



St. Johns River Water Management District, Florida

2007 – Citizens' Report

Fiscal Year Ended September 30, 2007

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

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On the Internet at www.sjrwmd.com.

March 24, 2008

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

We are pleased to present you with the second 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, 2007. 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

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GOVERNING BOARD

David G. Graham, CHAIRMAN JACKSONVILLE	John G. Sowinski, VICE CHAIRMAN ORLANDO	Ann T. Moore, SECRETARY BUNNELL	Duane L. Ottenstroer, TREASURER JACKSONVILLE
R. Clay Albright OCALA	Susan N. Hughes PONTE VEDRA	William W. Kerr MELBOURNE BEACH	Ometrias D. Long APOPKA
			W. Leonard Wood FERNANDINA BEACH

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 primary revenue sources are ad valorem taxes and appropriations from the state of Florida's Water Management Lands, Florida Forever and Ecosystems Management Trust funds, which are all funded by the documentary stamp tax. Since 2004, the District has experienced double-digit increases in ad valorem revenues; however, due to the decline in the housing market in 2006 and the recently adopted Save –Our –Homes amendment, future annual tax revenues are expected to decrease by \$10 million. The annual appropriations from the state of Florida are expected to also decline from their current levels.

Since 2000, the District's population has grown by 17% to 4,594,373 (compared to the state's 14% growth rate). The District's population is expected to grow to 5.2 million by 2020, an increase of approximately 1% per year (compared to nearly 3% over the last six years). The increase in population, even at lower growth rates, is expected to create economic opportunities for more new homes, jobs, consumer goods and services, and also ensure that the assessed property values will continue to rise across the District.

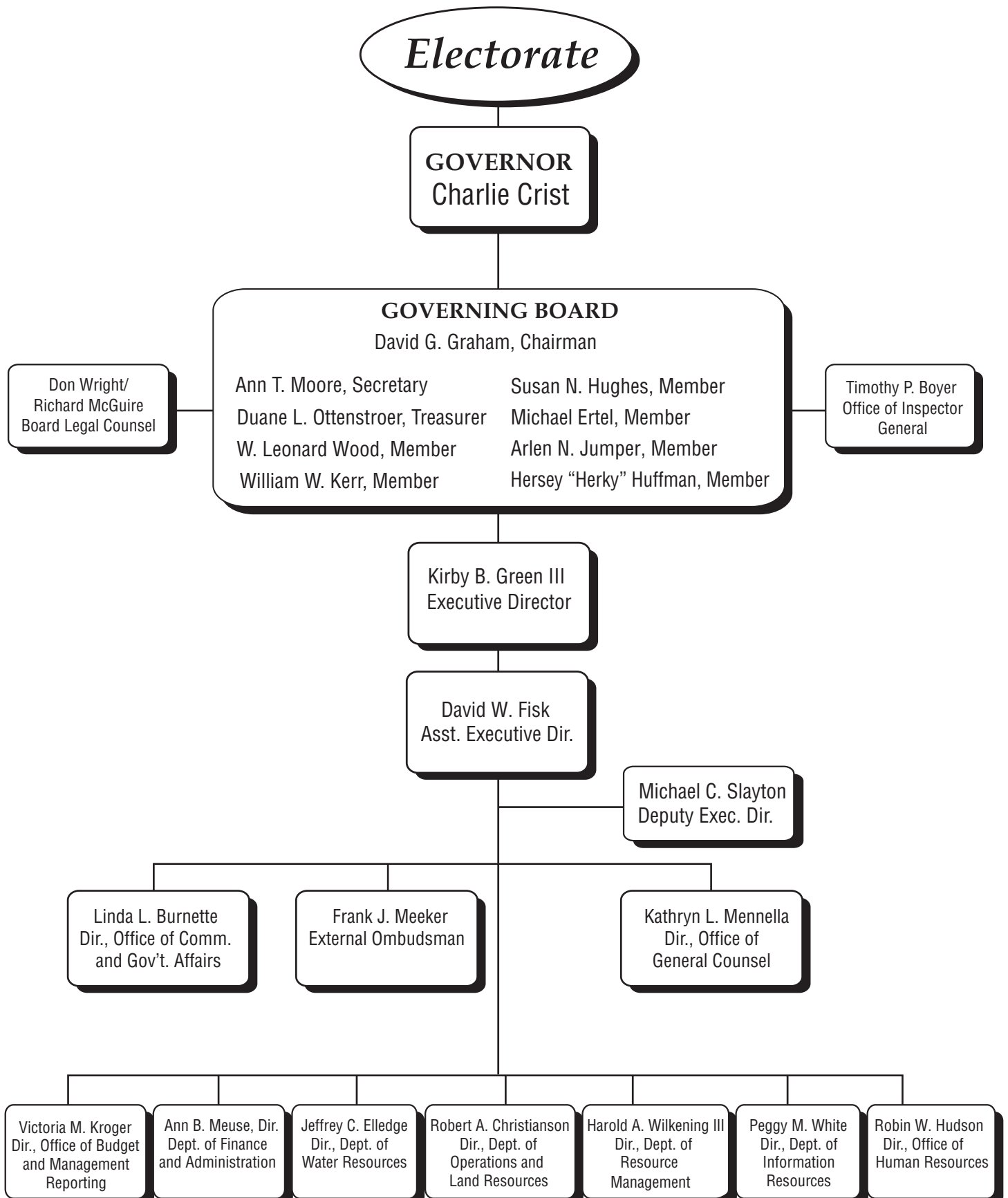
District's Mission

“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.”



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

September 30, 2007



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



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



Duane L. Ottenstroer,
Treasurer
Jacksonville, Area 2
Term: March 1999 –
March 2008



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



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



Susan N. Hughes,
Ponte Vedra,
At Large Seat
Term: Oct. 2003 –
March 2008



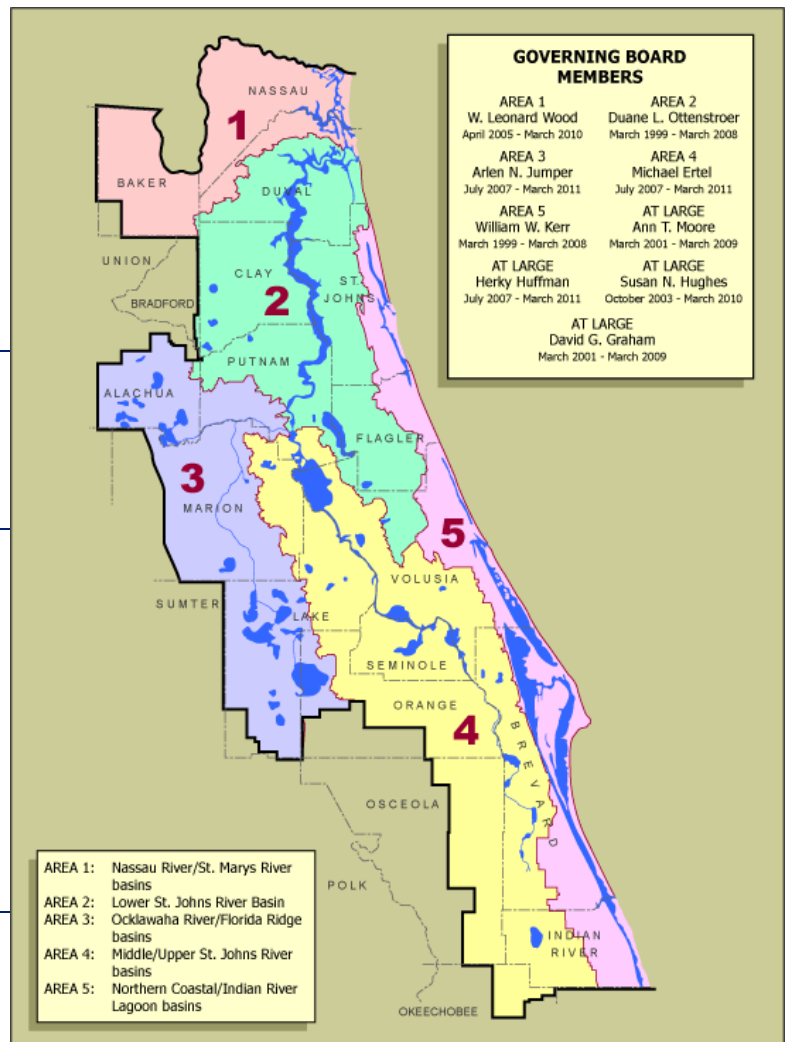
Arlen N. Jumper,
Ft. McCoy,
Area 3 Seat
Term: July 2007 –
March 2011



William W. Kerr,
Melbourne Beach,
Area 5 Seat
Term: March 1999 –
March 2008



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



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 17 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 2007 Five-year Work Plan is \$176 million. The 2007–2008 budget is \$19.1 million, with a majority of the revenues (\$14.6 million or 76%) 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.

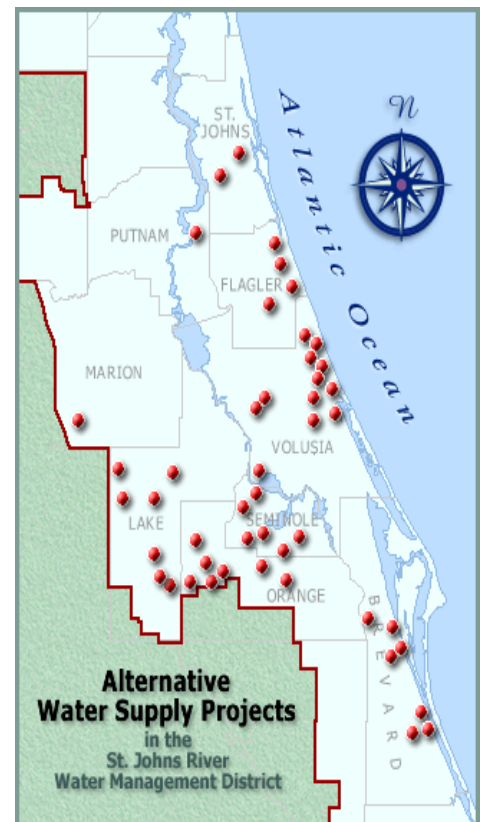
The District matches state funds (dollar for dollar) for the following (construction costs only):

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

The District has approved 50 projects for fiscal years 2006, 2007, and 2008, with the following budget and projected production:

- \$100 million total District and state cost-share funds
- \$400 million total AWS construction costs
- 170 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)

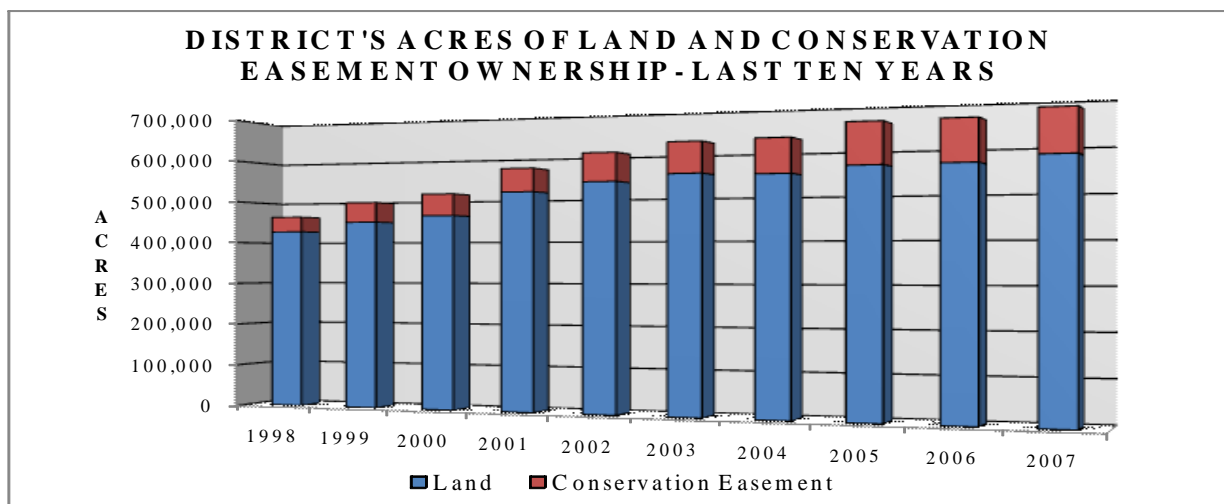
Water Supply Planning – This program was mandated by 1997 legislation that required water management districts to perform water supply assessments and to update their water supply plans at least every five years. In July 1998, the District completed its first *District Water Supply Plan 1998 (DWSP)*, 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 679,000 acres of land through ownership, management or conservation easement rights.

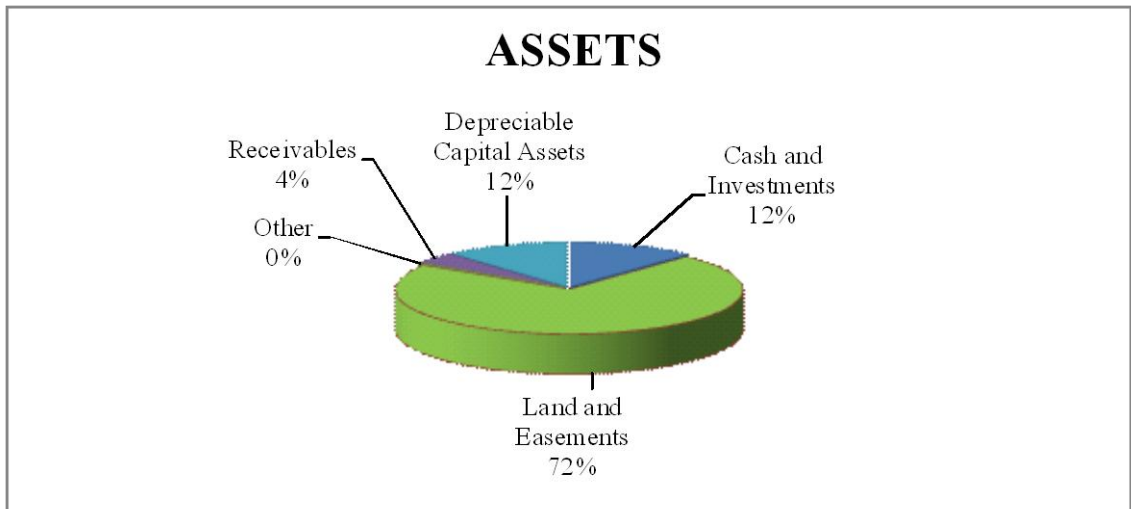
While the District has benefitted from the enhanced ad valorem (property) tax revenues without an increase in millage as a result of increases in property values within the District, the District faces continuing long-range challenges in its land acquisition mission as the result of the dramatic increases in land values over the last decade.

In the past, the District issued bonds, used ad valorem (property) tax revenues, and a variety of state sources to fund land acquisitions. Since 2000, the Florida Forever Trust Fund has become the primary funding source for the program. Although Florida Forever is scheduled to conclude in 2010, it is likely to be replaced by other funding mechanisms. With a predetermined allocation formula for Florida Forever and the availability of funding sources, the program is projected to have combined revenues up to \$150 million through fiscal year 2009–2010. These newly acquired lands will be a challenge to the District for their management due to staffing and funding constraints.



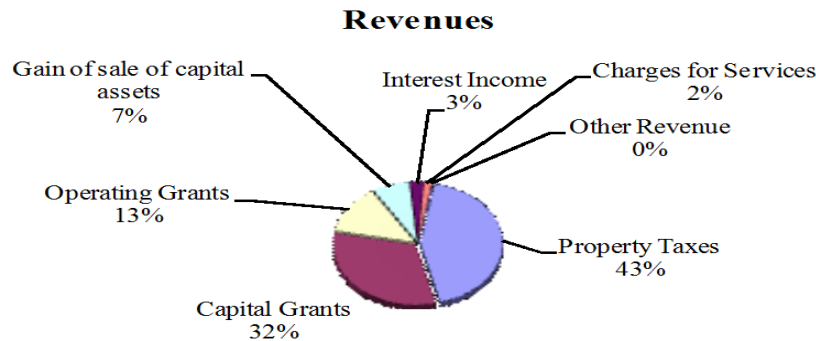
Financial Condition

- 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*, where as, the *Balance Sheet* and the *Statement of revenues, Expenditures, and Changes in Fund Balances* focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at fiscal year—end. 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.
- Total assets — \$1 billion exceeded total liabilities — \$110 million by \$958 million as of September 30, 2007, 81% of that difference is represented by land and easements — \$772 million owned and managed by the District. The District's other assets included on the Statement of Net Assets: cash and investments — \$127 million; receivables — \$44 million; construction in progress — \$1 million; buildings — \$33 million; machinery and equipment — \$34 million; infrastructure — \$108 million; accumulated depreciation — (\$53 million); and other miscellaneous assets — \$1 million.
- Net assets increased \$155 million during fiscal year 2006–2007, a 19% increase over the previous fiscal year. This increase can be attributed primarily to the District's land acquisition program, which acquired approximately 18,000 acres of land and conservation easements at a cost of \$128 million during fiscal year 2006–2007. The total amount of land and conservation easements owned by the District is up to 678,660 acres.
- The District carries long-term debt of \$51 million, a relatively small figure in relation to total assets — \$1 billion. Another indicator of the District's strong financial position is that unrestricted net assets increased \$35 million or 60% as of September 30, 2007. 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.
- Deferred revenue decreased from \$19 million at September 30, 2006, to \$13 million at September 30, 2007, a \$6.8 million or 34% decrease. This decrease can be attributed to the District's emphasis on completing projects funded with advanced state of Florida appropriations.

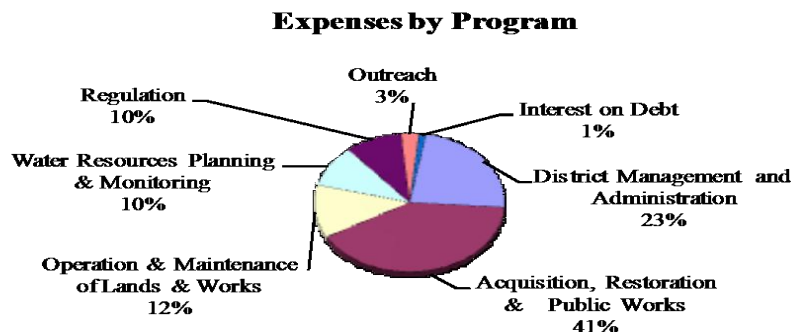


Financial Condition (Continued)

- The *Statement of Activities* presents information showing how the District’s net assets changed during 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).
- Within the *Statement of Activities*, general revenues increased by \$54 million or 44% over the previous year. This is primarily due to the increase in ad valorem (property) tax revenues of \$27 million and the realized gains on the sale of capital assets of \$24 million. The District held its millage rate of 0.462 constant for the last six years, but has benefitted from substantial increases in assessed property values and new home construction. The large increases in ad valorem property taxes will end with the 2006–2007 fiscal year, as the District has estimated a decrease of \$17 million over the next five years. Florida voters passed a constitutional amendment in January 2008, which will increase the homestead exemption from \$25,000 to \$50,000, make the Save –Our –Homes savings differential portable when homeowners sell their homes, and limit future budgets to the roll–back millage rate plus statewide per capita personal income growth.



- The District’s expenses increased in almost all program categories. The increased expenditures are primarily attributable to increases in spending in grants to local governments, alternative water supply projects, and new multiple restoration and stormwater retention projects.
- The District’s overall expenditures are expected to continue to increase over the next several years, as the many cooperative funding and capital projects reach their completion stages and as the District acquires the large tracts of land necessary to carry out the mission of the District, which, in recent years, has had a dramatic increase in per-acre cost. As stated on the previous page, this spending cycle coincides with the buildup of sinking funds and total fund balance, which will be used to fund projects in process.



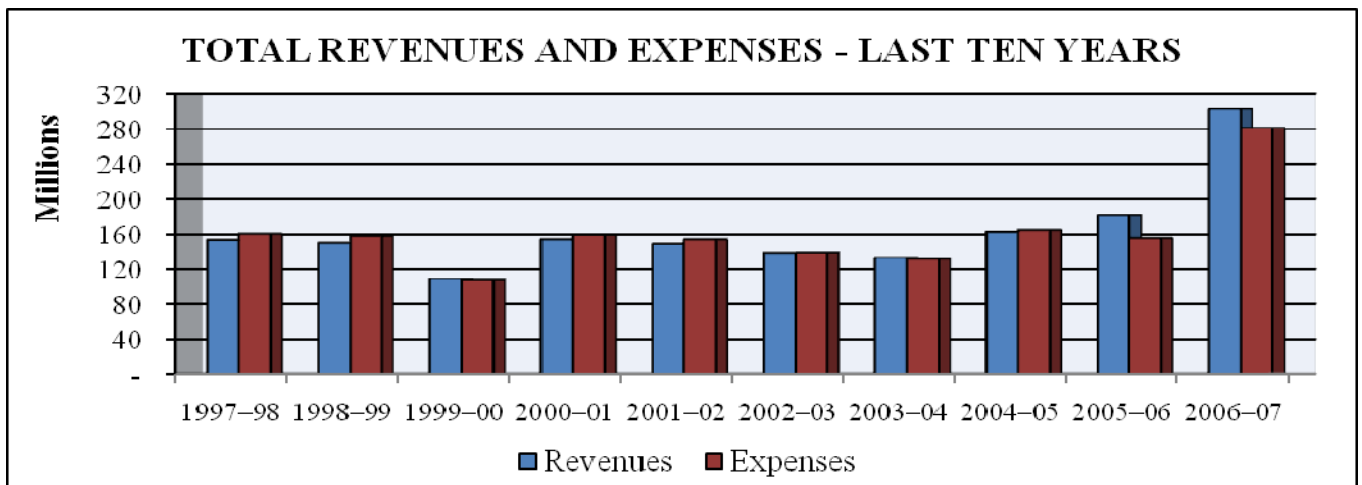
Financial Condition (Continued)

Balance Sheet – September 30, 2007, compared to September 30, 2006

Assets	9-30-07	9-30-06
Cash and cash equivalents	\$ 460,313	\$ 356,406
Investments	126,046,142	83,376,171
Accounts receivable	243,670	554,801
Due from other funds	28,778,149	39,763,991
Inventories	350,188	264,866
Intergovernmental receivables	45,583,874	14,976,814
Other assets	281,572	329,179
Restricted cash in escrow	-	44,838,259
Total assets	199,753,908	184,460,487
Liabilities		
Accounts payable	\$ 26,022,913	\$ 23,961,543
Due to other funds	28,778,149	39,763,991
Deferred revenue	13,029,112	19,849,144
Due to other governmental units	544,544	227,059
Total liabilities	68,374,718	83,801,737
Fund balances		
Reserved for:		
Encumbrances	4,196,415	9,629,777
Grants to local governments	43,549,814	-
Inventory	350,188	264,866
Legal restrictions	14,349,668	14,203,912
Land acquisition/escrow	159,428	16,715,369
Unreserved, designated for:		
Economic stabilization reserve	7,800,000	6,400,000
Subsequent year expenditures	8,370,336	16,075,888
Water sustainability sinking fund	16,557,575	20,372,287
Water protection sinking fund	-	400,000
Lower Basin reuse sinking fund	3,128,712	3,128,712
Upper Basin water res. dev.	3,951,230	3,951,230
Apopka reservoir project	4,111,489	2,936,239
Apopka north shore restoration	-	1,175,250
Cooperative projects	-	3,172,329
Nutrient reduction	7,379,927	-
Land acquisition	-	209,278
Land management	11,642,844	1,452,514
Undesignated	5,831,564	571,099
Total fund balances	131,379,190	100,658,750
Total liabilities and fund balances	\$184,460,487	\$184,460,487

- The District's cash and investments balance has increased from \$84 million to \$127 million, a \$43 million or 51% increase. This increase can be attributable to the buildup of sinking funds and escrow accounts to fund future grants to local governments and to purchase lands.
- The current ratio of the District is strong, at 2.9 times current assets to current liabilities. This strong financial position has allowed the District to set aside funds to pay for future contractual obligations and new projects.
- Intergovernmental receivables have nearly tripled over the previous year. This increase is attributable to the increase in grants to local governments for cooperative funding projects and land acquisitions funded with grant proceeds.
- The District's due to/from other funds decreased \$11 million resulting from the practice of expending special revenue funds in the most appropriate fund, where the revenues recognized and received.
- The District had an increase in its total fund balance of \$31 million over the previous year. This increase in fund balance is the result of the District setting aside funds for large, long-term water resource and restoration projects that would be too costly to fund in any one fiscal year.

Total revenues and expenses have been relatively consistent over the last nine years until the 2006–2007 fiscal year, when revenues reached nearly \$303 million and expenses reached \$281 million.



Demographic and Economic Statistics

**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**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Alachua*	164,266	167,858	167,559	171,388	175,748	177,815	181,565	185,094	187,412	190,319
Baker*	19,539	20,019	20,690	20,972	21,371	21,735	22,274	22,265	23,242	23,817
Bradford*	1,263	1,271	1,234	1,234	1,254	1,276	1,312	1,330	1,351	1,374
Brevard	459,713	467,401	476,230	485,178	494,102	507,810	521,422	531,970	543,050	552,109
Clay	132,048	136,084	140,814	142,838	149,901	156,011	163,461	169,623	176,901	184,644
Duval	756,402	764,961	778,879	793,898	809,394	826,279	840,474	861,150	879,235	897,597
Flagler	44,276	46,855	49,832	53,061	56,785	61,541	69,683	78,617	89,075	93,568
Indian River	106,689	109,266	112,947	115,716	118,149	121,174	126,829	130,043	135,262	139,757
Lake*	193,874	201,205	209,401	219,145	229,836	239,429	250,531	261,610	275,303	284,967
Marion*	190,429	196,683	188,034	191,927	196,880	204,774	213,017	221,448	228,818	236,043
Nassau	53,292	55,405	57,663	59,409	61,094	63,062	65,016	65,759	68,188	69,569
Okeechobee*	632	640	733	738	746	760	776	771	789	797
Orange*	644,142	663,177	679,569	705,111	724,695	745,393	768,723	791,089	818,448	838,220
Osceola*	1,262	1,358	1,725	1,795	1,934	2,104	2,258	2,352	2,559	2,661
Polk ¹	6,613	6,767	13,087	13,417	13,586	13,844	-	-	-	-
Putnam*	69,275	69,760	70,423	70,820	71,329	71,971	73,226	73,764	74,416	74,799
St. Johns	112,081	116,744	123,135	128,604	133,953	139,849	149,336	157,278	165,291	173,935
Seminole	345,423	355,329	365,196	377,960	387,626	394,900	403,361	411,744	420,667	425,698
Volusia	425,978	433,979	443,343	452,050	459,737	470,770	484,261	494,649	503,844	508,014
Total	3,727,196	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
Annual										
Increases	2.1%	2.3%	2.2%	2.7%	2.6%	2.7%	2.8%	2.8%	3.0%	2.3%
District Full-Time										
Employees	706	726	728	727	693	691	691	691	691	715
Employees per 100,000										
Population	18.9	19.0	18.7	18.1	16.9	16.4	15.9	15.5	15.0	15.2
Unemployment Rates										
District	4.1%	3.8%	3.6%	4.5%	5.5%	5.2%	4.7%	3.7%	3.3%	4.3%
Florida	4.5%	4.0%	3.8%	4.6%	5.7%	5.3%	4.7%	3.8%	3.3%	4.3%
U.S.	4.5%	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.5%

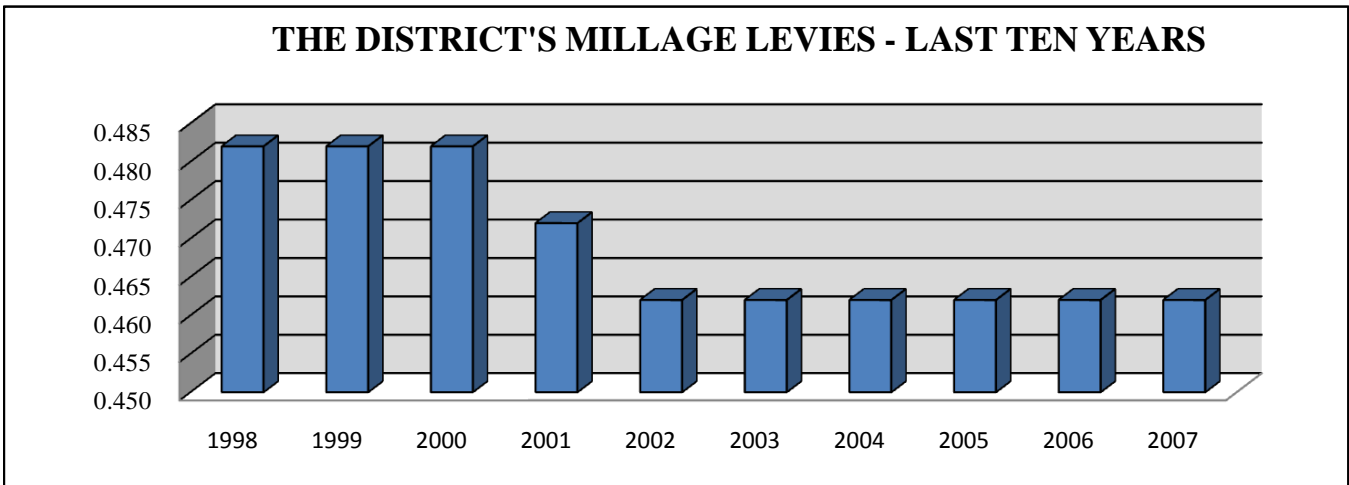
Sources: University of Florida Bureau of Economic and Business Research. Local Area Unemployment Statistics at <http://fred.labormarketinfo.com>.

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

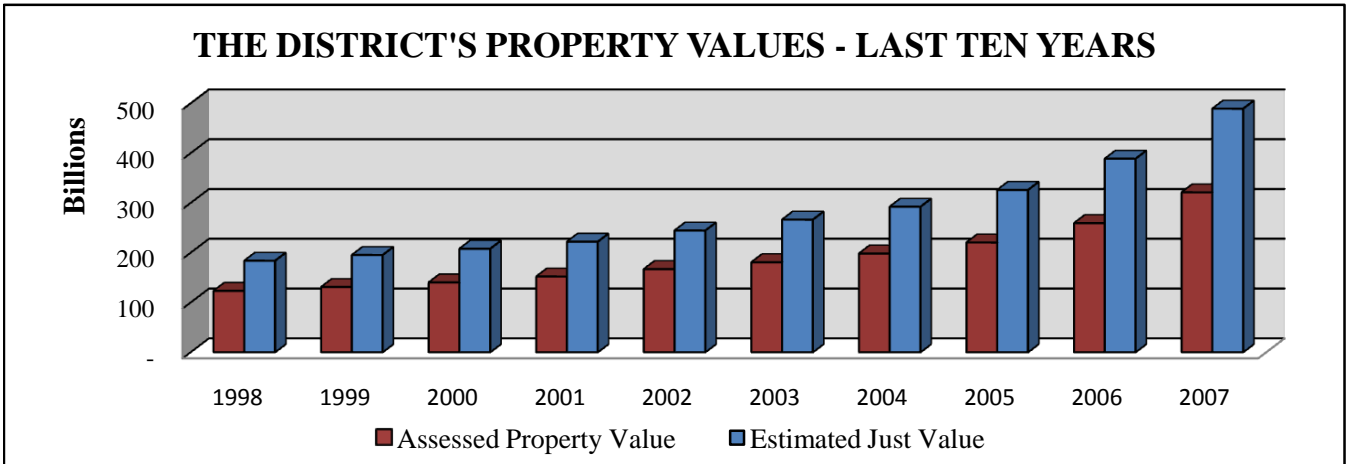
¹Effective October 1, 2003, the portion of Polk County located within St. Johns River Water Management District boundaries changed to be within the Southwest Florida Water Management District.

Demographic and Economic Statistics (Continued)

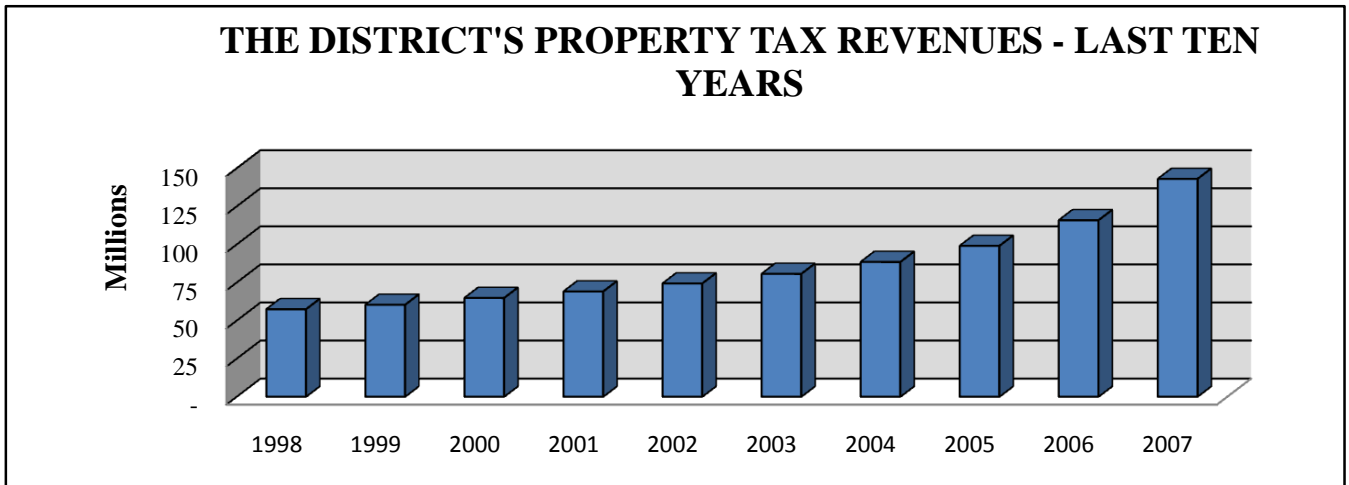
The District's ad valorem tax rate of 0.462 mills has remained the same for the last six years and is down .020 mills from the 0.482 millage rate levied in 1998.



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 is expected to return to more traditional levels in 2008.



The District's property tax revenues have increased from \$57 million in 1998 to \$143 million in 2007, a 151% 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 County	321-633-2014 or wavbrevard@sjrwmd.com
	321-409-2121
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 County	386-437-7464 or wavflagler@sjrwmd.com
WAV Coordinator Indian River County	772-589-5050 or wavindianriver@sjrwmd.com
WAV Coordinator Lake County	352-343-3777 ext. 88 or wavlake@sjrwmd.com
WAV Coordinator Marion County	352-229-0614 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 Putnam County	386-325-9585 or wavputnam@sjrwmd.com
WAV Coordinator Seminole County	407-665-5724 or wavseminole@sjrwmd.com
WAV Coordinator St. Johns County	904-471-1063 or wavstjohns@sjrwmd.com
WAV Coordinator Volusia County	386-736-5927 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
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Palatka, FL 32177
www.sjrwm.com