

Comprehensive Annual Financial Report



Fiscal year ended
September 30, 2016

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, 2016

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, 2016**

CONTENTS

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	vii
GFOA CERTIFICATE OF ACHIEVEMENT	xiv
ORGANIZATIONAL CHART LISTING PRINCIPAL OFFICIALS.....	xv
MAP OF THE GEOGRAPHIC BOUNDARIES OF THE DISTRICT.....	xvi

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT.....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)	5
BASIC FINANCIAL STATEMENTS	15
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Notes to Financial Statements.....	25
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A (UNAUDITED).....	61
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Schedule – Major Funds (General and Special Revenue)	
General Fund	62
Special Revenue Funds - Other	64
Notes to Budgetary Comparison Schedules	67
Schedules of Funding Progress and Employer Contributions - OPEB.....	69
Schedule of District's Proportionate Share of Net Pension Liability - FRS	70
Schedule of District's Contributions - FRS	71
Schedule of District's Proportionate Share of Net Pension Liability - HIS.....	72
Schedule of District's Contributions - HIS	73

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

CONTENTS

OTHER SUPPLEMENTARY INFORMATION	75
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Capital Projects Fund	76
 <u>STATISTICAL SECTION (UNAUDITED)</u>	
FINANCIAL TRENDS	79
Net Position by Component, Last Ten Fiscal Years	80
Changes in Net Position, Last Ten Fiscal Years	82
Fund Balances, Governmental Funds, Last Ten Fiscal	84
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	86
REVENUE CAPACITY	89
Taxable Values and Estimated Just Values of Taxable Property, Last Ten Fiscal Years	90
Taxable Property Values and Estimated Just Values of Taxable Property by County, Fiscal Year 2015–2016	92
Principal Taxpayers by County, Fiscal Year 2015–2016.....	93
Property Tax Revenues by County, Last Ten Fiscal Years.....	94
DEBT CAPACITY	97
Ratio of Debt to Capital Assets, Debt Per Capita, and Ratio of Bonded Debt to Taxable Property Value, Last Ten Fiscal Years	98
Revenue Bond Coverage, Last Ten Fiscal Years.....	99
DEMOGRAPHIC AND ECONOMIC INFORMATION	101
Population by County, Last Ten Fiscal Years	102
Number of District Employees Per 100,000 Population, Last Ten Fiscal Years	104
Top Ten Non-Government Employers Within a Single County, Fiscal Year 2015 and 2016.....	106
Unemployment Rates, Last Ten Fiscal Years	107
OPERATING INFORMATION	109
Acres of Land or Conservation Easement Ownership, Last Ten Fiscal Years	110
Miles of Levees, Last Ten Fiscal Years	111
Permit Applications Received, Last Ten Fiscal Years	112
License and Permit Fees Received, Last Ten Fiscal Years.....	113

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

CONTENTS

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 <i>Government Auditing Standards</i>	115
Schedule of Expenditures of Federal Awards and State Financial Assistance	117
Independent Auditors' Report on Compliance for Each Major Federal Program and Major State Project and Report on Internal Control Over Compliance required by the Uniform Guidance and Chapter 10.550, <i>Rules of the Auditor General</i>	123
Schedule of Findings and Questioned Costs for the Fiscal Year ended September 30, 2016.....	125
Summary Schedule of Prior Audit Findings	127
Independent Accountants' Report on Compliance with Section 218.45, Florida Statutes	128

MANAGEMENT LETTER SECTION

Independent Auditors' Management Letter Required by Chapter 10.550, <i>Rules of the Auditor General</i>	129
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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

Ann B. Shortelle, Ph.D., Executive Director

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

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

Subject: Comprehensive Annual Financial Report — Fiscal Year (FY) 2015–2016

Date: February 24, 2017

Florida Statutes require an external audit of the St. Johns River Water Management District's (District) financial statement be performed by a firm of independent certified public accountants to express an opinion that the basic financial statements of the District are fairly presented in conformance with accounting principles generally accepted in the United States (GAAP). Pursuant to this requirement, the Comprehensive Annual Financial Report (CAFR) for the District is hereby issued for the fiscal year ended September 30, 2016.

Responsibility for the integrity, objectivity, accuracy, completeness and fairness of presentation of these basic financial statements rests with management. The basic financial statements were prepared in conformity with generally accepted accounting principles for governmental entities. Management believes the information to be 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.

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

Independent auditors have audited the basic financial statements in accordance with generally accepted auditing standards and included a review of internal accounting controls to the extent necessary to express an opinion on the fairness of these basic financial statements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended September 30, 2016, are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section (page 2) of this report.

GOVERNING BOARD

John A. Miklos, CHAIRMAN
ORLANDO

Fred N. Roberts Jr., VICE CHAIRMAN
OCALA

Chuck Drake, SECRETARY
ORLANDO

Ron Howse, TREASURER
COCOA

Douglas C. Bournique
VERO BEACH

John P. Browning, Jr.
EAST PALATKA

Douglas Burnett
ST. AUGUSTINE

Maryam H. Ghyabi
ORMOND BEACH

Carla Yetter
FERNANDINA BEACH

The independent audit also includes federal and state mandated “Single Audits” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report on the District’s internal controls and compliance with legal requirements involving the administration of major federal awards and major state financial assistance. These reports are available in the District’s Other Reports Section.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The District’s MD&A appears on the pages immediately following the independent auditors’ report.

District Background

The District is one of five regional water management districts (the 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).

Each district is governed by a nine-member Governing Board appointed by Florida’s Governor and confirmed by the Florida Senate. The Governor and Legislature have approval authority over the districts’ budgets.

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 approximately 21% of the state’s land area with all or part of 18 counties in northeast and east-central Florida, covering a total area of 12,283 square miles. An estimated 4.97 million people (24% 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 documented springs and more than 1,400 lakes. A map showing the geographic boundaries of the District is included on page xvi.

Status and Trends

This overview is designed to assist users in assessing the District’s current financial condition by providing a discussion of status and trends for economic and demographic factors that impact the District’s funding options. The District encompasses a large, diverse geographic, demographic and economic area and is influenced both by statewide and local economic trends and conditions. Primary among those factors are the general real estate market, population changes, and tourism. Both local and statewide trends impact the District’s availability of financial resources because the District’s funding is a combination of local ad valorem taxes and state appropriations funded by statewide general sales taxes and documentary stamp taxes on real estate transactions.

A discussion of selected significant trends follows.

Property Values — The District's single largest source of revenue is ad valorem (property) taxes. In FY 2015–2016, a little under half of the District's total adopted budget (\$169.4 million) was funded by property taxes (\$82.8 million). Due to the construction boom and rapid appreciations in property values after 2000, the District's total assessed values reached a peak of \$361.3 billion in 2007. Between 2007 and 2012, total assessed values within the District declined by almost 33% to \$247.5 billion, impacting cities, counties, authorities, and districts across the state that are dependent on property taxes. Those declines, in combination with lower adopted millage rates, resulted in an approximately 45% reduction in property tax revenues to the District over that 5-year period.

The most recent taxable values (August 2016) reported by the State Office of Economic and Demographic Research (EDR) for counties within the District indicate that the real estate market has stabilized since 2013 and shows a continued uptick in the trend. All 18 counties within the District showed increased values between 2015 and 2016 (ranging from 0.3% in Putnam County to 8.9% in St. Johns County). As the state and regional economy continues to improve, the District's total assessed values are projected to reach \$375 billion by FY 2019–2020 through appreciations of home value and new constructions, taking 13 years to get back to and surpass the 2007 peak. It is worth noting that although the total property values have shown an annual average growth rate at 5% over the last three years, the growth rate the District's ad valorem revenues have been limited to around 1.5% due to the adoption of rolled back rates.

Housing Starts — Because of the robust population growth and low interest rates in the early 2000s, the construction industry within the District remained strong until 2006, when new residential construction in the District declined by 20% due to a combination of increasing interest rates and a large inventory of unsold new and existing homes. In 2007, a further downturn in demand for residential construction resulted in an almost 50% decline in building permits for single-family housing units. The slowdown in residential construction continued through 2009, albeit at a much slower pace. Since 2010, driven by favorable interest rates and a gradual return of house hunters, the total housing starts have more than tripled from about 11,818 in 2010 to a projected 38,000 units in 2016 in the seven Metropolitan Statistical Areas (MSAs) within the District's boundaries. Even with this impressive recovery, total housing units permitted in 2016 only account for about 44% of the total housing units permitted during the peak of the construction boom in 2005.

Unemployment — The region was impacted by the slowdown in construction and tourism-related activities with districtwide unemployment rates rising from 3.3% in 2006 to a high of 12% in 2010. Since then, both the state and districtwide unemployment rates have been declining in six consecutive years to 4.8% in 2016 (as of October 2016). In comparison, the state and national unemployment rate for the same period was 4.9 and 4.7% respectively.

Tourism — The region's economy depends heavily on tourism-related hospitality industries due to such popular tourist destinations as Orlando and Daytona Beach. Like other industries, the state's tourism and the associated sales taxes and bed taxes on short-term rentals (available only to cities and counties) experienced a downturn with the number of visitors declining 4.2% over a two-year period between 2007 and 2009. The state slowly returned to historical tourism levels in 2010 and the growth of annual number of visitors has since picked up pace over the last five

years. In 2015, Florida recorded 105 million tourists, becoming the first state to cross the 100-million mark for out-of-state and international visitors. Based on the 57.4 million tourists in the first six months, which breaks the state's previous tourism records for the first half of the year, Florida is on pace to reach the 115 million visitors mark in 2016.

Population — Since 2000, the District's population has grown from 3.9 million to 4.95 million in 2016 with a total growth rate of 27% compared to the state's 24%. The District's population experienced an unprecedented negative growth in 2009 (-0.1%) and 2010 (-0.55%) as a result of the economic downturn. District population has been on a gradual upswing since 2011. In 2016, the total District population is estimated to grow by 1.8%. Districtwide projections show that by 2035, the District's total population will grow from its current 4.8 million to 6.6 million. The steady population growth has fueled the housing market growth, which in turn provides the only path for ad valorem revenue growth for the District in recent years.

Strategic Planning and Budgeting

The District's primary long-range planning document, the Strategic Plan, is updated annually to include a five-year strategic budget identifying sources and uses for the District's operations, capital improvements, and cooperative funding grant program with jurisdictions within the District.

Operating budgets are funded primarily with a combination of ad valorem taxes, other local revenues (permit fees, interest earnings), and state appropriations from general sales taxes and documentary stamp taxes on real estate transactions collected statewide. Current fiscal year resources appropriated for capital spending and cooperative funding grants were bolstered by the availability of significant fund balances accumulated over the period from FY 2004–2005 through FY 2009–2010. These resources are committed by Governing Board resolution to future years' funding of capital and grant awards over the District's planning horizon.

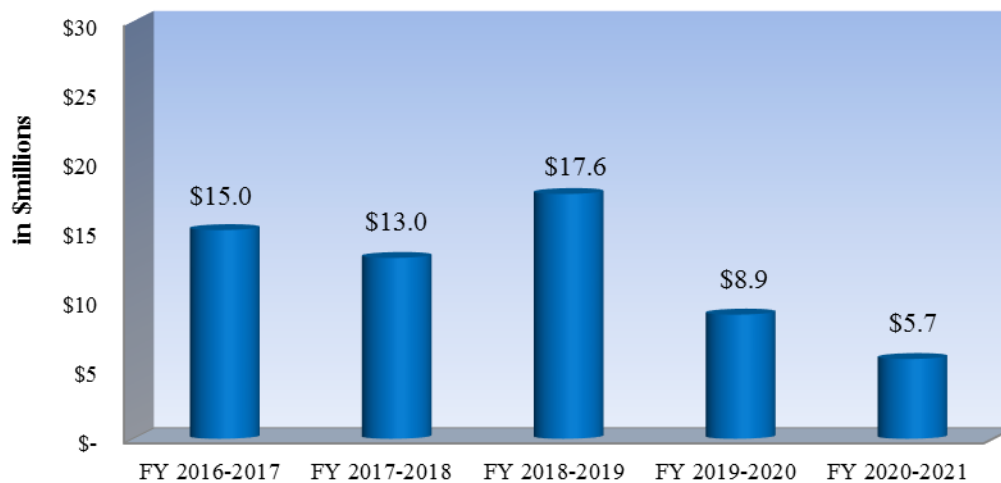
In FY 2015–2016 the District saw an increase in cooperative funding expenditures of approximately \$2.2 million compared to the prior year. These significantly increased spending levels were the primary driver in the District's \$16.8 million use of fund balance in FY 2015–2016, which is consistent with the 5-year strategic budget.

As utilization of fund balance continues each year the availability of remaining committed fund balance will decline, ultimately approaching the minimum targets for Economic Stabilization Reserve and Operating Reserve established by policy. At that point, projected to occur in the next three to five years, recurring funding for capital improvements and cooperative funding will necessarily come from non-local resources and operational savings.

Capital Improvements

The District proposes to spend \$60.2 million on 50 projects/subprojects during the planning period from FY 2016–2017 through FY 2020–2021. The figure below shows the projected annual expenditures during the five-year planning period.

Figure 1: Five-year projected expenditures for capital improvement projects



Total planned capital expenditures in FY 2016–2017 are \$15 million. In comparison, the adopted budget for FY 2015–2016 was \$34.6 million.

Significant changes in capital expenditures during the planning period are:

- The District is planning for 20 multimillion-dollar capital projects. These include CFWI Well Construction (\$4.2 million), Well Construction (\$2.9 million), Land Acquisitions (\$3 million), Lake Jesup In-Lake Phosphorus Reduction (\$6.4 million), Blue Cypress Water Management Area (BCWMA) East Water Quality Improvements (\$1.9 million), Fellsmere Water Management Area (\$1.7 million), Lake Apopka submersed aquatic vegetation (SAV) Restoration (\$1 million), Lake Apopka Marsh Flow-way Improvements (\$1.5 million), Sunnyhill Berm Improvements (\$1.7 million), C-1 Rediversion Phase 1B (\$1.4 million), C-10 Reservoir Project (\$8.1 million), Earthwork/Hydrologic Restoration (\$1 million), Field Activities—Public Use Structures (\$1.1 million), Silver River Enhancement Project (\$2.6 million), and six major and minor water control structure rehabilitation projects (\$17.3 million).
- The District will not have any significant capital outlay for land acquisition beyond FY 2016–2017.

Cooperative Funding

Cooperative grants have a one-to-three-year life cycle that results in an accumulation of a catalog of construction projects in various stages of completion requiring an expanded use of fund balance. With that growing catalog the District has established controls to ensure that currently available resources are set aside upon award to honor future years' cooperative funding commitments. The District continues to obligate more dollars to cost-share from the District's fund balance. This funding is multiplied by the local and state contributions to construct projects benefiting water resources and our citizens. The table on the following page reports the total award by recent fiscal year for the District's grant programs, unexpended balances of the awards, and future commitments by year.

Total award by recent fiscal year for the District:

Fiscal year	Total Awarded	Unexpended @ 9-30-15	Budgeted amounts:		
			FY 2015-2016	FY 2016-2017	FY 2018-Beyond
2013-2014	\$ 19,425,648	\$4,330,281	\$4,330,281	\$ -	\$ -
2014-2015	21,762,009	19,404,242	6,200,221	3,996,899	9,207,122
2015-2016	75,081,762	75,081,762	60,081,762	15,000,000	-
2016-2017	55,796,500	55,796,500	-	37,796,500	18,000,000

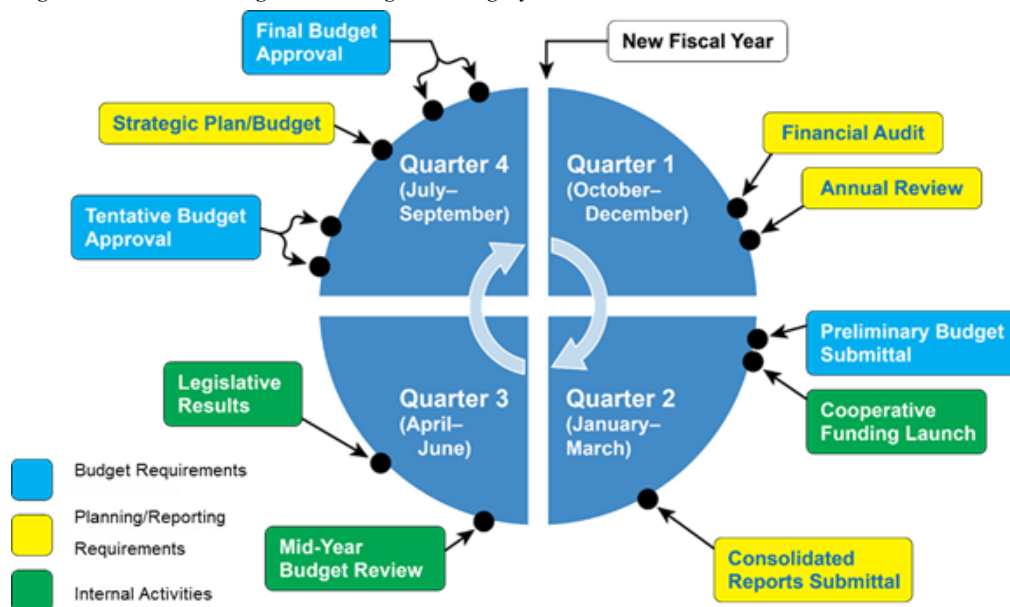
Debt Management

The District is completely debt free and does not plan to incur any new debt in the foreseeable future.

Fiscal Year Budget Planning

The District's planning and budgeting cycle is summarized below:

Figure 2: Fiscal Year Budget and Strategic Planning Cycle



Fiscal Sustainability and Financial Policies

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

1. Current period revenues are sufficient to provide current period services.
2. Operating estimates and assumptions for both revenues and expenses are realistic and conservative based on long-term trends and recent results.

3. District-sourced revenues are adequate to fund operations and contribute to vital capital and cooperative funding programs.

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, 2015. 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 2015–2016 budget. It was the eighth consecutive year the District received the award for the budget document, which guides the District's fiscal policy.

This report is the result of the collaborative work of numerous District employees, including the Office of Financial Services, Office of Communications, and Division of Projects.

Respectfully submitted,



Mary-Lou Pickles, CGFO, CMA
Interim Director, Office of Financial Services



R. Gregory Rockwell, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**St. Johns River
Water Management District
Florida**

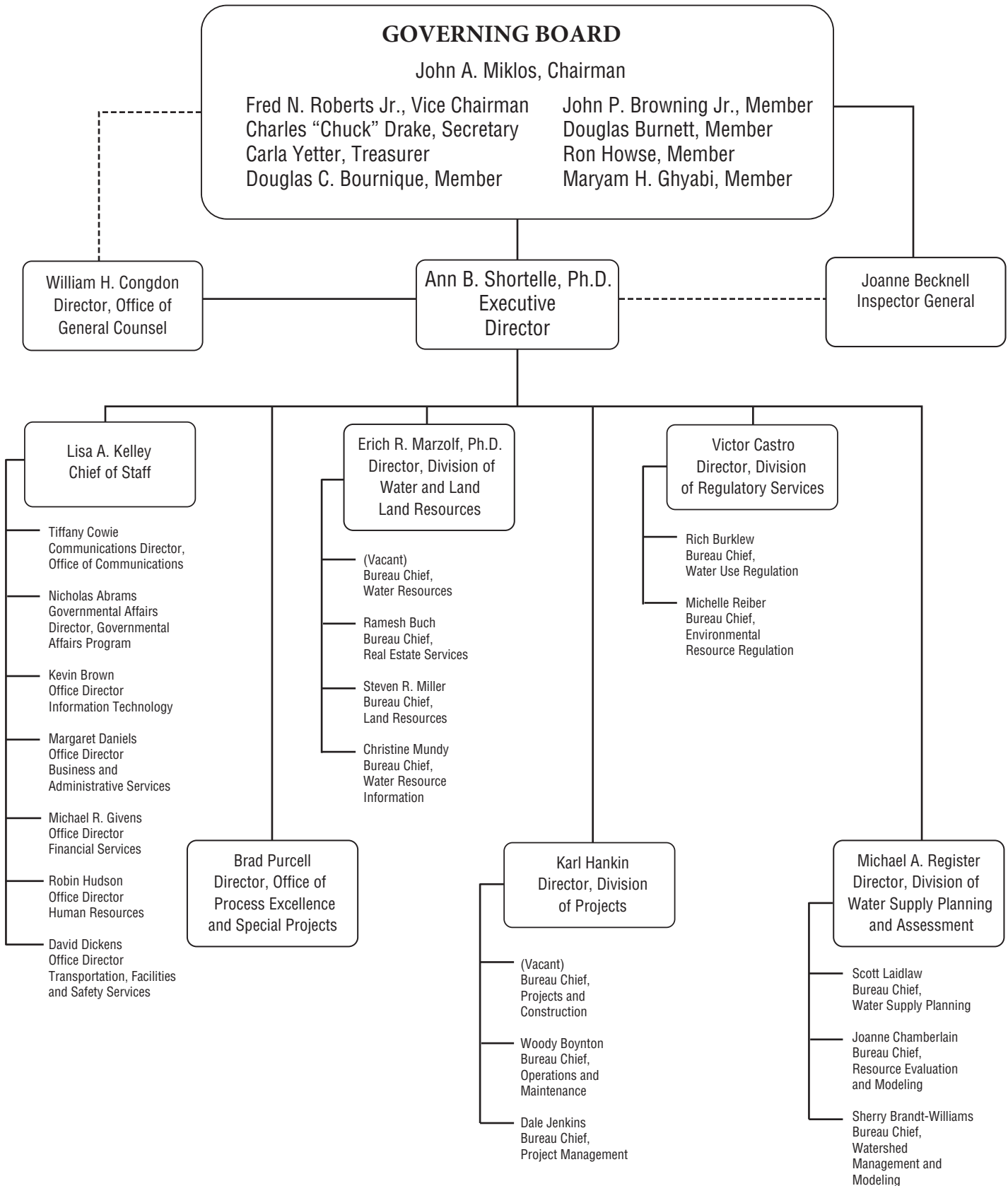
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

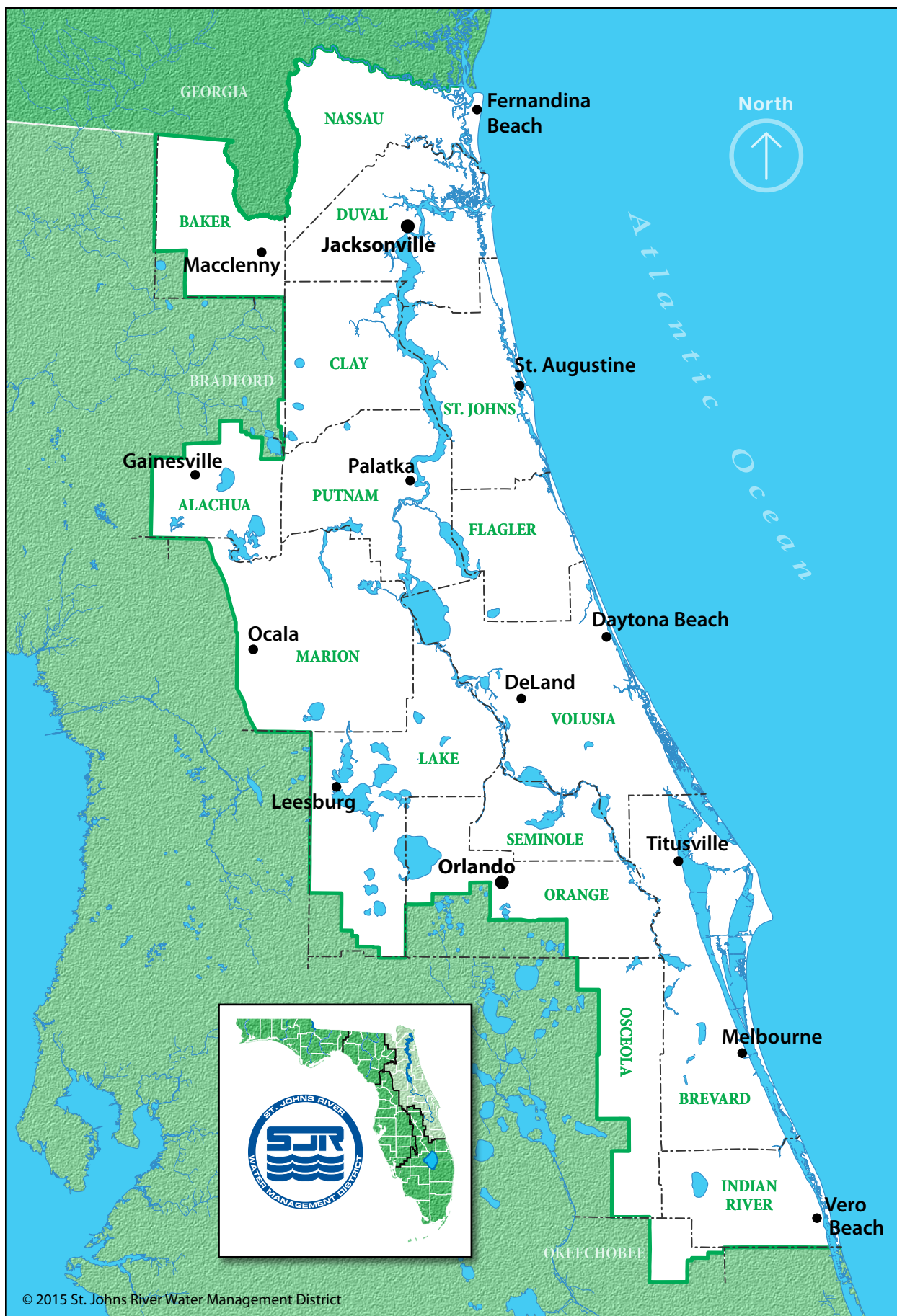
September 30, 2015

Executive Director/CEO

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

As of Sept. 30, 2016





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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 Supplementary Information
Other Than MD&A (Unaudited)
Notes to Budgetary Comparison Schedules
Other Supplementary Information



Independent Auditors' Report

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Governors
St. Johns River Water Management District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Johns River Water Management District (the "District"), a component unit of the State of Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents 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 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, information listed in the table of contents as "other supplementary information", the Schedule of Expenditures of Federal Awards and State Financial Assistance, which is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.550, Rules of the Auditor General, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, including the Schedule of Expenditures of Federal Awards and State Financial Assistance presented in the Other Reports Section, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Car, Riggs & Ingram, L.L.C.

Palatka, Florida
February 24, 2017



***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, 2016**

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 and deferred outflows exceeded total liabilities and deferred inflows by \$1,316,174,379, as of September 30, 2016, primarily the result of significant ownership of non-depreciable assets in the form of land (\$837,830,557) and easements (\$198,694,759) owned by the District. Net position increased \$8,570,101, or 0.7%, this year compared to a \$10,708,630, or - 0.8%, decrease, including restatement, the prior year.
- Total fund balance decreased \$17 million, or 10%, from the previous fiscal year. A further breakdown of fund balance changes by individual funds is discussed in the Financial Analysis of the Government's Funds section.
- The District acquired the 4,880-acre Silver Springs Forest property in Marion County using federal, state and District source funds committed for this \$11 million purchase.
- The District continues to have no bonded debt.

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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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 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 maintained 3 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 Fund and Capital Projects Fund.

The District adopts annual budgets for all governmental funds. 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 and Special Revenue Fund to demonstrate compliance with these budgets. The budgetary comparison schedules for the General Fund and Special Revenue Fund are being reported as Required Supplementary Information and are presented after the Notes to the Financial Statements beginning on page 61. The budgetary comparison schedule for the Capital Projects Fund is presented in the Other Supplementary Section on page 76.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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, Special Revenue Fund and the Capital Projects Fund include re-appropriated encumbrances of unspent balances (\$22 million) of previously approved appropriations 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 20-24 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 25-60 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.

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 2015–2016. The overall condition of the District improved in fiscal year 2016.

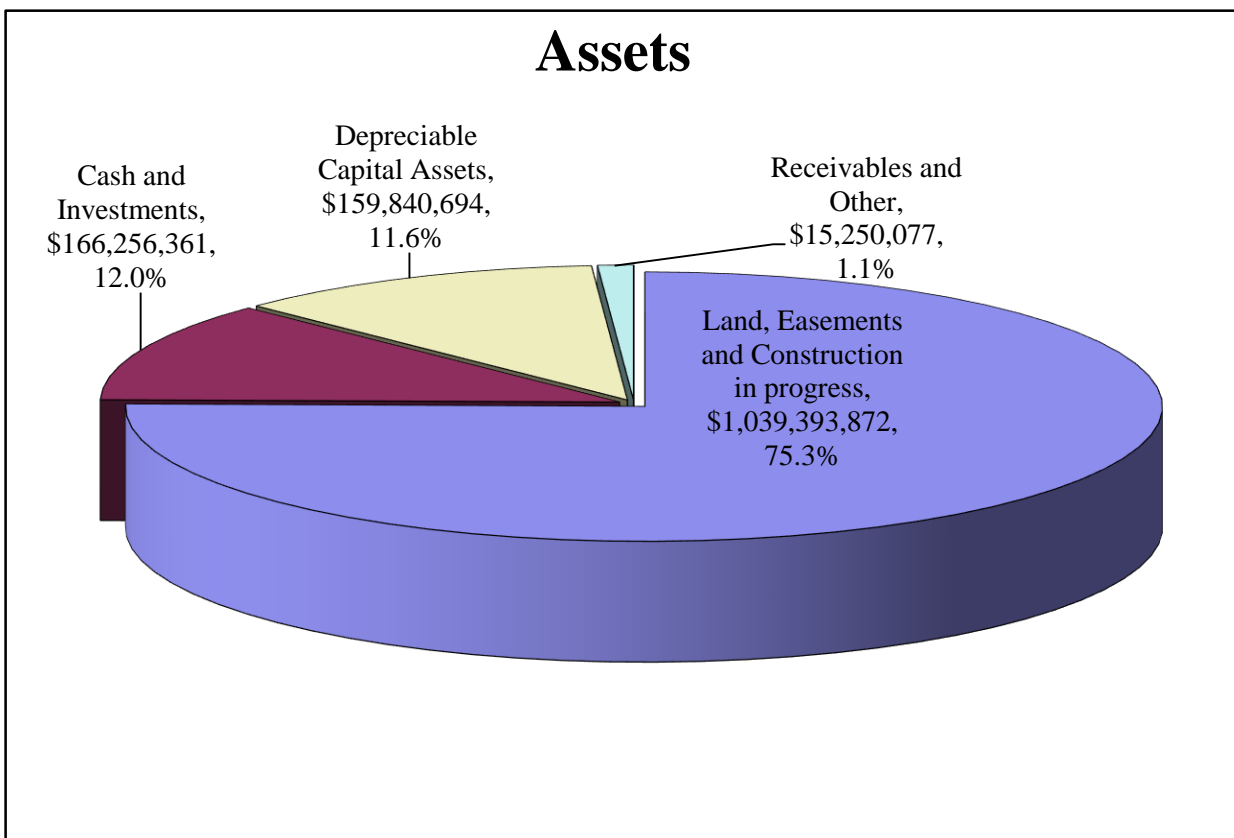
ST. JOHNS RIVER WATER MANAGEMENT DISTRICT'S NET POSITION

	2016	2015
Current and other assets	\$ 181,506,438	\$ 197,560,368
Capital assets, net	1,199,234,566	1,172,379,975
Total assets	<u>1,380,741,004</u>	<u>1,369,940,343</u>
Deferred outflows	16,744,900	4,620,187
Long-term liabilities outstanding	44,468,960	33,435,134
Other liabilities	29,948,060	29,632,861
Total liabilities	<u>74,417,020</u>	<u>63,067,995</u>
Deferred inflows	6,894,505	3,888,257
Net Position: Net investment in capital assets	1,199,234,566	1,172,379,975
Restricted	18,648,086	19,334,646
Unrestricted	98,291,727	115,889,657
Total net position	<u>\$ 1,316,174,379</u>	<u>\$ 1,307,604,278</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Total net position increased by \$8,570,101 or 0.7 %, from September 30, 2015. The primary reason for the increase is attributable to the conservation easement donations of \$5 million received by the District through the environmental resource permitting process. The District's cash and investment position decreased \$21 million from fiscal year 2014–2015. This can be primarily attributed to a nearly \$4 million transfer to the capital projects fund to complete District projects and a nearly \$5 million increase in general fund cooperative funding and capital outlay expenditures. The District also had an over \$4 million increase in intergovernmental receivables, which the general fund loans the funds for state and federal grant expenditures until the reimbursements are received. Unrestricted net position decreased \$18 million due to the same above increased use of District source funds for cooperative funding and capital outlay projects. These capital outlay projects are further defined in the Capital Asset section of the MD&A.

The District purchased the 4,880-acre Silver Springs Forest property in Marion County from the following funding sources: \$3.7 million from U.S. Forest Service through the Forest Legacy Program, \$2.8 million from the proceeds of the retired Water Management Lands Trust Fund bonds that funded the District's Save Our Rivers Program, \$2 million from the state of Florida Amendment 1 Trust funds, \$1.3 million from the proceeds of the sale of District lands, \$.8 million from the District's land acquisition/management funds and \$.5 million from the District's general fund.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

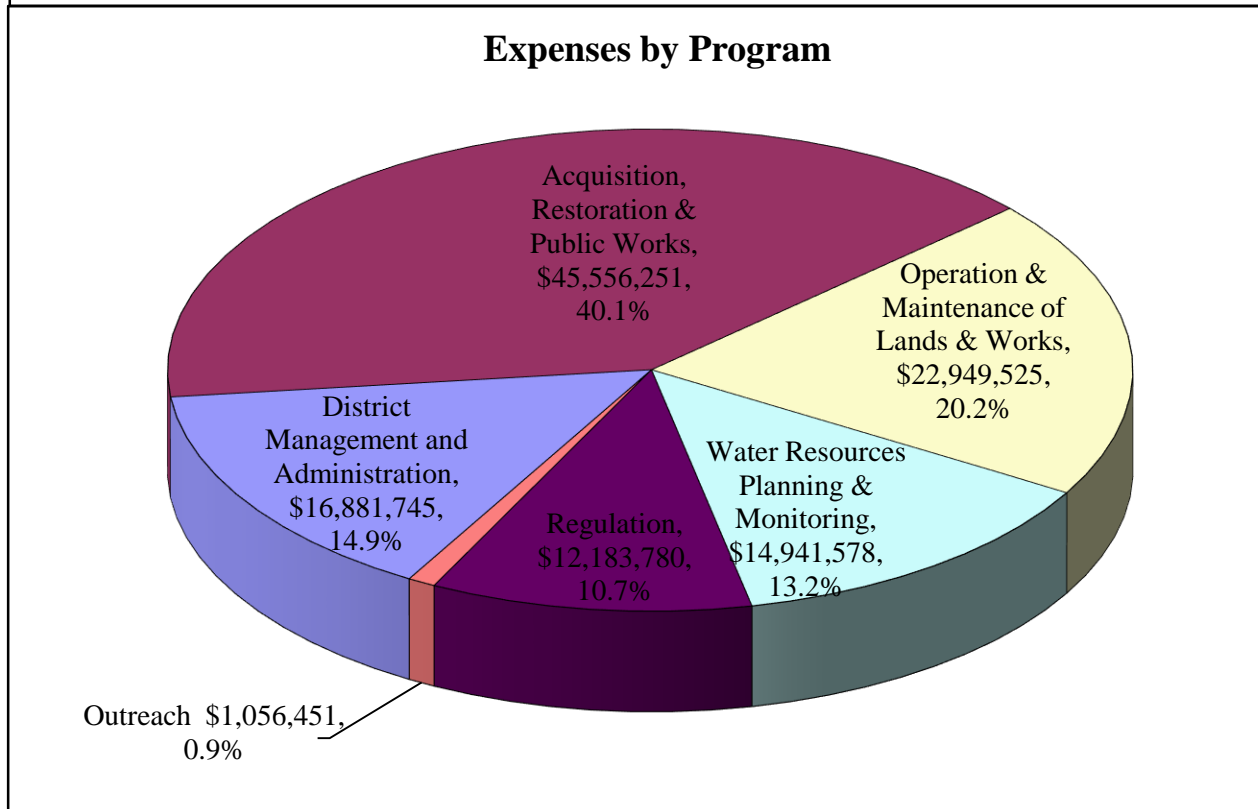
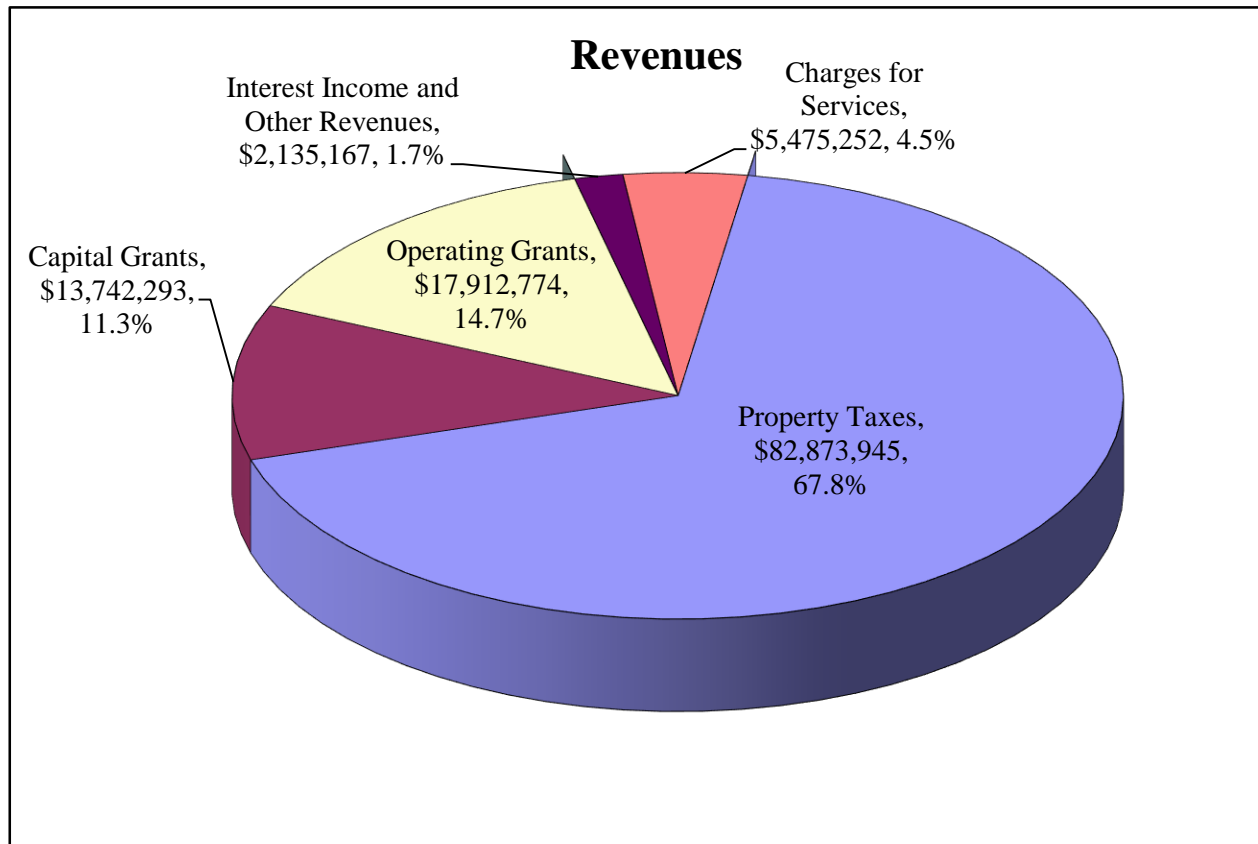
ST. JOHNS RIVER WATER MANAGEMENT DISTRICT'S CHANGE IN NET POSITION

	2016	2015
Revenues		
Program revenues:		
Charges for services	\$ 5,475,252	\$ 4,346,964
Operating grants and contributions	17,912,774	27,128,105
Capital grants and contributions	13,742,293	12,582,684
General revenues:		
Ad valorem property taxes	82,873,945	81,505,441
Unrestricted investment earnings	1,941,294	2,386,129
Other revenue	193,873	230,492
Total revenues	<u>122,139,431</u>	<u>128,179,815</u>
Expenses		
Water resources planning and monitoring	14,941,578	16,525,822
Acquisition, restoration and public works	45,556,251	45,545,311
Operation and maintenance of lands and works	22,949,525	25,818,520
Regulation	12,183,780	16,035,824
Outreach	1,056,451	1,229,915
District management and administration	16,881,745	16,371,881
Interest on long-term debt	-	329,367
Total expenses	<u>113,569,330</u>	<u>121,856,640</u>
Increase in net position	<u>8,570,101</u>	<u>6,323,175</u>
Net position , beginning of the year	1,307,604,278	1,318,312,908
Restatement	-	(17,031,805)
Net position , end of the year	<u><u>\$ 1,316,174,379</u></u>	<u><u>\$ 1,307,604,278</u></u>

Total revenues decreased by 4.7%, or \$6,040,384, from the previous year. The decrease is primarily attributable to the 34%, or \$9 million decrease in operating grants and contributions, which is mainly attributed to the decrease in state of Florida funding received from the Florida Department of Environmental Protection's Water Management Lands Trust fund in fiscal year 2014–2015 to early retire \$6.3 million the District's outstanding debt. The 26%, or \$1.1 million increase in charges for services is from a \$.39 million increase in revenues from lease and timber sales, a \$.38 million increase in gains realized on the sale of land and \$.35 million increase in revenues from licenses and permits. The 1.7%, or \$1.4 million increase in ad valorem tax revenues can be attributed to new construction within the District boundaries.

Total expenses decreased 7%, or \$8,287,310, compared to the previous year. The 24%, or \$3.9 million decrease in Regulation is the primarily the result of reductions in salaries and benefits and in the net pension liability as compared to fiscal year 2014–2015. The 11%, or \$2.9 million decrease in Operation and maintenance of lands and works is the primarily the result of reductions in salaries and benefits and in the net pension liability as compared to fiscal year 2014–2015. The District recorded a \$1.5 million increase in the combined net pension liability and net increases and decreases in the deferred outflows/inflows of resources related to the pensions for fiscal year 2015–2016 as compared to a \$7.5 million increase in fiscal year 2014–2015, or a districtwide year over year decrease of \$6 million, which was distributed across all six major expense categories in relation to the number of employees working in each major expense category.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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, 2016, total fund balance was \$126,232,458, of which \$2,059,241 was represented by inventory on hand and other non-spendable assets; \$111,136,700 was committed by action of the Governing Board for identified future capital needs; \$13,036,517 was assigned by executive management for specific purposes; and \$0 was unassigned.

The fund balance of all of the District's funds decreased by \$16,855,280. Key factors explaining the changes in the General Fund and individual major funds include:

- General Fund balance decreased by \$8,468,135 primarily due to an over \$10 million increase in spending for cooperative funding to our local governments and partners and cost share projects offset by a \$2.5 million increase in District revenues of ad valorem property tax collections, licenses and permit fees and investment earnings.
- Capital Projects Fund balance decreased \$3,341,811 due to increased capital spending on the Fellsmere Water Management, Wheeler Storm Water Park, Lake Apopka/McDonald Canal and C-1 Rediversion projects.
- The Special Revenue Fund balance decreased \$5,045,334 primarily as a result of acquisition of the 4,880-acre Silver Springs Forest property in Marion County using land acquisition fund balance committed for this purpose.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's General Fund spent a total of \$35,522,219 less than budgeted expenditures in all spending categories in FY 2015–2016 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 largest budget variance of \$24,061,911 was in the acquisition, restoration and public works category, second largest of \$3,647,621 was in the operation and maintenance of lands and works category and third largest of \$3,422,789 was in the management and administration category. The \$24 million positive budget variance in the acquisition, restoration and public works category is primarily the result of unspent grants and aids of \$21.4 million to local governments (cost-share and cooperative funding) and unspent salaries and benefits of \$.9 million and \$.9 million of other personal services in the form of contractual/ consultant services, scientific research and analysis and surface water restoration expenditures. The unspent budgets of the operation and maintenance of lands and works and management and administration are primarily from savings in salaries and benefits, which saved \$5.2 million in all major categories of the General Fund.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

In accordance with *Florida Statutes* 373.536(4)(c), the budget of the District may be amended after the adoption of the final budget, following review and approval by the Executive Office of the Governor. During fiscal year 2015–2016, amendments to the budget for all funds totaled \$3.7 million with \$550,000 of the increase in the General Fund mainly attributed to the legal settlement that was funded through committed fund balance in that fund. Throughout the fiscal year, budget transfers, which do not increase or decrease the total spending authority for the fiscal year are processed in accordance with District Policy 91-04. These transfers resulted in increases and offsetting decreases for the six programs areas under salaries and benefits that were mainly attributed to the realignment of the District's organizational structure which was effective October 1, 2015. This realignment was not finalized before the District adopted its budget.

General Fund total revenues and expenditures for fiscal year 2015-2016 are relatively the same as compared to fiscal year 2014–2015, as total revenues increased just over \$1 million and total expenditures decreased just over \$1 million. General Fund total revenues increased over \$1 million primarily from an increase in Ad Valorem revenues associated with new growth from construction and total expenditures decreased primarily from a \$5 million decrease in salaries and benefits offset by a \$4 million increase in cooperative funding and capital outlay expenditures.

The historical trend of positive General Fund budget variances continued for the FY 2015–2016, with the current year's 72% utilization of appropriations consistent with historical utilization.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets — The District's investment in capital assets for its governmental activities as of September 30, 2016, amounted to \$1,199,234,566 (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 2015–2016 valued at \$39.7 million with additions to infrastructure of \$15,040,966, land of \$12,087,070 and easements of \$6,307,782 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's capital asset increase in infrastructure is mainly from construction expenditures on the following projects: Fellsmere Water Management Area of \$4.5 million, Wheeler Storm Water Park of \$3.9 million, S-164 Structure of \$1.6 million, Lake Apopka/McDonald Canal of \$1.2 million and C-1 Canal Rediversion of \$1 million. The District purchased the 4,880-acre Silver Springs Forest property in Marion County for \$11.5 million in December 2015. Additional information on the District's capital assets can be found in note 4 on page 40 of this report.

Long-term Obligations — The District retired the bonded debt outstanding of \$12,290,000 in August 2015 ahead of the July 1, 2016, scheduled maturity. The District no longer has any outstanding debt and has no capacity to issue more as the state of Florida must approve and fund the annual payment of any new debt. The District's remaining long-term obligations include; \$35,842,589 net pension liability, \$5,185,018 for vested leave balances earned by employees, \$2,500,000 for claims and judgments owed, and \$3,530,931 for the other post-employment benefits. Additional information on the District's long-term obligations can be found in note 9, on page 45 of this report.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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 4.5% from 0.3164 mills in FY 2014–2015 to 0.3023 mills in FY 2015–2016, while the 2016–2017 millage rate decreased 4.6% to 0.2885 mills. Current estimates indicate that taxable values on existing properties in the 18 counties covered by the District have stabilized and are estimated to increase slightly by 1–2% annually. Level or lower millage, when combined with stabilization of existing taxable values and nominal growth in taxable values attributable to new construction and assessed property appreciation, 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 while sales tax collections are secondary. In FY 2014–2015 and FY 2015–2016, the state provided the District more than \$20 million to dredge the Eau Gallie River, which is still in the design phase with dredging scheduled to start in summer 2016.

Residential and commercial construction have shown signs of recovery, along with overall improved economic indicators both statewide and districtwide, bringing with it an expected growth in Ad Valorem Property Tax revenues and Documentary Stamp Tax and Sales 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 and cooperative funding plan.

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, Division of Chief of Staff, 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, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,191,291
Investments	163,065,070
Accounts and other receivables	886,678
Inventories	649,040
Intergovernmental receivables	12,304,158
Prepaid items	1,410,201
Non-depreciable capital assets:	
Land	837,830,557
Easements	198,694,759
Construction in progress	2,868,556
Depreciable capital assets:	
Buildings	35,720,261
Machinery and equipment	37,393,365
Infrastructure	193,490,960
Models and software	9,522,431
Accumulated depreciation	(116,286,323)
Total assets	1,380,741,004
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	16,744,900
LIABILITIES	
Accounts payable and other current liabilities	20,557,292
Unearned revenue	6,648,597
Due to other governmental units	152,593
Long-term liabilities:	
Due within one year	2,589,578
Due in more than one year	44,468,960
Total liabilities	74,417,020
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	6,894,505
NET POSITION	
Net investment in capital assets	1,199,234,566
Restricted for:	
Water protection and sustainability/alternative water supply	5,841,221
Land management/acquisition	12,806,865
Unrestricted	98,291,727
Total net position	\$ 1,316,174,379

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, 2016

Function / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
Water resources planning and monitoring	\$ 14,941,578	\$ -	\$ 440,300
Acquisition, restoration, and public works	45,556,251	1,613,492	16,791,698
Operation and maintenance of lands and works	22,949,525	1,778,961	222,599
Regulation	12,183,780	2,082,799	-
Outreach	1,056,451	-	-
District management and administration	16,881,745	-	458,177
Total governmental activities	\$ 113,569,330	\$ 5,475,252	\$ 17,912,774

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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Net (Expenses) Revenues and Changes in Net Position
Capital Grants and Contributions	Governmental Activities
\$ 5,579	\$ (14,495,699)
13,736,714	(13,414,347)
-	(20,947,965)
-	(10,100,981)
-	(1,056,451)
-	(16,423,568)
<u>\$ 13,742,293</u>	<u>(76,439,011)</u>

82,873,945
193,873
<u>1,941,294</u>
<u>85,009,112</u>
8,570,101
<u>1,307,604,278</u>
<u>\$ 1,316,174,379</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 3,191,291	\$ -	\$ -	\$ 3,191,291
Investments	124,155,009	37,061,244	1,848,817	163,065,070
Accounts and other receivables	886,678	-	-	886,678
Due from other funds	10,116,372	-	-	10,116,372
Inventories	649,040	-	-	649,040
Intergovernmental receivables	759	12,303,399	-	12,304,158
Prepaid items	1,410,201	-	-	1,410,201
Total assets	<u>140,409,350</u>	<u>49,364,643</u>	<u>1,848,817</u>	<u>191,622,810</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	14,176,892	5,731,698	648,702	20,557,292
Due to other funds	-	10,116,372	-	10,116,372
Unearned revenue	-	6,648,597	-	6,648,597
Due to other governmental units	-	152,593	-	152,593
Total liabilities	<u>14,176,892</u>	<u>22,649,260</u>	<u>648,702</u>	<u>37,474,854</u>
Fund balances				
Nonspendable	2,059,241	-	-	2,059,241
Restricted	-	18,648,086	-	18,648,086
Committed	111,136,700	8,067,297	1,200,115	120,404,112
Assigned	13,036,517	-	-	13,036,517
Unassigned	-	-	-	-
Total fund balances	<u>126,232,458</u>	<u>26,715,383</u>	<u>1,200,115</u>	<u>154,147,956</u>
Total liabilities and fund balances	<u><u>\$ 140,409,350</u></u>	<u><u>\$ 49,364,643</u></u>	<u><u>\$ 1,848,817</u></u>	<u><u>\$ 191,622,810</u></u>

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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances – governmental funds		\$ 154,147,956
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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	1,315,520,889	
Accumulated depreciation	<u>(116,286,323)</u>	
		1,199,234,566

Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year-end consist of:

Deferred outflow amount on pension liabilities	16,744,900	
Deferred inflow amount on pension liabilities	<u>(6,894,505)</u>	
		9,850,395

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

Net pension liability		(35,842,589)
Compensated absences		(5,185,018)
Other post-employment benefit payable		(3,530,931)
Claims and judgments		<u>(2,500,000)</u>

Net position of governmental activities		<u><u>\$ 1,316,174,379</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, 2016

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues				
Ad valorem property taxes	\$ 82,873,945	\$ -	\$ -	\$ 82,873,945
State	-	18,633,171	-	18,633,171
Federal	-	4,792,762	-	4,792,762
Investment earnings	1,807,853	133,441	-	1,941,294
Local mitigation	-	69,829	-	69,829
Licenses and permits	2,076,949	-	-	2,076,949
Cities and counties	-	20,493	-	20,493
Lease and timber sales	-	1,778,961	-	1,778,961
Fines and penalties	5,850	-	-	5,850
Other	193,873	1,952,128	-	2,146,001
Total revenues	<u>86,958,470</u>	<u>27,380,785</u>	<u>-</u>	<u>114,339,255</u>
Expenditures				
Current:				
Water resources planning and monitoring	16,830,502	445,879	-	17,276,381
Acquisition, restoration, and public works	29,029,701	30,163,983	7,121,516	66,315,200
Operation and maintenance of lands and works	17,196,643	2,764,300	64,528	20,025,471
Regulation	11,840,656	-	-	11,840,656
Outreach	1,027,234	-	-	1,027,234
District management and administration	16,102,039	11,091	-	16,113,130
Total expenditures	<u>92,026,775</u>	<u>33,385,253</u>	<u>7,186,044</u>	<u>132,598,072</u>
Excess of revenues over (under) expenditures	<u>(5,068,305)</u>	<u>(6,004,468)</u>	<u>(7,186,044)</u>	<u>(18,258,817)</u>
Other financing sources (uses):				
Transfers in	378,332	-	3,844,233	4,222,565
Transfers out	(3,844,233)	(378,332)	-	(4,222,565)
Sale of capital assets	63,535	1,337,466	-	1,401,001
Insurance/ loss recovery	2,536	-	-	2,536
Total other financing sources (uses)	<u>(3,399,830)</u>	<u>959,134</u>	<u>3,844,233</u>	<u>1,403,537</u>
Net change in fund balances	<u>(8,468,135)</u>	<u>(5,045,334)</u>	<u>(3,341,811)</u>	<u>(16,855,280)</u>
Fund balances, beginning of year	<u>134,700,593</u>	<u>31,760,717</u>	<u>4,541,926</u>	<u>171,003,236</u>
Fund balances, end of year	<u>\$ 126,232,458</u>	<u>\$ 26,715,383</u>	<u>\$ 1,200,115</u>	<u>\$ 154,147,956</u>

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

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, 2016

Net change in fund balances – total governmental activities \$ (16,855,280)

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, requiring recognition of income not reported in the funds.

Capital assets acquired with financial resources	29,893,851	
Current year depreciation	(8,187,149)	
Contributions of capital assets	4,935,398	
		26,642,100

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 position 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. 212,491

The net change in net pension liability and deferred outflows and inflows are reported in the statement of activities, but not in the governmental funds.

Change in net pension liability	(10,594,930)	
Change in deferred outflows related to pensions	12,124,713	
Change in deferred inflows related to pensions	(3,006,248)	
		(1,476,465)

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	149,611	
Other post-employment benefit payable	(102,356)	
		47,255

Change in net position of governmental activities		\$ 8,570,101
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The accompanying notes to financial statements are an integral part of this statement.



Notes to the Financial Statements

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(1) Summary of Significant Accounting Policies:

The accounting policies of the St. Johns River Water Management District (District) conform to accounting principles generally accepted in the United States (GAAP) as applicable to governments. The following is a summary of the more 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 discretely presented component unit of the state of Florida, which is considered a primary government. The District does not have any component units. The District's financial statements for the fiscal year ending September 30, 2016, will be incorporated in the state's June 30, 2017 Comprehensive Annual Financial Report.
- (c) **Basis of Presentation - Government-Wide 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 program revenues — charges for services — acquisition, restoration, and public works and losses are reported as function/program expenses — acquisition, restoration, and public works.

- (d) **Basis of Presentation - Fund Financial Statements** — The fund financial statements provide information about the government's funds. 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 District reports the following major governmental funds:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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

The *Special Revenue Fund* accounts for restricted revenues received from federal, state of Florida and local sources, such as cities, counties, and water management districts, as well as other private and public institutions and related expenditures. This fund is supported by reimbursable and advanced grants and appropriations from federal and state of Florida agencies. District source grant matching funds are at times transferred to and the associated expenditures are made from this fund. The District's long-term land management temporarily restricted endowment trust fund is accounted for within this fund, also land management revenues, such as timber sales and leases of District assets and the related land management or land acquisition expenditures are accounted for in this fund.

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.

During the course of operations the District has activity or transfers of resources between funds for various purposes. In fund financial statements these amounts are reported at gross amounts as transfers in/out. Any residual balances outstanding at year end are reported as due from/to other funds. While these transfer and balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

- (e) Measurement Focus and Basis of Accounting** — The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 by the District. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor 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, which are recognized as revenue when reimbursable expenditures are made.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

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.

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.

The District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted — net position and unrestricted — net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. 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. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

- (f) Classification of Expenditures** — The District currently categorizes the expenditures and budget data it submits to the Governor's Office, the Florida 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:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

- 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.
- 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 the Governmental Affairs Program 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.

The state of Florida uses a different expenditure category model in their Comprehensive Annual Financial Report that groups the adopted and final budgets and expenditures under the following categories: Salaries and Benefits, Expenses, Grants and Aids, Operating Capital Outlay and Fixed Capital Outlay. For a Districtwide adopted and final budget and actual expenditure detail using the state of Florida model, see note 16.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

- (g) 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*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*, the District reports investments at their fair value, with unrealized gains and losses credited to or charged against investments earnings. (See Note 3)
- (h) 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.
- (i) Prepaid Items** — Prepaid items consist of rent payments, advanced employee Health Savings Account contributions, software maintenance services, and tax collector and property appraiser fees, which have been paid prior to the end of the fiscal year, but represent costs which are applicable to future accounting periods. These amounts do not constitute available spendable resources even though they are a component of current assets.
- (j) 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.
- (k) 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
Building improvements	\$100,000
Infrastructure and infrastructure improvements	\$100,000
Machinery and equipment	\$1,000
Software	\$1,000
Groundwater and surface water models	\$1,000,000
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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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 acquisition value at the date of donation.

Donated conservation easements received by the District through the permitting process are recorded at the previous fiscal year average 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 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.

Groundwater and surface water models developed and enhanced by the District are capitalized when the costs exceed \$1 million. The costs are accumulated in construction in progress until the model is in a functioning state available for use by the District and other governmental units/utilities or firms. These models are depreciated over their estimated useful lives of ten to fifty years. All costs to develop, enhance or maintain these models are capitalized except for peer review services.

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/ models/ intangibles	3–50

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

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.

- (l) **Pensions** — For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- (m) **Deferred Outflow/Inflow of Resources** — A deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of net assets that is applicable to a future reporting period.

- (n) **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.

- (o) **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.

- (p) **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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

- (q) **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.
- (r) **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 the 2015-2016 fiscal year was 0.3023 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.

- (s) **Use of Estimates** — The preparation of financial statements in conformity with U.S. GAAP 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/expenditures during the reporting period. Actual results could differ from these estimates.

(2) Budgetary Information:

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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(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.

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

- (a) **Credit Risk** — In accordance with the District's investment policy, the District minimizes credit risk, the risk of loss due to the failure of the security, by limiting investments to the authorized investments in the investment policy, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the District will do business, and diversifying the investment portfolio to protect against losses on individual securities.

Investments in Federal Instrumentalities, 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 State Board of Administration (SBA) are invested in the Florida PRIME and rated AAAM by Standard and Poors. 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 Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2015, through September 30, 2016.

As of September 30, 2016, the District had the following investments reported at fair-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, 2016

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

	S & P Rating	Maturity Date	Fair Value	% of Portfolio
Federal Instrumentalities				
Federal National Mortgage Association	AA+	04/27/2017	\$ 87,277	
Federal National Mortgage Association	AA+	09/27/2017	1,101,527	
Federal National Mortgage Association	AA+	09/18/2018	1,020,600	
Federal National Mortgage Association	AA+	10/19/2018	754,117	
Federal National Mortgage Association	AA+	02/26/2019	5,908,372	
Federal National Mortgage Association	AA+	06/20/2019	2,043,440	
Federal National Mortgage Association	AA+	08/02/2019	1,195,334	
Federal National Mortgage Association	AA+	08/28/2019	2,848,689	
Federal National Mortgage Association	AA+	09/12/2019	2,044,120	
Federal National Mortgage Association	AA+	11/26/2019	2,045,600	
Federal National Mortgage Association	AA+	01/21/2020	1,527,720	
Federal National Mortgage Association	AA+	03/25/2020	246,372	
Federal National Mortgage Association	AA+	12/28/2020	1,028,710	
Federal National Mortgage Association	AA+	02/26/2021	1,007,240	
Federal National Mortgage Association	AA+	05/06/2021	679,905	
Federal Home Loan Bank	AA+	03/30/2017	2,001,820	
Federal Home Loan Bank	AA+	06/08/2018	1,510,440	
Federal Home Loan Bank	AA+	08/07/2018	3,984,408	
Federal Home Loan Bank	AA+	10/01/2018	2,548,875	
Federal Home Loan Bank	AA+	06/21/2019	3,906,155	
Federal Home Loan Bank	AA+	08/05/2019	3,537,295	
Federal Home Loan Mortgage Corporation	AA+	01/27/2017	3,001	
Federal Home Loan Mortgage Corporation	AA+	07/28/2017	1,637,059	
Federal Home Loan Mortgage Corporation	AA+	01/12/2018	1,999,680	
Federal Home Loan Mortgage Corporation	AA+	05/30/2019	1,020,880	
Federal Home Loan Mortgage Corporation	AA+	06/29/2018	1,696,496	
Federal Home Loan Mortgage Corporation	AA+	07/19/2019	2,989,527	
Federal Home Loan Mortgage Corporation	AA+	08/01/2019	2,014,520	
Total Federal Instrumentalities			52,389,179	32.13%
U.S. Government Securities				
U.S. Treasury Notes	AA+	08/31/2017	1,404,817	
U.S. Treasury Notes	AA+	10/31/2017	1,596,276	
U.S. Treasury Notes	AA+	11/30/2017	2,261,233	
U.S. Treasury Notes	AA+	01/31/2018	3,197,192	
U.S. Treasury Notes	AA+	03/31/2018	6,221,698	
U.S. Treasury Notes	AA+	04/15/2018	2,000,560	
U.S. Treasury Notes	AA+	07/31/2018	859,350	
U.S. Treasury Notes	AA+	10/31/2018	3,450,992	
U.S. Treasury Notes	AA+	11/15/2018	2,018,047	
U.S. Treasury Notes	AA+	12/31/2018	2,334,410	
U.S. Treasury Notes	AA+	01/15/2019	1,006,860	
U.S. Treasury Notes	AA+	01/31/2019	1,514,805	

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

	S & P Rating	Maturity Date	Fair Value	% of Portfolio
U.S. Treasury Notes	AA+	03/31/2019	1,019,200	
U.S. Treasury Notes	AA+	06/30/2019	816,424	
U.S. Treasury Notes	AA+	03/31/2020	1,758,698	
U.S. Treasury Notes	AA+	04/30/2020	2,026,340	
U.S. Treasury Notes	AA+	05/31/2020	2,034,620	
U.S. Treasury Notes	AA+	07/31/2020	3,079,270	
U.S. Treasury Notes	AA+	09/30/2020	2,072,900	
U.S. Treasury Notes	AA+	10/31/2020	1,539,735	
U.S. Treasury Notes	AA+	12/31/2020	1,026,880	
U.S. Treasury Notes	AA+	02/28/2021	1,000,790	
U.S. Treasury Notes	AA+	03/31/2021	1,485,889	
U.S. Treasury Notes	AA+	04/30/2021	1,049,160	
U.S. Treasury Notes	AA+	05/31/2021	1,090,099	
U.S. Treasury Notes	AA+	06/30/2021	1,782,210	
Total U.S. Government Securities			49,648,455	30.45%
Corporate Notes				
Coca-Cola Co. Notes	AA-	11/01/2016	474,891	
JP Morgan & Chase & Co. Notes	A-	02/15/2017	2,139,024	
General Electric Corp. Notes (Callable)	AA-	05/15/2017	1,001,700	
American Express Corp. Notes	A-	06/05/2017	1,824,097	
John Deere Capital Corp. Notes	A	06/12/2017	1,339,677	
HSBC USA Inc. Notes	A	06/23/2017	1,424,445	
Caterpillar Financial SE Notes	A	08/18/2017	946,349	
HSBC USA Inc. Notes	A	11/13/2017	4,194,646	
Toyota Motor Credit Corp. Notes	AA-	01/12/2018	526,968	
IBM Corp. Notes	AA-	02/06/2018	1,799,765	
Berkshire Hathaway Inc. Notes	AA	02/09/2018	1,005,800	
Exxon Mobil Corp. Notes	AA+	03/06/2018	2,106,355	
American Honda Finance Corp. Notes	A+	03/13/2018	562,303	
Coca-Cola Co. Global Notes	AA-	04/01/2018	500,530	
Bank of New York Mellon Corp. Notes	A	05/22/2018	2,011,924	
Cisco Systems Inc. Corp. Notes	AA-	06/15/2018	867,060	
Toyota Motor Credit Corp. Notes	AA-	07/13/2018	1,045,627	
Exxon Mobil Corp. Notes	AA+	03/15/2019	1,012,640	
Microsoft Corp. Notes	AAA	06/01/2019	1,079,250	
JP Morgan Chase Bank Notes	A-	09/23/2019	441,386	
Microsoft Corp. Notes	AAA	11/03/2020	1,020,730	
Total Corporate Notes			27,325,167	16.76%
Mortgage-Backed Securities				
Federal National Mortgage Association	AA+	04/01/2018	461,689	0.28%
Municipal Bonds				
Oregon St. Lottery Taxable Revenue Bonds	AAA	04/01/2018	252,070	0.15%
Florida State Board of Administration Pool				
Florida PRIME	AAAm		32,988,510	20.23%
TOTAL INVESTMENTS			<u>\$163,065,070</u>	<u>100.00%</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(3) Cash and Investments (Continued):

- (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, SBA – Florida PRIME, fixed income money market funds and interest bearing time deposit accounts.

The District's average, effective duration for the Investment Portfolio as of September 30, 2016, was approximately two years. The maximum duration allowed by the District's Investment Policy is three years. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2016, was 50 days. The next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2016, is 70 days.

A summary of the maximum allowed duration of each investment type within the District's investment policy follows:

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

As of September 30, 2016, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturity (in years)</u>		
		<u>Less than 1 year</u>	<u>1–3 year</u>	<u>3–5 years</u>
Federal Instrumentalities	\$ 52,389,179	\$ 4,830,684	\$ 41,022,948	\$ 6,535,547
U.S. Treasury Securities	49,648,455	1,404,817	28,297,047	19,946,591
Corporate Notes	27,325,167	9,150,183	17,154,254	1,020,730
Mortgage-Backed Sec.	461,689	-	461,689	-
Municipal Bonds	252,070	-	252,070	-
Florida PRIME	32,988,510	32,988,510	-	-
TOTAL INVESTMENTS	<u>\$163,065,070</u>	<u>\$48,374,194</u>	<u>\$ 87,188,008</u>	<u>\$27,502,868</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(3) Cash and Investments (Continued):

- (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 by the District's custodian in the District's name; therefore, no investments held at year-end were subject to custodial credit risk. The custodian provides the District with safekeeping receipts that provide detail information on the securities held by the custodian. If security transactions between a broker/dealer and the custodian involve the purchase or sale of securities by transfer of money or securities on a "delivery vs. payment" basis, then the security or money must be in hand to ensure that the custodian has the security or money at the conclusion of the transaction. Securities held as collateral are held free and clear of any liens.

The District owns shares of the SBA—Florida PRIME, and not the underlying securities. The Florida PRIME did not participate in a securities lending program during the period from October 1, 2015, through September 30, 2016.

- (d) **Concentration of Credit Risk** — The District's investment strategy is to maintain diversification. 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 and limiting the maximum amount invested in any single issuer. The District further diversified its investment portfolio by splitting the management of the portfolio between two investment management companies.

The District revised its investment policy in fiscal year 2015–2016 to incorporate minimum investment portfolio security holding of no less than 20% of the available funds to be invested in a combination of U.S. Government and agency securities and federal instrumentalities securities.

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

	Exposure to specific Guideline	Sector Guideline Exposures		
		% of Available Funds		
		Year end Exposure %	Maximum During Year	Policy
<u>Compliance Guideline</u>				
Federal Instrumentalities	\$ 52,389,179	32.1%	37.3%	80%*
U.S. Government Securities	49,648,455	30.5%	31.4%	100%
Corporate Notes	27,325,167	16.8%	17.3%	25%**
Mortgage-Backed Securities	461,689	0.3%	0.4%	20%*
Municipal Bonds	252,070	0.2%	0.8%	25%
Florida PRIME	<u>32,988,510</u>	<u>20.2%</u>	24.1%	25%
Subtotal Investments	163,065,070	<u>100.0%</u>		
Cash Checking Accounts	<u>3,191,291</u>			
Total Cash and Investments	<u>\$166,256,361</u>			

*The maximum aggregate amount of Federal Instrumentalities and Mortgage-Backed Securities will not exceed 80%.

**The maximum aggregate amount of Corporate Notes and Commercial Paper will not exceed 40%.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(3) Cash and Investments (Concluded):

- (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 (Merrill Lynch 1–3 Year US Treasury Note Index) including relative effective durations follows (Note: the District created an additional investment portfolio with a new investment manager on February 11, 2015, with a longer duration — Benchmark Merrill Lynch 1–5 Year US Treasury Note Index):

Investment Portfolio Performance
Fiscal Year 2012 to Fiscal Year 2016

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>3 – Year Average</u>	<u>5 – Year Average</u>
Investment Portfolio—Operating Fund	0.97	0.43	0.65	1.11	1.08	0.95	0.85
Policy Benchmark	0.56	0.56	0.50	1.16	0.88	0.89	0.79
Effective Duration—Operating Fund at September 30, 2016					1.81		
Policy Benchmark					1.83		
New Investment Manager/Portfolio	N/A	N/A	N/A	1.10	1.62	N/A	N/A
Policy Benchmark	N/A	N/A	N/A	0.63	1.29	N/A	N/A
Effective Duration at September 30, 2016					2.56		
Policy Benchmark					2.66		

- (f) **GASB 72** — The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, which the District has none; Level 2 inputs are significant other observable inputs, which the District categorizes its investments in Federal Instrumentalities of \$52,389,179, U.S. Treasury Securities of \$49,648,455, Corporate Notes of \$27,325,167, Mortgage-Backed Securities of \$461,689 and Municipal Bonds of \$252,070; Level 3 inputs are significant unobservable inputs, which the District has none. The District's fair value measurements as of September 30, 2016 for Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The SBA's interpretation is that the Florida PRIME investments are exempt from the GASB 72 fair value hierarchy disclosures.
- (g) **GASB 79** — Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the District's account balance is considered the fair value of our investment. With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2016, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's daily access to 100% of our account value.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(4) Capital Assets:

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance at Oct. 1, 2015	Additions	Retirements	Balance at Sept. 30, 2016
Capital assets, not being depreciated:				
Land	\$ 825,743,487	\$ 12,087,070	\$ -	\$ 837,830,557
Easements	192,388,313	6,307,782	(1,336)	198,694,759
Construction in progress	5,086,172	2,391,162	(4,608,778)	2,868,556
Total capital assets, not being depreciated	<u>1,023,217,972</u>	<u>20,786,014</u>	<u>(4,610,114)</u>	<u>1,039,393,872</u>
Capital assets, being depreciated:				
Buildings	35,682,189	38,072	-	35,720,261
Infrastructure	178,449,964	15,040,996	-	193,490,960
Machinery and equipment	37,233,076	1,821,898	(1,661,609)	37,393,365
Software and Models	7,513,965	2,008,466	-	9,522,431
Total capital assets, being depreciated	<u>258,879,194</u>	<u>18,909,432</u>	<u>(1,661,609)</u>	<u>276,127,017</u>
Less accumulated depreciation for:				
Buildings	(14,974,297)	(968,645)	-	(15,942,942)
Infrastructure	(58,875,001)	(4,662,984)	-	(63,537,985)
Machinery and equipment	(30,926,026)	(2,450,122)	1,618,017	(31,758,131)
Other depreciable assets	(4,941,867)	(105,398)	-	(5,047,265)
Total accumulated depreciation	<u>(109,717,191)</u>	<u>(8,187,149)</u>	<u>1,618,017</u>	<u>(116,286,323)</u>
Capital assets being depreciated, net	<u>149,162,003</u>	<u>10,722,283</u>	<u>(43,592)</u>	<u>159,840,694</u>
Governmental activities capital assets, net	<u><u>\$1,172,379,975</u></u>	<u><u>\$ 31,508,297</u></u>	<u><u>\$ (4,653,706)</u></u>	<u><u>\$1,199,234,566</u></u>

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

Operation and maintenance of lands and works	\$ 7,113,106
District management and administration	1,074,043
Total depreciation expense	<u><u>\$ 8,187,149</u></u>

(5) Commitments:

Encumbrances of Fund Balance — The District has restricted, committed and assigned fund balances for obligations that were executed in fiscal year 2015-2016, but will be expended in the next fiscal year. The \$22.4 million in encumbrances below (\$12,430,642 of fund balance and \$9,932,328 of future resources) represent purchase orders and contracts that were expected to be expended in fiscal year 2015-2016, but are now expected to be expended in fiscal year 2016-2017.

These encumbrances will be added to the adopted fiscal year 2016-2017 budget, therefore, increasing the \$164.6 million adopted fiscal year 2016-2017 budget by \$22.4 million to a final adopted budget of \$187.0 million. These restricted, commitments and assignments of fund balance are in the form of contracts, agreements, grants to local governments and purchase orders. The totals by fund are as follows:

General Fund	\$ 9,519,348
Special Revenue Fund	1,711,179
Capital Projects Fund	<u>1,200,115</u>
Total	<u><u>\$ 12,430,642</u></u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(5) Commitments (Concluded):

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 source are as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Special Revenue Fund	\$9,328,085	\$604,243	\$9,932,328

The committed future resources of the Special Revenue Fund of \$823,171 were from unearned revenues advanced to the District by the Florida Department of Environmental Protection and the Florida Department of Transportation.

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

<u>Entity</u>	<u>Funding Source</u>	<u>Amount</u>
Department of Defense	Federal - Other	\$ 203,360
FDOT	State – FDOT Mitigation	3,887,580
FDEP	State – Ecosystems Management Trust	660,935
FDEP	State – Land Acquisition Trust	400,000
FDEP	State – Springs Initiative	930,585
FDEP	State – Resolution 2000-24	25,002
Lake County	Local – Counties	6,000
Volusia County	Local – Counties	169,790
City of Port Orange	Local – Cities	169,790
City of Winter Springs	Local – Cities	195,555
Total		<u><u>\$ 6,648,597</u></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 from the General Fund to the Special Revenue Fund are classified as due to/from other funds total \$10,116,372.

The District makes routine transfers among its funds during the fiscal year. The principle purpose of the transfers is to allocate resources for 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 \$378,332 transfer from the Special Revenue Fund to the General Fund was to reimburse for indirect costs of federal, state of Florida and local grants. The \$3,844,233 transfer from the General Fund to the Capital Projects Fund is to fund major capital expenditures with District funding sources.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(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, which may be amended by resolution of the District Governing Board.

(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 October 1, 2015, membership consisted of:

Active employees	482
Inactive employees	<u>48</u>
Total	530

(d) Funding Policy: The state of Florida's Division of Retirement Services (FRS) contributes each month \$5 for each year of service, up to \$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, 2016, retired employees directly contributed \$48,582 to the plan. For retired employees, the FRS contributed \$341,222 through a pension deduction and the above mentioned FRS subsidy.

For active employees, the District contributed \$6,104,687 and the employees contributed \$1,301,158. The District also contributed \$991,828 to the accounts of employees with a High Deductible Savings and Flexible Spending Accounts, \$1,240 for employees with single health insurance coverage and \$2,480 for employees with family coverage, while the employees contributed \$674,597.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

(e) Annual OPEB Costs, Net OPEB Obligation, and Funding Progress: The District's actuarial valuation was performed for the plan as of October 1, 2015, 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, 2016. The District's annual OPEB cost (expense) increase of \$312,762 was decreased by the assumed contributions of (\$210,406), which netted a increase of \$102,356 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, 2015</u>	<u>September 30, 2016</u>
Determination of Annual Required Contribution:		
Normal cost at year-end	\$ 169,972	\$ 105,467
Amortization of Unfunded Actuarial Liability	225,163	254,252
Interest through September 30	<u>-</u>	<u>6,549</u>
Annual Required Contribution (ARC)	<u>395,135</u>	<u>366,268</u>
Determination of Net OPEB Obligation:		
ARC	395,135	366,268
Interest on prior year Net OPEB Obligation	134,002	137,143
<i>Adjustment to ARC</i>	<u>(225,489)</u>	<u>(190,649)</u>
Annual OPEB Cost	303,648	312,762
Contributions made	<u>(225,132)</u>	<u>(210,406)</u>
Increase in Net OPEB Obligation	78,516	102,356
Net OPEB Obligation – beginning of year	<u>3,350,059</u>	<u>3,428,575</u>
Net OPEB Obligation – end of year	<u>\$ 3,428,575</u>	<u>\$ 3,530,931</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>	
9/30/2014	4.00%	(\$ 44,003)	N/A	\$3,350,059
9/30/2015	4.00%	\$ 303,648	74.1%	\$3,428,575
9/30/2016	4.00%	\$ 312,762	67.3%	\$3,530,931

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

<u>Actuarial</u>	<u>Actuarial</u>	<u>Actuarial</u>	<u>Unfunded</u>			<u>UAAL as a</u>
<u>Valuation</u>	<u>Value</u>	<u>Liabilities</u>	<u>Actuarial</u>	<u>Funded</u>	<u>Covered</u>	<u>Percentage</u>
<u>Date</u>	<u>of Assets</u>	<u>AAL</u>	<u>Liabilities</u>	<u>Ratio</u>	<u>Payroll</u>	<u>of Covered</u>
			<u>(UAAL)</u>			<u>Payroll</u>
10/01/2015	\$0	\$3,932,725	\$3,932,725	0.0%	\$38,264,043	10.28%

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(8) Other Post-Employment Benefits (OPEB) (Concluded):

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, 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 FRS an amount on a bi-monthly basis established to cover the future FRS contributions. 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 includes 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, 2015, actuarial valuation, the Traditional Unprojected Unit Credit Actuarial Cost Method, was used. The actuarial assumptions included a 4% annual investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0%, decreasing each year until it reaches an ultimate rate of 4.5% in 2020. Salary increases are assumed at 2.5% per annum. Life expectancies were based upon data found in the 2015 PPA Mortality Table (Group Annuity 2000 Mortality Table projected using Projection Scale AA). 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, 2016, was 21 years.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(9) Long-Term Obligations: Changes in long-term liabilities for the fiscal year ended September 30, 2016, are summarized as follows:

Governmental Activities:	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Due Within One Year
General long-term obligations:					
Accrued compensated absences	\$ 5,334,629	\$ 3,200,204	\$ 3,349,815	\$ 5,185,018	\$ 589,578
Pension (FRS)	25,247,659	10,594,930	-	35,842,589	-
Other post-employment benefits	3,428,575	102,356	-	3,530,931	-
Claims and judgments*	<u>2,500,000</u>	<u>602,990</u>	<u>602,990</u>	<u>2,500,000</u>	<u>2,000,000</u>
Total governmental activity long-term obligations	<u>\$36,510,863</u>	<u>\$14,500,480</u>	<u>\$ 3,952,805</u>	<u>\$ 47,058,538</u>	<u>\$2,589,578</u>

*See Note 10 and 18

The District is committed under a 10-year non-cancelable operating lease for office space at our Maitland service center. Future minimum lease payments for this lease is as follows:

<u>Year-Ending September 30</u>	<u>Total</u>
2017	\$ 432,420
2018	445,421
2019	458,634
2020	472,487
2021	486,553
Total Lease Payments	<u>\$ 2,295,515</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 management, the resolution of these matters will not have a material adverse effect on the financial condition of the District. A \$2.5 million claims and judgments liability has been accrued at the entity wide level and a \$1.9 million commitment of fund balance has been established at the governmental fund level to pay for any claims or judgments that may arise. The District is currently settling the Coy A. Koontz v. St. Johns River Water Management District for inversely condemning his property. The District is responsible for payments to Mr. Koontz and his legal fees. See Note 18 for discussion of these Subsequent Events relating to Contingent Liabilities details of the payments.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans:

Florida Retirement System (FRS):

General Information — All of the District’s employees participate in the FRS. As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The state of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, FL 32315-9000, or from the website: www.dms.myflorida.com.

Pension Plan

Plan Description — The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided — Benefits under the Pension Plan are computed on the basis of age, average final compensation and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for all these members will be based on the eight highest years of salary.

In Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans (Continued):

credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of the three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with an FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions — Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015, through June 30, 2016, and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular—7.26% and 7.52%; Senior Management Service—21.43% and 21.77%; and DROP participants—12.88% and 12.99%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy and a 0.04% and 0.06% administrative/educational fee for the periods October 1, 2015, through June 30, 2016, and from July 1, 2016, through September 30, 2016, respectively.

The District's contribution to the FRS for the year ended September 30, 2016, was \$2,203,656.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At September 30, 2016, the District reported a liability of \$22,222,013 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015–2016 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.088007698%, which was a decrease of 10% from its share measured as of June 30, 2015.

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors — amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs — amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans (Continued):

- Changes in proportion and differences between contributions and proportionate share of contributions — amortized over the average expected remaining service life of all employees that provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments — amortized over five years

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2016, was 6.4 years for FRS and 7.2 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2016, are presented below for the FRS Pension Plan.

Service cost	\$ 1,877,121
Interest cost	10,656,953
Effect of plan changes	28,435
Effect of economic/demographic gains or losses (differences Between expected and actual experience)	298,517
Effect of assumptions changes or inputs	317,192
Member contributions	(625,486)
Projected investment earnings	(9,747,201)
Net difference between projected and actual investment earnings	566,567
Administrative expenses	16,288
Total	3,388,386
Net amortization of employer-specific amounts due to changes in employer proportion	(115,889)
Total employer total pension expense	<u>\$ 3,272,497</u>

For the fiscal year ended September 30, 2016, the District recognized pension expense of \$3,272,497. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,701,488	\$ 206,902
Change of assumptions	1,344,365	-
Differences between projected and actual earnings on Pension Plan investments	10,222,948	4,478,829
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	519,743	1,426,753
District Pension Plan contributions subsequent to the measurement date	<u>656,073</u>	<u>-</u>
Total	<u>\$14,444,617</u>	<u>\$ 6,112,484</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans (Continued):

The deferred outflows of resources related to the Pension Plan, totaling \$656,073 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2017	\$ 1,450,690
2018	1,450,690
2019	1,450,690
2020	1,450,690
2021	1,450,690
Thereafter	<u>422,610</u>
Total	<u>\$ 7,676,060</u>

Actuarial Methods and Assumptions — Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.60%. The discount rate for the HIS Program is 2.85% and the investment rate of return is not available. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the FRS CAFR for more information – see Note 4).

The following changes in actuarial assumptions occurred in 2016:

- FRS: The long-term expected rate of return and the discount rate was decreased from 7.65% to 7.60%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was decreased from 3.80% to 2.85%.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans (Continued):

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. The reduced investment return assumption of 7.60 %, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgment of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1%	3.0%	3.0%
Fixed income	18%	4.7%	4.6%
Global equity	53%	8.1%	6.8%
Real estate	10%	6.4%	5.8%
Private equity	6%	11.5%	7.8%
Strategic investments	<u>12%</u>	6.1%	5.6%
	<u>100%</u>		

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate — The following represents the District's proportionate share of the net pension liability calculated using the discount rate of (7.60%), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
District's proportionate share of net pension liability(asset)	\$40,912,230	\$22,222,013	\$ 6,664,875

Pension Plan Fiduciary Net Position — Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

HIS Plan

Plan Description — The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans (Continued):

Benefits Provided — For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions — The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period October 1, 2015, through June 30, 2016, and from July 1, 2015, through September 30, 2015, was 1.66% and 1.66%, respectively. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. The District's contributions to the HIS Plan totaled \$589,031 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At September 30, 2016, the District reported a liability of \$13,620,576 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation update as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015–2016 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.116868817%, which was a decrease of 8% from its proportionate share measured as of June 30, 2015.

The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2016, are presented below for the HIS Plan.

Service cost	\$ 300,014
Interest cost	456,673
Effect of economic/demographic gains or losses (differences Between expected and actual experience)	(5,004)
Effect of assumptions changes or inputs	380,886
Projected investment earnings	(3,630)
Net difference between projected and actual investment earnings	2,535
Administrative expenses	<u>219</u>
Total	1,131,693
Net amortization of employer-specific amounts due to changes in employer proportion	<u>(135,037)</u>
Total employer total pension expense	<u>\$ 996,656</u>

For the fiscal year ended September 30, 2016, the District recognized pension expense of \$996,656. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans (Continued):

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 31,023
Change of assumptions	2,137,415	-
Net difference between projected and actual earnings on HIS Plan investments	6,887	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	-	750,998
District HIS Plan contributions subsequent to the measurement date	<u>155,981</u>	<u>-</u>
Total	<u>\$ 2,300,283</u>	<u>\$ 782,021</u>

The deferred outflows of resources related to the HIS Plan, totaling \$155,981 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2017	\$ 189,627
2018	189,627
2019	189,627
2020	189,627
2021	189,627
Thereafter	<u>414,148</u>
Total	<u>\$1,362,283</u>

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate — The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 2.85% , as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	1% Decrease <u>(1.85%)</u>	Current Discount Rate <u>(2.85%)</u>	1% Increase <u>(3.85%)</u>
District's proportionate share of net pension liability(asset)	\$15,625,896	\$13,620,576	\$11,956,271

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(11) Retirement Plans (Concluded):

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class and Senior Management), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, *Florida Statutes*, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30% and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The District's Investment Plan pension contributions totaled \$527,550 for the fiscal year ended September 30, 2016.

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.

As of September 30, 2016, 473 employees and former employees had \$7,335,956 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(12) State Trust Funds:

According to Florida Statute, 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. Some state trust fund monies are advanced to the District before all eligibility requirements are met. These monies are classified as unearned revenue in the special revenue fund until the eligibility requirements are met, then they are recognized as state revenue.

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 and expenditures made from the trust fund are accounted for in the special revenue fund.

The Alternative Water Supply Program 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 and expenditures made from the trust fund are accounted for in the special revenue fund.

The Land Acquisition Trust Fund was established in 2015 pursuant to Chapter 20.106, *Florida Statutes*. The program is funded through a distribution of a portion of revenues received by the trust fund from documentary stamp taxes collected by the state. The trust fund was established with the primary purpose of maintaining and enhancing the habitat value for fish and wildlife. Other uses may be allowed that are not contrary to this purpose. Revenues received and expenditures made from the trust fund are accounted for in the special revenue fund.

(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. The District is self insured on mobile equipment that is off road and has an original cost of less than \$200,000. For road vehicles, the District only insures for auto liability. All personal property (contents) are insured regardless of value at each insured location specifically listed on the property schedule. Settlements have not exceeded insurance coverage for any of the past three fiscal years, except for the lawsuit in note 18.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(14) Mitigation Bank Financial Responsibility Assurances:

The District is authorized by Section 373.4136, *Florida Statute*, 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, 2016, the District estimates the value of the financial assurances provided by the various mitigation banks is \$16 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, such as leases, software licenses, insurances, advanced employee Health Savings Account contributions and tax collector and property appraiser commissions are typical balances.

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. State of Florida Specialty Licenses Tag donation 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.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(15) Fund Balance Disclosure (Continued):

The District's General Fund Balance Reserve policy provides sufficient liquidity for operations pending initial property tax distributions, address unforeseen and unexpected events, emergencies, and to offset unexpected downturns in revenues from budgeted estimates, and constrain resources for specific future purposes, as recommended by the GFOA and National Advisory Council on State and Local Budgeting.

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 first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made, with the exception of the Economic Stabilization Reserve.

The District designates an Operating Liquidity Reserve within the District's fund balances with a target of 10% to 20% of prior year general fund expenditures. This Liquidity Reserve is designated to ensure the ability to provide core services for the District until the initial property tax revenue distributions are available. The target represents between 60 and 90 days of operating cash, and shall be reported as assigned fund balance within the District's fund level financial statements.

The District designates 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 that is reported as committed fund balance. 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. Funds utilization 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 his/her designee may take necessary action as a time sensitive matter in accordance with District Policy 2013-01; 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 are reported as assigned fund balance and may be utilized for other District purposes, including, without limitation, additional capital or cooperative funding expenditures, sinking funds or other purposes. A schedule of District fund balances at September 30, 2016, follows:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(15) Fund Balance Disclosure (Concluded):

Fund Balances:	General Fund	Special Revenue Fund	Capital Projects Fund	Total All Funds
<u>Nonspendable:</u>				
Inventories and Prepaid Costs	\$ 2,059,241	\$ -	\$ -	\$ 2,059,241
<u>Spendable:</u>				
<u>Restricted for:</u>				
Mitigation Endowment	-	12,806,865	-	12,806,865
Water Protection and Sustainability	-	5,841,221	-	5,841,221
Total Restricted	-	18,648,086	-	18,648,086
<u>Committed for:</u>				
Economic Stabilization Reserve	4,150,000	-	-	4,150,000
Potential Adverse Monetary Judgments	1,897,010	-	-	1,897,010
Land Management/Acquisition	-	8,067,297	-	8,067,297
North Florida Water Supply Partnership	5,000,000	-	-	5,000,000
Flood Protection–Levee/Structure Rehab	2,848,500	-	-	2,848,500
Indian River Lagoon Protection	5,111,850	-	-	5,111,850
Lake Apopka and UORB Restoration	4,700,855	-	426,960	5,127,815
Springs Protection	5,000,000	-	-	5,000,000
St. Johns River Basin Restoration	4,924,262	-	773,155	5,697,417
Cooperative Projects Funding Program	77,504,223	-	-	77,504,223
Total Committed	111,136,700	8,067,297	1,200,115	120,404,112
<u>Assigned for:</u>				
Operating Liquidity Reserve	11,314,921	-	-	11,314,921
Administrative Services	98,490	-	-	98,490
Monitoring Platform	34,880	-	-	34,880
Land Acquisition	33,477	-	-	33,477
Water Well Construction Services	31,592	-	-	31,592
Water Supply Planning	50,000	-	-	50,000
Works	66,058	-	-	66,058
Water Quality Restoration – Rose Bay	217,451	-	-	217,451
Lower Floridan	1,189,648	-	-	1,189,648
Total Assigned	13,036,517	-	-	13,036,517
<u>Unassigned:</u>	-	-	-	-
Totals All Funds	\$ 126,232,458	\$ 26,715,383	\$ 1,200,115	\$154,147,956

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(16) Classification of Expenditures by State of Florida Categories:

The state of Florida uses the following expenditure categories in their Comprehensive Annual Financial Report — Other Required Supplementary Information and Combining and Individual Fund Statements and Schedules — Nonmajor Funds sections, Budgetary Comparison Schedules, below is a schedule of the District's budget and expenditures classified by these categories:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Salaries and benefits	\$54,364,810	\$54,369,145	\$49,040,264	\$ 5,328,881
Expenses	30,338,110	31,665,458	24,724,713	6,940,745
Grants and aids	67,292,346	70,646,685	30,236,178	40,410,507
Operating capital outlay	2,070,000	2,431,943	2,292,610	139,333
Fixed capital outlay	<u>34,965,248</u>	<u>33,578,068</u>	<u>26,304,307</u>	<u>7,273,761</u>
Total expenditures	<u>\$189,030,514</u>	<u>\$192,691,299</u>	<u>\$132,598,072</u>	<u>\$ 60,093,227</u>

A further breakdown using the state of Florida model detailed by fund is presented in the Required Supplemental Information Other Than MD&A and Combining and Other Supplemental Information sections in the Budget and Actual schedules presented as set forth in Section under 373.536(5)(e)4, *Florida Statutes*.

(17) Implementation of Accounting Standards:

In June 2015, the GASB issued both Statement No. 74, *Financial Reporting For Postemployment Benefit Plans Other Than Pension Plans*, effective for the District's fiscal year beginning October 1, 2016 and Statement No. 75, *Accounting and Financial Reporting For Postemployment Benefits Other Than Pensions*, effective for the District's fiscal year beginning October 1, 2017. The objective of Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is currently evaluating the effect that Statement No. 74 and 75 will have on its financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, effective for the District's fiscal year beginning October 1, 2016. The objective of Statement No. 77 is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District is currently evaluating the effect that Statement No. 77 will have on its financial statements.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

(17) Implementation of Accounting Standards (Concluded):

In March 2016, the GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the District's fiscal year beginning October 1, 2016. The objective of Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, No. 68 and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District is currently evaluating the effect that Statement No. 77 will have on its financial statements.

(18) Subsequent Events:

The District was notified that the Florida Supreme Court will not accept jurisdiction in the case of Coy A. Koontz v. St. Johns River Water Management District. As a result, the District paid the estate of Mr. Koontz \$327,500 as just compensation for inversely condemning Mr. Koontz's property, plus \$275,490 on 3/21/2016. The District is also responsible for Mr. Koontz's legal fees and has paid additional partial payments after the fiscal year-end in the amounts of \$1,250,000 on 10/7/2016 and \$20,463.70 on 12/23/2016 to Michael D. Jones & Associates and \$575,000 on 10/7/2016 to The Carlyle Appellate Law Firm and \$154,536.30 on 12/23/2016 to the Pacific Legal Foundation. The District previously paid the Pacific Legal Foundation \$5,845.30 on 11/16/2012 and \$10,010.75 on 10/25/2013. This estimated liability was included in the District's entity wide financial statements as well as committed fund balance on the fund level statements.



***Required Supplementary 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, 2016

	Budgeted		Actual
	Original	Final	
REVENUES			
Ad valorem property taxes	\$ 82,837,740	\$ 82,837,740	\$ 82,873,945
Investment earnings	1,290,000	1,290,000	1,807,853
Regulatory permits	1,693,000	1,693,000	2,076,949
Fines and penalties	-	-	5,850
Other	230,000	230,000	193,873
Total revenues	86,050,740	86,050,740	86,958,470
EXPENDITURES			
Water resources planning and monitoring			
Salaries and benefits	10,731,675	10,659,852	10,706,779
Contracted services	2,491,082	2,501,382	1,322,949
Expenses	1,207,750	1,224,578	1,006,569
Operating capital outlay	3,853,735	3,837,702	2,639,815
Grants and aids	1,258,500	1,310,240	1,154,390
Total water resources planning and monitoring	19,542,742	19,533,754	16,830,502
Acquisition, restoration and public works			
Salaries and benefits	9,005,619	10,457,327	9,591,633
Contracted services	4,828,790	4,523,171	3,616,288
Expenses	89,500	704,426	228,162
Operating capital outlay	508,012	623,012	456,974
Fixed capital outlay	718,210	1,029,960	778,504
Grants and aids	35,858,716	35,753,716	14,358,140
Total acquisition, restoration and public works	51,008,847	53,091,612	29,029,701
Operation and maintenance of lands and works			
Salaries and benefits	9,332,690	7,968,187	7,145,793
Contracted services	2,393,479	2,349,084	1,969,959
Expenses	5,821,454	4,434,843	3,760,967
Operating capital outlay	698,000	896,851	837,810
Fixed capital outlay	4,498,241	5,172,299	3,462,114
Grants and aids	23,000	23,000	20,000
Total operation and maintenance of lands and works	22,766,864	20,844,264	17,196,643

(Continued)

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, 2016

	Budgeted		
	Original	Final	Actual
Regulation			
Salaries and benefits	12,789,034	12,076,928	10,977,799
Contracted services	838,263	664,012	465,262
Expenses	699,488	523,534	392,809
Operating capital outlay	7,000	5,000	4,786
Total regulation	14,333,785	13,269,474	11,840,656
Outreach			
Salaries and benefits	1,076,471	1,175,840	934,577
Contracted services	33,672	51,672	49,754
Expenses	55,550	55,400	42,903
Operating capital outlay	-	2,150	-
Total outreach	1,165,693	1,285,062	1,027,234
Management and administration			
Salaries and benefits	11,001,808	11,603,498	9,384,986
Contracted services	1,475,651	2,082,667	1,854,775
Expenses	5,149,350	5,227,863	4,331,456
Operating capital outlay	556,000	610,800	530,822
Total management and administration	18,182,809	19,524,828	16,102,039
Total expenditures	127,000,740	127,548,994	92,026,775
Excess of revenues over			
(under) expenditures	(40,950,000)	(41,498,254)	(5,068,305)
Other financing sources (uses)			
Transfers in	-	-	378,332
Transfers out	(3,578,200)	(3,578,200)	(3,844,233)
Sale of capital assets	-	-	63,535
Insurance/ loss recovery	-	-	2,536
Total other financing sources (uses)	(3,578,200)	(3,578,200)	(3,399,830)
Net change in fund balance	(44,528,200)	(45,076,454)	(8,468,135)
Fund balance, beginning of year	134,700,593	134,700,593	134,700,593
Fund balance, end of year	<u>\$ 90,172,393</u>	<u>\$ 89,624,139</u>	<u>\$ 126,232,458</u>

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

(Concluded)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Dept. of Environmental Protection	\$ 37,410,026	\$ 31,371,549	\$ 16,408,119
Fish & Wildlife Conservation Commission	727,323	3,843,563	1,607,629
Dept. of Transportation	664,203	664,203	443,250
Dept. of Highway Safety & Motor Vehicles	203,000	171,231	129,173
Dept. of Agriculture & Consumer Services	45,000	45,000	45,000
Total State	39,049,552	36,095,546	18,633,171
Federal			
Department of Agriculture	-	3,700,000	3,713,540
Department of Defense	-	500,000	296,640
Environmental Protection Agency	648,857	442,121	464,179
Department of Commerce	850,230	405,230	318,403
Fish & Wildlife Conservation Commission	-	180,000	-
Total Federal	1,499,087	5,227,351	4,792,762
Investment earnings	-	-	133,441
Local mitigation	-	-	69,829
Cities and counties	230,000	230,000	20,493
Lease and timber sales	1,571,000	1,571,000	1,778,961
Other			
Florida Inland Navigation District	101,940	2,470,295	1,158,052
Water management districts	160,440	260,440	284,562
Other local - well plugging	936,850	-	509,514
Total Other	1,199,230	2,730,735	1,952,128
Total revenues	43,548,869	45,854,632	27,380,785
EXPENDITURES			
Water resources planning and monitoring			
Salaries and benefits	248,810	248,810	147,825
Contracted services	242,500	292,500	257,391
Expenses	53,532	53,532	35,084
Operating capital outlay	-	5,579	5,579
Fixed capital outlay	-	384,353	-
Total water resources planning and monitoring	544,842	984,774	445,879

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted		Actual
	Original	Final	
Acquisition, restoration and public works			
Salaries and benefits	178,703	178,703	150,872
Contracted services	1,160,000	2,925,800	2,238,534
Expenses	11,500	292,450	550,224
Operating capital outlay	-	50,000	62,751
Fixed capital outlay	14,919,005	13,387,255	12,501,929
Grants and aids	30,152,130	33,449,729	14,659,673
Total acquisition, restoration and public works	46,421,338	50,283,937	30,163,983
Operation and maintenance of lands and works			
Contracted services	2,016,811	2,009,311	1,408,225
Expenses	1,611,298	1,710,291	1,182,310
Operating capital outlay	-	33,507	65,283
Fixed capital outlay	3,156,919	51,419	64,507
Grants and aids	-	110,000	43,975
Total operation and maintenance of lands and works	6,785,028	3,914,528	2,764,300
Regulation			
Contracted services	120,000	-	-
Management and administration			
Contracted services	37,440	37,440	9,576
Expenses	1,000	1,500	1,515
Total management and administration	38,440	38,940	11,091
Total expenditures	53,909,648	55,222,179	33,385,253
Excess of revenues over (under) expenditures	(10,360,779)	(9,367,547)	(6,004,468)
Other financing sources (uses)			
Transfers out	-	-	(378,332)
Sale of capital assets	1,248,750	1,412,466	1,337,466
Total other financing sources (uses)	1,248,750	1,412,466	959,134
Net change in fund balance	(9,112,029)	(7,955,081)	(5,045,334)
Fund balance, beginning of year	31,760,717	31,760,717	31,760,717
Fund balance, end of year	\$ 22,648,688	\$ 23,805,636	\$ 26,715,383

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

(Concluded)



Notes to Budgetary Comparison Schedules

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
SEPTEMBER 30, 2016

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 and added to the adopted budget. 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(f) 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.

In accordance with *Florida Statute 373.536*, the Governing Board is authorized to amend the adopted budget for the receipt of unanticipated revenues, following the review and approval by the Executive Office of the Governor. Governing Board authorization to transfer budgeted amounts within each fund is delegated to the executive director between programs, major expenditure categories, object codes and/or projects within certain limits as specified within the District's Internal Budget Transfer Policy #91-04, The Governing Board must approve any transfers that exceed the policy thresholds.

Formal budgetary integration is employed as a management control device during the year for all governmental fund types.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS - OPEB
SEPTEMBER 30, 2016

The employer contributions reported on the Schedule of Funding Progress (see page 43) 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>
10/01/2013	\$0	\$3,269,922	\$3,269,922	0.0%	\$36,913,883	8.86%
10/01/2014	\$0	\$3,345,217	\$3,345,217	0.0%	\$37,495,587	8.92%
10/01/2015	\$0	\$3,932,725	\$3,932,725	0.0%	\$38,264,043	10.23%

Schedule of Employer Contributions

<u>Year Ended September 30,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2014	\$ 214,090	\$ 377,899	56.65%
2015	\$ 225,132	\$ 395,135	56.98%
2016	\$ 210,406	\$ 366,268	57.45%

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
St. Johns River Water Management District's proportion of the net pension liability (asset)	0.088007698%	0.098383092%
St. Johns River Water Management District's proportionate share of the net pension liability (asset)	\$ 22,222,013	\$ 12,707,496
St. Johns River Water Management District's covered-employee payroll	36,080,549	37,304,382
St. Johns River Water Management District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	61.59%	34.06%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%

*The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Florida Retirement System's Comprehensive Annual Financial Report.

Note 3: Refer to GASB 68, paragraph 81a - the information in this schedule should be determined as of the measurement date of the collective net pension liability.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,203,656	\$ 2,398,663	\$ 2,194,839
Contributions in relation to the contractually required contribution	<u>(2,203,656)</u>	<u>(2,398,663)</u>	<u>(2,194,839)</u>
Contribution deficiency (excess)	-	-	-
St. Johns River Water Management District's covered-employee payroll	<u>35,484,176</u>	<u>37,348,315</u>	<u>37,207,322</u>
Contributions as a percentage of covered-employee payroll	6.21%	6.42%	5.90%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: Refer to GASB 68, paragraph 81 - the information in this schedule should be determined as of the employer's most recent fiscal year.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
St. Johns River Water Management District's proportion of the net pension liability (asset)	0.116868817%	0.122961734%
St. Johns River Water Management District's proportionate share of the net pension liability (asset)	\$ 13,620,576	\$ 12,540,163
St. Johns River Water Management District's covered-employee payroll	36,080,549	37,304,382
St. Johns River Water Management District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%

*The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Florida Retirement System's Comprehensive Annual Financial Report.

Note 3: Refer to GASB 68, paragraph 81a - the information in this schedule should be determined as of the measurement date of the collective net pension liability.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST TEN FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 589,031	\$ 470,036	\$ 428,042
Contributions in relation to the contractually required contribution	<u>(589,031)</u>	<u>(470,036)</u>	<u>(428,042)</u>
Contribution deficiency (excess)	-	-	-
St. Johns River Water Management District's covered-employee payroll	<u>35,484,176</u>	<u>37,348,315</u>	<u>37,207,322</u>
Contributions as a percentage of covered-employee payroll	1.66%	1.26%	1.15%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: Refer to GASB 68, paragraph 81 - the information in this schedule should be determined as of the employer's most recent fiscal year.



Other Supplementary Information

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, 2016

	Budgeted		
	Original	Final	Actual
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Acquisition, restoration and public works			
Operating capital outlay	-	-	7,931
Fixed capital outlay	8,055,598	9,855,598	7,113,585
Total acquisition, restoration and public works	8,055,598	9,855,598	7,121,516
Operation and maintenance of lands and works			
Fixed capital outlay	64,528	64,528	64,528
Total operation and maintenance of lands and works	64,528	64,528	64,528
Total expenditures	8,120,126	9,920,126	7,186,044
Excess of revenues over (under) expenditures	(8,120,126)	(9,920,126)	(7,186,044)
Other financing sources (uses)			
Transfers in	3,578,200	3,578,200	3,844,233
Transfers out	-	-	-
Total other financing sources (uses)	3,578,200	3,578,200	3,844,233
Net change in fund balance	(4,541,926)	(6,341,926)	(3,341,811)
Fund balance, beginning of year	4,541,926	4,541,926	4,541,926
Fund balance, end of year	\$ -	\$ (1,800,000)	\$ 1,200,115

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.

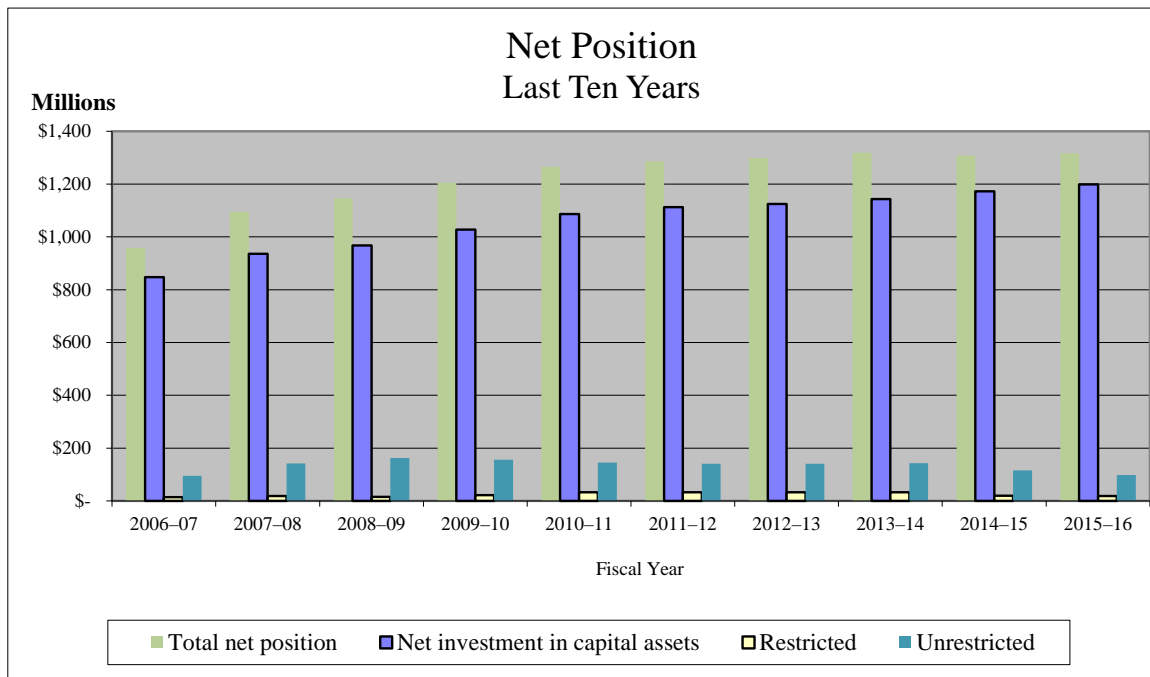
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



Financial Trends

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

	2006-07	2007-08	2008-09	2009-10	2010-11
Governmental activities					
Net investment in capital assets	\$ 847,938,851	\$ 935,496,518	\$ 968,109,402	\$ 1,027,438,251	\$ 1,086,938,685
Restricted	14,432,348	18,621,314	15,588,704	21,531,338	33,005,869
Unrestricted	95,094,987	141,530,441	162,317,143	156,160,128	145,222,829
Total net position, governmental activities	\$ 957,466,186	\$ 1,095,648,273	\$ 1,146,015,249	\$ 1,205,129,717	\$ 1,265,167,383



2011–12	2012–13	2013–14	2014–15	2015–16
\$ 1,112,241,722	\$ 1,125,006,751	\$ 1,142,674,165	\$ 1,172,379,975	\$ 1,199,234,566
32,804,322	33,148,716	32,435,993	19,334,646	18,648,086
140,860,620	140,577,543	143,202,750	115,889,657	98,291,727
\$ 1,285,906,664	\$ 1,298,733,010	\$ 1,318,312,908	\$ 1,307,604,278	\$ 1,316,174,379

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

	2006-07	2007-08	2008-09	2009-10
Expenses:				
Water resources planning and monitoring	\$ 17,168,733	\$ 16,684,663	\$ 19,442,113	\$ 17,531,746
Acquisition, restoration and public works	71,247,250	81,613,153	80,833,949	63,183,862
Operation and maintenance of land and works	21,677,617	24,104,108	23,325,492	24,064,175
Regulation	16,969,140	17,516,548	18,347,155	17,548,909
Outreach	5,347,966	5,066,235	4,972,162	3,594,555
District management and administration	40,943,492	22,004,507	30,986,501	31,514,536
Interest on long-term debt	2,090,959	1,903,361	1,747,117	1,577,063
Total expenses	175,445,157	168,892,575	179,654,489	159,014,846
Program revenues:				
Charges for services:				
Gain on disposal of land	-	-	-	-
Regulatory permitting	3,914,456	3,106,679	1,742,275	1,461,708
Operations and land management	1,391,832	1,796,712	1,719,299	1,162,611
Operating grants and contributions	42,960,577	43,129,040	55,036,822	38,166,419
Capital grants and contributions	105,772,582	99,792,164	25,116,714	47,631,576
Total program revenues	154,039,447	147,824,595	83,615,110	88,422,314
Net (expense)/ revenue	(21,405,710)	(21,067,980)	(96,039,379)	(70,592,532)
General revenues and other changes in net position				
Taxes	143,018,871	145,122,797	138,108,192	124,930,368
Unrestricted earnings on investments	8,558,259	6,208,108	7,708,352	4,214,405
Gain(loss) on sale of capital assets	24,424,763	7,742,637	256,274	74,105
Miscellaneous	102,203	176,525	333,537	488,122
Total general revenues and other changes in net position	176,104,096	159,250,067	146,406,355	129,707,000
Change in net position	\$ 154,698,386	\$ 138,182,087	\$ 50,366,976	\$ 59,114,468

2010–11	2011–12	2012–13	2013–14	2014–15	2015–16
\$ 15,524,373	\$ 11,695,698	\$ 13,955,220	\$ 15,048,512	\$ 16,525,822	\$ 14,941,578
33,110,658	27,605,019	22,903,593	27,583,602	45,545,311	45,556,251
23,241,335	20,414,644	24,134,473	23,901,054	25,818,520	22,949,525
17,629,095	13,391,590	14,145,560	13,230,805	16,035,824	12,183,780
2,988,580	942,373	904,300	940,621	1,229,915	1,056,451
31,156,428	24,425,597	17,289,120	16,217,840	16,371,881	16,881,745
1,408,335	1,001,946	955,965	599,241	329,367	-
125,058,804	99,476,867	94,288,231	97,521,675	121,856,640	113,569,330
-	-	-	-	1,231,071	1,613,492
1,700,317	1,155,765	1,152,520	1,510,633	1,728,512	2,082,799
1,593,119	1,060,208	1,234,117	1,885,825	1,387,381	1,778,961
19,002,122	18,106,785	14,206,955	15,072,037	27,128,105	17,912,774
49,169,451	15,901,918	10,062,697	16,783,189	12,582,684	13,742,293
71,465,009	36,224,676	26,656,289	35,251,684	44,057,753	37,130,319
(53,593,795)	(63,252,191)	(67,631,942)	(62,269,991)	(77,798,887)	(76,439,011)
111,317,677	82,083,164	79,630,212	80,285,876	81,505,441	82,873,945
2,041,261	1,705,494	720,372	1,131,270	2,386,129	1,941,294
90,476	-	-	-	-	-
182,047	202,814	107,704	432,743	230,492	193,873
113,631,461	83,991,472	80,458,288	81,849,889	84,122,062	85,009,112
\$ 60,037,666	\$ 20,739,281	\$ 12,826,346	\$ 19,579,898	\$ 6,323,175	\$ 8,570,101

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

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
General fund				
Nonspendable	\$ 631,760	\$ 518,193	\$ 510,034	\$ 632,775
Restricted	-	-	-	-
Committed	65,515,700	95,958,588	111,196,633	123,630,887
Assigned	535,620	306,647	1,030,388	796,787
Unassigned	5,831,564	13,149,204	29,245,723	15,589,493
Total general fund	<u>72,514,644</u>	<u>109,932,632</u>	<u>141,982,778</u>	<u>140,649,942</u>
All other governmental funds				
Restricted:				
Special revenue funds	49,763,604	52,055,973	41,071,427	42,205,381
Debt service fund	6,598,759	6,306,030	6,307,140	6,359,777
Committed:				
Special revenue funds	-	-	-	-
Capital projects fund	-	-	-	-
Assigned:				
Capital projects fund	<u>2,502,183</u>	<u>2,814,069</u>	<u>1,100,000</u>	<u>1,329,574</u>
Total all other governmental funds	<u>58,864,546</u>	<u>61,176,072</u>	<u>48,478,567</u>	<u>49,894,732</u>
Total fund balances	<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>2010–11</u>	<u>2011–12</u>	<u>2012–13</u>	<u>2013–14</u>	<u>2014–15</u>	<u>2015–16</u>
\$ 532,773	\$ 591,701	\$ 914,668	\$ 1,030,023	\$ 1,581,027	\$ 2,059,241
-	-	-	-	-	-
128,147,398	124,302,980	126,500,000	125,260,000	123,265,302	111,136,700
2,124,416	525,224	16,423,721	16,013,221	9,854,264	13,036,517
12,623,284	16,464,398	2,104,987	42,514	-	-
<u>143,427,871</u>	<u>141,884,303</u>	<u>145,943,376</u>	<u>142,345,758</u>	<u>134,700,593</u>	<u>126,232,458</u>
26,328,999	25,993,223	26,867,688	26,088,129	19,334,646	18,648,086
6,406,625	6,439,146	6,454,533	6,471,774	-	-
-	-	-	7,200,000	12,426,071	8,067,297
13,088,051	11,508,890	6,000,000	5,040,000	4,477,398	1,200,115
-	160,872	1,094,300	536	64,528	-
<u>45,823,675</u>	<u>44,102,131</u>	<u>40,416,521</u>	<u>44,800,439</u>	<u>36,302,643</u>	<u>27,915,498</u>
<u><u>\$ 189,251,546</u></u>	<u><u>\$ 185,986,434</u></u>	<u><u>\$ 186,359,897</u></u>	<u><u>\$ 187,146,197</u></u>	<u><u>\$ 171,003,236</u></u>	<u><u>\$ 154,147,956</u></u>

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

	2006-07	2007-08	2008-09	2009-10
Revenues:				
Taxes	\$ 143,018,871	\$ 145,122,797	\$ 138,108,192	\$ 124,930,368
State	137,975,154	132,949,884	67,187,487	61,237,748
Federal	3,661,398	4,706,562	3,496,518	3,070,006
Investment earnings	8,558,259	6,208,108	7,708,353	4,214,405
Local mitigation	2,185,364	1,064,233	92,034	89,453
Licenses and permits	3,357,891	2,322,017	1,539,179	1,254,133
Cities and counties	842,572	821,525	756,858	834,729
Other local	1,303,390	3,296,423	1,467,655	375,602
Land management	1,391,832	1,796,712	1,742,275	1,162,611
Miscellaneous revenue	658,768	961,187	513,658	695,697
Total revenues	302,953,499	299,249,448	222,612,209	197,864,752
Expenditures:				
Water resources planning and monitoring	17,338,510	17,004,052	19,573,417	17,831,132
Acquisition, restoration and public works	186,009,297	179,840,632	103,383,143	105,468,801
Operation and maintenance of land and works	15,613,635	17,602,973	16,575,241	16,492,021
Regulation	16,608,017	17,352,936	17,949,435	17,452,002
Outreach	5,299,861	5,055,126	4,917,846	3,647,805
District management and administration	33,953,085	35,263,176	34,910,348	34,071,764
Debt service:				
Principal retirement	4,525,000	4,725,000	4,880,000	5,045,000
Interest and fiscal charges	1,893,750	1,694,125	1,542,213	1,372,843
Total expenditures	281,241,155	278,538,020	203,731,643	201,381,368
Excess of revenues over(under) expenditures	21,712,344	20,711,428	18,880,566	(3,516,616)
Other financing sources (uses):				
Transfers in	39,170,977	12,802,535	3,455,254	5,876,998
Transfers out	(39,170,977)	(12,802,535)	(3,455,254)	(5,876,998)
Sale of capital assets	8,749,956	18,943,514	383,885	3,463,807
Transfer out - refund to state	-	-	-	-
Insurance - loss recovery	258,140	74,572	88,189	136,138
Total other financing sources (uses)	9,008,096	19,018,086	472,074	3,599,945
Net change in fund balances	\$ 30,720,440	\$ 39,729,514	\$ 19,352,640	\$ 83,329
Debt service as a percentage of noncapital expenditures	4.12%	3.65%	3.68%	4.17%

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
\$ 111,317,677	\$ 82,083,164	\$ 79,630,212	\$ 80,285,876	\$ 81,505,441	\$ 82,873,945
29,739,031	18,358,377	19,809,645	19,165,372	26,009,183	18,633,171
9,507,599	1,813,621	1,071,230	1,630,939	2,428,612	4,792,762
2,041,261	1,705,494	720,372	1,131,270	2,386,129	1,941,294
-	58	8,750	25,477	646	69,829
1,571,181	1,150,280	1,141,451	1,504,706	1,721,156	2,076,949
56,330	-	92,925	358	400,268	20,493
73,608	94,707	223,517	205,770	1,031,639	1,952,128
1,593,119	1,060,208	1,234,117	1,885,825	1,387,381	1,778,961
311,183	208,299	118,773	438,670	237,848	199,723
156,210,989	106,474,208	104,050,992	106,274,263	117,108,303	114,339,255
15,875,904	11,870,469	14,643,303	15,647,669	18,851,892	17,276,381
68,012,187	42,959,409	34,297,823	33,986,990	52,076,117	66,315,200
15,319,751	12,955,727	17,276,250	19,049,507	20,225,937	20,025,471
18,025,323	13,311,975	14,056,424	13,511,073	14,021,045	11,840,656
3,100,368	935,412	896,417	963,860	1,092,884	1,027,234
30,821,505	21,460,015	16,418,073	15,748,277	14,602,886	16,113,130
5,315,000	5,475,000	5,645,000	5,830,000	12,290,000	-
1,201,000	1,041,850	872,125	688,362	532,328	-
157,671,038	110,009,857	104,105,415	105,425,738	133,693,089	132,598,072
(1,460,049)	(3,535,649)	(54,423)	848,525	(16,584,786)	(18,258,817)
27,848,862	12,825,762	307,150	7,988,246	48,226,466	4,222,565
(27,848,862)	(12,825,762)	(307,150)	(7,988,246)	(48,226,466)	(4,222,565)
164,722	207,307	416,062	94,343	437,830	1,401,001
-	-	-	(156,568)	-	-
2,199	63,230	11,824	-	3,995	2,536
166,921	270,537	427,886	(62,225)	441,825	1,403,537
\$ (1,293,128)	\$ (3,265,112)	\$ 373,463	\$ 786,300	\$ (16,142,961)	\$ (16,855,280)
5.39%	7.04%	7.21%	6.95%	10.58%	N/A



Revenue Capacity

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

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Assessed Property Value (Millions) ¹	\$ 321,225	\$ 362,448	\$ 345,827	\$ 310,894
Estimated Just Value (Millions) ²	489,352	545,265	538,227	475,787
Assessed Value as a Percentage of Just Value	65.6%	66.5%	64.3%	65.3%
Millage Levy	1.4620	0.4158	0.4158	0.4158

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>2010–11</u>	<u>2011–12</u>	<u>2012–13</u>	<u>2013–14</u>	<u>2014–15</u>	<u>2015–16</u>
\$ 277,754	\$ 257,587	\$ 249,187	\$ 253,093	\$ 266,509	\$ 283,964
425,392	393,127	376,267	377,799	412,989	445,836
65.3%	65.5%	66.2%	67.0%	64.5%	63.7%
0.4158	0.3313	0.3313	0.3283	0.3164	0.3023

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TAXABLE PROPERTY VALUES AND ESTIMATED
JUST VALUES OF TAXABLE PROPERTY BY COUNTY
FISCAL YEAR 2015–2016

<u>County</u>	<u>Estimated Just Value¹</u>	<u>Taxable Value²</u>	<u>Taxable as Percentage of Just Value</u>
Alachua*	\$17,047,206,216	\$8,450,949,735	49.6%
Baker*	\$1,589,352,741	767,330,535	48.3%
Bradford*	\$108,873,395	58,612,501	53.8%
Brevard	53,408,413,104	29,977,254,057	56.1%
Clay	13,990,295,194	8,890,681,091	63.5%
Duval	88,743,207,146	52,761,634,399	59.5%
Flagler	10,615,189,321	7,146,111,833	67.3%
Indian River	20,629,353,159	14,386,015,821	69.7%
Lake*	\$24,007,128,704	16,477,341,641	68.6%
Marion*	\$16,294,687,042	9,951,339,466	61.1%
Nassau	10,411,472,046	6,862,623,588	65.9%
Okeechobee*	\$134,063,710	71,834,824	53.6%
Orange*	\$72,600,393,785	49,423,207,941	68.1%
Osceola*	\$175,628,791	110,934,526	63.2%
Putnam	6,487,257,152	3,388,507,337	51.8%
St. Johns	28,823,871,972	20,356,989,723	70.6%
Seminole	38,143,743,005	27,369,700,968	71.8%
Volusia	42,626,380,473	27,512,599,218	64.5%
Total	\$ 445,836,516,956	\$ 283,963,669,204	63.7%
Florida Total	\$2,247,561,255,655	\$1,493,243,420,125	66.4%

Source: Florida Department of Revenue. 2015 DR–420 Reports and 2015 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 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 reported to District in DR 420 forms

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
PRINCIPAL TAXPAYERS BY COUNTY
FISCAL YEAR 2015–2016

<u>County</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>
Alachua	\$ 2,461,229	2.97%
Baker	214,861	0.26%
Bradford	17,360	0.02%
Brevard	8,763,008	10.57%
Clay	2,591,210	3.13%
Duval	15,418,596	18.60%
Flagler	2,085,126	2.52%
Indian River	4,202,249	5.07%
Lake	4,804,644	5.80%
Marion	2,916,170	3.52%
Nassau	2,001,801	2.42%
Okeechobee	21,170	0.03%
Orange	14,387,847	17.36%
Osceola	32,296	0.04%
Putnam	970,997	1.17%
St. Johns	5,947,220	7.18%
Seminole	7,976,463	9.62%
Volusia	8,061,698	9.73%
Total	\$ 82,873,945	100.00%

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

	2006-07	2007-08	2008-09	2009-10
Millage Levy	0.4620	0.4158	0.4158	0.4158
Alachua	\$ 3,698,891	\$ 3,764,454	\$ 3,691,898	\$ 3,656,160
Baker	312,027	332,478	335,454	343,421
Bradford	25,504	27,246	24,980	24,836
Brevard	17,522,812	16,462,415	15,278,575	13,575,140
Clay	4,105,037	4,322,683	4,003,031	3,804,185
Duval	23,311,064	24,580,575	24,424,441	23,274,026
Flagler	4,890,528	4,960,294	4,522,956	3,827,635
Indian River	7,977,562	7,328,800	7,191,682	6,384,914
Lake	8,470,737	8,923,002	8,406,518	7,765,521
Marion	4,990,267	5,618,860	5,194,509	4,750,603
Nassau	3,195,766	3,303,262	3,257,302	3,129,703
Okeechobee	51,552	54,072	48,457	40,030
Orange	22,598,990	23,827,053	23,216,222	20,626,141
Osceola	54,037	51,061	48,835	47,018
Putnam	1,829,688	1,677,396	1,613,157	1,596,445
St. Johns	9,886,993	9,800,861	9,488,809	8,329,791
Seminole	13,305,181	13,534,562	12,828,954	11,384,313
Volusia	16,792,235	16,553,723	14,532,412	12,370,486
Total	\$ 143,018,871	\$ 145,122,797	\$ 138,108,192	\$ 124,930,368
Percentage increase of property tax revenues	23.4%	1.5%	-4.8%	-9.5%

Source: Final Budgets, St. Johns River Water Management District, Office of Financial Services: www.sjrwmd.com

2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
0.4158	0.3313	0.3313	0.3283	0.3164	0.3023
\$ 3,497,940	\$ 2,675,170	\$ 2,577,902	\$ 2,526,907	\$ 2,504,523	\$ 2,461,229
340,025	261,829	251,296	230,868	228,881	214,861
24,792	19,178	18,293	17,762	17,647	17,360
11,810,565	8,066,680	7,968,861	8,261,567	8,658,663	8,763,008
3,483,868	2,617,584	2,563,141	2,587,480	2,598,482	2,591,210
21,647,534	16,002,679	15,353,964	15,093,496	15,221,818	15,418,596
3,130,542	2,151,730	2,030,623	2,015,491	2,044,842	2,085,126
5,718,818	4,247,784	4,082,189	4,114,964	4,121,433	4,202,249
6,909,378	5,048,775	4,750,592	4,746,674	4,783,007	4,804,644
4,269,650	3,142,319	2,942,777	2,919,095	2,914,399	2,916,170
2,842,640	2,097,930	1,989,635	1,972,362	1,989,852	2,001,801
34,702	24,052	23,934	22,543	21,456	21,170
17,625,396	13,377,083	13,164,264	13,429,265	13,738,249	14,387,847
43,555	33,031	34,601	34,379	34,254	32,296
1,512,976	1,122,965	1,071,860	1,083,026	1,027,046	970,997
7,397,412	5,659,490	5,479,842	5,582,815	5,707,498	5,947,220
10,314,040	7,745,493	7,631,408	7,787,506	7,905,846	7,976,463
10,713,844	7,789,392	7,695,030	7,859,676	7,987,545	8,061,698
\$ 111,317,677	\$ 82,083,164	\$ 79,630,212	\$ 80,285,876	\$ 81,505,441	\$ 82,873,945

-10.9%

-26.3%

-3.0%

0.8%

1.5%

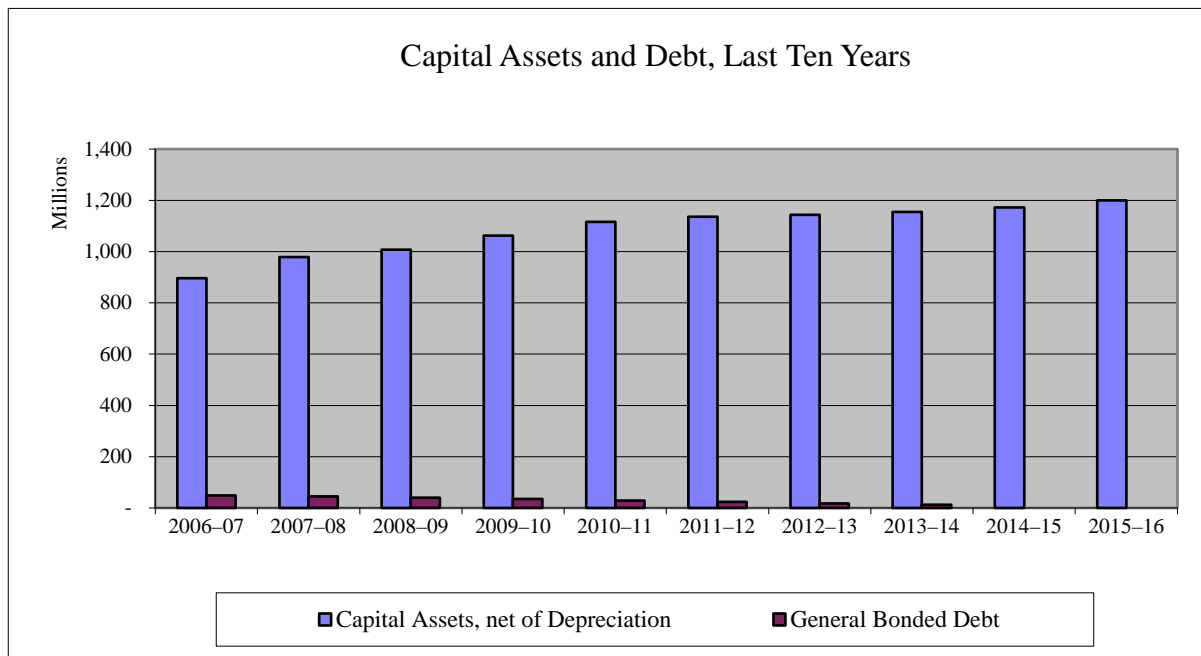
1.7%



Debt Capacity

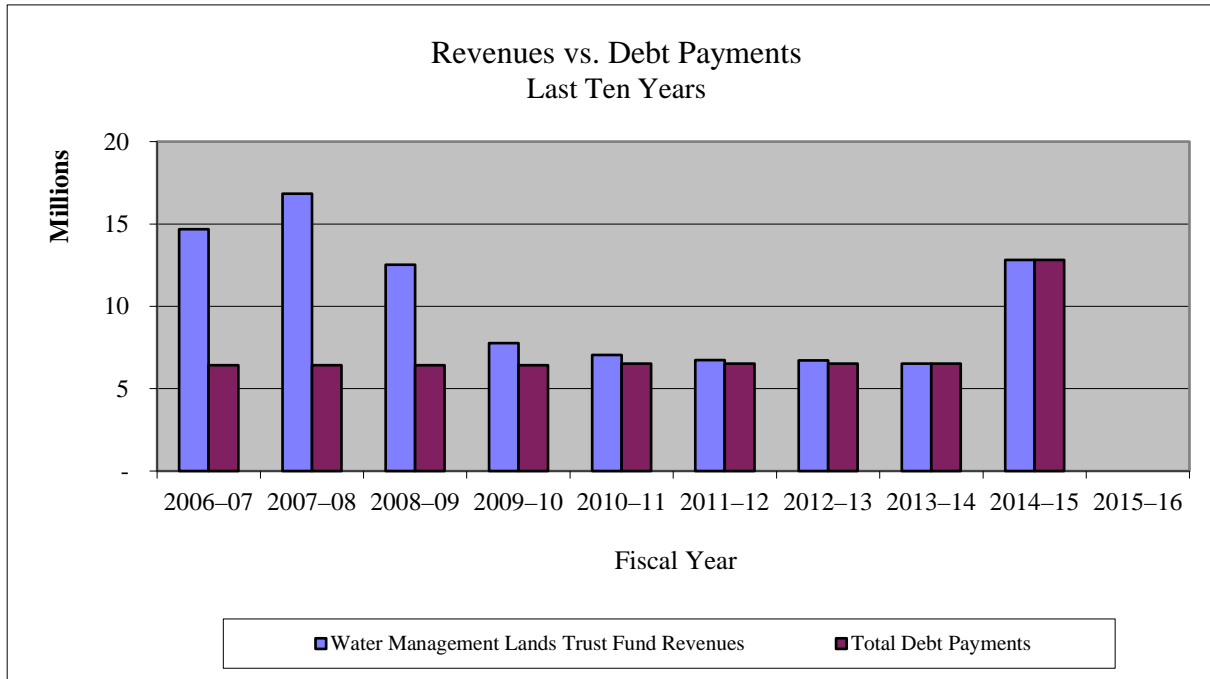
ST. JOHNS RIVER MANAGEMENT DISTRICT, FLORIDA
RATIO OF GENERAL BONDED DEBT TO CAPITAL ASSETS, NET OF DEPRECIATION
AND GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

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
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
2012–13	18,120,000	1,143,245,328	1.58%	4,800,498	3.77
2013–14	12,290,000	1,155,043,216	1.06%	4,811,981	2.55
2014–15	-	1,172,379,975	0.00%	4,867,285	-
2015–16	-	1,199,234,566	0.00%	4,954,159	-



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
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
2012-13	6,715,383	5,645,000	872,125	6,517,125	1.03
2013-14	6,518,363	5,830,000	688,362	6,518,362	1.00
2014-15	12,822,328	12,290,000	532,328	12,822,328	1.00
2015-16	-	-	-	-	-





Demographic and Economic Information

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

	2007	2008	2009	2010	2011	2012
Alachua*	196,900	200,740	203,807	196,731	196,732	196,281
Baker*	25,134	25,396	25,404	26,597	26,413	26,423
Bradford*	1,233	1,233	1,233	1,209	1,215	1,155
Brevard	552,109	556,213	555,657	543,376	545,184	545,625
Clay	184,643	185,168	185,208	190,865	191,143	192,071
Duval	897,597	904,971	900,518	864,263	864,601	869,729
Flagler	93,568	95,512	94,901	95,696	96,241	97,160
Indian River	139,757	141,667	141,634	138,028	138,694	139,446
Lake*	285,780	287,656	291,263	296,309	297,519	298,928
Marion*	226,761	229,827	230,548	231,147	231,458	232,326
Nassau	69,569	71,915	72,588	73,314	73,684	73,745
Okeechobee*	732	750	742	748	746	744
Orange*	823,178	837,921	833,325	861,186	869,743	883,720
Osceola*	928	955	955	940	959	983
Putnam*	74,799	74,989	74,608	74,364	74,052	73,158
St. Johns	173,935	181,180	183,572	190,039	192,852	196,071
Seminole	425,698	426,413	423,759	422,718	424,587	428,104
Volusia	508,015	510,750	507,105	494,593	495,400	497,145
SJRWMD Total	4,680,336	4,733,256	4,726,827	4,702,123	4,721,223	4,752,814
Annual Percentage Increase	1.9%	1.1%	-0.1%	-0.5%	0.4%	0.7%

Source: University of Florida Bureau of Economic and Business Research & SJRWMD Annual Water Use Projections

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

2013	2014	2015	2016
197,261	206,852	198,585	200,251
26,368	26,397	26,423	26,372
1,154	5,557	5,544	5,570
548,424	552,427	561,714	568,919
192,843	197,403	201,277	205,321
876,075	890,066	905,574	923,647
97,843	99,121	101,353	103,095
139,586	140,955	143,326	146,410
302,559	309,117	315,936	323,337
233,735	210,572	218,965	221,971
74,661	75,321	76,536	77,841
744	1,434	1,442	1,469
904,038	875,560	870,632	889,869
1,009	296	259	323
72,605	72,523	72,756	72,972
201,541	207,443	213,566	220,257
431,074	437,086	442,903	449,124
498,978	503,851	510,494	517,411
<u>4,800,498</u>	<u>4,811,981</u>	<u>4,867,285</u>	<u>4,954,159</u>
1.0%	0.2%	1.1%	1.8%

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Number of Employees ¹	691	715	717	717	718	591
District Population ²	4,680,336	4,733,256	4,726,827	4,702,123	4,721,223	4,752,814
Employees Per 100,000 Population	14.8	15.1	15.2	15.2	15.2	12.4

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

²St. Johns River Water Management District estimates

2013	2014	2015	2016
591	588	591	582
4,800,498	4,811,981	4,867,285	4,954,159
12.3	12.2	12.1	11.7

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TOP TEN NON-GOVERNMENT EMPLOYERS WITHIN A SINGLE COUNTY
FISCAL YEAR 2015–2016

<u>Employer</u>	2015			2006		
	<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	74,000	1	Orange	56,800	1	Orange
Universal Orlando Resort	19,000	2	Orange	13,000	2	Orange
Florida Hospital/Adventist Health*	18,668	3	Orange	-	-	-
Orlando Health	14,000	4	Orange	10,544	3	Orange
UF Health	12,000	5	Alachua	7,508	4	Alachua
Baptist Health	8,270	6	Duval	7,000	5	Duval
Bank of America Merrill Lynch*	8,000	7	Duval	-	-	-
Health First	7,790	8	Brevard	6100	10	Brevard
Florida Blue	6,500	9	Duval	7,000	5	Duval
Walgreens Specialty Pharmacy*	6,500	9	Orange	-	-	-
Publix Distribution Center^	-	-	-	6,615	7	Duval
United Space Alliance^	-	-	-	6,380	8	Brevard
Winn-Dixie^	-	-	-	6,200	9	Duval

* 2006 information not available

^ 2015 information not available

Source: 2015 county and city CAFRs within the District's boundaries

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
Alachua	3.0%	4.2%	6.9%	8.2%	7.7%	6.6%	5.4%	5.2%	4.2%	4.4%
Baker	3.6%	5.7%	10.3%	10.9%	9.9%	7.8%	6.7%	6.3%	4.9%	4.7%
Bradford	3.4%	4.7%	8.0%	9.6%	8.8%	7.2%	5.7%	5.6%	5.0%	4.2%
Brevard	4.4%	6.5%	10.8%	11.5%	11.1%	9.2%	7.9%	6.9%	5.4%	5.3%
Clay	3.5%	5.3%	9.4%	10.5%	9.3%	7.6%	6.3%	5.7%	4.5%	4.5%
Duval	4.1%	6.1%	10.7%	11.7%	10.6%	8.8%	7.4%	6.7%	5.2%	4.9%
Flagler	6.5%	9.6%	15.5%	15.5%	14.1%	11.6%	10.2%	7.5%	5.9%	5.6%
Indian River	5.8%	8.1%	13.6%	14.0%	12.6%	10.6%	9.1%	7.8%	6.7%	6.5%
Lake	4.2%	6.4%	11.4%	12.0%	11.2%	9.0%	7.5%	6.4%	5.0%	4.9%
Marion	4.6%	7.7%	12.8%	13.8%	12.3%	10.0%	8.3%	7.3%	5.9%	6.0%
Nassau	3.4%	5.4%	9.8%	10.9%	9.6%	7.7%	6.2%	5.8%	4.6%	4.5%
Okeechobee	5.3%	8.0%	12.1%	12.7%	11.7%	10.2%	8.7%	7.3%	6.0%	5.8%
Orange	3.8%	5.8%	10.7%	11.4%	10.3%	8.3%	6.8%	5.8%	4.5%	4.4%
Osceola	4.3%	6.4%	11.7%	12.4%	11.6%	9.3%	7.5%	6.7%	5.3%	5.0%
Putnam	4.7%	7.2%	11.9%	12.6%	11.9%	11.2%	9.4%	8.7%	6.9%	6.0%
St. Johns	3.3%	5.1%	8.7%	9.5%	8.5%	6.9%	5.6%	4.7%	3.6%	3.8%
Seminole	3.5%	5.6%	10.0%	10.7%	9.7%	7.8%	6.4%	5.6%	4.4%	4.3%
Volusia	4.2%	6.6%	11.2%	12.0%	10.8%	8.8%	7.3%	6.7%	5.3%	5.1%
SJRWMD	4.0%	6.0%	11.0%	12.0%	10.5%	8.6%	7.1%	5.9%	4.9%	4.8%
Florida	4.1%	6.3%	10.2%	12.0%	10.5%	8.6%	7.2%	6.1%	5.4%	4.9%
U.S.	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	5.7%	5.3%	4.7%

Source: <http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics> Retrieved 12/15/2015

* Data for October 2016. Not seasonally adjusted.



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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Full Fee:										
Acquired	14,035	13,115	2,778	4,883	5,374	4	3,679	-735	-997	4,756
Cumulative	578,517	591,632	594,410	599,292	604,666	604,670	608,349	607,614	606,617	611,373
Conservation Easement :										
Acquired	2,895	(3,391)	990	1,635	5,086	1,178	4,800	3,520	15,424	1,172
Cumulative	94,966	91,574	92,564	94,199	99,285	100,463	105,263	108,783	124,207	125,379
Total Acres	673,482	683,206	686,974	693,491	703,951	705,133	713,612	716,397	730,824	736,752

Source: SJRWMD Bureau of Real Estate Services

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

Construction Type of Levee	Miles of Levees									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
USACE & Flood Control	117.30	117.30	118.70	159.00	165.00	170.10	170.10	121.08	121.08	121.08
Farm	<u>185.33</u>	<u>185.33</u>	<u>185.33</u>	<u>147.00</u>	<u>147.00</u>	<u>147.00</u>	<u>147.00</u>	<u>196.02</u>	<u>196.02</u>	<u>196.02</u>
Total Miles of Levees	<u>302.63</u>	<u>302.63</u>	<u>304.03</u>	<u>306.00</u>	<u>312.00</u>	<u>317.10</u>	<u>317.10</u>	<u>317.10</u>	<u>317.10</u>	<u>317.10</u>

Source: SJRWMD Bureau of Operations and Maintenance

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

Permit Category	Number of Permits									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Environmental Resource	3,557	2,758	1,881	1,571	1,387	1,338	1,731	2,113	2,271	2,571
Consumptive Use	368	317	235	320	225	275	205	171	108	118
Water Well Construction	<u>469</u>	<u>336</u>	<u>394</u>	<u>565</u>	<u>631</u>	<u>442</u>	<u>480</u>	<u>529</u>	<u>324</u>	<u>267</u>
Total Applications	<u>4,394</u>	<u>3,411</u>	<u>2,510</u>	<u>2,456</u>	<u>2,243</u>	<u>2,055</u>	<u>2,416</u>	<u>2,813</u>	<u>2,703</u>	<u>2,956</u>

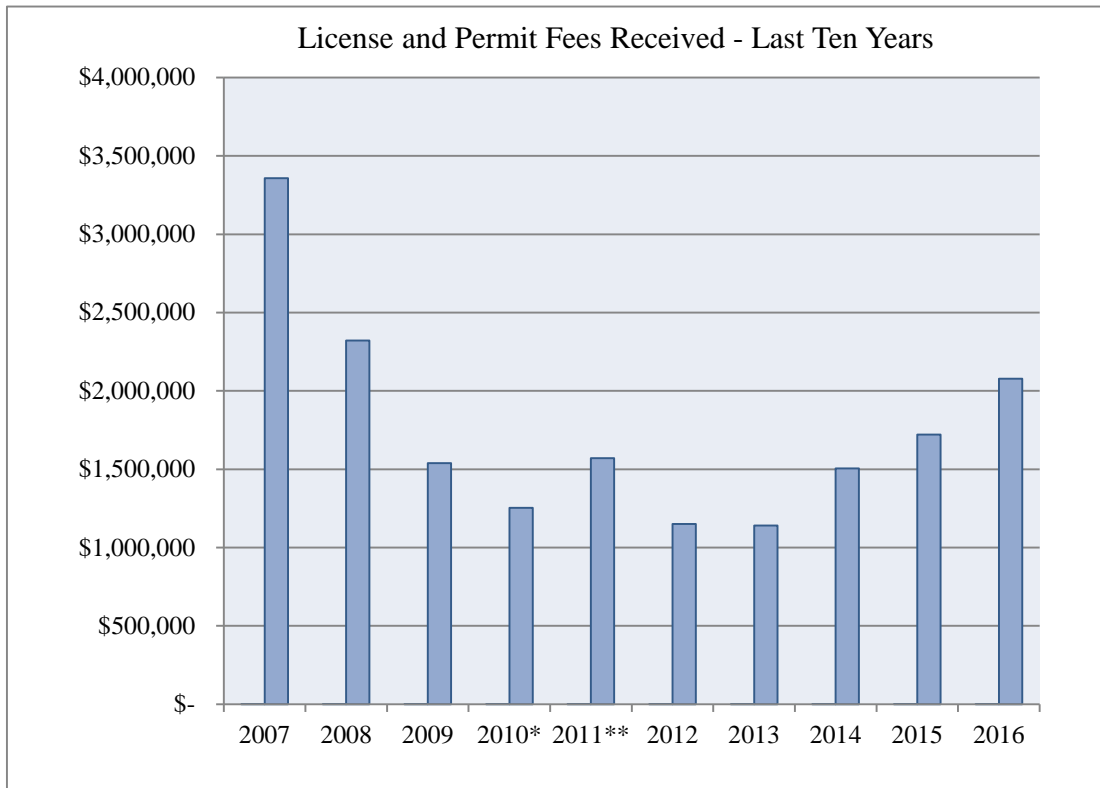
Source: SJRWMD Division of Regulatory Services

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

2007	2008	2009	2010*	2011**
\$ 3,357,891	\$ 2,322,017	\$ 1,539,179	\$ 1,254,133	\$ 1,571,181
2012	2013	2014	2015	2016
\$ 1,150,280	\$ 1,141,451	\$ 1,504,706	\$ 1,721,156	\$ 2,076,949

* \$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



Comprehensive Annual Financial Report

Other Reports Section





INDEPENDENT AUDITOR'S 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

The Honorable Board of Governors
St. Johns River Water Management District

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the St. Johns River Water Management District (the "District"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Car, Riggs & Ingram, L.L.C.

Palatka, Florida
February 24, 2017

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Expenditures to Subrecipients
FEDERAL AWARDS				
U.S. Department of Agriculture				
Direct Programs				
Wetlands Reserve Programs				
Areal Herbicide Treatment Ocklawaha River	10.072	27504	\$ 13,540	
Forest Legacy Program				
Silver Springs Watershed Project	10.676	28593	3,700,000	
Total U.S. Department of Agriculture			<u>3,713,540</u>	
U.S. Department of Commerce				
Pass through Florida NOAA				
Habitat Conservation				
Florida Estuarine Habitat Restoration	11.463	27775	<u>318,404</u>	\$ 244,030
U.S. Department of Defense				
National Guard Military Operations and Maintenance (O&M) Projects	12.401	ELLISGREEN	<u>296,640</u>	
U.S. Environmental Protection Agency				
Direct Programs				
National Estuary Program				
Indian River Comprehensive Conservation Plan	66.456	27194	149,621	106,458
Indian River Lagoon National Estuary Program	66.456	28380	<u>15,764</u>	<u>15,764</u>
			165,385	122,222
Pass through Florida Department of Environmental Protection				
Performance Partnership Grants				
Surface Water Sampling for the Status and GWTV Network	66.605	28312	<u>203,656</u>	
Water Quality Management Planning				
Water Sampling for Temporal Variability Monitoring Network	66.454	27845	<u>95,139</u>	
Total U.S. Environmental Protection Agency			<u>464,180</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,792,764</u>	<u>\$ 366,252</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, 2016

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Expenditures to Subrecipients
STATE FINANCIAL ASSISTANCE				
Florida Department of Environmental Protection				
Direct Projects				
Water Management Districts - Land Acquisition and Improvement				
^Debt Service - Land Acquisition Bonds	37.022	DEBTSVCRES	\$ 2,798,174	
*Land Sale - North Ponkan Road (Grinnell Farms) 3/10/15	37.022	FF-1	48,750	
*Land Sale - Lake Disston (Bud Henry) 5/8/15	37.022	FF-2	1,200,000	
*Land Sale - Inlet Groves Restoration 8/14/15	37.022	FF-3	78,749	
*Land Sale - Kaschai Exchange 10/14/15	37.022	FF-4	9,967	
Restoration Activities - St. Johns River	37.022	2012-10	773,195	773,195
Restoration Activities - St. Johns River	37.022	2013-10	1,217,900	1,210,393
Restoration Activities - Land Management	37.022	2016-02	2,350,000	
			<u>8,476,735</u>	<u>1,983,588</u>
Statewide Surface Water Restoration and Wastewater Projects				
Lower St. Johns River Basin - Initiative Plan Projects	37.039	2007-06	279,240	279,240
Eau Gallie River Muck Dredging	37.039	27974	2,853,734	
Northern Coastal Basins-Initiative Plan Projects	37.039	2006-04	90,728	90,728
IRL - C1 Rediversion	37.039	2007-05	5,579	
Aquatic Plant Control Program	37.039	27387	191,354	
Lake Apopka Water Quality and Ecology Improvements	37.039	27875	400,000	
MSJRB-Solary Canal Stormwater Treatment	37.039	25290	95,410	
Indian River Lagoon Seagrass Mapping	37.039	28221	102,000	
Lake George Rough Fish Harvesting for Water Quality Project	37.039	28360	597,502	
Indian River Lagoon Stormwater Capture and Treatment	37.039	28521	200,000	
District Wide Surface Water Restoration Projects	37.039	2000-24	29,886	
			<u>4,845,433</u>	<u>369,968</u>
Florida Springs Grant Program				
Spring Initiative Projects	37.052	27788	443,971	443,971
Expand the Distribution of Reclaimed Water in the City of Apopka	37.052	28139	299,922	299,922
Silver Springs Forest Property Acquisition	37.052	28500	2,000,000	
City of Deland-WWTP Aeration and Instrumentation Upgrades	37.052	28138	181,200	181,200
G.R.U.-Groundwater Recharge Wetland Construction	37.052	28226	3,967	
Volusia County Advanced Wastewater Treatment	37.052	28546	1,461,524	1,461,524
City of Ocala Well and Septic Tank Reduction Program	37.052	28159	503,503	503,503
			<u>7,784,207</u>	<u>2,890,120</u>
Water Protection and Sustainability Program				
City of Apopka - North Shore Reuse Augmentation Facility	37.066	07-12-048/25373	152,686	152,686
St. Johns County - Reclaimed Water Storage Tank	37.066	07-12-059/28419	138,802	138,802
Palm Coast Grand Landings Reclaimed Water Main	37.066	07-12-072/28471	79,002	79,002
City of Palm Coast - Water Treatment Plant Wellfield Expansion	37.066	07-12-074/28470	151,537	151,537
Orange Co. Utilities Malcolm Rd. Minimized Impact Project	37.066	07-12-077/28087	33,378	33,378

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Expenditures to Subrecipients
Orange Co. Utilities Malcolm Rd. Minimized Impact Project Ph. II	37.066	07-12-078/28493	13,279	13,279
City of Apopka - North Shore Reuse Augmentation Facility	37.066	08-05-048/25373	82,100	82,100
			<u>650,784</u>	<u>650,784</u>
Water Quality Best Management Practices				
TriCounty Agricultural Area Best Management Practices Program	37.080	27871	<u>1,868,074</u>	<u>51,541</u>
Total Florida Department of Environmental Protection			<u>23,625,232</u>	<u>51,541</u>
Florida Department of Transportation				
Direct Projects				
Mitigation Water Management Districts				
Deep Creek Property	55.031	SJ12-04	33,879	
Wheeler Groves Property	55.031	SJ57-02	149,388	
Mitigation Plan Preparation District Wide	55.031	FDOTMIT	173,158	
Basin 1,2 or 3 Projects	55.031	SJ34-02	18,337	
Basin 15 Projects	55.031	SJ41-02	11,340	
Basin 23 Projects	55.031	SJ47-01	30,425	
Basin 11 - Habitat Enhancement Projects	55.031	SJ29-05	26,200	
Total Florida Department of Transportation			<u>442,727</u>	
Florida Fish and Wildlife Conservation Commission				
Direct Projects				
Lake Apopka Restoration				
Lake Apopka Water Quality and Ecology Improvements	77.030	27876	762,580	
Aquatic Habitat Conservation and Restoration Projects				
C-54 Retention Area (T.M. Goodwin WMA) Enhancement	77.016	28579	447,632	
Emeralda Marsh Area 3 Reconnection	77.016	28516	206,063	
			<u>1,416,275</u>	
Florida Department of Highway Safety and Motor Vehicles				
Direct Projects				
Indian River Lagoon License Plate				
Community Outreach and Restoration of Intertidal Oyster Reefs in				
Indian River Lagoon Promotional Materials	76.010	S007906/IRLTAG	9,737	
Revenue Transfer Agreement for Indian River Lagoon License Plate	76.010	28635/IRLTAG	274,595	274,595
Indian River Lagoon Restoration Project	76.010	28060/IRLTAG	1,169	
			<u>285,501</u>	<u>274,595</u>
Florida Department of Agriculture and Consumer Services				
Direct Projects				
Agricultural Nonpoint Source Best Management Practices Implementation				
St. Johns River Water Management District-2015 AG Layer Update	42.017	28072	45,000	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>25,814,736</u>	<u>6,220,596</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 30,607,500</u>	<u>\$ 6,586,848</u>

^Proceeds from early retirement of Revenue Refunding Bonds, Series 2004, on August 27, 2015.

*Proceeds from lands sales were used to purchase Silver Springs Forest Property on December 9, 2015.

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor/Pass-Through Grantor/State Grantor/Matching Program Title	Grantor's Contract Number	Program Award/ Matching Amount
FEDERAL AWARDS		
Florida Estuarine Habitat Restoration	27775	\$ 156,405
TOTAL FEDERAL AWARDS		<u>156,405</u>
STATE FINANCIAL ASSISTANCE		
Spring Initiative Projects	27788	443,971
Alternative Water Supply Projects:		
City of Apopka - North Shore Reuse Augmentation Facility	07-12-048/25373	152,686
St. Johns County - Reclaimed Water Storage Tank	07-12-059/28419	138,802
Palm Coast Grand Landings Reclaimed Water Main	07-12-072/28471	79,002
City of Palm Coast - Water Treatment Plant Wellfield Expansion	07-12-074/28470	151,537
Orange County Utilities Malcolm Road Minimized Impact Project LFW	07-12-077/28087	33,378
Orange County Utilities Malcolm Road Minimized Impact Project LFW Phase II	07-12-078/28493	13,279
City of Apopka - North Shore Reuse Augmentation Facility	08-05-048/25373	82,100
Wheeler Property Sebastian River Project	25290	563
TOTAL STATE FINANCIAL ASSISTANCE		<u>1,095,318</u>
TOTAL MATCHING		<u>\$ 1,251,723</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, 2016**

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			
Habitat Conservation	27775	11.463	\$ 244,030
National Estuary Program	27194	66.456	106,458
National Estuary Program	28380	66.456	15,764
			<u>366,252</u>
Florida Department of Environmental Protection			
Lower St. Johns River Basin - Initiative Plan Projects	2007-06	37.039	279,240
Northern Coastal Basins-Initiative Plan Projects	2006-04	37.039	90,728
TriCounty Agricultural Area Best Management Practices	27871	37.080	51,541
			<u>421,509</u>
Statewide Direct Projects			
Restoration Activities - St Johns River	2013-10	37.022	1,210,393
Restoration Activities - St Johns River	2012-10	37.022	773,195
			<u>1,983,588</u>
Florida Springs Grant Program			
Spring Initiative Projects	27788	37.052	443,971
City of Deland-WWTP Aeration and Instrumentation Upgrades	28138	37.052	181,200
Expand Distribution of Reclaimed Water in the City of Apopka	28139	37.052	299,922
City of Ocala Well and Septic Tank Reduction Program	28159	37.052	503,503
Volusia County Advanced Wastewater Treatment	28546	37.052	1,461,524
			<u>2,890,120</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, 2016

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	Grant Number	CFDA/CSFA Number	Amount Provided To Subrecipients
Water Protection and Sustainability Program			
Water Protection and Sustainability Program	2007-12	37.066	568,684
Water Protection and Sustainability Program	2008-05	37.066	82,100
			<u>650,784</u>
Total Florida Department of Environmental Protection			6,312,253
Indian River Lagoon License Plate			
Indian River Lagoon License Plate	IRLTAG	76.010	274,595
Total Awards			<u><u>\$ 6,586,848</u></u>

Subrecipients are the following:

Cape Canaveral Scientific	28380	\$	10,000
City of Apopka	28139,2007-12,2008-05		258,699
City of Cocoa Beach	27194		50,000
City of DeLand	28138,2013-10,2007-12		932,702
City of Deltona	2013-10		58,722
City of Ocala	27788, 28159		637,432
City of Palm Coast	2007-12		230,539
City of Sanford	2006-04		90,728
Clay County Utility Authority	2007-06		258,890
Florida Institute of Technology	27194		34,478
Floridan Resource Conservation & Development	27775,27871		295,571
IRL Council	IRLTAG		274,595
JEA	2007-06		20,350
Marine Resources Council	27194, 28380		14,638
Marion County	27788		310,041
Martin County	27194		13,106
Orange County Utilities	28139, 2007-12		221,191
Seminole County	2013-10		501,645
St Johns County	2007-12,2012-10		911,998
Volusia County	28546		<u>1,461,523</u>
Total Awards		<u><u>\$</u></u>	<u><u>6,586,848</u></u>

(Concluded)



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Honorable Board of Governors
St. Johns River Water Management District

Report on Compliance for Each Major Federal Program and State Project

We have audited the St. Johns River Water Management District’s (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Department of Financial Services’ State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2016. The District’s major federal program and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the District complied, in all material respects, with the types of 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, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Car, Riggs & Ingram, L.L.C.

Palatka, Florida
February 24, 2017

St. Johns River Water Management District
Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR’S RESULTS

- (i) The independent auditor’s report on the financial statements expressed unmodified opinions.
- (ii) The audit did not report significant deficiencies or disclose material weaknesses in internal control over financial reporting.
- (iii) No instances of noncompliance considered material to the financial statements were disclosed by the audit.
- (iv) The audit did not report significant deficiencies or disclose material weaknesses in internal control over the major federal program or major state projects.
- (v) The auditor’s report on compliance for the major federal program and major state projects expressed an unmodified opinion.
- (vi) The audit did not disclose findings relative to major federal program or major state projects.
- (vii) The District’s major federal program and major state projects were:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>
Silver Springs Watershed Project	10.676

<u>State Projects</u>	<u>State CFSA Number</u>
Statewide Surface Water Restoration & Wastewater Proj.	37.039
Florida Springs Grant Program	37.052
TriCounty Agricultural Area Best Management Practices	37.080
Lake Apopka Water Quality & Ecology Improvements	77.030

- (viii) A threshold of \$750,000 and \$687,738 was used to distinguish between Type A and Type B programs for federal programs and state projects, respectively.
- (ix) The District qualified as a low-risk auditee as that term is defined in the Uniform Guidance.

St. Johns River Water Management District

Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

-None-

**SECTION III – FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS**

Questioned
Costs

-None-

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**SECTION IV – FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS**

Questioned
Costs

-None-

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Summary Schedule of Prior Audit Findings
(Relative to Federal Programs and State Projects)

There were no prior audit findings.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

The Honorable Board of Governors
St. Johns River Water Management District

We have examined the St. Johns River Water Management District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

Carr, Riggs & Ingram, L.L.C.

Palatka, Florida
February 24, 2017

Comprehensive Annual Financial Report

Management Letter Section



MANAGEMENT LETTER

The Honorable Board of Governors
St. Johns River Water Management District

We have audited the financial statements of the St. Johns River Water Management District (the "District"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated February 24, 2017. That report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Federal *Single Audit Act Amendments of 1996* and U. S. OMB Uniform Guidance (2 CFR Part 200). Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The District has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the District has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(8). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the fiscal year ended September 30, 2016, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2016.

Transparency

The Rules of the Auditor General (Rules) require that we report whether the District provided monthly financial statements to its governing board and posted the monthly financial statements on its website. We determined that the District did provide such statements to the board and made them available on its website as required.

As required by the Rules, we determined that the District provided a link on its website, as required, to the Florida Department of Financial Service's website to allow viewing of the District's annual financial report.

In addition, in accordance with the Rules, we determined that the District posted its tentative and final budgets on its website.

Other Matters

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General, and is for the information and use of the Board of Governors and management. Accordingly, this communication is not suitable for any other purpose.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

Cam, Riggs & Ingram, L.L.C.

Palatka, Florida
February 24, 2017



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