St. Johns River Water Management District Florida

The

2010 Citizens' Report



Fiscal year ended September 30, 2010 A Component Unit of the State of Florida

District's Mission Statement

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



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

March 2011 To the Citizens of the St. Johns River Water Management District:

We are pleased to present you with the fifth 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, 2010. 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 fiscal 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.

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

Respectfully submitted,

Ann Meuse

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

R. Gregory Rockwell

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

W. Leonard Wood, CHAIRMAN Hans G. Tanzler III, VICE CHAIRMAN FERNANDINA BEACH

JACKSONVILLE Michael Ertel OVIEDO

Maryam H. Ghyabi, TREASURER ORMOND BEACH

John A. Miklos, SECRETARY ORLANDO

Douglas C. Bournique VERO BEACH

Overview of the District

The St. Johns River Water Management District is an agency of the state of Florida whose daily work focuses on ensuring an adequate supply of water and protecting and restoring the health of northeast and east-central Florida's water bodies.

Florida is divided among five regional water management districts, established by the Legislature and recognized in Florida's Constitution, that are set up largely on hydrologic boundaries. Each water management district is governed by a board whose members are appointed by Florida's governor and confirmed by the Florida Senate. The governor has approval authority over the districts' budgets, and there is general oversight by the Florida Department of Environmental Protection. Staff members work each day from offices in Palatka, Jacksonville, Altamonte Springs, and Palm Bay.

Duties of the District

Florida's water management districts were originally established as flood control agencies, but their four areas of responsibility now encompass:

- Water supply (including water allocation and conservation)
- Water quality
- Flood protection
- Natural systems management

Economic Outlook

The District's 2010–2011 fiscal year budget decreased from the previous year's budget due to a sharp decline in its primary revenue sources, which includes ad valorem taxes, documentary stamp taxes, and grants. The revenue reductions are the result of credit crisis, stagnate housing market, unstable energy prices, and higher unemployment. Ad valorem taxes within the District are estimated to decrease \$14.1. million in 2010–2011.



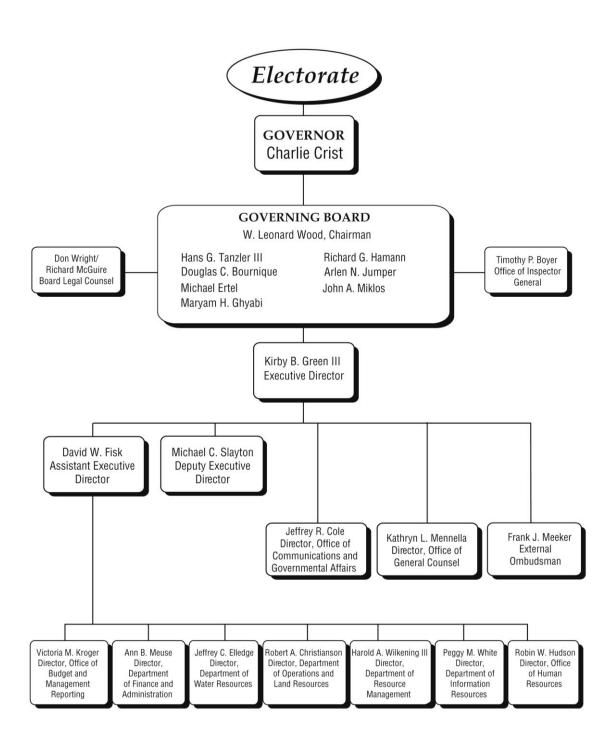
Documentary stamp taxes decreased 26% for 2008–2009 and 30% for 2009–2010. Florida Forever, Water Management Lands Trust Fund, and Ecosystems Trust Fund are all funded by the state's documentary stamp tax.

The state provided no new funding to the District for its Water Protection and Sustainability Trust Fund nor the Ecosystem Management Trust Fund, and funded \$1.3 million from the Florida Forever Trust Fund for 2010–2011.

The District began its baseline budgeting practices in 2003 to emphasize spending tax dollars in the most effective and efficient manner and to make sure that tax revenues are committed to the agency's highest priorities. Through 2006, the baseline budgeting practice resulted in reductions in administrative and operational costs, and prioritizing of expenditures on key projects and programs without increasing taxes. In 2007 through 2010, the District adapted to Florida's worsening economy by reducing the agency's budget while maintaining the emphasis on the highest priorities.

District Organization

(September 30, 2010)



District Governing Board

The St. Johns River Water Management District's nine-member Governing Board oversees the agency, establishes policies, hires the executive director, executes regulatory responsibilities and approves contracts. Members meet monthly, are appointed by Florida's governor to four-year terms and serve without pay. The Florida Senate must confirm all appointments to the water management districts' boards. Learn more about these Board members at *floridaswater.com/governingboard*.



W. Leonard Wood Chairman Fernandina Beach Area 1 Term: April 2005– March 2014



Hans G. Tanzler III Vice Chairman Jacksonville Area 2 Term: April 2008– March 2012



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



John A. Miklos Secretary Orlando At-Large Seat Term: March 2010–March 2014



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



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



Arlen N. Jumper Fort McCoy Area 3 Term: July 2007– March 2011 Richard G. Hamann Gainesville

Hamann Gainesville At-Large Seat Term: May 2009–March 2013

Note: The Area 4 seat was fill by Hersey "Herky" Huffman from July 23, 2007, until his resignation from the Board on Aug. 26, 2010.



GOVERNING BOARD MEMBERS

AREA 1 W. Leonard Wood April 2005–March 2014

AREA 2 Hans G. Tanzler April 2008–March 2012 AREA 3

Arlen N. Jumper July 2007–March 2011

AREA 4 Vacant AREA 5

Douglas C. Bournique April 2008–March 2012

AT LARGE

Michael Ertel July 2007–March 2011 Richard G. Hamann

May 2009–March 2013 Maryam H. Ghyabi

May 2009–March 2013

John A. Miklos March 2010–March 2014

Major Initiatives

<u>Water Resource Development</u> — This program was established by 1997 legislation that directed the water management districts to complete specific water supply planning activities and initiate resource development and water supply projects. Work is under way to address a water supply planning horizon through 2030. Alternative water supply sources will have to be developed in portions of the District to meet future needs while sustaining water quality, wetlands and aquatic systems, and existing legal uses, as fresh groundwater alone cannot meet all the needs.

There are currently 11 projects under the program, including abandoned artesian well plugging, feasibility of seawater demineralization and the upper St. Johns River basin project. The total estimated cost of all current and completed projects in the 2011 Five-year Work Plan is \$269.8 million. The 2010–2011 budget is \$2.1 million. This program has not received new Florida Forever funding since fiscal year 2008–2009.



<u>Water Supply Development Assistance</u> — 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. In 2010–2011, the District discontinued the paid mass media Water Conservation Public Awareness Campaign, and is expanding its ongoing unpaid innovative outreach initiatives with local governments and businesses.

<u>Water Protection and Sustainability</u> — This program was initiated in 2006 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 construction costs only for the following:

- 20% for reclaimed water
- 30% for surface water augmentation
- 40% for new source public supply
- The District had 38 projects as of December 2010, with the following budget and projected production:
 - \$96.3 million total District and state cost-share funds
 - \$1.2 billion total AWS construction costs
 - 196 million gallons per day in projected production
 - The District has received no new state funding since 2008

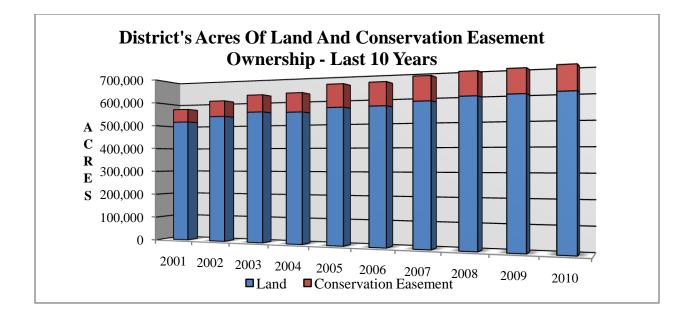


Major Initiatives (Concluded)

<u>Water Supply Planning</u> — This program, established by 1997 legislation, tasks the water management districts with performing 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 (DWSP) 1998*, 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. The District is working with local governments to develop regional water supply solutions.

<u>Land Acquisition</u> — 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 700,000 acres of land through ownership, management or conservation easement rights. The program's overall budget was reduced 68% from \$37.1 million in fiscal year (FY) 2009–2010 to \$11.8 million in FY 2010–2011.

Florida Forever funding was reduced from an historic high level of \$26.5 million to \$22.5 million in FY 2008–2009, and no new Florida Forever funding was provided in FY 2009–2010. Florida Forever funding in FY 2010–2011 totals \$1.13 million and was appropriated specifically for land acquisition.



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.

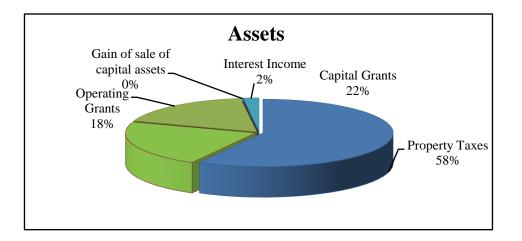
The *Statement of Net Assets* presents information on all of the District's assets (both short-term spendable resources and capital assets) and liabilities (including long-term obligations), with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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.

	2010	2009
Current and other assets	\$ 237,837,179	\$ 256,590,447
Capital assets, net	1,061,731,344	1,007,199,969
Total assets	1,299,568,523	1,263,790,416
Long-term liabilities outstanding	47,121,830	51,644,524
Other liabilities	47,316,976	66,130,643
Total liabilities	94,438,806	117,775,167
Net assets		
Invested in capital assets, net of related debt	1,027,438,251	968,109,402
Restricted	21,531,338	15,588,704
Unrestricted	156,160,128	162,317,143
Total net assets	\$ 1,205,129,717	\$ 1,146,015,249

Statement of Net Assets as of September 30, 2010

- Net assets increased \$59,114,468, 5.2% over the previous year. This increase can primarily be attributable to the additions of land and easements, totaling \$49.1 million and additions to infrastructure (less accumulated depreciation) totaling \$14.6 million during the fiscal year.
- The District's overall financial position has increased due to investments in capital assets during the fiscal year. However, the combined restricted and unrestricted net assets slightly decreased over the prior year (-\$214,381 or -.12%). The District's restricted net assets increased by \$5.9 million as a result of \$4.2 million in land and easement sales and increases to the long-term land management endowment of \$1.7 million. However, unrestricted net assets decreased by \$6.1 million due to decreases in ad valorem and investment earnings, mostly offset by cuts in annual District expenditures.

Financial Condition (Continued)



- The District carries long-term debt of \$34.5 million, a relatively small figure in relation to total assets (\$1.3 billion).
- For the first time, the District purchased the \$20 million Maytown Property in part with \$12.5 million of ad valorem funds saved for land acquisition over the years. Due to reductions in state revenues for the Florida Forever program, the District may have to rely on ad valorem and land management revenues for land acquisition in the future.

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).

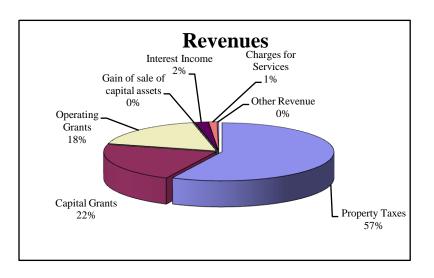
Governmental activities	2010	2009
Total revenues	\$218,129,314	\$230,021,465
Total expenses	159,014,846	179,654,489
Increase in net assets	59,114,468	50,366,976

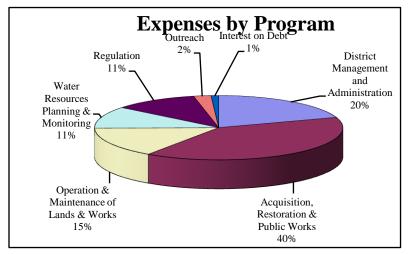
Statement of Activities as of September 30, 2010

• Ad valorem revenues have decreased \$20,192,431 (or -14%) since its peak of \$145.1 million in fiscal year 2007–2008. Ad valorem revenues are projected to decline \$14.1 million in fiscal year 2010–2011. This is due to the reduction in the millage rate two years ago, a marked decrease in property values, and the recent increase in the homestead exemption.

Financial Condition (Concluded)

- Total revenues decreased by -5.2%, or \$11,892,151 less than the previous year. The net decrease is primarily attributable to the following: a reduction in unrestricted investment earnings (\$3.5 million); a reduction in ad valorem taxes (\$13.2 million); a reduction in Operating Grants and Contributions (\$16.9 million); and an increase in Capital Grants and Contributions (\$22.5 million) compared to the prior year.
- As a result of budget cuts, total expenses decreased by -11.5%, or \$20,639,643, less than the previous year. A reduction in Water Resources Planning and Monitoring (\$1.9 million) was due to the District's change in emphasis to water conservation. The decrease in Acquisition, Restoration and Public Works (\$17.5 million) resulted from a large reduction in capital outlay expense compared to the prior year.
- The District relies 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 43% of total revenues. General revenues comprise 57% of total revenues.





Popular Financial Annual Report, 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Alachua*	171,388	175,748	177,815	181,565	185,094	187,412	190,319	194,030	196,986	196,570
Baker*	20,972	21,371	21,735	22,274	22,265	23,242	23,817	24,065	24,073	24,124
Bradford*	1,234	1,254	1,276	1,312	1,330	1,351	1,374	1,375	1,376	1,355
Brevard	485,178	494,102	507,810	521,422	531,970	543,050	552,109	556,213	555,657	555,248
Clay	142,838	149,901	156,011	163,461	169,623	176,901	184,644	185,158	185,208	187,278
Duval	793,898	809,394	826,279	840,474	861,150	879,235	897,597	904,971	900,518	901,271
Flagler	53,061	56,785	61,541	69,683	78,617	89,075	93,568	95,512	94,901	94,905
Indian River	115,716	118,149	121,174	126,829	130,043	135,262	139,757	141,667	141,634	142,009
Lake*	219,145	229,836	239,429	250,531	261,610	275,303	284,967	286,837	290,431	295,841
Marion*	191,927	196,880	204,774	213,017	221,448	228,818	236,043	239,235	239,977	239,743
Nassau	59,409	61,094	63,062	65,016	65,759	68,188	69,569	71,915	72,588	71,556
Okeechobee*	738	746	760	776	771	789	797	817	810	813
Orange*	705,111	724,695	745,393	768,723	791,089	818,448	838,220	845,329	840,706	841,671
Osceola*	1,795	1,934	2,104	2,258	2,352	2,559	2,661	2,737	2,728	2,757
Polk ¹	13,417	13,586	13,844	-	-	32 - .	-	-	-	-
Putnam*	70,820	71,329	71,971	73,226	73,764	74,416	74,799	74,989	74,608	74,115
St. Johns	128,604	133,953	139,849	149,336	157,278	165,291	173,935	181,180	183,572	185,464
Seminole	377,960	387,626	394,900	403,361	411,744	420,667	425,698	426,413	423,759	420,100
Volusia	452,050	459,737	470,770	484,261	494,649	503,844	508,014	510,750	507,105	505,050
Total	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	4,739,869
Annual Increases	2.7%	2.6%	2.7%	2.8%	2.8%	3.0%	2.3%	1.0%	-0.1%	0.1%
District Full- Employees	Time 727	693	691	691	691	691	715	717	717	717
Employees pe Population	er 100,000 18.1	16.9	16.4	15.9	15.5	15.0	15.2	15.1	15.1	15.1
<u>Unemployme</u> District	nt Rates 4.5%	5.5%	5.2%	4.7%	3.7%	3.3%	4.0%	6.1%	10.7%	12.0%
Florida	4.6%	5.7%	5.3%	4.7%	3.8%	3.3%	4.0%	6.2%	10.5%	12.2%
U.S.	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%

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 10 Fiscal Years

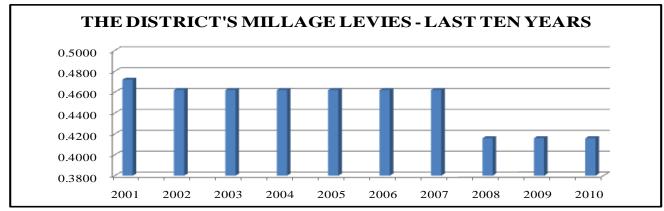
Sources: University of Florida Bureau of Economic and Business Research. Local Area Unemployment Statistics at http://fred.labormarketinfo.com

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

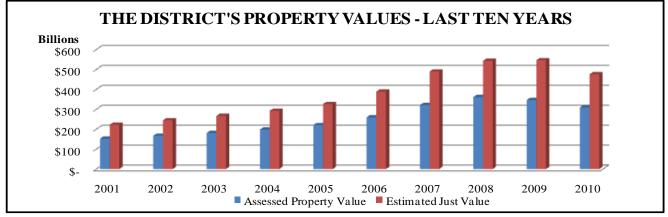
¹Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District boundaries.

Demographic and Economic Statistics

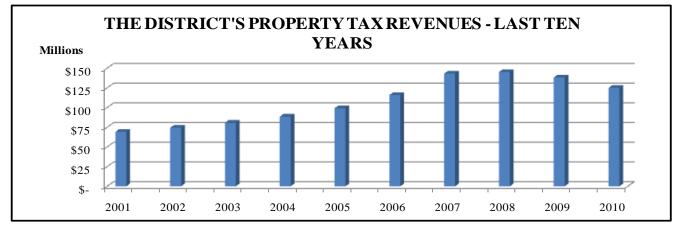
The District's ad valorem tax rate has decreased from 0.4720 mills in 2001 to 0.4158 mills in 2010, an 11.9% decrease.



The District's property values have increased steadily over the last nine years until 2010. Florida has recently been hard hit by the economic downturn with high unemployment and high number of foreclosures.



The District's property tax revenues have increased from \$69 million in 2001 to \$125 million in 2010, an 81% increase.



Contact Information

Executive Office	(386) 329-4214
District Clerk	
Inspector General	(386) 329-4105
Office of Budget and Management Reporting	(386) 329-4422
Office of Communications and Governmental Affairs	
Office of General Counsel	(386) 329-4308
Office of Human Resources	(386) 329-4246
Department of Environmental Resource Permitting	(386) 329-4152
Department of Finance and Administration	(386) 329-4840
Department of Information Resources	(386) 329-4176
Department of Operations and Land Resources	(386) 329-4470
Department of Resource Management	
Department of Water Resources	
Ombudsman	
Permitting, general information	(386) 329-4230
Permitting, environmental resource permits	
Permitting, consumptive use permits	(386) 329-4152



For a complete listing of employees and contacts by topic, please see the District's website at *floridaswater.com/contactus*.



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