition	-	18,657,321	18,657,321	-
Water resource development projects	1,534,947	432,047	432,047	-
Abandoned artesian well plugging	10,000	10,000	-	10,000
Upper St. Johns River Basin	151,371	40,764	40,247	517
Lake Apopka Basin	1,400,000	1,423,555	1,251,968	171,587
Indian River Lagoon Basin	7,154,094	3,053,608	2,982,300	71,308
Acquisition, restoration and public works total	10,250,412	23,617,295	23,363,883	253,412
Total expenditures	10,250,412	23,617,295	23,363,883	253,412
Excess (deficiency) of revenues over (under) expenditures	700,000	(18,339,271)	(18,657,321)	(318,050)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(700,000)	(318,050)	-	318,050
Sale of capital assets	-	18,657,321	18,657,321	-
Total other financing sources (uses)	(700,000)	18,339,271	18,657,321	318,050
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — LONG-TERM MAINTENANCE MITIGATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Department of Transportation	\$ -	\$ -	\$ 1,785,070	\$ 1,785,070
Investment earnings	50,000	50,000	212,130	162,130
Local mitigation	-	-	1,680	1,680
Total revenues	50,000	50,000	1,998,880	1,948,880
EXPENDITURES				
Operation/maintenance of lands and works				
Land management	50,000	50,000	33,265	16,735
Total expenditures	50,000	50,000	33,265	16,735
Excess (deficiency) of revenues over				
 (under) expenditures	-	-	1,965,615	1,965,615
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	1,965,615	1,965,615
Fund balance, beginning of year	6,451,878	6,451,878	6,451,878	-
Fund balance, end of year	\$ 6,451,878	\$ 6,451,878	\$ 8,417,493	\$ 1,965,615

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — INDIAN RIVER LAGOON LICENSE TAG FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Indian River Lagoon license plate	\$ 225,000	\$ 225,000	\$ 193,202	\$ (31,798)
Investment earnings	-	-	39,551	39,551
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>232,753</u>	<u>7,753</u>
EXPENDITURES				
Acquisition, restoration and public works				
Indian River Lagoon Basin	1,172,908	1,154,273	970,577	183,696
Total expenditures	<u>1,172,908</u>	<u>1,154,273</u>	<u>970,577</u>	<u>183,696</u>
Excess (deficiency) of revenues over				
 (under) expenditures	<u>(947,908)</u>	<u>(929,273)</u>	<u>(737,824)</u>	<u>191,449</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(947,908)</u>	<u>(929,273)</u>	<u>(737,824)</u>	<u>191,449</u>
Fund balance, beginning of year	<u>1,548,808</u>	<u>1,548,808</u>	<u>1,548,808</u>	<u>-</u>
Fund balance, end of year	<u>\$ 600,900</u>	<u>\$ 619,535</u>	<u>\$ 810,984</u>	<u>\$ 191,449</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS—OTHER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Cities and counties				
Cities	\$ 171,028	\$ 444,578	\$ 332,745	\$ (111,833)
Counties	309,000	618,414	488,780	(129,634)
Cities and counties total	480,028	1,062,992	821,525	(241,467)
Other				
Water management districts	374,074	450,529	332,746	(117,783)
Other local sources	2,835,799	3,022,488	2,963,677	(58,811)
Other total	3,209,873	3,473,017	3,296,423	(176,594)
Total revenues	3,689,901	4,536,009	4,117,948	(418,061)
EXPENDITURES				
Acquisition, restoration and public works				
Water supply development assistance	-	486,550	486,550	-
Abandoned artesian well plugging	180,000	180,000	19,423	160,577
Lower St. Johns River Basin	122,704	152,704	152,704	-
Middle St. Johns River Basin	48,500	182,000	64,844	117,156
Upper Ocklawaha River Basin	40,000	40,000	17,690	22,310
Indian River Lagoon Basin	2,613,623	2,797,377	2,797,142	235
Acquisition, restoration and				
public works total	3,004,827	3,838,631	3,538,353	300,278
Outreach				
Outreach – public information	216,000	358,424	358,424	-
Lobbying	10,200	10,200	9,493	707
Outreach total	226,200	368,624	367,917	707
District management and administration				
Executive direction	138,874	183,754	96,577	87,177
IR application development	145,000	145,000	115,101	29,899
District management and				
administration total	283,874	328,754	211,678	117,076
Total expenditures	3,514,901	4,536,009	4,117,948	418,061

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — SPECIAL REVENUE FUNDS—OTHER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Excess (deficiency) of revenues over				
(under) expenditures	175,000	-	-	-
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(175,000)	-	-	-
Total other financing sources (uses)	(175,000)	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

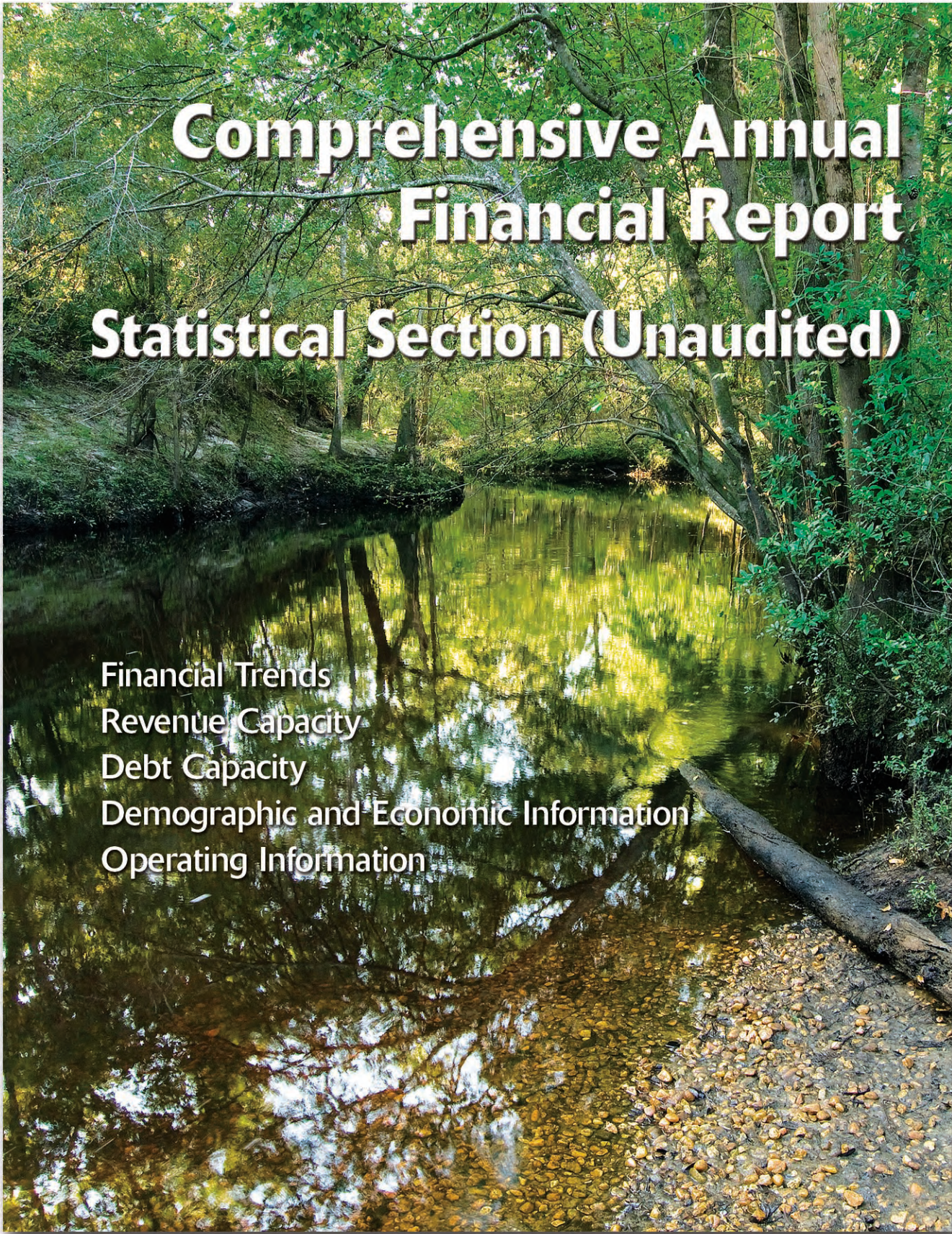
(Concluded)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
State				
Water Management Lands Trust Fund	\$ 6,069,450	\$ 5,947,067	\$ 5,947,067	\$ -
Investment earnings	350,550	350,550	179,329	(171,221)
Total revenues	6,420,000	6,297,617	6,126,396	(171,221)
EXPENDITURES				
Principal	4,355,000	4,725,000	4,725,000	-
Interest and fiscal charges	2,064,450	1,693,826	1,693,825	1
Other debt service costs	550	550	300	250
Total expenditures	6,420,000	6,419,376	6,419,125	251
Excess (deficiency) of revenues over				
(under) expenditures	-	(121,759)	(292,729)	(170,970)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	(121,759)	(292,729)	(170,970)
Fund balance, beginning of year	6,598,759	6,598,759	6,598,759	-
Fund balance, end of year	\$ 6,598,759	\$ 6,477,000	\$ 6,306,030	\$ (170,970)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL — CAPITAL PROJECTS OTHER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Acquisition, restoration and public works				
Middle St. Johns River Basin	2,000,000	-	-	-
Upper St. Johns River Basin	205,377	315,247	172,736	142,511
Indian River Lagoon Basin	-	295,895	63,858	232,037
Facilities construction	417,763	432,763	426,959	5,804
Acquisition, restoration and public works total	2,623,140	1,043,905	663,553	380,352
Total expenditures	2,623,140	1,043,905	663,553	380,352
Excess (deficiency) of revenues over (under) expenditures	(2,623,140)	(1,043,905)	(663,553)	380,352
Other financing sources (uses)				
Transfers in	120,957	1,355,791	975,439	(380,352)
Transfers out	-	-	-	-
Total other financing sources (uses)	120,957	1,355,791	975,439	(380,352)
Net change in fund balance	(2,502,183)	311,886	311,886	-
Fund balance, beginning of year	2,502,183	2,502,183	2,502,183	-
Fund balance, end of year	\$ -	\$ 2,814,069	\$ 2,814,069	\$ -



Comprehensive Annual Financial Report Statistical Section (Unaudited)

Financial Trends
Revenue Capacity
Debt Capacity
Demographic and Economic Information
Operating Information

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA

STATISTICAL SECTION

This part of the St. Johns River Water Management District (the District) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

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

Revenue Capacity — These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

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

Demographic and Economic Information — These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information — These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

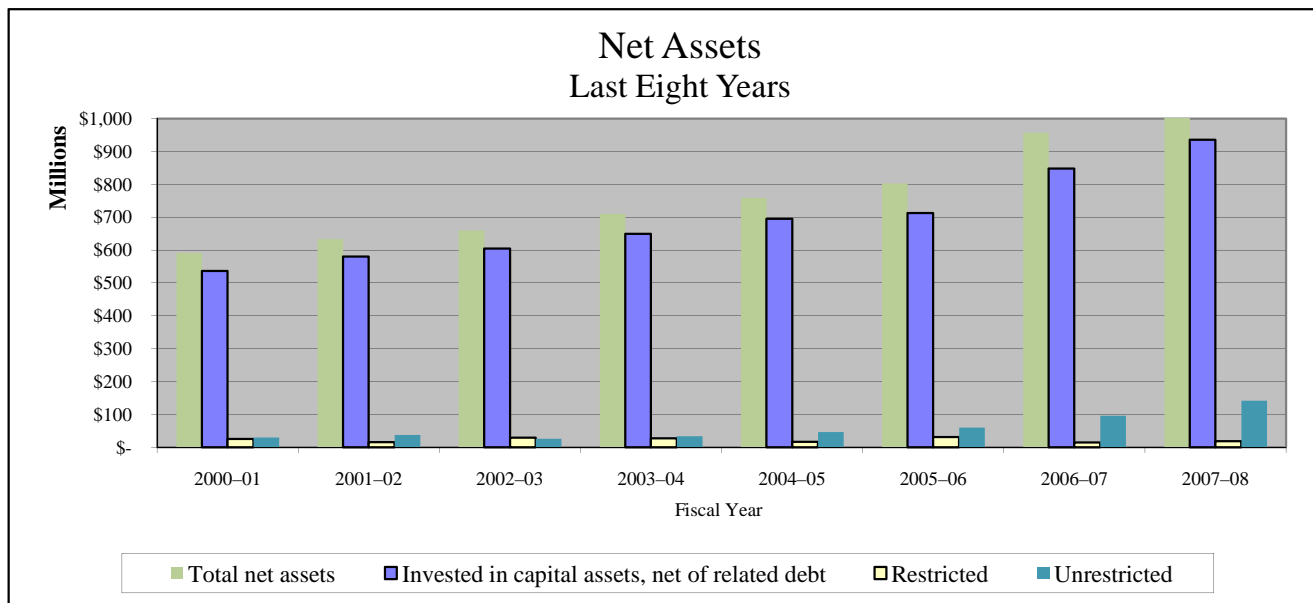
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.



Financial Trends

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS¹

	2000-01	2001-02	2002-03	2003-04	2004-05
Governmental activities					
Invested in capital assets, net of related debt	\$ 536,344,672	\$ 580,296,265	\$ 604,864,217	\$ 649,781,237	\$ 695,485,819
Restricted	25,312,598	15,704,531	29,378,902	27,609,597	16,876,740
Unrestricted	29,141,265	37,196,794	25,076,705	33,067,721	45,951,583
Total net assets, governmental activities	\$ 590,798,535	\$ 633,197,590	\$ 659,319,824	\$ 710,458,555	\$ 758,314,142



¹The District implemented GASB 34 beginning in fiscal year ended September 30, 2001; therefore, government-wide financial statements were not produced for prior periods.

<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 712,487,535	\$ 847,938,851	\$ 935,496,518
30,706,894	14,432,348	18,621,314
<u>59,573,371</u>	<u>95,094,987</u>	<u>141,530,441</u>
<u><u>\$ 802,767,800</u></u>	<u><u>\$ 957,466,186</u></u>	<u><u>\$ 1,095,648,273</u></u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS¹

	2000-01	2001-02	2002-03	2003-04	2004-05
Expenses:					
Water resources planning and monitoring	\$ 17,390,075	\$ 15,617,776	\$ 13,341,876	\$ 14,937,632	\$ 14,859,673
Acquisition, restoration and public works	34,571,359	40,039,563	39,234,840	38,741,724	39,741,922
Operation and maintenance of land and works	20,843,744	18,172,238	17,703,962	17,735,027	18,969,285
Regulation	9,703,124	9,900,045	11,498,576	11,835,126	13,305,074
Outreach	2,314,665	2,681,911	3,281,123	4,219,761	4,610,782
District management and administration	18,043,829	17,854,277	24,558,887	24,773,664	26,626,913
Interest on long-term debt	3,829,063	3,670,563	3,504,313	4,122,543	1,403,866
Total expenses	106,695,859	107,936,373	113,123,577	116,365,477	119,517,515
Program revenues:					
Charges for services:					
Regulatory permitting	2,420,965	2,419,889	2,919,747	2,909,628	3,491,770
Operations and land management	-	-	-	-	1,452,750
Operating grants and contributions	52,416,702	64,281,321	39,089,532	23,538,750	16,337,336
Capital grants and contributions	27,698,004	6,525,782	16,438,937	17,570,886	40,240,212
Total program revenues	82,535,671	73,226,992	58,448,216	44,019,264	61,522,068
Net (expense)/ revenue	(24,160,188)	(34,709,381)	(54,675,361)	(72,346,213)	(57,995,447)
General revenues and other changes in net assets					
Taxes	69,076,565	74,344,747	80,657,242	88,478,126	99,042,154
Unrestricted earnings on investments	3,264,204	1,505,045	1,047,160	1,170,862	2,291,984
Gain (Loss) on sale of capital assets	149,670	1,121,801	(164,605)	40,205	950,826
Miscellaneous	496,607	136,843	477,798	300,015	1,163,577
Total general revenues and other changes in net assets	72,987,046	77,108,436	82,017,595	89,989,208	103,448,541
Change in net assets	\$ 48,826,858	\$ 42,399,055	\$ 27,342,234	\$ 17,642,995	\$ 45,453,094

¹The District implemented GASB 34 beginning in fiscal year ended September 30, 2001; therefore, government-wide financial statements were not produced for prior periods.

2005-06	2006-07	2007-08
\$ 16,867,083	\$ 17,168,733	\$ 16,684,663
55,406,698	71,247,250	81,613,153
19,895,374	21,677,617	24,104,108
14,900,042	16,969,140	17,516,548
4,145,257	5,347,966	5,066,235
29,335,082	40,943,492	22,004,507
2,455,190	2,090,959	1,903,361
143,004,726	175,445,157	168,892,575
4,627,038	3,914,456	3,106,679
2,975,175	1,391,832	1,796,712
34,326,985	42,960,577	43,129,040
23,078,231	105,772,582	99,792,164
65,007,429	154,039,447	147,824,595
(77,997,297)	(21,405,710)	(21,067,980)
115,864,922	143,018,871	145,122,797
5,116,150	8,558,259	6,208,108
1,190,419	24,424,763	7,742,637
279,464	102,203	176,525
122,450,955	176,104,096	159,250,067
\$ 44,453,658	\$ 154,698,386	\$ 138,182,087

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
General fund					
Reserved	\$ 16,178,559	\$ 22,735,271	\$ 21,403,421	\$ 16,381,364	\$ 9,150,047
Unreserved	25,743,206	27,985,897	12,587,642	13,305,947	21,446,516
Total general fund	<u>41,921,765</u>	<u>50,721,168</u>	<u>33,991,063</u>	<u>29,687,311</u>	<u>30,596,563</u>
All other governmental funds					
Reserved	36,867,440	42,727,455	27,407,005	15,183,487	29,968,288
Unreserved, reported in:					
Special revenue funds	(4,393,414)	(6,541,172)	454,990	466,060	1,936,258
Capital projects funds	<u>(8,699,561)</u>	<u>(19,680,741)</u>	<u>381,951</u>	<u>12,555,759</u>	<u>260,703</u>
Total all other governmental funds	<u><u>\$ 65,696,230</u></u>	<u><u>\$ 67,226,710</u></u>	<u><u>\$ 62,235,009</u></u>	<u><u>\$ 57,892,617</u></u>	<u><u>\$ 62,761,812</u></u>

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 7,051,233	\$ 770,942	\$ 12,905,529	\$ 27,496,993	\$ 24,737,710
26,015,684	19,464,310	32,285,783	45,017,651	85,194,922
<u>33,066,917</u>	<u>20,235,252</u>	<u>45,191,312</u>	<u>72,514,644</u>	<u>109,932,632</u>
30,839,312	24,184,221	27,908,395	35,108,520	44,961,335
-	19,558,538	27,317,090	23,756,026	16,214,737
<u>5,865,862</u>	<u>7,102,908</u>	<u>241,953</u>	<u>-</u>	<u>-</u>
<u><u>\$ 69,772,091</u></u>	<u><u>\$ 71,080,919</u></u>	<u><u>\$ 100,658,750</u></u>	<u><u>\$ 131,379,190</u></u>	<u><u>\$ 171,108,704</u></u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	1998-99	1999-00	2000-01	2001-02
Revenues:				
Taxes	\$ 60,338,162	\$ 64,852,018	\$ 69,076,565	\$ 74,344,747
State	68,531,386	30,168,937	60,588,532	61,135,618
Federal	10,742,293	1,549,029	7,172,648	1,133,929
Investment earnings	3,995,133	5,044,455	4,244,608	2,136,275
Local mitigation	1,024,251	1,475,421	6,470,891	3,552,790
Licenses and permits	2,458,515	2,508,249	2,346,831	2,387,050
Cities and counties	-	-	-	-
Miscellaneous revenue	2,640,222	3,351,484	3,509,589	4,035,518
Total revenues	<u>149,729,962</u>	<u>108,949,593</u>	<u>153,409,664</u>	<u>148,725,927</u>
Expenditures:				
Executive	8,981,629	10,736,383	9,399,598	11,519,380
Administration	5,495,530	4,903,692	6,983,770	5,759,207
Resource management	14,939,474	13,904,971	18,690,495	18,570,631
Water resources	21,281,901	30,207,320	37,239,629	39,032,878
Operations and land resources	93,320,871	35,305,100	68,084,086	61,806,564
Information resources	6,249,361	5,366,834	11,054,394	9,732,783
Water resource management	-	-	-	-
Acquisition, restoration and public works	-	-	-	-
Operation and maintenance of land and works	-	-	-	-
Regulation	-	-	-	-
Outreach	-	-	-	-
District management and administration	-	-	-	-
Capital outlay				
Debt service:				
Principal retirement	2,875,000	3,015,000	3,170,000	3,325,000
Interest and fiscal charges	4,123,563	3,979,813	3,829,063	3,670,563
Other - cost of issuance	-	-	-	-
Total expenditures	<u>157,267,329</u>	<u>107,419,113</u>	<u>158,451,035</u>	<u>153,417,006</u>
Excess of revenues over(under) expenditures	(7,537,367)	1,530,480	(5,041,371)	(4,691,079)
Other financing sources (uses):				
Transfers in	373,902	463,793	34,031,502	11,269,310
Transfers out	(373,902)	(463,793)	(34,031,502)	(11,269,310)
Long term debt issued	-	-	-	-
Premium on revenue bonds issued	-	-	-	-
Payment to escrow agent-refunded bonds	-	-	-	-
Sale of capital assets	-	-	149,670	2,987,707
Insurance/ FEMA - loss recovery	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>149,670</u>	<u>2,987,707</u>
Net change in fund balances	<u>\$ (7,537,367)</u>	<u>\$ 1,530,480</u>	<u>\$ (4,891,701)</u>	<u>\$ (1,703,372)</u>
Debt service as a percentage of noncapital expenditures	7.15%	8.04%	6.72%	6.52%

2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
\$ 80,657,242	\$ 88,478,126	\$ 99,042,154	\$ 115,864,922	\$ 143,018,871	\$ 145,122,797
46,313,000	33,176,714	52,883,314	49,051,089	137,975,154	132,949,884
1,780,554	4,504,605	929,488	1,459,893	3,661,398	4,706,562
1,455,291	1,170,862	2,291,984	5,116,150	8,558,259	6,208,108
2,659,850	497,593	295,989	54,718	2,185,364	1,064,233
2,919,747	2,909,628	3,491,770	3,593,279	3,357,891	2,322,017
-	512,380	974,475	685,815	842,572	821,525
2,950,222	2,080,488	2,907,181	5,268,905	3,353,990	6,054,322
138,735,906	133,330,396	162,816,355	181,094,771	302,953,499	299,249,448
13,393,063	-	-	-	-	-
3,089,636	-	-	-	-	-
19,651,667	-	-	-	-	-
39,142,822	-	-	-	-	-
46,976,056	-	-	-	-	-
9,917,454	-	-	-	-	-
-	15,086,163	15,260,660	16,966,367	17,338,510	17,004,052
-	53,818,033	82,093,251	65,735,659	186,009,297	179,840,632
-	13,704,035	15,065,380	15,891,333	15,613,635	17,602,973
-	11,746,695	13,153,780	14,779,607	16,608,017	17,352,936
-	4,228,978	4,589,650	4,130,964	5,299,861	5,055,126
-	26,144,218	28,049,668	31,073,113	33,953,085	35,263,176
3,495,000	3,670,000	4,505,000	4,355,000	4,525,000	4,725,000
3,504,312	3,329,563	1,681,517	2,064,450	1,893,750	1,694,125
-	-	675,663	-	-	-
139,170,010	131,727,685	165,074,569	154,996,493	281,241,155	278,538,020
(434,104)	1,602,711	(2,258,214)	26,098,278	21,712,344	20,711,428
10,062,965	7,199,094	55,306,725	77,017,913	39,170,977	12,802,535
(10,062,965)	(7,199,094)	(55,306,725)	(77,017,913)	(39,170,977)	(12,802,535)
-	-	58,740,000	-	-	-
-	-	800,945	-	-	-
-	-	(59,637,345)	-	-	-
5,303,300	5,407,568	507,521	2,231,569	8,749,956	18,943,514
-	-	753,428	1,247,984	258,140	74,572
5,303,300	5,407,568	1,164,549	3,479,553	9,008,096	19,018,086
\$ 4,869,196	\$ 7,010,279	\$ (1,093,665)	\$ 29,577,831	\$ 30,720,440	\$ 39,729,514
6.47%	6.10%	5.21%	4.70%	4.12%	3.65%



Revenue Capacity

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TAXABLE PROPERTY VALUES AND ESTIMATED JUST VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

	<u>1998-99</u>	<u>1999-01</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Assessed Property Value (Millions)	\$ 131,080	\$ 140,302	\$ 152,133	\$ 167,067	\$ 180,855
Estimated Just Value (Millions)	195,333	207,942	222,109	244,521	266,478
Assessed Value as a Percentage of Just Value	67.1%	67.5%	68.5%	68.3%	67.9%

¹ Florida Department of Revenue, Annual DR-420 Forms - Certification of Taxable Value

² It is estimated by multiplying the calculated percentage of just value for the whole county by as for individual counties that are either wholly or partly within SJRWMD.

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
\$ 198,408	\$ 220,529	\$ 259,406	\$ 321,225	\$ 361,315
292,321	326,099	388,827	489,352	543,164
67.9%	67.6%	66.7%	65.6%	66.5%

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TAXABLE PROPERTY VALUES AND ESTIMATED
JUST VALUES OF TAXABLE PROPERTY BY COUNTY
FISCAL YEAR 2007–2008

<u>County</u>	<u>Estimated Just Value¹</u>	<u>Taxable Value²</u>	<u>Taxable as Percentage of Just Value</u>
Alachua*	\$15,341,514,328	\$8,382,297,215	54.6%
Baker*	\$1,470,831,127	708,157,880	48.1%
Bradford*	\$161,807,738	67,187,982	41.5%
Brevard	71,367,902,076	40,980,375,450	57.4%
Clay	16,451,399,457	10,663,355,682	64.8%
Duval	92,633,105,648	61,209,694,800	66.1%
Flagler	17,329,405,998	12,331,578,876	71.2%
Indian River	25,938,181,831	18,420,598,078	71.0%
Lake*	\$29,934,118,037	22,442,234,495	75.0%
Marion*	\$24,182,275,372	14,048,257,203	58.1%
Nassau	11,265,108,244	8,373,403,255	74.3%
Okeechobee*	\$270,420,305	136,225,436	50.4%
Orange*	\$82,242,506,181	59,537,440,230	72.4%
Osceola*	\$168,397,675	127,298,840	75.6%
Polk ³	-	-	0.0%
Putnam*	\$7,531,354,625	4,168,289,809	55.3%
St. Johns	35,482,347,920	24,684,612,649	69.6%
Seminole	48,910,062,363	33,726,964,129	69.0%
Volusia	62,483,245,935	41,306,829,255	66.1%
Total	\$ 543,163,984,860	\$ 361,314,801,264	66.5%
Florida Total	\$2,671,312,826,140	\$1,814,522,802,739	67.9%

Source: Florida Department of Revenue. 2008 DR-420 Reports and 2007 Florida Property and Tax Data book; Internet site <<http://www.myflorida.com/dor/property/databk.html>>

*County that is partly within St. Johns River Water Management District

¹ It is estimated by multiplying the calculated percentage of just value for the whole county by assessed value for individual counties that are either wholly or partly within St. Johns River Water Management District.

² Florida Department of Revenue, Annual DR-420 Forms - Certification of Taxable Value

³ Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District boundaries.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
PRINCIPAL TAXPAYERS BY COUNTY
FISCAL YEAR 2007–2008

<u>County</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>
Alachua	\$ 3,764,454	2.59%
Baker	332,478	0.23%
Bradford	27,246	0.02%
Brevard	16,462,415	11.34%
Clay	4,322,683	2.98%
Duval	24,580,575	16.94%
Flagler	4,960,294	3.42%
Indian River	7,328,800	5.05%
Lake	8,923,002	6.15%
Marion	5,618,860	3.87%
Nassau	3,303,262	2.28%
Okeechobee	54,072	0.04%
Orange	23,827,053	16.42%
Osceola	51,061	0.04%
Polk ¹	-	0.00%
Putnam	1,677,396	1.16%
St. Johns	9,800,861	6.75%
Seminole	13,534,562	9.33%
Volusia	16,553,723	11.41%
Total	\$ 145,122,797	100.00%

¹ Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District boundaries.

(2) Unaudited data as of 1/09/09

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
PROPERTY TAX REVENUES BY COUNTY
LAST TEN FISCAL YEARS

	1998-99	1999-01	2000-01	2001-02
Millage Levy	0.4820	0.4820	0.4720	0.4620
Alachua	\$ 1,830,295	\$ 1,965,707	\$ 2,080,345	\$ 2,210,429
Baker	133,402	142,294	143,965	163,046
Bradford	12,979	13,906	23,059	15,158
Brevard	7,026,445	7,394,664	7,722,869	8,108,561
Clay	1,693,124	1,831,633	1,954,136	2,132,946
Duval	11,810,113	12,801,694	13,534,133	14,530,957
Flagler	1,140,331	1,202,839	1,260,685	1,454,825
Indian River	2,953,772	3,252,300	3,408,384	3,771,745
Lake	2,963,076	3,250,321	3,503,221	3,740,576
Marion	2,038,715	2,102,518	2,310,101	2,456,327
Nassau	1,102,502	1,226,408	1,402,833	1,579,530
Okeechobee	23,212	22,966	24,145	23,303
Orange	10,766,112	11,449,800	12,164,779	13,086,699
Osceola	33,704	33,205	32,960	35,705
Polk ¹	173,241	207,864	261,003	351,367
Putnam	1,013,907	1,038,364	1,038,921	1,043,721
St. Johns	2,828,919	3,281,574	3,701,411	4,277,471
Seminole	6,135,323	6,656,513	6,985,191	7,528,299
Volusia	6,658,990	6,977,448	7,524,424	7,834,082
Total	\$ 60,338,162	\$ 64,852,018	\$ 69,076,565	\$ 74,344,747
percentage increase of property tax revenues	5.045%	7.481%	6.514%	7.627%

¹ Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District boundaries.

(2) Unaudited data as of 1/09/09

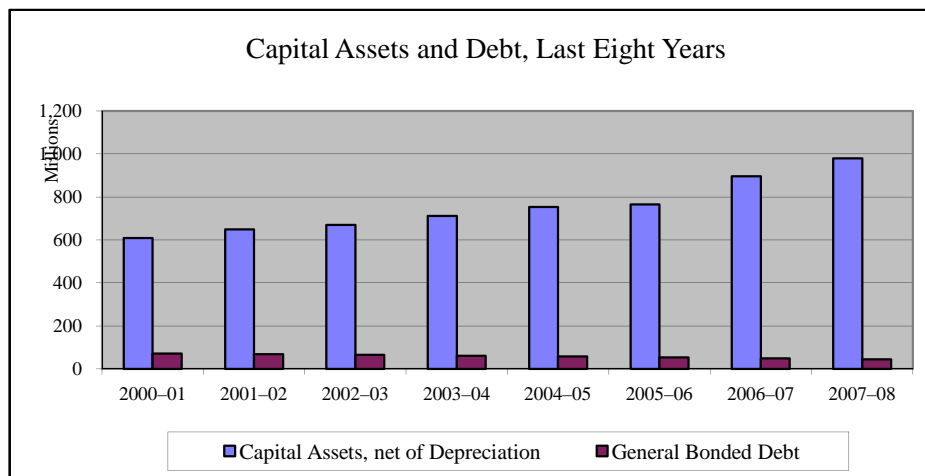
2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
0.4620	0.4620	0.4620	0.4620	0.4620	0.4158
\$ 2,411,448	\$ 2,620,026	\$ 2,826,858	\$ 3,170,486	\$ 3,698,891	\$ 3,764,454
171,435	200,253	224,108	258,440	312,027	332,478
16,450	17,502	18,712	21,211	25,504	27,246
8,843,913	9,892,887	11,309,894	13,851,248	17,522,812	16,462,415
2,308,547	2,549,041	2,879,023	3,339,041	4,105,037	4,322,683
15,179,872	16,479,185	17,976,450	20,465,028	23,311,064	24,580,575
1,670,415	2,032,921	2,601,920	3,548,985	4,890,528	4,960,294
4,268,222	4,848,349	5,445,494	6,372,774	7,977,562	7,328,800
4,147,934	4,574,389	5,375,081	6,359,023	8,470,737	8,923,002
2,685,968	3,051,042	3,482,322	3,886,312	4,990,267	5,618,860
1,803,315	1,946,076	2,185,732	2,673,425	3,195,766	3,303,262
24,892	25,433	31,334	43,383	51,552	54,072
13,891,014	14,828,812	16,244,689	18,480,069	22,598,990	23,827,053
36,358	38,608	43,836	47,426	54,037	51,061
440,070	476	-	-	-	-
1,085,379	1,132,349	1,321,573	1,414,610	1,829,688	1,677,396
4,870,248	5,633,173	6,388,655	7,786,803	9,886,993	9,800,861
8,225,937	8,851,546	9,526,601	10,744,094	13,305,181	13,534,562
8,575,825	9,756,059	11,159,872	13,402,564	16,792,235	16,553,723
\$ 80,657,242	\$ 88,478,127	\$ 99,042,154	\$ 115,864,922	\$ 143,018,871	\$ 145,122,797
8.491%	9.696%	11.940%	16.985%	23.436%	1.471%



Debt Capacity

ST. JOHNS RIVER MANAGEMENT DISTRICT, FLORIDA
RATIO OF DEBT TO CAPITAL ASSETS, DEBT PER CAPITA, AND
RATIO OF BONDED DEBT TO TAXABLE PROPERTY VALUE
LAST TEN FISCAL YEARS¹

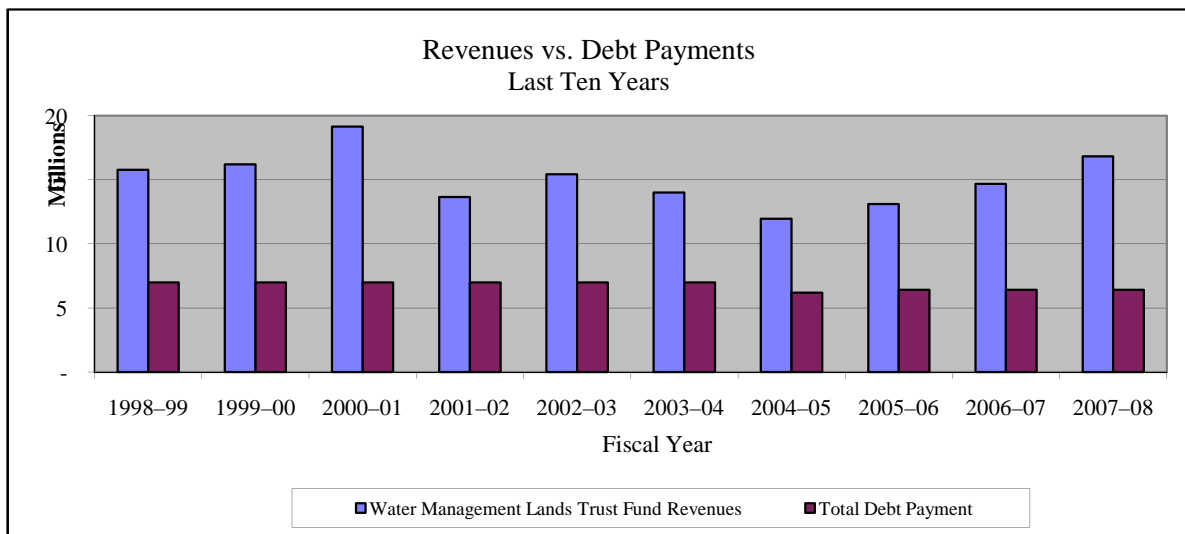
Fiscal Year	General Bonded Debt	Capital Assets, Net of Depreciation ¹	Ratio Debt to Net Capital Assets ¹	Estimated Population at April 1	General Bonded Debt Per Capita
1998–99	78,290,000	N/A	N/A	3,814,762	20.52
1999–00	75,275,000	N/A	N/A	3,900,487	19.30
2000–01	72,105,000	\$ 608,449,672	11.85%	4,005,260	18.00
2001–02	68,780,000	649,076,265	10.60%	4,108,121	16.74
2002–03	65,285,000	670,149,217	9.74%	4,220,497	15.47
2003–04	61,615,000	711,396,237	8.66%	4,337,525	14.21
2004–05	58,085,000	753,570,819	7.71%	4,460,556	13.02
2005–06	53,730,000	764,965,524	7.02%	4,593,850	11.70
2006–07	49,205,000	896,139,366	5.49%	4,697,889	10.47
2007–08	44,480,000	979,219,559	4.54%	4,743,193	9.38



¹The District implemented GASB 34 beginning with the fiscal year ended September 30, 2001; therefore, depreciation expense was not calculated in prior periods.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water Management Lands Trust Fund Revenues	Principal	Interest and Fiscal Charges	Total	Coverage
1998-99	15,770,599	2,875,000	4,123,563	6,998,563	2.25
1999-00	16,214,166	3,015,000	3,979,813	6,994,813	2.32
2000-01	19,148,591	3,170,000	3,829,063	6,999,063	2.74
2001-02	13,656,932	3,325,000	3,670,563	6,995,563	1.95
2002-03	15,435,497	3,495,000	3,504,313	6,999,313	2.21
2003-04	14,008,113	3,670,000	3,329,563	6,999,563	2.00
2004-05	11,967,296	4,505,000	1,681,517	6,186,517	1.93
2005-06	13,107,479	4,355,000	2,064,450	6,419,450	2.04
2006-07	14,681,854	4,525,000	1,893,750	6,418,750	2.29
2007-08	16,840,571	4,725,000	1,694,125	6,419,125	2.62





*Demographic and Economic
Information*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
DEMOGRAPHIC STATISTICS - POPULATION BY COUNTY
LAST TEN FISCAL YEARS**

	1999	2000	2001	2002	2003	2004
Alachua*	167,858	167,559	171,388	175,748	177,815	181,565
Baker*	20,019	20,690	20,972	21,371	21,735	22,274
Bradford*	1,271	1,234	1,234	1,254	1,276	1,312
Brevard	467,401	476,230	485,178	494,102	507,810	521,422
Clay	136,084	140,814	142,838	149,901	156,011	163,461
Duval	764,961	778,879	793,898	809,394	826,279	840,474
Flagler	46,855	49,832	53,061	56,785	61,541	69,683
Indian River	109,266	112,947	115,716	118,149	121,174	126,829
Lake*	201,205	209,401	219,145	229,836	239,429	250,531
Marion*	196,683	188,034	191,927	196,880	204,774	213,017
Nassau	55,405	57,663	59,409	61,094	63,062	65,016
Okeechobee*	640	733	738	746	760	776
Orange*	663,177	679,569	705,111	724,695	745,393	768,723
Osceola*	1,358	1,725	1,795	1,934	2,104	2,258
Polk ¹	6,767	13,087	13,417	13,586	13,844	-
Putnam*	69,760	70,423	70,820	71,329	71,971	73,226
St. Johns	116,744	123,135	128,604	133,953	139,849	149,336
Seminole	355,329	365,196	377,960	387,626	394,900	403,361
Volusia	433,979	443,343	452,050	459,737	470,770	484,261
SJRWMD Total	<u>3,814,762</u>	<u>3,900,494</u>	<u>4,005,261</u>	<u>4,108,120</u>	<u>4,220,497</u>	<u>4,337,525</u>
Annual Percentage Increase	2.3%	2.2%	2.7%	2.6%	2.7%	2.8%

Source: University of Florida Bureau of Economic and Business Research

*St. Johns River Water Management District estimated county population based on geographic boundaries that lie within the St. Johns River Water Management District.

¹Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District.

2005	2006	2007	2008
185,094	187,412	190,319	194,030
22,265	23,242	23,817	24,065
1,330	1,351	1,374	1,375
531,970	543,050	552,109	556,213
169,623	176,901	184,644	185,158
861,150	879,235	897,597	904,971
78,617	89,075	93,568	95,512
130,043	135,262	139,757	141,667
261,610	275,303	284,967	286,837
221,448	228,818	236,043	239,235
65,759	68,188	69,569	71,915
771	789	797	817
791,089	818,448	838,220	845,329
2,352	2,559	2,661	2,737
-	-	-	-
73,764	74,416	74,799	74,989
157,278	165,291	173,935	181,180
411,744	420,667	425,698	426,413
494,649	503,844	508,014	510,750
<u>4,460,556</u>	<u>4,593,851</u>	<u>4,697,888</u>	<u>4,743,193</u>
2.8%	3.0%	2.3%	1.0%

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
DEMOGRAPHIC STATISTICS — NUMBER OF DISTRICT EMPLOYEES
PER 100,000 POPULATION
LAST TEN FISCAL YEARS**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Number of Employees ¹	726	728	727	693	691	691
District Population ²	3,814,762	3,900,487	4,005,260	4,108,121	4,220,497	4,337,525
Employees Per 100,000 Population	19.0	18.7	18.1	16.9	16.4	15.9

¹Number of Full Time Equivalent (FTEs) at the beginning of fiscal years.

²St. Johns River Water Management District estimates

2005	2006	2007	2008
691	691	715	717
4,460,556	4,593,850	4,697,889	4,743,193
15.5	15.0	15.2	15.1

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TOP TEN NON-GOVERNMENT EMPLOYERS WITHIN A SINGLE COUNTY
FISCAL YEAR 2007–2008**

<u>Employer</u>	<u>Number of Employees</u>	<u>County</u>
Walt Disney World	53,500	Orange
Adventist Health System	17,059	Orange
Universal Orlando	14,500	Orange
Shands Hospital	12,588	Alachua
Orlando Regional Healthcare System	12,000	Orange
Blue Cross Blue Shield of Florida	9,000	Duval
Harris Corporation	6,700	Brevard
Publix Distribution Center	6,615	Duval
Health First, Inc.	6,420	Brevard
Winn-Dixie Stores and Distribution Center	6,200	Duval

Source: eFlorida.com

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
DEMOGRAPHIC STATISTICS — UNEMPLOYMENT RATES
LAST TEN FISCAL YEARS**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008¹
Alachua	2.2%	3.0%	3.4%	3.9%	3.6%	3.4%	3.0%	2.6%	3.0%	4.5%
Baker	3.5%	3.0%	4.0%	5.0%	5.1%	4.4%	3.5%	2.9%	3.6%	6.3%
Bradford	3.5%	3.7%	4.3%	5.0%	4.6%	4.3%	3.7%	2.8%	3.4%	5.1%
Brevard	4.1%	3.6%	4.3%	5.6%	5.1%	4.4%	3.6%	3.3%	4.4%	7.3%
Clay	2.7%	3.0%	3.8%	4.9%	4.5%	4.3%	3.4%	3.0%	3.5%	5.8%
Duval	3.2%	3.3%	4.2%	5.7%	5.5%	5.2%	4.2%	3.5%	4.1%	6.7%
Flagler	3.3%	3.6%	4.6%	5.4%	5.0%	4.6%	3.5%	4.2%	6.5%	10.4%
Indian River	7.8%	5.1%	5.8%	7.0%	6.6%	6.6%	4.6%	4.2%	5.8%	10.1%
Lake	2.7%	3.6%	4.4%	5.6%	5.0%	4.5%	3.6%	3.3%	4.2%	7.1%
Marion	3.8%	4.0%	4.9%	5.7%	5.2%	4.6%	3.6%	3.4%	4.6%	8.6%
Nassau	3.5%	3.3%	4.0%	4.9%	4.9%	4.2%	3.4%	2.9%	3.4%	6.0%
Okeechobee	7.9%	5.4%	6.1%	7.0%	6.8%	6.3%	5.0%	4.1%	5.3%	9.9%
Orange	2.9%	3.1%	4.2%	5.7%	5.2%	4.6%	3.6%	3.1%	3.8%	6.4%
Osceola	2.8%	3.3%	4.4%	5.7%	5.2%	4.8%	3.6%	3.4%	4.3%	7.0%
Polk ²	5.1%	4.1%	5.0%	5.8%	5.6%	-	-	-	-	-
Putnam	5.2%	4.3%	5.4%	6.6%	5.7%	5.5%	4.5%	3.7%	4.7%	8.1%
St. Johns	2.5%	3.0%	3.6%	4.4%	4.1%	3.7%	2.9%	2.7%	3.3%	5.7%
Seminole	2.8%	3.0%	4.0%	5.5%	5.1%	4.3%	3.3%	2.9%	3.5%	6.1%
Volusia	3.2%	3.4%	4.2%	5.4%	5.1%	4.6%	3.6%	3.3%	4.2%	7.2%
SJRWMD	3.8%	3.6%	4.5%	5.5%	5.2%	4.7%	3.7%	3.3%	4.0%	6.8%
Florida	4.0%	3.8%	4.6%	5.7%	5.3%	4.7%	3.8%	3.3%	4.0%	6.9%
U.S.	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	6.0%

Source: Local Area Unemployment Statistics at <http://fred.labormarketinfo.com>. Retrieved 11/12/2007, from Florida Research and Economic database.

¹Note: All rates are annual average rates, with the exception of 2008 which reflects preliminary data for the month of September 2008.

²Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management boundaries.



Operating Information

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
ACRES OF LAND OR CONSERVATION EASEMENT OWNERSHIP
LAST TEN FISCAL YEARS**

Type of Ownership	Acres of Land or Conservation Easement Ownership									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>Full Fee:</u>										
Acquired	22,203	14,144	53,645	20,918	15,345	-4,076	15,156	1,499	14,647	14,346
Cumulative	448,639	462,783	516,428	537,346	552,691	548,615	563,771	565,270	579,917	594,263
<u>Conservation Easement :</u>										
Acquired	11,294	4,017	3,752	11,720	5,415	7,625	15,404	575	2,895	(3,357)
Cumulative	47,340	51,357	55,109	66,829	72,244	79,869	95,273	95,848	98,743	95,386
Total Acres	<u>495,979</u>	<u>514,140</u>	<u>571,537</u>	<u>604,175</u>	<u>624,935</u>	<u>628,484</u>	<u>659,044</u>	<u>661,118</u>	<u>678,660</u>	<u>689,649</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
PERMIT APPLICATIONS RECEIVED
LAST TEN FISCAL YEARS**

Permit Category	Number of Permits									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Environmental resource	2,846	2,968	3,070	2,921	2,908	3,106	3,279	3,398	2,924	1,507
Consumptive use	641	654	645	623	380	269	286	358	375	212
Water well construction	418	481	498	403	463	449	513	614	474	316
Total Applications	<u>3,905</u>	<u>4,103</u>	<u>4,213</u>	<u>3,947</u>	<u>3,751</u>	<u>3,824</u>	<u>4,078</u>	<u>4,370</u>	<u>3,773</u>	<u>2,035</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
MILES OF LEVEES
LAST TEN FISCAL YEARS**

Construction Type of Levee	Miles of Levees									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
United States Army Corps of Engineers	117.30	117.30	117.30	117.30	117.30	117.30	117.30	117.30	117.30	117.30
Farm	<u>178.33</u>	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>
Total Miles of Levees	<u>295.63</u>	<u>302.63</u>	<u>302.63</u>	<u>302.63</u>	<u>302.63</u>	<u>302.63</u>	<u>302.63</u>	<u>302.63</u>	<u>302.63</u>	<u>302.63</u>



Comprehensive Annual Financial Report Other Reports Section

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

**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,
St. Johns River Water Management District:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Johns River Water Management District as of and for the year ended September 30, 2008, which collectively comprise the St. Johns River Water Management District's basic financial statements and have issued our report thereon dated February 25, 2009. 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 St. Johns River Water Management District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Johns River Water Management District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Johns River 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 St. Johns River 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 St. Johns River Water Management District's financial statements that is more than inconsequential will not be prevented or detected by the St. Johns River 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 St. Johns River 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 the St. Johns River 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*.

We noted certain matters that we reported to management of the St. Johns River Water Management District, in a separate letter dated February 25, 2009.

This report is intended solely for the information and use of St. Johns River 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 Marx + Co., P.L.

Gainesville, Florida
February 25, 2009

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal/State Agency, Pass-through Entity Federal Program/State Project	Catalog of Federal Domestic Assistance Number	Catalog of State Financial Assistance Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Wetlands Reserve Program	10.072		
Turkey Creek-Lee Ranch Conservation Easement			\$ 18,657,321
Fellsmere Water Management			2,536,961
NSRA Unit 2 Cost Share			1,251,968
Banjo Groves Conservation Area			40,247
Total U.S. Department of Agriculture			<u>22,486,497</u>
<u>U.S. Department of Transportation</u>			
Highway Planning and Construction	20.205		
ETDM Projects			106,203
Total U.S. Department of Transportation			<u>106,203</u>
<u>U.S. Environmental Protection Agency</u>			
National Estuary Program	66.456		
Indian River Comprehensive Conservation and Management Plan			381,955
Indian River Lagoon Projects			29,384
Total U.S. Environmental Protection Agency			<u>411,339</u>
<u>U.S. Fish and Wildlife Service</u>			
Coastal Program	15.630		
Restore Bottles Islands			34,000
Total U.S. Department of Transportation			<u>34,000</u>
<u>Pass-Through Entities</u>			
Florida Department of Environmental Protection			
Federal Agency: National Oceanic and Atmospheric Administration, Department of Commerce			
Coastal Zone Management Administration Awards	11.419		
Coastal Impact Assessment			357,523
Florida Department of Environmental Protection			
Federal Agency: Environmental Protection Agency			
Congressionally Mandated Projects	66.202		
Development of East-Central Florida Project			432,047

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal/State Agency, Pass-through Entity Federal Program/State Project	Catalog of Federal Domestic Assistance Number	Catalog of State Financial Assistance Number	Expenditures
Florida Department of Environmental Protection			
Federal Agency: Office of Water, Environmental Protection Agency			
Water Pollution Control State, Interstate, and Tribal Program			
Support	66.419		
Surface Water and Ground Water Sampling			
FDEP Temporal Variability Monitoring Network			224,274
Water Sampling for Temporal Variability Monitoring Network			108,885
Water Sampling In SJRWMD Area 2008-09			12,714
Total Water Pollution Control State and Interstate Program Support			345,873
Total Pass-Through Entities			1,135,443
TOTAL EXPENDITURES OF FEDERAL AWARDS			24,173,482
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
DOT Mitigation Projects - Water Resource Management		37.020	
Mitigation Projects			9,334,761 ¹
Water Management Districts - Land Acquisition - State Lands		37.022	
Land Acquisition - Yarborough Ranch			27,334,291
Land Acquisition - Turkey Creek Ranch			11,776,762
Debt Service - Land Acquisition Bonds			5,947,067
Land Management Program			5,774,153
Land Acquisition - Masters Property			3,543,886
Land Acquisition - Geiger Property			3,182,140
Water Resource Development Projects-Aquifer Storage and Recovery			2,494,024
Lake Apopka River Basin Restoration Projects			2,049,700
Restoration Activities - District Wide			1,863,592
Invasive Plant Management Program			1,517,360
Restoration Activities - Upper Ocklawaha River Basin			1,496,373
Land Acquisition - River Styx Property			1,276,703
Restoration Activities - Indian River Lagoon			1,274,381
Restoration Activities - Upper Ocklawaha River Basin			1,143,511
Land Acquisition - West Augustine			886,111
Restoration Activities - District Wide			783,279
Indian River Lagoon Restoration Projects			735,751
Water Resource Development Projects - Cost-Sharing			651,327
Water Resource Development Projects- Regional Aquifer Management			638,000
Restoration Activities - District Wide			618,941
Upper Ocklawaha River Basin Restoration Projects			508,601

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal/State Agency, Pass-through Entity Federal Program/State Project	Catalog of Federal Domestic Assistance Number	Catalog of State Financial Assistance Number	Expenditures
Water Resource Development Projects-Aquifer Recharge Project			493,716
Restoration Activities - Indian River Lagoon			421,000
Restoration Activities -Upper Ocklawaha River Basin			400,000
Upper Ocklawaha River Basin Restoration Projects			376,752
Restoration Activities - Indian River Lagoon			350,375
Environmental Management Program			296,904
Upper Ocklawaha River Basin Restoration Projects			283,293
Land Acquisition - Legal Services			221,981
Indian River Lagoon Restoration Projects			187,048
Restoration Activities - Upper Ocklawaha River Basin			99,482
Water Resource Development Projects- Lower Lake Louise			47,992
Payment in Lieu of Taxes to Baker County			30,443
Abandoned Artesian Well Plugging			25,940
Payment in Lieu of Taxes to Putnam County			8,467
Land Acquisition - Longbranch Crossing Property			7,072
Payment in Lieu of Taxes to Flagler County			366
Total Water Management Districts - Land Acquisition - State Lands			<u>78,746,784</u>
Statewide Surface Water Restoration and Wastewater Projects		37.039	
Indian River Lagoon - Initiative Plan Projects			13,254,244
Indian River Lagoon - Initiative Plan Projects			5,473,707
District Wide Surface Water Restoration Projects			3,053,294
Lower St. Johns River Basin - Initiative Plan Projects			1,864,623
Lower St. River Basin Surface Water Restoration Projects			1,085,021
Lower St. Johns River Basin - Initiative Plan Projects			637,098
Upper Ocklawaha River Basin - Initiative Plan Projects			575,979
Middle St. Johns River Basin - Initiative Plan Projects			394,834
Surface Water Restoration Activities			494,269
Indian River Lagoon - Initiative Plan Projects			256,318
Upper St. Johns River Basin - Initiative Plan Projects			250,530
District Wide Surface Water Restoration Projects			241,666
Middle St. Johns River Basin - Initiative Plan Projects			202,719
Northern Coastal Basin - Initiative Plan Projects			201,193
Middle St. Johns River Basin Surface Water Restoration Projects			197,959
Ocklawaha River Basin - Initiative Plan Projects			181,965
Surface Water Restoration Activities			123,371
Lake Griffin Hydrilla Control			103,799
Northern Coastal Basin - Initiative Plan Projects			101,968
Lower St. Johns River Basin - Initiative Plan Projects			321,649
Orange Creek Basin - Initiative Plan Projects			64,419

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal/State Agency, Pass-through Entity Federal Program/State Project	Catalog of Federal Domestic Assistance Number	Catalog of State Financial Assistance Number	Expenditures
Lower St. Johns River Basin 5-Year Restoration Plan			60,071
Middle St. Johns River Basin - Initiative Plan Projects			60,000
Indian River Lagoon Surface Water Restoration Projects			52,478
Surface Water Restoration Activities			51,848
Orange Creek Basin - Initiative Plan Projects			47,642
Middle St. Johns River Basin - Initiative Plan Projects			29,806
Indian River Lagoon Surface Water Restoration Projects			25,000
Wekiva River Nitrate Impact Study, Phase II			19,041
Tri-County Agricultural Water Quality Projects			12,627
Total Statewide Surface Water Restoration and Wastewater Projects			<u>29,439,138</u>
Florida Springs Initiative - Water Resource Management Spring Projects		37.052	<u>123,325</u>
Water Protection and Sustainability - Water Resource Management Alternative Water Supply Projects		37.066	<u>6,560,186</u>
Total Florida Department of Environmental Protection			<u>124,204,194</u>
<u>Florida Department of Agriculture and Consumer Services</u>			
Water Policy Best Management Practices Cost Share Controlled Release Fertilizer Project		42.017	<u>50,000</u>
<u>Florida Department of Highway Safety and Motor Vehicles</u>			
Indian River Lagoon License Plate Indian River Lagoon Projects		76.010	<u>970,577</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>125,224,771</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$ 149,398,253</u></u>

¹ The Florida Department of Transportation Mitigation (FDOT) provided monies totaling \$5,385,852 for FDOT road project mitigation at Longbranch, WT Ranch, and Medard Property. The District originally purchased these properties with Florida Forever monies. The District utilized these Florida Forever monies to purchase qualified conservation lands totaling \$3,129,996, leaving an upspent balance of \$3,378,183 in the Florida Forever Fund. See Note (4)(b) of the Notes to Financial Statements.

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Federal Grantor/Pass-Through Grantor/State Grantor Matching Program Title	Grantor's Contract Number	Program Award/ Matching Amount	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Agriculture</u>			
Wetlands Reserve Program			
Sunnyhill Restoration Area	24960	\$ 1,837,109	\$ 2,536,961
North Shore Conservation Area	SK943XA	312,992	1,251,968
Banjo Groves Conservation Area	SG477XA	10,062	40,247
Total U.S. Department of Agriculture		<u>2,160,163</u>	<u>3,829,176</u>
<u>U.S. Fish and Wildlife Service</u>			
Coastal Program			
Restore Bottles Islands	25061	34,000	34,000
Total U.S. Fish and Wildlife Service		<u>34,000</u>	<u>34,000</u>
<u>U.S. Environmental Protection Agency</u>			
National Estuary Program			
Indian River Comprehensive Conservation and Management Plan	SK441XA	381,955	381,955
Indian River Lagoon Projects	SF603XA	29,384	29,384
<u>Pass-Through Entities</u>			
Florida Department of Environmental Protection			
Florida Department of Environmental Protection: Development of East-Central Florida Project	SJ318XA	383,136	432,047
Total U.S. Environmental Protection Agency		<u>794,475</u>	<u>843,386</u>
TOTAL FEDERAL AWARDS		<u>2,988,638</u>	<u>4,706,562</u>
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
Surface Water Restoration Activities			
Surface Water Restoration Activities	2006-11	494,269	494,269
Surface Water Restoration Activities	2007-11	123,371	123,371
Indian River Lagoon - Initiative Plan Projects	2007-05	5,473,707	5,473,707
Lower St. Johns River Basin - Initiative Plan Projects	2007-06	637,098	637,098
Middle St. Johns River Basin - Initiative Plan Projects	2007-07	60,000	60,000
Northern Coastal Basin - Initiative Plan Projects	2007-08	201,193	201,193
Orange Creek Basin - Initiative Plan Projects	2007-09	64,419	64,419
Water Protection and Sustainability - Water Resource Management			
Alternative Water Supply Projects	Multiple	12,545,527	12,545,527
Total Florida Department of Environmental Protection		<u>19,599,584</u>	<u>19,599,584</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>19,599,584</u>	<u>19,599,584</u>
TOTAL AWARDS		<u>\$ 22,588,222</u>	<u>\$ 24,306,146</u>

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Basis of Accounting

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Encumbrances are used during the year for budgetary control purposes.

Reporting Entity

The St. Johns River Water Management District (the District), for purpose of the Schedule of Expenditures of Federal Awards and State Financial Assistance, includes all the funds of the primary government as defined by GASB 14, The Financial Reporting Entity.

Pass-Through Awards

The District receives certain federal awards from pass-through awards of the state. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Sub-Recipients

Of the expenses presented in the accompanying schedule of Federal awards and state financial assistance, the various grantors provided Federal and state awards to sub-recipients as follows:

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	CFDA/ CSFA Number	Amount Provided To Subrecipients
Congressionally Mandated Projects	66.202	
Development of East-Central Florida Project		\$ 432,047
National Estuary Program	66.456	
Indian River Lagoon Projects		5,000
U.S. Fish and Wildlife Service	15.630	
Coastal Program		34,000
Statewide Surface Water Restoration and Wastewater Projects	37.039	
Implementing Projects Approved by the Water Advisory Panel		2,927,588
Lower St. Johns River Basin State- Initiative Plan Projects		1,720,910
Clay County Utility Authority		1,203,357
Lower St. Johns River Basin State- Initiative Plan Projects		637,098
Northern Coastal Basin - Initiative Plan Projects		160,000
District Wide Surface Water Restoration Projects		123,371
Indian River Lagoon- Initiative Plan Projects		117,994
Middle St. Johns River Basin Surface Water Restoration Projects		93,526
Indian River Lagoon- Initiative Plan Projects		87,130
Lower St. Johns River Basin State- Initiative Plan Projects		78,000
District Wide Surface Water Restoration Projects		77,000
Middle St. Johns River Basin- Initiative Plan Projects		60,000
Lower St. Johns River Basin State- Initiative Plan Projects		50,000
Middle St. Johns River Basin- Initiative Plan Projects		35,690
Surface Water Restoration Activities		35,675
Middle St. Johns River Basin- Initiative Plan Projects		29,806
		<u>7,437,145</u>

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	CFDA/ CSFA Number	Amount Provided To Subrecipients
Water Management Districts - Land Acquisition - State Lands	37.022	
Clay County Utility Authority		1,203,357
Indian River Lagoon Restoration Projects		735,751
Water Resource Development Projects-Cost-Share Funding		651,327
Water Resource Development Projects-Aquifer Recharge Project		638,000
Water Resource Development Projects-Central Florida Aquifer Project		493,716
Volusia County		92,500
		<u>3,814,651</u>
Florida Springs Initiative	37.052	
Spring Protection and Restoration Project		76,500
Water Protection and Sustainability - Water Resource Management	37.066	
Alternative Water Supply Projects		6,560,186
Indian River Lagoon License Plate	76.010	
Indian River Lagoon Projects		689,736
Total Awards		<u><u>\$ 19,015,265</u></u>
Subrecipients are the following:		
Congressionally Mandated Projects	66.202	
City of Cocoa		\$ 432,047
National Estuary Program	66.456	
Martin County		5,000
U.S. Fish and Wildlife Service		
Coastal Program	15.630	34,000
Statewide Surface Water Restoration and Wastewater Projects	37.039	
Indian River County BOCC		2,861,657
Clay County Utility Authority		1,720,910
Clay County Utility Authority		1,203,357
City of Jacksonville Beach		637,098
City of Port Orange		160,000
City of South Daytona		123,371
Indian River Mosquito Control District		104,633
Orange County		93,526
U.S. Geological Survey		78,000
City of Cocoa Beach		77,000
Seminole County		62,311
City of Orlando		60,000
Department of Agriculture and Consumer Services		50,000

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	CFDA/ CSFA Number	Amount Provided To Subrecipients
Seminole County Board of County Commissioners		29,806
U.S. Geological Survey		49,398
Seminole County		35,690
Indian River County Health Department		28,073
City of Orlando		21,250
City of Lake Helen		14,425
Florida Fish and Wildlife Conservation		13,361
County of Volusia - Environmental Mgmt		9,659
Seminole County		3,620
		<u>7,437,145</u>
Water Management Districts - Land Acquisition - State Lands	37.022	
Clay County Utility Authority		1,203,357
Indian River County BOCC		735,751
City of Palm Coast		651,327
City of Ormond Beach		638,000
Orange County Board of County Commissioners		286,435
Seminole County		137,281
Volusia County		92,500
Orange County Stormwater Management Department		70,000
		<u>3,814,651</u>
Florida Springs Initiative	37.052	
Spring Protection and Restoration Project		76,500
Water Protection and Sustainability - Water Resource Management	37.066	
Putnam County		1,403,139
City of St Augustine		1,007,900
City of Orlando		1,264,890
Lake Utility Services, Inc		490,000
City of Ormond Beach		369,481
City of Sanford		302,639
City of Clermont		300,000
City of Winter Garden		293,800
City of Palm Coast		200,322
City of Ormond Beach		194,792
St. Johns County		182,416
Orange County Utilities		140,000
City of West Melbourne		102,490
City of Belleview		73,170
Dunes Community Development District		59,772
City of Ocoee		49,106

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	CFDA/ CSFA Number	Amount Provided To Subrecipients
City of Rockledge		43,728
Seminole County		36,839
City of Daytona Beach		24,454
City of Holly Hill		21,249
		<u>6,560,187</u>
Indian River Lagoon License Plate	76.010	
Indian River County BOCC		241,600
City of Cocoa Beach		100,000
Volusia County		72,041
City of Rockledge		53,300
Town of Melbourne Beach		44,105
City of Sebastian		42,790
City of Palm Bay		42,500
City of Palm Bay		27,498
Marine Discovery Center Inc		23,978
Marine Discovery Center Inc		19,100
Marine Resources Council of East Florida		12,137
Volusia Soil And Water Conservation District		10,688
		<u>689,737</u>
Total Awards		<u><u>19,015,267</u></u>

(Concluded)

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND MAJOR 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,
St. Johns River Water Management District:

Compliance

We have audited the compliance of the St. Johns River 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 State of Florida State Projects Compliance Supplement, that are applicable to each of its major federal programs and major state projects for the year ended September 30, 2008. The St. Johns River Water Management District's major federal programs and major 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 major state projects is the responsibility of the St. Johns River Water Management District's management. Our responsibility is to express an opinion on the St. Johns River 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 Accounting 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 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 major state project occurred. An audit includes examining, on a test basis, evidence about the St. Johns River 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 the St. Johns River Water Management District's compliance with those requirements.

In our opinion, the St. Johns River 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, 2008.

Internal Control Over Compliance

The management of the St. Johns River 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 the St. Johns River Water Management District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or major 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 the St. Johns River 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 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 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 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 the St. Johns River 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.

Gainesville, Florida
February 25, 2009

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> No
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> No
Type of auditors' report issued on compliance for major federal awards programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> </u> Yes	<u> X </u> No
Identification of major programs:	CFDA No. 10.072, United States Department of Agriculture - Wetlands Reserve Program	
Dollar threshold used to distinguish between the type A and type B programs:	\$725,204	
Auditee qualified as a low-risk auditee?	<u> X </u> Yes	<u> </u> No

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(Continued)

State Financial Assistance

Internal control over major state financial assistance projects:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X No

Type of auditors' report issued on compliance for major state financial assistance projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General Chapter 10.550? X Yes _____ No

Identification of major state financial assistance CSFA No. 37.022, Florida Department of Environmental Protection - Water Management Districts - Land Acquisition

CSFA No. 37.039, Florida Department of Environmental Protection - Statewide Surface Water Restoration and Wastewater Projects

Dollar threshold used to distinguish between the type A and type B programs: \$3,756,743

Section II. Findings relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards* None.

Section III. Findings and Questioned Costs for Federal Awards: None.

Section IV. Findings and Questioned Costs for State Financial Assistance: None.

Section V. Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended September 30, 2007: None.

Section VI. Prior Audit Findings and Corrective Action Plan for State Financial Assistance for the Year Ended September 30, 2007: None.



Comprehensive Annual Financial Report Management Letter Section

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

**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,
St. Johns River Water Management District:

We have audited the financial statements of the St. Johns River Water Management District, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated February 25, 2009.

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 Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's 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 25, 2009, 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 governs 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 auditor's 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. All findings and recommendations made in the preceding annual financial audit report have been corrected.
- 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 St. Johns River 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 noted the following recommendation:

Processing of cash receipts—District procedures require that all checks are to be entered into the document tracking system and hand delivered to the appropriate staff member. The staff member is required to sign for the receipt of the checks on a hand held device carried by the mail clerk. During our initial tests of internal controls, we noted one of the checks received in the mailroom was not entered into the tracking system for delivery. The check was forwarded directly to the Finance and Administration Department and was delivered to the appropriate individual. However, the District's procedures were not followed. Failing to follow proper procedures increases the risk that a check may be lost, stolen or otherwise misappropriated.

We suggest that all employees responsible for these procedures review the District's formal policies and that all policies be followed.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts 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 are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. 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. The St. Johns River Water Management District was established by Chapter 373 of the Florida Statutes, known as the Florida Water Resources Act of 1972. There are no component units of the St. Johns River Water Management District to be disclosed as required by accounting principles generally accepted in the United States of America.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental 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 St. Johns River 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 St. Johns River Water Management District for the fiscal year ended September 30, 2008, 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, 2008. 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 St. Johns River 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 St. Johns River Water Management District's management, the Board of Governors 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.

Gainesville, Florida
February 25, 2009



St. Johns River Water Management District

Kirby B. Green III, Executive Director • David W. Fisk, Assistant Executive Director

4049 Reid Street • P.O. Box 1429 • Palatka, FL 32178-1429 • (386) 329-4500
On the Internet at www.sjrwmdd.com.

February 25, 2009

James Moore & Co., P.L.
5931 NW 1st Place
Gainesville, Florida 32607

St. Johns River Water Management District (the District) provides the following response to the Independent Auditors' Management Letter for fiscal year 2007-2008.

Expenditures of Federal and State Awards:

Auditors' Observation: District procedures require that all checks are to be entered into the document tracking system and hand delivered to the appropriate staff member. The staff member is required to sign for the receipt of the checks on a hand held device carried by the mail clerk. During our initial tests of internal controls, we noted one of the checks received in the mailroom was not entered into the tracking system for delivery. The check was forwarded directly to the Finance and Administration Department and was delivered to the appropriate individual. However, the District's procedures were not followed. Failing to follow proper procedures increases the risk that a check may be lost, stolen or otherwise misappropriated.

Recommendation of Auditors: We suggest that all employees responsible for these procedures review the District's formal policies and that all policies be followed.

Management Response: The District concurs with the recommendation. Employees responsible for delivery and receipt of checks have been advised of the District's formal policies and a process to verify that the policies are followed has been implemented.

It has been a pleasure working with James Moore & Co., P.L. on the audit this year.

Sincerely,

A handwritten signature in cursive script that reads "Ann Meuse".

Ann B. Meuse
Director, Department of Finance and Administration

GOVERNING BOARD

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