



St. Johns River Water
Management District, Florida

2008 – Citizens' Report
Fiscal Year Ended September 30, 2008

A Component Unit of the State of Florida



St. Johns River Water Management District

Kirby B. Green III, Executive 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 www.sjrwmd.com.

March 10, 2009

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

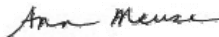
We are pleased to present you with the third Citizens' Report, or as defined by the Government Finance Officers Association (GFOA) — the Popular Annual Financial Report (PAFR), of the St. Johns River Water Management District (District) for the fiscal year ended September 30, 2008. The following pages 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: www.sjrwmd.com

Respectfully submitted,


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


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

Contents

Letter to the Citizens	1	Major Initiatives	5
Overview of the District	2	Financial Condition	7
Organizational Chart	3	Demographic and Economic Statistics	10
Your District Governing Board	4	Contact Information	12

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.”**

GOVERNING BOARD

Susan N. Hughes, CHAIRMAN PONTE VEDRA	W. Leonard Wood, VICE CHAIRMAN FERNIANDINA BEACH	Hersey "Herky" Huffman, SECRETARY ENTERPRISE	Hans G. Tanzler III, TREASURER JACKSONVILLE
Douglas C. Bournique VERO BEACH	Michael Ertel ONIEDO	David G. Graham JACKSONVILLE	Arlen N. Jumper FORT MCCOY
			Ann T. Moore BUNNELL

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 for various water use activities and/or activities that have the potential to adversely impact groundwater or surface water resources and adjacent lands
- 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 2008-2009 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. 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 \$8.1 million in 2008-2009, which are in part a result of a 10% millage rate reduction and a constitutional amendment limiting property taxes as mandated by the state.

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 Ecosystems Trust Fund are all funded by the state's documentary stamp tax.

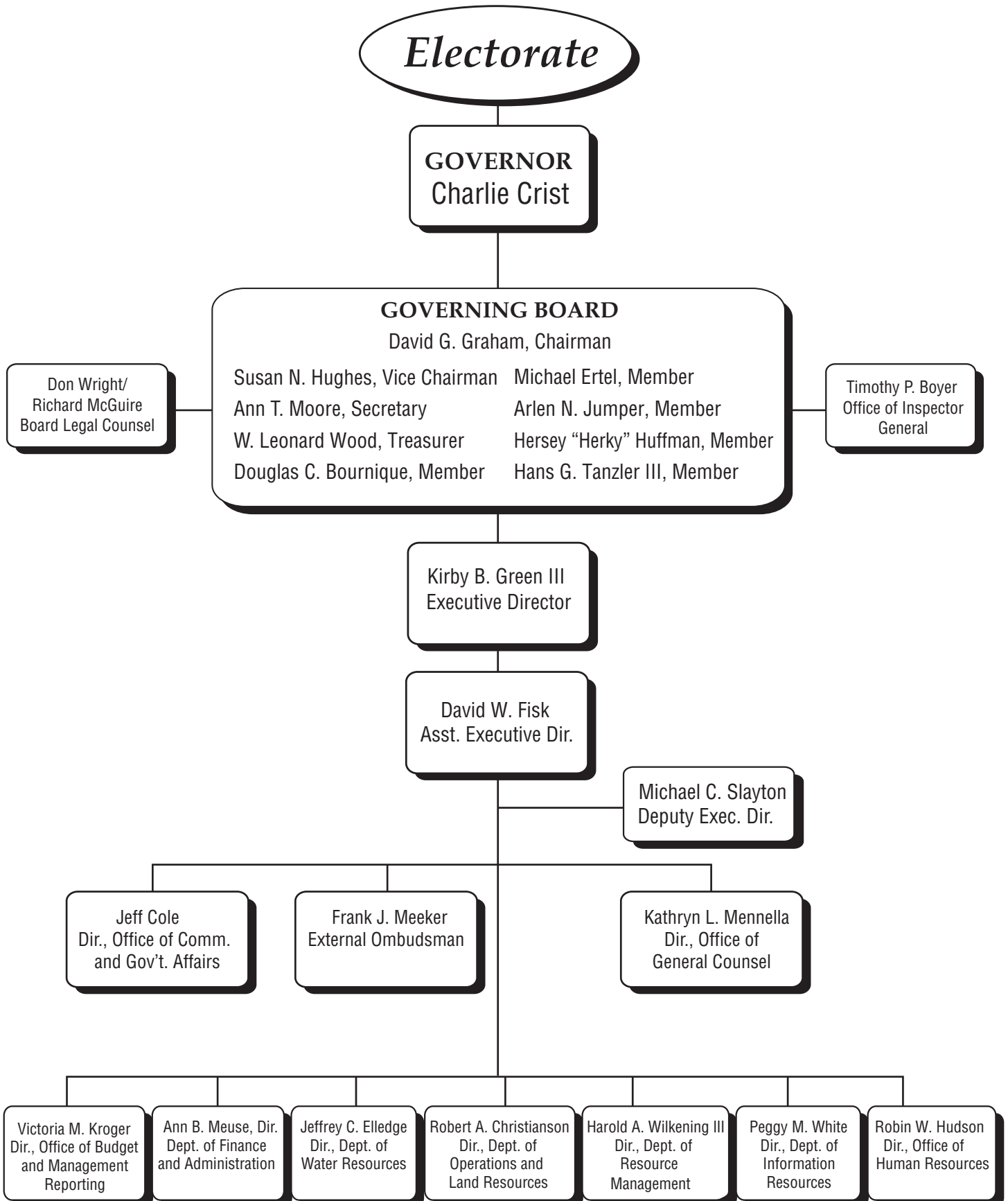
Because of state revenue shortfalls, the state eliminated its 2008-2009 commitment to the District's Water Protection and Sustainability Trust Fund from \$25 million to \$0.

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 new programs and projects.



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

September 30, 2008



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.



David G. Graham,
Chairman
Jacksonville,
At Large Seat
Term: March 2001 –
March 2009



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



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



Ann T. Moore,
Secretary
Bunnell,
At Large Seat
Term: March 2001 –
March 2009



**Hersey "Herky"
Huffman,**
Enterprise,
At Large Seat
Term: July 2007 –
March 2011



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



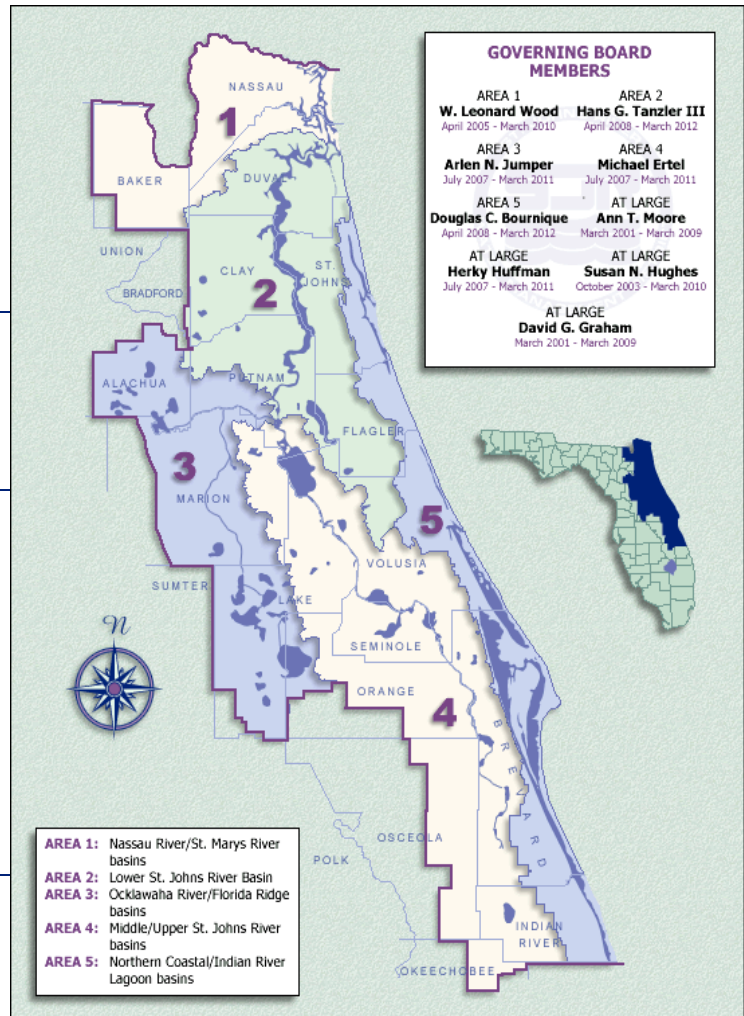
Arlen N. Jumper,
Ft. McCoy,
Area 3 Seat
Term: July 2007 –
March 2011



Michael Ertel,
Oveido,
Area 4 Seat
Term: July 2007 –
March 2011



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



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. The District completed the *Water Supply Assessment 2003* and the *District Water Supply Plan 2005*, which indicate that 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 these needs.

There are currently 16 projects under the program, abandoned artesian well plugging, central Florida aquifer recharge enhancement and feasibility of sea water demineralization, to name a few. The total estimated cost of all current and completed projects in the 2008 Five-year Work Plan is \$312 million. The 2008–2009 budget is \$11 million, with a majority of the revenues (\$7.8 million or 71%) 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 program budget includes \$2 million to continue the Water Conservation Public Awareness Campaign. The campaign’s goal is to educate and ultimately change the behavior of target audiences regarding water use and conservation.

Water Protection and Sustainability – 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.

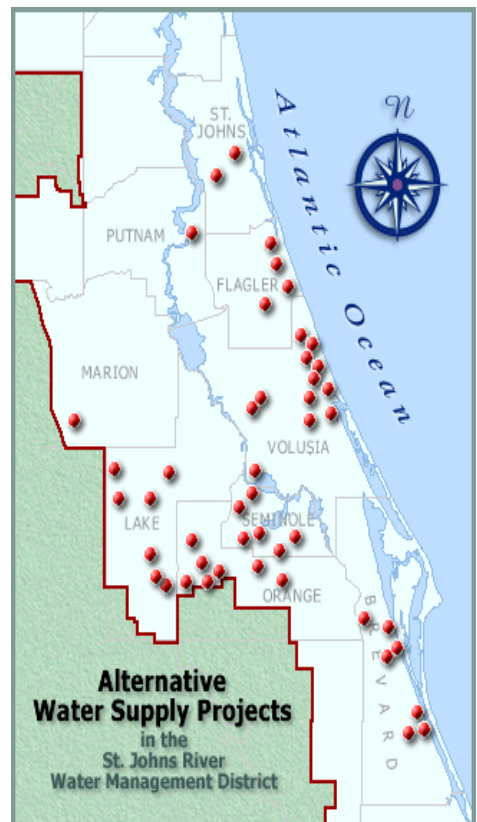
The District matches state funds (dollar for dollar) for the following (construction costs only):

- 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:

- \$112 million total District and state cost-share funds
- \$411 million total AWS construction costs
- 178 million gallons per day in projected production

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.



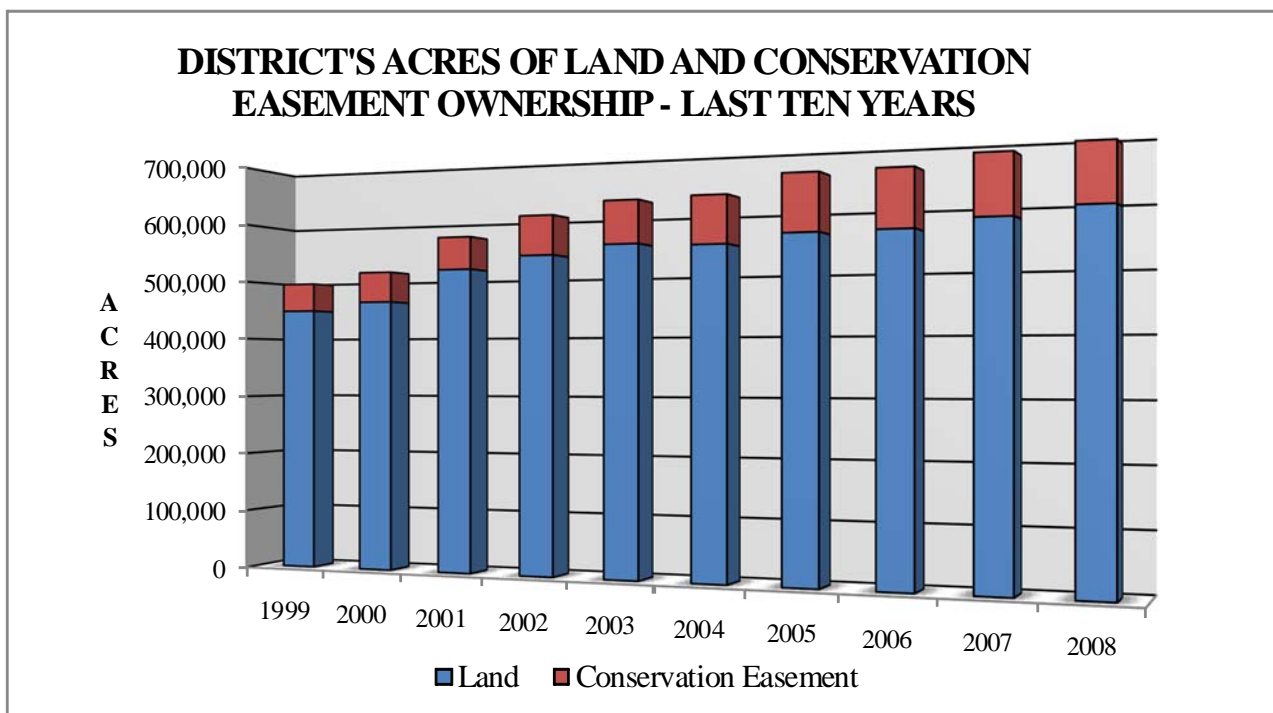
Major Initiatives (Continued)

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 690,000 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. This 10-year land acquisition-funding program ends in fiscal year 2009-2010. If the economy continues to decline, the program may end with the fiscal year 2008-2009 appropriation.



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.

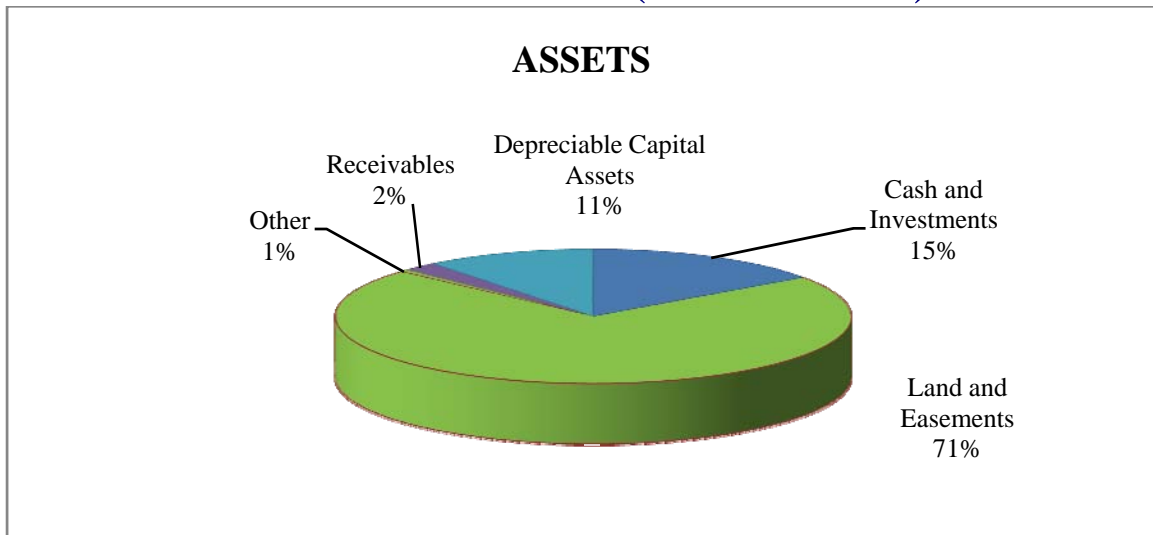
The *Statement of Net Assets* presents information on all of the District's assets (both short-term spendable resources and capital assets) and liabilities (including long-term obligations), with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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, 2008

	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 206,406,343	\$ 171,452,714
Capital assets, net	<u>979,219,559</u>	<u>896,139,366</u>
Total assets	<u>1,185,625,902</u>	<u>1,067,592,080</u>
Long-term liabilities outstanding	54,702,063	70,102,389
Other liabilities	<u>35,275,566</u>	<u>40,023,505</u>
Total liabilities	<u>89,977,629</u>	<u>110,125,894</u>
Net assets		
Invested in capital assets	935,496,518	847,938,851
Restricted	18,621,314	14,432,348
Unrestricted	<u>141,530,441</u>	<u>95,094,987</u>
Total net assets	<u>\$ 1,095,648,273</u>	<u>\$ 957,466,186</u>

- Net assets increased \$138 million during fiscal year 2007–2008, a 14% increase over the previous fiscal year. This increase can primarily be attributable to the additions of land, easements, and infrastructure totaling \$83 million and additions to cash and investments totaling \$53 million during the fiscal year.
- Total assets (\$1.2 billion) exceeded total liabilities (\$90 million) by \$1.1 billion as of September 30, 2008, 77% of that difference is represented by land and easements (\$847 million) owned and managed by the District. The District's other assets included on the Statement of Net Assets: cash and investments (\$180 million); receivables (\$24 million); construction in progress (\$6 million); buildings (\$34 million); machinery and equipment (\$35 million); infrastructure (\$115 million); accumulated depreciation (\$59 million); and other miscellaneous assets (\$1 million).

Financial Condition (Continued)



- The District carries long-term debt of \$45 million, a relatively small figure in relation to total assets (\$1.2 billion).
- Another indicator of the District's strong financial position is that unrestricted net assets increased \$46 million or 49% as of September 30, 2008. Unrestricted net assets are designated and approved by the governing board and are currently set aside for long-term cooperative funding, restoration, and alternative water supply projects of the Water Protection and Sustainability Program. This increase compares with a 60% increase in the prior year. However, this pattern of increasing unrestricted net assets balances may not continue in the future. In comparison to 2007-2008 amended budget, the District is projecting a revenue reduction of \$69.8 million for fiscal year 2008-2009. Ad valorem, state sources, and federal sources are projected to decline -5.6%, -33.7%, and -69.8%, respectively.
- Restricted net assets increased 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.

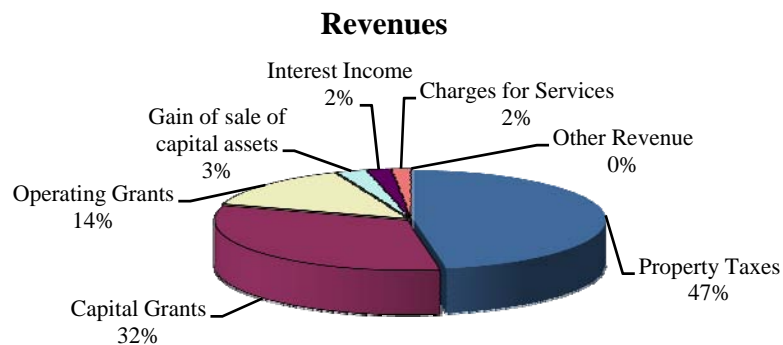
The *Statement of Activities* presents information showing how the District's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses 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, 2008

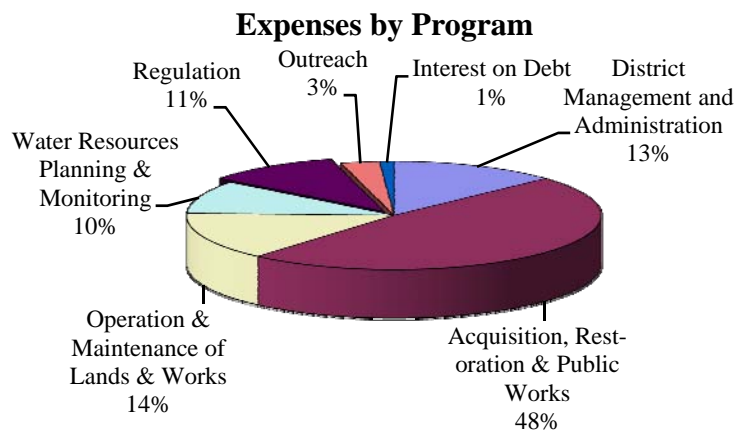
Governmental activities	2008	2007
Total revenues	\$307,074,662	\$330,143,543
Total expenses	168,467,575	175,445,157
Increase in net assets	138,607,087	154,698,386

Financial Condition (Continued)

- Within the *Statement of Activities*, general revenues decreased by \$17 million or -10% less than the previous year. The decrease is primarily attributable to a reduction in gains on the sale of capital assets recognized (\$17 million) compared to the prior year. The District reduced its current millage rate (0.4158 mills or 3% less than the rolled back rate) resulting in a small increase in ad valorem taxes due to legislation passed during the 2007 special session that limits the maximum millage rate that local governments can levy. The decrease in tax revenues for fiscal year 2008–2009 is estimated at -\$8.1 million or -6%, which is the result of a constitutional amendment passed in January 2008 that provides an additional \$25,000 in homestead exemptions and other property tax saving provisions that reduce taxable property values



- The District’s overall expenses decreased \$6.5 million or -4%. The decrease can be attributed in part to the \$12.1 million reduction in claims and judgments in fiscal year 2007–2008.
- 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 48% of total revenues. General revenues comprise 52% 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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Alachua*	167,858	167,559	171,388	175,748	177,815	181,565	185,094	187,412	190,319	194,030
Baker*	20,019	20,690	20,972	21,371	21,735	22,274	22,265	23,242	23,817	24,065
Bradford*	1,271	1,234	1,234	1,254	1,276	1,312	1,330	1,351	1,374	1,375
Brevard	467,401	476,230	485,178	494,102	507,810	521,422	531,970	543,050	552,109	556,213
Clay	136,084	140,814	142,838	149,901	156,011	163,461	169,623	176,901	184,644	185,158
Duval	764,961	778,879	793,898	809,394	826,279	840,474	861,150	879,235	897,597	904,971
Flagler	46,855	49,832	53,061	56,785	61,541	69,683	78,617	89,075	93,568	95,512
Indian River	109,266	112,947	115,716	118,149	121,174	126,829	130,043	135,262	139,757	141,667
Lake*	201,205	209,401	219,145	229,836	239,429	250,531	261,610	275,303	284,967	286,837
Marion*	196,683	188,034	191,927	196,880	204,774	213,017	221,448	228,818	236,043	239,235
Nassau	55,405	57,663	59,409	61,094	63,062	65,016	65,759	68,188	69,569	71,915
Okeechobee*	640	733	738	746	760	776	771	789	797	817
Orange*	663,177	679,569	705,111	724,695	745,393	768,723	791,089	818,448	838,220	845,329
Osceola*	1,358	1,725	1,795	1,934	2,104	2,258	2,352	2,559	2,661	2,737
Polk ¹	6,767	13,087	13,417	13,586	13,844	-	-	-	-	-
Putnam*	69,760	70,423	70,820	71,329	71,971	73,226	73,764	74,416	74,799	74,989
St. Johns	116,744	123,135	128,604	133,953	139,849	149,336	157,278	165,291	173,935	181,180
Seminole	355,329	365,196	377,960	387,626	394,900	403,361	411,744	420,667	425,698	426,413
Volusia	433,979	443,343	452,050	459,737	470,770	484,261	494,649	503,844	508,014	510,750
Total	3,814,762	3,900,494	4,005,260	4,108,121	4,220,497	4,337,525	4,460,555	4,593,850	4,697,889	4,743,193
Annual Increases	2.3%	2.2%	2.7%	2.6%	2.7%	2.8%	2.8%	3.0%	2.3%	1.0%
District Full-Time Employees	726	728	727	693	691	691	691	691	715	717
Employees per 100,000 Population	19.0	18.7	18.1	16.9	16.4	15.9	15.5	15.0	15.2	15.1
<u>Unemployment Rates</u>										
District	3.8%	3.6%	4.5%	5.5%	5.2%	4.7%	3.7%	3.3%	4.0%	6.8%
Florida	4.0%	3.8%	4.6%	5.7%	5.3%	4.7%	3.8%	3.3%	4.0%	6.9%
U.S.	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	6.0%

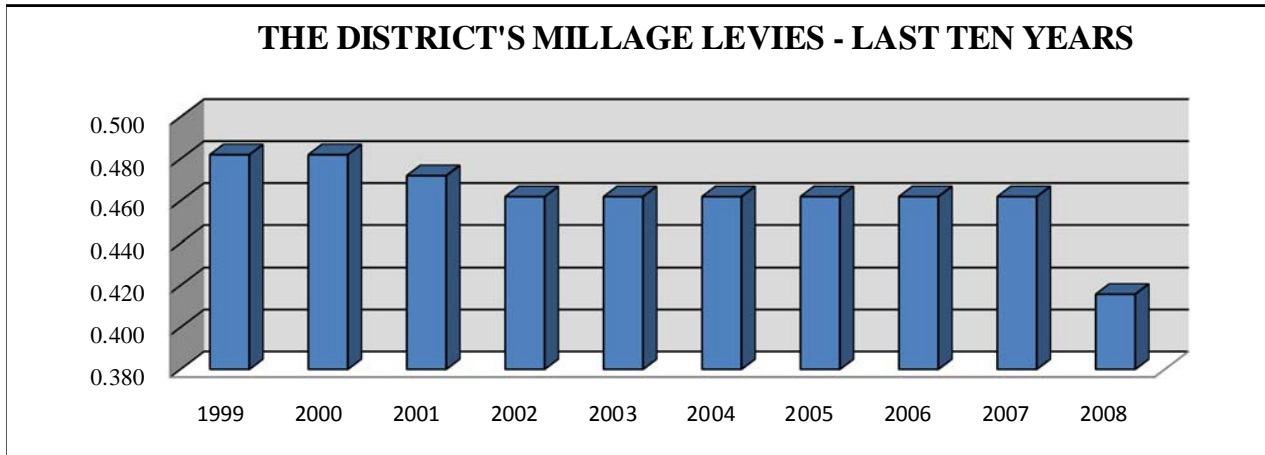
Sources: University of Florida Bureau of Economic and Business Research. Local Area Unemployment Statistics at <http://fred.labormarketinfo.com>.

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

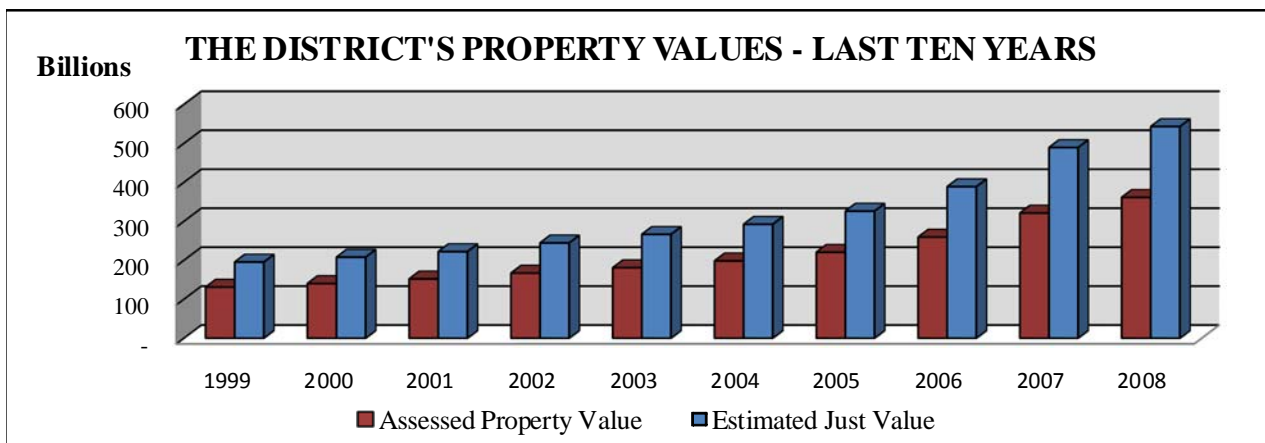
¹Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District.

Demographic and Economic Statistics (Continued)

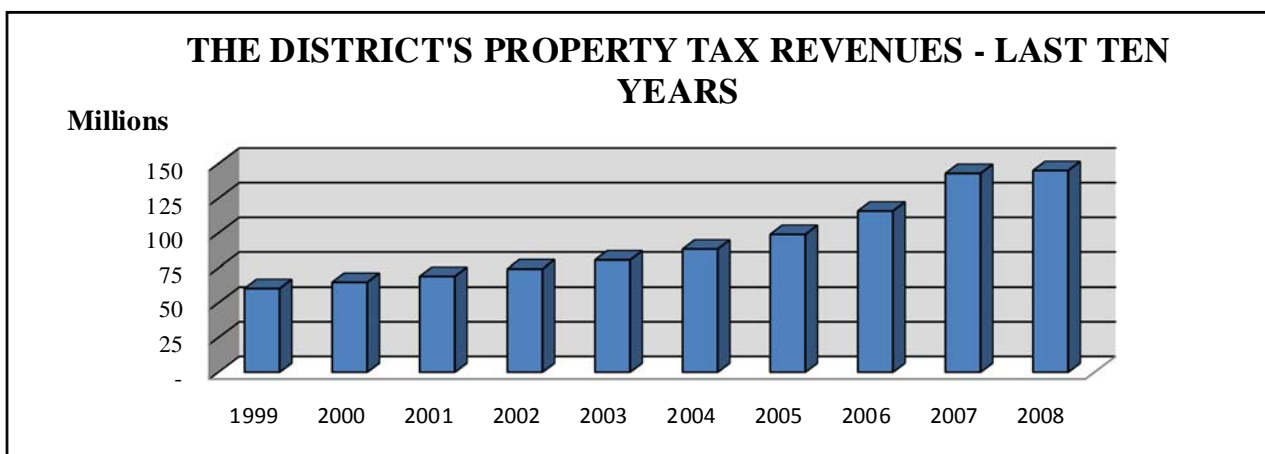
The District's ad valorem tax rate has decreased from 0.4820 mills in 1999 to 0.4158 mills in 2008, a 13.7% decrease.



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 tax revenues have increased from \$60 million in 1999 to \$145 million in 2008, a 142% increase.



Contact Information

District's switchboard at Palatka Headquarters 386-329-4500
 Toll free 1-800-451-7106 or www.sjrwmd.com

Offices of

- Executive Director 386-329-4214
- Budget and Management Reporting 386-329-4422
- Communications and Governmental Affairs 386-329-4435
- External Ombudsman 386-329-4101
- General Counsel 386-329-4308
- Human Resources 386-329-4131
- 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 386-329-4470
 - Facilities and Transportation 386-329-4261
 - Land Acquisition 386-329-4397
 - Land Management 386-329-4404
 - Public Works (Palm Bay) 321-409-2100
 - Public Works (Umatilla) 352-821-1043
- Department of Resource Management 386-329-4240
 - Groundwater Programs 386-329-4835
 - Hydrologic Data Services 386-329-4412
 - Regulatory Information Management 386-329-4268
 - Resource Management Support and Environmental Management 386-329-4513
 - Water Supply Management 386-329-4239
 - Water Use Regulation 386-329-4513
- Department of Water Resources 386-329-4347
 - Engineering 386-329-4553
 - Environmental Resource Management 386-329-4264
 - Environmental Sciences 386-329-4398
 - Laboratory 386-329-4307
 - Procurement Services 386-329-4568
 - Project Management 386-329-4323
 - Surface Water Management 386-329-4212
 - Surveying Services 386-329-4277

- WAV Coordinator Alachua County 352-264-6826 or wavalachua@sjrwmd.com
- WAV Coordinator Brevard/
IndianRiver County 321-633-2014/321-409-2121 or wavbrevardindianriver@sjrwmd.com
- WAV Coordinator Clay County 904-278-3621 or wavclay@sjrwmd.com
- WAV Coordinator Duval County 904-730-6261 or wavduval@sjrwmd.com
- WAV Coordinator Flagler/
Putnam County 386-789-0969 or wavflaglerputnam@sjrwmd.com
- WAV Coordinator Lake County 352-434-5025 wavlake@sjrwmd.com
- WAV Coordinator Marion County 352-304-6324 or wavmarion@sjrwmd.com
- WAV Coordinator Nassau County 904-225-5613 or wavnassau@sjrwmd.com
- WAV Coordinator Orange County 407-836-1430 or wavorange@sjrwmd.com
- WAV Coordinator Seminole County 407-665-2457 or wavseminole@sjrwmd.com
- WAV Coordinator St. Johns County 904-471-1063 or wavstjohns@sjrwmd.com
- WAV Coordinator Volusia County 386-736-5927 x 5833 or wavvolusia@sjrwmd.com

Photographs: Top to bottom, the Jacksonville skyline viewed from the St. Johns River, site tour of 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
www.sjrwm.com