

Comprehensive Annual Financial Report



**Fiscal year ended
September 30, 2012**

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, 2012

Prepared by
Office of Financial Services
R. Gregory Rockwell, CPA, Finance Director

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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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

Hans G. Tanzler III, Executive Director

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

To: The Residents of the St. Johns River Water Management District

Subject: Comprehensive Annual Financial Report — Fiscal Year (FY) 2011–2012

Date: February 27, 2013

The St. Johns River Water Management District (District) presents its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2012.

Responsibility for the completeness and accuracy of the data and fairness of its presentation rests with the District. The District believes the basic financial statements conform with Generally Accepted Accounting Principles (GAAP) for governmental entities and the information is accurate in all material respects and fairly presents the District's financial position and operating results. The report includes disclosures required to provide an understanding of District financial affairs.

Independent auditors have audited the basic financial statements in accordance with generally accepted auditing standards which 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 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. These reports are available in the District's separately issued Single Audit Report.

GAAP 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 intended to complement MD&A and should be read in conjunction with it. The District's MD&A appears on the pages immediately following the independent auditor's report.

GOVERNING BOARD

Lad Daniels, CHAIRMAN
JACKSONVILLE

John A. Miklos, VICE CHAIRMAN
ORLANDO

Douglas C. Bourmiquet, SECRETARY
VERO BEACH

Maryam H. Ghyabi, TREASURER
ORMOND BEACH

Chuck Drake
ORLANDO

Richard G. Hamann
GAINESVILLE

George W. Robbins
JACKSONVILLE

Fred N. Roberts, Jr.
OCALA

W. Leonard Wood
FERNANDINA BEACH

District Background

The District is one of five regional water management districts (districts) created by the Florida Legislature with passage of the Florida Water Resources Act of 1972 (Chapter 373, *Florida Statutes*). The act provides the districts with specific authorities and responsibilities to manage the water resources of the state, while giving oversight of the districts to the Florida Department of Environmental Protection (DEP).

Florida's water management districts are primarily funded with ad valorem taxes. Each district is governed by a Governing Board, whose members are appointed by Florida's governor and confirmed by the Florida Senate. The governor and Legislature have approval authority over the districts' budgets.

Water management district boundaries are based on natural, hydrologic drainage basins to allow for effective and efficient planning and management. The St. Johns District's boundaries encompass all or part of 18 counties in northeast and east-central Florida, covering a total area of 12,283 square miles, approximately 23 percent of the state's land area. An estimated 4.7 million people (25 percent of the state's population) live within the District's boundaries. There are nine 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. The District contains 96 springs and more than 1,400 lakes. A map showing the geographic boundaries of the District can be found on page xvi.

Financial Condition

The District is funded through a combination of property taxes, fees, grants and funding from local, state and federal sources. The District's Governing Board set the millage rate at 0.3313 for the FY 2011–2012.

The District continues to focus its budget development practices on implementing a sustainable business model that ensures the adequacy of future services. Key elements of the District's model include:

- Current period revenues are sufficient to provide current period services.
- Operating estimates and assumptions for both revenues and expenses are realistic and conservative based on long term trends and recent results.
- District-sourced revenues are adequate to fund operations and contribute to vital capital and cooperative funding programs.

Capital plans for the next three to five years are bolstered by the availability of fund balances accumulated from FY 2005–2006 through 2008–2009. The District has implemented an enhanced project portfolio management system to assist in ranking projects for implementation, as well as project tracking and management, and budget planning and reporting. The system enhances budgetary control over capital projects.

District priorities

Through various efficiency measures and the utilization of committed fund balances, the FY 2012–2013 expenditures are fully supported with adequate revenues. The FY 2012–2013 budget is focused on core missions and priority projects.

Core missions

- Water supply — To implement a regional strategy to provide sufficient water for users and the environment
- Flood protection — To prevent increases in flooding and operate and maintain the District's regional flood control projects
- Water quality and natural systems protection and improvement — To protect and improve water quality and natural systems of the District

Key priorities

- Construct, operate and maintain flood protection and restoration projects.
- Manage District lands.
- Develop and implement minimum flows and levels prevention-recovery strategies.
- Streamline environmental resource and consumptive use permitting, and enhance customer service.
- Conduct hydrologic, water quality and environmental monitoring.
- Focus on engineering, hydrogeology and scientific core competencies.

Strategic initiatives

- Springs protection
 - The objective of this initiative is to formulate and implement science-based projects that will be effective in holistic restoration and protection of major springs. This initiative will improve the understanding of springshed geohydrology, delineate geographic and source variation in nitrate loadings, and explain the relative influences of various environmental factors on the abundance of undesirable biota such as filamentous algae. The initial focus will be on Silver Springs and the springs of the Wekiva River.
- North Florida Regional Water Supply Partnership
 - The objective of this initiative is to ensure reliable and sustainable water supplies and protection of water-dependent natural systems in north Florida. The Suwannee River and St. Johns River water management districts and Florida Department of Environmental Protection are working together to ensure the protection of water resources and related natural systems, and identify sustainable water supplies for all reasonable-beneficial uses in north Florida. Major elements of this initiative include: engaging a stakeholder committee, developing a shared tool to predict and assess water resource impacts, studying the regional groundwater decline in north Florida, creating consistency and coordination in setting minimum flows and levels, collecting and sharing science-based data, and developing a regional water supply plan.

- Central Florida Water Initiative (CFWI)
 - The objective of this initiative is to ensure sustainable water supplies and protection of water-dependent natural systems in central Florida. CFWI technical teams will conclude their work in early 2013 with the goal of identifying the level of sustainable groundwater supplies throughout the region. As part of the regional water supply plan development, solutions to any deficits of groundwater sources will be developed and evaluated. The water supply planning process includes public participation to ensure that all stakeholders have an opportunity to participate in development of the plan, which is scheduled for completion in September 2013.
- Minimum flows and levels (MFLs) prevention and recovery
 - The objective of this initiative is to ensure that MFLs will be met while providing for sufficient water supplies. This initiative focuses on increased water conservation and efficiencies in water use, development of alternative water supplies, optimization of groundwater withdrawals, and regional water supply development projects concurrent with offsets in groundwater withdrawals necessary to achieve MFLs. Prevention and recovery strategies identify water supply development opportunities and provide the natural system protection necessary to ensure that all projected reasonable-beneficial uses are met while protecting the environment.
- Flood protection — levee/structure rehabilitation
 - The objective of this initiative is to reduce flooding risk and protect sensitive lands. The District is the local sponsor and operator of two federal flood control projects: the Upper St. Johns River Basin Project and the Ocklawaha River Basin portion of the Four River Basins, Florida Project. These projects are comprised of approximately 105 miles of levees, nine major water control structures and approximately 50 minor water control structures. This initiative will address two issues associated with these flood control systems: major repairs to water control structures due to normal wear and tear; development and implementation of a System-Wide Improvement Framework to remedy system deficiencies identified in U.S. Army Corps of Engineers inspections in 2012.
- Upper St. Johns River Basin restoration
 - The objective of this initiative is to complete construction and undertake ongoing operation of the headwaters restoration project to maximize benefits to the St. Johns River system. Focus is on completion of the key remaining components of this restoration project, including the 10,000-acre Fellsmere Water Management Area Project, Phase II of the Canal 1 Rediversion Project and strategic installation of canal plugs in the St. Johns Marsh Conservation Area. Completing this initiative will provide a model of how to incorporate highly innovative design and adaptive management approaches to meet other complex, multi-faceted water resource challenges. Data collection and measure of project performance, as well as adaptive management of the project operation to maximize benefits, will continue after the project is completed.

- Middle and Lower St. Johns River water quality improvement
 - The objective of this initiative is to restore the water quality in the middle and lower reaches of the St. Johns River by reducing nutrient discharges (primarily phosphorus and nitrogen). Much of the middle and lower St. Johns River experience periodic algal blooms, due to excess nutrients, that result in ecologic imbalances and economic hardships. In order to effectively reduce the nutrients, projects that address nutrient loadings (primarily phosphorus and secondarily nitrogen in the freshwater reaches of the lower St. Johns River) are necessary within both the middle and lower St. Johns River basins. This initiative will implement projects that can effectively reduce total phosphorus loadings to the St. Johns River in a cost-effective and sustainable manner.
- Lake Apopka and Upper Ocklawaha River Basin restoration and lake level management
 - The objective of this initiative is to restore Lake Apopka and the Upper Ocklawaha River Basin by reducing nutrient discharges (specifically phosphorus) and refining lake level management. Revisiting lake level management and setting MFLs are the most important projects to complete in this basin. In addition to water quality and natural systems, this initiative also provides flood control in the basin. The Harris Bayou project and remediation and re-plumbing of the Lake Apopka North Shore Restoration Area (anticipated for completion in 2013) play major roles in this work. Other major projects in the basin include localized dredging in Lake Apopka near Winter Garden (part of a legislative request) and final reconnection of restored wetlands at Emeralda Marsh to Lake Griffin (a cooperative project with the Florida Fish and Wildlife Conservation Commission). In addition to implementation projects, long-term adaptive management investigations of the lakes and the restoration areas is necessary to track progress and adjust restoration strategies.
- Land management enhancement
 - The objective of this initiative is to manage sensitive lands for protection of ecological value. Focuses is on altering the structure or species mix of existing vegetation to either more closely mimic natural conditions or to improve function or habitat characteristics. Specific projects may include: reducing the dominance of woody vegetation in herbaceous marshes through chopping, mowing, biomass harvesting, or the use of herbicides; reducing the dominance of off-site hardwood species to restore upland systems such as sand hills; planting native groundcover species to facilitate the use of fire as the predominant maintenance force, replacing more expensive mechanical or chemical means.
- Indian River Lagoon protection
 - The objective of this initiative is to restore the water quality and ecological habitat value of the Indian River Lagoon. In 2011, an extensive and persistent phytoplankton bloom developed that decreased water clarity to historically low levels. During the bloom, seagrasses declined over large areas to levels lower than previously measured. The loss of seagrasses amounted to about 35,000 acres. A second phytoplankton bloom developed in 2012. This initiative will support the additional data collection, analysis, and modeling needed to deduce the fundamental causes of the blooms as a basis for development of an improved management plan.

Awards and acknowledgements

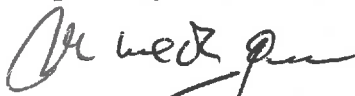
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year that ended September 30, 2011. To be awarded a Certificate of 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 one year only. Management believes that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and will submit it to the GFOA to determine its eligibility for another certificate.

The District also received the GFOA Distinguished Budget Presentation award for its FY 2011–2012 budget. It was the fifth consecutive year the District received the award for the budget document, which guides the District's fiscal policy.

The District's Office of Financial Services appreciates the collaborative work of numerous District employees who prepared this report.

Respectfully submitted,



Michael R. Givens, CPA
Director, Office of Financial Services



R. Gregory Rockwell, CPA
Finance Director

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, 2011

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.



Christopher P. Morrell

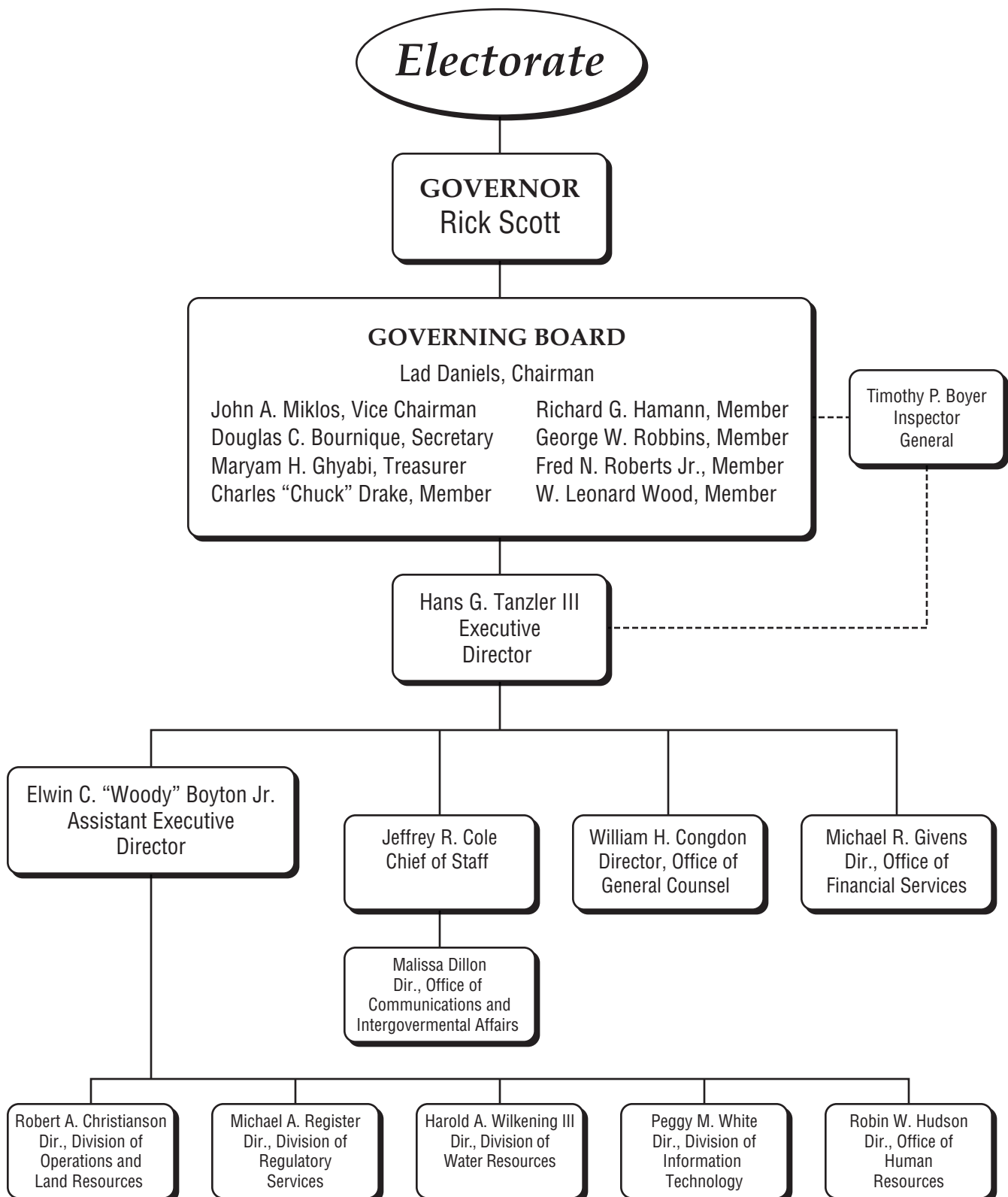
President

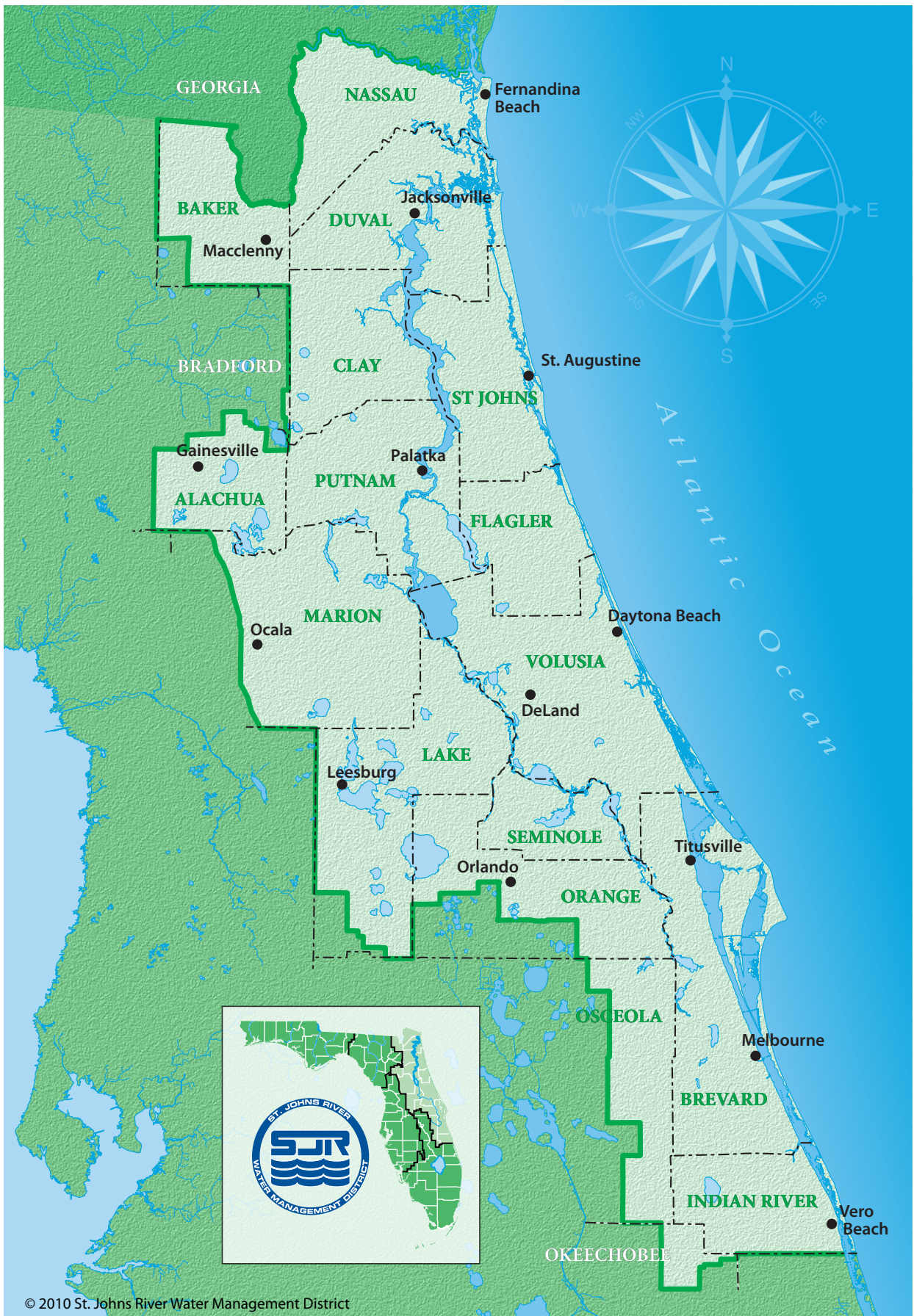
Jeffrey R. Emer

Executive Director

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

As of September 30, 2012





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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

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 St. Johns River Water Management District, a component unit of the State of Florida, as of and for the year ended September 30, 2012, which collectively comprise St. Johns River Water Management District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of St. Johns River Water Management District, as of September 30, 2012, 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 18, 2013, on our consideration of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, the budgetary comparison information on pages 57 through 60, and the schedule of funding progress on page 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

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context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Johns River Water Management District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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*; Section 215.97, Florida Statutes, Florida Single Audit Act; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

James Moore & Co., P.L.

Gainesville, Florida
February 18, 2013



***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, 2012**

Management's Discussion and Analysis (MD&A) is designed to provide insight into the St. Johns River Water Management District's (District's) financial reporting and includes an overview of the statements presented, explaining the information provided by each and their relationship to other statements. This discussion also focuses on significant financial issues and explains material changes in the District's financial position; addresses significant deviations from the District's financial plan (the approved budget); and identifies the highlights and concerns relative to individual funds.

The information contained within the MD&A 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 declined. This discussion should be considered as only a part of the District's reporting. It should be read and evaluated in conjunction with all of the other sections of this report.

FINANCIAL HIGHLIGHTS

The following financial highlights are explained in greater detail under subsequent headings in this discussion:

- Total assets exceeded total liabilities by \$1,285,906,664, as of September 30, 2012, primarily the result of significant ownership of non depreciable assets in the form of land (\$821,901,267) and easements (\$162,943,148) managed by the District. Net position increased \$20,739,281, or 2%, this year compared to a \$60,037,666, or 5%, increase the prior year.
- Total fund balance decreased \$3.3 million, or 1.7%, from the previous fiscal year.
- Ad valorem revenues decreased \$29.2 million from the prior fiscal year compared to a \$33.8 million decrease the previous year.
- Federal and state revenues decreased \$19.1 million or 48.6% from FY 2010–2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 financial statements of the private sector.

The statement of net position 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 position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The statement of activities presents information to show how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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.

Both of the government wide financial statements present functions of the District (governmental activities) that are primarily supported by property taxes and intergovernmental revenues (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 17–19 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, as with other governmental bodies, uses fund accounting to demonstrate compliance with finance related legal requirements.

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. 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 among 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, the special revenue funds for Ecosystems Management Trust and Mitigation, and Capital Projects Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation.

The District adopts annual budgets for all governmental funds. Project length budgets are incorporated into the annual budget for certain multi-year, long-term capital and cooperative funding projects within the General Fund, Ecosystems Management Trust, Mitigation, 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 fund. Annual budgets are adopted for all governmental funds by the District's Governing Board beginning in FY 2012–2013, eliminating the previous project length approvals, resulting in smaller total budgets.

Budgetary comparison schedules are 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,

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Mitigation Fund, and Capital Projects Fund to demonstrate compliance with these budgets. The budgetary comparison schedules for the four major funds are being reported as Required Supplemental Information and are presented after the Notes to the Financial Statements beginning on page 61. Budgetary comparison schedules for the other governmental funds are presented as Other Supplemental Information, beginning on page 65.

Governmental fund budgets are prepared by 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 year for reimbursable grants.

The adopted budgets for the General Fund, the Ecosystems Management Trust, Mitigation, 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 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 17–21 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 27–53 of this report.

Additional information — Additional information about the District may be found within the Statistical sections, Other Reports, and the transmittal letter to the citizens that summarizes this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, changes in the District's net position serve as one useful measure of the District's financial condition. The following condensed comparisons show how the District's net position changed from the end of the FY 2010–2011. The overall condition of the District improved in fiscal years 2011 and 2012.

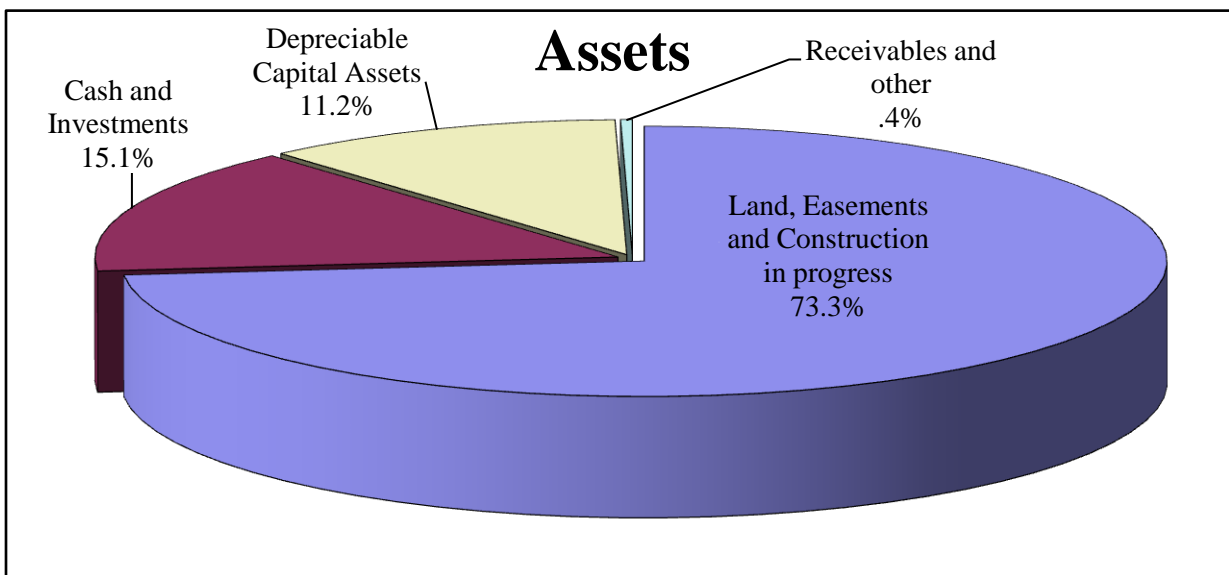
**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT'S NET POSITION

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 208,346,388	\$ 216,227,376
Capital assets, net	<u>1,135,995,216</u>	<u>1,116,164,303</u>
Total assets	<u>1,344,341,604</u>	<u>1,332,391,679</u>
Long-term liabilities outstanding	36,024,847	40,197,949
Other liabilities	<u>22,410,093</u>	<u>27,026,347</u>
Total liabilities	<u>58,434,940</u>	<u>67,224,296</u>
Net position		
Invested in capital assets, net of related debt	1,112,241,722	1,086,938,685
Restricted	32,804,322	33,005,869
Unrestricted	<u>140,860,620</u>	<u>145,222,829</u>
Total net position	<u>\$ 1,285,906,664</u>	<u>\$ 1,265,167,383</u>

Total net position increased by \$20,739,281, or 1.6 %, from September 30, 2011. The improvement in net position is in large part attributable to \$14 million of conservation easement donations received by the District through the environmental resource permitting process. The District had a \$1.5 million, 1,176 acre conservation easement, purchase in Volusia County using \$1 million of federal grant funds from the Natural Resources Conservation Service and \$.5 million of ad valorem property tax revenues. The District also utilized current revenues to pay down \$5.5 million of its outstanding long-term debt, while the following long-term liabilities had small net increases: claims and judgments of \$1 million, other post-employment benefits of \$.1 million and outstanding compensated absences of \$.2 million.

The unrestricted net position decreased over the prior year \$4,362,209 due to decreases in general revenues in excess of reductions in operating expenditures.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

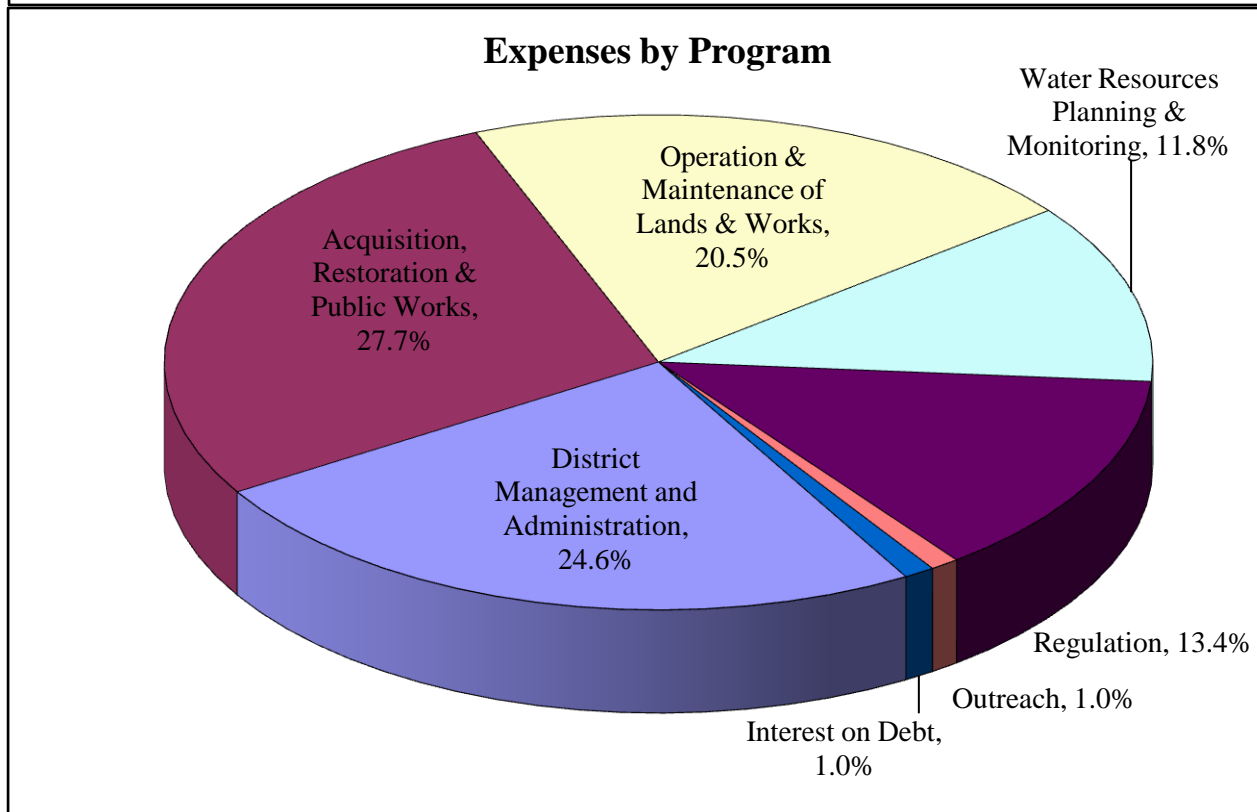
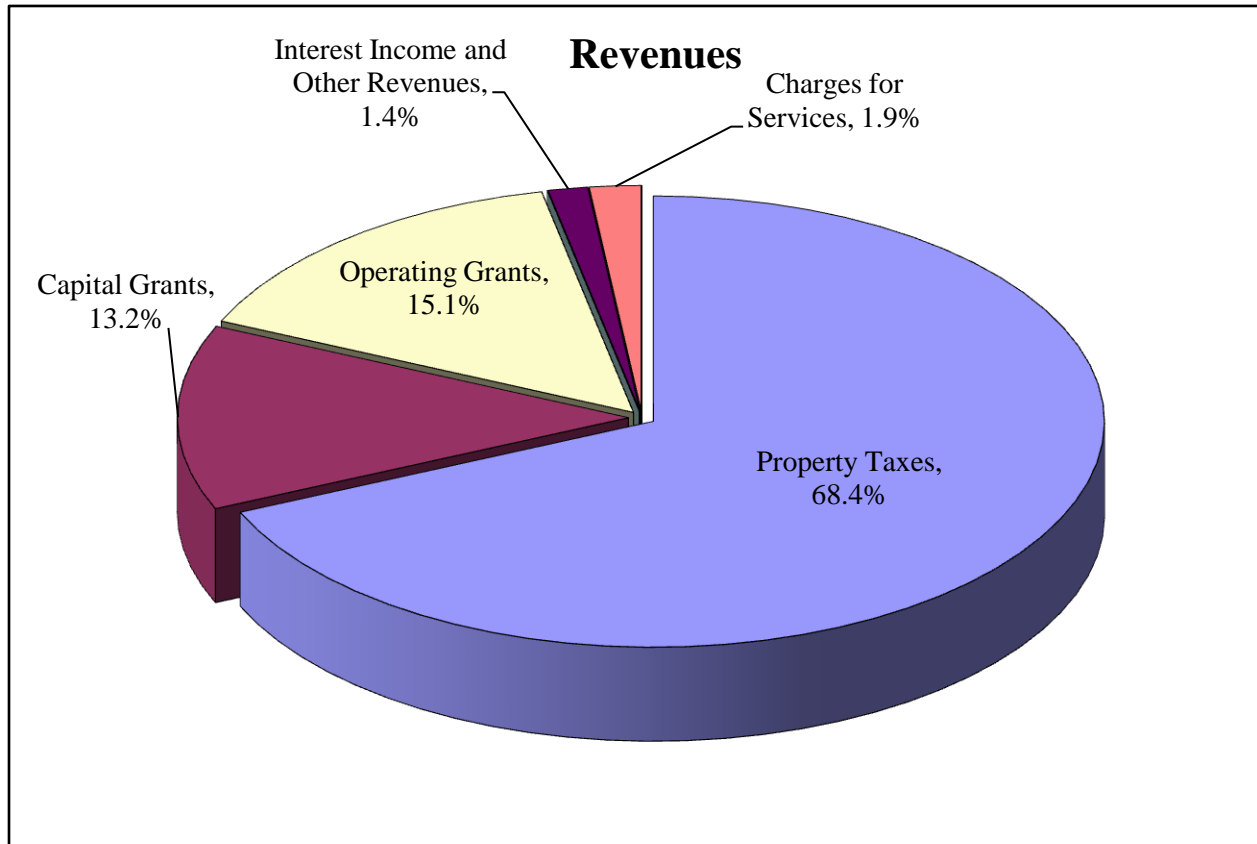
ST. JOHNS RIVER WATER MANAGEMENT DISTRICT'S CHANGE IN NET POSITION

	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 2,215,973	\$ 3,293,436
Operating grants and contributions	18,106,785	19,002,122
Capital grants and contributions	15,901,918	49,169,451
General revenues:		
Ad valorem property taxes	82,083,164	111,317,677
Unrestricted investment earnings	1,705,494	2,041,261
Gain on sale of capital assets	0	90,476
Other revenue	202,814	182,047
Total revenues	<u>120,216,148</u>	<u>185,096,470</u>
Expenses		
Water resources planning and monitoring	11,695,698	15,524,373
Acquisition, restoration and public works	27,605,019	33,110,658
Operation and maintenance of lands and works	20,414,644	23,241,335
Regulation	13,391,590	17,629,095
Outreach	942,373	2,988,580
District management and administration	24,425,597	31,156,428
Interest on long-term debt	1,001,946	1,408,335
Total expenses	<u>99,476,867</u>	<u>125,058,804</u>
Increase in net position	20,739,281	60,037,666
Net position , beginning of the year	<u>1,265,167,383</u>	<u>1,205,129,717</u>
Net position , end of the year	<u>\$ 1,285,906,664</u>	<u>\$ 1,265,167,383</u>

Total revenues decreased by 35.1%, or \$64,880,322, from the previous year. The decrease is primarily attributable to the \$29.2 million reduction in ad valorem property tax revenues and the \$33.2 million reduction in capital grants and contributions compared to the prior year. The decrease in ad valorem tax revenues is the combined result of state legislation in 2011 that placed limits on District ad valorem tax collections and a less significant decline in property values within the District compared to recent fiscal years. Capital grants and contributions decreased due to reductions in state, federal and local grant appropriations from the previous year resulting from lower collections of state wide revenues used to fund those grants and a \$15.5 million drop in donated conservation easements received through the District's permitting process.

A focus on right-sizing the agency and increasing efficiencies resulted in total expense decreases of 20.5%, or \$25,581,937, compared to the previous year. The reduction in water resources planning and monitoring (\$3.7 million) was primarily due to the realignment of activities. The 17% decrease in Acquisition, Restoration and Public Works (\$5.5 million) and the 12.2% decrease in Operation and Maintenance of Lands and Works (\$2.8 million) resulted from reduced funding from federal and state sources. The reductions in expenditures for regulation (\$4 million), outreach (\$2 million) and management and administration (\$6.6 million) are the result of districtwide gains in efficiencies and streamlined processes to achieve core missions.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the District. As of September 30, 2012, total fund balance was \$141,884,303, of which \$591,701 was represented by inventory on hand and other non-spendable assets; \$124,302,980 was committed by action of the Governing Board for identified future capital needs; \$525,224 was assigned by executive management for specific purposes; and \$16,464,398 was unassigned, compared to \$12,623,284 on September 30, 2011.

The overall fund balance of all of the District's funds decreased by \$3,265,112. Key factors explaining the changes in the General Fund and individual major funds include:

- General Fund balance decreased by \$1,543,568 due to the transfer in support of the District's capital program using District and intergovernmental revenues.
- Long-term Maintenance Mitigation Fund and Florida Forever Fund increased by \$593,736 and \$464,504 respectively, as a result of resource flows from the Florida Department of Transportation's roadway mitigation credit program to offset future impacts of transportation projects.
- Capital Projects Fund and the Water Protection and Sustainability Fund decreased \$1,418,289 and \$1,375,994 respectively as the result of project spending (Fellsmere Water Management Area and districtwide Alternative Water Supply Projects) using resources set aside from previous fiscal years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's FY 2011–2012 final amended General Fund budget decreased \$26.8 million from the original adopted budget as the result of a focus on right-sizing District operations while focusing on core mission service delivery.

The District spent a total of \$14,819,496 less than budgeted expenditures in all spending categories in FY 2011–2012 as a result of a continued focus by District management on reducing operating expenditures through right-sizing staffing levels and enhancing oversight of contractual services. The District Management and Administration (\$7,345,979) and Acquisition, Restoration and Public Works (\$3,058,601) programs accounted for the largest part of budget to actual expenditure variance.

The historical trend of positive General Fund budget variances continued for FY 2011–2012, with utilization of 81% of appropriations compared to an historical 83% utilization.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets — The District's investment in capital assets for its governmental activities as of September 30, 2012, amounted to \$1,135,995,216 (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 additions occurred during FY 2011–2012 valued at \$31.3 million with additions to easements of \$13,767,777, land of \$1,947,786 and infrastructure of \$14,375,440 being the largest. It is normal for the District to have large additions to land and easements, as these assets are either purchased for conservation and water resource enhancement or donated to the District through the permitting process. The District received \$13.7 million of conservation easements in FY 2011–2012 through the environmental resource permitting process. The District's capital asset increase in infrastructure is mainly from construction expenditures on the Fellsmere Water Management Area project. Additional information on the District's capital assets can be found in note 4 on page 40 of this report.

Long-term debt — At year end, the District had total bonded debt outstanding of \$23,765,000, of which \$5,645,000 was due within one year and final payment is in 2016. In addition, the District has long-term obligations of \$6,095,221 for vested leave balances earned by employees, \$2,500,000 for claims and judgments owed, and \$3,506,523 for the other post-employment benefits. Additional information on the District's long-term debt can be found in note 9, starting on page 46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's primary revenue sources are ad valorem (property) taxes and state grants derived from documentary stamp taxes. Economic factors that may influence future budgets are discussed below.

The millage rate for the fiscal year decreased from 0.4158 mills in FY 2010–2011 to 0.3313 mills in FY 2011–2012, and is expected to remain unchanged in the near term. While taxable values declined again in FY 2011–2012, the rate of decline slowed. Current estimates indicate that taxable values on existing properties in the 18 counties covered by the District have stabilized. Level millage, when combined with stabilization of existing taxable values and nominal growth in taxable values attributable to new construction, provide a basis for a projected slow recovery in property tax revenues for the District in future periods.

Documentary Stamp Tax collections assessed on real estate transactions statewide are the primary revenue source for the state in providing funding to the District. As a result of the slow down in the real estate markets over the last several years, available funding through state grant activity remains at lower levels when compared to prior fiscal periods. The state provided the District an amount based on the state's sale of surplus lands from the Florida Forever Trust Fund and no new funding from its Water Protection and Sustainability Trust Fund and the Ecosystem Management Trust Fund for FY 2012–2013. The state continued to appropriate funds from its Water Management Lands Trust Fund to pay the District's FY 2011–2012 and FY 2012–2013 annual debt service obligation.

Residential and commercial construction show signs of recovery, bringing with it expected growth in Documentary Stamp Tax collections.

The District has accumulated resources over the past fiscal years and plans to spend down those resources to fund or assist in the development of one or more regionally significant water resource or supply development projects contained in its multi-year capital plan.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Office of Financial Services, 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 POSITION
SEPTEMBER 30, 2012

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 13,654,487
Investments	189,850,119
Accounts and other receivables	911,004
Inventories	225,929
Intergovernmental receivables	3,169,468
Unamortized issuance costs	169,609
Prepaid items	365,772
Non-depreciable capital assets:	
Land	821,901,267
Easements	162,943,148
Construction in progress	1,132,641
Depreciable capital assets:	
Buildings	36,587,365
Machinery and equipment	35,787,078
Infrastructure	161,961,273
Other depreciable assets	4,939,394
Accumulated depreciation	(89,256,950)
Total assets	1,344,341,604
LIABILITIES	
Accounts payable and other current liabilities	10,000,342
Unearned revenue	12,092,932
Due to other governmental units	97,071
Accrued interest payable	219,748
Long-term liabilities:	
Due within one year	8,584,170
Due in more than one year	27,440,677
Total Liabilities	58,434,940
NET POSITION	
Net investment in capital assets	1,112,241,722
Restricted for:	
Debt service	6,219,398
Alternative water supply	13,711,241
Land Management/Acquisition	12,873,683
Unrestricted	140,860,620
Total net position	\$ 1,285,906,664

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, 2012

Function / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
Water resources planning and monitoring	\$ 11,695,698	\$ -	\$ 281,105
Acquisition, restoration, and public works	27,605,019	-	16,676,849
Operation and maintenance of lands and works	20,414,644	1,060,208	105,776
Regulation	13,391,590	1,155,765	43,499
Outreach	942,373	-	71,148
District management and administration	24,425,597	-	928,408
Interest on long-term debt	1,001,946	-	-
Total governmental activities	\$ 99,476,867	\$ 2,215,973	\$ 18,106,785

General Revenues:

Ad valorem property taxes
Miscellaneous revenue
Unrestricted investment earnings
Total general revenues

Increase in net position

Net position, beginning of year

Net position, end of year

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

	Net (Expenses) Revenues and Changes in Net Position
Capital Grants and Contributions	Governmental Activities
\$ 6,555	\$ (11,408,038)
15,283,013	4,354,843
612,350	(18,636,310)
-	(12,192,326)
-	(871,225)
-	(23,497,189)
-	(1,001,946)
<u>\$ 15,901,918</u>	<u>(63,252,191)</u>

82,083,164
202,814
1,705,494
<u>83,991,472</u>
20,739,281
<u>1,265,167,383</u>
<u>\$ 1,285,906,664</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	<u>General Fund</u>	<u>Ecosystems Management Trust</u>
Assets		
Cash and cash equivalents	\$ 13,636,032	\$ -
Investments	131,107,342	7,521,906
Accounts and other receivables	882,840	-
Due from other funds	2,191,157	-
Inventories	225,929	-
Intergovernmental receivables	-	-
Prepaid items	365,772	-
Total assets	<u>148,409,072</u>	<u>7,521,906</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	6,524,769	530,680
Due to other funds	-	-
Unearned revenue	-	6,991,226
Due to other governmental units	-	-
Total liabilities	<u>6,524,769</u>	<u>7,521,906</u>
Fund balances		
Nonspendable	591,701	-
Restricted	-	-
Committed	124,302,980	-
Assigned	525,224	-
Unassigned	16,464,398	-
Total fund balances	<u>141,884,303</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$ 148,409,072</u></u>	<u><u>\$ 7,521,906</u></u>

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

Mitigation	Capital Projects	Non–major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 18,455	\$ 13,654,487
4,425,027	13,731,976	33,063,868	189,850,119
-	-	28,164	911,004
-	-	-	2,191,157
-	-	-	225,929
113,235	-	3,056,233	3,169,468
-	-	-	365,772
<u>4,538,262</u>	<u>13,731,976</u>	<u>36,166,720</u>	<u>210,367,936</u>
53,516	2,062,214	829,163	10,000,342
-	-	2,191,157	2,191,157
4,484,746	-	616,960	12,092,932
-	-	97,071	97,071
<u>4,538,262</u>	<u>2,062,214</u>	<u>3,734,351</u>	<u>24,381,502</u>
-	-	-	591,701
-	-	32,432,369	32,432,369
-	11,508,890	-	135,811,870
-	160,872	-	686,096
-	-	-	16,464,398
<u>-</u>	<u>11,669,762</u>	<u>32,432,369</u>	<u>185,986,434</u>
<u>\$ 4,538,262</u>	<u>\$ 13,731,976</u>	<u>\$ 36,166,720</u>	<u>\$ 210,367,936</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2012

Total fund balances – governmental funds	\$ 185,986,434
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Amounts reported for governmental activities in the statement of net position 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 position is the difference between:

Capital assets, at cost	1,225,252,166	
Accumulated depreciation	(89,256,950)	
		1,135,995,216

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

Bonds payable	(23,765,000)	
Unamortized bond premium	(158,103)	
		(23,923,103)

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

Unamortized bond issuance costs		169,609
Compensated absences		(6,095,221)
Accrued interest payable		(219,748)
Other post-employment benefit payable		(3,506,523)
Claims and judgments		(2,500,000)

Net position of governmental activities	<u><u>\$ 1,285,906,664</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, 2012

	<u>General Fund</u>	<u>Ecosystems Management Trust</u>
Revenues		
Ad valorem property taxes	\$ 82,083,164	\$ -
State	-	1,352,970
Federal	-	-
Investment earnings	1,594,201	-
Licenses and permits	1,150,280	-
Lease and timber sales	1,060,208	-
Fines and penalties	5,485	-
Other	202,814	-
Total revenues	<u>86,096,152</u>	<u>1,352,970</u>
Expenditures		
Current:		
Water resources planning and monitoring	11,582,809	20,956
Acquisition, restoration, and public works	17,134,790	1,332,014
Operation and maintenance of lands and works	12,237,601	-
Regulation	13,268,475	-
Outreach	935,412	-
District management and administration	21,460,015	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>76,619,102</u>	<u>1,352,970</u>
Excess of revenues over (under) expenditures	<u>9,477,050</u>	<u>-</u>
Other financing sources (uses):		
Transfers in	539,496	-
Transfers out	(11,826,206)	-
Sale of capital assets	202,862	-
Insurance/FEMA - loss recovery	63,230	-
Total other financing sources (uses)	<u>(11,020,618)</u>	<u>-</u>
Net change in fund balances	(1,543,568)	-
Fund balances, beginning of year	<u>143,427,871</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 141,884,303</u></u>	<u><u>\$ -</u></u>

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

Mitigation	Capital Projects	Non–major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 82,083,164
5,106,173	-	11,899,234	18,358,377
-	-	1,813,621	1,813,621
-	-	111,293	1,705,494
-	-	-	1,150,280
-	-	-	1,060,208
-	-	-	5,485
-	-	94,765	297,579
<u>5,106,173</u>	<u>-</u>	<u>13,918,913</u>	<u>106,474,208</u>
-	-	266,704	11,870,469
4,004,863	13,244,203	7,243,539	42,959,409
615,705	-	102,421	12,955,727
-	-	43,500	13,311,975
-	-	-	935,412
-	-	-	21,460,015
-	-	5,475,000	5,475,000
-	-	1,041,850	1,041,850
<u>4,620,568</u>	<u>13,244,203</u>	<u>14,173,014</u>	<u>110,009,857</u>
<u>485,605</u>	<u>(13,244,203)</u>	<u>(254,101)</u>	<u>(3,535,649)</u>
-	11,825,914	460,352	12,825,762
(485,605)	-	(513,951)	(12,825,762)
-	-	4,445	207,307
-	-	-	63,230
<u>(485,605)</u>	<u>11,825,914</u>	<u>(49,154)</u>	<u>270,537</u>
-	(1,418,289)	(303,255)	(3,265,112)
-	13,088,051	32,735,624	189,251,546
<u>\$ -</u>	<u>\$ 11,669,762</u>	<u>\$ 32,432,369</u>	<u>\$ 185,986,434</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, 2012**

Net change in fund balances – total governmental activities \$ (3,265,112)

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	17,388,867	
Current year depreciation	(10,826,398)	
Contributions of capital assets	<u>13,678,710</u>	
		20,241,179

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 at date of sale) of the assets sold, as well as the net book value of assets transferred to other agencies. (410,266)

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	(42,402)	
Current year amortization of bond premiums	<u>39,526</u>	
		(2,876)

Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Issuing debt provides current financial resources to governmental funds but increases liabilities in the statement of net position. 5,475,000

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	(203,472)	
Accrued interest payable	42,780	
Other post-employment benefit payable	(112,952)	
Claims and judgments payable	<u>(1,025,000)</u>	
		<u>(1,298,644)</u>

Change in net position of governmental activities \$ 20,739,281

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, 2012

(1) Summary of Significant Accounting Policies:

The accounting policies of the District conform to accounting principles generally accepted in the United States (GAAP) as applicable to governments. The following is a summary of the significant policies.

- (a) **Basis of Presentation** — The District's financial statements are prepared in accordance with accounting principles generally accepted in the U.S. The Governmental Accounting Standards Board (GASB) is responsible for establishing accounting principles generally accepted in the U.S. for state and local governments through its pronouncements (Statements and Interpretations).
- (b) **Reporting Entity** — The District is a public corporation created by Chapter 373, *Florida Statutes*, 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. As required by accounting principles generally accepted in the U.S., 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.

The state of Florida's fiscal year ends on June 30, therefore, the financial statements from the District's previous fiscal year ending September 30 are incorporated in with the state of Florida, requiring the District to adopt all GASB pronouncements in advance of the state of Florida.

- (c) **Government-Wide and Fund Financial Statements** — The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the District as a whole. The statement of net position 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 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. Gains on the sale of capital assets are reported as general revenues, losses on the sale of capital assets are reported as function/program expenses.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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

- (d) **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** — The government-wide financial statements are reported by 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 by 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 is 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. As a general rule, the effect of interfund activity has been eliminated from the districtwide financial statements.

The District reports the following major governmental funds:

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

The *Ecosystems Management 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, pursuant to Section 403.1651, *Florida Statutes*. The expenditures are for detailed planning and implementation of programs for the management and restoration of ecosystems, including the Surface Water Improvement and Management (SWIM) Program.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(1) Summary of Significant Accounting Policies (d) (Continued):

The *Mitigation Fund* is a special revenue fund that accounts for both local and Florida Department of Transportation wetland mitigation program revenues, pursuant to Section 373.4137, *Florida Statutes*, designed to offset the adverse environmental impacts associated with the construction of transportation projects. The expenditures are transferred to and made from other funds when appropriate.

The *Capital Projects Fund* accounts for financial resources segregated for the construction or acquisition of major capital facilities and infrastructure. Land purchases are not covered by this fund. General Fund transfers are made to fund the capital projects appropriations, which would otherwise distort the historical comparisons within the General Fund.

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.

The accompanying financial statements of the District have been prepared in conformity with GAAP as prescribed by the GASB, the Financial Accounting Standards Board (FASB), and the American Institute of Certified Public Accountants (AICPA). Under the auspices of GASB Statement No. 20, the District does not apply FASB pronouncements issued after November 30, 1989, unless the GASB amends its pronouncements to specifically adopt FASB pronouncements issued after that date. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for units of local government.

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, unless there are legal documents/contracts that prohibit doing this or perpetual land management/acquisition endowments, which the District would prefer to preserve into the future, therefore, using other available revenues to fund these ongoing expenditures.

(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)(e)4, *Florida Statutes*, are each described as follows:

- **Water Resources Planning and Monitoring** — This program area includes all water management planning, including water supply planning, development of minimum flows and levels, and other water resources planning; research, data collection, analysis, and monitoring; and technical assistance, including local and regional plan and program review.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(1) Summary of Significant Accounting Policies (e) (Continued):

- Acquisition, Restoration, and Public Works — This program area includes the development and construction of all capital projects (except for those contained in the Operation and Maintenance of Lands and Works program area), including land acquisition, water resource development projects, water supply development assistance, alternative water supply, land restoration, surface water restoration, and facilities construction projects.
 - Operation and Maintenance of Lands and Works — This program area includes all operation and maintenance of facilities, flood control and water supply structures, lands, and other works authorized by Chapter 373, *Florida Statutes*.
 - Regulation — This program area includes consumptive use permitting, water well permitting and water well contractor licensing, environmental resource and surface water management permitting, permit administration and enforcement, and any delegated regulatory program.
 - Outreach — This program area includes all public information and outreach, including websites; social media; coordination and communication with the media, public, schools and stakeholder groups; and production and dissemination of information materials. Outreach is the primary responsibility of the Office of Communications and Intergovernmental Affairs and supports all District divisions and offices.
 - District Management and Administration — This program area includes all Governing Board support, executive support, general counsel, human resources, finance, audit, risk management, administrative services, telecommunications, computer information, and tax collector and property appraiser fees.
- (f) Cash, Cash Equivalents 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. The District utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund and the funds individual earnings guidelines. Negative cash balances in individual funds are reported as interfund payables with offsetting receivables recorded in loaning fund(s). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District reports investments at their fair market value, with unrealized gains and losses credited to or charged against investments earnings.

Florida Statutes, bond covenants, and the District's adopted Investment Policy authorize District funds to be invested in direct obligations of the U.S. 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 U.S. or its agencies and instrumentalities, and the Florida PRIME (State Pool). Investments for the District are reported at fair value. (See Note 3) 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, 2012

(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) **Prepaid Items** — Prepaid items consist of rent payments, software maintenance services, and tax collector and property appraiser fees, which have been paid prior to the end of the fiscal year, but represent expenses which are applicable to future accounting periods. These amounts do not constitute available spendable resources even though they are a component of current assets.
- (i) **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.
- (j) **Capital Assets** — A capital asset is real or personal, tangible or intangible 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
Buildings improvements	\$100,000
Infrastructure and infrastructure improvements	\$100,000
Machinery and equipment	\$1,000
Software	\$1,000
Construction in progress	Accumulate all costs and capitalize at the completion of the project or at a major percentage of completion for long-term projects

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.

Donated conservation easements received by the District through the permitting process are recorded at the current fiscal year per acre cost of purchased conservation easements. The average, current fiscal year, per acre conservation easement cost is multiplied by the total acres received.

Costs related to the development of computer software are expensed as incurred until: (a) the District has completed the preliminary project stage (i.e., the conceptual formulation and evaluation of alternatives, determination of the existence of needed technologies, and final selection of software development alternatives); and (b) management has implicitly and explicitly authorized or committed to funding the project. Activities related to the application development stage of internally generated computer software (e.g., software configuration and software interfaces, coding, installation to hardware, and testing) are capitalized at the amount

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(1) Summary of Significant Accounting Policies (j) (Continued):

of the associated outlays. Post-implementation activities, such as application training and software maintenance, are expensed as incurred. Costs associated with data conversion are also expensed if such activities are not necessary for internally developed software to become operational.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. 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.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included as General Revenues and falls into Increase or Decrease in Net Position in the Statement of Activities.

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
Software	3–10

Land and easements have indefinite useful lives and as such are not considered to be depreciable capital assets. Construction in progress is not depreciable until the project is complete or substantially complete and transferred to a depreciable capital asset, such as, buildings, infrastructure, machinery and equipment or other depreciable assets.

- (k) Compensated Absences** — It is the District's policy to permit employees to accumulate earned, but unused annual and sick leave benefits, which will be paid upon separation from the District. Payment of unused annual 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-wide financial statements. No expenditure is reported in the governmental funds for these amounts until the payment is made. A liability for these amounts is reported in funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences liability is determined based on current rates of pay, District policy and employment criteria.

- (l) Unearned Revenue** — Both government-wide and governmental funds report unearned revenue in connection with resources that have been received, but not yet earned because all eligibility requirements have not been met.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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

- (m) **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 position.
- (n) **Fund Balance** — Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of constraint placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note 15.
- (o) **Property Taxes** — The District is authorized by Section 373.503, *Florida Statutes*, to levy ad valorem taxes on all real and personal property located within the District, not to exceed 0.60 mills. The rate for FY 2011–2012 was 0.3313 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, using 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.

- (p) **Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. 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 Supplemental Information Other Than Management's Discussion and Analysis section of this report.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(3) Cash and Investments:

The District's bank accounts were deposited in state-qualified public depositories. 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 excess of Federal Deposit Insurance Corporation limits.

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. 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.

Subsequent to the end of the fiscal year, the District revised its Investment Policy to modify certain maximum asset allocations and minimum ratings limitations, intended to produce a greater diversification and reduced volatility in the portfolio.

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, which was revised on November 13, 2012, 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, U.S. Government Securities, and Mortgage-Backed Securities are backed by the full faith and credit of the U.S. federal government. Investments in the Florida State Board of Administration Pools (SBA) are divided into two funds: Local Government Surplus Funds Trust (Florida PRIME) and Fund B Surplus Funds Trust Fund (Fund B). The Florida PRIME is rated by Standard and Poors. The current rating is AAAM. The Investment Manager of the Florida PRIME manages credit risk by purchasing only high quality securities, performing a credit analysis to develop a database of issuers and securities that meet the Investment Manager's minimum standard and by regularly reviewing the portfolio's securities financial data, issuer news and developments, and ratings of the nationally recognized statistical rating organizations.

The Fund B is not rated by any nationally recognized statistical rating agency. The fixed income money market funds in the Federated Government Obligations Fund are held in a state-qualified public depository and the balances are either fully insured or collateralized.

As of September 30, 2012, the District had the following investments reported at market-values with S & P ratings, maturity dates and the percentage of each security classification to the total portfolio:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(3) Cash and Investments (a) (Continued):

	S & P Rating	Maturity Date	Market Value	% of Portfolio
Federal Instrumentalities				
Federal National Mortgage Association	AA+	02/27/2014	\$11,475,817	
Federal National Mortgage Association	AA+	08/07/2015	999,373	
Federal National Mortgage Association	AA+	04/11/2016	1,140,602	
Federal Home Loan Bank	AA+	12/27/2013	4,031,916	
Federal Home Loan Bank Global Notes	AA+	11/27/2013	5,349,356	
Federal Home Loan Bank Global Notes	AA+	01/29/2014	5,009,150	
Federal Home Loan Bank Global Notes	AA+	05/28/2014	8,168,462	
Fannie Mae Global Notes	AA+	05/27/2015	4,172,879	
Freddie Mac Global Notes	AA+	10/15/2013	3,505,345	
Freddie Mac Global Notes	AA+	09/22/2014	5,042,505	
Freddie Mac Global Notes	AA+	11/25/2014	10,490,935	
Freddie Mac Global Notes	AA+	04/17/2015	1,796,163	
Freddie Mac Global Notes	AA+	08/28/2015	5,014,525	
Federal Home Loan Mortgage Corporation	AA+	04/15/2013	1,022,807	
Federal Home Loan Mortgage Corporation	AA+	09/19/2014	3,010,761	
Federal Home Loan Mortgage Corporation	AA+	09/10/2015	4,271,375	
Federal Farm Credit Bank	AA+	03/27/2014	3,005,349	
			<u>77,507,320</u>	40.83%
U.S. Government Securities				
U.S. Treasury Notes	AA+	03/31/2013	1,426,222	
U.S. Treasury Notes	AA+	10/15/2013	3,169,875	
U.S. Treasury Notes	AA+	10/15/2013	6,219,375	
U.S. Treasury Notes	AA+	01/31/2014	3,911,834	
U.S. Treasury Notes	AA+	02/15/2014	2,433,749	
U.S. Treasury Notes	AA+	03/15/2014	2,567,555	
U.S. Treasury Notes	AA+	05/15/2014	4,272,420	
U.S. Treasury Notes	AA+	09/15/2014	1,005,078	
U.S. Treasury Notes	AA+	10/15/2014	12,754,440	
U.S. Treasury Notes	AA+	12/15/2014	10,697,496	
U.S. Treasury Notes	AA+	01/15/2015	2,209,310	
U.S. Treasury Notes	AA+	02/15/2015	6,905,681	
U.S. Treasury Notes	AA+	03/15/2015	1,373,318	
U.S. Treasury Notes	AA+	03/15/2015	9,162,136	
U.S. Treasury Notes	AA+	06/30/2015	3,473,606	
U.S. Treasury Notes	AA+	09/30/2015	5,909,471	
U.S. Treasury Notes	AA+	09/30/2015	11,022,447	
			<u>88,514,013</u>	46.62%
Corporate Note				
General Electric Cap Corp Global Note	AA+	05/22/2013	8,131,104	4.28%
Commercial Paper				
Barclays US Funding	A-1	12/03/2012	4,497,674	2.37%

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(3) Cash and Investments (a) (Continued):

	S & P Rating	Maturity Date	Market Value	% of Portfolio
Municipal Bond				
Regional Trans Auth, IL Rev Bonds	AA	06/01/2014	3,389,108	1.79%
Florida State Board of Administration Pool				
Florida PRIME	AAAm		7,227,293	
Fund B	NR		470,403	
			<u>7,697,696</u>	4.05%
Fixed Income Money Market Fund				
Federated Government Obligations	NR		<u>113,204</u>	0.06%
TOTAL INVESTMENTS			<u>\$ 189,850,119</u>	<u>100.00%</u>

(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 – Florida PRIME, money market funds, and interest bearing time deposit accounts. The District's average, effective duration for the Investment Portfolio as of September 30, 2012, was 1.83 years. The weighted average days to maturity of the Florida PRIME at September 30, 2012, was 39 days. The weighted average life of Fund B assets at September 30, 2012, was 4.08 years, however, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life. The estimate of Fund B's weighted average life (WAL) decreased to 4.08 years as of September 30, 2012, from an estimate of 5.73 years as of June 30, 2012. The decrease occurred because of a change in the calculation methodology for some of the mortgages underlying the Fund B notes. The affected mortgages, based on the latest cash flow estimates, will receive interest payments only in the future; therefore, the estimate of WAL for those underlying securities is now zero.

A summary of the maximum allowed duration of each investment type and new maximum allowed duration according to the November 13, 2012, revised investment policy follows:

<u>Description of Investment</u>	<u>Maturity Duration</u>	<u>New Policy Maturity Duration</u>
Florida PRIME	N/A	N/A
U.S. Government Securities	<5 years	<5 years
U.S. Government Agencies	<5 years	<5 years
Federal Instrumentalities	<5 years	<5 years
Interest-Bearing Time Deposit or Savings Accounts (Savings)	<1 year	<1 year
State/Local Government Taxable/Tax-Exempt Debt (Municipal)	<3 years	<5 years
Registered Investment Company (Money Market Mutual Funds)	<60 days	<60 days
Repurchase Agreements	<90 days	<90 days
Commercial Paper	<180 days	<270 days
Corporate Notes	<2 years	<5 years

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(3) Deposits and Investments (b) (Continued):

As of September 30, 2012, the District had the following investments and maturities:

	Fair Value	Investment Maturity (in years)		
		Less than 1 year	1–3 year	3–5 years
Federal Instrumentalities	\$77,507,320	\$10,404,079	\$65,962,639	\$1,140,602
U.S. Treasury Securities	88,514,013	1,426,222	87,087,791	-
Corporate Note	8,131,104	8,131,104	-	-
Commercial Paper	4,497,674	4,497,674	-	-
Municipal Bond	3,389,108	-	3,389,108	-
Florida PRIME & Fund B	7,697,696	7,227,293	-	470,403
Money Market Fund	113,204	113,204	-	-
TOTAL INVESTMENTS	\$189,850,119	\$31,799,576	\$156,439,538	\$1,611,005

- (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. All of the District securities are held in the District’s name; therefore, no investments held at year-end were subject to custodial credit risk. The Florida State Board of Administration- Florida PRIME does participate in securities lending, but the District owns shares of the Florida PRIME and not the underlying securities. Neither the District or the Fund B has participated in a securities lending program in the fiscal year ending September 30, 2012.

Investments in the Florida PRIME are held with the SBA. This fund is structured as a “2a-7 like” fund, which is carried at amortized cost. Amortized cost includes accrued income and is a method of calculating an investment’s value by adjusting its acquisition cost for amortization of discount or premium over the period from purchase to maturity. Thus, the balance in the fund is its fair value. A “2a-7 like” fund is not registered with the SEC as an investment company, but never the less has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds.

Investments in the Fund B are held with the SBA. The Fund B is accounted for as a fluctuating net asset value pool. Therefore, fair value for this fund must be calculated using a fair value factor, which was .94896811 at September 30, 2012.

- (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%; state and/or local government taxable and/or tax-exempt debt (municipal bond) to 10%; interest-bearing time deposit or savings account and mortgage-backed securities to 15%, U.S. government agencies, registered investment companies (money market mutual funds) and repurchase agreements to 25%; federal instrumentalities to 40%; and limiting the maximum allowable amount invested in each security type as shown in the summary below. The District revised its investment policy on November 13, 2012, either increasing or decreasing the maximum allowable amount invested in the different security types.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(3) Deposits and Investments (b) (Concluded):

The District's investment strategy is to maintain diversification.

A Cash and Investments summary of the authorized investments of the District including the year end exposure amount and percentage, the maximum exposure experienced during the fiscal year, the maximum allowed percentage of each security type and new investment policy maximum allowed percentages follows:

<u>Compliance Guideline</u>	Sector Guideline Exposures				
	<u>Exposure to specific Guideline</u>	<u>% of Available Funds</u>	<u>Maximum</u>		
			<u>Year end Exposure %</u>	<u>During Year Policy</u>	<u>New Policy</u>
U.S. Government Securities	\$ 88,514,013	46.62%	46.62%	100%	100%
U.S. Government Agencies	-0-	N/A	N/A	50%	50%
Federal Instrumentalities	77,507,320	40.83%	65.11%	100%	80%
Savings Accounts	-0-	N/A	N/A	25%	25%
Municipal Bond	3,389,108	1.79%	1.79%	20%	25%
Mortgage-Backed Securities	-0-	N/A	N/A	20%	20%
Money Market Funds	113,204	0.06%	10.16%	50%	50%
Repurchase Agreements	-0-	N/A	N/A	50%	50%
Commercial Paper	4,497,674	2.37%	8.93%	5%	25%*
Corporate Notes	8,131,104	4.28%	4.42%	5%	25%*
Florida PRIME & Fund B	<u>7,697,696</u>	4.05%	5.23%	100%	25%
Subtotal Investments	189,850,119				
Cash Checking Accounts	<u>13,654,487</u>				
Total Cash and Investments	<u>\$203,504,606</u>				

The Commercial Paper Investment Policy maximum allowable percentage was exceeded in December 2011, the Governing Board authorized an exception to the Policy limit at its January 2012 meeting and the asset allocation was back within Policy in May 2012.

*The maximum aggregate amount of corporate notes and commercial paper will not exceed 40%.

- (e) **Portfolio Return** — A five year summary of the District's total annual investment portfolio return, including a three and five year average of the total annual investment return (reported in percentages and gross of Investment Management Fees) and a percentage comparison to the District investment policy benchmark follows:

Investment Portfolio Performance
Fiscal Year 2008 to Fiscal Year 2012

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>3 – Year Average</u>	<u>5 – Year Average</u>
Operating Fund	5.15	5.35	2.36	1.21	0.97	1.51	3.01
Policy Benchmark*	6.27	3.46	2.53	1.20	0.56	1.43	2.80

*(Merrill Lynch 1-3 year US Treasury Note Index)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
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(4) Capital Assets:

(a) Capital asset activity for the year ended September 30, 2012, was as follows:

Capital assets, not being depreciated:

Land	\$ 820,104,044	\$ 1,947,786	\$ (150,563)	\$ 821,901,267
Easements	149,274,886	13,767,777	(99,515)	162,943,148
Construction in progress	1,291,888	65,562	(224,809)	1,132,641
Total capital assets, not being depreciated	<u>970,670,818</u>	<u>15,781,125</u>	<u>(474,887)</u>	<u>985,977,056</u>

Capital assets, being depreciated:

Buildings	36,506,546	98,119	(17,300)	36,587,365
Infrastructure	147,605,188	14,375,440	(19,355)	161,961,273
Machinery and equipment	37,615,578	951,394	(2,779,894)	35,787,078
Other depreciable assets	4,930,135	9,259	-	4,939,394
Total capital assets, being depreciated	<u>226,657,447</u>	<u>15,434,212</u>	<u>(2,816,549)</u>	<u>239,275,110</u>

Less accumulated depreciation for:

Buildings	(11,595,215)	(1,020,618)	8,341	(12,607,492)
Infrastructure	(38,782,240)	(4,974,603)	-	(43,756,843)
Machinery and equipment	(27,654,899)	(3,302,346)	2,725,069	(28,232,176)
Other depreciable assets	<u>(3,131,608)</u>	<u>(1,528,831)</u>	<u>-</u>	<u>(4,660,439)</u>
Total accumulated depreciation	<u>(81,163,962)</u>	<u>(10,826,398)</u>	<u>2,733,410</u>	<u>(89,256,950)</u>
Capital assets being depreciated, net	<u>145,493,485</u>	<u>4,607,814</u>	<u>(83,139)</u>	<u>150,018,160</u>
Governmental activities capital assets, net	<u>\$1,116,164,303</u>	<u>\$ 20,388,939</u>	<u>\$ (558,026)</u>	<u>\$1,135,995,216</u>

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

Operation and maintenance of lands and works	\$ 8,276,949
District management and administration	2,549,449
Total depreciation expense	<u>\$ 10,826,398</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, *Florida Statutes*, 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 FY 2011–2012, the Florida Department of Transportation purchased mitigation credits from the District on the Four Creeks property in Nassau County for \$460,059 and received \$4,445 from the sale and exchange of the Mackay Fisher property in Marion County; leaving an unspent balance of \$464,504 in the Florida Forever Fund.

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(5) Commitments:

Encumbrances of Fund Balance — The District has committed and assigned fund balances for obligations that were executed in FY 2011–2012, but will be expended in the next fiscal year. The \$3.9 million in encumbrances below (\$3,214,966 of fund balance and \$701,889 of future resources) represent contracts that were expected to be expended in FY 2011–2012, but are now expected to be expended in FY 2012–2013. These encumbrances will be added to the adopted FY 2012–2013 budget, therefore, increasing the \$120.7 million adopted FY 2012–2013 budget by \$3.9 million.

These commitments and assignments of fund balance are in the form of contracts, agreements, grants to local governments, memorandums of understanding, memorandums of agreement and purchase orders and the totals by fund are as follows:

General Fund	\$ 2,093,036
Indian River Lagoon License Tag Fees Fund	18,440
Water Protection and Sustainability Fund	68,439
Capital Projects Fund	<u>1,035,051</u>
Total	<u>\$ 3,214,966</u>

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 commitments, which are not included on the balance sheet, are in the form of contracts, agreements, grants to local governments, memorandums of understanding, memorandums of agreement and purchase orders and the totals by fund are as follows:

	<u>Funding Source</u>		<u>Total</u>
	<u>State</u>	<u>Federal</u>	
Special Revenue Funds			
Ecosystems Management Trust Fund	\$ 202,432	\$ -	\$ 202,432
Water Protection and Sustainability Fund	68,439	-	68,439
State Grants Fund	35,979	-	35,979
Mitigation Fund	380,589	-	380,589
Special Revenue Funds-Other Fund	1,200	-	1,200
Federal Grants Fund	<u>-</u>	<u>13,250</u>	<u>13,250</u>
Total	<u>\$ 688,639</u>	<u>\$ 13,250</u>	<u>\$ 701,889</u>

The committed future resources of the Ecosystems Management Trust fund of \$202,432, Mitigation fund of \$380,589 and Special Revenue Funds – Other fund of \$1,200 are from unearned revenues advanced to the District by the Florida Department of Environmental Protection, the Florida Department of Transportation and the River Glen corporation.

(6) Unearned Revenue:

The District has unearned revenue in the form of advance payments from various public agencies for which the District has unmet eligibility requirements other than timing. While the measurement focus and basis of accounting are different for the government-wide and governmental fund level statements, the revenue recognition rules for each when applied to these advance payments result in no timing differences

(6) Unearned Revenue (Concluded):

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regarding revenue recognition. The various components of unearned revenue reported in both the government-wide and governmental funds were as follows:

<u>Fund</u>	<u>Funding Source</u>	<u>Amount</u>
Ecosystems Management Trust	State – Ecosystems Management Trust	\$ 6,991,226
State Grants	State – Resolution 2000-24	63,994
Mitigation	State – FDOT Mitigation	4,484,746
Special Revenue Funds – Other	Local – Counties	175,790
	Local – Water Management Districts	25,000
	Local – Cities	175,599
	Local – Other	176,577
Total		<u>\$ 12,092,932</u>

(7) 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 temporary loans listed below are from the General Fund to the various Special Revenue Funds for expenditures requiring reimbursements from the following grantors: \$1,018,979, Water Management Lands Trust Fund; \$963,293, Florida Department of Environmental Protection; and \$208,885, Federal Sources. A summary of interfund balances at year-end is as follows:

<u>Receivable Funds</u>	<u>Amount</u>	<u>Payable Funds</u>	<u>Purpose</u>
Major Funds:			
General Fund	\$ 1,018,979	Water Management Lands Trust Fund	Temporary Loan
General Fund	963,293	State Grants Fund	Temporary Loan
General Fund	208,885	Federal Grants Fund	Temporary Loan
Total All Funds	<u>\$ 2,191,157</u>		

The District makes routine transfers among its funds during the fiscal year. The principle purpose of the transfers are to allocate resources for land acquisition, construction, or other capital projects and to provide operating subsidies and reimburse the General Fund for indirect costs. These transfers are consistent with the activities of the funds involved.

The \$11,825,914 transfer from the General Fund to the Capital Projects Fund is to fund major capital expenditures from District funding sources. The \$25,545 transfer from the Mitigation Fund to the General Fund is to reimburse for administration expenses associated with land acquisitions, land management and restoration expenditures associated with Florida Department of Transportation mitigation projects. The \$433,120 transfer from the State Grants Fund to the General Fund is to reimburse for indirect costs associated with State grants. The \$460,059 transfer from the Mitigation Fund to the Florida Forever Fund is to change the funding source of previous land acquisitions to Florida Department of Transportation mitigation funds. The \$80,651 transfer from the Federal Grants Fund to the General Fund is to reimburse expenditures of the General Fund that were made in anticipation of Federal Grants funds being made available. The \$180 transfer from Special Revenue Funds – Other Fund to the General Fund was to reimburse for indirect costs of local grants. The \$293 transfer from the General Fund to the Special Revenue Funds – Other Fund was to write-off an uncollectable receivable for private well plugging. A summary of interfund transfers is as follows:

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(7) Interfund Balances and Activities (Concluded):

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 25,545	Mitigation Fund
General Fund	433,120	State Grants Fund
General Fund	80,651	Federal Grants Fund
General Fund	180	Special Revenue Funds - Other Fund
Total General Fund	539,496	
Capital Projects Fund	11,825,914	General Fund
Total Major Funds	12,365,410	
Non-major Funds:		
Florida Forever Fund	460,059	Mitigation Fund
Special Revenue Funds-Other Fund	293	General Fund
Total Non-major Funds	460,352	
Total All Funds	\$ 12,825,762	

(8) 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. 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.

(c) Membership: At September 30, 2012, membership consisted of:

Active employees	544
Inactive employees	40
Total	584

(d) Funding Policy: The District contributes one-half the premium for current retired employees between the ages of 62 and 65, but has closed this benefit to new retirees effective October 1, 2012, and the state of Florida's Division of Retirement contributes each month \$5 for each year of service, up to

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
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(8) Other Post-Employment Benefits (OPEB) (d) (Continued):

\$150 per month. The District's Blue Cross 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, 2012, retired employees directly contributed \$20,609 to the plan. For retired employees, the District contributed \$95,533 and the state of Florida's Division of Retirement contributed \$214,569 through a pension deduction and the above mentioned Florida Division of Retirement subsidy. For active employees, the District contributed \$6,000,206 and the employees contributed \$1,287,056. The District also contributed \$183,338 to the accounts of employees with a High Deductible Savings Accounts.

(e) Annual OPEB Costs, Net OPEB Obligation, and Funding Progress: The District's actuarial valuation was performed for the plan as of October 1, 2011, 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, 2012. The District's annual OPEB cost (expense) of \$553,910 was reduced by the assumed contributions of \$440,958, which netted an increase of \$112,952 in the net OPEB obligation. The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation:

	For the Fiscal Year Ending	
	<u>September 30, 2012</u>	<u>September 30, 2011</u>
Determination of Annual Required Contribution:		
Normal cost at year-end	\$ 290,461	\$ 643,244
Amortization of Unfunded Actuarial Liability	<u>340,033</u>	<u>498,945</u>
Annual Required Contribution (ARC)	<u>630,494</u>	<u>1,142,189</u>
Determination of Net OPEB Obligation:		
ARC	630,494	1,142,189
Interest on prior year Net OPEB Obligation	135,743	100,231
<i>Adjustment to ARC</i>	<u>(212,327)</u>	<u>(153,451)</u>
Annual OPEB Cost	553,910	1,088,969
Contributions made	<u>(440,958)</u>	<u>(201,184)</u>
Increase in Net OPEB Obligation	112,952	887,785
Net OPEB Obligation – beginning of year	<u>3,393,571</u>	<u>2,505,786</u>
Net OPEB Obligation – end of year	<u>\$ 3,506,523</u>	<u>\$ 3,393,571</u>

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

<u>Fiscal</u>	<u>Discount</u>	<u>Annual</u>	<u>Percentage of</u>	<u>Net OPEB</u>
<u>Year Ended</u>	<u>Rate</u>	<u>OPEB Cost</u>	<u>OPEB Cost</u>	<u>Obligation</u>
			<u>Contributed</u>	
9/30/2010	4.00%	\$1,030,058	16.6%	\$2,505,786
9/30/2011	4.00%	\$1,088,969	18.5%	\$3,393,571
9/30/2012	4.00%	\$ 553,910	79.6%	\$3,506,523

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
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(8) Other Post-Employment Benefits (OPEB) (e) (Concluded):

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>
10/01/2009	\$0	\$7,406,746	\$7,406,746	0.0%	\$47,021,214	15.75%
10/01/2010	\$0	\$8,147,566	\$8,147,566	0.0%	\$46,586,131	17.49%
10/01/2011	\$0	\$5,434,667	\$5,434,667	0.0%	\$49,272,000	11.03%

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 presents multiyear, comparative 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 until FY 2014–2015. Generally accepted accounting principles consider these payments as pay-as-you-go funding methodology and therefore, they 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. 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. The District does not have a separate, audited GAAP-basis post-employment benefit plan report, just an independent Valuation Report from the District's contracted actuary. In the October 1, 2011, actuarial valuation, the Traditional Unprojected Unit Credit Actuarial Cost Method, was used. The actuarial assumptions included 4% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.1%, decreasing each year until it reaches an ultimate rate of 5.9% in 2019. Life expectancies were based upon data found in the Sex-distinct RP-2000 Generational Tables. Approximately 50% 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, 2012, was 25 years.

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(9) Long-Term Obligations:

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

Bonds Payable from Governmental Activities:

	Remaining Interest Rates	Principal
Revenue Refunding Bonds, Series 2004, Original issue \$39,005,000	3.25% to 4%	\$ 23,765,000
Payable in semi-annual installments through 2016		

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)	\$ 6,095,221
Claims and judgments	2,500,000
Other post-employment benefits	3,506,523
Unamortized bond premium	158,103
Subtotal	<u>\$ 12,259,847</u>
Total Long-Term Obligations	<u>\$ 36,024,847</u>

(b) Pledged Revenues:

The Land Acquisition Revenue Refunding Bonds issued by the District are to provide for the acquisition of environmentally sensitive lands. Principal and interest on the Land Acquisition Bonds are secured by a lien on documentary stamp excise taxes collected statewide by the State of Florida and allocated to the State's five water management districts through the Water Management Lands Trust Fund. The District accounts for debt service transactions in the Debt Service Fund. A summary of the debt issue and related pledge revenue follows:

	Range of Remaining Term	Approximate future principal and interest	Current year revenue received	Current year principal and interest	Principal and interest as % of revenue
Doc Stamp Taxes:	2013-2016	\$26,067,388	\$6,735,207	\$6,516,850	96.76%

(c) Debt service requirements to maturity:

Debt service requirements to maturity on the District's long-term obligations as of September 30, 2012, are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total Long-Term Obligations and Interest
2013	\$ 5,645,000	\$ 871,826	\$ 6,516,826
2014	5,830,000	688,362	6,518,362
2015	6,025,000	491,600	6,516,600
2016	6,265,000	250,600	6,515,600
Total principal & interest	23,765,000	2,302,388	26,067,388
Less interest to be paid	-	(2,302,388)	(2,302,388)
Total principal	23,765,000	-	23,765,000
Deferred amounts	158,103	-	158,103
Totals	<u>\$ 23,923,103</u>	<u>\$ -</u>	23,923,103
Long-term obligations not included above:			
Accrued compensated absences payable			6,095,221
Other post-employment benefits			3,506,523
Claims and judgments			2,500,000
Total long-term obligations			<u>\$ 36,024,847</u>

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(9) Long-Term Obligations (Concluded):

(d) Long-Term Obligations:

Changes in long-term liabilities for the fiscal year ended September 30, 2012, are summarized as follows:

Governmental Activities:	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due Within One Year
General long-term obligations:					
Revenue bonds payable	\$29,240,000	\$ -	\$ 5,475,000	\$ 23,765,000	\$5,645,000
Deferred amounts:					
Issuance premiums	197,629	-	39,526	158,103	-
Total revenue bonds payable	29,437,629	-	5,514,526	23,923,103	5,645,000
Accrued compensated absences	5,891,749	3,916,040	3,712,568	6,095,221	439,170
Other post-employment benefits	3,393,571	112,952	-	3,506,523	-
Claims and judgments	1,475,000	1,025,000	-	2,500,000	2,500,000
Total governmental activity long-term obligations	<u>\$40,197,949</u>	<u>\$5,053,992</u>	<u>\$ 9,227,094</u>	<u>\$ 36,024,847</u>	<u>\$8,584,170</u>

Interest expense is \$1,001,946 in the accompanying Statement of Activities for the year ended September 30, 2012.

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>
2013	\$ 384,255
2014	395,764
2015	407,485
2016	419,846
2017	432,420
2018-2021	1,863,095
Total Lease Payments	<u>\$ 3,902,865</u>

Net other post-employment benefit obligations, claims and judgments, and compensated absences are generally liquidated by the general fund.

(10) 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. A \$2.5 million commitment of fund balance has been set aside to fund any potential adverse claims and/or judgments.

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(11) Employee Benefits:

Other Post-Employment Benefits — In 1987, the Florida Legislature established through Chapter 112.363, *Florida Statutes*, 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, 2012, 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, 2012, 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 as of September 30, 2012, 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, *Florida Statutes*, 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 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, 2012, was \$95,533 for 24 retirees. This post-retirement benefit was closed to new participants beginning October 1, 2012.

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, *Florida Statutes*, 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. Regular members who joined the Pension Plan on or after July 1, 2011, are subject to vesting of benefits after eight years of creditable service and eligible for normal retirement after eight years of service and attaining age 65, or 33 years of service regardless of age.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
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(11) Employee Benefits (Continued):

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% for FRS Pension Plan members with an effective DROP begin date before July 1, 2011. For FRS Pension Plan members with an effective DROP begin date on or after July 1, 2011, the annual rate is 1.3%. 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 reached the normal retirement date. If an employee reaches normal retirement 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, *Florida Statutes*, 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 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: From October 1, 2011 through June 30, 2012, the District was required to contribute 4.91% for regular annual covered employee's salary, 6.27% for senior management annual covered employee's salary, and 4.42% for employees participating in the Deferred Retirement Option Program. As of July 1, 2012, the District is required to contribute 5.18% for regular annual covered employee's salary, 6.30% for senior management annual covered employee's salary, and 5.44% for employees participating in the Deferred Retirement Option Program. The contribution requirements of the District may be changed by the FRS. The District contributed 100% of the required contribution to FRS in fiscal years ended September 30, 2012, 2011 and 2010.

Starting July 1, 2011, the employees of the District began contributing 3% of their gross salaries to FRS. The District's contributions to the FRS for the years ended September 30, 2012, 2011, and 2010, were \$1,894,778, \$4,350,773, and \$4,770,436, respectively. The employees contributed \$346,247 to FRS from July 1, 2011 to September 30, 2011 and \$1,043,437 for FY 2012.

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 ceased matching contributions to the 401a plan as of September 30, 2011. Participation under the 457 plan is solely at the discretion of the employee.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(11) Employee Benefits (Concluded):

As of September 30, 2012, 575 employees and former employees had \$7,543,040 actively invested in the 401a plan. 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.

(12) State Trust Funds:

According to *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.

The Water Management Lands Trust Fund (WMLTF) was established in 1981 pursuant to Chapter 373.59, *Florida Statutes*. Funded primarily from a portion of the documentary stamp taxes collected by the state, the non-lapsing trust fund provides funding to the District for the following: (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) pre-acquisition 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 Water Management Lands Trust special revenue fund and debt service fund. Since FY 2008–2009, the state appropriated only funds needed for the annual debt service payments.

The Florida Forever Trust Fund was established in 2000 pursuant to Chapter 259.1051, *Florida Statutes*. 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 the following (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 Florida Forever special revenue fund.

The Ecosystem Management and Restoration Trust Fund was established in 1996 pursuant to Section 403.1651, *Florida Statutes*. The trust fund is funded through various sources, such as documentary stamp 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 Ecosystems Management Trust special revenue fund.

The Alternative Water Supply Program (AWS) was established in 2005 pursuant to Chapter 373.1961, *Florida Statutes*. The program is funded through a distribution of a portion of revenues received by the Florida Water Protection and Sustainability Trust Fund 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 Water Protection and Sustainability special revenue fund.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(13) 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.

(14) Mitigation Bank Financial Responsibility Assurances:

The District is authorized by Section 373.4136, *Florida Statutes*, 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, any necessary site management, 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 an irrevocable letter of credit is used, a standby trust fund shall be established in which all payments under the bonds or letters of credit shall be directly deposited. If the mitigation banks fail 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, 2012, the District estimates the value of the financial assurances provided by the various mitigation banks is \$13.2 million.

(15) Fund Balance Disclosure:

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Nonspendable Fund Balance – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. Inventory assets and prepaid items are typical balances that are reported in this category.

Spendable Fund Balance –

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. Debt service reserves, State of Florida Specialty Licenses Tag revenues, proceeds from the sale of capital assets originally purchased with state and/or federal grant funds and Long-term Maintenance Mitigation endowment funds set aside to fund land management activities are typical balances that are reported in this category.
- Committed – includes fund balance amounts that are constrained for specific purposes through Governing Board resolutions and can only deplete or change the commitments through a Governing Board resolution or an expenditure authorized by contract. Long-term projects/programs, long-term cooperative agreements, the District's Economic Stabilization Reserve and Monetary Judgments Reserve are typical balances that are reported in this category.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered to be restricted nor committed. Fund Balance may be assigned through the following: Formal Budget Adoption Resolution and encumbrances/contractual obligations/grants to local governments/memorandums of understanding/agreement authorized by the District's executive management that are not otherwise restricted or committed.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(15) Fund Balance Disclosure (Continued):

- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories.

The District does not have a formal minimum fund balance policy. The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this or perpetual land management/acquisition endowments, which the District would prefer to preserve into the future, therefore, using other available revenues to fund these ongoing expenditures.

Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the Economic Stabilization Reserve established by the District's Governing Board.

The District established an Economic Stabilization Reserve from the Unassigned General Fund Balance in an amount not less than five percent of the previous year's actual revenues from all sources of ad valorem tax supported funds. The Economic Stabilization Reserve is established annually for the next fiscal year during the budgetary process for that fiscal year. The purpose of the Economic Stabilization Reserve is to provide sufficient funds for unforeseen and unexpected events, meet major emergencies and ensure the District's continued orderly operational and financial stability. Utilization of funds from the Economic Stabilization Reserve is limited to the following circumstances:

- (1) when a state of emergency is declared by the Governor or President of the United States; or
- (2) when the Governing Board determines through a resolution that: (a) an emergency or other circumstances has arisen that creates an unanticipated need for additional revenues that are not available through other funding sources; (b) the underlying condition directly impacts the citizens and/or environment within District boundaries; and (c) remedial action cannot wait until the next fiscal year. In the event of an emergency, the Executive Director or Assistant Executive Director may take necessary action as a time sensitive matter in accordance with District Policy 2007-01; or
- (3) when anticipated or realized revenues from ad valorem sources within a specific fiscal period are at least ten percent less than the revenue realized over the prior year.

The Economic Stabilization Reserve is not to be appropriated for recurring operating expenditures or capital expenditures that can be addressed through the normal budgeting process. If funds are appropriated from the Economic Stabilization Reserve, the District is required to re-establish the minimum Economic Stabilization Reserve balance within the three fiscal-year period following the year in which such funds are appropriated. Available funds in excess of the five percent Economic Stabilization Reserve requirement may be utilized for other District purposes, including, without limitation, additional capital or cooperative funding expenditures, sinking funds or other purposes.

The District shall also maintain those reserves required by generally accepted accounting principles.

A schedule of District fund balances at September 30, 2012 follows:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(15) Fund Balance Disclosure (Concluded):

Fund Balances:	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total All Funds
Nonspendable:					
Inventories	\$ 225,929	\$ -	\$ -	\$ -	\$ 225,929
Prepaid Expenses	365,772	-	-	-	365,772
Total Nonspendable	<u>591,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,701</u>
Spendable:					
Restricted for:					
Mitigation Endowment	-	11,651,161	-	-	11,651,161
Debt Service Reserve	-	-	6,439,146	-	6,439,146
Florida Forever	-	464,504	-	-	464,504
Indian River Lagoon License Tag Fees	-	166,317	-	-	166,317
Water Protection and Sustainability	-	13,711,241	-	-	13,711,241
Total Restricted	<u>-</u>	<u>25,993,223</u>	<u>6,439,146</u>	<u>-</u>	<u>32,432,369</u>
Committed for:					
Economic Stabilization Reserve	5,000,000	-	-	-	5,000,000
Potential Adverse Monetary Judgments	2,500,000	-	-	-	2,500,000
Land Management/Acquisition	7,210,678	-	-	-	7,210,678
Fellsmere Water Management Area	-	-	-	10,446,740	10,446,740
Canal 1/10 Rediversion	11,472,700	-	-	-	11,472,700
Groundwater Resources Assessment	9,357,581	-	-	-	9,357,581
Rough Fish Harvesting	1,928,806	-	-	-	1,928,806
Alum Treatment - Stormwater Control	2,082,941	-	-	-	2,082,941
Flood Control Structure Rehabilitation	4,113,400	-	-	-	4,113,400
Minimum Flows & Levels Prevention	28,647,010	-	-	-	28,647,010
Water Quality & Ecological Restoration	37,098,555	-	-	-	37,098,555
Water Conservation & Demand Mgmt.	12,780,497	-	-	-	12,780,497
Lake Apopka - North Shore Restoration	-	-	-	465,050	465,050
Lake Jesup Restoration	-	-	-	597,100	597,100
Lower St. Johns River Basin Reuse Proj	1,731,512	-	-	-	1,731,512
Water Res. Dev.-Taylor Creek Design	379,300	-	-	-	379,300
Total Committed	<u>124,302,980</u>	<u>-</u>	<u>-</u>	<u>11,508,890</u>	<u>135,811,870</u>
Assigned for:					
Dragline Ditch – Volusia County	60,949	-	-	-	60,949
Facilities Management	408	-	-	-	408
Hazardous Waste Management	10,831	-	-	-	10,831
Land Acquisition Costs	2,857	-	-	-	2,857
Shoreline Restoration – Crane Creek	29,826	-	-	-	29,826
Structures & Levees Oper. & Maint.	148,236	-	-	-	148,236
Telecommunications – VoIP	37,743	-	-	-	37,743
Water Quality Restoration – Rose Bay	217,451	-	-	-	217,451
Water Resources Inform. General Costs	16,923	-	-	-	16,923
Lake Apopka– North Shore Restoration	-	-	-	160,872	160,872
Total Assigned	<u>525,224</u>	<u>-</u>	<u>-</u>	<u>160,872</u>	<u>686,096</u>
Unassigned:	<u>16,464,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,464,398</u>
Totals All Funds	<u>\$141,884,303</u>	<u>\$25,993,223</u>	<u>\$6,439,146</u>	<u>\$11,669,762</u>	<u>\$185,986,434</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

(16) Implementation of Accounting Standards

The District elected to early implement GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. Statement 63 introduces deferred inflows and outflows of resources as a reportable item and distinguishing them from assets and liabilities. It also changes the financial statement presentations for the entity-wide statement of net assets and the governmental funds balance sheet to report deferred items. Statement 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District determined it does not have any materially reportable deferred inflows or outflows of resources as defined in these statements.



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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
Ad valorem property taxes	\$ 85,355,619	\$ 85,355,619	\$ 82,083,164
Investment earnings	1,800,000	1,800,000	1,594,201
Regulatory permits	1,000,000	1,000,000	1,150,280
Lease and timber sales	1,205,805	1,205,805	1,060,208
Fines and penalties	-	-	5,485
Other	400,000	400,000	202,814
Total revenues	89,761,424	89,761,424	86,096,152
EXPENDITURES			
Water resources planning and monitoring	12,983,231	13,371,619	11,582,809
Acquisition, restoration and public works	41,818,392	20,193,391	17,134,790
Operation and maintenance of lands and works	14,212,049	14,209,776	12,237,601
Regulation	13,235,646	13,678,616	13,268,475
Outreach	1,303,624	1,179,202	935,412
District management and administration	34,722,976	28,805,994	21,460,015
Total expenditures	118,275,918	91,438,598	76,619,102
Excess of revenues over (under) expenditures	(28,514,494)	(1,677,174)	9,477,050
Other financing sources (uses)			
Transfers in	-	-	539,496
Transfers out	(11,357,628)	(11,357,628)	(11,826,206)
Sale of capital assets	-	-	202,862
Insurance/FEMA /Arbitrage - recovery	-	-	63,230
Total other financing sources (uses)	(11,357,628)	(11,357,628)	(11,020,618)
Net change in fund balance	(39,872,122)	(13,034,802)	(1,543,568)
Fund balance, beginning of year	143,427,871	143,427,871	143,427,871
Fund balance, end of year	\$ 103,555,749	\$ 130,393,069	\$ 141,884,303

The accompanying notes to the Required Supplemental Information are an integral part of this schedule.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – ECOSYSTEMS MANAGEMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Ecosystems Management Trust Fund	\$ 5,428,169	\$ 2,907,872	\$ 1,352,970
Total revenues	5,428,169	2,907,872	1,352,970
EXPENDITURES			
Water resources planning and monitoring	30,000	30,000	20,956
Acquisition, restoration and public works	5,398,169	2,877,872	1,332,014
Total expenditures	5,428,169	2,907,872	1,352,970
Excess 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	\$ -	\$ -	\$ -

The accompanying notes to the Required Supplemental Information are an integral part of this schedule.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – MITIGATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Department of Transportation	\$ 1,189,973	\$ 5,091,763	\$ 5,106,173
Total revenues	1,189,973	5,091,763	5,106,173
EXPENDITURES			
Acquisition, restoration, and public works	1,041,335	4,061,209	4,004,863
Operation and maintenance of lands and works	148,638	1,030,554	615,705
Total expenditures	1,189,973	5,091,763	4,620,568
Excess of revenues over			
 (under) expenditures	-	-	485,605
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	(485,605)
Total other financing sources (uses)	-	-	(485,605)
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

The accompanying notes to the Required Supplemental Information are an integral part of this schedule.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Acquisition, restoration and public works	24,445,679	17,168,112	13,244,203
Total expenditures	24,445,679	17,168,112	13,244,203
Excess of revenues over (under) expenditures	(24,445,679)	(17,168,112)	(13,244,203)
Other financing sources (uses)			
Transfers in	11,357,628	11,357,628	11,825,914
Transfers out	-	-	-
Total other financing sources (uses)	11,357,628	11,357,628	11,825,914
Net change in fund balance	(13,088,051)	(5,810,484)	(1,418,289)
Fund balance, beginning of year	13,088,051	13,088,051	13,088,051
Fund balance, end of year	\$ -	\$ 7,277,567	\$ 11,669,762

The accompanying notes to the Required Supplemental Information are an integral part of this schedule.



*Notes to Required
Supplemental Information*

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2012

Stewardship, Compliance, and Accountability

Budgetary Information — Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for all governmental funds and may be amended by the District's Governing Board 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 commitments and assignments of fund balances and do not constitute expenditures or liabilities because the commitments or assignments 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, (F.S.)

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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
SEPTEMBER 30, 2012

Stewardship, Compliance, and Accountability (Concluded)

Other Post-Employment Benefits (OPEB) — The employer contributions reported on the Schedule of Funding Progress (see page 44) represents the current amount paid by the District for the current year cost of the benefits, which were entirely paid to or on behalf of retirees. Accordingly, no assets have been placed in trust to advance fund the employer's obligation.

The Schedule of the Funding Progress and the Schedule of Employer Contributions follows:

Schedule of Funding Progress

<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>
10/01/2009	\$0	\$7,406,746	\$7,406,746	0.0%	\$47,021,214	15.75%
10/01/2010	\$0	\$8,147,566	\$8,147,566	0.0%	\$46,586,131	17.49%
10/01/2011	\$0	\$5,434,667	\$5,434,667	0.0%	\$49,272,000	11.03%

Schedule of Employer Contributions

<u>Valuation September 30,</u>	<u>Annual OPEB Cost</u>	<u>Expected Amount Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$1,030,058	\$170,542	16.56%	\$ 859,516
2011	\$1,088,969	\$201,184	18.47%	\$ 887,785
2012	\$ 553,910	\$440,958	79.61%	\$ 112,952



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.

Florida Forever Fund — This fund 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 Surface Water Improvement and Management (SWIM) Program.

Water Management Lands Trust Fund — This fund accounts for restricted revenues received from the Water Management Lands Trust Fund, established by Section 373.59, *Florida Statutes*, through the Florida Department of Environmental Protection, and related expenditures. The revenues in the fund are continually appropriated for 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 — This 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 special revenue fund.

Federal Grants Fund — This 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 — This 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.

Water Protection and Sustainability Fund — This fund 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 FY 2005-2006 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA

Indian River Lagoon License Tag Fees Fund — This 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 — This 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 — This 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue Funds				
	Florida Forever	Water Management Lands Trust	State Grants	Federal Grants	Long-term Maintenance Mitigation
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	462,117	-	71,526	-	11,651,161
Accounts and other receivables	-	-	-	-	-
Intergovernmental receivables	2,387	1,203,717	1,000,236	379,416	-
Total assets	464,504	1,203,717	1,071,762	379,416	11,651,161
Liabilities and fund balances					
Liabilities					
Accounts payable	-	184,738	44,475	170,531	-
Due to other funds	-	1,018,979	963,293	208,885	-
Unearned revenue	-	-	63,994	-	-
Due to other governmental units	-	-	-	-	-
Total liabilities	-	1,203,717	1,071,762	379,416	-
Fund balances					
Restricted:	464,504	-	-	-	11,651,161
Total fund balances	464,504	-	-	-	11,651,161
Total liabilities and fund balances	\$ 464,504	\$ 1,203,717	\$ 1,071,762	\$ 379,416	\$ 11,651,161

Water Protection & Sustainability	Indian River Lagoon License Tag Fees	Special Revenue Funds - Other	Special Revenue Total	Debt Service Fund	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 18,455	\$ 18,455
13,575,860	318,414	587,255	26,666,333	6,397,535	33,063,868
-	4,341	-	4,341	23,823	28,164
464,693	-	5,784	3,056,233	-	3,056,233
14,040,553	322,755	593,039	29,726,907	6,439,813	36,166,720
329,312	59,367	40,073	828,496	667	829,163
-	-	-	2,191,157	-	2,191,157
-	-	552,966	616,960	-	616,960
-	97,071	-	97,071	-	97,071
329,312	156,438	593,039	3,733,684	667	3,734,351
13,711,241	166,317	-	25,993,223	6,439,146	32,432,369
13,711,241	166,317	-	25,993,223	6,439,146	32,432,369
\$ 14,040,553	\$ 322,755	\$ 593,039	\$ 29,726,907	\$ 6,439,813	\$ 36,166,720

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds				
	Florida Forever	Water Management Lands Trust	State Grants	Federal Grants	Long-term Maintenance Mitigation
Revenues					
State	\$ 34,519	\$ 218,357	\$3,780,003	\$ -	\$ 516,984
Federal	-	-	-	1,813,621	-
Investment earnings	-	-	-	-	76,694
Other	-	-	-	-	58
Total revenues	34,519	218,357	3,780,003	1,813,621	593,736
Expenditures					
Current:					
Water resources planning and monitoring	-	-	55,672	161,032	-
Acquisition, restoration, and public works	34,519	218,357	3,210,463	1,551,585	-
Operation and maint. of lands and works	-	-	80,748	20,353	-
Regulation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	34,519	218,357	3,346,883	1,732,970	-
Excess of revenues over (under) expenditures	-	-	433,120	80,651	593,736
Other financing sources (uses):					
Transfers in	460,059	-	-	-	-
Transfers out	-	-	(433,120)	(80,651)	-
Sale of capital assets	4,445	-	-	-	-
Total other financing sources (uses)	464,504	-	(433,120)	(80,651)	-
Net change in fund balances	464,504	-	-	-	593,736
Fund balances, beginning of year	-	-	-	-	11,057,425
Fund balances, end of year	\$ 464,504	\$ -	\$ -	\$ -	\$11,651,161

Water Protection & Sustainability	Indian River Lagoon License Tag Fees	Special Revenue Funds - Other	Special Revenue Total	Debt Service Fund	Total Non-major Governmental Funds
\$ 676,141	\$ 156,380	\$ -	\$ 5,382,384	\$ 6,516,850	\$ 11,899,234
-	-	-	1,813,621	-	1,813,621
-	2,078	-	78,772	32,521	111,293
-	-	94,707	94,765	-	94,765
676,141	158,458	94,707	7,369,542	6,549,371	13,918,913
-	-	50,000	266,704	-	266,704
2,052,135	176,480	-	7,243,539	-	7,243,539
-	-	1,320	102,421	-	102,421
-	-	43,500	43,500	-	43,500
-	-	-	-	5,475,000	5,475,000
-	-	-	-	1,041,850	1,041,850
2,052,135	176,480	94,820	7,656,164	6,516,850	14,173,014
(1,375,994)	(18,022)	(113)	(286,622)	32,521	(254,101)
-	-	293	460,352	-	460,352
-	-	(180)	(513,951)	-	(513,951)
-	-	-	4,445	-	4,445
-	-	113	(49,154)	-	(49,154)
(1,375,994)	(18,022)	-	(335,776)	32,521	(303,255)
15,087,235	184,339	-	26,328,999	6,406,625	32,735,624
\$ 13,711,241	\$ 166,317	\$ -	\$ 25,993,223	\$ 6,439,146	\$ 32,432,369

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – FLORIDA FOREVER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		Actual
	Original	Final	
REVENUES			
State			
Department of Environmental Protection	\$ -	\$ 34,519	\$ 34,519
Total revenues	-	34,519	34,519
EXPENDITURES			
Acquisition, restoration and public works	-	34,519	34,519
Total expenditures	-	34,519	34,519
Excess of revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	460,059
Transfers out	-	-	-
Sale of capital assets	-	-	4,445
Total other financing sources (uses)	-	-	464,504
Net change in fund balance	-	-	464,504
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 464,504

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – WATER MANAGEMENT LANDS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Department of Environmental Protection	\$ 389,942	\$ 238,095	\$ 218,357
Total revenues	389,942	238,095	218,357
EXPENDITURES			
Acquisition, restoration and public works	389,942	238,095	218,357
Total expenditures	389,942	238,095	218,357
Excess 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 BALANCE –
BUDGET AND ACTUAL – STATE GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Department of Environmental Protection	\$ -	\$ 287,000	\$ -
Resolution 2000–24	122,661	139,207	84,319
Specific appropriations	1,578,709	2,293,681	2,293,681
Federal through state	484,434	576,717	781,513
Other agencies	328,000	828,000	620,490
State total	2,513,804	4,124,605	3,780,003
Total revenues	2,513,804	4,124,605	3,780,003
EXPENDITURES			
Water resources planning and monitoring	-	98,231	55,672
Acquisition, restoration and public works	2,185,804	3,698,374	3,210,463
Operation and maintenance of lands and works	328,000	328,000	80,748
Total expenditures	2,513,804	4,124,605	3,346,883
Excess of revenues over			
(under) expenditures	-	-	433,120
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	(433,120)
Total other financing sources (uses)	-	-	(433,120)
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 BALANCE –
BUDGET AND ACTUAL – FEDERAL GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
Federal			
Environmental Protection Agency	\$ 806,823	\$ 812,730	\$ 834,319
Natural Resources Conservation Service	-	956,349	956,349
Other	25,000	25,000	22,953
Federal total	831,823	1,794,079	1,813,621
Total revenues	831,823	1,794,079	1,813,621
EXPENDITURES			
Water resources planning and monitoring	167,500	167,500	161,032
Acquisition, restoration and public works	639,323	1,601,579	1,551,585
Operation and maintenance of lands and works	25,000	25,000	20,353
Total expenditures	831,823	1,794,079	1,732,970
Excess of revenues over			
 (under) expenditures	-	-	80,651
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	(80,651)
Total other financing sources (uses)	-	-	(80,651)
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 BALANCE –
BUDGET AND ACTUAL – LONG-TERM MAINTENANCE MITIGATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Department of Transportation	\$ -	\$ -	\$ 516,984
Investment earnings	-	-	76,694
Local mitigation	-	-	58
Total revenues	<u>-</u>	<u>-</u>	<u>593,736</u>
EXPENDITURES			
Operation and maintenance of lands and works	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over			
(under) expenditures	<u>-</u>	<u>-</u>	<u>593,736</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	593,736
Fund balance, beginning of year	<u>11,057,425</u>	<u>11,057,425</u>	<u>11,057,425</u>
Fund balance, end of year	<u><u>\$ 11,057,425</u></u>	<u><u>\$ 11,057,425</u></u>	<u><u>\$ 11,651,161</u></u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – WATER PROTECTION AND SUSTAINABILITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		Actual
	Original	Final	
REVENUES			
State			
Department of Environmental Protection	\$ 38,395,276	\$ 2,189,012	\$ 676,141
Total revenues	38,395,276	2,189,012	676,141
EXPENDITURES			
Acquisition, restoration and public works	38,395,276	2,189,012	2,052,135
Total expenditures	38,395,276	2,189,012	2,052,135
Excess of revenues over (under) expenditures	-	-	(1,375,994)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	-	(1,375,994)
Fund balance, beginning of year	15,087,235	15,087,235	15,087,235
Fund balance, end of year	\$ 15,087,235	\$ 15,087,235	\$ 13,711,241

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – INDIAN RIVER LAGOON LICENSE TAG FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Indian River Lagoon license plate	\$ 256,582	\$ 266,776	\$ 156,380
Investment earnings	-	-	2,078
Total revenues	<u>256,582</u>	<u>266,776</u>	<u>158,458</u>
EXPENDITURES			
Acquisition, restoration and public works	<u>256,582</u>	<u>266,776</u>	<u>176,480</u>
Total expenditures	<u>256,582</u>	<u>266,776</u>	<u>176,480</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(18,022)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	(18,022)
Fund balance, beginning of year	<u>184,339</u>	<u>184,339</u>	<u>184,339</u>
Fund balance, end of year	<u><u>\$ 184,339</u></u>	<u><u>\$ 184,339</u></u>	<u><u>\$ 166,317</u></u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS – OTHER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
Cities and counties			
Cities	\$ 217,450	\$ -	\$ -
Counties	217,450	-	-
Cities and counties total	434,900	-	-
Other			
Water management districts	-	60,745	60,745
Other local sources	68,357	79,112	33,962
Other total	68,357	139,857	94,707
Total revenues	503,257	139,857	94,707
EXPENDITURES			
Water resources planning and monitoring	-	50,000	50,000
Acquisition, restoration and public works	434,900	-	-
Operation and maintenance of lands and works	-	1,500	1,320
Regulation	68,357	88,357	43,500
Total expenditures	503,257	139,857	94,820
Excess of revenues over			
 (under) expenditures	-	-	(113)
Other financing sources (uses)			
Transfers in	-	-	293
Transfers out	-	-	(180)
Total other financing sources (uses)	-	-	113
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 BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Water Management Lands Trust Fund	\$ 6,516,850	\$ 6,516,850	\$ 6,516,850
Investment earnings	-	-	32,521
Total revenues	6,516,850	6,516,850	6,549,371
EXPENDITURES			
Principal	5,475,000	5,475,000	5,475,000
Interest and fiscal charges	1,041,550	1,041,550	1,041,550
Other debt service costs	300	300	300
Total expenditures	6,516,850	6,516,850	6,516,850
Excess of revenues over			
(under) expenditures	-	-	32,521
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	-	32,521
Fund balance, beginning of year	6,406,625	6,406,625	6,406,625
Fund balance, end of year	\$ 6,406,625	\$ 6,406,625	\$ 6,439,146

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 District's comprehensive annual financial report presents detailed information to provide context to understand what the information presented in the financial statements, note disclosures, and required supplemental 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.

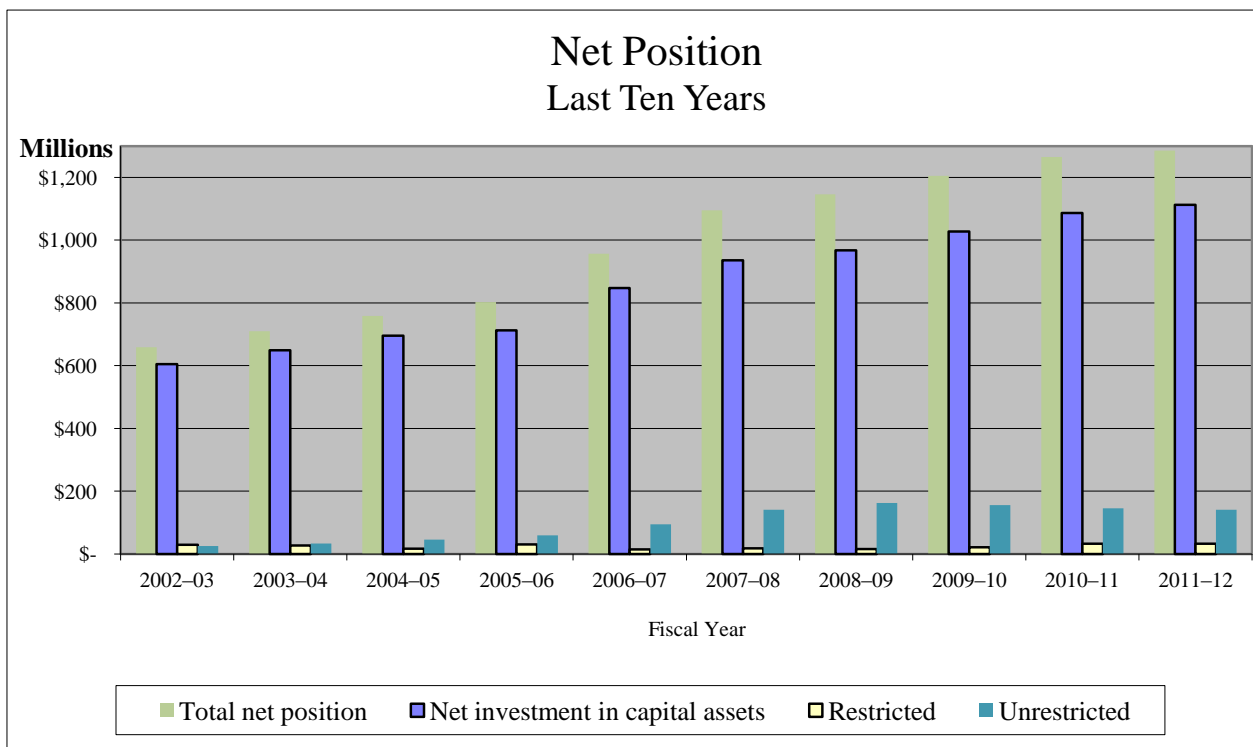
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.



Financial Trends

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2002-03	2003-04	2004-05	2005-06	2006-07
Governmental activities					
Net investment in capital assets	\$ 604,864,217	\$ 649,781,237	\$ 695,485,819	\$ 712,487,535	\$ 847,938,851
Restricted	29,378,902	27,609,597	16,876,740	30,706,894	14,432,348
Unrestricted	25,076,705	33,067,721	45,951,583	59,573,371	95,094,987
Total net position, governmental activities	\$ 659,319,824	\$ 710,458,555	\$ 758,314,142	\$ 802,767,800	\$ 957,466,186



<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 935,496,518	\$ 968,109,402	\$ 1,027,438,251	\$ 1,086,938,685	\$ 1,112,241,722
18,621,314	15,588,704	21,531,338	33,005,869	32,804,322
<u>141,530,441</u>	<u>162,317,143</u>	<u>156,160,128</u>	<u>145,222,829</u>	<u>140,860,620</u>
<u><u>\$ 1,095,648,273</u></u>	<u><u>\$ 1,146,015,249</u></u>	<u><u>\$ 1,205,129,717</u></u>	<u><u>\$ 1,265,167,383</u></u>	<u><u>\$ 1,285,906,664</u></u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2002-03	2003-04	2004-05	2005-06
Expenses:				
Water resources planning and monitoring	\$ 13,341,876	\$ 14,937,632	\$ 14,859,673	\$ 16,867,083
Acquisition, restoration and public works	39,234,840	38,741,724	39,741,922	55,406,698
Operation and maintenance of land and works	17,703,962	17,735,027	18,969,285	19,895,374
Regulation	11,498,576	11,835,126	13,305,074	14,900,042
Outreach	3,281,123	4,219,761	4,610,782	4,145,257
District management and administration	24,558,887	24,773,664	26,626,913	29,335,082
Interest on long-term debt	3,504,313	4,122,543	1,403,866	2,455,190
Total expenses	113,123,577	116,365,477	119,517,515	143,004,726
Program revenues:				
Charges for services:				
Regulatory permitting	2,919,747	2,909,628	3,491,770	4,627,038
Operations and land management	-	-	1,452,750	2,975,175
Operating grants and contributions	39,089,532	23,538,750	16,337,336	34,326,985
Capital grants and contributions	16,438,937	17,570,886	40,240,212	23,078,231
Total program revenues	58,448,216	44,019,264	61,522,068	65,007,429
Net (expense)/ revenue	(54,675,361)	(72,346,213)	(57,995,447)	(77,997,297)
General revenues and other changes in net position				
Taxes	80,657,242	88,478,126	99,042,154	115,864,922
Unrestricted earnings on investments	1,047,160	1,170,862	2,291,984	5,116,150
Gain(loss) on sale of capital assets	(164,605)	40,205	950,826	1,190,419
Miscellaneous	477,798	300,015	1,163,577	279,464
Total general revenues and other changes in net position	82,017,595	89,989,208	103,448,541	122,450,955
Change in net position	\$ 27,342,234	\$ 17,642,995	\$ 45,453,094	\$ 44,453,658

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$ 17,168,733	\$ 16,684,663	\$ 19,442,113	\$ 17,531,746	\$ 15,524,373	\$ 11,695,698
71,247,250	81,613,153	80,833,949	63,183,862	33,110,658	27,605,019
21,677,617	24,104,108	23,325,492	24,064,175	23,241,335	20,414,644
16,969,140	17,516,548	18,347,155	17,548,909	17,629,095	13,391,590
5,347,966	5,066,235	4,972,162	3,594,555	2,988,580	942,373
40,943,492	22,004,507	30,986,501	31,514,536	31,156,428	24,425,597
2,090,959	1,903,361	1,747,117	1,577,063	1,408,335	1,001,946
175,445,157	168,892,575	179,654,489	159,014,846	125,058,804	99,476,867
3,914,456	3,106,679	1,742,275	1,461,708	1,700,317	1,155,765
1,391,832	1,796,712	1,719,299	1,162,611	1,593,119	1,060,208
42,960,577	43,129,040	55,036,822	38,166,419	19,002,122	18,106,785
105,772,582	99,792,164	25,116,714	47,631,576	49,169,451	15,901,918
154,039,447	147,824,595	83,615,110	88,422,314	71,465,009	36,224,676
(21,405,710)	(21,067,980)	(96,039,379)	(70,592,532)	(53,593,795)	(63,252,191)
143,018,871	145,122,797	138,108,192	124,930,368	111,317,677	82,083,164
8,558,259	6,208,108	7,708,352	4,214,405	2,041,261	1,705,494
24,424,763	7,742,637	256,274	74,105	90,476	-
102,203	176,525	333,537	488,122	182,047	202,814
176,104,096	159,250,067	146,406,355	129,707,000	113,631,461	83,991,472
\$ 154,698,386	\$ 138,182,087	\$ 50,366,976	\$ 59,114,468	\$ 60,037,666	\$ 20,739,281

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

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
General fund				
Nonspendable	\$ 370,400	\$ 457,197	\$ 474,335	\$ 594,045
Restricted	-	-	-	-
Committed	22,001,501	22,661,218	18,323,875	28,213,176
Assigned	286,486	344,334	296,607	347,886
Unassigned	7,938,176	9,604,169	1,140,435	571,099
Total general fund	<u>30,596,563</u>	<u>33,066,918</u>	<u>20,235,252</u>	<u>29,726,206</u>
All other governmental funds				
Restricted:				
Special revenue funds	8,301,915	6,622,761	36,433,974	48,585,636
Debt service fund	6,999,563	6,999,563	6,427,530	6,538,829
Committed:				
Capital projects fund	16,565,052	20,923,530	7,609,699	14,141,466
Assigned:				
Capital projects fund	<u>298,719</u>	<u>2,159,319</u>	<u>374,464</u>	<u>1,666,613</u>
Total all other governmental funds	<u>32,165,249</u>	<u>36,705,173</u>	<u>50,845,667</u>	<u>70,932,544</u>
Total fund balances	<u><u>\$ 62,761,812</u></u>	<u><u>\$ 69,772,091</u></u>	<u><u>\$ 71,080,919</u></u>	<u><u>\$ 100,658,750</u></u>

<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 631,760	\$ 518,193	\$ 510,034	\$ 632,775	\$ 532,773	\$ 591,701
-	-	-	-	-	-
65,515,700	95,958,588	111,196,633	123,630,887	128,147,398	124,302,980
535,620	306,647	1,030,388	796,787	2,124,416	525,224
5,831,564	13,149,204	29,245,723	15,589,493	12,623,284	16,464,398
<u>72,514,644</u>	<u>109,932,632</u>	<u>141,982,778</u>	<u>140,649,942</u>	<u>143,427,871</u>	<u>141,884,303</u>
49,763,604	52,055,973	41,071,427	42,205,381	26,328,999	25,993,223
6,598,759	6,306,030	6,307,140	6,359,777	6,406,625	6,439,146
-	-	-	-	13,088,051	11,508,890
<u>2,502,183</u>	<u>2,814,069</u>	<u>1,100,000</u>	<u>1,329,574</u>	<u>-</u>	<u>160,872</u>
<u>58,864,546</u>	<u>61,176,072</u>	<u>48,478,567</u>	<u>49,894,732</u>	<u>45,823,675</u>	<u>44,102,131</u>
<u><u>\$ 131,379,190</u></u>	<u><u>\$ 171,108,704</u></u>	<u><u>\$ 190,461,345</u></u>	<u><u>\$ 190,544,674</u></u>	<u><u>\$ 189,251,546</u></u>	<u><u>\$ 185,986,434</u></u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2002-03	2003-04	2004-05	2005-06
Revenues:				
Taxes	\$ 80,657,242	\$ 88,478,126	\$ 99,042,154	\$ 115,864,922
State	46,313,000	33,176,714	52,883,314	49,051,089
Federal	1,780,554	4,504,605	929,488	1,459,893
Investment earnings	1,455,291	1,170,863	2,291,984	5,116,150
Local mitigation	2,659,850	497,593	295,989	54,718
Licenses and permits	2,919,747	2,909,628	3,491,770	3,593,279
Cities and counties	498,360	683,113	974,475	685,815
Other local	552,931	707,709	1,044,282	980,507
Land management	1,041,764	981,939	1,452,750	2,975,175
Miscellaneous revenue	827,117	220,106	410,149	1,313,223
Total revenues	138,705,856	133,330,396	162,816,355	181,094,771
Expenditures:				
Executive	13,393,063	-	-	-
Administration	3,089,636	-	-	-
Resource management	19,651,667	-	-	-
Water resources	39,142,822	-	-	-
Operations and land resources	46,976,056	-	-	-
Information resources	9,917,454	-	-	-
Water resources planning and monitoring	-	15,086,163	15,260,660	16,966,367
Acquisition, restoration and public works	-	53,818,033	82,093,251	65,735,659
Operation and maintenance of land and works	-	13,704,035	15,065,380	15,891,333
Regulation	-	11,746,695	13,153,780	14,779,607
Outreach	-	4,228,978	4,589,650	4,130,964
District management and administration	-	26,144,218	28,049,668	31,073,113
Debt service:				
Principal retirement	3,495,000	3,670,000	4,505,000	4,355,000
Interest and fiscal charges	3,504,312	3,329,563	1,681,517	2,064,450
Other - cost of issuance	-	-	675,663	-
Total expenditures	139,170,010	131,727,685	165,074,569	154,996,493
Excess of revenues over(under) expenditures	(464,154)	1,602,711	(2,258,214)	26,098,278
Other financing sources (uses):				
Transfers in	10,062,965	7,199,094	55,306,725	77,017,913
Transfers out	(10,062,965)	(7,199,094)	(55,306,725)	(77,017,913)
Long term debt issued	-	-	58,740,000	-
Premium on revenue bonds issued	-	-	800,945	-
Payment to escrow agent-refunded bonds	-	-	(59,637,345)	-
Sale of capital assets	5,303,300	5,407,568	507,521	2,231,569
Insurance/ FEMA - loss recovery	30,050	-	753,428	1,247,984
Total other financing sources (uses)	5,333,350	5,407,568	1,164,549	3,479,553
Net change in fund balances	\$ 4,869,196	\$ 7,010,279	\$ (1,093,665)	\$ 29,577,831
Debt service as a percentage of noncapital expenditures	6.47%	6.10%	5.21%	4.70%

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$ 143,018,871	\$ 145,122,797	\$ 138,108,192	\$ 124,930,368	\$ 111,317,677	\$ 82,083,164
137,975,154	132,949,884	67,187,487	61,237,748	29,739,031	18,358,377
3,661,398	4,706,562	3,496,518	3,070,006	9,507,599	1,813,621
8,558,259	6,208,108	7,708,353	4,214,405	2,041,261	1,705,494
2,185,364	1,064,233	92,034	89,453	-	58
3,357,891	2,322,017	1,539,179	1,254,133	1,571,181	1,150,280
842,572	821,525	756,858	834,729	56,330	-
1,303,390	3,296,423	1,467,655	375,602	73,608	94,707
1,391,832	1,796,712	1,742,275	1,162,611	1,593,119	1,060,208
658,768	961,187	513,658	695,697	311,183	208,299
302,953,499	299,249,448	222,612,209	197,864,752	156,210,989	106,474,208
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
17,338,510	17,004,052	19,573,417	17,831,132	15,875,904	11,870,469
186,009,297	179,840,632	103,383,143	105,468,801	68,012,187	42,959,409
15,613,635	17,602,973	16,575,241	16,492,021	15,319,751	12,955,727
16,608,017	17,352,936	17,949,435	17,452,002	18,025,323	13,311,975
5,299,861	5,055,126	4,917,846	3,647,805	3,100,368	935,412
33,953,085	35,263,176	34,910,348	34,071,764	30,821,505	21,460,015
4,525,000	4,725,000	4,880,000	5,045,000	5,315,000	5,475,000
1,893,750	1,694,125	1,542,213	1,372,843	1,201,000	1,041,850
-	-	-	-	-	-
281,241,155	278,538,020	203,731,643	201,381,368	157,671,038	110,009,857
21,712,344	20,711,428	18,880,566	(3,516,616)	(1,460,049)	(3,535,649)
39,170,977	12,802,535	3,455,254	5,876,998	27,848,862	12,825,762
(39,170,977)	(12,802,535)	(3,455,254)	(5,876,998)	(27,848,862)	(12,825,762)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,749,956	18,943,514	383,885	3,463,807	164,722	207,307
258,140	74,572	88,189	136,138	2,199	63,230
9,008,096	19,018,086	472,074	3,599,945	166,921	270,537
\$ 30,720,440	\$ 39,729,514	\$ 19,352,640	\$ 83,329	\$ (1,293,128)	\$ (3,265,112)
4.12%	3.65%	3.68%	4.17%	5.39%	7.04%



Revenue Capacity

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

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Assessed Property Value (Millions) ¹	\$ 180,855	\$ 198,408	\$ 220,529	\$ 259,406	\$ 321,225
Estimated Just Value (Millions) ²	266,478	292,321	326,099	388,827	489,352
Assessed Value as a Percentage of Just Value	67.9%	67.9%	67.6%	66.7%	65.6%
Millage Levy	0.4620	0.4620	0.4620	0.4620	0.4620

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 assessed value for individual counties that are either wholly or partly within SJRWMD.

<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
\$ 361,315	\$ 345,827	\$ 309,478	\$ 257,787	\$ 257,587
543,164	546,049	475,693	393,990	393,127
66.5%	63.3%	65.1%	65.4%	65.5%
0.4158	0.4158	0.4158	0.4158	0.3313

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TAXABLE PROPERTY VALUES AND ESTIMATED
JUST VALUES OF TAXABLE PROPERTY BY COUNTY
FISCAL YEAR 2011–2012

<u>County</u>	<u>Estimated Just Value¹</u>	<u>Taxable Value²</u>	<u>Taxable as Percentage of Just Value</u>
Alachua*	\$17,113,996,303	\$8,397,129,179	49.1%
Baker*	\$1,643,458,956	769,331,465	46.8%
Bradford*	\$136,029,686	60,099,510	44.2%
Brevard	\$44,215,997,464	25,186,120,520	57.0%
Clay	\$12,957,431,176	8,167,361,893	63.0%
Duval	\$83,423,355,443	51,116,311,418	61.3%
Flagler	\$9,670,058,972	6,684,699,359	69.1%
Indian River	\$18,034,402,130	13,276,949,749	73.6%
Lake*	\$22,164,168,341	15,674,043,506	70.7%
Marion*	\$16,771,094,354	9,817,900,686	58.5%
Nassau	\$9,279,883,990	6,653,561,608	71.7%
Okeechobee*	\$132,097,105	74,968,272	56.8%
Orange*	\$57,096,110,763	41,874,168,999	73.3%
Osceola*	\$163,858,706	103,441,134	63.1%
Putnam*	\$7,078,543,752	3,496,878,439	49.4%
St. Johns	24,246,470,470	17,533,528,788	72.3%
Seminole	32,645,112,578	24,234,174,103	74.2%
Volusia	36,355,135,374	24,466,169,480	67.3%
Total	<u>\$ 393,127,205,565</u>	<u>\$ 257,586,838,108</u>	<u>65.5%</u>
Florida Total	<u>\$1,938,501,292,428</u>	<u>\$1,345,093,391,219</u>	<u>69.4%</u>

Source: Florida Department of Revenue. 2012 DR-420 Reports and 2011 Florida Property and Tax Data book; Internet site <http://dor.myflorida.com/dor/property/resources/data.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 County taxable value

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
PRINCIPAL TAXPAYERS BY COUNTY
FISCAL YEAR 2011–2012

<u>County</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>
Alachua	\$ 2,675,170	3.26%
Baker	261,829	0.32%
Bradford	19,178	0.02%
Brevard	8,066,680	9.83%
Clay	2,617,584	3.19%
Duval	16,002,679	19.50%
Flagler	2,151,730	2.62%
Indian River	4,247,784	5.17%
Lake	5,048,775	6.15%
Marion	3,142,319	3.83%
Nassau	2,097,930	2.56%
Okeechobee	24,052	0.03%
Orange	13,377,083	16.30%
Osceola	33,031	0.04%
Putnam	1,122,965	1.37%
St. Johns	5,659,490	6.89%
Seminole	7,745,493	9.44%
Volusia	7,789,392	9.49%
Total	\$ 82,083,164	100.00%

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

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Millage Levy	0.4620	0.4620	0.4620	0.4620
Alachua	\$ 2,411,448	\$ 2,620,026	\$ 2,826,858	\$ 3,170,486
Baker	171,435	200,253	224,108	258,440
Bradford	16,450	17,502	18,712	21,211
Brevard	8,843,913	9,892,887	11,309,894	13,851,248
Clay	2,308,547	2,549,041	2,879,023	3,339,041
Duval	15,179,872	16,479,185	17,976,450	20,465,028
Flagler	1,670,415	2,032,921	2,601,920	3,548,985
Indian River	4,268,222	4,848,349	5,445,494	6,372,774
Lake	4,147,934	4,574,389	5,375,081	6,359,023
Marion	2,685,968	3,051,042	3,482,322	3,886,312
Nassau	1,803,315	1,946,076	2,185,732	2,673,425
Okeechobee	24,892	25,433	31,334	43,383
Orange	13,891,014	14,828,812	16,244,689	18,480,069
Osceola	36,358	38,608	43,836	47,426
Polk ¹	440,070	476	-	-
Putnam	1,085,379	1,132,349	1,321,573	1,414,610
St. Johns	4,870,248	5,633,173	6,388,655	7,786,803
Seminole	8,225,937	8,851,546	9,526,601	10,744,094
Volusia	8,575,825	9,756,059	11,159,872	13,402,564
Total	<u>\$ 80,657,242</u>	<u>\$ 88,478,127</u>	<u>\$ 99,042,154</u>	<u>\$ 115,864,922</u>
Percentage increase of property tax revenues	8.491%	9.696%	11.940%	16.985%

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.

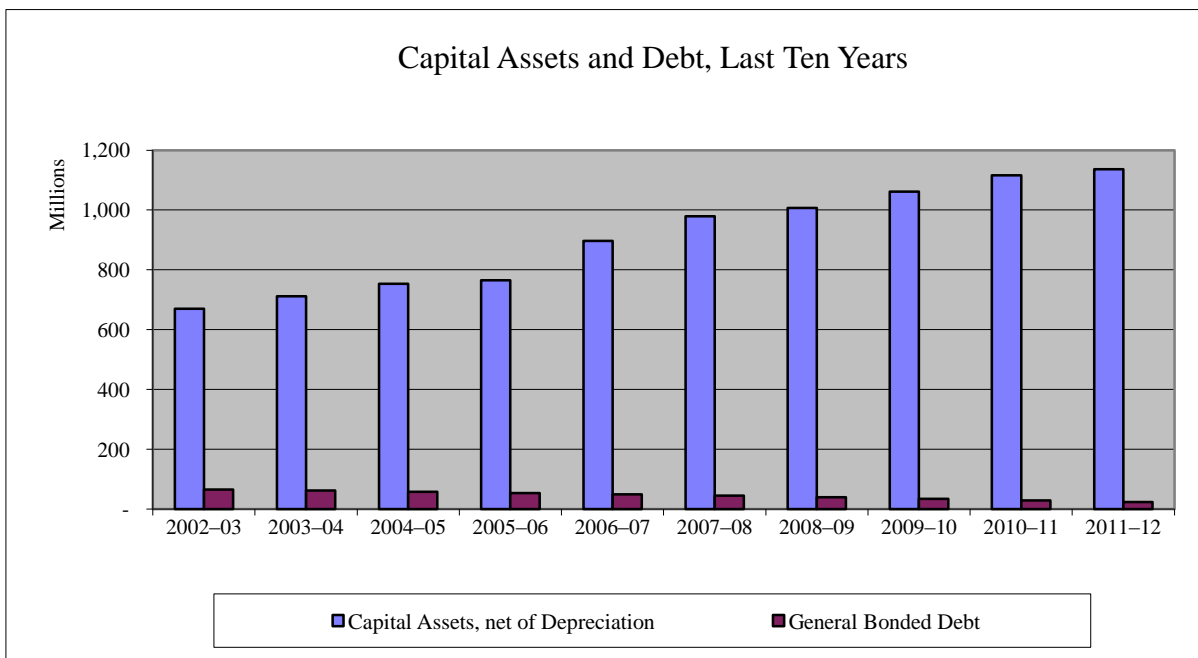
2006-07	2007-08	2008-09	2009-10	2010-11	2011-2012
0.4620	0.4158	0.4158	0.4158	0.4158	0.3313
\$ 3,698,891	\$ 3,764,454	\$ 3,691,898	\$ 3,656,160	\$ 3,497,940	\$ 2,675,170
312,027	332,478	335,454	343,421	340,025	261,829
25,504	27,246	24,980	24,836	24,792	19,178
17,522,812	16,462,415	15,278,575	13,575,140	11,810,565	8,066,680
4,105,037	4,322,683	4,003,031	3,804,185	3,483,868	2,617,584
23,311,064	24,580,575	24,424,441	23,274,026	21,647,534	16,002,679
4,890,528	4,960,294	4,522,956	3,827,635	3,130,542	2,151,730
7,977,562	7,328,800	7,191,682	6,384,914	5,718,818	4,247,784
8,470,737	8,923,002	8,406,518	7,765,521	6,909,378	5,048,775
4,990,267	5,618,860	5,194,509	4,750,603	4,269,650	3,142,319
3,195,766	3,303,262	3,257,302	3,129,703	2,842,640	2,097,930
51,552	54,072	48,457	40,030	34,702	24,052
22,598,990	23,827,053	23,216,222	20,626,141	17,625,396	13,377,083
54,037	51,061	48,835	47,018	43,555	33,031
-	-	-	-	-	-
1,829,688	1,677,396	1,613,157	1,596,445	1,512,976	1,122,965
9,886,993	9,800,861	9,488,809	8,329,791	7,397,412	5,659,490
13,305,181	13,534,562	12,828,954	11,384,313	10,314,040	7,745,493
16,792,235	16,553,723	14,532,412	12,370,486	10,713,844	7,789,392
\$ 143,018,871	\$ 145,122,797	\$ 138,108,192	\$ 124,930,368	\$ 111,317,677	\$ 82,083,164
23.436%	1.471%	-4.834%	-9.542%	-10.896%	-26.262%



Debt Capacity

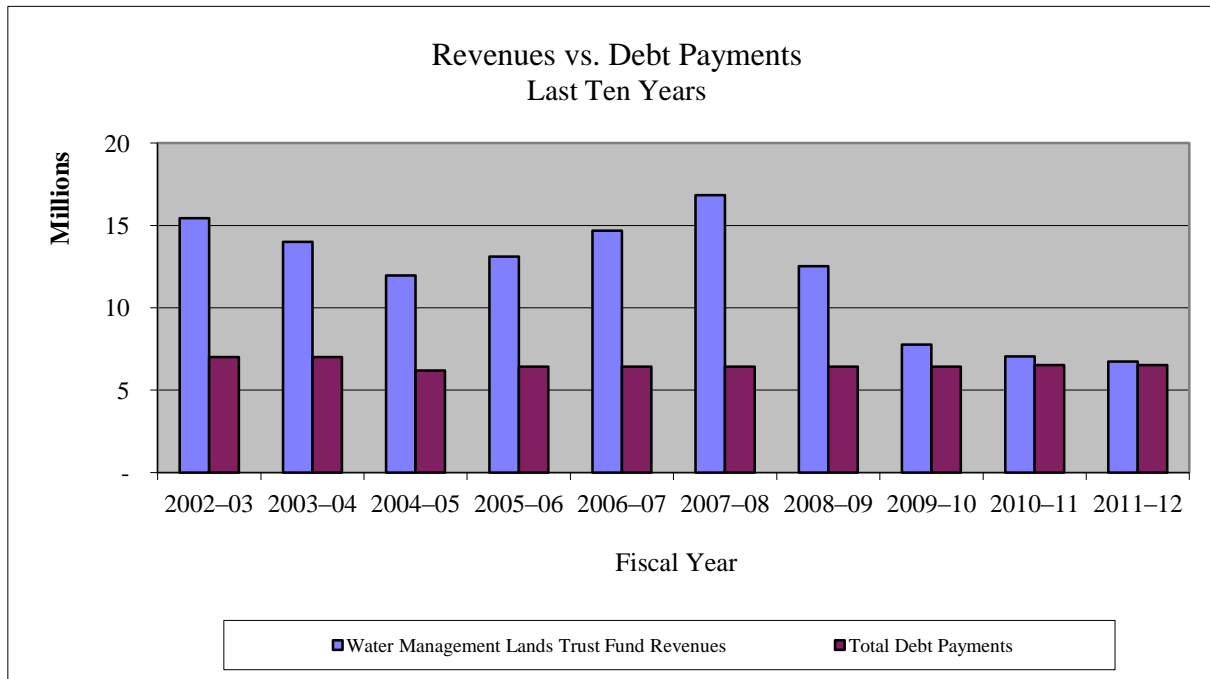
ST. JOHNS RIVER MANAGEMENT DISTRICT, FLORIDA
RATIO OF DEBT TO CAPITAL ASSETS, DEBT PER CAPITA, AND
RATIO OF BONDED DEBT TO TAXABLE PROPERTY VALUE
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt	Capital Assets, net of Depreciation	Ratio Debt to Net Capital Assets	Estimated Population at April 1	General Bonded Debt Per Capita
2002-03	65,285,000	670,149,217	9.74%	4,222,732	15.46
2003-04	61,615,000	711,396,237	8.66%	4,354,110	14.15
2004-05	58,085,000	753,570,819	7.71%	4,460,763	13.02
2005-06	53,730,000	764,965,524	7.02%	4,594,008	11.70
2006-07	49,205,000	896,139,366	5.49%	4,688,033	10.50
2007-08	44,480,000	979,219,559	4.54%	4,733,256	9.40
2008-09	39,600,000	1,007,199,969	3.93%	4,726,827	8.38
2009-10	34,555,000	1,061,731,344	3.25%	4,702,123	7.35
2010-11	29,240,000	1,116,164,303	2.62%	4,721,223	6.19
2011-12	23,765,000	1,135,995,216	2.09%	4,776,073	4.98



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
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
2008-09	12,521,014	4,880,000	1,542,213	6,422,213	1.95
2009-10	7,762,669	5,045,000	1,372,843	6,417,843	1.21
2010-11	7,048,129	5,315,000	1,201,000	6,516,000	1.08
2011-12	6,735,207	5,475,000	1,041,850	6,516,850	1.03





Demographic and Economic Information

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

	2003	2004	2005	2006	2007
Alachua*	177,635	181,382	185,292	187,610	196,900
Baker*	21,723	22,262	22,262	23,238	25,134
Bradford*	1,268	1,304	1,406	1,427	1,233
Brevard	507,810	521,422	531,970	543,050	552,109
Clay	156,011	163,461	169,623	176,901	184,644
Duval	826,279	840,474	861,150	879,235	897,597
Flagler	61,541	69,683	78,617	89,075	93,568
Indian River	121,174	126,829	130,043	135,262	139,757
Lake*	239,512	250,619	261,649	275,353	285,780
Marion*	204,425	212,655	220,218	227,560	226,761
Nassau	63,062	65,016	65,759	68,188	69,569
Okeechobee*	745	760	770	789	732
Orange*	761,953	785,801	792,217	819,543	830,875
Osceola*	2,104	2,258	2,352	2,559	928
Putnam*	71,971	73,226	73,764	74,416	74,799
St. Johns	139,849	149,336	157,278	165,291	173,935
Seminole	394,900	403,361	411,744	420,667	425,698
Volusia	470,770	484,261	494,649	503,844	508,014
SJRWMD Total	4,222,732	4,354,110	4,460,763	4,594,008	4,688,033
Annual Percentage Increase	-0.6%	3.1%	2.4%	3.0%	2.0%

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.

2008	2009	2010	2011	2012
200,740	203,807	196,731	196,732	198,335
25,396	25,404	26,597	26,413	26,847
1,233	1,233	1,209	1,215	1,215
556,213	555,657	543,376	545,184	549,188
185,168	185,208	190,865	191,143	194,557
904,971	900,518	864,263	864,601	870,251
95,512	94,901	95,696	96,241	99,306
141,667	141,634	138,028	138,694	140,421
287,656	291,263	296,309	297,519	303,239
229,827	230,548	231,147	231,458	234,957
71,915	72,588	73,314	73,684	74,913
750	742	748	746	750
837,921	833,325	861,186	869,743	882,792
955	955	940	959	984
74,989	74,608	74,364	74,052	74,189
181,180	183,572	190,039	192,852	198,114
426,413	423,759	422,718	424,587	427,965
510,750	507,105	494,593	495,400	498,050
<u>4,733,256</u>	<u>4,726,827</u>	<u>4,702,123</u>	<u>4,721,223</u>	<u>4,776,073</u>
1.0%	-0.1%	-0.5%	0.4%	1.2%

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of Employees ¹	691	691	691	691	715	717
District Population ²	4,222,732	4,354,110	4,460,763	4,594,008	4,688,033	4,733,256
Employees Per 100,000 Population	16.4	15.9	15.5	15.0	15.3	15.1

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

²St. Johns River Water Management District estimates

2009	2010	2011	2012
717	717	717	591
4,726,827	4,702,123	4,721,223	4,776,073
15.2	15.2	15.2	12.4

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TOP TEN NON-GOVERNMENT EMPLOYERS WITHIN A SINGLE COUNTY
FISCAL YEAR 2011–2012

<u>Employer</u>	2011			2002		
	<u>Number of Employees</u>	<u>Rank</u>	<u>County</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>County</u>
Walt Disney World	62,000	1	Orange	53,000	1	Orange
Adventist Health System	16,771	2	Orange	18,175	2	Orange
Universal Studios	16,000	3	Orange	12,000	4	Orange
Orlando Regional Healthcare System	13,666	4	Orange	12,754	3	Orange
United Parcel Service*	12,680	5	Orange	-	-	-
Shands Hospital	12,588	6	Alachua	7,508	5	Alachua
Lockheed Martin	9,000	7	Orange	7,350	6	Orange
Baptist Health*	8,270	8	Duval	-	-	-
SeaWorld Orlando*	7,000	9	Orange	-	-	-
Health First	6,400	10	Brevard	5,958	8	Brevard
United Space Alliance^	-	-	-	6,400	7	Brevard
Harris Corporation^	-	-	-	5,000	9	Brevard
Darden Restaurants, Inc^	-	-	-	5,000	9	Orange

* 2002 information not available

^ 2011 information not available

Source: 2011 county and city CAFRs within the District's boundaries

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Alachua	3.6%	3.4%	3.0%	2.6%	3.0%	4.2%	6.9%	8.2%	7.7%	6.2%
Baker	5.1%	4.4%	3.5%	2.9%	3.6%	5.7%	10.3%	10.9%	9.9%	6.7%
Bradford	4.6%	4.3%	3.7%	2.8%	3.4%	4.7%	8.0%	9.6%	8.8%	6.7%
Brevard	5.1%	4.4%	3.6%	3.3%	4.4%	6.5%	10.8%	11.5%	11.1%	8.7%
Clay	4.5%	4.3%	3.4%	3.0%	3.5%	5.3%	9.4%	10.5%	9.3%	7.1%
Duval	5.5%	5.2%	4.2%	3.5%	4.1%	6.1%	10.7%	11.7%	10.6%	8.2%
Flagler	5.0%	4.6%	3.5%	4.2%	6.5%	9.6%	15.5%	15.5%	14.1%	11.3%
Indian River	6.6%	6.6%	4.6%	4.2%	5.8%	8.1%	13.6%	14.0%	12.6%	10.2%
Lake	5.0%	4.5%	3.6%	3.3%	4.2%	6.4%	11.4%	12.0%	11.2%	8.4%
Marion	5.2%	4.6%	3.6%	3.4%	4.6%	7.7%	12.8%	13.8%	12.3%	9.1%
Nassau	4.9%	4.2%	3.4%	2.9%	3.4%	5.4%	9.8%	10.9%	9.6%	7.4%
Okeechobee	6.8%	6.3%	5.0%	4.1%	5.3%	8.0%	12.1%	12.7%	11.7%	9.8%
Orange	5.2%	4.6%	3.6%	3.1%	3.8%	5.8%	10.7%	11.4%	10.3%	7.8%
Osceola	5.2%	4.8%	3.6%	3.4%	4.3%	6.4%	11.7%	12.4%	11.6%	8.9%
Polk ¹	5.6%	-	-	-	-	-	-	-	-	-
Putnam	5.7%	5.5%	4.5%	3.7%	4.7%	7.2%	11.9%	12.6%	11.9%	10.3%
St. Johns	4.1%	3.7%	2.9%	2.7%	3.3%	5.1%	8.7%	9.5%	8.5%	6.4%
Seminole	5.1%	4.3%	3.3%	2.9%	3.5%	5.6%	10.0%	10.7%	9.7%	7.3%
Volusia	5.1%	4.6%	3.6%	3.3%	4.2%	6.6%	11.2%	12.0%	10.8%	8.4%
SJRWMD	5.2%	4.7%	3.7%	3.3%	4.0%	6.0%	11.0%	12.0%	10.5%	8.1%
Florida	5.3%	4.7%	3.8%	3.3%	4.1%	6.3%	10.2%	12.0%	10.5%	8.2%
U.S.	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	7.8%

Source: <http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics> Retrieved 12/19/2012

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 boundaries.

* Data for October 2012. Seasonally unadjusted.



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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Full Fee:</u>										
Acquired	15,355	(4,057)	15,122	1,490	14,035	13,114	2,778	4,883	5,374	4
Cumulative	551,906	547,849	562,971	564,461	578,496	591,610	594,388	599,271	604,645	604,649
<u>Conservation Easement :</u>										
Acquired	5,415	7,625	15,409	572	2,895	(3,391)	990	1,635	1,305	1,178
Cumulative	72,237	79,862	95,271	95,843	98,738	95,347	96,337	97,971	99,276	100,454
Total Acres	<u>624,143</u>	<u>627,711</u>	<u>658,242</u>	<u>660,304</u>	<u>677,234</u>	<u>686,957</u>	<u>690,725</u>	<u>697,242</u>	<u>703,921</u>	<u>705,103</u>

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

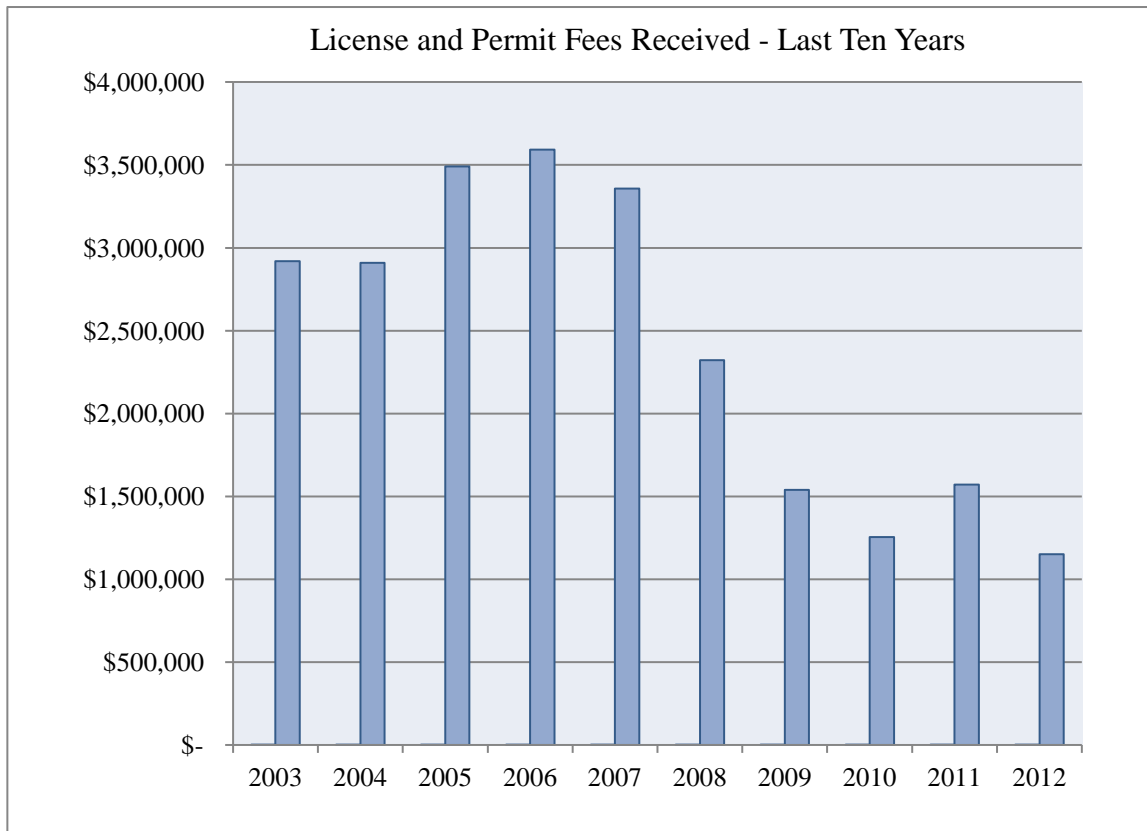
Permit Category	Number of Permits									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Environmental Resource	2,750	3,021	3,534	3,792	3,497	2,671	1,844	1,593	1,395	908
Consumptive Use	362	265	297	371	395	331	249	348	229	328
Water Well Construction	<u>463</u>	<u>448</u>	<u>529</u>	<u>622</u>	<u>474</u>	<u>393</u>	<u>244</u>	<u>263</u>	<u>275</u>	<u>232</u>
Total Applications	<u>3,575</u>	<u>3,734</u>	<u>4,360</u>	<u>4,785</u>	<u>4,366</u>	<u>3,395</u>	<u>2,337</u>	<u>2,204</u>	<u>1,899</u>	<u>1,468</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
LICENSE AND PERMIT FEES RECEIVED
LAST TEN FISCAL YEARS

2003	2004	2005	2006	2007
\$ 2,919,747	\$ 2,909,628	\$ 3,491,770	\$ 3,593,279	\$ 3,357,891
2008	2009	2010*	2011**	2012
\$ 2,322,017	\$ 1,539,179	\$ 1,254,133	\$ 1,571,181	\$ 1,150,280

* \$4,523 of this amount was collected for C-1 Rediversion Permit Fees

** \$430,258 of this amount was collected for C-1 Rediversion Permit Fees



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

Construction Type of Levee	Miles of Levees									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
USACE & Flood Control	117.30	117.30	117.30	117.30	117.30	117.30	118.70	159.00	165.00	170.10
Farm	<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>147.00</u>	<u>147.00</u>	<u>147.00</u>
Total Miles of Levees	<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>304.03</u>	<u>306.00</u>	<u>312.00</u>	<u>317.10</u>

Comprehensive Annual Financial Report

Other Reports Section



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

To the Honorable Board of Governors,
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 St. Johns River Water Management District, as of and for the year ended September 30, 2012, which collectively comprise St. Johns River Water Management District's basic financial statements and have issued our report thereon dated February 18, 2013. 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

Management of St. Johns River Water Management District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered 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 St. Johns River Water Management District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of St. Johns River Water Management District's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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

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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*.

Pursuant to Chapter 119, Florida Statutes, this report 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 St. Johns River Water Management District's management, the Board of Governors, others within the entity, the State of Florida Office of the Auditor General, 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 18, 2013

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Agriculture			
Direct Programs			
Farm and Ranch Lands Protection Program			
Lukas Ranch Project	10.913	LUKASRANCH	\$ 956,349
U.S. Environmental Protection Agency			
Direct Programs			
Congressionally Mandated Projects			
Development of East-Central Florida Project	66.202	SJ318XA	78,051
National Estuary Program			
Indian River Comprehensive Conservation Plan	66.456	27194	545,838
Indian River Comprehensive Conservation Plan	66.456	SK441XA	210,429
			756,267
Pass through Florida Department of Environmental Protection			
Water Pollution Control State, Interstate and Tribal Program Support			
Water Sampling for Integrated Water Resources Monitoring	66.419	27141	308,541
Water Quality Management Planning			
Water Sampling for Temporal Variability Monitoring Network	66.454	27217	106,854
Total U.S. Environmental Protection Agency			1,249,714
Department of the Interior			
Direct Programs			
State Wildlife Grants			
Restore Dragline Ditched Coastal Wetlands	15.634	25410	175,845
Partners for Fish and Wildlife			
Astatula Scrub Restoration Project	15.631	26702	22,953
Total Department of the Interior			198,798
Department of Commerce			
Pass through Florida Department of Environmental Protection			
Coastal Zone Management Administration Awards			
Florida Estuarine Habitat Restoration	11.419	27229	144,769
Indian River Lagoon Seagrass Maps	11.419	26978	42,250
Guana Tolomato Matanzas NERR Monitoring	11.419	27160	3,255
Total Department of Commerce			190,274
TOTAL EXPENDITURES OF FEDERAL AWARDS			2,595,134

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
STATE FINANCIAL ASSISTANCE			
Florida Department of Environmental Protection			
Direct Projects			
Water Management Districts - Land Acquisition			
Debt Service - Land Acquisition Bonds	37.022	DEBTSER	6,516,850
Restoration Activities - St Johns River	37.022	2012-10	750,000
Restoration Activities - District Wide	37.022	2007-01	218,357
Land Acquisition - Legal Services	37.022	2010-04	34,519
			<u>7,519,726</u>
Statewide Surface Water Restoration and Wastewater Projects			
St. Johns River - Total Maximum Daily Loads	37.039	2009-22	1,500,000
Lower St. Johns River Basin - Initiative Plan Projects	37.039	2008-01	386,110
Lower St. Johns River Basin - Initiative Plan Projects	37.039	2009-12	280,245
Indian River Lagoon - Initiative Plan Projects	37.039	2009-14	173,535
Lake Griffin Hydrilla Control	37.039	SG607XA	97,648
Middle St. Johns River Basin - Initiative Plan Projects	37.039	2001-35	92,139
District Wide Surface Water Restoration Projects	37.039	2000-24	84,319
Middle St. Johns River Basin - Initiative Plan Projects	37.039	2008-02	81,842
Upper Ocklawaha River Basin - Initiative Plan Projects	37.039	2009-15	59,804
Lower St. Johns River Basin Surface Water Restoration Projects	37.039	2006-11	56,719
Middle St. Johns River Basin Surface Water Restoration Projects	37.039	2002-31	56,121
Middle St. Johns River Basin - Initiative Plan Projects	37.039	2009-13	51,814
Aquatic Plant Control Program	37.039	27387	51,468
Lower St. Johns River Basin - Initiative Plan Projects	37.039	2007-06	50,000
Surface Water Restoration Activities	37.039	2007-11	48,156
Cassel Creek Stormwater Project	37.039	SI492XA	43,681
Upper Ocklawaha River Basin - Initiative Plan Projects	37.039	2005-05	38,964
Lower St. Johns River Basin Surface Water Restoration Projects	37.039	2005-02	24,641
Ocklawaha River Basin - Initiative Plan Projects	37.039	2006-03	16,232
Indian River Lagoon - Initiative Plan Projects	37.039	2007-05	14,407
Upper St. Johns River Basin - Initiative Plan Projects	37.039	2008-03	13,170
District Wide Surface Water Restoration Projects	37.039	2002-32	9,355
Northern Coastal Basin - Initiative Plan Projects	37.039	2006-06	4,478
Indian River Lagoon - Initiative Plan Projects	37.039	2008-04	112
			<u>3,234,960</u>
Water Protection and Sustainability Program			
Alternative Water Supply Projects	37.066	WPSP	571,611
Total Florida Department of Environmental Protection			<u>11,326,297</u>

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Expenditures
Florida Department of Transportation			
Direct Projects			
Mitigation - Water Management Districts			
Loblolly Mitigation Bank Credits	55.031	SJ23-04	2,784,470
Four Creeks Property	55.031	SJ34-02	460,059
Basin 17 Projects	55.031	SJ52-06	338,875
State Road 415 Project	55.031	27341	312,225
Basin 20 Projects	55.031	SJ48-03	300,595
Sebastian River Preserve State Park Project	55.031	STSEBAST	300,125
Lake Apopka North Shore Property	55.031	SJ58-01	236,710
Mitigation Plan Preparation District Wide	55.031	FDOTMIT	186,864
CGW Mitigation Bank Credits	55.031	SJ54-01	96,000
Blue Cypress Water Management Area	55.031	SJ48-04	86,894
Deep Creek Property	55.031	SJ12-04	2,330
Basin 13 Projects	55.031	SJ41-02	1,025
Total Florida Department of Transportation			<u>5,106,173</u>
Florida Department of Highway Safety and Motor Vehicles			
Direct Projects			
Indian River Lagoon License Plate			
Indian River Lagoon Projects	76.010	IRLTAG	<u>176,480</u>
Florida Fish and Wildlife Conservation Commission			
Direct Projects			
Aquatic Habitat Conservation and Restoration Projects			
FWMA Fisheries and Wildlife Habitat Enhancement	77.016	27283	<u>471,374</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>17,080,324</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$ 19,675,458</u></u>

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Federal Grantor/Pass-Through Grantor/State Grantor/Matching Program Title	Grantor's Contract Number	Program Award/ Matching Amount
FEDERAL AWARDS		
Indian River Comprehensive Conservation and Management Plan	27194	\$ 91,571
Development of East-Central Florida Project	SJ318XA	87,938
Restore Dragline Ditched Coastal Wetlands	25410	4,883
TOTAL FEDERAL AWARDS		<u>184,392</u>
STATE FINANCIAL ASSISTANCE		
Alternative Water Supply Projects	Multiple	1,270,773
Lower St. Johns River Basin - Initiative Plan Projects	2007-06	574,724
Lower St. Johns River Basin Surface Water Restoration Projects	2006-11	56,719
Surface Water Restoration Activities	2007-11	48,156
Lower St. Johns River Basin - Initiative Plan Projects	2009-12	23,784
Indian River Lagoon - Initiative Plan Projects	2007-05	14,407
Wheeler Property Sebastian River Project	25290	13,495
TOTAL STATE FINANCIAL ASSISTANCE		<u>2,002,059</u>
TOTAL MATCHING		<u><u>\$ 2,186,451</u></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, 2012

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.

Subrecipients

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	Grant Number	CFDA/ CSFA Number	Amount Provided To Subrecipients
U.S. Environmental Protection Agency			
National Estuary Program	SK441XA	66.456	\$ 157,720
Department of the Interior			
State Wildlife Grants	25410	15.634	175,845
Statewide Surface Water Restoration and Wastewater Projects			
Lower St. Johns River Basin - State Initiative Plan Projects	2008-01	37.039	386,110
Lower St. Johns River Basin - State Initiative Plan Projects	2009-12	37.039	277,943
Middle St. Johns River Basin - State Initiative Plan Projects	2001-35	37.039	92,139
Implementing Projects Approved by Water Advisory Panel	2000-24	37.039	75,000
Surface Water Restoration Activities	2006-11	37.039	56,719
Lower St. Johns River Basin - State Initiative Plan Projects	2007-06	37.039	50,000
Surface Water Restoration Activities - Priority Water Bodies	2007-11	37.039	48,156
			<u>986,067</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, 2012

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	Grant Number	CFDA/ CSFA Number	Amount Provided To Subrecipients
Water Protection and Sustainability Program			
Alternative Water Supply Program	2006-22, 2007-12, 2008-05	37.066	571,611
Indian River Lagoon License Plate			
Indian River Lagoon Projects	IRLTAG	76.010	118,331
Total Awards			<u>\$ 2,009,573</u>
Subrecipients are the following:			
City of Jacksonville Beach	2009-12		\$ 277,943
Seminole County	2000-24, 2001-35		167,139
City of Apopka	20007-12		22,256
City of Winter Springs	2008-05		386,612
City of Jacksonville	2008-01		386,110
St Lucie County	SK441XA, 27194		12,914
Volusia County	IRLTAG, 25410		205,845
Martin County	SK441XA		90,000
City of Palatka	2007-06		50,000
City of Tavares	2006-22		162,743
City of Eustis	2006-11, 2007-11		104,875
School Board of Martin County	27194		23,056
Brevard County	IRLTAG, SK441XA		88,331
Marine Discovery Center	27194		31,750
Total Awards			<u>\$ 2,009,573</u>

(Concluded)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
PROGRAM AND MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, SECTION 215.97,
FLORIDA STATUTES, 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 St. Johns River Water Management District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Florida State Projects Compliance Supplement that could have a direct and material effect on each of St. Johns River Water Management District's major federal programs and major state projects for the year ended September 30, 2012. 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 St. Johns River Water Management District's management. Our responsibility is to express an opinion on 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 Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Section 215.97, Florida Statutes, Florida Single Audit Act; and Chapter 10.550, Rules of the State of Florida Office of the Auditor General. Those standards, OMB Circular A-133, the Florida Single Audit Act 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 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 St. Johns River Water Management District's compliance with those requirements.

In our opinion, St. Johns River Water Management District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2012.

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Internal Control Over Compliance

Management of 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 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, the Florida Single Audit Act and Chapter 10.550, 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 St. Johns River Water Management District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

Pursuant to Chapter 119, Florida Statutes, this report 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 St. Johns River Water Management District's management, the Board of Governors, others within the entity, the State of Florida Office of the Auditor General, 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 18, 2013

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

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 OMB Circular A-133? ☐ Yes ☒ No

Identification of major Federal programs: CFDA No. 66.456, National Estuary Program
 CFDA No. 66.419, Water Pollution Control State, Interstate, and Tribal Program Support

Dollar threshold used to distinguish between type A and type B Federal awards programs: \$300,000

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

State Financial Assistance

Internal control over major state financial assistance projects:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(Continued)

Section I. Summary of Auditors' Results: (Continued)

State Financial Assistance (Continued)

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 Chapter 10.550, Rules of the State of Florida Office of the Auditor General? Yes X No

Identification of major state financial assistance CSFA No. 37.022, Water Management Districts - Land Acquisition
CSFA No. 37.039, Statewide Surface Water Restoration and Wastewater Projects
CSFA No. 37.066, Water Protection and Sustainability Program

Dollar threshold used to distinguish between type A and type B state financial assistance projects: \$512,410

Section II. Financial Statement Findings: None.

Section III. Federal Award Findings and Questioned Costs: None.

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

Section V. Federal Award Summary Schedule of Prior Year Findings: There were no audit findings for the year ended September 30, 2011.

Section VI. State Financial Assistance Summary Schedule of Prior Year Findings: There were no audit findings for the year ended September 30, 2011.

Comprehensive Annual Financial Report

Management Letter Section



**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 St. Johns River Water Management District, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated February 18, 2013.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 18, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with 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. There were no findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that 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 did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. 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 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 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 St. Johns River Water Management District for the fiscal year ended September 30, 2012, 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, 2012. 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 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 Section 215.985(12), Florida Statutes, and Section 10.554(1)(i)9, the District provided monthly financial statements to its governing board and made such monthly statements available for public access on its Web site (by September 1, 2011).

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 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 18, 2013

April 9, 2013

Board of Governors
St. Johns River Water Management District
PO Box 1429
Palatka, FL 32178-1429

RE: Addendum to the Independent
Auditors' Management Letter
required by Chapter 10.550, Rules of
the Auditor General

We have audited the financial statements of St. Johns River Water Management District, as of and for the year ended September 30, 2012, and have issued our report thereon dated February 18, 2013.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated February 18, 2013, should be considered in conjunction with this management letter.


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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations in the preceding annual financial audit report. The recommendations made in the preceding annual financial audit report were implemented.

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.

Sincerely,

JAMES MOORE & CO., P.L.

By 
Donna S. Brown, CPA

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