

St. Johns River Water Management District, Florida **2009 Citizens' Report**



Fiscal year ended September 30, 2009
A Component Unit of the State of Florida

District’s Mission

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



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St. Johns River Water Management District

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

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

March 10, 2010

To the Citizens of the St. Johns River Water Management District:

We are pleased to present you with the fourth Citizens' Report, or as defined by the Government Finance Officers Association (GFOA) — the Popular Annual Financial Report (PAFR), of the St. Johns River Water Management District (District) for the fiscal year ended September 30, 2009. The following pages provide a summary of your District's organizational structure, major initiatives, statistical data, and financial condition.

The financial information presented here is summarized and does not substitute for the Comprehensive Annual Financial Report (CAFR). The CAFR details the District's financial position and operating activities for each year, in conformity with Generally Accepted Accounting Principles (GAAP). This PAFR, by its summary nature, is not intended to conform to GAAP and associated reporting standards set forth by applicable governing bodies. Both the budget and CAFR have received awards for outstanding financial reporting from the GFOA.

We hope this report will give you a better understanding of the District and its financial condition. We welcome your comments and suggestions for improving our presentation.

You may find other information regarding the District, including this Citizens' Report (PAFR), annual budget and CAFR, on the District's Web site at floridaswater.com.

Respectfully submitted,

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

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

GOVERNING BOARD

Susan N. Hughes, CHAIRMAN PONTE VEDRA	W. Leonard Wood, VICE CHAIRMAN FERNANDINA BEACH	Hershey "Herky" Hullman, SECRETARY ENTERPRISE	Hana G. Tanzler III, TREASURER JACKSONVILLE
Douglas C. Bournique VERO BEACH	Michael Ertel ONIEDO	Maryam H. Ghayabi ORLANDO BEACH	Richard G. Hamann GAINESVILLE
			Arlen N. Jumper FORT MCCOY

Overview of the District

Florida is divided into five water management districts, which are dedicated to the preservation and management of Florida's precious water resources. The St. Johns River Water Management District is responsible for managing groundwater and surface water supplies in all or part of 18 counties in northeast and east-central Florida (a map of the District with the names and boundaries of the 18 counties is below). More than 700 staff members work each day from offices in Palatka, Jacksonville, Altamonte Springs, and Palm Bay.

Duties of the District include:

- Issuing permits that regulate water withdrawals and limiting how various activities, such as construction, can impact water resources
- Buying land to preserve or restore vital wetlands and water resources
- Conducting research about the quality and quantity of groundwater and surface water resources
- Mapping groundwater and surface water resources

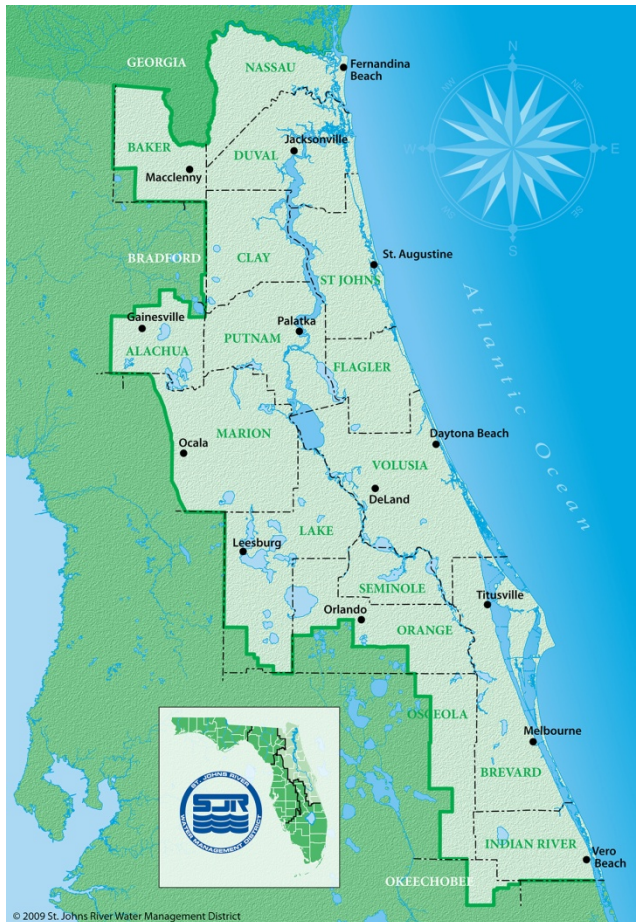
Economic Outlook

The District's 2009–2010 fiscal year budget decreased from the previous year's budget due to a sharp decline in its primary revenue sources, which include ad valorem (property) taxes, documentary stamp taxes, and grants. Fueling the revenue reductions are the credit crisis, stagnate housing market, unstable energy prices, and higher unemployment. Ad valorem taxes within the District are estimated to decrease \$13.6 million in 2009–2010, which are in part a result of a constitutional amendment limiting property taxes and a statewide depreciation in property values.

Documentary stamp tax collections are expected to continue declining as the adjustment to stricter lending standards and tighter credit conditions take hold. Florida Forever, Water Management Lands Trust Fund, and the Ecosystems Trust Fund are all funded by the state's documentary stamp tax.

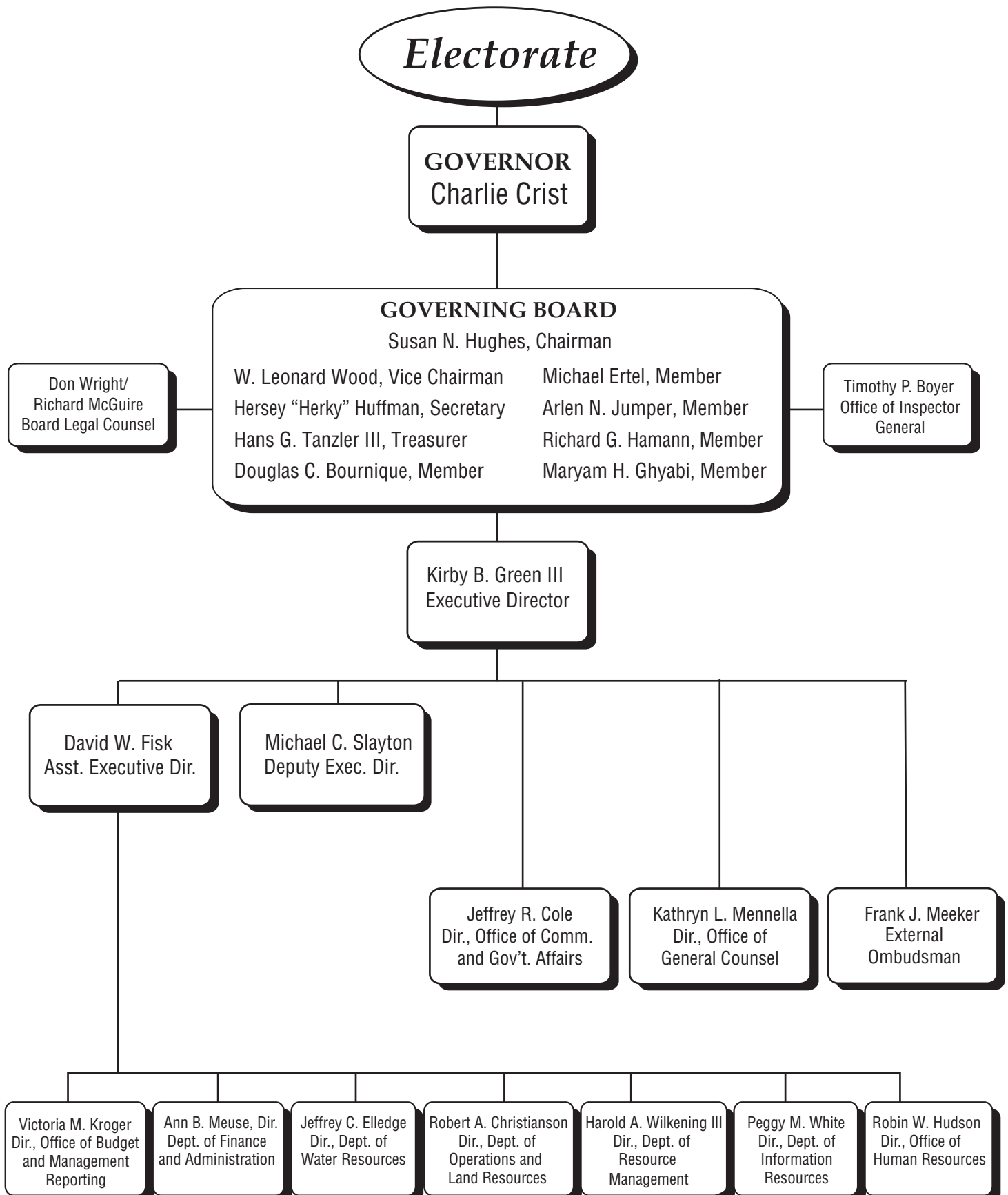
Because of revenue shortfalls, the state provided no new funding to the District for its Water Protection and Sustainability Trust Fund, the Florida Forever Trust Fund, and the Ecosystem Management Trust Fund for fiscal year 2009–2010.

As noted, the District anticipates a reduction in future ad valorem taxes and state revenues. As a result, the District built substantial reserves in previous years for its current long-term cooperative funding programs and projects. Going forward, the District will have to make tough choices between funding its baseline budget and continuing its commitments to several new programs and projects that were initiated in recent years.



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

September 30, 2009



Your District Governing Board

A nine-member Governing Board sets the policies for operation of the St. Johns River Water Management District. An executive director administers those policies on a daily basis. Members, who meet monthly, are appointed by the governor to four-year terms and serve without compensation. The Florida Senate must confirm all appointments to the water management districts' boards.



Susan N. Hughes
Chairwoman
Ponte Vedra,
At-Large Seat
Term: Oct. 2003–
March 2010



W. Leonard Wood
Vice Chairman
Fernandina Beach,
Area 1 Seat
Term: April 2005–
March 2010



**Hersey "Herky"
Huffman, Secretary**
Enterprise,
Area 4 Seat
Term: July 2007–
March 2011



Hans G. Tanzler III
Treasurer
Jacksonville, Area 2
Term: April 2008–
March 2012



Douglas C. Bournique
Vero Beach,
Area 5 Seat
Term: April 2008–March
2012



Michael Ertel
Oveido,
At-Large Seat
Term: July 2007–
March 2011



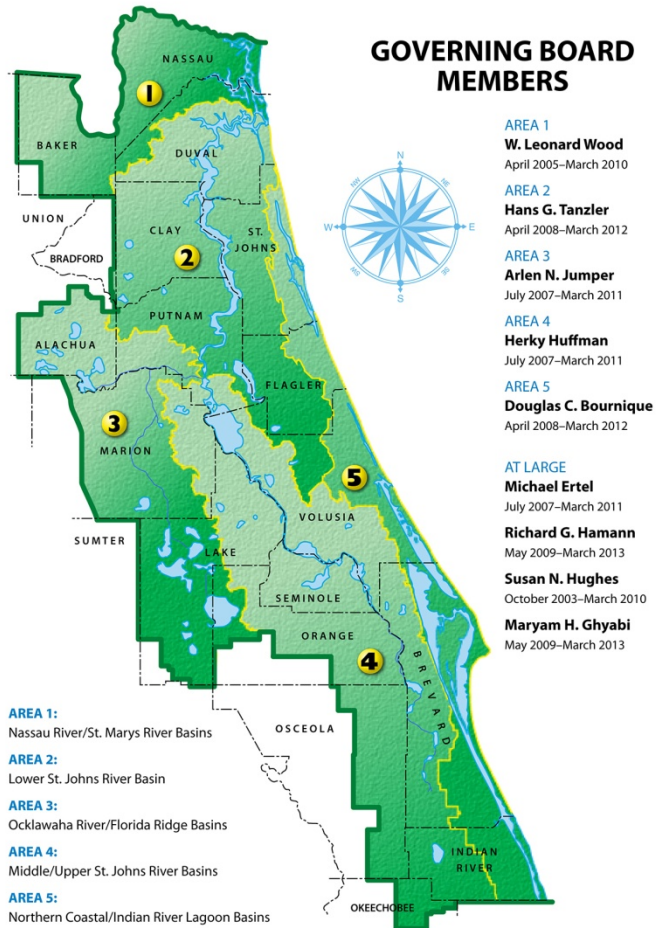
Maryam H. Ghyabi
Ormond Beach,
At-Large Seat
Term: May 2009–
March 2013



Richard G. Hamann
Gainesville,
At-Large Seat
Term: May 2009–
March 2013



Arlen N. Jumper
Fort McCoy,
Area 3 Seat
Term: July 2007–
March 2011



Major Initiatives

Water Resource Development — This program was mandated by 1997 legislation that required water management districts to complete specific water supply planning activities and initiate resource development and water supply projects. Current work will address a water supply planning horizon through 2030. Alternative water supply sources will have to be developed in significant portions of the District to meet future needs while sustaining water quality, wetland and aquatic systems, and existing legal uses, as fresh groundwater alone cannot meet all future needs. The District is evaluating the potential effects of withdrawals from the St. Johns River.



There are currently 11 projects under the program, such as abandoned artesian well plugging, the central Florida aquifer recharge enhancement, and feasibility of sea water demineralization. The total estimated cost of all current and completed projects in the 2008 Five-year Work Plan is \$312 million. The 2009–2010 budget is \$5 million, with a majority of the revenues (\$2.8 million or 56%) coming from the Florida Forever Trust Fund.

Water Supply Development Assistance — This program provides technical and cooperative assistance to local governments for the development of alternative water supplies and water conservation. Funding assistance comes from District-levied ad valorem (property) taxes and federal State and Tribal Assistance Grants (STAG) for alternative water supply construction projects. The District provides cooperative funding through the Conserve Florida Clearinghouse and agricultural mobile irrigation laboratories in support of water conservation. The budget includes \$2 million to continue the Water Conservation Public Awareness Campaign, a campaign to educate and ultimately change the behavior of the public regarding water use and conservation.

Water Protection and Sustainability — This program was initiated in 2005 to provide cost-share funding for construction of alternative water supply (AWS) projects as defined in the *District Water Supply Plan 2005* and replaces the previous Alternative Water Supply Construction Cost-Share Program within the Water Supply Development Assistance Program. Emphasis is on multijurisdictional, regional projects.

The District matches state funds (dollar for dollar) for the following (construction costs only):

- 20% for reclaimed water
- 30% for surface water augmentation
- 40% for new source public supply

The District has approved 55 projects for fiscal years 2006, 2007, and 2008, with the following budget and projected production:

- \$111 million total District and state cost-share funds
- \$1.2 billion total AWS construction costs
- 197 million gallons per day in projected production
- The District has received no new state funding since 2008



Priority is given to large projects that provide significant quantities of new sources of water to address projected regional water demands and smaller projects that are ready to go that help sustain current supplies and extend the time until larger projects are completed.

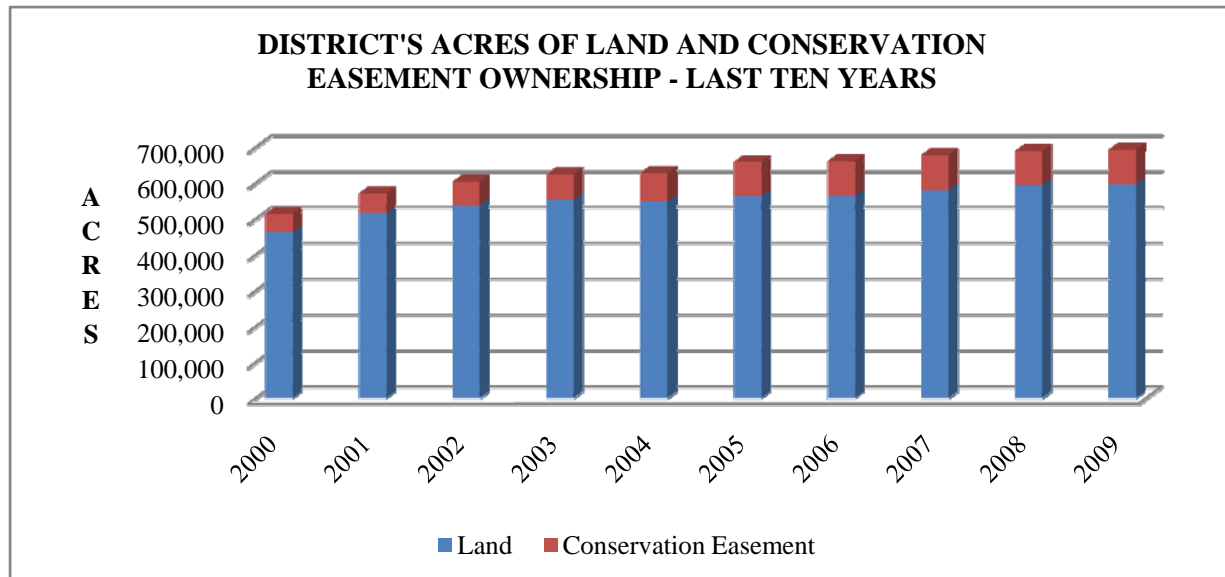
Major Initiatives (Concluded)

Water Supply Planning – This program was mandated by 1997 legislation that required water management districts to perform water supply assessments and to update their water supply plans at least every five years. In July 1998, the District completed its first *District Water Supply Plan 1998 (DWSP)*, which identified areas within the District where water supply problems exist or are projected to occur by 2020. The *DWSP 1998* identifies alternative water supply sources and strategies to develop those sources, with associated costs, that can be implemented to meet water supply needs projected for 2025 without resulting in unacceptable impacts to water resources.

Local governments have realized the need to work together to develop regional water supply solutions and have requested assistance in the development of joint, countywide plans. Encouraging these efforts advances the District's goal of assuring long-term availability of adequate high-quality water sources in the region. Over the last four years, the program budget has almost doubled by providing cooperative funding to assist local governments in developing their water supply plans.

Land Acquisition – This program uses the Florida Forever Trust Fund, currently the primary state funding source for land acquisition, which has as its major focus water resource development and restoration projects, as well as land acquisition for nonstructural flood protection and conservation. In addition to Florida Forever Trust funds, the District uses ad valorem (property) tax revenues and mitigation funds for land acquisition. Since 1979, the District has acquired approximately 693,000 acres of land through ownership, management or conservation easement rights.

The District faces continuing long-range challenges in its land acquisition mission as a result of staffing and funding constraints. The state reduced the District's Florida Forever Trust Fund appropriation from \$26.25 million in fiscal year 2007-2008 to \$22.50 million in fiscal year 2008-2009. In FY 2009-10, there is no new Florida Forever funding from the state. The program's FY 2009-2010 revised budget is \$36.8 million, which is primarily funded with ad valorem taxes and WMLTF and FDOT state sources.



Financial Condition

The following information found on pages 7-9 refers to the *government-wide financial statements*, which are designed to provide readers with a broad overview of the District's finances in a manner similar to the private-sector.

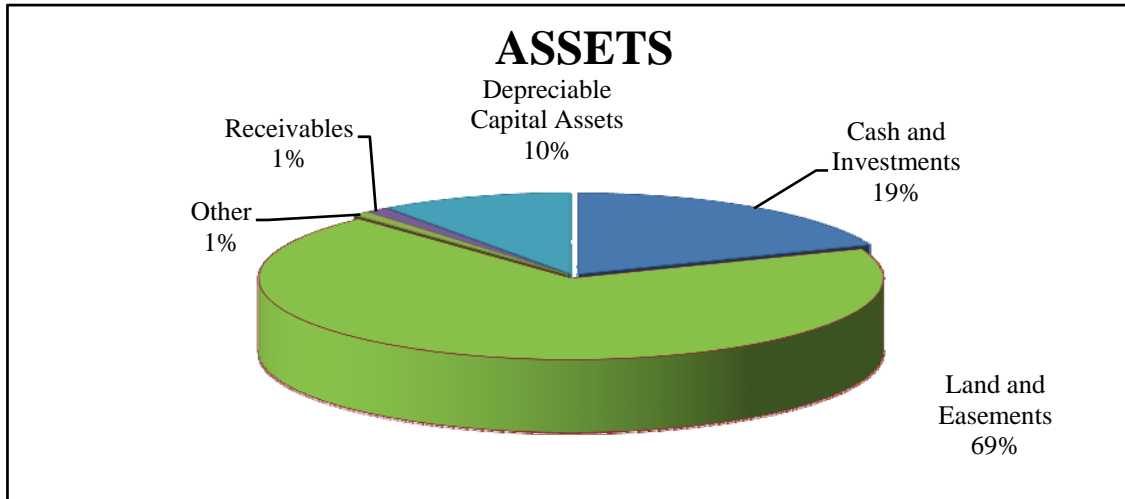
The *Statement of Net Assets* presents information on all of the District's assets (both short-term spendable resources and capital assets) and liabilities (including long-term obligations), with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets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

Statement of Net Assets as of September 30, 2009

	2009	2008
Current and other assets	\$ 256,590,447	\$ 206,406,343
Capital assets, net	1,007,199,969	979,219,559
Total assets	1,263,790,416	1,185,625,902
Long-term liabilities outstanding	51,644,524	54,702,063
Other liabilities	66,130,643	35,275,566
Total liabilities	117,775,167	89,977,629
Net assets		
Invested in capital assets, net of related debt	968,109,402	935,496,518
Restricted	15,588,704	18,621,314
Unrestricted	162,317,143	141,530,441
Total net assets	\$ 1,146,015,249	\$ 1,095,648,273

- Net assets increased \$50,366,976, 4.6% over the previous year. This increase can primarily be attributable to the additions of land, easements, and construction in progress totaling \$28.9 million and additions to cash and investments (less deferred revenues) totaling \$29.5 million during the fiscal year.
- Total assets exceeded total liabilities by \$1,146,015,249 as of September 30, 2009, 76.1% of that difference is represented by land (\$782,813,730) and easements (\$89,027,751) owned and managed by the District. The District's other assets included on the Statement of Net Assets: cash and investments (\$241 million); receivables (\$14.5 million); construction in progress (\$10 million); buildings (\$35 million); machinery and equipment (\$36 million); infrastructure (\$118 million); accumulated depreciation (-\$64 million); and other miscellaneous assets (\$1.5 million).

Financial Condition (Continued)



- The District carries long-term debt of \$39.6 million, a relatively small figure in relation to total assets (\$1.3 billion).
- The District's financial position has improved as the result of the current year's operations. The primary indicator of this improvement is the \$20,786,702, or 14.7%, increase in unrestricted net assets from the previous year. This increase compares with a 49% increase in the prior year. However, this pattern of increasing unrestricted net assets balances may not continue in the future due to shrinking revenue sources that may require the District to utilize available fund balance to cover the expenditure shortfall. In comparison to this year's amended budget, the District is projecting a revenue reduction of \$84.3 million for fiscal year 2009-2010. Ad valorem, state sources, and federal sources are projected to decline - 7.9%, -44.9%, and -79.6%, respectively.
- Restricted net assets decreased during the fiscal year due to the acquisition of land and easements using funds restricted for this purpose. The majority of the remaining amount represents funds restricted to fulfill long-term mitigation requirements for land management and debt-service obligations.

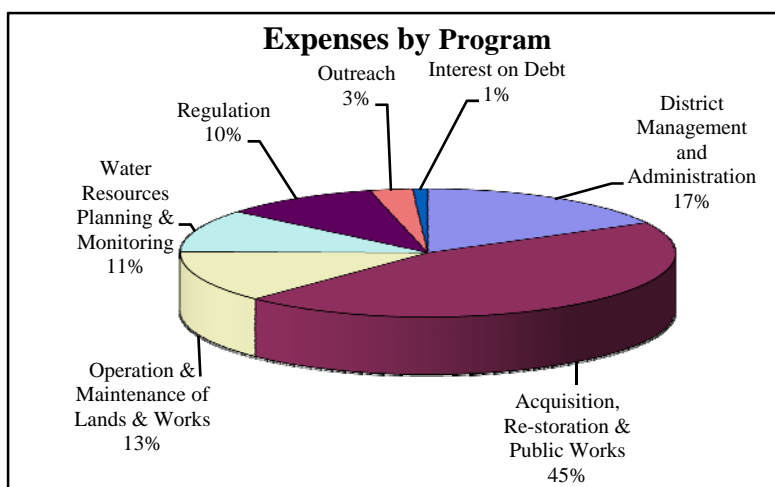
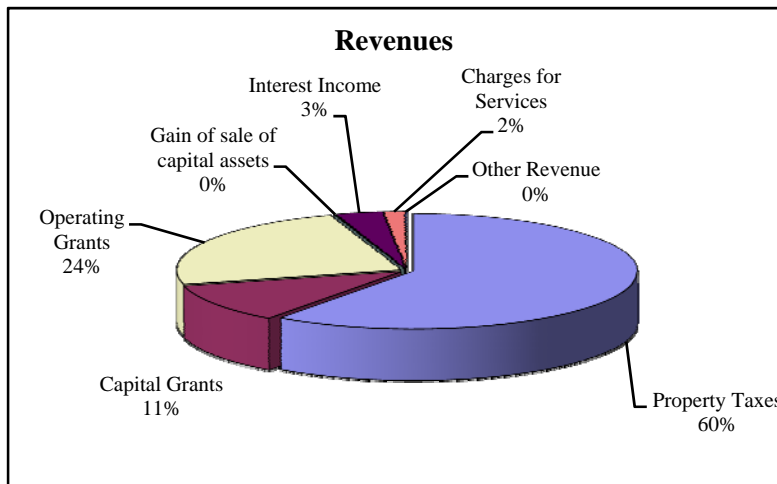
The *Statement of Activities* presents information showing how the District's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses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

Statement of Activities as of September 30, 2009

Governmental activities	2009	2008
Total revenues	230,021,465	\$307,074,662
Total expenses	179,654,489	168,467,575
Increase in net assets	50,366,976	138,607,087

Financial Condition (Concluded)

- Within the *Statement of Activities*, general revenues decreased by \$12,843,712 or -8.8% less than the previous year. The decrease is primarily attributable to both a reduction in gains on the sale of capital assets recognized (\$7.5 million) and a reduction in ad valorem taxes (\$7 million) compared to the prior year. The decrease in ad valorem tax revenues is the result of a constitutional amendment passed in January 2008 that provided an additional \$25,000 in homestead exemptions and to declining assessed property values throughout the 18 counties in the District. Moreover, the decrease in ad valorem tax revenues for fiscal year 2009–2010 is estimated at -\$13.6 million or -10%.
- The District relies heavily on general revenues (ad valorem taxes, investment earnings) to fund the expenses of its governmental activities. Program revenues, consisting primarily of operating and capital grants and contributions, comprise 36% of total revenues. General revenues comprise 64% of total revenues.



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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Alachua*	167,559	171,388	175,748	177,815	181,565	185,094	187,412	190,319	194,030	196,986
Baker*	20,690	20,972	21,371	21,735	22,274	22,265	23,242	23,817	24,065	24,073
Bradford*	1,234	1,234	1,254	1,276	1,312	1,330	1,351	1,374	1,375	1,376
Brevard	476,230	485,178	494,102	507,810	521,422	531,970	543,050	552,109	556,213	555,657
Clay	140,814	142,838	149,901	156,011	163,461	169,623	176,901	184,644	185,158	185,208
Duval	778,879	793,898	809,394	826,279	840,474	861,150	879,235	897,597	904,971	900,518
Flagler	49,832	53,061	56,785	61,541	69,683	78,617	89,075	93,568	95,512	94,901
Indian River	112,947	115,716	118,149	121,174	126,829	130,043	135,262	139,757	141,667	141,634
Lake*	209,401	219,145	229,836	239,429	250,531	261,610	275,303	284,967	286,837	290,431
Marion*	188,034	191,927	196,880	204,774	213,017	221,448	228,818	236,043	239,235	239,977
Nassau	57,663	59,409	61,094	63,062	65,016	65,759	68,188	69,569	71,915	72,588
Okeechobee*	733	738	746	760	776	771	789	797	817	810
Orange*	679,569	705,111	724,695	745,393	768,723	791,089	818,448	838,220	845,329	840,706
Osceola*	1,725	1,795	1,934	2,104	2,258	2,352	2,559	2,661	2,737	2,728
Polk ¹	13,087	13,417	13,586	13,844	-	-	-	-	-	-
Putnam*	70,423	70,820	71,329	71,971	73,226	73,764	74,416	74,799	74,989	74,608
St. Johns	123,135	128,604	133,953	139,849	149,336	157,278	165,291	173,935	181,180	183,572
Seminole	365,196	377,960	387,626	394,900	403,361	411,744	420,667	425,698	426,413	423,759
Volusia	443,343	452,050	459,737	470,770	484,261	494,649	503,844	508,014	510,750	507,105
Total	3,900,494	4,005,261	4,108,120	4,220,497	4,337,525	4,460,556	4,593,851	4,697,888	4,743,193	4,736,638
Annual										
Increases	2.2%	2.7%	2.6%	2.7%	2.8%	2.8%	3.0%	2.3%	1.0%	-0.1%
District Full-Time										
Employees	728	727	693	691	691	691	691	715	717	717
Employees per 100,000										
Population	18.7	18.1	16.9	16.4	15.9	15.5	15.0	15.2	15.1	15.1
<u>Unemployment Rates</u>										
District	3.6%	4.5%	5.5%	5.2%	4.7%	3.7%	3.3%	4.0%	6.1%	10.7%
Florida	3.8%	4.6%	5.7%	5.3%	4.7%	3.8%	3.3%	4.0%	6.2%	10.5%
U.S.	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%

Sources: University of Florida Bureau of Economic and Business Research. Local Area Unemployment Statistics at <http://fred.labormarketit>

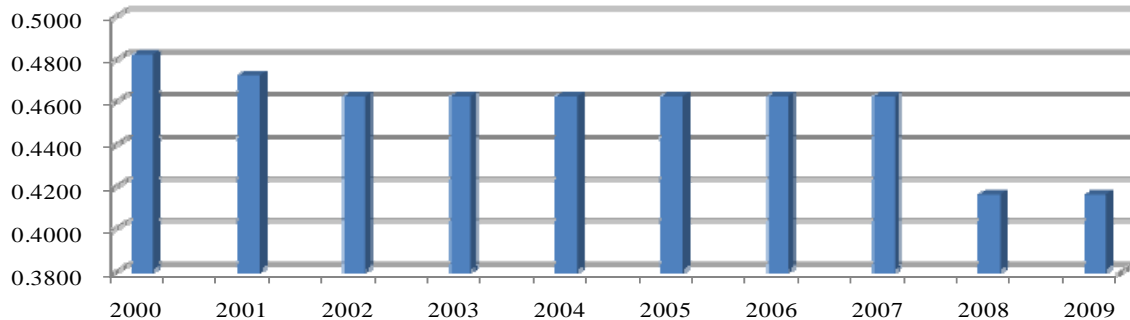
*St. Johns River Water Management District estimated county population based on geographic boundaries that lie within the St. Johns River Water Management District

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

Demographic and Economic Statistics (Concluded)

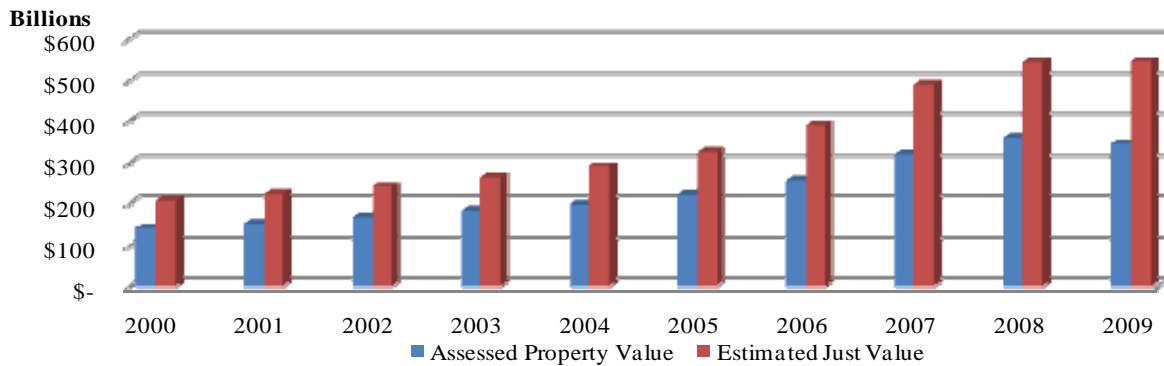
The District's ad valorem tax rate has decreased from 0.4820 mills in 2000 to 0.4158 mills in 2009, a 13.7% decrease.

THE DISTRICT'S MILLAGE LEVIES - LAST TEN YEARS



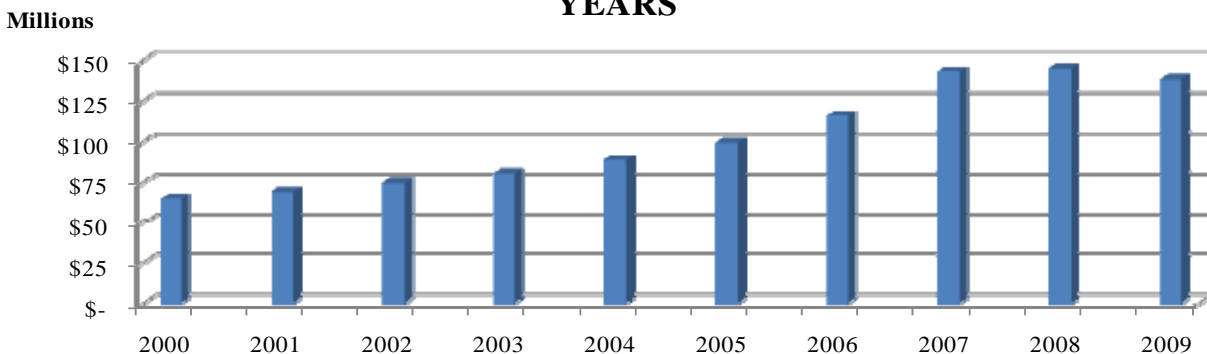
The District's property values have increased steadily over the last ten years with the largest increase in 2007, as a result of increases in population and the housing boom. This growth has begun to grow at more traditional levels.

THE DISTRICT'S PROPERTY VALUES - LAST TEN YEARS



The District's property tax revenues have increased from \$65 million in 2000 to \$138 million in 2009, a 112% increase.

THE DISTRICT'S PROPERTY TAX REVENUES - LAST TEN YEARS



Contact Information

District's Switchboard at Palatka Headquarters (386) 329-4500
Toll-free 1-800-451-7106 or floridaswater.com

Offices

Executive Director	(386) 329-4214
Budget and Management Reporting	(386) 329-4422
Communications and Governmental Affairs	(386) 329-4296
External Ombudsman	(386) 329-4214
General Counsel	(386) 329-4308
Human Resources	(386) 329-4246
Inspector General	(386) 329-4105
Department of Finance and Administration	(386) 329-4840
Financial Management	(386) 312-2322
General Services	(386) 329-4196
Department of Information Resources	(386) 329-4176

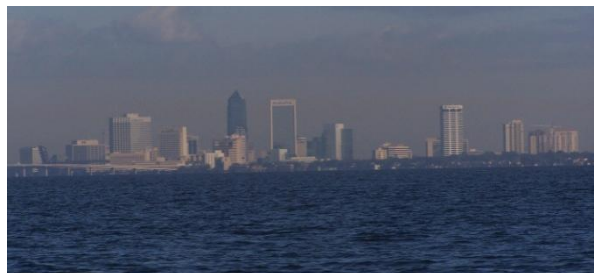
Department of Operations and Land Resources

Facilities and Transportation	(386) 329-4470
Land Acquisition	(386) 937-0510
Land Management	(386) 937-1082
Public Works (Palm Bay)	(386) 329-4404
Public Works (Umatilla)	(321) 409-2100
Department of Resource Management	(352) 821-1043
Groundwater Programs	(386) 329-4240
Hydrologic Data Services	(386) 329-4245
Regulatory Information Management	(386) 329-4191
Water Supply Management	(386) 329-4841
Water Use Regulation	(386) 329-4239
Department of Water Resources	(386) 329-4513
Engineering	(386) 329-4264
Environmental Resource Management	(386) 329-4553
Environmental Sciences	(386) 329-4262
Laboratory	(386) 329-4398
Procurement Services	(386) 329-4307
Project Management	(386) 329-4568
Surface Water Management	(386) 329-4323
Surveying Services	(386) 329-4212
	(386) 329-4277

Watershed Action Volunteer Coordinators

Alachua County	(352) 264-6826	wavalachua@sjrwmd.com
Brevard/ Indian River counties	(386) 329-4345	wavbrevardindianriver@sjrwmd.com
Clay County	(904) 269-6355	wavclay@sjrwmd.com
Duval County	(904) 730-6261	wavduval@sjrwmd.com
Flagler/ Putnam counties	(386) 788-0969	wavflaglerputnam@sjrwmd.com
Lake County	(407) 884-5149	wavlake@sjrwmd.com
Marion County	(352) 304-6324	wavmarion@sjrwmd.com
Nassau County	(904) 225-5613	wavnassau@sjrwmd.com
Orange County	(407) 836-1430	wavorange@sjrwmd.com
Seminole County	(407) 665-2457	wavseminole@sjrwmd.com
St. Johns County	(904) 471-1063	wavstjohns@sjrwmd.com
Volusia County	(386) 736-5927	wavvolusia@sjrwmd.com

Photographs: Top to bottom, the Jacksonville skyline viewed from the St. Johns River, site tour of the Lower St. Johns River Basin, St. Johns River at Fort Caroline near Mayport, Moses Creek near Crescent Beach, and the St. Johns River Knights Landing boat ramp at the mouth of Black Creek in Green Cove Springs.





St. Johns River Water Management District
Division of Financial Management
4049 Reid Street
Palatka, FL 32177
floridaswater.com