
Comprehensive Annual Financial Report



Fiscal year ended
September 30, 2017

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, 2017

Prepared by
R. Gregory Rockwell, CPA, Accounting Director
Mary-Lou Pickles, CGFO, CMA, Director,
Office of Financial Services

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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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 Taxpayers of the St. Johns River Water Management District

Subject: Comprehensive Annual Financial Report — Fiscal Year (FY) 2016–2017

Date: March 29, 2018

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. Pursuant to this requirement, the Comprehensive Annual Financial Report (CAFR) for the District is hereby issued for the fiscal year (FY) ended September 30, 2017.

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 (GAAP) 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, 2017, 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.

The independent audit of the District's basic financial statements was part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to

GOVERNING BOARD

John A. Miklos, CHAIRMAN
ORLANDO
Douglas C. Bournique
VERO BEACH

Fred N. Roberts Jr., VICE CHAIRMAN
OCALA
Douglas Burnett
ST. AUGUSTINE

Susan Dolan
SANFORD

Chuck Drake, SECRETARY
ORLANDO
Janet Price
FERNANDINA BEACH

Ron Howse, TREASURER
COCOA
Allan Roberts
ST. AUGUSTINE

report not only on the fair presentation of the basic financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of major federal awards and major state financial assistance. These reports are available in the District's separately issued Single Audit Report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is 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 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 percent 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 percent of the state's population) live within the District's boundaries. There are nine major surface water basins within the District. The most prominent river within the District is the St. Johns, which flows north through its upper, middle, and lower basins. At 310 miles, it is the longest river located entirely in Florida. The District contains 96 documented springs and more than 1,400 lakes. A map showing the geographic boundaries of the District is included on page xvii.

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 2016–2017, a little over half of the District’s total adopted budget (\$164.6 million) was funded by property taxes (\$84.07 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 percent 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 percent reduction in property tax revenues to the District over that five year period.

The most recent taxable values (July 2017) 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 7.7 percent increase in the total taxable values . All but one county within the District showed increased values between 2016 and 2017 (ranging from -1.5 percent in Ocala County to 15.4 percent in Okeechobee County). As the state and regional economy continues to improve, the District’s total taxable values are projected to reach \$379 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 values. It is worth noting that although the total property values have shown an annual average growth rate of 5-8 percent over the last four years, the growth rate the District’s ad valorem revenues has been limited to around 1.5 percent due to the adoption of rolled back rates.

Housing Starts — Since 2010, driven by favorable interest rates and a gradual return of house hunters, the total housing starts have almost tripled from about 11,500 in 2010 to a projected 40,300 units in 2017 in the seven Metropolitan Statistical Areas (MSAs) within the District’s boundaries. Even with this impressive recovery, total housing units permitted in 2017 only account for about 46 percent the total housing units permitted during the peak of a construction boom in 2005 when the total housing starts reached to a little over 87,000 units.

Unemployment — The region was impacted by the slowdown in construction and tourism-related activities with districtwide unemployment rates rising from 3.3 percent in 2006 to a high of 12 percent in 2010. Since then, both the state and districtwide unemployment rates have been declining in seven consecutive years to come back down to 3.3 percent in 2017 (as of October 2017). In comparison, the state and national unemployment rate for the same period was 3.6 and 3.9 percent respectively.

Tourism — The region’s economy depends heavily on tourism–related hospitality industries due to such popular tourist destinations as Orlando and Daytona Beach. Similar to 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 percent 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 88.2 million tourists in the first nine months, which breaks the state's previous tourism records for the comparison period, Florida is projected to reach the 116 million visitors mark in 2017.

Population — Since 2000, the District’s population has grown from 3.9 million to a little over 5 million in 2017 with a total growth rate of 28.8 percent compared to the state’s 28.2 percent. The District’s population experienced an unprecedented negative growth in 2009 (-0.1 percent) and 2010 (-0.55 percent) as a result of the economic downturn. District population has been on a gradual upswing since 2011. In 2017, the total District population is estimated to grow by 1.4 percent from the 2016 level. 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 2016–2017 the District saw an increase in overall cooperative funding expenditures of approximately \$16.1 million using all funding sources with \$8.5 million using District fund balance. These significantly increased spending levels were the primary driver in the District’s \$13.5 million use of fund balance in FY 2016–2017, which is consistent with the five-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 Board 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 \$66.7 million on 43 projects/subprojects during the planning period from FY 2017–2018 through FY 2021–2022. Figure 3-1 shows the projected annual expenditures during the five-year planning period.



Five-year projected expenditures for capital improvement projects

Total planned capital expenditures in FY 2018–2019 are \$9.3 million, which is at the same level as adopted budget for FY 2017–2018.

Significant changes in capital expenditures during the planning period are:

- The District is planning for 12 multimillion-dollar capital projects. These include Central Florida Water Initiative (CFWI) Well Construction (\$1.2 million), Taylor Creek Reservoir Improvements (\$14 million), Fellsmere Water Management Area (\$3.1 million), St. Johns Marsh Conservation Area (SJMCA) Project Design (\$1.5 million), Lake Apopka Marsh Flow-Way Improvements (\$1.5 million), Lake Apopka Targeted Water Quality Enhancements (\$1.48 million), C-10 Reservoir Project (\$23.26 million), and five major and minor water control structure rehabilitation projects (\$9.48 million).
- The District will not have any significant capital outlay for land acquisition, facilities construction, or miscellaneous public land improvement projects beyond FY 2018–2019.
- The District will primarily rely on District revenues (including fund balances and ad valorem revenues) to fund capital projects.
- Approximately 52.8 percent of the future capital project funding will be dependent on state funding, which is yet to be appropriated by the state Legislature.

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 table below reports the total award by recent fiscal year for all of the District's grant programs, unexpended balances of the awards, and future commitments by year.

Total award by recent fiscal year for the District:

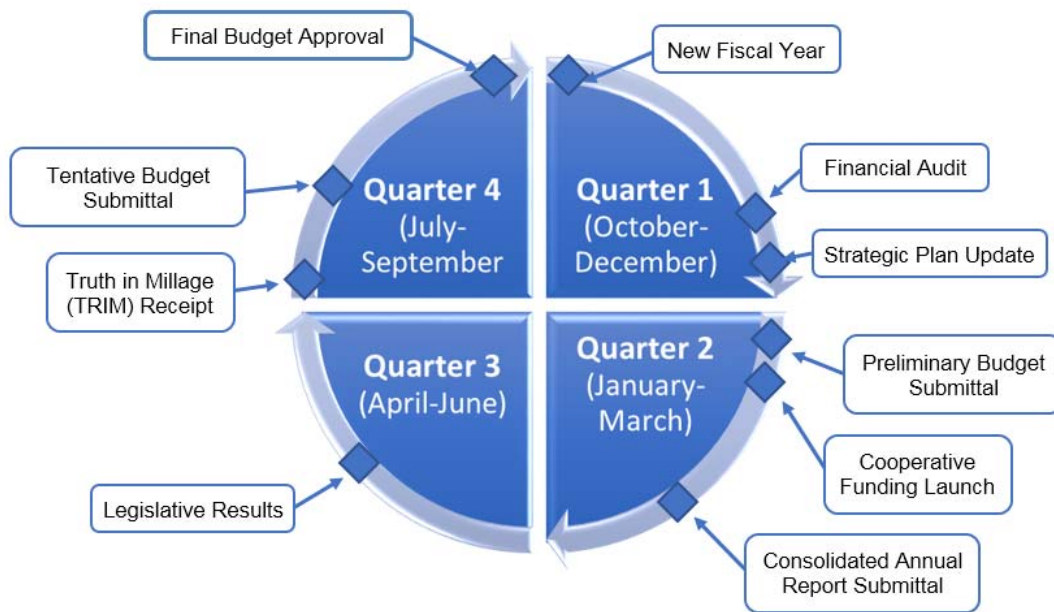
Fiscal year	Total Awarded	Unexpended @ 9-30-17	Budgeted amounts:		
			FY 2017-2018	FY 2018-2019	FY 2019-Beyond
2014-2015	\$ 21,762,009	\$2,802,684	\$ 2,230,300	\$ 572,384	\$ -
2015-2016	75,071,762	40,986,468	29,612,344	3,100,624	8,273,500
2016-2017	55,796,500	38,893,986	38,893,986	-	-
2017-2018	51,542,465	-	32,075,531	19,466,934	-

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:



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, 2016. 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 2016–2017 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
Office Director,
Office of Financial Services



R. Gregory Rockwell, CPA
Accounting Director,
Office of Financial Services



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

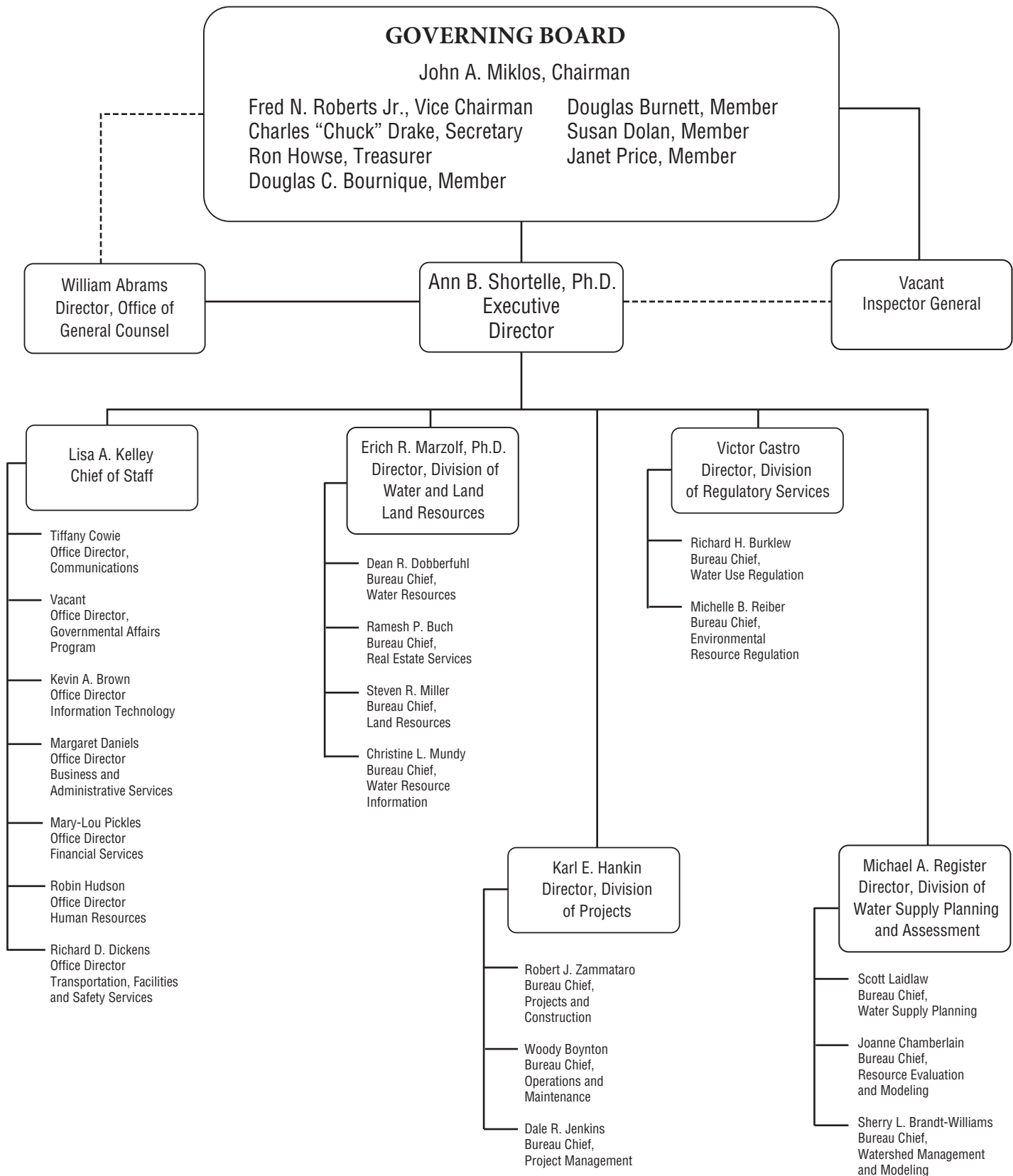
September 30, 2016

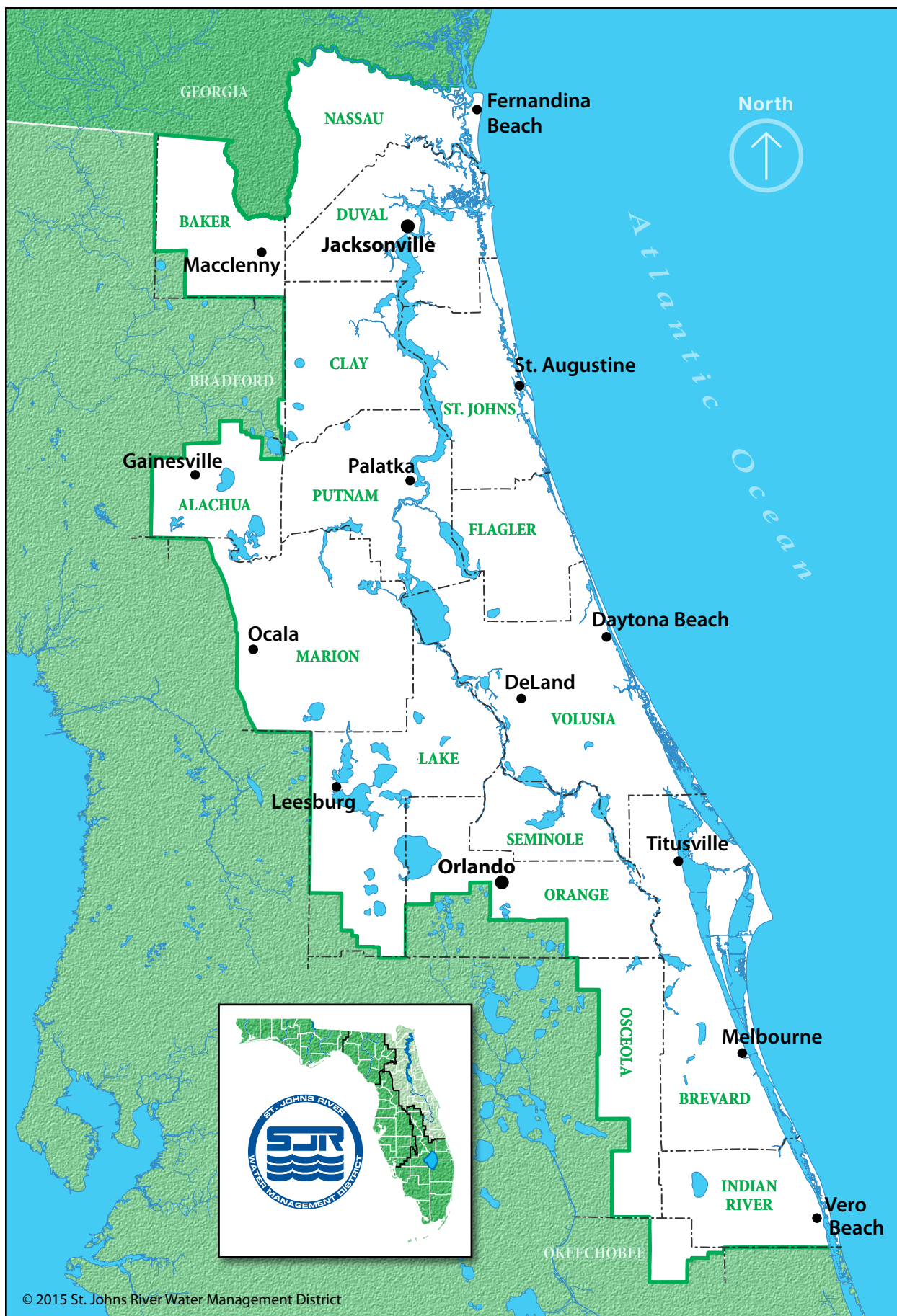
Christopher P. Morill

Executive Director/CEO

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

As of Sept. 30, 2017





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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, 2017, 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, 2017, 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 March 29, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

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

Palatka, Florida
March 29, 2018



*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, 2017**

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 \$1,302,710,390, as of September 30, 2017, primarily the result of significant ownership of non-depreciable assets in the form of land (\$834,712,126) and easements (\$205,341,336) owned by the District. Net position decreased \$13,463,989, or -1.0 percent, this year compared to a \$8,570,101, or 0.7 percent, increase the prior year.
- Total fund balance decreased \$13.9 million, or -9.0 percent, from the previous fiscal year. This fund balance spend down is part of the five-year fund balance utilization plan for the most beneficial use of excess fund balances. A further breakdown of fund balance changes by individual funds is discussed in the Financial Analysis of the Government's Funds section.
- The District's cooperative funding/cost-share program expended a record high \$46.3 million to its partners; cities, counties, water utilities, farmers/ranchers and other water quality/conservation entities to maximize efforts in support of the District's mission.
- The District donated the 947-acre Gemini Springs Addition property to Volusia County. District retains a conservation easement over the property and a fee reverter provision.
- Change in application of accounting principle to no longer capitalize groundwater and surface water models, as they no longer meet the definition of an intangible asset and to be consistent with other water management districts.
- The District continues to have no bonded debt.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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), deferred outflows of resources, liabilities (including long-term obligations), and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 three 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 adopted 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 63. The budgetary comparison schedule for the Capital Projects Fund is presented in the Other Supplementary Section on page 78

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 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 25–62 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

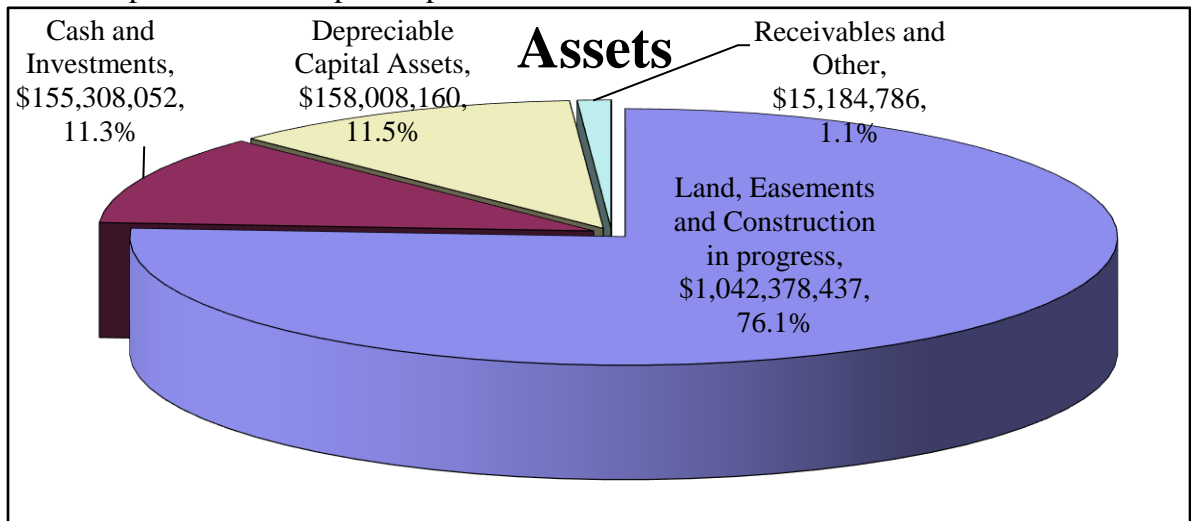
Over time, changes in the District's net position serve as one useful measure of the District's financial condition. The following condensed comparisons show how the District's net position changed from the end of the fiscal year (FY) 2016–2017. The overall condition of the District declined in FY 2017.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

DISTRICT'S NET POSITION

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 170,492,838	\$ 181,506,438
Capital assets, net	1,200,386,597	1,199,234,566
Total assets	<u>1,370,879,435</u>	<u>1,380,741,004</u>
Deferred outflows	13,736,000	16,744,900
Long-term liabilities outstanding	45,861,961	44,468,960
Other liabilities	31,892,500	29,948,060
Total liabilities	<u>77,754,461</u>	<u>74,417,020</u>
Deferred inflows	4,150,584	6,894,505
Net Position: Net investment in capital assets	1,200,386,597	1,199,234,566
Restricted	16,364,766	18,648,086
Unrestricted	85,959,027	98,291,727
Total net position	<u>\$ 1,302,710,390</u>	<u>\$ 1,316,174,379</u>

The District's total net position decreased by \$13,463,989 or 1.0 percent and the cash and investment position decreased \$10,948,309 or 6.6 percent, from September 30, 2016. This can be primarily attributed to a \$8 million increase in general fund and special revenue fund cooperative funding and fixed capital outlay expenditures and a change in the application of accounting principle for capitalizing ground water and surface water models which resulted in retiring \$4.6 million of previously recorded intangible assets. Unrestricted net position decreased \$13.4 million due to the same above increased use of District source funds for cooperative funding and capital outlay projects. The District donated its Gemini Springs Addition property, which consisted of 947-acres of land to Volusia County on April 11, 2017. This property consisted of two parcels: the 785-acre Empire Cattle tract, which was purchased on August 21, 1998, with an original cost \$4,012,673 and the 162-acre Woodruff tract, which was purchased on May 31, 1999, with an original cost of \$1,315,023. The District donated the property to Volusia County, maintaining a 947-acre perpetual conservation easement (\$1,224,547) and subject to a fee reverter provision to maintain compliance with all permit provisions.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

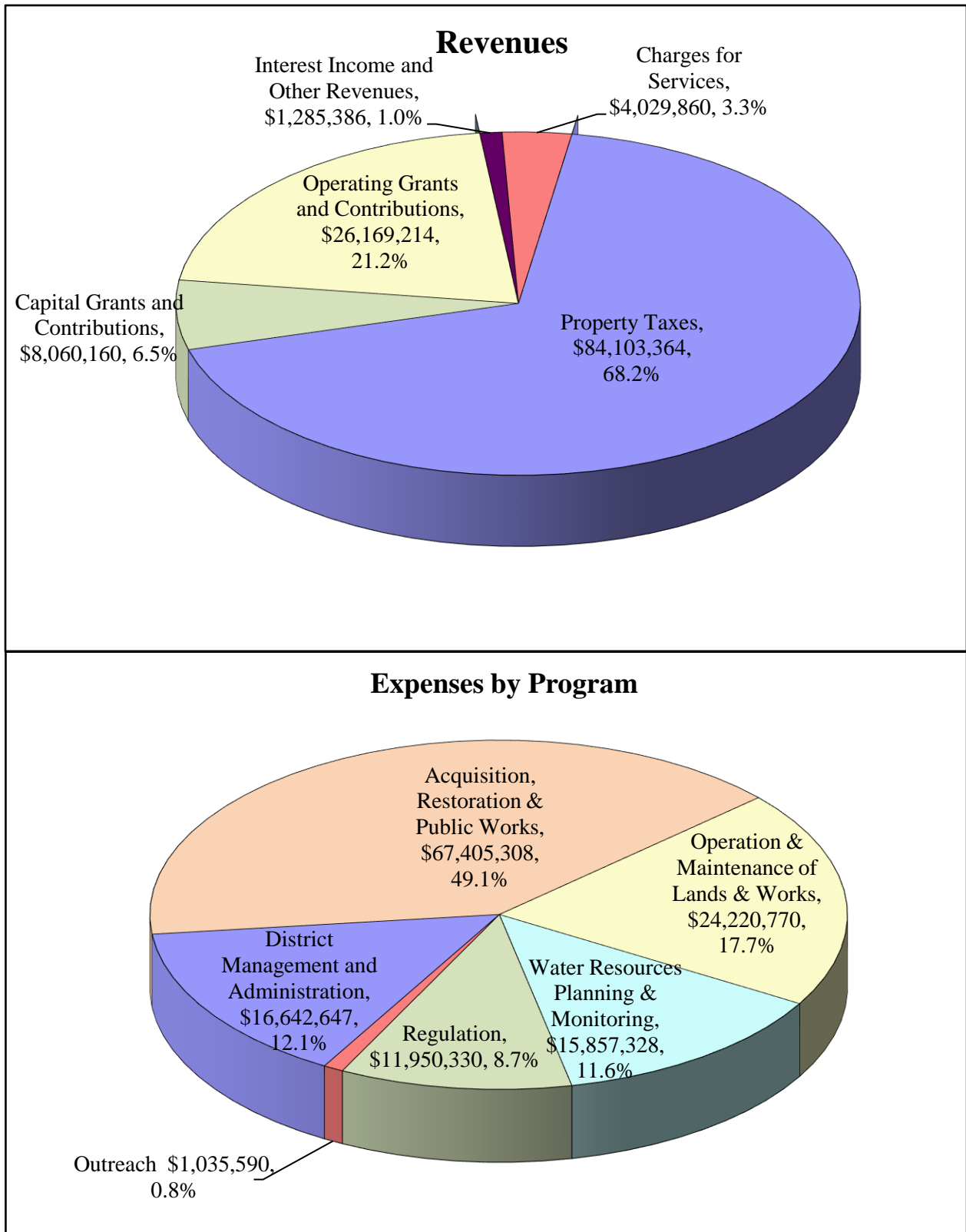
DISTRICT'S CHANGE IN NET POSITION

	2017	2016
Revenues		
Program revenues: Charges for services	\$ 4,029,860	\$ 5,475,252
Operating grants and contributions	26,169,214	17,912,774
Capital grants and contributions	8,060,160	13,742,293
General revenues:		
Ad valorem property taxes	84,103,364	82,873,945
Unrestricted investment earnings	848,612	1,941,294
Other revenue	436,774	193,873
Total revenues	<u>123,647,984</u>	<u>122,139,431</u>
Expenses		
Water resources planning and monitoring	15,857,328	14,941,578
Acquisition, restoration and public works	67,405,308	45,556,251
Operation and maintenance of lands and works	24,220,770	22,949,525
Regulation	11,950,330	12,183,780
Outreach	1,035,590	1,056,451
District management and administration	<u>16,642,647</u>	<u>16,881,745</u>
Total expenses	<u>137,111,973</u>	<u>113,569,330</u>
Increase(decrease) in net position	(13,463,989)	8,570,101
Net position , beginning of the year	<u>1,316,174,379</u>	<u>1,307,604,278</u>
Net position , end of the year	<u><u>\$ 1,302,710,390</u></u>	<u><u>\$ 1,316,174,379</u></u>

Total revenues increased by 1.2 percent, or \$1,508,553, from the previous year. The increase is primarily attributable to the 1.5 percent, or \$1.5 million increase in ad valorem property tax collections, due to new construction within the District boundaries. The shift increasing operating grants and contributions and decreasing capital grants and operations is primarily from the following three non-capitalized expenses; the afore mentioned \$3 million change in accounting principle no longer capitalizing the expenditures for surface and ground water models, the \$9.5 million increase in cooperative funding expenditures (grants and aids) to our water partners using outside funding sources, and the \$25 million Eau Galle River dredging project, which is funded by the Florida Department of Environmental Protection and the Florida Inland Navigational District, and is expensed as a maintenance event.

Total expenses increased 20.7 percent, or \$23,542,643, compared to the previous year. The 48.0 percent, or \$21.8 million increase in acquisition, restoration and public works is primarily the result of the \$4.1 million net donation of the Gemini Springs Addition property and the \$16.1 million increase in cooperative funding expenditures. The District's cooperative/cost-share funding program assists local governments, agricultural interests and other entities in creating sustainable water resources, provide flood protection and enhance conservation efforts. These projects benefit one or more of the four District core mission areas; water supply, water quality, natural systems restoration and flood protection. The remaining increases in most of the six major expense categories is primarily the result of a districtwide increase in salaries and benefits of \$1.5 million and in the net pension liability of \$1.9 million as compared to FY 2015–16.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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, 2017, total fund balance was \$115,469,614, of which \$1,551,238 was represented by inventory on hand and other non-spendable assets; \$99,368,966 was committed by action of the Governing Board for identified future capital needs; \$4,480,110 was assigned by executive management for specific purposes; and \$9,909,180 was unassigned.

The fund balance of all of the District's funds decreased by \$13,860,833. Key factors explaining the changes in the General Fund and individual major funds include:

- General Fund balance decreased by \$10,762,844 primarily due to an over \$5.4 million increase in spending for cooperative funding to our local governments and partners and cost-share projects, a \$3.4 million transfer out to the capital projects fund to fund major long-term capital projects and a \$1.1 million reduction in investment earnings due to the rise in interest rates.
- The Special Revenue Fund balance decreased \$2,993,270 primarily as a result of the \$2.9 million of expenditures on the 21 cost-sharing projects of the Water Protection and Sustainability Program.
- The Capital Projects Fund balance decreased by \$104,719 as the result of ongoing long-term project expenditures on Fellsmere Water Management Area, Micco Stormwater Park and Emeraldal Marsh Conservation Area.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's General Fund spent a total of \$28,609,784 less than budgeted expenditures in all spending categories in FY 2016–2017 primarily due to long-term cooperative funding construction projects. The largest budget variance of \$21,639,074 was in the acquisition, restoration and public works category, second largest of \$2,426,605 was in the water resources planning and monitoring category and third largest of \$1,582,779 was in the management and administration category.

The \$22 million positive budget variance in the acquisition, restoration and public works category is primarily the result of unspent grants and aids of \$17.8 million to local governments (cost-share and cooperative funding) and unspent salaries and benefits of \$1.1 million and \$1.6 million of unspent operating capital outlay computers on two nutrient reduction pilot programs that were delayed. The water resources planning and monitoring positive budget variance can be primarily contributed to savings in water well construction services of more than \$.7 million, \$.2 million in

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

savings in the groundwater resource assessment and over \$.1 million savings in laboratory costs. The unspent budgets of the management and administration are primarily from \$.6 million in savings from property appraisers and tax collectors commissions and other consultant services savings of \$.2 million.

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 2016–2017, amendments to the budget for all funds totaled \$2.7 million with \$2.6 million of the increase in the special revenue fund mainly attributed to the two land closings; the Sunland Citrus property funded with \$1.4 million from the Florida Department of Transportation and the Little Rain property funded with \$1.2 million from the Federal Department of Defense.

General Fund total revenues and expenditures for fiscal year 2016-2017 are relatively the same as compared to fiscal year 2015–2016, as total revenues increased just over \$.3 million and total expenditures increased \$2.9 million. General Fund total revenues increased more than \$.3 million primarily from an \$1.2 million increase in ad valorem revenues associated with new growth from construction offset by a \$1.1 million decrease in investment earnings due to rising interest rates and \$.2 million increase in miscellaneous revenue from sale of soil/sand. Total expenditures increased \$2.9 million primarily from a \$5 million increase in cooperative funding/cost-share (grants and aids) expenditures offset by a \$1.5 million reduction in salaries and benefits. The historical trend of positive General Fund budget variances continued for the FY 2016–2017, with the current year's 77 percent 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, 2017, amounted to \$1,200,386,597 (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 2016–2017 valued at \$22.1 million with additions to infrastructure of \$9,361,486, easements of \$6,648,117 and land of \$2,298,841 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: Moss Bluff Lock and Dam of \$1.8 million, Fellsmere Water Management Area of \$.9 million, Micco Stormwater Park of \$.8 million and Emerald Marsh Conservation Area of \$.7 million. The District received \$5 million of donated conservation easements through the permitting process. The District purchased the 185-acre Hart property in Marion County for \$.8 million and the 596-acre Sunland Citrus property in Lake County for \$1.4 million in September 2017. Additional information on the District's capital assets can be found in note 4 on page 40 of this report.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Long-term Obligations — 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; \$37,725,528 net pension liability, \$5,036,045 for vested leave balances earned by employees, \$1,200,000 for claims and judgments owed, and \$3,587,173 for the other post-employment benefits. Additional information on the District's long-term obligations can be found in note 9, on page 46 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The millage rate for the fiscal year decreased 4.6 percent from 0.3023 mills in FY 2015–2016 to 0.2885 mills in FY 2016–2017, while the 2017-2018 millage rate decreased 5.6 percent to 0.2724 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 percent 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. The state of Florida provided the District more than \$20 million and the Florida Inland Navigational District provided \$3.9 million to dredge 623,000 cubic yards of muck from the Eau Gallie River, which is expected to be completed in fall 2018.

Residential and commercial construction have recovered, 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 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 Accounting Director, Office 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, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 454,669
Investments	154,853,383
Interest and other receivables	982,292
Inventories	466,999
Intergovernmental receivables	12,651,256
Prepaid items	1,084,239
Non-depreciable capital assets:	
Land	834,712,126
Easements	205,341,336
Construction in progress	2,324,975
Depreciable capital assets:	
Buildings	35,898,768
Machinery and equipment	36,141,331
Infrastructure	202,852,446
Software	4,939,394
Accumulated depreciation	(121,823,779)
Total assets	1,370,879,435
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	13,736,000
LIABILITIES	
Accounts payable and other current liabilities	23,655,332
Unearned revenue	6,394,424
Due to other governmental units	155,959
Long-term liabilities:	
Due within one year	1,686,785
Due in more than one year	45,861,961
Total liabilities	77,754,461
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	4,150,584
NET POSITION	
Net investment in capital assets	1,200,386,597
Restricted for:	
Legal settlement	160,120
Water protection and sustainability/alternative water supply	2,741,321
Land management/acquisition	13,463,325
Unrestricted	85,959,027
Total net position	\$ 1,302,710,390

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, 2017

Function / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
Water resources planning and monitoring	\$ 15,857,328	\$ -	\$ 365,900
Acquisition, restoration, and public works	67,405,308	-	22,395,458
Operation and maintenance of lands and work	24,220,770	2,120,253	3,082,212
Regulation	11,950,330	1,909,607	-
Outreach	1,035,590	-	-
District management and administration	16,642,647	-	325,644
Total governmental activities	\$ 137,111,973	\$ 4,029,860	\$ 26,169,214

General Revenues:

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

Decrease in net position

Net position, beginning of year

Net position, end of year

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

	Net (Expenses) Revenues and Changes in Net Position
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ -	\$ (15,491,428)
7,703,634	(37,306,216)
356,526	(18,661,779)
-	(10,040,723)
-	(1,035,590)
-	(16,317,003)
<u>\$ 8,060,160</u>	<u>(98,852,739)</u>
	84,103,364
	436,774
	848,612
	<u>85,388,750</u>
	(13,463,989)
	<u>1,316,174,379</u>
	<u>\$ 1,302,710,390</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
BALANCE SHEET- GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Special Revenue	Capital Projects	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 454,669	\$ -	\$ -	\$ 454,669
Investments	115,022,837	37,848,010	1,982,536	154,853,383
Accounts and other receivables	982,292	-	-	982,292
Due from other funds	12,650,490	-	-	12,650,490
Inventories	466,999	-	-	466,999
Intergovernmental receivables	766	12,650,490	-	12,651,256
Prepaid items	1,084,239	-	-	1,084,239
Total assets	130,662,292	50,498,500	1,982,536	183,143,328
Liabilities and fund balances				
Liabilities				
Accounts payable	15,192,678	7,575,514	887,140	23,655,332
Due to other funds	-	12,650,490	-	12,650,490
Unearned revenue	-	6,394,424	-	6,394,424
Due to other governmental units	-	155,959	-	155,959
Total liabilities	15,192,678	26,776,387	887,140	42,856,205
Fund balances				
Nonspendable	1,551,238	-	-	1,551,238
Restricted	160,120	16,204,646	-	16,364,766
Committed	99,368,966	7,517,467	1,095,396	107,981,829
Assigned	4,480,110	-	-	4,480,110
Unassigned	9,909,180	-	-	9,909,180
Total fund balances	115,469,614	23,722,113	1,095,396	140,287,123
Total liabilities and fund balances	\$ 130,662,292	\$ 50,498,500	\$ 1,982,536	\$ 183,143,328

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, 2017

Total fund balances – governmental funds	\$ 140,287,123
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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	1,322,210,376	
Accumulated depreciation	(121,823,779)	
		1,200,386,597

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	13,736,000	
Deferred inflow amount on pension liabilities	(4,150,584)	
		9,585,416

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

Net pension liability		(37,725,528)
Compensated absences		(5,036,045)
Other post-employment benefit payable		(3,587,173)
Claims and judgments		(1,200,000)

Net position of governmental activities	\$ 1,302,710,390
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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, 2017

	General Fund	Special Revenue	Capital Projects	Total Governmental Funds
Revenues				
Ad valorem property taxes	\$ 84,103,364	\$ -	\$ -	\$ 84,103,364
State	-	26,944,590	-	26,944,590
Federal	-	1,559,917	-	1,559,917
Investment earnings	687,683	160,929	-	848,612
Local mitigation	-	807	-	807
Licenses and permits	1,897,307	-	-	1,897,307
Cities and counties	-	67,798	-	67,798
Lease and timber sales	-	2,120,253	-	2,120,253
Fines and penalties	12,300	-	-	12,300
Other	436,774	818,867	-	1,255,641
Total revenues	<u>87,137,428</u>	<u>31,673,161</u>	<u>-</u>	<u>118,810,589</u>
Expenditures				
Current:				
Water resources planning and monitoring	16,022,750	365,900	-	16,388,650
Acquisition, restoration, and public works	32,692,376	28,978,910	3,460,786	65,132,072
Operation and maintenance of lands and works	16,924,984	5,013,341	-	21,938,325
Regulation	11,483,652	-	-	11,483,652
Outreach	994,787	-	-	994,787
District management and administration	17,030,902	11,341	-	17,042,243
Total expenditures	<u>95,149,451</u>	<u>34,369,492</u>	<u>3,460,786</u>	<u>132,979,729</u>
Excess of revenues over (under) expenditures	<u>(8,012,023)</u>	<u>(2,696,331)</u>	<u>(3,460,786)</u>	<u>(14,169,140)</u>
Other financing sources (uses):				
Transfers in	316,068	-	3,356,067	3,672,135
Transfers out	(3,356,067)	(316,068)	-	(3,672,135)
Sale of capital assets	288,414	19,129	-	307,543
Insurance/ loss recovery	764	-	-	764
Total other financing sources (uses)	<u>(2,750,821)</u>	<u>(296,939)</u>	<u>3,356,067</u>	<u>308,307</u>
Net change in fund balances	<u>(10,762,844)</u>	<u>(2,993,270)</u>	<u>(104,719)</u>	<u>(13,860,833)</u>
Fund balances, beginning of year	<u>126,232,458</u>	<u>26,715,383</u>	<u>1,200,115</u>	<u>154,147,956</u>
Fund balances, end of year	<u><u>\$ 115,469,614</u></u>	<u><u>\$ 23,722,113</u></u>	<u><u>\$ 1,095,396</u></u>	<u><u>\$ 140,287,123</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 STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Net change in fund balances – total governmental activities \$ (13,860,833)

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	12,999,185	
Current year depreciation	(7,915,478)	
Contributions of capital assets	<u>4,836,631</u>	
		9,920,338

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. (8,768,307)

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	(1,882,939)	
Change in deferred outflows related to pensions	(3,008,900)	
Change in deferred inflows related to pensions	<u>2,743,921</u>	
		(2,147,918)

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	148,973	
Claims and judgments	1,300,000	
Other post-employment benefit payable	<u>(56,242)</u>	
		<u>1,392,731</u>

Change in net position of governmental activities		<u><u>\$ (13,463,989)</u></u>
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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, 2017

(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 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, 2017, will be incorporated in the state's June 30, 2018, 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

- (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:

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 other 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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property 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 and collection is within one year.

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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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:

- **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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

- 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 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.

- (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 that are applicable to future accounting periods. These amounts do not constitute available spendable resources even though they are a component of current assets.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

- (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
Construction in progress	Accumulate all costs and capitalize at the completion of the project or at a major percentage of completion for long-term projects

Capital assets are reported at historical cost or estimated historical cost plus any ancillary charges (freight and transportation charges, site preparation costs, installation costs, and professional fees) necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated 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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

expensed as incurred. Costs associated with data conversion are also expensed if such activities are not necessary for internally developed software to become operational.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Assets	Years
Buildings	5–50
Infrastructure	10–50
Machinery and equipment	3–40
Software/ intangibles	3–50

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 position that is applicable to a future reporting period.

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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

- (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.

- (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 2016–2017 fiscal year was 0.2885 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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:	March 1
Delinquency date:	April 1

A 4 percent discount is allowed if the taxes are paid in November, with the discount declining by 1 percent 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.

(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,

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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 AA+ by Standard and Poors (S&P). 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, 2016, through September 30, 2017.

As of September 30, 2017, 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:

	S & P Rating	Maturity Date	Fair Value	% of Portfolio
Federal Instrumentalities				
Federal National Mortgage Association	AA+	09/18/2018	\$ 1,004,950	
Federal National Mortgage Association	AA+	10/19/2018	747,735	
Federal National Mortgage Association	AA+	02/26/2019	5,863,243	
Federal National Mortgage Association	AA+	06/20/2019	2,009,220	
Federal National Mortgage Association	AA+	08/02/2019	1,186,068	
Federal National Mortgage Association	AA+	08/28/2019	2,822,612	
Federal National Mortgage Association	AA+	09/12/2019	2,008,860	
Federal National Mortgage Association	AA+	11/26/2019	2,008,240	
Federal National Mortgage Association	AA+	01/21/2020	1,502,400	
Federal National Mortgage Association	AA+	02/28/2020	608,768	
Federal National Mortgage Association	AA+	12/28/2020	1,005,630	
Federal National Mortgage Association	AA+	02/26/2021	988,180	
Federal National Mortgage Association	AA+	05/06/2021	668,270	
Federal National Mortgage Association	AA+	08/17/2021	979,060	
Federal National Mortgage Association	AA+	04/05/2022	998,370	
Federal Home Loan Bank	AA+	08/07/2018	2,734,050	
Federal Home Loan Bank	AA+	01/16/2019	448,961	
Federal Home Loan Bank	AA+	05/28/2019	424,397	
Federal Home Loan Bank	AA+	08/05/2019	3,508,643	
Federal Home Loan Mortgage Corporation	AA+	05/30/2019	1,004,350	
Federal Home Loan Mortgage Corporation	AA+	08/01/2019	1,990,500	
Total Federal Instrumentalities			<u>34,512,507</u>	22.29%

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

	S & P Rating	Maturity Date	Fair Value	% of Portfolio
U.S. Government Securities				
U.S. Treasury Notes	AA+	10/31/2018	2,139,598	
U.S. Treasury Notes	AA+	11/15/2018	1,949,438	
U.S. Treasury Notes	AA+	12/15/2018	1,023,319	
U.S. Treasury Notes	AA+	12/31/2018	1,576,937	
U.S. Treasury Notes	AA+	01/15/2019	996,470	
U.S. Treasury Notes	AA+	01/31/2019	1,496,985	
U.S. Treasury Notes	AA+	02/28/2019	1,998,960	
U.S. Treasury Notes	AA+	03/31/2019	1,003,090	
U.S. Treasury Notes	AA+	06/30/2019	802,408	
U.S. Treasury Notes	AA+	11/15/2019	909,353	
U.S. Treasury Notes	AA+	11/30/2019	4,499,730	
U.S. Treasury Notes	AA+	01/31/2020	695,506	
U.S. Treasury Notes	AA+	02/29/2020	2,380,440	
U.S. Treasury Notes	AA+	03/31/2020	3,224,948	
U.S. Treasury Notes	AA+	04/30/2020	4,055,359	
U.S. Treasury Notes	AA+	05/31/2020	1,995,940	
U.S. Treasury Notes	AA+	06/30/2020	1,666,665	
U.S. Treasury Notes	AA+	07/31/2020	5,389,146	
U.S. Treasury Notes	AA+	08/31/2020	273,149	
U.S. Treasury Notes	AA+	09/30/2020	2,021,580	
U.S. Treasury Notes	AA+	10/31/2020	1,504,785	
U.S. Treasury Notes	AA+	12/31/2020	1,002,020	
U.S. Treasury Notes	AA+	01/31/2021	2,028,180	
U.S. Treasury Notes	AA+	02/28/2021	3,252,638	
U.S. Treasury Notes	AA+	03/31/2021	1,448,798	
U.S. Treasury Notes	AA+	04/30/2021	2,992,800	
U.S. Treasury Notes	AA+	05/31/2021	1,059,503	
U.S. Treasury Notes	AA+	06/30/2021	2,750,138	
U.S. Treasury Notes	AA+	08/31/2021	1,008,110	
U.S. Treasury Notes	AA+	09/30/2021	2,510,430	
U.S. Treasury Notes	AA+	10/31/2021	1,557,046	
U.S. Treasury Notes	AA+	11/30/2021	598,044	
U.S. Treasury Notes	AA+	02/15/2022	855,661	
U.S. Treasury Notes	AA+	02/28/2022	3,563,245	
U.S. Treasury Notes	AA+	04/30/2022	2,498,100	
U.S. Treasury Notes	AA+	05/15/2022	845,606	
U.S. Treasury Notes	AA+	05/31/2022	1,998,880	
U.S. Treasury Notes	AA+	06/30/2022	2,035,322	
U.S. Treasury Notes	AA+	07/31/2022	2,008,060	
U.S. Treasury Notes	AA+	08/31/2022	2,494,000	
Total U.S. Government Securities			78,110,384	50.44%

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

	S & P Rating	Maturity Date	Fair Value	% of Portfolio
Corporate Notes				
John Deere Capital Corp. Notes	A	10/15/2018	110,067	
Wells Fargo Bank NA Notes	AA-	11/28/2018	465,558	
Apple Inc. Notes	AA+	02/08/2019	420,130	
Exxon Mobil Corp. Notes	AA+	03/15/2019	1,005,600	
Pepsico Inc. Notes	AA-	05/02/2019	304,741	
American Express Capital Corp. Notes	A-	05/03/2019	350,406	
Microsoft Corp. Notes	AAA	06/01/2019	1,043,000	
Berkshire Hathaway Inc. Notes	AA	08/14/2019	681,554	
Apple Inc. Notes	AA+	09/12/2019	1,492,189	
Gilead Sciences Inc. Notes	A	09/20/2019	690,545	
JP Morgan Chase Bank Notes	A+	09/23/2019	438,385	
International Business Machines Corp. Notes	A+	01/27/2020	640,819	
Microsoft Corp. Notes	AAA	02/06/2020	798,275	
Apple Inc. Notes	AA+	02/07/2020	426,466	
American Honda Finance Corp. Notes	A+	02/14/2020	240,531	
American Express Credit Corp. Notes	A-	03/03/2020	371,935	
Walt Disney Co. Notes	A+	03/04/2020	115,383	
Exxon Mobil Corp. Notes	AA+	03/06/2020	300,813	
John Deere Capital Corp. Notes	A	03/13/2020	186,384	
Toyota Motor Credit Corp. Notes	AA-	04/17/2020	440,163	
Apple Inc. Notes	AA+	05/11/2020	720,324	
Intel Corp. Notes	A+	05/11/2020	1,377,901	
Home Depot Inc. Notes	A	06/05/2020	290,212	
Walt Disney Co. Notes	A+	06/05/2020	499,365	
John Deere Capital Corp. Notes	A	06/22/2020	125,126	
Wells Fargo & Co. Notes	A	07/22/2020	507,020	
Microsoft Corp. Notes	AAA	11/03/2020	1,005,710	
Total Corporate Notes			15,048,602	9.72%
Mortgage-Backed Securities				
Federal National Mortgage Association	AA+	04/25/2018	205,079	
Federal National Mortgage Association	AA+	03/25/2020	208,858	
Federal Home Loan Mortgage Corporation	AA+	08/25/2020	491,483	
Total Mortgage-Backed Securities			905,420	0.58%
Florida State Board of Administration Pool				
Florida PRIME	AAAm		26,276,470	16.97%
TOTAL INVESTMENTS			<u>\$154,853,383</u>	<u>100.00%</u>

(b) Interest Rate Risk — In accordance with the District's investment policy, the District manages its exposure to declines in fair values of its investments by limiting the allowable length to maturity to a maximum of five years from the date of purchase, structuring the investment portfolio so that securities mature to meet ongoing operating cash requirements and investing operating funds primarily in shorter-term securities, SBA – Florida PRIME, fixed income money market funds and interest bearing time deposit accounts.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

The District's average, effective duration for the Investment Portfolio as of September 30, 2017, was approximately 2.57 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, 2017, was 51 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, 2017, is 80 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, 2017, 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	\$ 34,512,507	\$ 3,739,000	\$ 26,133,997	\$ 4,639,510
U.S. Treasury Securities	78,110,384	-	40,099,021	38,011,363
Corporate Notes	15,048,602	-	14,042,892	1,005,710
Mortgage-Backed Sec.	905,420	205,079	700,341	-
Florida PRIME	26,276,470	26,276,470	-	-
TOTAL INVESTMENTS	<u>\$154,853,383</u>	<u>\$30,220,549</u>	<u>\$ 80,976,251</u>	<u>\$43,656,583</u>

- (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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
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SEPTEMBER 30, 2017

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

securities. The Florida PRIME did not participate in a securities lending program during the period from October 1, 2016, through September 30, 2017.

- (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 percent 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.

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	\$ 34,512,507	22.3%	26.9%	80% *
U.S. Government Securities	78,110,384	50.4%	50.4%	100%
Corporate Notes	15,048,602	9.7%	13.4%	25% **
Mortgage-Backed Securities	905,420	0.6%	0.7%	20% *
Florida PRIME	26,276,470	17.0%	32.9%	50%
Subtotal Investments	154,853,383	100.0%		
Cash Checking Accounts	454,669			
Total Cash and Investments	\$155,308,052			

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

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

- (e) GASB 72** — The District categories 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 \$34,512,507, U.S. Treasury Securities of \$78,110,384, Corporate Notes of \$15,048,602, Mortgage-Backed Securities of \$905,420; Level 3 inputs are significant unobservable inputs, which the District has none. The District's fair value measurements as of September 30, 2017, 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(3) Cash and Investments (Continued):

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, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's daily access to 100 percent of our account value.

(4) Capital Assets:

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance at			Balance at
	<u>Oct. 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Sept. 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 837,830,557	\$ 2,298,841	\$ (5,417,272)	\$ 834,712,126
Easements	198,694,759	6,648,117	(1,540)	205,341,336
Construction in progress	2,868,556	2,048,302	(2,591,883)	2,324,975
Total capital assets, not being depreciated	<u>1,039,393,872</u>	<u>10,995,260</u>	<u>(8,010,695)</u>	<u>1,042,378,437</u>
Capital assets, being depreciated:				
Buildings	35,720,261	180,062	(1,555)	35,898,768
Infrastructure	193,490,960	9,361,486	-	202,852,446
Machinery and equipment	37,393,365	1,564,088	(2,816,122)	36,141,331
Software and Models	9,522,431	-	(4,583,037)	4,939,394
Total capital assets, being depreciated	<u>276,127,017</u>	<u>11,105,636</u>	<u>(7,400,714)</u>	<u>279,831,939</u>
Less accumulated depreciation for:				
Buildings	(15,942,942)	(996,076)	1,555	(16,937,463)
Infrastructure	(63,537,985)	(5,232,110)	-	(68,770,095)
Machinery and equipment	(31,758,131)	(1,682,410)	2,267,917	(31,172,624)
Other depreciable assets	<u>(5,047,265)</u>	<u>(4,882)</u>	<u>108,550</u>	<u>(4,943,597)</u>
Total accumulated depreciation	<u>(116,286,323)</u>	<u>(7,915,478)</u>	<u>2,378,022</u>	<u>(121,823,779)</u>
Capital assets being depreciated, net	<u>159,840,694</u>	<u>3,190,158</u>	<u>(5,022,692)</u>	<u>158,008,160</u>
Governmental activities capital assets, net	<u>\$1,199,234,566</u>	<u>\$ 14,185,418</u>	<u>\$ (13,033,387)</u>	<u>\$1,200,386,597</u>

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

Operation and maintenance of lands and works	\$ 6,914,520
District management and administration	1,000,958
Total depreciation expense	<u>\$ 7,915,478</u>

Change in Application of Accounting Principle — The District no longer capitalizes ground water and surface water models and has retired all previously recorded models totaling \$4,599,407 in FY 2017. The change is the result of being consistent with the other Florida water management districts and the determination that the models no longer meet the definition of an intangible asset.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(5) Commitments:

Encumbrances of District Sources — The District has restricted, committed and assigned fund balances for obligations that were executed in fiscal year 2016–2017, but will be expended in the next fiscal year. The \$38 million in encumbrances below (\$24,775,378 of District sources and \$13,655,340 of future resources) represent purchase orders and contracts that were expected to be expended in fiscal year 2016–2017, but are now expected to be expended in FY 2017–2018.

These encumbrances will be added to the adopted FY 2017–2018 budget, therefore, increasing the \$160.4 million adopted fiscal year 2017–2018 budget by \$38.0 million to a final adopted budget of \$198.8 million. These encumbrances are in the form of contracts, agreements, grants to local governments and purchase orders. The totals by fund are as follows:

General Fund	\$ 21,538,299
Special Revenue Fund	2,705,193
Capital Projects Fund	<u>531,956</u>
Total	<u>\$ 24,775,378</u>

Encumbrances of Future Resources — The District has committed future resources related to local, state, and federal grants and contributions for which revenues will not be recognized until expenditures are incurred in the following fiscal year. These commitments, which are not included on the balance sheet, are in the form of contracts, agreements, grants to local governments, memorandums of understanding, memorandums of agreement and purchase orders and the totals by fund source are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Special Revenue Fund	\$10,941	\$13,575,540	\$68,860	\$13,655,340

Of the total encumbrances of future State resources of \$13.6 million, \$844,186 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:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(6) Unearned Revenue (Concluded):

<u>Entity</u>	<u>Funding Source</u>	<u>Amount</u>
Department of Defense	Federal - Other	\$ 25,907
FDOT	State – FDOT Mitigation	4,399,284
FDEP	State – Ecosystems Management Trust	322,245
FDEP	State – Land Acquisition Trust	431,732
FDEP	State – Springs Initiative	635,109
FDEP	State – Florida Forever	195,555
FDEP	State – Resolution 2000-24	10,012
Volusia County	Local – Counties	169,790
City of Port Orange	Local – Cities	169,790
Permit Bond 40000	Local – Other	35,000
Total		\$ 6,394,424

(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 \$12,650,490.

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 \$316,068 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 \$3,356,067 transfer from the General Fund to the Capital Projects Fund is to fund major capital expenditures with District funding sources.

(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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

(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, 2017, retired employees directly contributed \$29,801 to the plan. For retired employees, the FRS contributed \$375,525 through a pension deduction and the above mentioned FRS subsidy.

For active employees, the District contributed \$6,042,132 and the employees contributed \$1,385,743. The District also contributed \$983,077 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 \$698,273.

(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, 2017. The District's annual OPEB cost (expense) increase of \$310,284 was decreased by the assumed contributions of (\$254,043), which netted a increase of \$56,241 in the net OPEB obligation. The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

	For the Fiscal Year Ending	
	<u>September 30, 2016</u>	<u>September 30, 2017</u>
Determination of Annual Required Contribution:		
Normal cost at year-end	\$ 105,467	\$ 108,104
Amortization of Unfunded Actuarial Liability	254,252	254,252
Interest through September 30	<u>6,549</u>	<u>6,596</u>
Annual Required Contribution (ARC)	<u>366,268</u>	<u>368,952</u>
Determination of Net OPEB Obligation:		
ARC	366,268	368,952
Interest on prior year Net OPEB Obligation	137,143	141,237
<i>Adjustment to ARC</i>	<u>(190,649)</u>	<u>(199,905)</u>
Annual OPEB Cost	312,762	310,284
Contributions made	0	0
Implicit Rate Subsidy	<u>(210,406)</u>	<u>(254,042)</u>
Increase in Net OPEB Obligation	102,356	56,242
Net OPEB Obligation – beginning of year	<u>3,428,575</u>	<u>3,530,931</u>
Net OPEB Obligation – end of year	<u>\$ 3,530,931</u>	<u>\$ 3,587,173</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>	
9/30/2015	4.00%	\$ 303,648	74.1%	\$3,428,575
9/30/2016	4.00%	\$ 312,762	67.3%	\$3,530,931
9/30/2017	4.00%	\$ 310,284	81.9%	\$3,587,173

The following table shows 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>Liabilities</u>	<u>Funded</u>	<u>Covered</u>	<u>Percentage</u>
<u>Date</u>	<u>of Assets</u>	<u>AAL</u>	<u>(UAAL)</u>	<u>Ratio</u>	<u>Payroll</u>	<u>of Covered</u>
						<u>Payroll</u>
10/01/2015	\$0	\$4,199,700	\$4,199,700	0.0%	\$36,124,337	11.63%

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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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 percent annual investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.0 percent, decreasing each year until it reaches an ultimate rate of 4.5 percent in 2020. Salary increases are assumed at 2.5 percent 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 percent of all eligible members are assumed to elect coverage upon retirement and 30 percent 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, 2017, was 20 years.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(9) Long-Term Obligations: Changes in long-term liabilities for the fiscal year ended September 30, 2017, are summarized as follows:

Governmental Activities:	Balance October 1, 2016	Additions	Reductions	Balance September 30, 2017	Due Within One Year
General long-term obligations:					
Accrued compensated absences	\$ 5,185,018	\$ 3,215,562	\$ 3,364,535	\$ 5,036,045	\$ 486,785
Pension (FRS)	35,842,589	1,882,939	-	37,725,528	-
Other post-employment benefits	3,530,931	56,242	-	3,587,173	-
Claims and judgments*	<u>2,500,000</u>	<u>-</u>	<u>1,300,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Total governmental activity long-term obligations	<u>\$47,058,538</u>	<u>\$ 5,154,743</u>	<u>\$ 4,664,535</u>	<u>\$ 47,548,746</u>	<u>\$1,686,785</u>

*See Note 10 and 18

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

<u>Year-Ending September 30</u>	<u>Total</u>
2018	\$ 445,421
2019	458,634
2020	472,487
2021	486,553
Total Lease Payments	<u>\$ 1,863,095</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 \$160,120 restriction of fund balance has been recorded at the governmental fund level to pay for known claims. The District is currently in the final stages of 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 the Contingent Liabilities detail of the payments.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(11) Retirement Plans:

Florida Retirement System (FRS):

General Information — All of the District's eligible 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, Florida 32315-9000, or from the Web site: 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 percent 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 percent 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(11) Retirement Plans (Continued):

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 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 a FRS employer for a period not to exceed 60 months from the date the member reaches the normal retirement date or eligible deferral date. 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, 2016 through June 30, 2017, and from July 1, 2017, through September 30, 2017, respectively, were as follows: Regular—7.52 percent and 7.92 percent; Senior Management Service—21.77 percent and 22.71 percent; and DROP participants—12.99 percent and 13.26 percent. These employer contribution rates include a 1.66 percent HIS Plan subsidy and a 0.06 percent administrative/educational fee.

The District's contribution to the FRS for the year ended September 30, 2017, was \$2,145,874.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At September 30, 2017, the District reported a liability of \$25,758,387 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016–17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.087082390 percent, which was a decrease of 1.1 percent from its share measured as of June 30, 2017.

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:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(11) Retirement Plans (Continued):

- 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)
- 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, 2017, 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 September 30, 2017, are presented below for the FRS Pension Plan.

Service cost	\$ 1,805,875
Interest cost	10,871,511
Effect of plan changes	80,277
Effect of economic/demographic gains or losses (differences Between expected and actual experience)	487,567
Effect of assumptions changes or inputs	1,728,721
Member contributions	(648,624)
Projected investment earnings	(9,171,317)
Net difference between projected and actual investment earnings	(879,759)
Administrative expenses	15,971
Total	4,290,222
Net amortization of employer-specific amounts due to changes in employer proportion	(138,295)
Total employer total pension expense	<u>\$ 4,151,927</u>

For the fiscal year ended September 30, 2017, the District recognized pension expense of \$4,151,927. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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(11) Retirement Plans (Continued):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,364,000	\$ 142,688
Change of assumptions	8,656,636	-
Net differences between projected and actual earnings on Pension Plan investments	-	638,357
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	362,245	1,274,359
District Pension Plan contributions subsequent to the measurement date	<u>534,978</u>	<u>-</u>
Total	<u>\$11,917,859</u>	<u>\$ 2,055,404</u>

The deferred outflows of resources related to the Pension Plan, totaling \$534,978 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, 2018. 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>
2018	\$ 1,429,490
2019	1,429,490
2020	1,429,490
2021	1,429,490
2022	1,429,490
Thereafter	<u>2,180,026</u>
Total	<u>\$ 9,327,477</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 7.10 percent. The discount rate for the HIS Program is 3.58 percent 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

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(11) Retirement Plans (Continued):

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 3.58 percent 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 2017:

- FRS: The long-term expected rate of return and the discount rate was decreased from 7.60 percent to 7.10 percent, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 2.85 percent to 3.58 percent.

The long-term expected investment rate of return assumption of 7.10 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.50 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent adopted in October 2017 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 7.10 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 7.10 percent reported investment return assumption differs from the 7.50 percent investment return assumption chosen by the 2017 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(11) Retirement Plans (Continued):

<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%	4.5%	4.4%
Global equity	53%	7.8%	6.6%
Real estate	10%	6.6%	5.9%
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 (7.10 percent), 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 (6.10 percent) or one percentage point higher (8.10 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of net pension liability(asset)	\$46,621,124	\$25,758,387	\$ 8,437,535

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*. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs.

Benefits Provided — For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, *Florida Statutes*. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(11) Retirement Plans (Continued):

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, 2017, the HIS contribution rate was 1.66 percent, and the District's contributions totaled \$565,675. The District contributed 100 percent 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At September 30, 2017, the District reported a liability of \$11,967,141 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation update as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016–17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was 0.111921289 percent, which was a decrease of 4.2 percent from its proportionate share measured as of June 30, 2016.

The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended September 30, 2017, are presented below for the HIS Plan.

Service cost	\$ 340,842
Interest cost	377,719
Effect of economic/demographic gains or losses (differences between expected and actual experience)	(4,792)
Effect of assumptions changes or inputs	197,856
Projected investment earnings	(4,631)
Net difference between projected and actual investment earnings	3,045
Administrative expenses	<u>198</u>
Total	910,237
Net amortization of employer-specific amounts due to changes in employer proportion	<u>(202,697)</u>
Total employer total pension expense	<u>\$ 707,540</u>

For the fiscal year ended September 30, 2017, the District recognized pension expense of \$707,540. 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, 2017

(11) Retirement Plans (Continued):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 24,918
Change of assumptions	1,682,168	1,034,811
Net difference between projected and actual earnings on HIS Plan investments	6,637	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	-	1,035,451
District HIS Plan contributions subsequent to the measurement date	<u>129,336</u>	<u>-</u>
Total	<u>\$ 1,818,141</u>	<u>\$ 2,095,180</u>

The deferred outflows of resources related to the HIS Plan, totaling \$129,336 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>
2018	(\$ 56,035)
2019	(56,035)
2020	(56,035)
2021	(56,035)
2022	(56,035)
Thereafter	<u>(126,198)</u>
Total	<u>(\$406,375)</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 3.58 percent, 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 (2.58 percent) or one percentage point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
District's proportionate share of net pension liability (asset)	\$13,656,092	\$11,967,141	\$10,560,337

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, 2017

(11) Retirement Plans (Continued):

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 0.06 percent of payroll and by forfeited benefits of plan members. As established by Section 121.72, *Florida Statutes*, fiscal year 2017 contributions are based on a percentage of gross compensation, by class, as follows: Regular class 6.30 percent and Senior Management Service class 7.67 percent for the employer contribution and 3 percent for all employee contributions. 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, 2017, 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 \$566,623 for the fiscal year ended September 30, 2017.

Aggregate Financial Pension Disclosure — Below are the aggregate pension liabilities, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense for the period associated with net pension liabilities:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(11) Retirement Plans (Concluded):

	Proportionate Share of Pension Liabilities	Pension Expense	Pension Deferred Outflows of Resources	Pension Deferred Inflows of Resources
FRS Pension Plan	\$ 25,758,387	4,151,927	11,917,859	2,055,404
HIS Plan	11,967,141	707,540	1,818,141	2,095,180
Total	<u>\$ 37,725,528</u>	<u>\$ 4,859,467</u>	<u>\$ 13,736,000</u>	<u>\$4,150,584</u>

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, 2017, 442 employees and former employees had \$7,362,139 actively invested in the 401a plan. The District has no liability for losses under the 457 or 401a plan but does have the duty of due care that would be required of an ordinary prudent investor. The District does not have a fiduciary relationship with the plan. Therefore, the assets and liabilities related to the plan are not recorded in the District's financial statements.

(12) State Trust Funds:

According to *Florida 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 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.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(12) State Trust Funds (Concluded):

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.

(14) Mitigation Bank Financial Responsibility Assurances:

The District is authorized by Section 373.4136, *Florida Statutes*, to permit the establishment of mitigation banks. A permit applicant proposing the establishment of a mitigation bank is required to demonstrate the financial ability to conduct the mitigation activities, any necessary site management, monitoring of the mitigation, and any necessary corrective action indicated by the monitoring. The mitigation banks can provide the demonstrated financial assurance by obtaining a surety bond, performance bond, irrevocable letter of credit, or establishing a trust fund. If a bond or an irrevocable letter of credit is used, a standby trust fund shall be established in which all payments under the bonds or letters of credit shall be directly deposited. If the mitigation banks fail to comply with the terms and conditions of the permit, the District may draw upon the financial assurance provided by the mitigation bank. As of September 30, 2017, the District estimates the value of the financial assurances provided by the various mitigation banks is \$16.5 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 (a) not in spendable form such as inventory assets and prepaid items, such as leases, software licenses, insurances, advanced employee Health Savings Account contributions and tax collector and property appraiser commissions or (b) legally or contractually required to be maintained intact such as a permanent endowment fund.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(15) Fund Balance Disclosure (Continued):

Spendable Fund Balance –

- Restricted – includes fund balance amounts that are restricted to specific purposes. The restrictions placed on the use of resources that identify and describe circumstances under which a need for funds arise must either be (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use by taking the same type of action it employed to previously commit those amounts. Fund balance may be committed for such purposes including, but not limited to: (a) future major maintenance and repair projects; (b) meeting future obligations resulting from a disaster; (c) accumulating resources pursuant to stabilization arrangements; and/or (d) for setting aside amounts for specific projects.

Commitment of fund balance may be made from time-to-time by resolution of the Governing Board. Commitments may be changed or lifted only by the Governing Board taking the same formal action that imposed the constraint originally (i.e., by resolution).

- Assigned – includes fund balance amounts that executive management intends for specific purposes that do not meet the accounting standards definition of restricted or committed.
- Unassigned – includes the residual classification for the General Fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District's General Fund Balance and Reserves Policy is to set aside reserves to provide 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. The District will maintain Fund Balance, as defined herein, in accordance with Governmental Accounting Standards Board (GASB) Standard Number 54 and as recommended by the Government Finance Officers Association.

The District reduces restricted fund balance amounts first when both restricted and unrestricted fund balances including committed, assigned and unassigned are available, and when expenditures are incurred for the purposes for which amounts in the restricted fund balance could be used 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. Regarding unrestricted fund balance, committed amounts would be reduced first, followed by assigned fund

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(15) Fund Balance Disclosure (Continued):

balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The District designates an Economic Stabilization Reserve within the District's General Fund balance equal to two months (16.7 percent) of operating expenditures (excludes fixed capital outlay and cooperative funding) of the General Fund based on the subsequent year's approved budget. The Economic Stabilization Reserve shall be reported as Committed Fund Balance and established annually for the next fiscal year prior to the end of the current fiscal year by inclusion in the Governing Board resolution establishing Committed Fund Balance amounts. The purpose of the Economic Stabilization Reserve is to provide sufficient funds for unforeseen and unexpected events, meet major emergencies and ensure the District's continued orderly operational and financial stability. Utilization of funds from the Economic Stabilization Reserve is limited to the following circumstances:

- (1) when a state of emergency is declared by the Governor or President of the United States; or
- (2) when the Governing Board determines through a resolution that: (a) an emergency or other circumstances has arisen that creates an unanticipated need for additional revenues that are not available through other funding sources; (b) the underlying condition directly impacts the citizens and/or environment within District boundaries; and (c) remedial action cannot wait until the next fiscal year. In the event of an emergency, the Executive Director or his/her designee may take necessary action as a time sensitive matter in accordance with District Policy 120; or
- (3) when anticipated or realized revenues from ad valorem sources within a specific fiscal period are at least 10 percent less than the revenue realized over the prior year.

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. A schedule of District fund balances at September 30, 2017, follows:

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(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	\$ 1,551,238	\$ -	\$ -	\$ 1,551,238
<u>Spendable:</u>				
<u>Restricted for:</u>				
Legal Settlement	160,120	-	-	160,120
Mitigation Endowment	-	13,463,325	-	13,463,325
Water Protection and Sustainability	-	2,741,321	-	2,843,688
Total Restricted	<u>160,120</u>	<u>16,204,646</u>	<u>-</u>	<u>16,364,766</u>
<u>Committed for:</u>				
Economic Stabilization Reserve	12,038,403	-	-	12,038,403
Land Management/Acquisition	-	7,517,467	-	7,517,467
North Florida Water Supply Partnership	4,512,665	-	-	4,512,665
Flood Protection–Levee/Structure Rehab	2,292,541	-	-	2,292,541
Indian River Lagoon Protection	2,110,467	-	999,251	3,109,718
Lake Apopka & UORB Restoration	4,621,950	-	-	4,621,950
Springs Protection	4,164,433	-	-	4,164,433
St Johns River Basin Restoration	4,594,215	-	96,145	4,690,360
Cooperative Projects Funding Program	65,034,292	-	-	65,034,292
Total Committed	<u>99,368,966</u>	<u>7,517,467</u>	<u>1,095,396</u>	<u>107,981,829</u>
<u>Assigned for:</u>				
Administrative Support	17,505	-	-	17,505
Communications	2,437	-	-	2,437
Emergency Management	3,186,478	-	-	3,186,478
Environmental Management	7,500	-	-	7,500
Facilities	34,606	-	-	34,606
Facilities Construction	72,090	-	-	72,090
General Counsel	18,606	-	-	18,606
Human Resources	3,076	-	-	3,076
Minimum Flows and Levels	134,264	-	-	134,264
Research, Data Collection and Analysis	609,731	-	-	609,731
Surface Water Projects	114,764	-	-	114,764
Technology and Information Services	65,918	-	-	65,918
Works	213,135	-	-	213,135
Total Assigned	<u>4,480,110</u>	<u>-</u>	<u>-</u>	<u>4,480,110</u>
<u>Unassigned:</u>	<u>9,909,180</u>	<u>-</u>	<u>-</u>	<u>9,909,180</u>
Totals All Funds	<u>\$ 115,469,614</u>	<u>\$ 23,722,113</u>	<u>\$ 1,095,396</u>	<u>\$140,287,123</u>

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(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:

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
Salaries and benefits	\$50,996,104	\$50,996,104	\$47,495,212	\$ 3,500,892
Expenses	29,300,154	31,052,251	25,964,668	5,087,583
Grants and aids	88,418,018	88,853,065	46,900,523	41,952,542
Operating capital outlay	5,922,107	3,956,039	1,752,792	2,203,247
Fixed capital outlay	<u>12,334,508</u>	<u>14,769,672</u>	<u>10,866,534</u>	<u>3,903,138</u>
Total expenditures	<u>\$186,970,891</u>	<u>\$189,627,131</u>	<u>\$132,979,729</u>	<u>\$ 56,647,402</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 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. 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The District is currently evaluating the effect that Statement No. 75 will have on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for the District’s fiscal year beginning October 1, 2017. The objective of Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District is currently evaluating the effect that Statement No. 81 will have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, effective for the District’s fiscal year beginning October 1, 2017. The objective of Statement No. 85 is to improve consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. The District is currently evaluating the effect that Statement No. 85 will have on its financial statements.

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

(17) Implementation of Accounting Standards (Concluded):

In June 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the District's fiscal year beginning October 1, 2017. The objective of Statement No. 86 is to improve consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of the Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. The District is currently evaluating the effect that Statement No. 86 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 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 and after the fiscal year-end a payment in the amount of \$645,463.70 to the Pacific Legal Foundation on 10/27/2017. 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.



*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, 2017

	Budgeted		Actual
	Original	Final	
REVENUES			
Ad valorem property taxes	\$ 84,069,456	\$ 84,069,456	\$ 84,103,364
Investment earnings	1,290,000	1,800,000	687,683
Regulatory permits	1,693,000	1,700,000	1,897,307
Fines and penalties	-	-	12,300
Other	230,000	115,000	436,774
Total revenues	87,282,456	87,684,456	87,137,428
EXPENDITURES			
Water resources planning and monitoring			
Salaries and benefits	10,793,835	10,891,342	10,509,882
Contracted services	2,324,690	4,551,272	3,603,672
Expenses	1,246,783	1,247,836	851,207
Operating capital outlay	2,869,242	606,800	449,708
Fixed capital outlay	34,880	1,095,286	552,281
Grants and aids	1,260,500	56,819	56,000
Total water resources planning and monitoring	18,529,930	18,449,355	16,022,750
Acquisition, restoration and public works			
Salaries and benefits	10,021,518	10,041,019	8,911,174
Contracted services	1,591,402	1,734,266	1,405,682
Expenses	352,313	346,661	249,057
Operating capital outlay	1,795,000	1,673,000	44,837
Fixed capital outlay	1,489,726	1,821,377	926,928
Grants and aids	38,656,135	38,715,127	21,154,698
Total acquisition, restoration and public works	53,906,094	54,331,450	32,692,376
Operation and maintenance of lands and works			
Salaries and benefits	7,675,594	7,792,601	7,145,231
Contracted services	1,810,189	1,774,601	1,664,285
Expenses	4,819,530	3,866,185	3,497,033
Operating capital outlay	600,000	808,989	796,881
Fixed capital outlay	4,120,018	4,465,319	3,801,554
Grants and aids	23,000	22,337	20,000
Total operation and maintenance of lands and works	19,048,331	18,730,032	16,924,984

(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, 2017

	Budgeted		Actual
	Original	Final	
Regulation			
Salaries and benefits	11,896,935	11,987,482	11,110,181
Contracted services	315,213	155,700	129,671
Expenses	332,330	327,278	243,800
Total regulation	12,544,478	12,470,460	11,483,652
Outreach			
Salaries and benefits	1,044,213	1,044,213	896,732
Contracted services	44,990	27,850	27,385
Expenses	91,420	86,212	64,999
Operating capital outlay	-	5,982	5,671
Total outreach	1,180,623	1,164,257	994,787
Management and administration			
Salaries and benefits	9,110,000	8,785,438	8,631,734
Contracted services	3,637,744	4,115,290	3,590,373
Expenses	5,163,118	5,229,680	4,380,098
Operating capital outlay	636,917	483,273	428,697
Total management and administration	18,547,779	18,613,681	17,030,902
Total expenditures	123,757,235	123,759,235	95,149,451
Excess of revenues over			
 (under) expenditures	(36,474,779)	(36,074,779)	(8,012,023)
Other financing sources (uses)			
Transfers in	-	-	316,068
Transfers out	(3,425,000)	(3,425,000)	(3,356,067)
Sale of capital assets	125,000	125,000	288,414
Insurance/ loss recovery	-	-	764
Total other financing sources (uses)	(3,300,000)	(3,300,000)	(2,750,821)
Net change in fund balance	(39,774,779)	(39,374,779)	(10,762,844)
Fund balance, beginning of year	126,232,458	126,232,458	126,232,458
Fund balance, end of year	\$ 86,457,679	\$ 86,857,679	\$ 115,469,614

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, 2017

	Budgeted		Actual
	Original	Final	
REVENUES			
State			
Dept. of Environmental Protection	\$ 40,585,219	\$ 40,358,049	\$ 22,131,114
Fish & Wildlife Conservation Commission	5,699,126	6,008,323	2,386,560
Dept. of Transportation	1,129,490	2,484,990	2,294,682
Dept. of Highway Safety & Motor Vehicles	160,000	160,000	132,234
Total State	47,573,835	49,011,362	26,944,590
Federal			
Department of Agriculture	-	4,934	4,934
Department of Defense	-	1,215,000	1,195,000
Environmental Protection Agency	479,761	479,761	278,383
Department of Commerce	-	87,606	81,600
Total Federal	479,761	1,787,301	1,559,917
Investment earnings	-	-	160,929
Local mitigation	-	-	807
Cities and counties	50,000	121,793	67,798
Lease and timber sales	2,210,000	2,210,000	2,120,253
Other			
Florida Inland Navigation District	604,243	604,243	604,243
Water management districts	89,576	145,749	184,893
Other local - well plugging	20,000	57,278	29,731
Total Other	713,819	807,270	818,867
Total revenues	51,027,415	53,937,726	31,673,161
EXPENDITURES			
Water resources planning and monitoring			
Salaries and benefits	273,729	273,729	165,882
Contracted services	126,500	291,364	176,449
Expenses	53,532	44,832	23,569
Fixed capital outlay	25,000	25,000	-
Total water resources planning and monitoring	478,761	634,925	365,900

(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, 2017

	Budgeted		Actual
	Original	Final	
Acquisition, restoration and public works			
Salaries and benefits	180,280	180,280	124,397
Contracted services	2,740,064	1,457,297	1,417,099
Expenses	446,500	-	-
Fixed capital outlay	1,881,500	3,655,005	2,916,778
Grants and aids	48,178,808	48,448,641	24,520,636
Total acquisition, restoration and public works	53,427,152	53,741,223	28,978,910
Operation and maintenance of lands and works			
Contracted services	2,369,083	3,451,644	2,761,328
Expenses	1,822,177	2,311,992	1,846,672
Operating capital outlay	-	377,995	26,997
Fixed capital outlay	179,216	528,516	378,344
Grants and aids	299,575	185,143	-
Total operation and maintenance of lands and works	4,670,051	6,855,290	5,013,341
Management and administration			
Contracted services	9,576	9,576	9,576
Expenses	1,000	1,765	1,765
Total management and administration	10,576	11,341	11,341
Total expenditures	58,586,540	61,242,779	34,369,492
Excess of revenues over (under) expenditures	(7,559,125)	(7,305,053)	(2,696,331)
Other financing sources (uses)			
Transfers out	-	-	(316,068)
Sale of capital assets	200,000	200,000	19,129
Total other financing sources (uses)	200,000	200,000	(296,939)
Net change in fund balance	(7,359,125)	(7,105,053)	(2,993,270)
Fund balance, beginning of year	26,715,383	26,715,383	26,715,383
Fund balance, end of year	\$ 19,356,258	\$ 19,610,330	\$ 23,722,113

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, 2017

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, 2017

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

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liabilities (AAL)</u>	<u>Unfunded Actuarial Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
10/01/2014	\$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%
10/01/2016	\$0	\$4,199,700	\$4,199,700	0.0%	\$36,124,337	11.63%

Schedule of Employer Contributions

<u>Year Ended September 30,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2015	\$ 225,132	\$ 395,135	56.98%
2016	\$ 210,406	\$ 366,268	57.45%
2017	\$ 254,043	\$ 368,952	68.86%

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>2017</u>	<u>2016</u>	<u>2015</u>
St. Johns River Water Management District's proportion of the net pension liability (asset)	0.087082390%	0.088007698%	0.098383092%
St. Johns River Water Management District's proportionate share of the net pension liability (asset)	\$ 25,758,387	\$ 22,222,013	\$ 12,707,496
St. Johns River Water Management District's covered payroll	35,691,411	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 payroll	72.17%	61.59%	34.06%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,145,874	\$ 2,203,656	\$ 2,398,663	\$ 2,194,839
Contributions in relation to the contractually required contribution	<u>(2,145,874)</u>	<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 payroll	<u>34,080,781</u>	<u>35,484,176</u>	<u>37,348,315</u>	<u>37,207,322</u>
Contributions as a percentage of covered payroll	6.30%	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>2017</u>	<u>2016</u>	<u>2015</u>
St. Johns River Water Management District's proportion of the net pension liability (asset)	0.111921289%	0.116868817%	0.122961734%
St. Johns River Water Management District's proportionate share of the net pension liability (asset)	\$ 11,967,141	\$ 13,620,577	\$ 12,540,163
St. Johns River Water Management District's covered payroll	35,691,411	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 payroll	33.53%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 565,675	\$ 589,031	\$ 470,036	\$ 428,042
Contributions in relation to the contractually required contribution	<u>(565,675)</u>	<u>(589,031)</u>	<u>(470,036)</u>	<u>(428,042)</u>
Contribution deficiency (excess)	-	-	-	-
St. Johns River Water Management District's covered payroll	<u>34,080,781</u>	<u>35,484,176</u>	<u>37,348,315</u>	<u>37,207,322</u>
Contributions as a percentage of covered payroll	1.66%	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, 2017

	Budgeted		
	Original	Final	Actual
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Acquisition, restoration and public works			
Contracted services	-	20,948	20,948
Fixed capital outlay	4,625,115	3,179,167	2,290,649
Grants and aids	-	1,425,000	1,149,189
Total acquisition, restoration and public works	4,625,115	4,625,115	3,460,786
Total expenditures	4,625,115	4,625,115	3,460,786
Excess of revenues over (under) expenditures	(4,625,115)	(4,625,115)	(3,460,786)
Other financing sources (uses)			
Transfers in	3,425,000	3,425,000	3,356,067
Transfers out	-	-	-
Total other financing sources (uses)	3,425,000	3,425,000	3,356,067
Net change in fund balance	(1,200,115)	(1,200,115)	(104,719)
Fund balance, beginning of year	1,200,115	1,200,115	1,200,115
Fund balance, end of year	\$ -	\$ -	\$ 1,095,396

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.

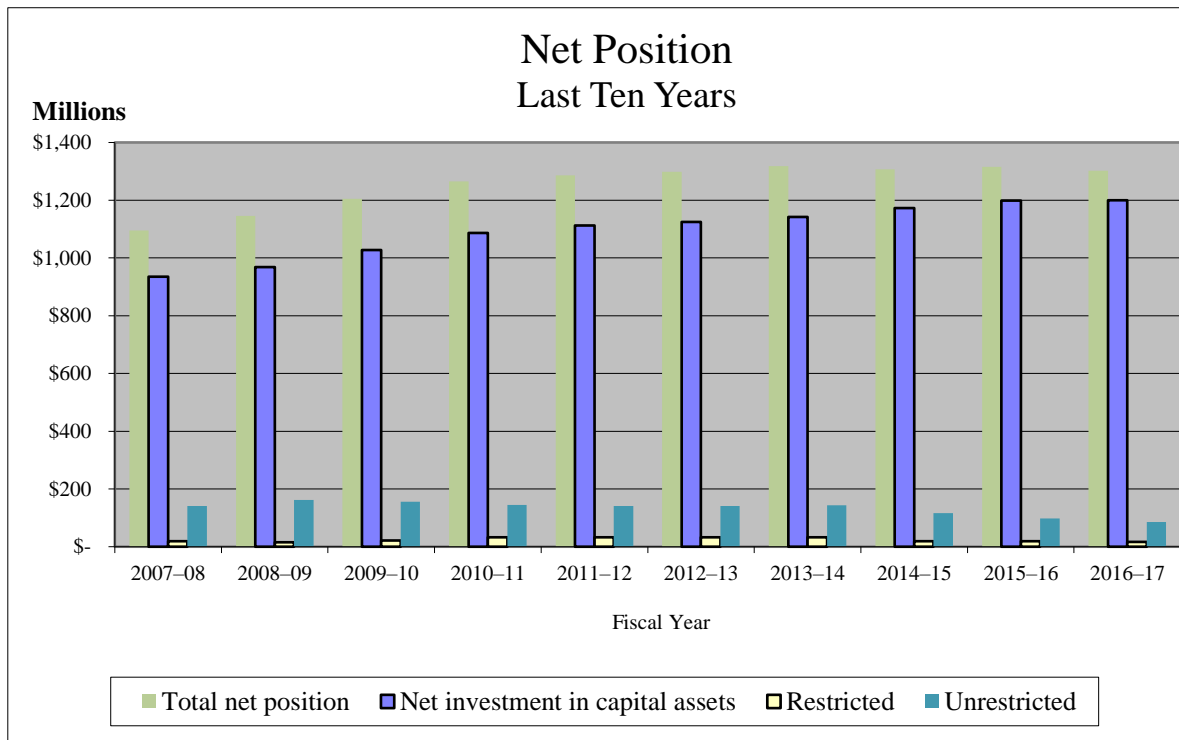
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



Financial Trends

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

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



<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
\$ 1,125,006,751	\$ 1,142,674,165	\$ 1,172,379,975	\$ 1,199,234,566	\$ 1,200,386,597
33,148,716	32,435,993	19,334,646	18,648,086	16,364,766
<u>140,577,543</u>	<u>143,202,750</u>	<u>115,889,657</u>	<u>98,291,727</u>	<u>85,959,027</u>
<u><u>\$ 1,298,733,010</u></u>	<u><u>\$ 1,318,312,908</u></u>	<u><u>\$ 1,307,604,278</u></u>	<u><u>\$ 1,316,174,379</u></u>	<u><u>\$ 1,302,710,390</u></u>

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

	2007-08	2008-09	2009-10	2010-11
Expenses:				
Water resources planning and monitoring	\$ 16,684,663	\$ 19,442,113	\$ 17,531,746	\$ 15,524,373
Acquisition, restoration and public works	81,613,153	80,833,949	63,183,862	33,110,658
Operation and maintenance of land and works	24,104,108	23,325,492	24,064,175	23,241,335
Regulation	17,516,548	18,347,155	17,548,909	17,629,095
Outreach	5,066,235	4,972,162	3,594,555	2,988,580
District management and administration	22,004,507	30,986,501	31,514,536	31,156,428
Interest on long-term debt	1,903,361	1,747,117	1,577,063	1,408,335
Total expenses	168,892,575	179,654,489	159,014,846	125,058,804
Program revenues:				
Charges for services:				
Gain on disposal of land	-	-	-	-
Regulatory permitting	3,106,679	1,742,275	1,461,708	1,700,317
Operations and land management	1,796,712	1,719,299	1,162,611	1,593,119
Operating grants and contributions	43,129,040	55,036,822	38,166,419	19,002,122
Capital grants and contributions	99,792,164	25,116,714	47,631,576	49,169,451
Total program revenues	147,824,595	83,615,110	88,422,314	71,465,009
Net (expense)/ revenue	(21,067,980)	(96,039,379)	(70,592,532)	(53,593,795)
General revenues and other changes in net position				
Ad valorem property taxes	145,122,797	138,108,192	124,930,368	111,317,677
Unrestricted earnings on investments	6,208,108	7,708,352	4,214,405	2,041,261
Gain(loss) on sale of capital assets	7,742,637	256,274	74,105	90,476
Miscellaneous	176,525	333,537	488,122	182,047
Total general revenues and other changes in net position	159,250,067	146,406,355	129,707,000	113,631,461
Change in net position	\$ 138,182,087	\$ 50,366,976	\$ 59,114,468	\$ 60,037,666

2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
\$ 11,695,698	\$ 13,955,220	\$ 15,048,512	\$ 16,525,822	\$ 14,941,578	\$ 15,857,328
27,605,019	22,903,593	27,583,602	45,545,311	45,556,251	67,405,308
20,414,644	24,134,473	23,901,054	25,818,520	22,949,525	24,220,770
13,391,590	14,145,560	13,230,805	16,035,824	12,183,780	11,950,330
942,373	904,300	940,621	1,229,915	1,056,451	1,035,590
24,425,597	17,289,120	16,217,840	16,371,881	16,881,745	16,642,647
1,001,946	955,965	599,241	329,367	-	-
99,476,867	94,288,231	97,521,675	121,856,640	113,569,330	137,111,973
-	-	-	1,231,071	1,613,492	-
1,155,765	1,152,520	1,510,633	1,728,512	2,082,799	1,909,607
1,060,208	1,234,117	1,885,825	1,387,381	1,778,961	2,120,253
18,106,785	14,206,955	15,072,037	27,128,105	17,912,774	26,169,214
15,901,918	10,062,697	16,783,189	12,582,684	13,742,293	8,060,160
36,224,676	26,656,289	35,251,684	44,057,753	37,130,319	38,259,234
(63,252,191)	(67,631,942)	(62,269,991)	(77,798,887)	(76,439,011)	(98,852,739)
82,083,164	79,630,212	80,285,876	81,505,441	82,873,945	84,103,364
1,705,494	720,372	1,131,270	2,386,129	1,941,294	848,612
-	-	-	-	-	-
202,814	107,704	432,743	230,492	193,873	436,774
83,991,472	80,458,288	81,849,889	84,122,062	85,009,112	85,388,750
\$ 20,739,281	\$ 12,826,346	\$ 19,579,898	\$ 6,323,175	\$ 8,570,101	\$ (13,463,989)

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

	2007-08	2008-09	2009-10	2010-11
General fund				
Nonspendable	\$ 518,193	\$ 510,034	\$ 632,775	\$ 532,773
Restricted	-	-	-	-
Committed	95,958,588	111,196,633	123,630,887	128,147,398
Assigned	306,647	1,030,388	796,787	2,124,416
Unassigned	13,149,204	29,245,723	15,589,493	12,623,284
Total general fund	109,932,632	141,982,778	140,649,942	143,427,871
All other governmental funds				
Restricted:				
Special revenue funds	52,055,973	41,071,427	42,205,381	26,328,999
Debt service fund	6,306,030	6,307,140	6,359,777	6,406,625
Committed:				
Special revenue funds	-	-	-	-
Capital projects fund	-	-	-	13,088,051
Assigned:				
Capital projects fund	2,814,069	1,100,000	1,329,574	-
Total all other governmental funds	61,176,072	48,478,567	49,894,732	45,823,675
Total fund balances	\$ 171,108,704	\$ 190,461,345	\$ 190,544,674	\$ 189,251,546

2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
\$ 591,701	\$ 914,668	\$ 1,030,023	\$ 1,581,027	\$ 2,059,241	\$ 1,551,238
-	-	-	-	-	160,120
124,302,980	126,500,000	125,260,000	123,265,302	111,136,700	99,368,966
525,224	16,423,721	16,013,221	9,854,264	13,036,517	4,480,110
16,464,398	2,104,987	42,514	-	-	9,909,180
141,884,303	145,943,376	142,345,758	134,700,593	126,232,458	115,469,614
25,993,223	26,867,688	26,088,129	19,334,646	18,648,086	16,204,646
6,439,146	6,454,533	6,471,774	-	-	-
-	-	7,200,000	12,426,071	8,067,297	7,517,467
11,508,890	6,000,000	5,040,000	4,477,398	1,200,115	1,095,396
160,872	1,094,300	536	64,528	-	-
44,102,131	40,416,521	44,800,439	36,302,643	27,915,498	24,817,509
\$ 185,986,434	\$ 186,359,897	\$ 187,146,197	\$ 171,003,236	\$ 154,147,956	\$ 140,287,123

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

	2007-08	2008-09	2009-10	2010-11
Revenues:				
Taxes	\$ 145,122,797	\$ 138,108,192	\$ 124,930,368	\$ 111,317,677
State	132,949,884	67,187,487	61,237,748	29,739,031
Federal	4,706,562	3,496,518	3,070,006	9,507,599
Investment earnings	6,208,108	7,708,353	4,214,405	2,041,261
Local mitigation	1,064,233	92,034	89,453	-
Licenses and permits	2,322,017	1,539,179	1,254,133	1,571,181
Cities and counties	821,525	756,858	834,729	56,330
Other local	3,296,423	1,467,655	375,602	73,608
Land management	1,796,712	1,742,275	1,162,611	1,593,119
Miscellaneous revenue	961,187	513,658	695,697	311,183
Total revenues	299,249,448	222,612,209	197,864,752	156,210,989
Expenditures:				
Water resources planning and monitoring	17,004,052	19,573,417	17,831,132	15,875,904
Acquisition, restoration and public works	179,840,632	103,383,143	105,468,801	68,012,187
Operation and maintenance of land and w	17,602,973	16,575,241	16,492,021	15,319,751
Regulation	17,352,936	17,949,435	17,452,002	18,025,323
Outreach	5,055,126	4,917,846	3,647,805	3,100,368
District management and administration	35,263,176	34,910,348	34,071,764	30,821,505
Debt service:				
Principal retirement	4,725,000	4,880,000	5,045,000	5,315,000
Interest and fiscal charges	1,694,125	1,542,213	1,372,843	1,201,000
Total expenditures	278,538,020	203,731,643	201,381,368	157,671,038
Excess of revenues over(under) expenditure	20,711,428	18,880,566	(3,516,616)	(1,460,049)
Other financing sources (uses):				
Transfers in	12,802,535	3,455,254	5,876,998	27,848,862
Transfers out	(12,802,535)	(3,455,254)	(5,876,998)	(27,848,862)
Sale of capital assets	18,943,514	383,885	3,463,807	164,722
Transfer out - refund to state	-	-	-	-
Insurance - loss recovery	74,572	88,189	136,138	2,199
Total other financing sources (uses)	19,018,086	472,074	3,599,945	166,921
Net change in fund balances	\$ 39,729,514	\$ 19,352,640	\$ 83,329	\$ (1,293,128)
Debt service as a percentage of noncapital expenditures	3.65%	3.68%	4.17%	5.39%

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 82,083,164	\$ 79,630,212	\$ 80,285,876	\$ 81,505,441	\$ 82,873,945	\$ 84,103,364
18,358,377	19,809,645	19,165,372	26,009,183	18,633,171	26,944,590
1,813,621	1,071,230	1,630,939	2,428,612	4,792,762	1,559,917
1,705,494	720,372	1,131,270	2,386,129	1,941,294	848,612
58	8,750	25,477	646	69,829	807
1,150,280	1,141,451	1,504,706	1,721,156	2,076,949	1,897,307
-	92,925	358	400,268	20,493	67,798
94,707	223,517	205,770	1,031,639	1,952,128	818,867
1,060,208	1,234,117	1,885,825	1,387,381	1,778,961	2,120,253
208,299	118,773	438,670	237,848	199,723	449,074
106,474,208	104,050,992	106,274,263	117,108,303	114,339,255	118,810,589
11,870,469	14,643,303	15,647,669	18,851,892	17,276,381	16,388,650
42,959,409	34,297,823	33,986,990	52,076,117	66,315,200	65,132,072
12,955,727	17,276,250	19,049,507	20,225,937	20,025,471	21,938,325
13,311,975	14,056,424	13,511,073	14,021,045	11,840,656	11,483,652
935,412	896,417	963,860	1,092,884	1,027,234	994,787
21,460,015	16,418,073	15,748,277	14,602,886	16,113,130	17,042,243
5,475,000	5,645,000	5,830,000	12,290,000	-	-
1,041,850	872,125	688,362	532,328	-	-
110,009,857	104,105,415	105,425,738	133,693,089	132,598,072	132,979,729
(3,535,649)	(54,423)	848,525	(16,584,786)	(18,258,817)	(14,169,140)
12,825,762	307,150	7,988,246	48,226,466	4,222,565	3,672,135
(12,825,762)	(307,150)	(7,988,246)	(48,226,466)	(4,222,565)	(3,672,135)
207,307	416,062	94,343	437,830	1,401,001	307,543
-	-	(156,568)	-	-	-
63,230	11,824	-	3,995	2,536	764
270,537	427,886	(62,225)	441,825	1,403,537	308,307
\$ (3,265,112)	\$ 373,463	\$ 786,300	\$ (16,142,961)	\$ (16,855,280)	\$ (13,860,833)
7.04%	7.21%	6.95%	10.58%	N/A	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>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Assessed Property Value (Millions) ¹	\$ 362,448	\$ 345,827	\$ 310,894	\$ 277,754
Estimated Just Value (Millions) ²	545,265	538,227	475,787	425,392
Assessed Value as a Percentage of Just Value	66.5%	64.3%	65.3%	65.3%
Millage Levy	0.4158	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>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
\$ 257,587	\$ 249,187	\$ 253,093	\$ 266,509	\$ 283,964	\$ 301,971
393,127	376,267	377,799	412,989	445,836	473,945
65.5%	66.2%	67.0%	64.5%	63.7%	63.6%
0.3313	0.3313	0.3283	0.3164	0.3023	0.2885

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TAXABLE PROPERTY VALUES AND ESTIMATED
JUST VALUES OF TAXABLE PROPERTY BY COUNTY
FISCAL YEAR 2016–2017

<u>County</u>	<u>Estimated Just Value¹</u>	<u>Taxable Value²</u>	<u>Taxable as Percentage of Just Value</u>
Alachua*	\$17,665,848,563	\$8,779,931,275	49.7%
Baker*	\$1,628,454,337	787,505,415	48.4%
Bradford*	\$112,815,671	60,829,643	53.9%
Brevard	58,202,622,110	32,357,628,026	55.6%
Clay	15,115,103,337	9,375,503,004	62.0%
Duval	91,665,882,660	55,516,319,202	60.6%
Flagler	11,446,627,252	7,585,304,843	66.3%
Indian River	22,621,616,836	15,221,381,153	67.3%
Lake*	\$25,670,818,716	17,540,335,659	68.3%
Marion*	\$17,199,517,918	10,311,820,455	60.0%
Nassau	10,941,057,404	7,265,647,011	66.4%
Okeechobee*	\$146,243,537	76,216,909	52.1%
Orange*	\$77,181,293,372	53,093,176,457	68.8%
Osceola*	\$168,855,499	108,501,260	64.3%
Putnam	6,477,852,616	3,405,391,543	52.2%
St. Johns	31,458,495,123	22,161,751,643	70.4%
Seminole	40,309,364,814	28,863,533,708	71.6%
Volusia	45,932,520,567	29,460,131,136	64.1%
Total	\$ 473,944,990,332	\$ 301,970,908,342	63.7%
Florida Total	\$ 2,423,928,584,444	\$ 1,602,542,614,950	66.1%

Source: Florida Department of Revenue. 2016 DR–420 Reports and 2016 Florida Property and Tax Data book; Internet site
[Internet site http://floridarevenue.com/property/Pages/DataPortal.aspx](http://floridarevenue.com/property/Pages/DataPortal.aspx)

*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

² County taxable value reported to District in DR 420 forms

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
PRINCIPAL TAXPAYERS BY COUNTY
FISCAL YEAR 2016–2017

<u>County</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>
Alachua	\$ 2,444,567	2.91%
Baker	211,945	0.25%
Bradford	16,698	0.02%
Brevard	9,020,609	10.73%
Clay	2,607,299	3.10%
Duval	15,467,620	18.39%
Flagler	2,106,712	2.50%
Indian River	4,252,387	5.06%
Lake	4,856,147	5.77%
Marion	2,891,986	3.44%
Nassau	2,015,448	2.40%
Okeechobee	23,001	0.03%
Orange	14,795,934	17.59%
Osceola	30,468	0.04%
Putnam	943,839	1.12%
St. Johns	6,181,467	7.35%
Seminole	8,018,485	9.53%
Volusia	8,218,753	9.77%
Total	\$ 84,103,364	100.00%

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Millage Levy	0.4158	0.4158	0.4158	0.4158
Alachua	\$ 3,764,454	\$ 3,691,898	\$ 3,656,160	\$ 3,497,940
Baker	332,478	335,454	343,421	340,025
Bradford	27,246	24,980	24,836	24,792
Brevard	16,462,415	15,278,575	13,575,140	11,810,565
Clay	4,322,683	4,003,031	3,804,185	3,483,868
Duval	24,580,575	24,424,441	23,274,026	21,647,534
Flagler	4,960,294	4,522,956	3,827,635	3,130,542
Indian River	7,328,800	7,191,682	6,384,914	5,718,818
Lake	8,923,002	8,406,518	7,765,521	6,909,378
Marion	5,618,860	5,194,509	4,750,603	4,269,650
Nassau	3,303,262	3,257,302	3,129,703	2,842,640
Okeechobee	54,072	48,457	40,030	34,702
Orange	23,827,053	23,216,222	20,626,141	17,625,396
Osceola	51,061	48,835	47,018	43,555
Putnam	1,677,396	1,613,157	1,596,445	1,512,976
St. Johns	9,800,861	9,488,809	8,329,791	7,397,412
Seminole	13,534,562	12,828,954	11,384,313	10,314,040
Volusia	16,553,723	14,532,412	12,370,486	10,713,844
Total	<u>\$145,122,797</u>	<u>\$138,108,192</u>	<u>\$124,930,368</u>	<u>\$111,317,677</u>
Percentage increase of property tax revenues	1.5%	-4.8%	-9.5%	-10.9%

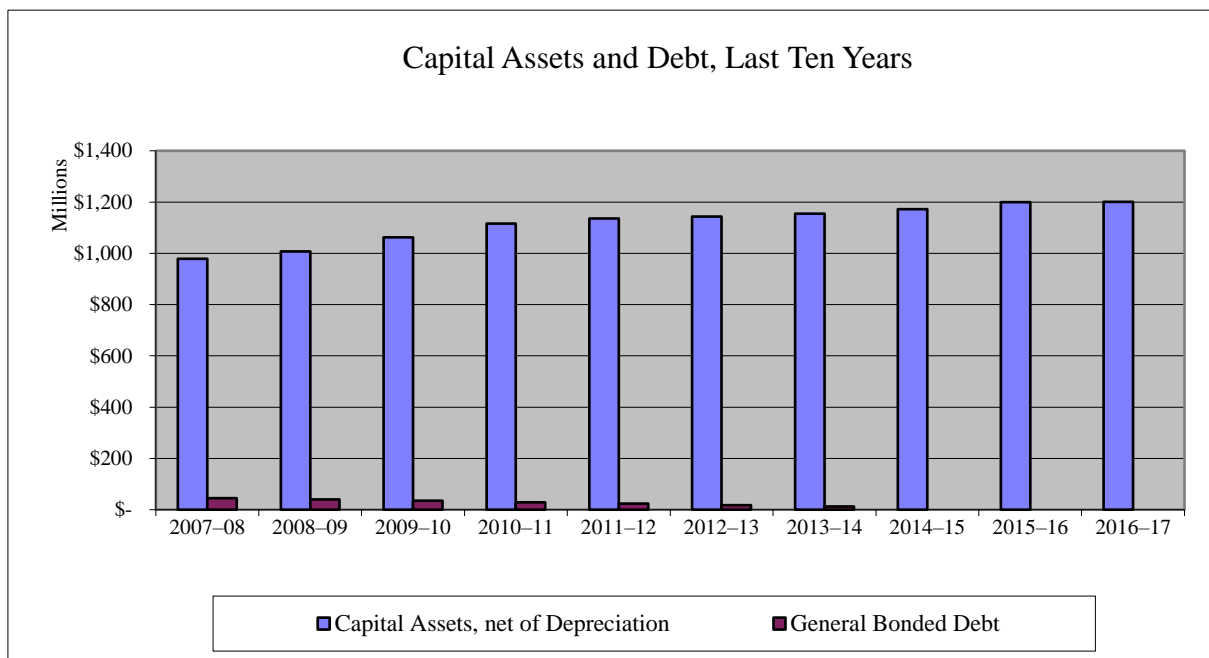
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
0.3313	0.3313	0.3283	0.3164	0.3023	0.2885
\$ 2,675,170	\$ 2,577,902	\$ 2,526,907	\$ 2,504,523	\$ 2,461,229	\$ 2,444,567
261,829	251,296	230,868	228,881	214,861	211,945
19,178	18,293	17,762	17,647	17,360	16,698
8,066,680	7,968,861	8,261,567	8,658,663	8,763,008	9,020,609
2,617,584	2,563,141	2,587,480	2,598,482	2,591,210	2,607,299
16,002,679	15,353,964	15,093,496	15,221,818	15,418,596	15,467,620
2,151,730	2,030,623	2,015,491	2,044,842	2,085,126	2,106,712
4,247,784	4,082,189	4,114,964	4,121,433	4,202,249	4,252,387
5,048,775	4,750,592	4,746,674	4,783,007	4,804,644	4,856,147
3,142,319	2,942,777	2,919,095	2,914,399	2,916,170	2,891,986
2,097,930	1,989,635	1,972,362	1,989,852	2,001,801	2,015,448
24,052	23,934	22,543	21,456	21,170	23,001
13,377,083	13,164,264	13,429,265	13,738,249	14,387,847	14,795,934
33,031	34,601	34,379	34,254	32,296	30,468
1,122,965	1,071,860	1,083,026	1,027,046	970,997	943,839
5,659,490	5,479,842	5,582,815	5,707,498	5,947,220	6,181,467
7,745,493	7,631,408	7,787,506	7,905,846	7,976,463	8,018,485
7,789,392	7,695,030	7,859,676	7,987,545	8,061,698	8,218,753
\$ 82,083,164	\$ 79,630,212	\$ 80,285,876	\$ 81,505,441	\$ 82,873,945	\$ 84,103,364
-26.3%	-3.0%	0.8%	1.5%	1.7%	1.5%



Debt Capacity

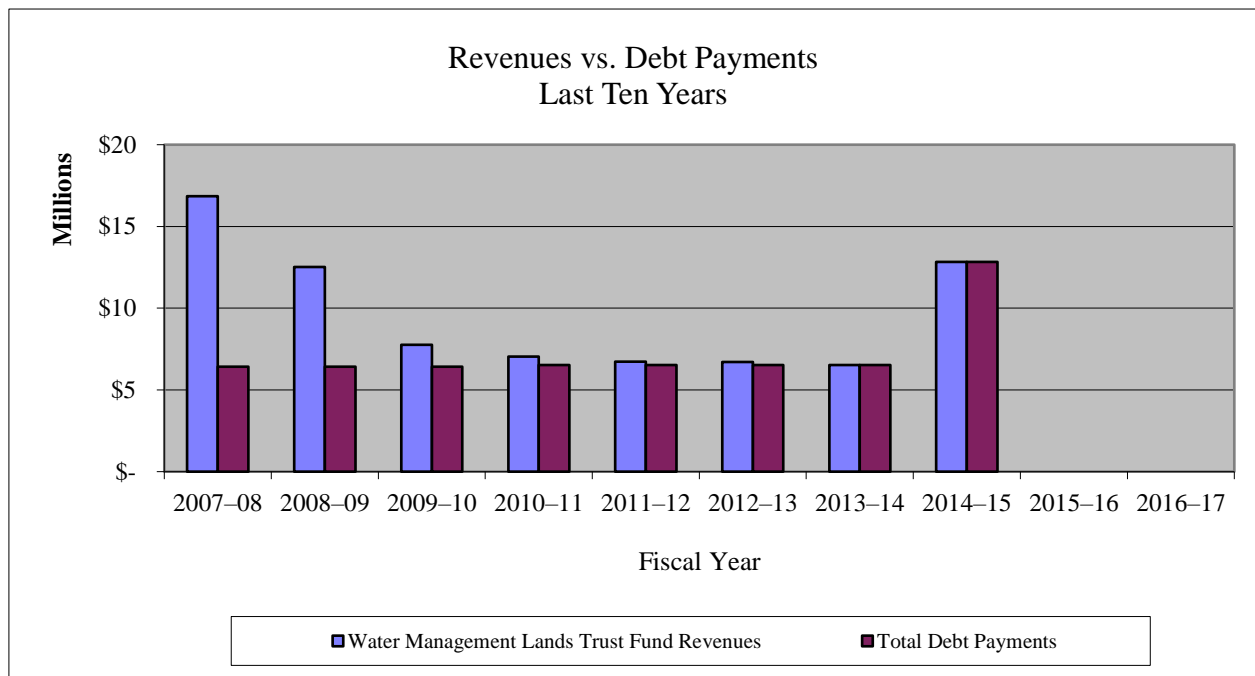
ST. JOHNS RIVER MANAGEMENT DISTRICT, FLORIDA
RATIO OF GENERAL BONDED DEBT TO CAPITAL ASSETS, NET OF
DEPRECIATION AND GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

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
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	-
2016–17	-	1,200,386,597	0.00%	5,022,469	-



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
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	-	-	-	-	-
2016-17	-	-	-	-	-





Demographic and Economic Information

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

	2008	2009	2010	2011	2012	2013
Alachua*	200,740	203,807	196,731	196,732	196,281	197,261
Baker*	25,396	25,404	26,597	26,413	26,423	26,368
Bradford*	1,233	1,233	1,209	1,215	1,155	1,154
Brevard	556,213	555,657	543,376	545,184	545,625	548,424
Clay	185,168	185,208	190,865	191,143	192,071	192,843
Duval	904,971	900,518	864,263	864,601	869,729	876,075
Flagler	95,512	94,901	95,696	96,241	97,160	97,843
Indian River	141,667	141,634	138,028	138,694	139,446	139,586
Lake*	287,656	291,263	296,309	297,519	298,928	302,559
Marion*	229,827	230,548	231,147	231,458	232,326	233,735
Nassau	71,915	72,588	73,314	73,684	73,745	74,661
Okeechobee*	750	742	748	746	744	744
Orange*	837,921	833,325	861,186	869,743	883,720	904,038
Osceola*	955	955	940	959	983	1,009
Putnam*	74,989	74,608	74,364	74,052	73,158	72,605
St. Johns	181,180	183,572	190,039	192,852	196,071	201,541
Seminole	426,413	423,759	422,718	424,587	428,104	431,074
Volusia	510,750	507,105	494,593	495,400	497,145	498,978
SJRWMD Total	4,733,256	4,726,827	4,702,123	4,721,223	4,752,814	4,800,498
Annual Percentage Increase	1.1%	-0.1%	-0.5%	0.4%	0.7%	1.0%

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.

2014	2015	2016	2017
206,852	198,585	200,251	193,338
26,397	26,423	26,372	26,606
5,557	5,544	5,570	2,438
552,427	561,714	568,919	575,211
197,403	201,277	205,321	208,549
890,066	905,574	923,647	936,811
99,121	101,353	103,095	105,157
140,955	143,326	146,410	148,962
309,117	315,936	323,337	331,027
210,572	218,965	221,971	217,489
75,321	76,536	77,841	80,456
1,434	1,442	1,469	1,460
875,560	870,632	889,869	912,358
296	259	323	1,553
72,523	72,756	72,972	73,176
207,443	213,566	220,257	229,715
437,086	442,903	449,124	454,757
503,851	510,494	517,411	523,405
4,811,981	4,867,285	4,954,159	5,022,469
0.2%	1.1%	1.8%	1.4%

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Number of Employees ¹	715	717	717	718	591
District Population ²	4,733,256	4,726,827	4,702,123	4,721,223	4,752,814
Employees Per 100,000 Population	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	2017
591	588	591	582	574
4,800,498	4,811,981	4,867,285	4,954,159	5,022,469
12.3	12.2	12.1	11.7	11.4

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
TOP TEN NON-GOVERNMENT EMPLOYERS WITHIN A SINGLE COUNTY
FISCAL YEAR 2016–2017

<u>Employer</u>	2016			2007		
	<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 Co.	74,000	1	Orange	59,500	1	Orange
Universal Orlando Resort	21,000	2	Orange	13,000	3	Orange
Florida Hospital/Adventist Health	20,413	3	Orange	16,002	2	Orange
Orlando Health	16,828	4	Orange	10,000	4	Orange
UF Health Shands System*	12,705	5	Alachua	-	-	-
Baptist Health	9,800	6	Duval	7,000	6	Duval
Bank of America Merrill Lynch*	8,000	7	Duval	-	-	-
Health First	7,500	8	Brevard	6500	8	Brevard
SeaWorld Orlando*	6,149	9	Orange	-	-	-
Florida Blue	6,000	10	Duval	7000	7	Duval
Lockheed Martin^	-	-	-	7,200	5	Brevard
Harris Corporation^	-	-	-	6,500	9	Brevard
Westgate Resorts^	-	-	-	6,155	10	Orange

* 2007 information not available

^ 2016 information not available

Source: 2016 county and city CAFRs within the District's boundaries

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Alachua	4.2%	6.9%	8.2%	7.7%	6.6%	5.4%	5.2%	4.2%	4.3%	3.0%
Baker	5.7%	10.3%	10.9%	9.9%	7.8%	6.7%	6.3%	4.9%	4.9%	3.2%
Bradford	4.7%	8.0%	9.6%	8.8%	7.2%	5.7%	5.6%	5.0%	4.3%	3.0%
Brevard	6.5%	10.8%	11.5%	11.1%	9.2%	7.9%	6.9%	5.4%	5.2%	3.5%
Clay	5.3%	9.4%	10.5%	9.3%	7.6%	6.3%	5.7%	4.5%	4.5%	3.1%
Duval	6.1%	10.7%	11.7%	10.6%	8.8%	7.4%	6.7%	5.2%	5.0%	3.5%
Flagler	9.6%	15.5%	15.5%	14.1%	11.6%	10.2%	7.5%	5.9%	5.5%	3.8%
Indian River	8.1%	13.6%	14.0%	12.6%	10.6%	9.1%	7.8%	6.7%	6.2%	4.3%
Lake	6.4%	11.4%	12.0%	11.2%	9.0%	7.5%	6.4%	5.0%	4.9%	3.4%
Marion	7.7%	12.8%	13.8%	12.3%	10.0%	8.3%	7.3%	5.9%	5.8%	4.0%
Nassau	5.4%	9.8%	10.9%	9.6%	7.7%	6.2%	5.8%	4.6%	4.6%	3.2%
Okeechobee	8.0%	12.1%	12.7%	11.7%	10.2%	8.7%	7.3%	6.0%	5.4%	3.8%
Orange	5.8%	10.7%	11.4%	10.3%	8.3%	6.8%	5.8%	4.5%	4.4%	3.1%
Osceola	6.4%	11.7%	12.4%	11.6%	9.3%	7.5%	6.7%	5.3%	5.0%	3.6%
Putnam	7.2%	11.9%	12.6%	11.9%	11.2%	9.4%	8.7%	6.9%	6.3%	4.4%
St. Johns	5.1%	8.7%	9.5%	8.5%	6.9%	5.6%	4.7%	3.6%	3.7%	2.7%
Seminole	5.6%	10.0%	10.7%	9.7%	7.8%	6.4%	5.6%	4.4%	4.3%	3.0%
Volusia	6.6%	11.2%	12.0%	10.8%	8.8%	7.3%	6.7%	5.3%	5.1%	3.6%
SJRWMD	6.0%	11.0%	12.0%	10.5%	8.6%	7.1%	5.9%	4.9%	4.8%	3.3%
Florida	6.3%	10.2%	12.0%	10.5%	8.6%	7.2%	6.1%	5.4%	4.9%	3.6%
U.S.	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	5.7%	5.3%	4.9%	3.9%

**Source: <http://www.floridajobs.org/labor-market-information/data-center/statistical-programs/local-area-unemployment-statistics> Retrieved 12/19/2017*



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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Full Fee:										
Acquired	13,115	2,778	4,883	5,374	4	3,679	-735	-997	4,756	-155
Cumulative	591,632	594,410	599,292	604,666	604,670	608,349	607,614	606,617	611,373	611,218
Conservation Easement :										
Acquired	(3,391)	990	1,635	5,086	1,178	4,800	3,520	15,424	1,172	979
Cumulative	91,574	92,564	94,199	99,285	100,463	105,263	108,783	124,207	125,379	126,358
Total Acres	683,206	686,974	693,491	703,951	705,133	713,612	716,397	730,824	736,752	737,576

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

Construction Type of Levee	Miles of Levees									
	<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>	<u>2017</u>
USACE & Flood Control	117.30	118.70	159.00	165.00	170.10	170.10	121.08	121.08	121.08	121.08
Farm	<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>	<u>196.02</u>
Total Miles of Levees	<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>	<u>317.10</u>

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

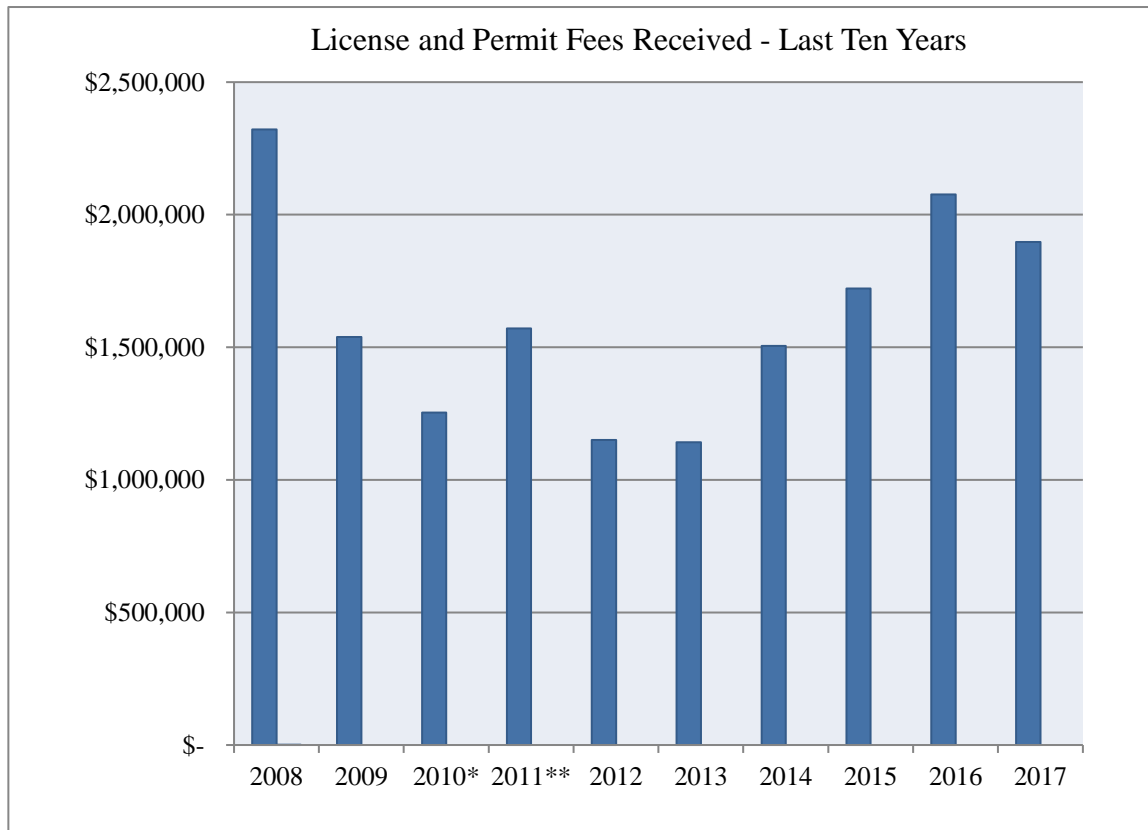
Permit Category	Number of Permit Applications Processed									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Environmental Resource	2,758	1,881	1,571	1,387	1,338	1,731	2,113	2,271	2,571	2,645
Consumptive Use	317	235	320	225	275	205	171	108	118	141
Water Well Construction	<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>	<u>247</u>
Total Applications	<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>	<u>3,033</u>

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

2008	2009	2010*	2011**	2012
\$ 2,322,017	\$ 1,539,179	\$ 1,254,133	\$ 1,571,181	\$ 1,150,280
2013	2014	2015	2016	2017
\$ 1,141,451	\$ 1,504,706	\$ 1,721,156	\$ 2,076,949	\$ 1,897,307

* \$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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2018.

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.

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

Palatka, Florida
March 29, 2018

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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-Forest Service				
Direct Programs				
Cooperative Fire Protection Agreement	10.703	31767	\$ 4,934	
Total U.S. Department of Agriculture-Forest Service			4,934	
U.S. Department of Commerce				
Pass through Florida NOAA				
Habitat Conservation				
Florida Estuarine Habitat Restoration	11.463	27775	81,600	
U.S. Department of Defense				
National Guard Military Operations and Maintenance (O&M) Projects	12.401	ELLISGREEN	177,453	
National Guard Military Operations and Maintenance (O&M) Projects	12.401	LITTLERAIN	1,017,547	
			1,195,000	
U.S. Environmental Protection Agency				
Pass through Florida Department of Environmental Protection				
Performance Partnership Grants				
Surface Water Sampling for the Status and GWTV Network	66.605	28312	143,000	
Water Quality Management Planning				
Water Sampling for Temporal Variability Monitoring Network	66.454	30060	96,219	
Total U.S. Environmental Protection Agency			239,219	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,520,753	\$ -
STATE FINANCIAL ASSISTANCE				
Florida Department of Environmental Protection				
Direct Projects				
Water Management Districts - Land Acquisition and Improvement				
Restoration Activities - St. Johns River	37.022	2012-10	140,682	140,682
Restoration Activities - St. Johns River	37.022	2013-10	1,212,506	622,162
Restoration Activities - Land Management	37.022	2016-02	400,000	
Restoration Activities - Land Management	37.022	2017-01	2,318,269	
			4,071,457	762,844

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Expenditures to Subrecipients
Statewide Surface Water Restoration and Wastewater Projects				
Aquatic Plant Control Program	37.039	27387	212,718	
Lake Apopka Water Quality and Ecology Improvements	37.039	27875	70,035	
Eau Gallie River Muck Dredging	37.039	27974	4,355,026	
Lake Apopka Restoration	37.039	28344	1,009,154	
Lake George Rough Fish Harvesting for Water Quality Project	37.039	28360	244,991	
Indian River Lagoon Stormwater Capture and Treatment	37.039	28521	49,979	
Volusia County Advanced Wastewater Treatment	37.039	28546	1,402,500	1,402,500
Marion County Package Plant Removal	37.039	28547	207,030	207,030
City of Deland Reclaimed Water Retrofit Project, Phase 1	37.039	30314	155,477	155,477
Surface Water Sampling for the Status and GWTV Network	37.039	31873	57,862	
District Wide Surface Water Restoration Projects	37.039	2000-24	14,990	
Lower St. Johns River Basin - Initiative Plan Projects	37.039	2007-06	338,690	338,690
Lake Apopka Restoration Project	37.039	2017-03	464,985	
St. Johns River and/or Keystone Heights Lake Region Restoration	37.039	2017-06	200,000	
			<u>8,783,437</u>	<u>2,103,697</u>
Florida Springs Grant Program				
City of Deland-WWTP Aeration and Instrumentation Upgrades	37.052	28138	120,800	120,800
Expand the Distribution of Reclaimed Water in the City of Apopka	37.052	28139	407,077	407,077
City of Ocala Well and Septic Tank Reduction Program	37.052	28159	1,076,695	1,076,695
City of Winter Garden Reclaimed and Stormwater Aquifer Recharge System	37.052	28543	34,775	34,775
Longwood Florida Central Commerce Park Stormwater Pond	37.052	28545	134,710	134,710
Volusia County Advanced Wastewater Treatment	37.052	28546	2,281,730	2,281,730
City of Apopka Reclaimed Water Main Extension- Schopke Road	37.052	28553	39,207	39,207
City of Apopka Reclaimed Water Main Extension- Keene Road	37.052	28554	248,525	248,525
City of Apopka Reclaimed Water Main Extension- Alston Bay Blvd	37.052	28555	74,250	74,250
Marion County Retrofit of Drainage Retention Areas	37.052	28873	148,375	148,375
Deltona Alexander Avenue Water Management Site	37.052	28875	258,230	258,230
Silver Springs Forest Hydrologic and Springs Restoration Project	37.052	28876	159,268	

(Continued)

ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Expenditures to Subrecipients
Orange Blossom KOA Package Sewage Treatment Plant Elimination	37.052	28882	34,425	
Alachua Co, Orange Co, GRU and Santa Fe College Retrofit and Rebate	37.052	28890	45,978	41,478
			<u>5,064,045</u>	<u>4,865,852</u>
Water Protection and Sustainability Program				
Lake Apopka Reuse Augmentation Project	37.066	07-12-048/28254	67,650	67,650
St. Johns County - Reclaimed Water Storage Tank	37.066	07-12-059/28419	19,229	19,229
JEA Nocatee North Reclaimed Water Storage Tank	37.066	07-12-060/28425	256,735	256,735
St. Johns County - Reclaimed Water Transmission Main	37.066	07-12-061/28778	28,957	28,957
Palm Coast Reclaimed Water Main	37.066	07-12-062/28777	83,579	83,579
Groveland Eagle Ridge Ph 3 Reclaimed Water Distribution System	37.066	07-12-063/28452	428,519	428,519
Clermont-South Lake Water Initiative Sunburst Well #1 and #2	37.066	07-12-064/28473	265,606	265,606
Clay Co Utility Authority CR209 Reclaimed Water Transmission Main	37.066	07-12-065/28795	5,666	5,666
Clay Co Utility Authority Old Jennings Reclaimed Water Plant	37.066	07-12-066/28810	32,857	32,857
JEA Bartram Park Reclaimed Water Storage Tank Expansion	37.066	07-12-068/28804	131,686	131,686
Ormond Beach South Peninsula Reclaimed Water Expansion	37.066	07-12-071/28846	137,787	137,787
Palm Coast Grand Landings Reclaimed Water Main	37.066	07-12-072/28471	20,794	20,794
Daytona Beach 2.5 MG Reuse Tank	37.066	07-12-073/28812	199,043	199,043
City of Palm Coast - Water Treatment Plant Wellfield Expansion	37.066	07-12-074/28470	314,588	314,588
Groveland Silver Eagle Reclaimed Storage Tank	37.066	07-12-075/28399	134,676	134,676
Green Cove Springs North Grid RCW System	37.066	07-12-076/28807	44,083	44,083
Orange Co Utilities Malcolm Road Minimized Impact Project LFW	37.066	07-12-077/28087	134,224	134,224
Orange Co Utilities Malcolm Road Minimized Impact Project LFW PhII	37.066	07-12-078/28493	161,298	161,298
Woodlawn Memorial Park Irrigation System Upgrade	37.066	07-12-079/28820	55,526	
JEA Nocatee PKWY RW Transmission	37.066	07-12-080/28427	56,100	56,100
JEA Mandarin WWTP RW Capacity Upgrades	37.066	07-12-081/28428	521,297	521,297
			<u>3,099,900</u>	<u>3,044,374</u>
Water Quality Best Management Practices				
TriCounty Agricultural Area Best Management Practices Program	37.080	27871	1,364,156	
Total Florida Department of Environmental Protection			<u>22,382,995</u>	<u>10,776,767</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, 2017

Federal/State Agency, Pass-through Entity Federal Program/State Project	CFDA/ CSFA Number	Contract/ Grant Number	Total Expenditures	Expenditures to Subrecipients
Florida Fish and Wildlife Conservation Commission				
Direct Projects				
Lake Apopka Restoration				
Lake Apopka Water Quality and Ecology Improvements	77.030	27876	997,499	
Aquatic Habitat Conservation and Restoration Projects				
C-54 Retention Area (T.M. Goodwin WMA)				
Enhancement	77.016	28579	659,801	
Emeralda Marsh Area 3 Reconnection	77.016	28516	396,543	
			<u>1,056,344</u>	
Total Florida Fish and Wildlife Conservation Commission			<u>2,053,843</u>	
Florida Department of Highway Safety and Motor Vehicles				
Direct Projects				
Indian River Lagoon License Plate				
Revenue Transfer Agreement for Indian River Lagoon				
License Plate	76.010	IRLTAG	133,786	133,786
			<u>133,786</u>	<u>133,786</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>24,570,624</u>	<u>10,910,553</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 26,091,377</u>	<u>\$ 10,910,553</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, 2017**

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	\$ 97,007
TOTAL FEDERAL AWARDS		<u>97,007</u>
STATE FINANCIAL ASSISTANCE		
Alternative Water Supply Projects:		
Lake Apopka Reuse Augmentation Project	07-12-048/28254	67,650
St. Johns County - Reclaimed Water Storage Tank	07-12-059/28419	19,229
JEA Nocatee North Reclaimed Water Storage Tank	07-12-060/28425	256,735
St. Johns County - Reclaimed Water Transmission Main	07-12-061/28778	28,957
Palm Coast Reclaimed Water Main	07-12-062/28777	83,579
Groveland Eagle Ridge Ph 3 Reclaimed Water Distribution System	07-12-063/28452	428,519
Clermont-South Lake Water Initiative Sunburst Well #1 and #2	07-12-064/28473	265,606
Clay Co Utility Authority CR209 Reclaimed Water Transmission Main	07-12-065/28795	5,666
Clay Co Utility Authority Old Jennings Reclaimed Water Plant	07-12-066/28810	32,857
JEA Bartram Park Reclaimed Water Storage Tank Expansion	07-12-068/28804	131,686
Ormond Beach South Peninsula Reclaimed Water Expansion	07-12-071/28846	137,787
Palm Coast Grand Landings Reclaimed Water Main	07-12-072/28471	20,794
Daytona Beach 2.5 MG Reuse Tank	07-12-073/28812	199,043
City of Palm Coast - Water Treatment Plant Wellfield Expansion	07-12-074/28470	314,588
Groveland Silver Eagle Reclaimed Storage Tank	07-12-075/28399	134,676
Green Cove Springs North Grid RCW System	07-12-076/28807	44,083
Orange Co Utilities Malcolm Road Minimized Impact Project LFW	07-12-077/28087	134,224
Orange Co Utilities Malcolm Road Minimized Impact Project LFW PhII	07-12-078/28493	161,298
Woodlawn Memorial Park Irrigation System Upgrade	07-12-079/28820	55,526
JEA Nocatee PKWY RW Transmission	07-12-080/28427	56,100
JEA Mandarin WWTP RW Capacity Upgrades	07-12-081/28428	521,297
TOTAL STATE FINANCIAL ASSISTANCE		<u>3,099,900</u>
TOTAL MATCHING		<u>\$ 3,196,907</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, 2017

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:

Administrative Cost Allowance

The St. Johns River Water Management District has elected not to use the 10% de minimus indirect cost rate as outlined in the Uniform Guidance.

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	Grant Number	CFDA/ CSFA Number	Amount Provided To Subrecipients
Florida Department of Environmental Protection			
Volusia County Advanced Wastewater Treatment	28546	37.039	1,402,500
Marion County Package Plant Removal	28547	37.039	207,030
City of Deland Reclaimed Water Retrofit Project, Phase 1	30314	37.039	155,477
Lower St. Johns River Basin - Initiative Plan Projects	2007-06	37.039	338,690
			<u>2,103,697</u>
Statewide Direct Projects			
Restoration Activities - St Johns River	2012-10	37.022	140,682
Restoration Activities - St Johns River	2013-10	37.022	622,162
			<u>762,844</u>
Florida Springs Grant Program			
City of Deland-WWTP Aeration and Instrumentation Upgrades	28138	37.052	120,800
Expand Distribution of Reclaimed Water in the City of Apopka	28139	37.052	407,077
City of Ocala Well and Septic Tank Reduction Program	28159	37.052	1,076,695
City of Winter Garden Reclaimed and Stormwater Aquifer Recharge System	28543	37.052	34,775
Longwood Florida Central Commerce Park Stormwater Pond	28545	37.052	134,710
Volusia County Advanced Wastewater Treatment	28546	37.052	2,281,730
Marion County Retrofit of Drainage Retention Areas	28873	37.052	148,375
Deltona Alexander Avenue Water Management Site	28875	37.052	258,230
Alachua Co, Orange Co, GRU and Santa Fe College Retrofit and Rebate	28890	37.052	41,478

(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, 2017

Federal Grantor/Pass-Through Grantor/State Grantor Subrecipient Program	Grant Number	CFDA/ CSFA Number	Amount Provided To Subrecipients
City of Apopka Reclaimed Water Main Extension- Schopke Road	28553	37.052	39,207
City of Apopka Reclaimed Water Main Extension- Keene Road	28554	37.052	248,525
City of Apopka Reclaimed Water Main Extension- Alston Bay Blvd	28555	37.052	74,250
			<u>4,865,852</u>
Water Protection and Sustainability Program			
Water Protection and Sustainability Program	2007-12	37.066	<u>3,044,374</u>
Total Florida Department of Environmental Protection			<u>10,776,767</u>
Indian River Lagoon License Plate			
Indian River Lagoon License Plate	IRLTAG	76.010	<u>133,786</u>
Total Awards			<u><u>\$ 10,910,553</u></u>
Subrecipients are the following:			
Alachua County Environmental Protection	28890		41,478
City of Apopka	28139, 28553, 28554, 28555		593,593
City of Clermont	2007-12		265,605
City of Daytona Beach	2007-12		199,043
City of DeLand	28138, 30314, 2007-12, 2013-10		451,958
City of Deltona	28875		258,230
City of Green Cove Springs	2007-12		44,083
City of Groveland	2007-12		563,195
City of Jacksonville	2013-10, 2007-06		610,453
City of Longwood	28545		134,710
City of Ocala	28159		1,076,695
City of Ormond Beach	2007-12		137,787
City of Palm Coast	2007-12		418,960
City of Winter Garden	28543		34,775
Clay County Utility Authority	2007-12		38,523
IRL Council	IRLTAG		133,786
JEA	2007-06, 2007-12		1,094,057
Marion County	28547, 28873		355,405
Orange County Utilities	28139, 2007-12		470,989
Seminole County	2012-10, 2013-10		254,812
St Johns County	2007-12		48,186
Volusia County	28546		<u>3,684,230</u>
Total Awards			<u><u>\$ 10,910,553</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, 2017. 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 opinions 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, 2017.

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 a 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
March 29, 2018

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>
National Guard Military Operations and Maintenance Proj	12.401

<u>State Projects</u>	<u>State CFSA Number</u>
Water Management Districts-Land Acq and Improve	37.022
Florida Springs Grant Program	37.052
Water Protection and Sustainability Program	37.066
Water Quality Best Management Practices	37.080
Aquatic Habitat Conservation and Restoration Projects	77.016

- (viii) A threshold of \$750,000 and \$737,119 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

-None-

SECTION IV – FINDINGS AND QUESTIONED COSTS STATE PROJECTS

-None-

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, 2017. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2017.

This report is intended solely for the information and use of the Board, 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
March 29, 2018

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, 2017, and have issued our report thereon dated March 29, 2018.

Auditor's Responsibility

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 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.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 29, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. 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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Monthly Financial Statements

Sections 10.554(1)(i)6.a. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District provided monthly financial statements to its governing board and made such monthly financial statements available for public access on its website. In connection with our audit, we determined that the District did provide such statements to the governing board and made them available on its website as required.

Transparency

Sections 10.554(1)(i)6.b. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its website to the Florida Department of Financial Service's website to allow viewing of the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its website to the Florida Department of Financial Service's website.

Sections 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its website. In connection with our audit, we determined that the District posted its tentative and final budgets on its website.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but

warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Governors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties

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
March 29, 2018



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