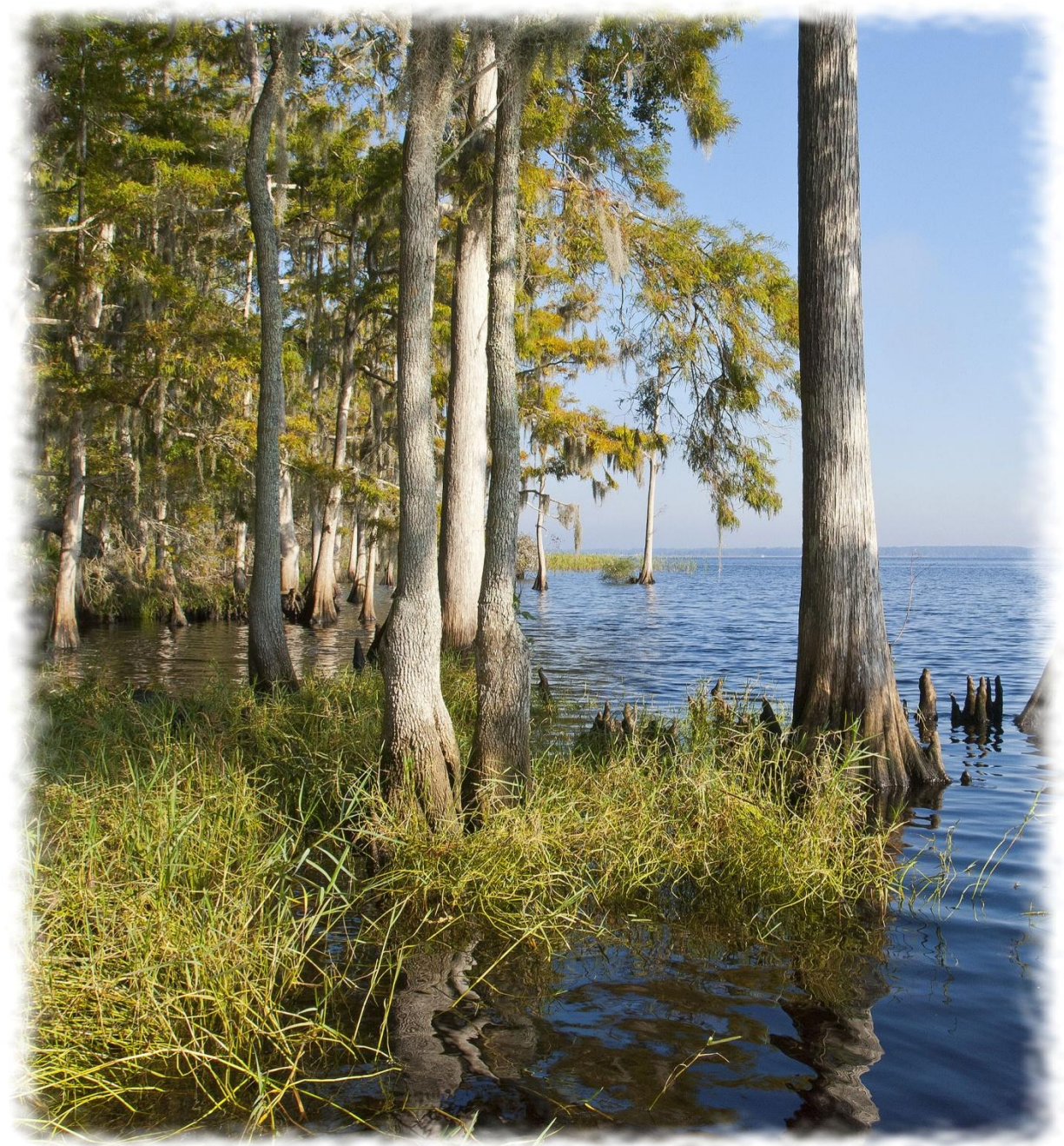


St. Johns River Water Management District

2011 Citizens' Report



Fiscal year ended September 30, 2011

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."



Contents

Letter to the Citizens.....	2
Overview of the District.....	3
District Organization (charts).....	4-5
District Governing Board.....	6
Major Initiatives.....	7-10
Financial Condition.....	11-13
Demographic and Economic Statistics	14-16
Contact Information.....	17



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 2012

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

The St. Johns River Water Management District (District) is pleased to present its sixth Citizens' Report, or as defined by the Government Finance Officers Association (GFOA) — the Popular Annual Financial Report (PAFR), of the District for the fiscal year that ended September 30, 2011. The following pages provide a summary of the 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 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.

This report is intended to provide a brief overview and better understanding of the District and its financial condition. Management welcomes comments and suggestions.

Other information regarding the District, including this Citizens' Report (PAFR), annual budget and CAFR, are available on the District's website at floridaswater.com.

Respectfully submitted,

A handwritten signature in cursive script, reading 'Ann Meuse'.

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

A handwritten signature in cursive script, reading 'R. Gregory Rockwell'.

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

GOVERNING BOARD

Lad Daniels, CHAIRMAN
JACKSONVILLE

Chuck Drake
ORLANDO

John A. Miklos, VICE CHAIRMAN
ORLANDO

Richard G. Hamann
GAINESVILLE

Douglas C. Bournique, SECRETARY
VERO BEACH

George W. Robbins
JACKSONVILLE

Maryam H. Ghyabi, TREASURER
ORMOND BEACH

W. Leonard Wood
FERNANDINA BEACH

Overview of the District

The St. Johns River Water Management District continually works to ensure the sustainable use and protection of water resources for the benefit of the environment and the residents of northeast and east-central Florida. Aligning the District with the focus and priorities of Florida's governor, Legislature and Department of Environmental Protection (DEP) has resulted in heightened efficiencies that are protecting water resources, reducing taxpayers' costs and providing enhanced service to the public.

As an agency of the state of Florida, the District's work is funded through a combination of property taxes, fees, grants and some funding from local, state and federal sources.

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.

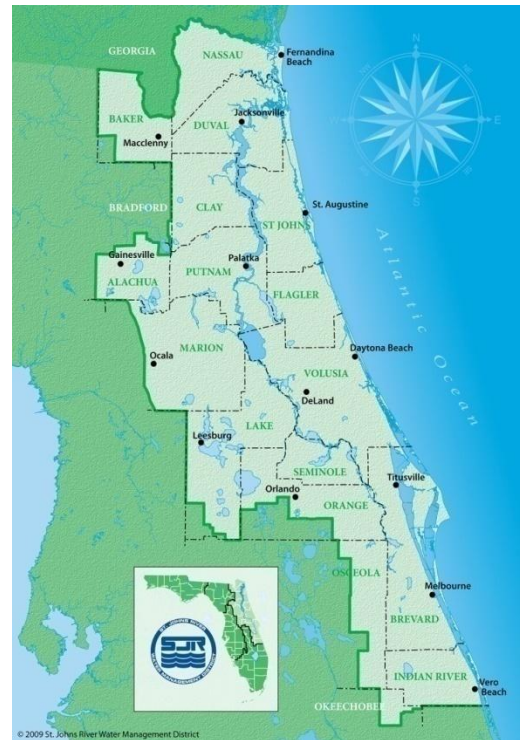
Duties of the District

The District's core mission responsibilities include:

- **Water supply** — To implement a regional strategy to provide sufficient water for users and the environment
- **Flood protection** — To prevent increases in flooding and maintain the District's regional flood control projects
- **Water quality and natural systems protection and improvement** — To protect water quality and natural systems of the District and improve those resources within Surface Water Improvement and Management basins
- **Organizational effectiveness** — To provide for organizational structure and tools that result in and reward continuous improvement and enhanced service delivery

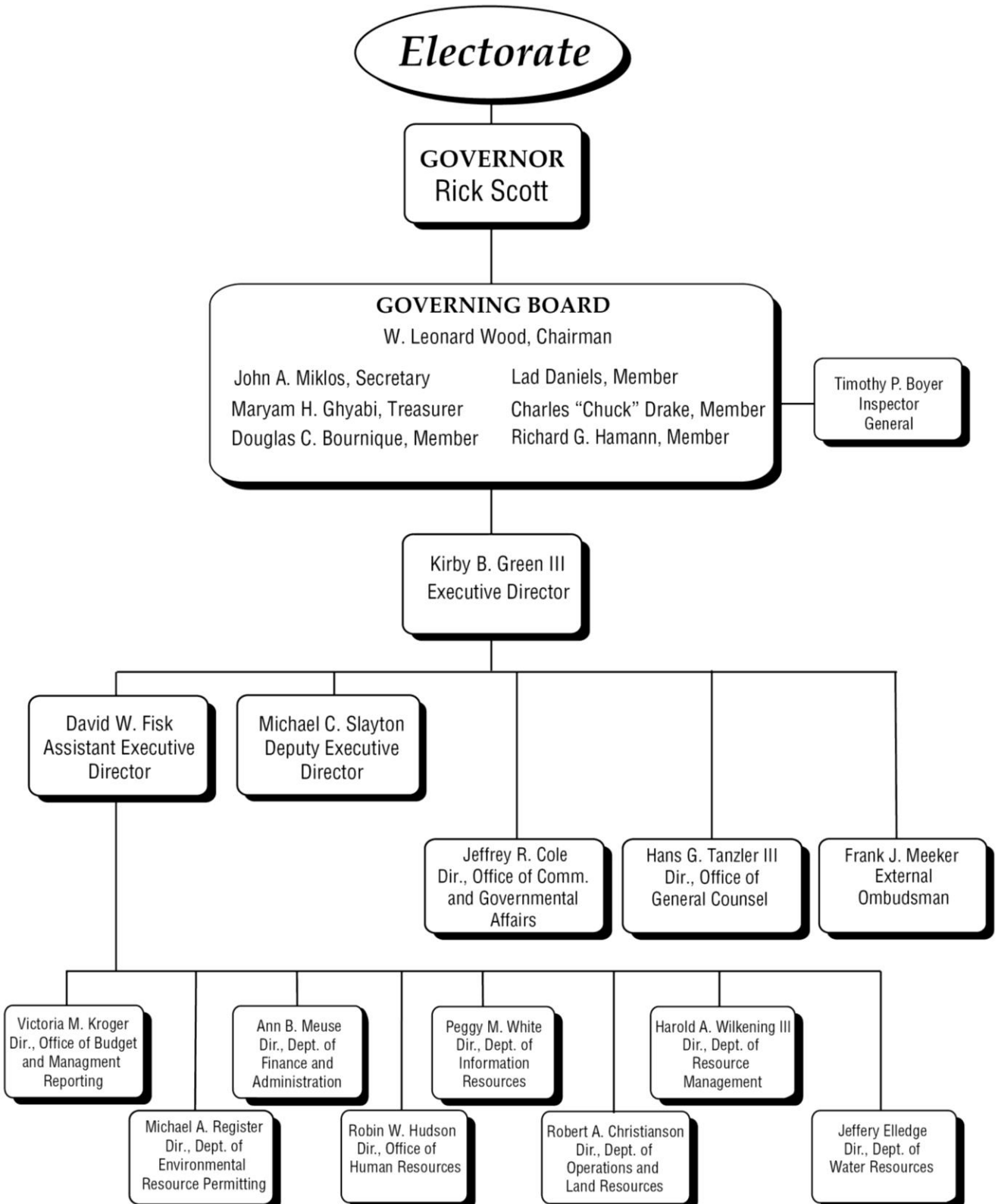
Economic outlook

The District developed a fiscal year 2011–2012 budget that utilizes available resources to meet its core missions, ensuring the necessary and required water resource protections. The District anticipates that ad valorem revenue will remain at approximately the same level for the foreseeable future and expects no new external funding. The District will continue to evaluate the capacity of available revenues to fund priorities and statutory requirements, which will become even more critical in future fiscal years when higher growth rates are projected.



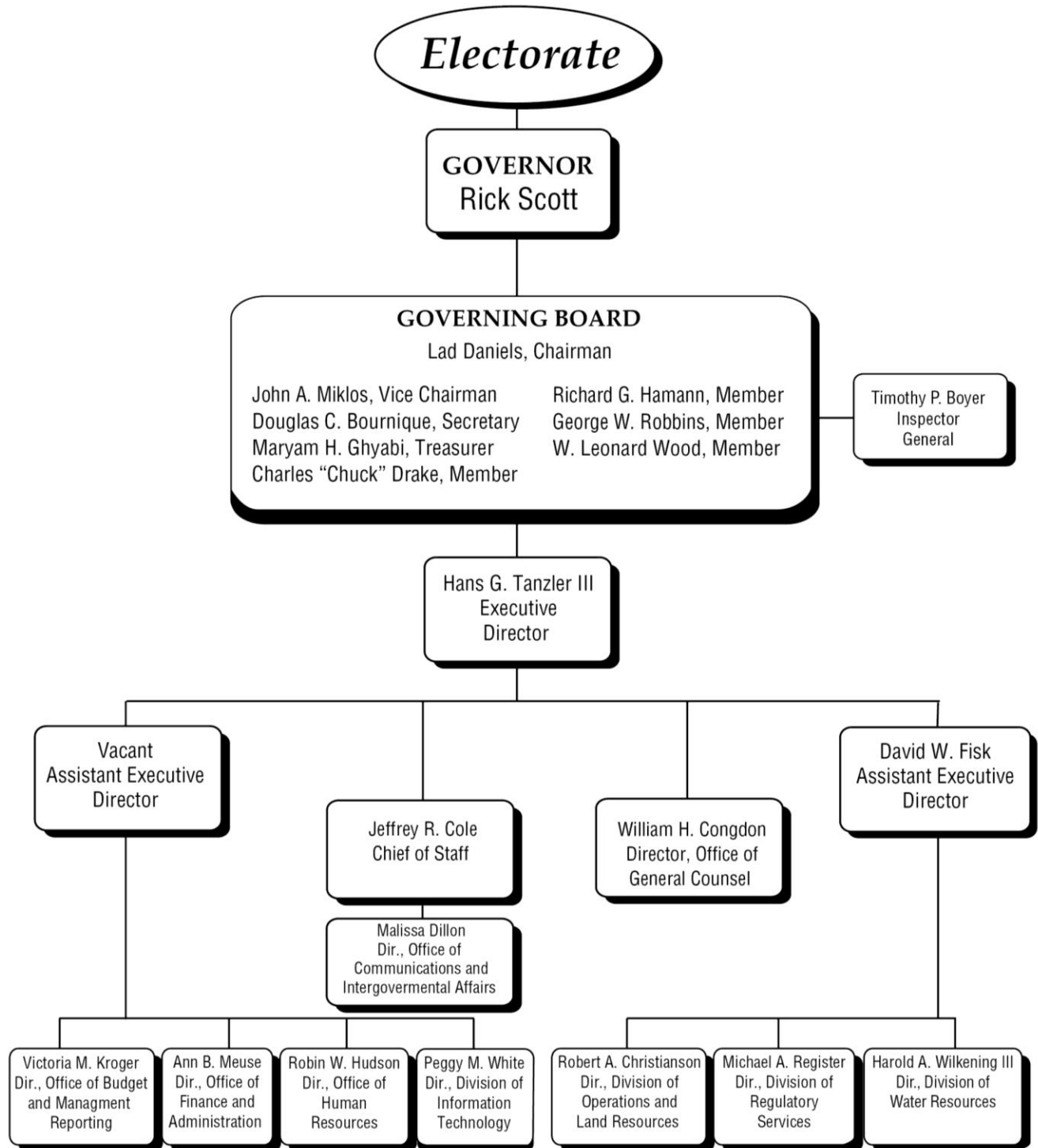
District Organization

As of September 30, 2011



District Organization

As of February 10, 2012



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



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



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



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



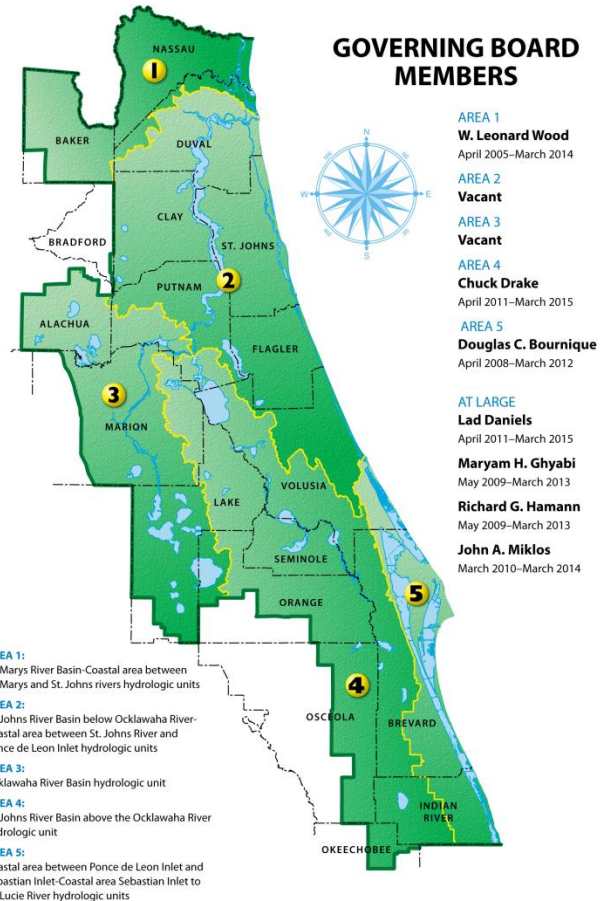
Lad Daniels
Jacksonville
At-Large seat
Term: April 2011–
March 2015



Charles "Chuck" Drake
Orlando
Area 4
Term: April
2011–March 2015



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



Note: This reflects the Governing Board as of September 30, 2011. Two seats on the Board were vacant.

Major Initiatives

The District's major project areas include:

- Restoration projects that improve water quality and develop alternative water supplies
- Water supply planning, including water conservation, and minimum flows and levels prevention and recovery strategy development
- Monitoring water quality and quantity trends to ensure that appropriate data continues to exist on which to make sound scientific decisions
- Land management activities, such as prescribed burns; control of invasive exotic plants; and operation and maintenance of levees, locks and other structures
- Streamlining regulatory programs



Restoration

This portion of the budget includes maintaining commitments to completing major District projects to improve water quality, some of which may be developed as alternative water supplies.

Among the projects are:

Fellsmere Water Management Area — The project involves the construction of a new 10,000-acre reservoir to treat agricultural discharges prior to entering the St. Johns Water Management Area, provide water supply potential and improve wildlife habitat. This is one of the final components of the Upper St. Johns River Basin project, restoring more than 150,000 acres at the headwaters of the St. Johns River.



Canal 1/10 redirection — The project will divert stormwater runoff from Palm Bay to the C-1 Retention Area where it will be pumped through the Sawgrass Lake Water Management Area for water quality improvement prior to discharging it to the St. Johns River. This project benefits the Indian River Lagoon and upper St. Johns River project areas by treating storm water before it reaches downstream waterways.

Lake Apopka north shore restoration — The project includes long-term restoration of the former farmlands along the north shore of Lake Apopka, including shallow flooding to be consistent with the environmental conditions on the site. Infrastructure such as levees, water control structures and other nutrient control efforts will be needed as part of the restoration work.

Water supply

To meet current and future water use demands, the District has undertaken and continues numerous water supply development and water conservation projects, many in cooperation with local governments, utilities and other entities.

Major Initiatives

(Continued)

Among such water supply projects are:

St. Johns River Taylor Creek — This major alternative water supply project, with the cooperation of several utilities, involves the expansion of the existing Taylor Creek Reservoir water supply system, which is owned and operated by the city of Cocoa. Identified in the District Water Supply Plan 2004 Interim Update, components include facilities expansion, treated water for aquifer storage and recovery or direct aquifer recharge, and new and upgraded pumping and transmission systems.

Seminole County Yankee Lake — This project involves the construction of a plant to treat water from the St. Johns River to remove color and total suspended solids. The plant (near Lake Monroe) will provide water treated to meet public access reclaimed water standards to supplement existing reuse supplies. Seminole County is currently participating with the cities of Sanford and Lake Mary to receive alternative water supplies to augment its reclaimed water supply.

Water Conservation and Demand Management cooperative funding projects — With utilities, businesses and homeowners' associations, the District is investigating new methods of conserving water and reducing water demands to stretch existing supplies. Projects include demonstrating reliability and performance that can be achieved with soil moisture sensors in residential landscape applications; linking integrated billing records, geographic information system (GIS) mapping software and a computerized maintenance management system to plan, monitor, track and implement water conservation measures; and rainwater collection systems to supplement irrigation for retail garden centers.



Minimum flows and levels (MFLs) prevention and recovery strategies development — The District is facilitating a process to develop prevention and recovery strategies for water bodies within the District where MFLs are currently not being met or are projected not to be met within 20 years. The District and stakeholders are working collaboratively to develop long-term comprehensive strategies to achieve the MFLs. District water supply planning during the past few years has included further, detailed evaluation of adopted MFLs. To organize the process, the water bodies have been grouped into six strategy development areas.

Water quality monitoring

The District collects and analyzes information to use as a foundation on which to make informed decisions based on sound science in managing Florida's water resources. Each year, more than 16 million measurements are collected, verified, processed and stored, such as rainfall amounts, well levels, and surface water levels and fluctuations. In addition to District uses for its projects, the data are shared with local governments and other entities that use the data, for example, to designate areas to protect drinking water supplies and land use planning and development.

Major Initiatives (Continued)

Some of the projects included in this section of the budget are:

Groundwater resources assessment — The resource assessment group performs detailed hydrologic assessments, designs and evaluates monitoring networks, and conducts interpretive investigations in support of water supply management, water use regulation, and minimum flows and levels programs. This is done through construction and maintenance of monitoring wells, contractual drilling services, aquifer performance testing and related hydrologic testing, and providing geophysical well logging services.

Rough fish harvesting and alum treatment — As part of multifaceted waterway cleanup efforts, the District is reducing the “rough” fish population in several central Florida area lakes. The removal of gizzard shad reduces the availability of nutrients that feed the growth of already overly productive algae in some water bodies. Likewise, liquid alum is used in nutrient-rich water bodies such as Lake Apopka to reduce the amount of phosphorus in discharge water to minimize nutrient loading.



Flood control structure rehabilitation — This budget area focuses on rehabilitation of flood control structures in the Upper St. Johns River Basin and Ocklawaha River Basin. The District strives to use natural measures to control flooding, such as by storing rainwater in stormwater systems and treatment areas. In a few cases, some structures are needed to control water movement due to development that occurred prior to stormwater rules. For example, the upper basin project is a semistructural system of water management areas, marsh conservation areas, and marsh restoration areas covering more than 150,000 acres in Indian River and Brevard counties.

Geographic information system (GIS) imagery — Large numbers of users across many District programs and projects use GIS technology as a tool for mapping, analysis and decision making. In addition to District uses, the information is provided on the agency’s website to benefit local governments and other entities that use the information in various projects.

Land management activities

This area of the budget covers prescribed burns; control of invasive exotic plants; and operation and maintenance of levees, locks and other structures. The District has purchased land to preserve, restore, enhance or develop water resources to provide flood protection, naturally filter pollutants from stormwater runoff, prevent erosion, and protect plant and animal habitat.

Planned activities for FY 2011–2012 include reducing shrub growth to



Major Initiatives (Concluded)

restore former herbaceous marshes, accelerating lygodium control in the Upper St. Johns River Basin, maximizing prescribed burning and wildfire readiness and control of invasive species infestations.

In the past, the District relied on the state's Water Management Lands Trust Fund (WMLTF) to fund the majority of its land management activities. The state WMLTF has provided no new funding since FY 2008–2009. Since FY 2009–2010, the District has reallocated some fund balance and ad valorem revenues to fund land management and invasive plant control activities.

Permitting

The District is retooling its permitting programs — Consumptive Use Permits (CUP) and Environmental Resource Permits (ERP) — to more proactively provide assistance to the public to save them time and money, to be more efficient, and to strengthen communication between the District and permit applicants. The District is aggressively streamlining its operations and has reduced its budget while continuing to protect valuable water resources.

The changes already made or proposed include:

- Increased proactive communications with applicants, targeted at reducing paperwork and letters requesting additional information.
- Increased use of electronic permitting to save applicants and consultants money and to reduce District staff processing time.
- Establishing pre-application meetings for potential applicants so staff can answer questions and provide technical support and materials prior to application submittal.
- Enhanced outreach with additional and simplified web resources and workshops.
- Increased cross-training for staff to enhance their understanding of all aspects of the permitting process and better prepare them to make decisions.
- Reduced and simplified CUP water use categories (from 23 to seven).
- Expanded CUP modifications that can be made through a letter, rather than through a new application.
- Reduced CUP reporting requirements for small-volume water users.



Financial Condition

The information on pages 11–14 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 Comprehensive Annual Financial Report for detailed information and financial statements.

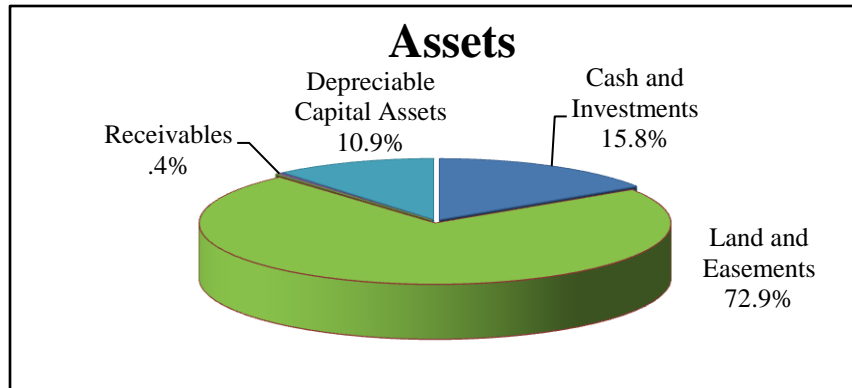
Statement of Net Assets as of September 30, 2011

	2011	2010
Current and other assets	\$ 216,227,376	\$ 237,837,179
Capital assets, net	1,116,164,303	1,061,731,344
Total assets	1,332,391,679	1,299,568,523
Long-term liabilities outstanding	40,197,949	47,121,830
Other liabilities	27,026,347	47,316,976
Total liabilities	67,224,296	94,438,806
Net assets		
Invested in capital assets, net of related debt	1,086,938,685	1,027,438,251
Restricted	33,005,869	21,531,338
Unrestricted	145,222,829	156,160,128
Total net assets	\$ 1,265,167,383	\$ 1,205,129,717

- Net assets increased \$60,037,666, 5% over the previous year. This increase can primarily be attributable to \$29 million of conservation easement donations and through acquisitions of land, conservation easements, and infrastructure additions, totaling \$30.1 million during the fiscal year.
- The District’s overall financial position has increased due to substantial investments in capital assets during the fiscal year, as noted above. The District’s restricted net assets increased by \$11.5 million as a result of changes in fund balance reporting under GASB 54, which now classify \$15.1 million of grant matching funds as restricted, restricted Florida Forever land acquisitions using a fund balance of \$4.2 million and increases to the long-term land management endowment of \$.8 million. However, unrestricted net assets decreased by \$11.3 million due to decreases in ad valorem and investment earnings, mostly offset by reductions in annual District expenditures.

Financial Condition

(Continued)



- The District carries long-term debt of \$29.2 million, a relatively small figure in relation to total assets (\$1.33 billion).
- The District purchased the \$10 million Kemcho property in part with \$2.5 million in ad valorem funds for land acquisition and \$4.7 million of Florida Forever fund balance, both accumulated from prior fiscal years, along with \$1.6 million of current Florida Forever revenues and \$.9 million of federal grant funds. Due to reductions in state revenues for the Florida Forever program, the District may have to rely on ad valorem property tax revenues, land management revenues and sales or exchanges of surplus lands for future land acquisitions.

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).

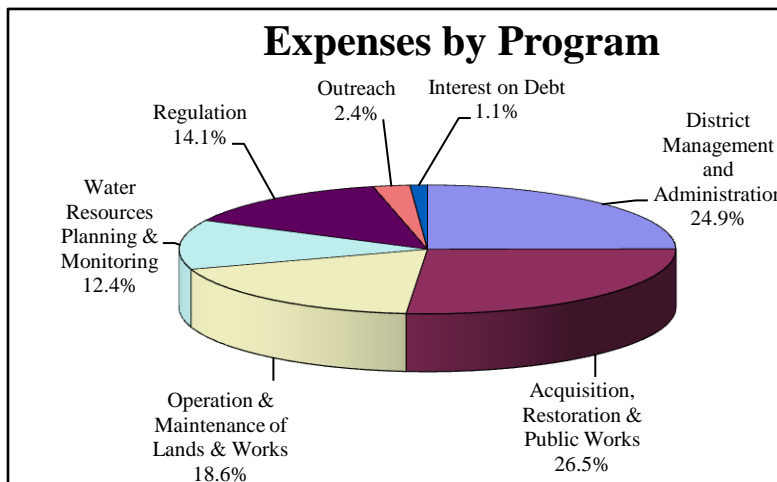
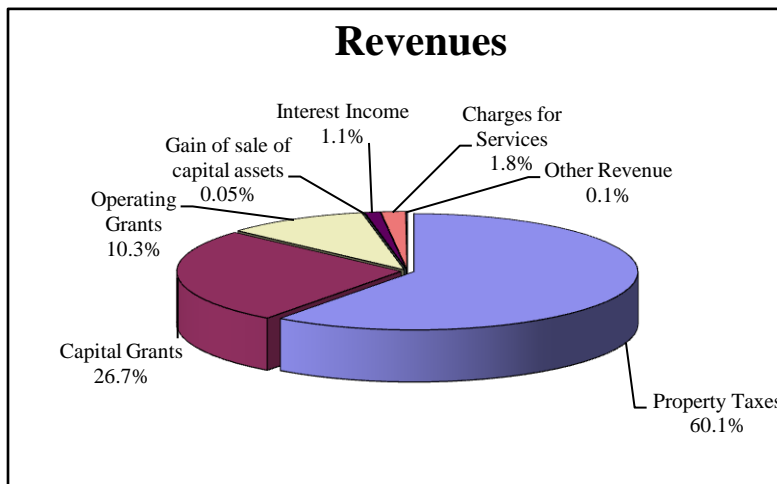
Statement of Activities as of September 30, 2011

Governmental activities	2011	2010
Total revenues	\$185,096,470	\$218,129,314
Total expenses	125,058,804	159,014,846
Increase in net assets	60,037,666	59,114,468

- Ad valorem revenues have decreased \$33.8 million, -23% since its peak of \$145.1 million in fiscal year 2007–2008. Ad valorem revenues are projected and mandated by the state of Florida to decline \$26 million in fiscal year 2011–2012. This is the result of new legislation (SB 2142) passed in 2011 that caps the District's ad valorem property tax revenues at \$85.35 million a year. This reduction brings the District's ad valorem revenue back to fiscal year 2003–2004 levels.

Financial Condition (Concluded)

- Total revenues decreased by -15.1%, or \$33,032,844, from the previous year. The net decrease is primarily attributable to the following: a reduction in unrestricted investment earnings (\$2.2 million); a reduction in ad valorem taxes (\$13.6 million); a reduction in Operating Grants and Contributions (\$19.2 million); and an increase in Capital Grants and Contributions (\$1.5 million) compared to the prior year.
- As a result of budget cuts, total expenses decreased by -21.1%, or \$33,956,042, less than the previous year. A reduction in Water Resources Planning and Monitoring (\$2 million) was due to the District's change in emphasis to water conservation. The decrease in Acquisition, Restoration and Public Works (\$30 million) resulted from a large reduction or virtual elimination of appropriations from the state of Florida.
- 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 39.9% of total revenues. General revenues comprise 60.1% of total revenues.



Demographic Statistics

**St. Johns River Water Management District
Population by County, District Full-Time Employees,
Number of District Employees Per 100,000 Population and Unemployment Rates
Last 10 Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Alachua*	175,748	177,815	181,565	185,094	187,412	190,319	194,030	196,986	190,146	190,147
Baker*	21,371	21,735	22,274	22,265	23,242	23,817	24,065	24,073	25,204	25,029
Bradford*	1,254	1,276	1,312	1,330	1,351	1,374	1,375	1,376	1,349	1,356
Brevard	494,102	507,810	521,422	531,970	543,050	552,109	556,213	555,657	543,376	545,184
Clay	149,901	156,011	163,461	169,623	176,901	184,644	185,158	185,208	190,865	191,143
Duval	809,394	826,279	840,474	861,150	879,235	897,597	904,971	900,518	864,263	864,601
Flagler	56,785	61,541	69,683	78,617	89,075	93,568	95,512	94,901	95,696	96,241
Indian River	118,149	121,174	126,829	130,043	135,262	139,757	141,667	141,634	138,028	138,694
Lake*	229,836	239,429	250,531	261,610	275,303	284,967	286,837	290,431	295,463	296,670
Marion*	196,880	204,774	213,017	221,448	228,818	236,043	239,235	239,977	240,600	240,925
Nassau	61,094	63,062	65,016	65,759	68,188	69,569	71,915	72,588	73,314	73,684
Okeechobee*	746	760	776	771	789	797	817	810	816	814
Orange*	724,695	745,393	768,723	791,089	818,448	838,220	845,329	840,706	868,814	877,446
Osceola*	1,934	2,104	2,258	2,352	2,559	2,661	2,737	2,728	2,687	2,739
Polk ¹	13,586	13,844	-	-	-	-	-	-	-	-
Putnam*	71,329	71,971	73,226	73,764	74,416	74,799	74,989	74,608	74,364	74,052
St. Johns	133,953	139,849	149,336	157,278	165,291	173,935	181,180	183,572	190,039	192,852
Seminole	387,626	394,900	403,361	411,744	420,667	425,698	426,413	423,759	422,718	424,587
Volusia	459,737	470,770	484,261	494,649	503,844	508,014	510,750	507,105	494,593	495,400
Total	4,108,120	4,220,497	4,337,525	4,460,556	4,593,851	4,697,888	4,743,193	4,736,638	4,712,335	4,731,564
Annual										
Increases	2.6%	2.7%	2.8%	2.8%	3.0%	2.3%	1.0%	-0.1%	-0.5%	0.4%
District Full-Time										
Employees	693	691	691	691	691	715	717	717	717	717
Employees per 100,000										
Population	16.9	16.4	15.9	15.5	15.0	15.2	15.1	15.1	15.2	15.2
<u>Unemployment Rates</u>										
District	5.5%	5.2%	4.7%	3.7%	3.3%	4.0%	6.0%	11.0%	12.0%	10.0%
Florida	5.7%	5.3%	4.7%	3.8%	3.3%	4.1%	6.3%	10.2%	12.0%	10.0%
U.S.	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.6%

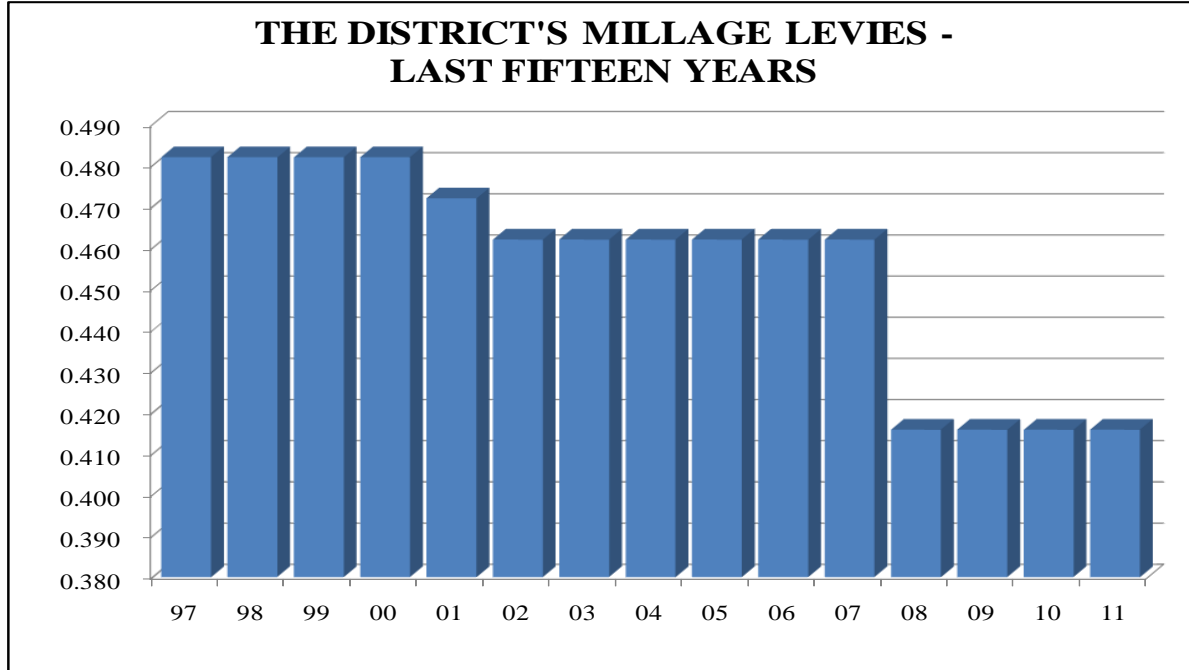
Sources: University of Florida Bureau of Economic and Business Research. Local Area Unemployment Statistics at <http://fred.labormarketinfo.com>

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

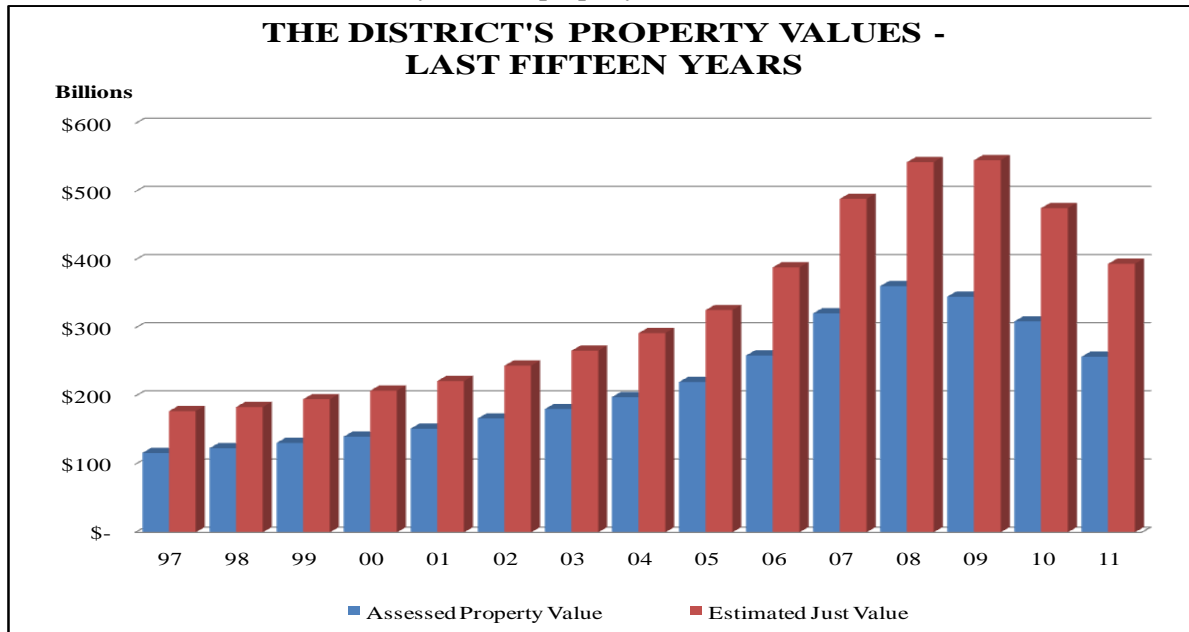
¹Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District boundaries.

Economic Statistics

The District's ad valorem tax rate has decreased from 0.4820 mills in 1997 to 0.4158 mills in 2011, an overall decrease of 13.7%.



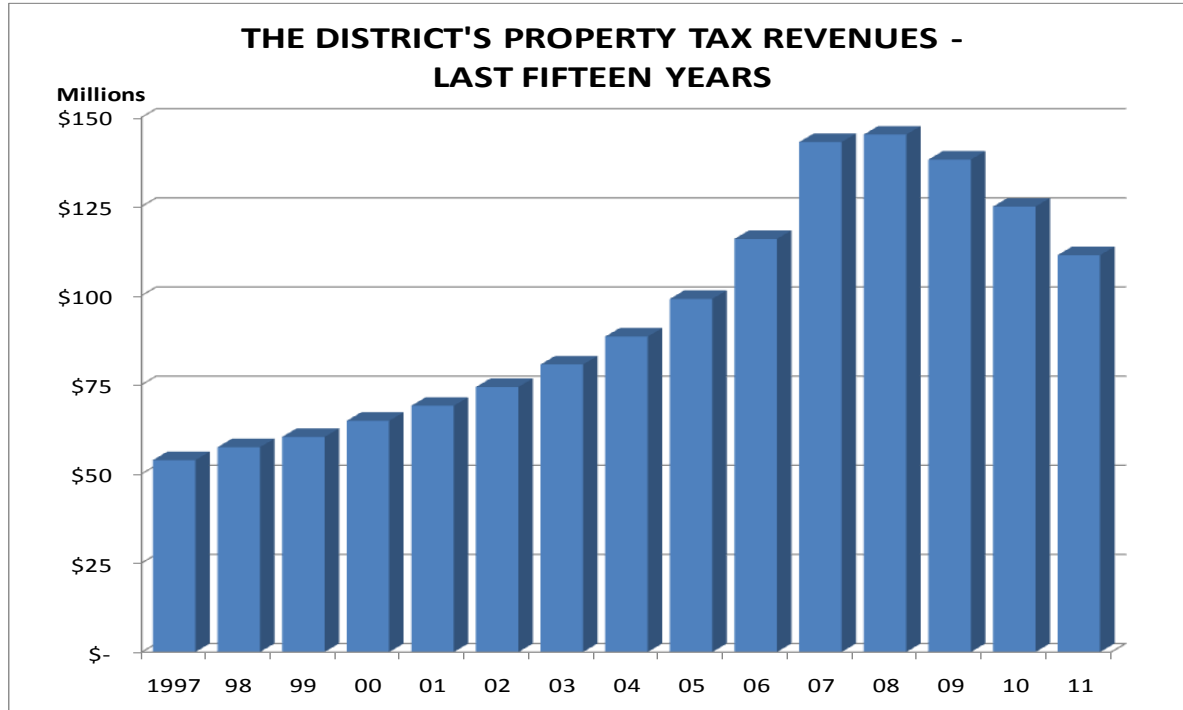
The District's property values have increased steadily over the last 12 years until 2008. Starting in 2009, Florida experienced the economic downturn with high unemployment and a high number of property foreclosures, which has dramatically reduced property values.



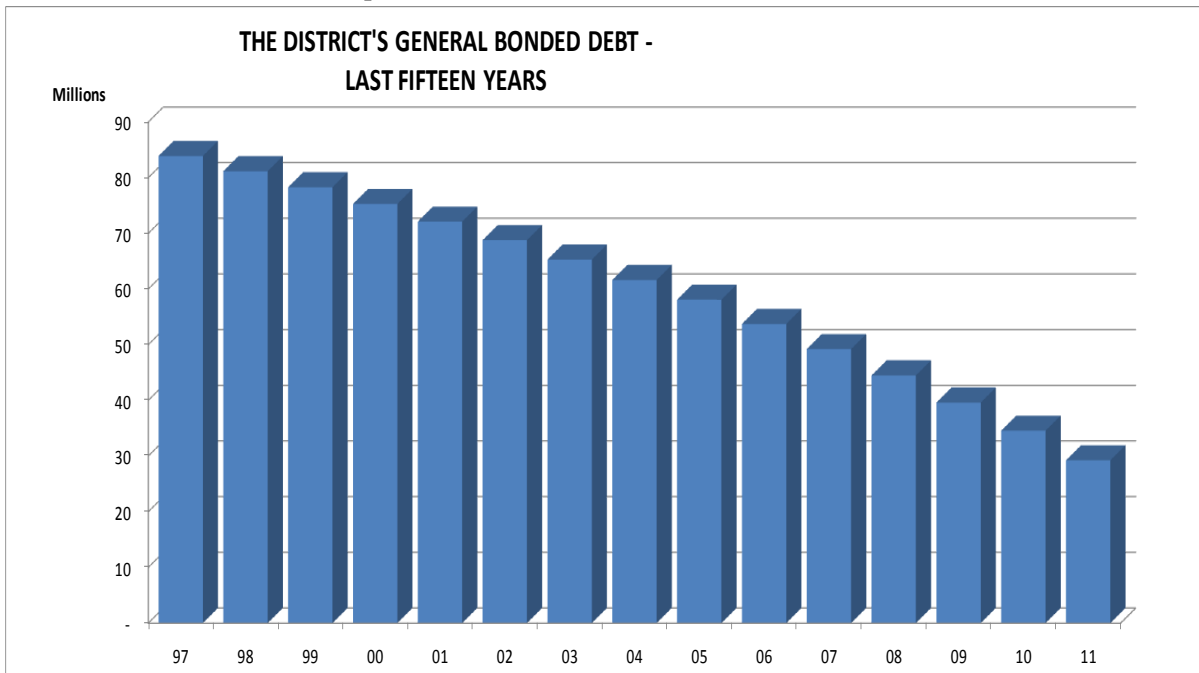
Economic Statistics

(Continued)

The District's property tax revenues increased from \$53.8 million in 1997 to \$145.1 million in 2008, and decreased to \$111.3 million in 2011. District property tax revenues are now capped at \$85.3 million annually.



The District's General Bonded Debt has decreased from \$83.9 million in 1997 to \$29.2 million in 2011. These bonds were issued to acquire conservation lands and are set to mature in 2016.



Contact Information

District Headquarters Switchboard operator	(386) 329-4500 or (800) 451-7106
Executive Office	(386) 329-4101
Chief of Staff.....	(386) 329-4435
District Clerk.....	(386) 329-4127
Inspector General	(386) 329-4105
Office of Budget and Management Reporting.....	(386) 329-4422
Office of Finance and Administration	(386) 329-4840
Office of General Counsel	(386) 329-4308
Office of Human Resources.....	(386) 329-4246
Division of Regulatory Services	(386) 329-4152
Division of Information Technology	(386) 329-4176
Division of Operations and Land Resources.....	(386) 329-4470
Division of Water Resources	(386) 329-4264
Permitting, general information	(386) 329-4230
Permitting, environmental resource permits	(386) 329-4152
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.



St. Johns River Water Management District
Bureau of Financial Management
4049 Reid Street
P.O. Box 1429
Palatka, FL 32177

floridaswater.com

