

# Comprehensive Annual Financial Report



Fiscal year ended  
September 30, 2018

St. Johns River Water Management District  
A Component Unit of the State of Florida







# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT**  
A Component Unit of the State of Florida

Fiscal year ended September 30, 2018

Prepared by  
Office of Financial Services  
R. Gregory Rockwell, CPA, Accounting Director  
Mary-Lou Pickles, CMA, CGFO, Office Director



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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# Comprehensive Annual Financial Report

## Introductory Section



**Letter of Transmittal**

**GFOA Certificate of Achievement**

**Organizational Chart Listing Principal Officials**

**Map of the Geographic Boundaries of the District**







# St. Johns River

## Water Management District

Ann B. Shortelle, Ph.D., Executive Director

4049 Reid Street • P.O. Box 1429 • Palatka, FL 32178-1429 • (386) 329-4500  
On the Internet at [www.sjrwmd.com](http://www.sjrwmd.com).

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

**Subject: Comprehensive Annual Financial Report — Fiscal Year (FY) 2017–2018**

**Date: February 25, 2019**

Florida Statutes require an external audit of our financial statement be performed by a firm of independent certified public accountants to express an opinion that the basic financial statements of the St. Johns River Water Management District (District) are fairly presented in conformance with accounting principles generally accepted in the United States (GAAP). Pursuant to this requirement, the Comprehensive Annual Financial Report (CAFR) for the District is hereby issued for the fiscal year ended September 30, 2018.

Responsibility for the integrity, objectivity, accuracy, completeness and fairness of presentation of these basic financial statements rests with management. The basic financial statements were prepared in conformity with generally accepted accounting principles for governmental entities. Management believes the information to be accurate in all material respects and fairly presents the District's financial position and operating results. The report includes disclosures required to provide an understanding of District financial affairs.

Management is responsible for maintaining an internal control structure designed to ensure that District assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits, and the evaluation of costs and benefits requires management estimates. The District Governing Board and management have a plan of organization and policies in place to safeguard assets, validate the reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies and procedures. District management believes these existing internal accounting controls adequately safeguard assets and provide reasonable, but not absolute, assurance of proper recording and reporting of District finances.

Independent auditors have audited the basic financial statements in accordance with generally accepted auditing standards and included a review of internal accounting controls to the extent necessary to express an opinion on the fairness of these basic financial statements. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the fiscal year ended September 30, 2018, are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section (page 2) of this report.

### GOVERNING BOARD

John A. Miklos, CHAIRMAN  
ORLANDO

Fred N. Roberts Jr., VICE CHAIRMAN  
OCALA

Chuck Drake, SECRETARY  
ORLANDO

Ron Howse, TREASURER  
COCOA

Douglas C. Bournique  
VERO BEACH

Douglas Burnett  
ST. AUGUSTINE

Susan Dolan  
SANFORD

Janet Price  
FERNANDINA BEACH

Allan Roberts  
ST. AUGUSTINE

The independent audit of the District's basic financial statements was part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the basic financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of major federal awards and major state financial assistance. These reports are available in the District's separately issued Single Audit Report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The District's MD&A appears on the pages immediately following the independent auditors' report.

## **District Background**

The District is one of five regional water management districts (the districts) created by the Florida Legislature with passage of the Florida Water Resources Act of 1972 (Chapter 373, *Florida Statutes*). The act provides the districts with specific authorities and responsibilities to manage the water resources of the state, while giving oversight of the districts to the Florida Department of Environmental Protection (DEP).

Each district is governed by a nine-member Governing Board appointed by Florida's Governor and confirmed by the Florida Senate. The Governor and Legislature have approval authority over the districts' budgets.

District boundaries are based on natural, hydrologic drainage basins to allow for effective and efficient planning and management. The St. Johns District's boundaries encompass approximately 21 percent of the state's land area with all or part of 18 counties in northeast and east-central Florida, covering a total area of 12,283 square miles. An estimated 5.1 million people (30 percent of the state's population) live within the District's boundaries. There are nine major surface water basins within the District. The most prominent river within the District is the St. Johns, which flows north through its upper, middle, and lower basins. At 310 miles, it is the longest river located entirely in Florida. The District contains 96 documented springs and more than 1,400 lakes. A map showing the geographic boundaries of the District is included on page xvii.

## **Status and Trends**

This overview is designed to assist users in assessing the District's current financial condition by providing a discussion of status and trends for economic and demographic factors that impact the District's funding options. The District encompasses a large, diverse geographic, demographic and economic area and is influenced both by statewide and local economic trends and conditions. Primary among those factors are the general real estate market, population changes, and tourism. Both local and statewide trends impact the District's availability of financial resources because the District's funding is a combination of local ad valorem taxes and state appropriations funded by statewide general sales taxes and documentary stamp taxes on real estate transactions.

A discussion of selected significant trends follows.

**Property Values** — The District’s single largest source of revenue is ad valorem (property) taxes. In FY 2017–2018, a little over half of the District’s total adopted budget (\$159.8 million) were funded by property taxes (\$85.4 million). Due to the construction boom and rapid appreciations in property values after 2000, the District’s total assessed values reached a peak of \$361.3 billion in 2007. Between 2007 and 2012, total assessed values within the District declined by almost 33 percent to \$247.5 billion, impacting cities, counties, authorities, and special districts across the state that are dependent on property taxes. Those declines, in combination with lower adopted millage rates, resulted in an approximately 45 percent reduction in property tax revenues to the District over that five year period.

The most recent taxable values (December 2018) reported by the State Office of Economic and Demographic Research (EDR) for counties within the District indicate that the real estate market has stabilized since 2013 and shows a 7.9 percent increase in the total taxable values. All counties within the District showed increased values between 2017 and 2018 (ranging from 3.8 percent in Bradford County to 12.8 percent in Okeechobee County). As the state and regional economy continues to improve, the District’s total taxable values are projected to reach \$401 billion by FY 2019–2020 through appreciations of home value and new constructions, taking 14 years to get back to and surpass the 2007 peak values. It is worth noting that although the total property values have shown an annual average growth rate of 5-8 percent over the last 4 years, the District’s ad valorem revenues have been limited to around 1.5 percent due to the adoption of rolled back rates.

**Housing Starts** — Since 2010, driven by favorable interest rates and a gradual return of house hunters, the total housing starts have more than quadrupled from about 11,500 in 2010 to a projected 51,000 units in 2018 in the seven Metropolitan Statistical Areas (MSAs) within the District’s boundaries. Even with this impressive recovery, total housing units permitted in 2018 only account for about 59 percent the total housing units permitted during the peak of a construction boom in 2005 when the total housing starts reached to a little over 87,000 units.

**Unemployment** — The region was impacted by the slowdown in construction and tourism-related activities with districtwide unemployment rates rising from 3.3 percent in 2006 to a high of 12 percent in 2010. Since then, both the state and districtwide unemployment rates have been declining in seven consecutive years to come back down to 2.9 percent in 2018 (as of October 2018). In comparison, the state and national unemployment rate for the same period was 3.0 and 3.5 percent respectively.

**Tourism** — The region’s economy depends heavily on tourism–related hospitality industries due to such popular tourist destinations as Orlando and Daytona Beach. Similar to other industries, the state’s tourism and the associated sales taxes and bed taxes on short-term rentals (available only to cities and counties) experienced a downturn with the number of visitors declining 4.2 percent over a two-year period between 2007 and 2009. The state slowly returned to historical tourism levels in 2010 and the growth of annual number of visitors has since picked up pace over the last five years. In 2015, Florida recorded 105 million tourists, becoming the first state to cross the 100-million mark for out-of-state and international visitors. Based on the 88.2 million tourists in the first nine months, which breaks the state's previous tourism records for the comparison period, Florida is projected to reach the 124 million visitors mark in 2018.

**Population** — Since 2000, the District’s population has grown from 3.9 million to a little over 5.1 million in 2018 with a total growth rate of 31.4 percent compared to the state’s 30.4 percent. The District’s population experienced an unprecedented negative growth in 2009 (-0.1 percent) and 2010 (-0.6 percent) as a result of the economic downturn. District population has been on a gradual upswing since 2011. In 2018, the total District population is estimated to grow by 2.0 percent from the 2017 level. Districtwide projections show that by 2035, the District’s total population will grow from its current 5.1 million to 6.6 million. The steady population growth has fueled the housing market growth, which in turn provides the only path for ad valorem revenue growth for the District in recent years.

## **Strategic Planning and Budgeting**

The District’s primary long-range planning document, the Strategic Plan, is updated annually to include a five-year strategic budget identifying sources and uses for the District’s operations, capital improvements, and cooperative funding grant program with jurisdictions within the District.

Operating budgets are funded primarily with a combination of ad valorem taxes, other local revenues (permit fees, interest earnings), and state appropriations from general sales taxes and documentary stamp taxes on real estate transactions collected statewide. Current fiscal year resources appropriated for capital spending and cooperative funding grants were bolstered by the availability of significant fund balances accumulated over the period from FY 2004–2005 through FY 2009–2010. These resources are committed by Governing Board resolution to future years’ funding of capital and grant awards over the District’s planning horizon.

In FY 2017–2018, the District saw an increase in overall cooperative funding expenditures of approximately \$18.4 million using all funding sources with \$7.7 million using district fund balance. These significantly increased spending levels were the primary driver in the District’s \$14.7 million use of fund balance in FY 2017–2018, which is consistent with the 5-year strategic budget.

As utilization of fund balance continues each year, the availability of remaining committed fund balance will decline, ultimately approaching the minimum targets for Economic Stabilization Reserve and Operating Reserve established by Board policy. At that point, projected to occur in the next three to five years, recurring funding for capital improvements and cooperative funding will necessarily come from non-local resources and operational savings.

## **Capital Improvements**

The District proposes to spend \$39.1 million on 42 projects/subprojects during the planning period from FY 2018–2019 through FY 2022–2023. Total planned capital expenditures in FY 2018–2019 are \$11.2 million, which is a 20.2 percent, or \$1.9 million, increase as compared to the adopted budget for FY 2017–2018.

Significant changes in capital expenditures during the planning period are:

- Excluding land acquisitions, the District is planning for 16 multimillion-dollar capital projects. Eight of these are Surface Water Projects, these include Fellsmere Water Management Area (\$4.7 million), St. Johns Marsh Conservation Area (SJMCA) Project Design (\$3.9 million), Lake Apopka Marsh Flow-Way Improvements (\$2.2 million), Lake Apopka North Shore Infrastructure Improvements (\$2.1 million), Lake Apopka North Shore Levee Improvements (\$1.2 million), Lake Level Canal Interconnection (\$1.4 million), Coastal Oaks Preserve (\$1.4 million), First Coast Expressway - Restoration (\$1.2 million). The remaining eight are in Public Works, which are primarily major and minor water control structure rehabilitation projects in the range of \$1-2 million.
- The District is planning for several small land acquisitions. There is no planned capital outlay for Land Acquisition beyond FY 2019-2020.
- The District will primarily rely on District revenues (including fund balances and ad valorem revenues) to fund capital projects.

The district is currently working on multiple Capital Improvement projects. Table 1.1 on page *x* reports the top seven projects, along with start and end dates, past and future expenditures, and a description of how each project is beneficial to the district's core missions.

## **Cooperative Funding**

Cooperative grants have a one-to-three-year life cycle that results in an accumulation of a catalog of construction projects in various stages of completion requiring an expanded use of fund balance. With that growing catalog, the District has established controls to ensure that currently available resources are set aside upon award to honor future years' cooperative funding commitments. Table 1.2 on page *xii* reports the top ten cooperative funded projects ranked by total expenditures for FY 2017-2018.

## **Debt Management**

The District is completely debt free and does not plan to incur any new debt in the foreseeable future.

## **Fiscal Sustainability and Financial Policies**

The District continues to focus its budget development practices on implementing a sustainable, transparent business model that ensures the adequacy of future service delivery. Key elements of the District's sustainable model include:

1. Current period revenues are sufficient to provide current period services.
2. Operating estimates and assumptions for both revenues and expenses are realistic and conservative based on long-term trends and recent results.
3. District-sourced revenues are adequate to fund operations and contribute to vital capital and cooperative funding programs.



**St. Johns River Water Management District, Florida**  
**Table 1.1 - Top Seven Capital Improvement Projects by Expenditure**  
**For the Year Ended September 30, 2018**

Rank	Project Name	Project Description
1.	Lake Apopka Marsh Flow-Way	To improve hydraulic performance resulting in decreased phosphorus, nitrogen and suspended solids, and improve water storage to better meet lake regulation schedule and reduce phosphorus loads entering the lake. Vegetation has been planted in Lake Apopka which primarily consist of floating leaved species placed in strategic locations.
2.	Taylor Creek Reservoir Improvements	Raising of the levee and construction of the emergency spillways will be necessary should the regulation schedule be increased within the reservoir to provide additional regional water supply in the future.
3.	S-255	The S-255 structure was completed in 1992 by the US Army Corps of Engineers, and consists of four 72-inch corrugated metal culverts with flap gates on the western ends. This culvert structure is intended to convey offsite drainage from the east into the Upper St. Johns River Basin Project. The existing culverts will be replaced with new aluminum culverts and the existing flap gates will be reinstalled.
4.	Lake Apopka North Shore Infrastructure & Levee Improvements	Raising levee heights in strategic locations to provide the additional storage and reduce annual pump volumes. Levee Improvements for improved water control will reduce the overall load of phosphorous to the lake and thus improve Lake Apopka water quality. Vegetation was planted to buffer wave action that stirs up flocculent sediments.
5.	Emeralda Marsh Conservation Area	EMCA is approximately 7,000 acres located in the Upper Ocklawaha River Basin. External and internal levee systems were breached creating a lake level pool inside the EMCA. The EMCA also provides recreation, fishing, and hunting opportunities with a one-way drive for wildlife viewing, multiple boat ramps, and hunt schedules in coordination with FWC. Approximately 2,000 acres has been reconnected to Lake Griffin.
6.	Lake Jesup Flow Enhancement	To enhance the current exchange between the St. Johns River and Lake Jesup without creating negative impacts downstream in the St. Johns River, improve fish and wildlife habitat in the east portion of the Lake and restoration of potential habitat for submerged aquatic vegetation in the east portion of the Lake.
7.	Fellsmere Water Management Area	FWMA is a multi-function reservoir that serves water supply and flood control purposes, and helps improve the water quality of agricultural and surface water drainage. This reservoir is an internationally famous fishing spot, complementing the adjacent Stick Marsh.

<u>Rank</u>	<u>Total Expended in FY 2017-18</u>	<u>Total Expended Life to Date</u>	<u>Estimated Cost to Complete</u>	<u>Project Start Date</u>	<u>Estimated Completion Date</u>
1.	\$1,305,235	\$8,646,314	\$2,175,000	Oct 1996	Sep 2021
2.	790,769	12,142,270	7,600,000	Sep 2006	May 2023
3.	697,765	1,271,616	320,000	Jun 2014	Sept 2019
4.	652,618	1,199,243	3,250,000	Oct 1996	Sept 2021
5.	405,045	2,883,555	155,000	Feb 1994	Sept 2019
6.	134,621	329,950	6,637,350	Feb 2011	TBD
7.	282,336	51,346,663	4,670,000	Dec 2009	Sept 2019
	<u><u>\$4,268,389</u></u>	<u><u>\$77,819,611</u></u>	<u><u>\$24,807,350</u></u>		

**St. Johns River Water Management District, Florida**  
**Table 1.2 - Top Ten Cooperative Funded Project by Expenditure**  
**For the Year Ended September 30, 2018**

Rank	Project Name	Project Description
1.	Eau Gallie River and Elbow Creek Dredging Project	Removal of 625,000 cubic yards of muck soils from the main stem of the 3.9-mile-long Eau Gallie River, as well as the southern branch of the river known as Elbow Creek.
2.	City of Deltona - West Volusia Water Supply Project	A 3 MG raw water storage tank for stormwater and future surface water, 1 MG reclaimed water tank, and other improvements.
3.	Black Creek Water Resource Development Project	Black Creek WRD Project will capture water flow above a predetermined threshold and will then be piped along SR 16/SR 21 and discharged on Camp Blanding property, where it will be dispersed onto a spreader field and continue to Alligator Creek where water will flow down and be stored in lakes Brooklyn and Geneva, where it will also provide recharge to the Upper Floridan aquifer.
4.	Lake Apopka Sump Dredging	Dredge 500,000 cubic yards of material to create sumps within Lake Apopka.
5.	City of New Smyrna Beach - Isleboro Stormwater Improvement Project	Construction of watershed management collection and stormwater treatment system designed primarily for flood protection.
6.	City of Apopka - Water Reclamation Facility Nutrient Removal Treatment Improvement	An upgrade of the City of Apopka Water Reclamation Facility Nutrient Removal Treatment Plant with the addition of an anoxic basin, supplemental diffused aeration in the oxidation ditch, a third clarifier, a RAS/WAS pumping station, emergency power and control systems.
7.	City of Eustis - Eastern Wastewater Treatment Plant Expansion	Expand the capacity of the WWTP to serve Sorrento area (City of Eustis service area), preventing the need for septic tanks.
8.	Putnam Wastewater Treatment Plant Expansion	Remove from service the existing Paradise Point wastewater treatment facility (PP WWTF) and replace by the proposed Paradise Point Pump Stations and Force Main system (PP PS&FM).
9.	City of Winter Garden - Reclaimed & Stormwater Aquifer Recharge System Project	Construct a system that will capture & store stormwater runoff & reclaimed water in capture source ponds & aquifer recharge basins for irrigation source & for artificial recharge.
10.	Indian River County - Osprey Acres Stormwater Park	Construct a stormwater park to remove residual nitrogen and phosphorus from Osprey Marsh's effluent.

<u>Rank</u>	<u>Total Expended in FY 2017-18</u>	<u>Total Expended Year to Date</u>	<u>Estimated Total Project Amount</u>	<u>Project Start Date</u>	<u>Estimated Completion Date</u>
1.	\$3,733,195	\$9,763,847	\$20,607,694	10/1/2012	9/30/2019
2.	3,233,538	3,750,000	3,750,000	6/1/2017	Completed 9/4/2018
3.	3,179,466	3,379,466	4,900,000	8/1/2017	9/30/2022
4.	2,403,397	3,778,543	5,785,556	10/1/2017	1/23/2020
5.	2,150,634	2,248,272	2,449,920	10/4/2016	12/31/2018
6.	1,590,784	1,590,784	3,039,000	9/1/2016	3/31/2019
7.	1,568,066	2,475,000	2,475,000	10/10/2016	Completed 9/13/18
8.	1,538,910	1,538,910	2,000,000	10/1/2017	9/30/2019
9.	1,511,920	1,581,470	1,581,470	10/1/2017	Completed 9/6/2018
10.	1,192,513	1,192,513	1,200,250	10/1/2017	12/27/2018
	<u><b>\$22,102,423</b></u>	<u><b>\$31,298,805</b></u>	<u><b>\$47,788,890</b></u>		

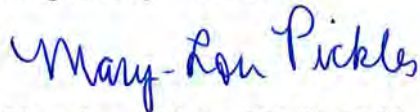
## Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year that ended September 30, 2017. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. Management believes that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

This report is the result of the collaborative work of numerous District employees, including the Office of Financial Services, Office of Communications, and Division of Projects.

Respectfully submitted,



Mary-Lou Pickles, CGFO, CMA  
Office Director, Office of Financial Services



R. Gregory Rockwell, CPA  
Finance Director





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**St. Johns River Water  
Management District, Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

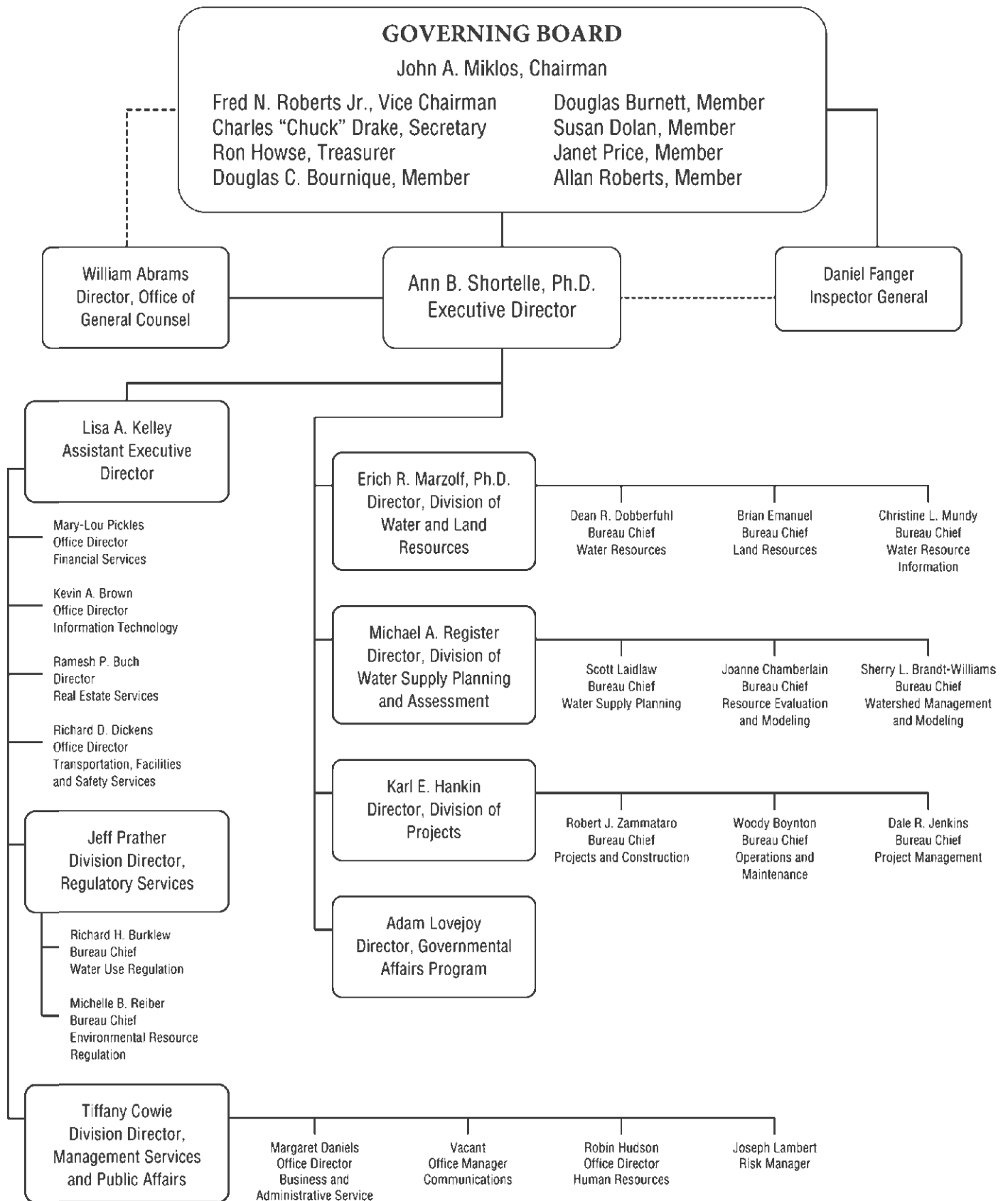
**September 30, 2017**

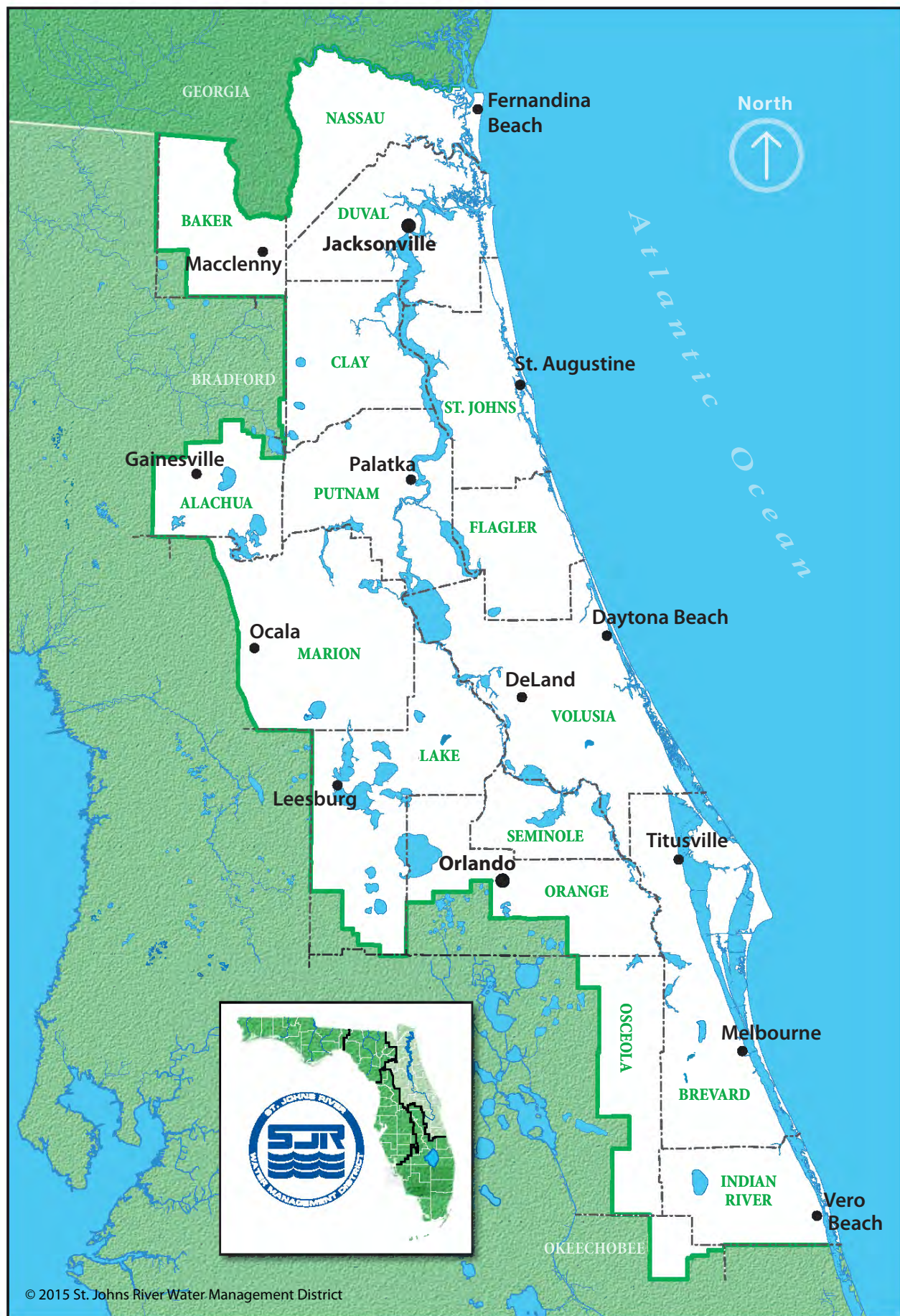
*Christopher P. Morrill*

Executive Director/CEO

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

**As of Sept. 30, 2018**









# Comprehensive Annual Financial Report

## Financial Section



**Independent Auditors' Report**  
**Management's Discussion  
and Analysis (MD&A) (Unaudited)**  
**Basic Financial Statements**  
**Notes to the Financial Statements**  
**Required Supplementary Information  
Other Than MD&A (Unaudited)**  
**Notes to Budgetary Comparison Schedules**  
**Other Supplementary Information**







## *Independent Auditors' Report*

## INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Governors of  
St. Johns River Water Management District:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Johns River Water Management District (the District), a component unit of the State of Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Telephone: 850-386-6184

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Johns River Water Management District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Change in Accounting Principle***

As discussed in Note 8 to the financial statements, in 2018, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of this standard have also been applied to the financial statements as of September 30, 2017. See Note 8 for additional required disclosures and for the effect of GASB 75 on beginning net position. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

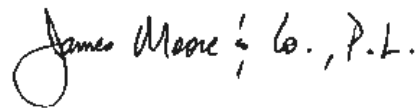
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical section, other supplementary, and schedule of expenditures of federal awards and state financial assistance, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Section 215.97, Florida Statutes, *Florida Single Audit Act*; and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Johns River Water Management District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Daytona Beach, Florida  
February 25, 2019





*Management's Discussion and  
Analysis (MD&A) (Unaudited)*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Management's Discussion and Analysis (MD&A) is designed to provide insight into the St. Johns River Water Management District's (District's) financial reporting and includes an overview of the statements presented, explaining the information provided by each and their relationship to other statements. This discussion also focuses on significant financial issues and explains material changes in the District's financial position; addresses significant deviations from the District's financial plan (the approved budget); and identifies the highlights and concerns relative to individual funds.

The information contained within the MD&A focuses on the current year's activities and is specifically designed to assist the reader in assessing whether the District's financial position has improved or declined. This discussion should be considered as only a part of the District's reporting. It should be read and evaluated in conjunction with all of the other sections of this report.

### **FINANCIAL HIGHLIGHTS**

The following financial highlights are explained in greater detail under subsequent headings in this discussion:

- Total assets and deferred outflows exceeded total liabilities and deferred inflows by \$1.3 billion, as of September 30, 2018, primarily the result of significant ownership of non-depreciable assets in the form of land (\$836.9 million) and easements (\$209.9 million) owned by the District. Net position decreased \$6.7 million, or -0.5 percent, this year compared to a \$13.4 million, or -1.0 percent, decrease the prior year.
- Total fund balance decreased \$14.6 million, or -10.0 percent, from the previous fiscal year. This fund balance spend down is part of the five-year fund balance utilization plan for the most beneficial use of excess fund balances. A further breakdown of fund balance changes by individual funds is discussed in the Financial Analysis of the Government's Funds section.
- The District's cooperative funding/cost-share program expended a record high \$65.3 million to its partners; cities, counties, water utilities, farmers/ranchers and other water quality/conservation entities to maximize efforts in support of the District's mission.
- The District implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, resulting in a \$0.5 million reduction of beginning net position from \$1,302.7 million to \$1,302.2 million. (See Note 1(t))
- The District continues to have no bonded debt.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Government-wide financial statements** — The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to financial statements of the private sector.

The statement of net position 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 position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

The statement of activities presents information to show how the District's net position changed during the most recent fiscal year. All changes in net position 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 fiscal periods.

Both of the government-wide financial statements present functions of the District (governmental activities) that are primarily supported by property taxes and intergovernmental revenues (operating grants and contributions from the state of Florida). The governmental activities of the District include water resources planning and monitoring; acquisition, restoration, and public works; operation and maintenance of lands and works; regulation; outreach; and District management and administration.

The government-wide financial statements include only the District. There are no component units for which the District is financially accountable. The government-wide financial statements can be found on pages 17–23 of this report.

**Fund financial statements** — A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, as with other governmental bodies, uses fund accounting to demonstrate compliance with finance related legal requirements.

**Governmental funds** — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the fiscal year end. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison among governmental funds and governmental activities. The District maintained three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Revenue Fund and Capital Projects Fund.

The District adopts annual budgets for all governmental funds. Budgetary comparison schedules are provided that include the original and final adopted budgets as well as the final actual results of operations for the General Fund and Special Revenue Fund to demonstrate compliance with these budgets. The budgetary comparison schedules for the General Fund and Special Revenue Fund are being reported as Required Supplementary Information and are presented after the Notes to the Financial Statements beginning on page 63. The budgetary comparison schedule for the Capital Projects Fund is presented in the Other Supplementary Section on page 81.

Governmental fund budgets are prepared by using the modified accrual basis and therefore include estimated revenues that are deemed both measurable and available, with only those appropriations that represent the current year's fund liability. The District considers estimated revenues available if they are anticipated to be earned during the budget period and collected during or within 60 days after the close of the fiscal year, or within one year for reimbursable grants.

The adopted budgets for the General Fund, Special Revenue Fund and the Capital Projects Fund include re-appropriated encumbrances of unspent balances (\$22.0 million) of previously approved appropriations and the related source of funds anticipated to be used to fund those appropriations. The basic governmental fund financial statements can be found on pages 20–24 of this report.

**Notes to the financial statements** — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25–64 of this report.

**Additional information** — Additional information about the District may be found within the Statistical sections, Other Reports, and the transmittal letter to the citizens.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, changes in the District's net position serve as one useful measure of the District's financial condition. The following condensed comparisons show how the District's net position changed from the end of the fiscal year (FY) 2017–2018. The overall condition of the District declined in FY 2018.

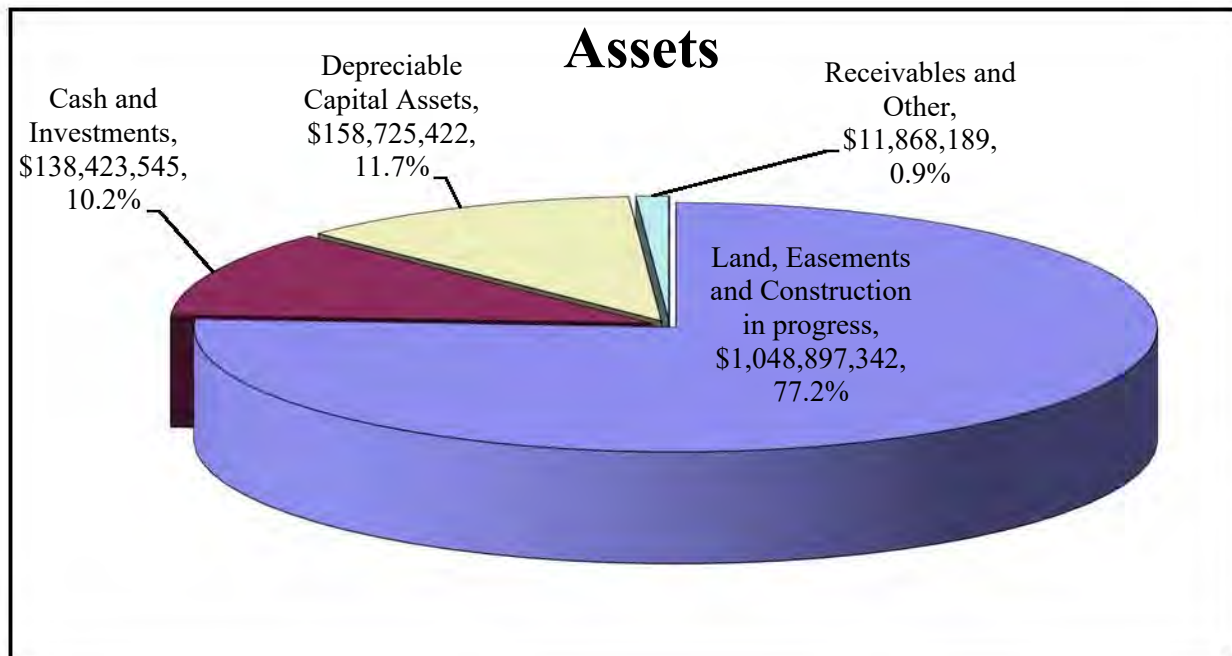
The District has accumulated resources since the height of the housing bubble which began in FY 2005–2006. The District has had a five-year fund balance spend down plan to utilize those resources to fund or assist in the development of regionally significant water resource or supply development projects.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**DISTRICT'S NET POSITION**

	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 150,291,734	\$ 170,492,838
Capital assets, net	1,207,622,764	1,200,386,597
Total assets	<u>1,357,914,498</u>	<u>1,370,879,435</u>
Deferred outflows	12,659,216	13,736,000
Long-term liabilities outstanding	43,447,464	45,861,961
Other liabilities	25,169,056	31,892,500
Total liabilities	<u>68,616,520</u>	<u>77,754,461</u>
Deferred inflows	6,534,727	4,150,584
Net Position: Net investment in capital assets	1,207,622,764	1,200,386,597
Restricted	14,357,026	16,364,766
Unrestricted	73,442,677	85,959,027
Total net position	<u>\$ 1,295,422,467</u>	<u>\$ 1,302,710,390</u>

The District's total net position decreased by \$6.7 million or 0.5 percent and the cash and investment position decreased \$16.9 million or 10.9 percent, from September 30, 2017. This can be primarily attributed to \$28.9 million in general fund cooperative funding expenditures, which is an increase of \$7.7 million, offset by \$4.6 million in donated conservation easements. Unrestricted net position decreased \$12.5 million due to the same above increased use of District source funds for cooperative funding. Other liabilities decreased \$6.7 million or 21.0 percent due to decreases in accounts payable \$4.0 million, due to other funds \$3.0 million and unearned revenue \$1.6 million offset by \$1.2 million claims and judgments. These can be attributed to a reduction in invoice accruals and settlement of all outstanding claims and judgments. Deferred outflows decreased by \$1.3 million and deferred inflows increased by \$1.4 million due to fluctuations in pensions and other post-employment benefit liabilities.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**DISTRICT'S CHANGE IN NET POSITION**

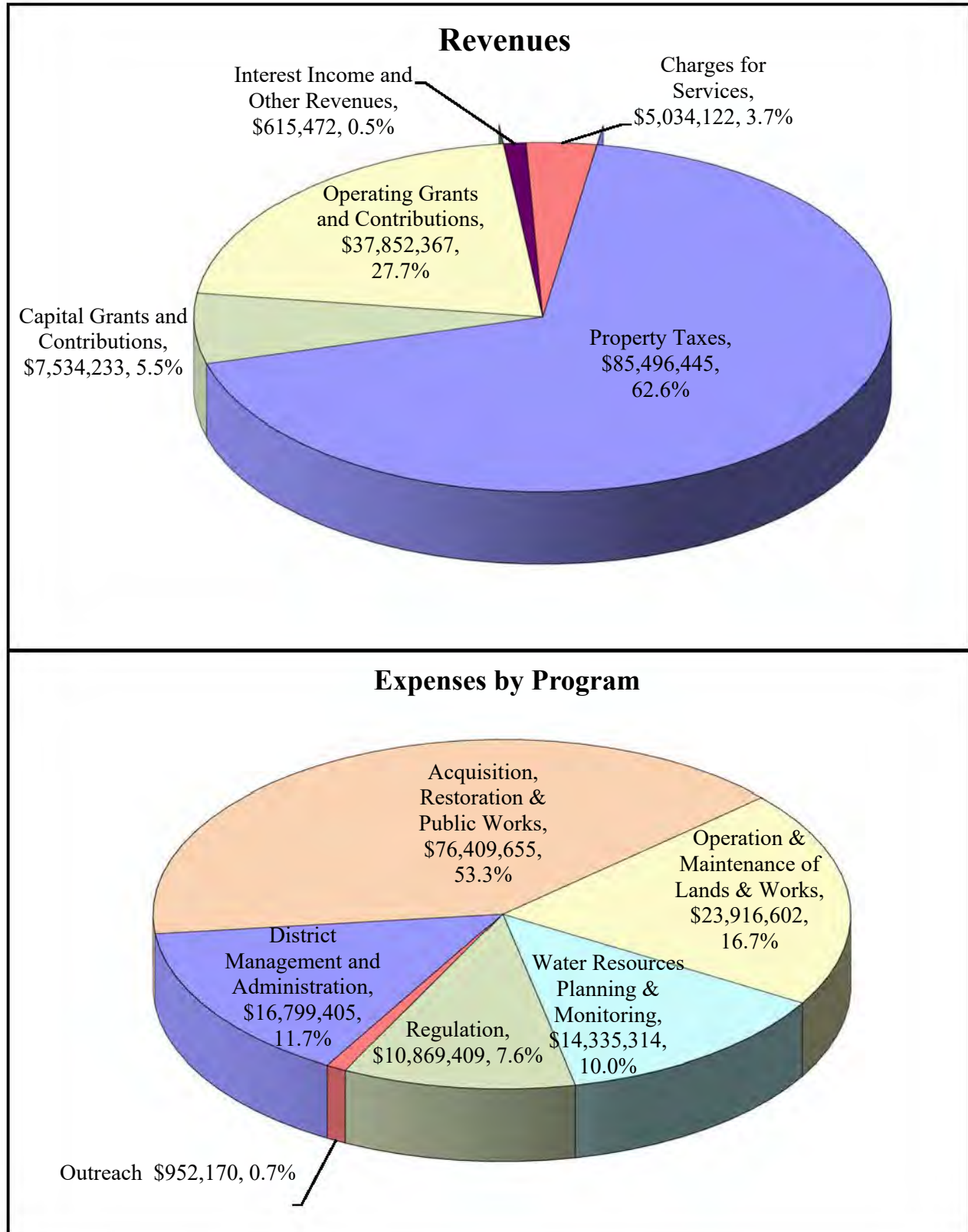
	<b>2018</b>	<b>2017</b>
Revenues		
Program revenues: Charges for services	\$ 5,034,122	\$ 4,029,860
Operating grants and contributions	37,852,367	26,169,214
Capital grants and contributions	7,534,233	8,060,160
General revenues:		
Ad valorem property taxes	85,496,445	84,103,364
Unrestricted investment earnings	172,979	848,612
Other revenue	442,493	436,774
Total revenues	<u>136,532,639</u>	<u>123,647,984</u>
Expenses		
Water resources planning and monitoring	14,335,314	15,857,328
Acquisition, restoration and public works	76,409,655	67,405,308
Operation and maintenance of lands and works	23,916,602	24,220,770
Regulation	10,869,409	11,950,330
Outreach	952,170	1,035,590
District management and administration	<u>16,799,405</u>	<u>16,642,647</u>
Total expenses	<u>143,282,555</u>	<u>137,111,973</u>
Increase(decrease) in net position	(6,749,916)	(13,463,989)
<b>Net position</b> , beginning of the year	1,302,710,390	1,316,174,379
Prior period adjustment (Note 1(t))	(538,007)	-
<b>Net position</b> , end of the year	<u>\$ 1,295,422,467</u>	<u>\$ 1,302,710,390</u>

Total revenues increased by 10.4 percent, or \$12.9, from the previous year. The increase is primarily attributable to the 1.6 percent, or \$1.4 million increase in ad valorem property tax collections, due to new construction within the District boundaries. The shift increasing operating grants and contributions and decreasing capital grants and operations is primarily from the following non-capitalized expenses; the \$11.7 million increase in cooperative funding expenditures (grants and aids) to our water partners using outside funding sources, and pass-through land purchase funded with \$14.4 million from the U.S. Department of Defense, and \$25 million Eau Galle River dredging project, which is funded by the Florida Department of Environmental Protection and the Florida Inland Navigational District, and is expensed as a maintenance event.

Total expenses increased 4.5 percent, or \$6.2 million, compared to the previous year. The 13.4 percent, or \$9.0 million increase in acquisition, restoration and public works is primarily the result of the increase in cooperative funding expenditures. The District's cooperative/cost-share funding program assists local governments, agricultural interests and other entities in creating sustainable water resources, provide flood protection and enhance water conservation efforts. These projects benefit one or more of the four District core mission areas; water supply, water quality, natural systems restoration and flood protection. The District also had a pass-through land purchase funded with \$14.4 million from the U.S. Department of Defense. The remaining increases in most of the six major expense categories is primarily the result of a districtwide increase in salaries and benefits of \$0.7 million and decrease in the net pension liability of \$2.1 million as compared to FY 2016–2017.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the District. As of September 30, 2018, total fund balance was \$104.0 million, of which \$1.3 million was represented by inventory on hand and other non-spendable assets; \$81.7 million was committed by action of the Governing Board for identified future capital needs; \$11.9 million was assigned by executive management for specific purposes; and \$9.0 million was unassigned.

The fund balance of all of the District's funds decreased by \$14.6 million. Key factors explaining the changes in the General Fund and individual major funds include:

- General Fund balance decreased by \$11.5 million primarily due to a more than \$7.7 million increase in spending for cooperative funding to local governments and partners and cost-share projects, a \$3.4 million transfer out to the capital projects fund to fund major long-term capital projects.
- The Special Revenue Fund balance decreased \$3.2 million primarily as a result of the \$2.1 million of expenditures on the 48 cost-sharing projects of the Water Protection and Sustainability Program. \$3.0 million was also for land management expenditures used for vegetative management.
- The Capital Projects Fund balance increased by \$0.12 million to cover carry over encumbrances of ongoing long-term project expenditures on L-73 Taylor Creek Levee and Structure S-255.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's General Fund spent a total of \$33.2 million less than budgeted expenditures in all spending categories in FY 2017–2018 primarily due to long-term cooperative funding construction projects. The largest budget variance of \$25.4 million was in the acquisition, restoration and public works category, second largest of \$2.9 million was in the operation and maintenance of lands and works total category and third largest of \$2.0 million was in the management and administration category.

The \$25.0 million positive budget variance in the acquisition, restoration and public works category is primarily the result of unspent grants and aids of \$22.0 million to local governments (cost-share and cooperative funding) and unspent contracted services of \$1.0 million and \$1.6 million of unspent operating capital outlay for two nutrient reduction pilot programs that were delayed. The operations and maintenance of land and works positive budget variance can be

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

primarily contributed to unspent designated hurricane funds. The unspent budgets of the management and administration are primarily from \$0.8 million in savings from property appraisers and tax collectors commissions and other consultant services savings of \$0.9 million.

In accordance with *Florida Statutes* 373.536(4)(c), the budget of the District may be amended after the adoption of the final budget, following review and approval by the Executive Office of the Governor. During FY 2017–2018, amendments to the budget for the special revenue fund totaled \$15.2 million attributed to a land closing; the North Florida Land Trust-Camp Blanding property funded with \$14.4 million from the U.S. Department of Defense. The property is 5,332.16 acres and is located in Clay County.

Total revenues increased \$11.3 million and total expenditures increased \$13.2 million. General Fund total revenues increased more than \$1.0 million primarily from an \$1.4 million increase in ad valorem revenues associated with new growth from construction offset by a \$0.6 million decrease in investment earnings due to adjusting value of investment portfolio to market resulting in unrealized losses caused by rising interest rates. Total expenditures increased \$13.2 million primarily from a \$18.4 million increase in cooperative funding/cost-share (grants and aids) expenditures offset by a \$3.6 million reduction to contractual services and a \$1.7 million reduction to fixed capital outlay.. The historical trend of positive General Fund budget variances continued for the FY 2017–2018, with the current year's 74 percent utilization of appropriations consistent with historical rates.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets** — The District's investment in capital assets for its governmental activities as of September 30, 2018, amounted to \$1.2 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems improvements, machinery and equipment, public access facilities, levees, canals, water control structures, and bridges. Major capital asset additions occurred during FY 2017–2018 valued at \$18.2 million with additions to infrastructure of \$7.0 million, easements of \$4.6 million and land of \$2.3 million being the largest. It is normal for the District to have large additions to land and easements, as these assets are either purchased for conservation and water resource enhancement or donated to the District through the permitting process.

The District's capital asset increase in infrastructure is mainly from construction expenditures on the following projects: Lake Apopka Marsh Flow-way of \$1.3 million, Taylor Creek Reservoir Improvements of \$0.8 million, Structure S-255 of \$0.7 million, Levee Improvements of \$0.7 million, Lake Apopka North Shore Infrastructure Improvements of \$0.7 million, Telemetry Site Improvements of \$0.6 million, Emerald Marsh Conservation Area of \$0.4 million, Fellsmere Water Management Area of \$0.3 million, Structure S-96 Improvements of \$0.3 million, Lake Jesup Flow Enhancement of \$0.2 million, T.M. Goodwin Waterfowl Management Area of \$0.2 million. The District received \$4.5 million of donated conservation easements through the permitting process. The District purchased the Sumner property in Marion County for \$0.9 million in August 2018 and the Seamark Ranch property in Clay County in September for \$0.1 million. Additional information on the District's capital assets can be found in note 4 on page 40 of this report.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**Long-term Obligations** — The District no longer has any outstanding debt and has no capacity to issue more as the state of Florida must approve and fund the annual payment of any new debt. The District's remaining long-term obligations include; \$35.6 million net pension liability, \$4.0 million for vested leave balances earned by employees, and \$4.4 million for the other post-employment benefits. Additional information on the District's long-term obligations can be found in note 9, on page 46 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's primary revenue sources are ad valorem property taxes and state grants derived from documentary stamp taxes. Economic factors that may influence future budgets are discussed below.

The millage rate for the fiscal year decreased 5.6 percent from 0.2885 mills in FY 2016–2017 to 0.2724 mills in FY 2017–2018, while the FY 2018–2019 millage rate decreased 6 percent to 0.2562 mills. Current estimates indicate that taxable values on existing properties in the 18 counties covered by the District have stabilized and are estimated to increase slightly by 1-2 percent annually. Level or lower millage, when combined with stabilization of existing taxable values and nominal growth in taxable values attributable to new construction and assessed property appreciation, provide a basis for a projected slow recovery in property tax revenues for the District in future periods.

Documentary stamp tax collections assessed on real estate transactions statewide are the primary revenue source for the state in providing funding to the District while sales tax collections are secondary. The state of Florida provided the District more than \$20 million and the Florida Inland Navigational District provided \$3.9 million to dredge 623,000 cubic yards of muck from the Eau Gallie River, which is expected to be completed in spring 2019.

Residential and commercial construction have recovered, along with overall improved economic indicators both statewide and districtwide, bringing with it an expected growth in ad valorem property tax revenues and documentary stamp tax and sales tax collections.

The District has accumulated resources over the past fiscal years and plans to spend down those resources to fund or assist in the development of regionally significant water resource or supply development projects contained in its multi-year capital and cooperative funding plan.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances. Questions about any of the information provided in this report or requests for additional financial information should be addressed to the Accounting Director, Office of Financial Services, St. Johns River Water Management District, 4049 Reid Street, Palatka, FL 32177.



## *Basic Financial Statements*





**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 192,963
Investments	138,230,582
Interest and other receivables	965,789
Inventories	502,927
Intergovernmental receivables	9,579,787
Prepaid items	819,686
Non-depreciable capital assets:	
Land	836,928,531
Easements	209,898,585
Construction in progress	2,070,226
Depreciable capital assets:	
Buildings	35,912,400
Machinery and equipment	36,355,783
Infrastructure	209,887,407
Software	4,939,394
Accumulated depreciation	(128,369,562)
<b>Total assets</b>	<b>1,357,914,498</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions/OPEB	12,659,216
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	19,674,076
Unearned revenue	4,848,183
Due to other governmental units	140,474
Long-term liabilities:	
Due within one year	506,323
Due in more than one year	43,447,464
<b>Total liabilities</b>	<b>68,616,520</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions/ OPEB	6,534,727
<b>NET POSITION</b>	
Net investment in capital assets	1,207,622,764
Restricted for:	
Water protection and sustainability/alternative water supply	578,810
Land management/acquisition	13,778,216
Unrestricted	73,442,677
<b>Total net position</b>	<b>\$ 1,295,422,467</b>

**The accompanying notes to financial statements are an integral part of this statement.**

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Function / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
Water resources planning and monitoring	\$ 14,335,314	\$ -	\$ 473,734
Acquisition, restoration, and public works	76,409,655	1,124,821	34,381,182
Operation and maintenance of lands and work	23,916,602	1,610,489	2,317,975
Regulation	10,869,409	2,298,812	-
Outreach	952,170	-	-
District management and administration	16,799,405	-	679,476
Total governmental activities	\$ 143,282,555	\$ 5,034,122	\$ 37,852,367

**General Revenues:**

Ad valorem property taxes  
Miscellaneous revenue  
Unrestricted investment earnings  
Total general revenues

**Decrease in net position**

**Net position, beginning of year**

**Prior period adjustment (Note 1(t))**

**Net position, beginning of year, as restated**

**Net position, end of year**

**The accompanying notes to financial statements are an integral part of this statement.**

	Net (Expenses) Revenues and Changes in Net Position
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ 5,942	\$ (13,855,638)
6,682,473	(34,221,179)
845,818	(19,142,320)
-	(8,570,597)
-	(952,170)
-	(16,119,929)
<u>\$ 7,534,233</u>	<u>(92,861,833)</u>

85,496,445
442,493
172,979
<u>86,111,917</u>
(6,749,916)
<u>1,302,710,390</u>
(538,007)
<u>1,302,172,383</u>
<u>\$ 1,295,422,467</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 192,963	\$ -	\$ -	\$ 192,963
Investments	104,534,195	31,589,148	2,107,239	138,230,582
Accounts and other receivables	965,789	-	-	965,789
Due from other funds	9,579,013	-	-	9,579,013
Inventories	502,927	-	-	502,927
Intergovernmental receivables	774	9,579,013	-	9,579,787
Prepaid items	819,686	-	-	819,686
<b>Total assets</b>	<u>116,595,347</u>	<u>41,168,161</u>	<u>2,107,239</u>	<u>159,870,747</u>
<b>Liabilities and fund balances</b>				
Liabilities				
Accounts payable	12,634,388	6,148,433	891,255	19,674,076
Due to other funds	-	9,579,013	-	9,579,013
Unearned revenue	-	4,848,183	-	4,848,183
Due to other governmental units	-	140,474	-	140,474
Total liabilities	<u>12,634,388</u>	<u>20,716,103</u>	<u>891,255</u>	<u>34,241,746</u>
Fund balances				
Nonspendable	1,322,613	-	-	1,322,613
Restricted	-	14,357,026	-	14,357,026
Committed	81,686,819	6,095,032	877,202	88,659,053
Assigned	11,943,340	-	338,782	12,282,122
Unassigned	9,008,187	-	-	9,008,187
Total fund balances	<u>103,960,959</u>	<u>20,452,058</u>	<u>1,215,984</u>	<u>125,629,001</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 116,595,347</u></u>	<u><u>\$ 41,168,161</u></u>	<u><u>\$ 2,107,239</u></u>	<u><u>\$ 159,870,747</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

Total fund balances – governmental funds	\$ 125,629,001
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amount included in the statement of net position is the difference between:

Capital assets, at cost	1,335,992,326	
Accumulated depreciation	(128,369,562)	
		1,207,622,764

Deferred outflows and inflows of resources are not available in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows of resources at year-end consist of:

Deferred outflow amount on pension liabilities	12,416,177	
Deferred outflow amount on OPEB liabilities	243,039	
Deferred inflow amount on pension liabilities	(6,490,739)	
Deferred inflow amount on OPEB liabilities	(43,988)	
		6,124,489

Long-term liabilities are not due and payable from current resources and, therefore, are not reported in the funds:

Net pension liability		(35,585,139)
Compensated absences		(3,999,395)
Total OPEB liability		(4,369,253)

Net position of governmental activities	\$ 1,295,422,467
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**The accompanying notes to financial statements are an integral part of this statement.**

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Ad valorem property taxes	\$ 85,496,445	\$ -	\$ -	\$ 85,496,445
State	-	23,088,283	-	23,088,283
Federal	-	14,722,233	-	14,722,233
Investment earnings	(82,872)	255,851	-	172,979
Local mitigation	-	70,859	-	70,859
Licenses and permits	1,968,953	-	-	1,968,953
Cities and counties	-	496,034	-	496,034
Lease and timber sales	-	1,610,489	-	1,610,489
Fines and penalties	329,859	-	-	329,859
Other	442,493	1,721,109	-	2,163,602
Total revenues	<u>88,154,878</u>	<u>41,964,858</u>	<u>-</u>	<u>130,119,736</u>
<b>Expenditures</b>				
Current:				
Water resources planning and monitoring	14,342,187	614,424	-	14,956,611
Acquisition, restoration, and public works	39,527,876	39,950,976	1,237,670	80,716,522
Operation and maintenance of lands and works	14,367,534	5,116,952	2,042,408	21,526,894
Regulation	10,730,509	-	-	10,730,509
Outreach	949,000	-	-	949,000
District management and administration	16,997,145	359,887	-	17,357,032
Total expenditures	<u>96,914,251</u>	<u>46,042,239</u>	<u>3,280,078</u>	<u>146,236,568</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(8,759,373)</u>	<u>(4,077,381)</u>	<u>(3,280,078)</u>	<u>(16,116,832)</u>
<b>Other financing sources (uses):</b>				
Transfers in	330,320	-	3,400,666	3,730,986
Transfers out	(3,400,666)	(330,320)	-	(3,730,986)
Sale of capital assets	92,850	1,137,646	-	1,230,496
Insurance/ loss recovery	228,214	-	-	228,214
Total other financing sources (uses)	<u>(2,749,282)</u>	<u>807,326</u>	<u>3,400,666</u>	<u>1,458,710</u>
<b>Net change in fund balances</b>	<u>(11,508,655)</u>	<u>(3,270,055)</u>	<u>120,588</u>	<u>(14,658,122)</u>
<b>Fund balances, beginning of year</b>	<u>115,469,614</u>	<u>23,722,113</u>	<u>1,095,396</u>	<u>140,287,123</u>
<b>Fund balances, end of year</b>	<u>\$ 103,960,959</u>	<u>\$ 20,452,058</u>	<u>\$ 1,215,984</u>	<u>\$ 125,629,001</u>

The accompanying notes to financial statements are an integral part of this statement.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Net change in fund balances – total governmental activities \$ (14,658,122)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, capital assets are contributed to the District, requiring recognition of income not reported in the funds.

Capital assets acquired with financial resources	10,534,728	
Current year depreciation	(8,252,754)	
Contributions of capital assets	<u>5,059,868</u>	
		7,341,842

In the fund level statements, the entire amount of proceeds from the sale of capital assets is reported as an increase in financial resources. In the statement of activities, the amount reported is only the gain on disposal. The change in net position differs from the change in fund balance by the net book value (original cost less depreciation at date of sale) of the assets sold, as well as the net book value of assets transferred to other agencies. (105,675)

The net change in net pension and OPEB liabilities and deferred outflows and inflows are reported in the statement of activities, but not in the governmental funds.

Change in net pension liability	2,140,389	
Change in deferred outflows related to pensions	(1,319,823)	
Change in deferred inflows related to pensions	(2,340,155)	
Change in total OPEB liability	9,970	
Change in deferred outflows related to OPEB	(11,004)	
Change in deferred inflows related to OPEB	<u>(43,988)</u>	
		(1,564,611)

Some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Those include:

Accrued compensated absences	1,036,650	
Claims and judgments	<u>1,200,000</u>	
		<u>2,236,650</u>

Change in net position of governmental activities		<u><u>\$ (6,749,916)</u></u>
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**The accompanying notes to financial statements are an integral part of this statement.**





## *Notes to the Financial Statements*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies:**

The accounting policies of the St. Johns River Water Management District (District) conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of the more significant policies.

- (a) **Basis of Presentation** — The District's financial statements are prepared in accordance with accounting principles generally accepted in the U.S. The Governmental Accounting Standards Board (GASB) is responsible for establishing accounting principles generally accepted in the U.S. for state and local governments through its pronouncements (Statements and Interpretations).
- (b) **Reporting Entity** — The District is a public corporation created by Chapter 373, *Florida Statutes*, known as the Florida Water Resources Act of 1972. The District is governed by a nine-member board that is appointed by the Governor and confirmed by the state Senate. The accompanying financial statements present the District's funds and activities. As required by accounting principles generally accepted in the U.S., these financial statements present the District as a discretely presented component unit of the state of Florida, which is considered a primary government. The District does not have any component units. The District's financial statements for the fiscal year ending September 30, 2018, will be incorporated in the state's June 30, 2019, Comprehensive Annual Financial Report.
- (c) **Basis of Presentation — Government-Wide Financial Statements** — The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the District as a whole. The statement of net position reports all financial and capital resources. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as program revenues — charges for services — acquisition, restoration, and public works and losses are reported as function/program expenses — acquisition, restoration, and public works.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (Continued):**

- (d) **Basis of Presentation - Fund Financial Statements** — The fund financial statements provide information about the government's funds. The general fund and major individual funds are reported as separate columns in the governmental funds financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those that are accounted for in another fund.

The *Special Revenue Fund* accounts for restricted revenues received from federal, state of Florida and local sources, such as cities, counties, and water management districts, as well as other private and public institutions and related expenditures. This fund is supported by reimbursable and advanced grants and appropriations from federal and state of Florida agencies. District source grant matching funds are at times transferred to and the associated expenditures are made from this fund. The District's long-term land management temporarily restricted endowment trust fund is accounted for within this fund, also land management revenues, such as timber sales and leases of District assets and the related land management or land acquisition expenditures are accounted for in this fund.

The *Capital Projects Fund* accounts for financial resources segregated for the construction or acquisition of major capital facilities and infrastructure. Land purchases are not covered by this fund. General fund transfers are made to fund the capital projects appropriations, which would otherwise distort the historical comparisons within the General Fund.

During the course of operations the District has activity or transfers of resources between funds for various purposes. In fund financial statements these amounts are reported at gross amounts as transfers in/out. Any residual balances outstanding at year end are reported as due from/to other funds. While these transfer and balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

- (e) **Measurement Focus and Basis of Accounting** — The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported by using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (e) (Continued):**

earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the year for which they are levied by the District. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported by using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is federal and state grants collected on a reimbursement basis, which are recognized as revenue when reimbursable expenditures are made and collection is within one year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

Amounts reported as program revenues include: (1) permit application fees; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all ad valorem property taxes.

The District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted — net position and unrestricted — net position in the government-wide financial statements, a flow



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (e) (Continued):**

assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**(f) Classification of Expenditures** — The District currently categorizes the expenditures and budget data it submits to the Governor's Office, the Florida Department of Environmental Protection, and the Legislature by six program areas. These programs, which are set forth in Section 373.536(5)(e)4, *Florida Statutes*, are each described as follows:

- **Water Resources Planning and Monitoring** — This program area includes all water management planning, including water supply planning, development of minimum flows and levels, and other water resources planning; research, data collection, analysis, and monitoring; and technical assistance, including local and regional plan and program review.
- **Acquisition, Restoration, and Public Works** — This program area includes the development and construction of all capital projects (except for those contained in the Operation and Maintenance of Lands and Works program area), including land acquisition, water resource development projects, water supply development assistance, alternative water supply, land restoration, surface water restoration, and facilities construction projects.
- **Operation and Maintenance of Lands and Works** — This program area includes all operation and maintenance of facilities, flood control and water supply structures, lands, and other works authorized by Chapter 373, *Florida Statutes*.
- **Regulation** — This program area includes consumptive use permitting, water well permitting and water well contractor licensing, environmental resource and surface water management permitting, permit administration and enforcement, and any delegated regulatory program.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (f) (Continued):**

- Outreach — This program area includes all public information and outreach, including websites; social media; coordination and communication with the media, public, schools and stakeholder groups; and production and dissemination of information materials. Outreach is the primary responsibility of the Office of Communications and supports all District divisions and offices.
- District Management and Administration — This program area includes all Governing Board support, executive support, general counsel, human resources, finance, audit, risk management, administrative services, telecommunications, computer information, and tax collector and property appraiser fees.

The state of Florida uses a different expenditure category model in their Comprehensive Annual Financial Report that groups the adopted and final budgets and expenditures under the following categories: Salaries and Benefits, Expenses, Grants and Aids, Operating Capital Outlay and Fixed Capital Outlay. For a Districtwide adopted and final budget and actual expenditure detail using the state of Florida model, see note 16.

- (g) Cash, Cash Equivalents and Investments** — The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District utilizes pooled cash accounting whereby excess monies are aggregated for investment purposes. Earnings from such investments are allocated to the respective funds based on applicable cash participation by each fund and the funds individual earnings guidelines. Negative cash balances in individual funds are reported as interfund payables with offsetting receivables recorded in loaning fund(s). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*, the District reports investments at their fair value, with unrealized gains and losses credited to or charged against investments earnings. (See Note 3)
- (h) Receivables and Payables** — Activity between funds that are representative of accounting transactions outstanding at the end of the fiscal year are referred to as due to/from other funds.
- (i) Prepaid Items** — Prepaid items consist of rent payments, software maintenance services, and tax collector and property appraiser fees, which have been paid prior to the end of the fiscal year, but represent costs that are applicable to future accounting periods using the consumption method. These amounts do not constitute available spendable resources even though they are a component of currents assets.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (Continued):**

- (j) **Inventories** — All inventories are valued at average cost and consist of chemicals and supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased.
- (k) **Capital Assets** — A capital asset is real or personal, tangible or intangible property that has a cost equal to or greater than an established capitalization threshold and has an estimated useful life extending beyond one year. The District reports capital assets under the following categories and thresholds:

Land and land improvements	Capitalize all
Easements	Capitalize all
Buildings	\$1,000
Building improvements	\$100,000
Infrastructure and infrastructure improvements	\$100,000
Machinery and equipment	\$1,000
Software	\$1,000
Construction in progress	Accumulate all costs and capitalize at the completion of the project or at a major percentage of completion for long-term projects

Capital assets are reported at historical cost or estimated historical cost plus any ancillary charges (freight and transportation charges, site preparation costs, installation costs, and professional fees) necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated acquisition value at the date of donation.

Donated conservation easements received by the District through the permitting process are recorded at the previous fiscal year average per acre cost of purchased conservation easements. The average, current fiscal year, per acre conservation easement cost is multiplied by the total acres received.

Costs related to the development of computer software are expensed as incurred until: (a) the District has completed the preliminary project stage (i.e., the conceptual formulation and evaluation of alternatives, determination of the existence of needed technologies, and final selection of software development alternatives); and (b) management has implicitly and explicitly authorized or committed to funding the project. Activities related to the application development stage of internally generated computer software (e.g., software configuration and software interfaces, coding, installation to hardware, and testing) are capitalized at the amount of the associated outlays. Post-implementation activities, such as application training and software maintenance, are

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (k) (Continued):**

expensed as incurred. Costs associated with data conversion are also expensed if such activities are not necessary for internally developed software to become operational.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included as General Revenues and falls into Increase or Decrease in Net Position in the Statement of Activities.

Buildings, infrastructure, software, and machinery and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5–50
Infrastructure	10–50
Machinery and equipment	3–40
Software/ intangibles	3–50

Land and easements have indefinite useful lives and as such are not considered to be depreciable capital assets. Construction in progress is not depreciable until the project is complete or substantially complete and transferred to a depreciable capital asset, such as, buildings, infrastructure, machinery and equipment or other depreciable assets.

**(l) Pensions** — For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan and Health Subsidy Program and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**(m) Deferred Outflow/Inflow of Resources** — A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (Continued):**

- (n) **Compensated Absences** — It is the District's policy to permit employees to accumulate earned, but unused annual and sick leave benefits, which will be paid upon separation from the District. Payment of unused annual and sick leave is subject to District policy and employment criteria.

All vacation hours and a portion of the sick leave hours are accrued when incurred in the government-wide financial statements. No expenditure is reported in the governmental funds for these amounts until the payment is made. A liability for these amounts is reported in funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences liability is determined based on current rates of pay, District policy and employment criteria.

- (o) **Unearned Revenue** — Both government-wide and governmental funds report unearned revenue in connection with resources that have been received, but not yet earned because all eligibility requirements have not been met.

- (p) **Long-Term Obligations** — In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities of governmental activities in the statement of net position.

- (q) **Fund Balance** — Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of constraint placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note 15.

- (r) **Property Taxes** — The District is authorized by Section 373.503, *Florida Statutes*, to levy ad valorem taxes on all real and personal property located within the District, not to exceed 0.60 mills. The rate for the 2017–2018 fiscal year was 0.2724 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the 18 counties comprising the District. Commissions are paid to the counties for these appraisal and collection services.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(1) Summary of Significant Accounting Policies (r) (Concluded):**

Taxes are billed and collected for the District by the county tax collectors, according to Florida Statutes, using the following calendar:

Lien date:	January 1
Levy date:	October 1
Due date:	March 1
Delinquency date:	April 1

A 4 percent discount is allowed if the taxes are paid in November, with the discount declining by 1 percent each month thereafter. Tax certificates for the full amount of any unpaid taxes and assessments must be sold no later than June 1 of each year. Property taxes are recognized as revenues in the fiscal year of the District in which the taxes are billed and substantially collected.

- (s) **Use of Estimates** — The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from these estimates.
- (t) **Restatement of Beginning Net Position** — Effective October 1, 2017, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows or resources, and expense/expenditures of other postemployment benefits (OPEB) that is provided to the employees of state and local governmental employers. This resulted in a \$538,007 reduction of beginning net position from \$1,302,710,390 to \$1,302,172,383 due to the addition of the total OPEB liability (see note 8 on page 44).

**(2) Budgetary Information:**

The District has elected to report budgetary comparisons as Required Supplementary Information. The District's policies for adopting and monitoring its budget are included in the Required Supplementary Information Other Than Management's Discussion and Analysis section of this report.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(3) Cash and Investments:**

The District's bank accounts were deposited in state-qualified public depositories. The entire balance was insured by federal depository insurance or by collateral held by the District's custodial bank, which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of Federal Deposit Insurance Corporation limits. The foremost objective of the District's investment policy is the safety of capital and liquidity of funds. Achieving an optimal rate of return is of secondary importance. The investment policy limits investments to those relatively low-risk securities authorized in anticipation of earning a fair return relative to the risk being assumed. How the investment policy manages credit risk, interest rate risk, custodial credit risk, and concentration of credit risk is as follows:

- (a) **Credit Risk** — In accordance with the District's investment policy, the District minimizes credit risk, the risk of loss due to the failure of the security, by limiting investments to the authorized investments in the investment policy, pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the District will do business, and diversifying the investment portfolio to protect against losses on individual securities.

Investments in Federal Instrumentalities, U.S. Government Securities and Mortgage-Backed Securities are backed by the full faith and credit of the U.S. federal government. Investments in the State Board of Administration (SBA) are invested in the Florida PRIME and rated AAAm by Standard and Poors (S&P). The Investment Manager of the Florida PRIME manages credit risk by purchasing only high quality securities, performing a credit analysis to develop a database of issuers and securities that meet the Investment Manager's minimum standard and by regularly reviewing the portfolio's securities financial data, issuer news and developments, and ratings of the nationally recognized statistical rating organizations. The Florida PRIME was not exposed to any foreign currency risk during the period from October 1, 2017, through September 30, 2018. As of September 30, 2018, the District had the following investments reported at fair-values with S&P ratings, maturity dates and the percentage of each security classification to the total portfolio:

	<b>S &amp; P Rating</b>	<b>Maturity Date</b>	<b>Fair Value</b>	<b>% of Portfolio</b>
<b>Federal Instrumentalities</b>				
Federal National Mortgage Association	AA+	06/20/2019	1,989,180	
Federal National Mortgage Association	AA+	08/02/2019	1,183,260	
Federal National Mortgage Association	AA+	08/28/2019	2,809,188	
Federal National Mortgage Association	AA+	09/12/2019	1,983,720	
Federal National Mortgage Association	AA+	11/26/2019	1,979,040	
Federal National Mortgage Association	AA+	01/21/2020	1,478,850	
Federal National Mortgage Association	AA+	02/28/2020	599,654	
Federal National Mortgage Association	AA+	12/28/2020	979,040	
Federal National Mortgage Association	AA+	02/26/2021	965,740	
Federal National Mortgage Association	AA+	05/06/2021	652,616	
Federal National Mortgage Association	AA+	08/17/2021	955,640	



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**SEPTEMBER 30, 2018**

**(3) Cash and Investments (a) (Continued):**

	<b>S &amp; P Rating</b>	<b>Maturity Date</b>	<b>Fair Value</b>	<b>% of Portfolio</b>
Federal National Mortgage Association	AA+	04/05/2022	965,160	
Federal Home Loan Bank	AA+	05/28/2019	421,898	
Federal Home Loan Bank	AA+	08/05/2019	3,499,270	
Federal Home Loan Mortgage Corporation	AA+	05/30/2019	995,010	
<b>Total Federal Instrumentalities</b>			21,457,266	15.52%
<b>U.S. Government Securities</b>				
U.S. Treasury Notes	NA	02/28/2019	1,991,880	
U.S. Treasury Notes	NA	03/31/2019	996,120	
U.S. Treasury Notes	NA	11/15/2019	352,586	
U.S. Treasury Notes	NA	11/30/2019	4,438,845	
U.S. Treasury Notes	NA	01/31/2020	686,525	
U.S. Treasury Notes	NA	02/29/2020	2,344,781	
U.S. Treasury Notes	NA	03/31/2020	3,178,025	
U.S. Treasury Notes	NA	04/30/2020	807,229	
U.S. Treasury Notes	NA	05/31/2020	1,958,320	
U.S. Treasury Notes	NA	06/30/2020	1,631,833	
U.S. Treasury Notes	NA	07/31/2020	5,268,794	
U.S. Treasury Notes	NA	08/31/2020	267,669	
U.S. Treasury Notes	NA	09/30/2020	1,968,220	
U.S. Treasury Notes	NA	10/31/2020	1,467,345	
U.S. Treasury Notes	NA	12/31/2020	976,390	
U.S. Treasury Notes	NA	01/31/2021	1,967,400	
U.S. Treasury Notes	NA	02/28/2021	1,675,378	
U.S. Treasury Notes	NA	03/31/2021	1,409,843	
U.S. Treasury Notes	NA	04/30/2021	2,911,350	
U.S. Treasury Notes	NA	05/31/2021	1,026,711	
U.S. Treasury Notes	NA	06/30/2021	2,669,805	
U.S. Treasury Notes	NA	08/15/2021	2,864,745	
U.S. Treasury Notes	NA	08/31/2021	975,650	
U.S. Treasury Notes	NA	09/30/2021	2,426,159	
U.S. Treasury Notes	NA	10/31/2021	1,512,047	
U.S. Treasury Notes	NA	11/30/2021	579,318	
U.S. Treasury Notes	NA	02/15/2022	825,571	
U.S. Treasury Notes	NA	02/28/2022	3,445,795	
U.S. Treasury Notes	NA	03/31/2022	6,084,792	
U.S. Treasury Notes	NA	04/30/2022	2,412,500	
U.S. Treasury Notes	NA	05/15/2022	816,204	
U.S. Treasury Notes	NA	05/31/2022	1,928,240	
U.S. Treasury Notes	NA	06/30/2022	5,076,293	
U.S. Treasury Notes	NA	07/31/2022	1,933,640	
U.S. Treasury Notes	NA	08/31/2022	2,403,225	
U.S. Treasury Notes	NA	09/30/2022	1,944,911	
U.S. Treasury Notes	NA	11/30/2022	3,035,340	
<b>Total U.S. Government Securities</b>			78,259,479	56.62%

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(3) Cash and Investments (a) (Continued):**

	<b>S &amp; P Rating</b>	<b>Maturity Date</b>	<b>Fair Value</b>	<b>% of Portfolio</b>
<b>Corporate Notes</b>				
Exxon Mobil Corp. Notes	AA+	03/15/2019	996,560	
Pepsico Inc. Notes	A+	05/02/2019	302,969	
American Express Capital Corp. Notes	A-	05/03/2019	348,359	
Microsoft Corp. Notes	AAA	06/01/2019	1,009,640	
Berkshire Hathaway Inc. Notes	AA	08/14/2019	671,558	
Apple Inc. Notes	AA+	09/12/2019	1,478,705	
Gilead Sciences Inc. Notes	A	09/20/2019	684,308	
JP Morgan Chase Bank Notes	A+	09/23/2019	435,037	
Wal-Mart Stores	AA	10/09/2019	510,355	
American Honda Finance Corp. Notes	A+	11/13/2019	1,559,266	
Apple Inc. Notes	AA+	11/13/2019	2,592,307	
Toyota Motor Credit Corp. Notes	AA-	01/10/2020	1,159,575	
International Business Machines Corp. Notes	A+	01/27/2020	632,237	
Microsoft Corp. Notes	AAA	02/06/2020	785,357	
Apple Inc. Notes	AA+	02/07/2020	419,989	
American Honda Finance Corp. Notes	A+	02/14/2020	236,825	
American Express Credit Corp. Notes	A-	03/03/2020	365,856	
Walt Disney Co. Notes	A+	03/04/2020	113,436	
Exxon Mobil Corp. Notes	AA+	03/06/2020	296,403	
John Deere Capital Corp. Notes	A	03/13/2020	182,706	
Toyota Motor Credit Corp. Notes	AA-	04/17/2020	433,356	
Apple Inc. Notes	AA+	05/11/2020	707,947	
Intel Corp. Notes	A+	05/11/2020	1,352,986	
Home Depot Inc. Notes	A	06/05/2020	285,366	
Walt Disney Co. Notes	A+	06/05/2020	490,545	
John Deere Capital Corp. Notes	A	06/22/2020	122,781	
Wells Fargo & Co. Notes	A-	07/22/2020	495,040	
Microsoft Corp. Notes	AAA	11/03/2020	982,300	
Johnson & Johnson	AAA	11/10/2020	347,825	
Toyota Motor Credit Corp. Notes	AA-	04/13/2021	1,587,695	
<b>Total Corporate Notes</b>			<u>21,587,289</u>	15.62%
<b>Mortgage-Backed Securities</b>				
Federal National Mortgage Association	AA+	03/25/2020	138,170	
Federal Home Loan Mortgage Corporation	AA+	08/25/2020	324,884	
<b>Total Mortgage-Backed Securities</b>			<u>463,054</u>	0.33%
<b>Florida State Board of Administration Pool</b>				
Florida PRIME	AAAm		16,253,952	11.76%
<b>Fixed Income Money Market Fund</b>				
Federated Government Obligations	NR		<u>209,542</u>	0.15%
<b>TOTAL INVESTMENTS</b>			<u><u>\$138,230,582</u></u>	100.00%

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(3) Cash and Investments (Continued):**

- (b) Interest Rate Risk** — In accordance with the District's investment policy, the District manages its exposure to declines in fair values of its investments by limiting the allowable length to maturity to a maximum of five years from the date of purchase, structuring the investment portfolio so that securities mature to meet ongoing operating cash requirements and investing operating funds primarily in shorter-term securities, SBA – Florida PRIME, fixed income money market funds and interest bearing time deposit accounts.

The District's average, effective duration for the Investment Portfolio as of September 30, 2018, was approximately 2.10 years. The maximum duration allowed by the District's Investment Policy is three years. The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2018, was 33 days. The next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2018, is 72 days. A summary of the maximum allowed duration of each investment type within the District's investment policy follows:

<u>Description of Investment</u>	<u>Maturity Duration</u>
Florida PRIME	N/A
U.S. Government Securities	<5 years
U.S. Government Agencies	<5 years
Federal Instrumentalities	<5 years
Mortgage-Backed Securities	<5 years
Interest-Bearing Time Deposit or Savings Accounts (Savings)	<1 year
State/Local Government Taxable/Tax-Exempt Debt (Municipal)	<5 years
Registered Investment Company (Money Market Mutual Funds)	<60 days
Repurchase Agreements	<90 days
Commercial Paper	<270 days
Corporate Notes	<5 years

As of September 30, 2018, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturity (in years)</u>		
		<u>Less than 1 year</u>	<u>1–3 year</u>	<u>3–5 years</u>
Federal Instrumentalities	\$ 21,457,266	\$12,881,526	\$ 8,575,740	\$ -
U.S. Treasury Securities	78,259,479	2,988,000	72,236,139	3,035,340
Corporate Notes	21,587,289	5,927,136	15,660,153	-
Mortgage-Backed Sec.	463,054	-	463,054	-
Florida PRIME	16,253,952	16,253,952	-	-
Money Market Fund	209,542	209,542	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$138,230,582</b>	<b>\$38,260,156</b>	<b>\$ 96,935,086</b>	<b>\$ 3,035,340</b>

- (c) Custodial Credit Risk** — Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District's name, and are held by the party that either sells to or buys for the District. All of the District securities are held by the District's

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**(3) Cash and Investments (c) (Continued):**

custodian in the District's name; therefore, no investments held at year-end were subject to custodial credit risk. The custodian provides the District with safekeeping receipts that provide detail information on the securities held by the custodian. If security transactions between a broker/dealer and the custodian involve the purchase or sale of securities by transfer of money or securities on a "delivery vs. payment" basis, then the security or money must be in hand to ensure that the custodian has the security or money at the conclusion of the transaction. Securities held as collateral are held free and clear of any liens. The District owns shares of the SBA—Florida PRIME, and not the underlying securities. The Florida PRIME did not participate in a securities lending program during the period from October 1, 2017, through September 30, 2018.

**(d) Concentration of Credit Risk** — The District's investment strategy is to maintain diversification. In accordance with the District's investment policy, the District manages its exposure to positions of 5 percent or more in the securities of a single issuer by diversifying the portfolio and limiting the maximum amount invested in any single issuer. The District further diversified its investment portfolio by splitting the management of the portfolio between two investment management companies. A Cash and Investments summary of the authorized investments of the District including the year end exposure amount and percentage, the maximum exposure percentage experienced during the fiscal year and the maximum allowed percentage of each security type follows:

	<b>Exposure to specific Guideline</b>	<b>Sector Guideline Exposures</b>		
		<b>% of Available Funds</b>		
		<b>Year end Exposure %</b>	<b>Maximum</b>	
<b><u>Compliance Guideline</u></b>			<b><u>During Year</u></b>	<b><u>Policy</u></b>
Federal Instrumentalities	\$ 21,457,266	15.52%	14.90%	80%*
U.S. Government Securities	78,259,479	56.62%	48.77%	100%
Corporate Notes	21,587,289	15.62%	12.67%	25%**
Mortgage-Backed Securities	463,054	0.33%	0.84%	20%*
Florida PRIME	16,253,952	11.76%	22.74%	50%
Money Market Funds	209,542	0.15%	0.08%	50%
Subtotal Investments	138,230,582	<u>100.00%</u>		
Cash Checking Accounts	192,963			
Total Cash and Investments	<u>\$138,423,545</u>			

\*The maximum aggregate amount of Federal Instrumentalities and Mortgage-Backed Securities will not exceed 80 percent.

\*\*The maximum aggregate amount of Corporate Notes and Commercial Paper will not exceed 40 percent.

**(e) Fair Value Measurement** — The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, which the District

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**SEPTEMBER 30, 2018**

**(3) Cash and Investments (Concluded):**

categorizes its Money Market Funds of \$209,542; Level 2 inputs are significant other observable inputs, which the District categorizes its investments in Federal Instrumentalities of \$21,457,266, U.S. Treasury Securities of \$78,259,479, Corporate Notes of \$21,587,289, Mortgage-Backed Securities of \$463,054; Level 3 inputs are significant unobservable inputs, which the District has none. The District's fair value measurements as of September 30, 2018, for Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The SBA's interpretation is that the Florida PRIME investments are exempt from the GASB 72 fair value hierarchy disclosures.

- (f) Investments Reported at Amortized Cost** — Florida PRIME currently meets all of the necessary criteria to elect to measure all of the investments in Florida PRIME at amortized cost. Therefore, the District's account balance is considered the fair value of our investment. With regard to liquidity fees, *Florida Statute* 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made. As of September 30, 2018, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's daily access to 100 percent of our account value.

**(4) Capital Assets:** Capital asset activity for the year ended September 30, 2018, was as follows:

	<b>Balance at</b>			<b>Balance at</b>
	<b>Oct. 1, 2017</b>	<b>Additions</b>	<b>Retirements</b>	<b>Sept. 30, 2018</b>
Capital assets, not being depreciated:				
Land	\$ 834,712,126	\$ 2,323,353	\$ (106,948)	\$ 836,928,531
Easements	205,341,336	4,610,612	(53,363)	209,898,585
Construction in progress	2,324,975	2,250,960	(2,505,709)	2,070,226
Total capital assets, not being depreciated	1,042,378,437	9,184,925	(2,666,020)	1,048,897,342
Capital assets, being depreciated:				
Buildings	35,898,768	13,632	-	35,912,400
Infrastructure	202,852,446	7,034,961	-	209,887,407
Machinery and equipment	36,141,331	1,957,315	(1,742,863)	36,355,783
Software and Models	4,939,394	-	-	4,939,394
Total capital assets, being depreciated	279,831,939	9,005,908	(1,742,863)	287,094,984
Less accumulated depreciation for:				
Buildings	(16,937,463)	(1,065,683)	-	(18,003,146)
Infrastructure	(68,770,095)	(5,405,689)	-	(74,175,784)
Machinery and equipment	(31,172,624)	(1,773,262)	1,706,971	(31,238,915)
Other depreciable assets	(4,943,597)	(8,120)	-	(4,951,717)
Total accumulated depreciation	(121,823,779)	(8,252,754)	1,706,971	(128,369,562)
Capital assets being depreciated, net	158,008,160	753,154	(35,892)	158,725,422
Governmental activities capital assets, net	<u>\$1,200,386,597</u>	<u>\$ 9,938,078</u>	<u>\$ (2,701,912)</u>	<u>\$1,207,622,764</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(4) Capital Assets (Concluded):**

Depreciation expense was charged to functions/programs of the District as follows:

Operation and maintenance of lands and works	\$ 7,178,951
District management and administration	1,073,803
Total depreciation expense	<u>\$ 8,252,754</u>

**(5) Commitments:**

**Encumbrances of District Sources** — The District has restricted, committed and assigned fund balances for obligations that were executed in fiscal year 2017–2018, but will be expended in the next fiscal year. The \$35,607,938 in encumbrances below (\$22,769,071 of District sources and \$12,838,867 of future resources) represent purchase orders and contracts that were expected to be expended in fiscal year 2017–2018, but are now expected to be expended in FY 2018–2019.

These encumbrances will be added to the adopted FY 2018–2019 budget, therefore, increasing the adopted fiscal year 2018–2019 budget of \$142,453,326 by \$35,607,938 to a final adopted budget of \$178,061,264. These encumbrances are in the form of contracts, agreements, grants to local governments and purchase orders. The totals by fund are as follows:

General Fund	\$ 20,452,639
Special Revenue Fund	1,100,448
Capital Projects Fund	1,215,984
<b>Total</b>	<u><u>\$ 22,769,071</u></u>

**Encumbrances of Future Resources** — The District has committed future resources related to local, state, and federal grants and contributions for which revenues will not be recognized until expenditures are incurred in the following fiscal year. These commitments, which are not included on the balance sheet, are in the form of contracts, agreements, grants to local governments, memorandums of understanding, memorandums of agreement and purchase orders and the totals by fund source are as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Special Revenue Fund	\$316,000	\$12,509,041	\$13,826	\$12,838,867

Of the total encumbrances of future State resources of \$12,509,041, \$384,509 were from unearned revenues advanced to the District by the Florida Department of Environmental Protection and the Florida Department of Transportation.

**(6) Unearned Revenue:**

The District has unearned revenue in the form of advance payments from various public agencies for which the District has unmet eligibility requirements other than timing. While the measurement focus and basis of accounting are different for the government-wide and governmental fund level statements, the revenue recognition rules for each when applied to these advance payments result in no timing differences regarding revenue recognition. The various components of unearned revenue reported in both the government-wide and governmental funds are as follows:

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(6) Unearned Revenue (Concluded):**

<u>Entity</u>	<u>Funding Source</u>	<u>Amount</u>
FDOT	State – FDOT Mitigation	\$ 4,032,625
FDEP	State – Springs Initiative	635,109
FDEP	State – Florida Forever	145,449
Permit Bond 40000	Local – Other	35,000
<b>Total</b>		<u><u>\$ 4,848,183</u></u>

**(7) Interfund Balances and Activities:**

Interfund balances at year-end are temporary loans to fund grant activities pending reimbursement. Interfund loans are repaid upon receipt of grant proceeds. The temporary loans from the General Fund to the Special Revenue Fund are classified as due to/from other funds total \$9,579,013.

The District makes routine transfers among its funds during the fiscal year. The principal purpose of the transfers is to allocate resources for capital projects and to provide operating subsidies and reimburse the General Fund for indirect costs. These transfers are consistent with the activities of the funds involved. The \$330,320 transfer from the Special Revenue Fund to the General Fund was to reimburse for indirect costs of federal, state of Florida and local grants. The \$3,400,666 transfer from the General Fund to the Capital Projects Fund is to fund major capital expenditures with District funding sources.

**(8) Other Post-Employment Benefits (OPEB):**

Plan Description

The District administers a single-employer healthcare plan that provides medical and dental benefits utilizing Florida Blue, respectively, as well as a voluntary vision plan to eligible retired employees. Coverage is extended to qualifying dependents of retirees. If the retiree predeceases the spouse, coverage for the surviving spouse and qualifying dependents continues. A participant is eligible to receive benefits from the District's plan upon retirement under the Florida Retirement System plan provisions.

Employees enrolled in FRS prior to July 1, 2011.

*Unreduced Retirement under FRS:* Age 62 with six years of service, or any age with 30 years of service.

*Early Retirement under FRS:* Any age and six years of service.

Employees enrolled in FRS on or after July 1, 2011.

*Unreduced Retirement under FRS:* Age 65 with eight years of service, or any age with 33 years of service.

*Early Retirement under FRS:* Any age and eight years of service.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(8) Other Post-Employment Benefits (OPEB) (Continued):**

To be eligible for retiree medical and dental benefits, the participant must have been covered under the medical plan as an active employee immediately prior to retirement. Also, participants not eligible for retirement at the time of their termination are not eligible for immediate future benefits from the plan. Eligible retirees and beneficiaries receive a monthly Health Insurance Subsidy (HIS Plan) payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, *Florida Statutes*. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of health insurance coverage, which may include Medicare. The District accounts for this plan in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75). The plan does not issue a separate financial report.

As of October 1, 2017, there were 40 retirees (inactive employees) and 461 active employees covered by the benefit terms.

Participants qualifying for retirement are eligible to elect to enter a deferred retirement option (DROP) feature of the FRS for a period of up to 60 months. For this valuation, medical claims incurred while a retiree is in the DROP are not considered a liability under GASB Statement No. 75.

The contribution requirement of plan members are established and may be amended by the District's Governing Board. The District, in accordance with Section 112.0801, *Florida Statutes*, makes the health and dental benefits available for retired employees at a premium cost of no more than applicable to active employees. However, the retirees pay 100 percent of their premium costs. To determine the healthcare plan costs, the District is required to commingle the claims experience of the retiree group with that of the active employees. The table listed below summarizes monthly retire contributions for the measurement period ending September 30, 2017.

Period	Plan	Retiree	Retiree + Family
October-December 2016	Blue Options	\$719.30	\$1,589.21
January-September 2017	Blue Options	\$766.70	\$1,695.89

**Date Relationships and Funded Status**

The Valuation Date is October 1, 2017. This is the date as of which the actuarial valuation is performed. The Measurement Date is September 30, 2017. This is the date as of which the total OPEB liability is determined. The Reporting Date is September 30, 2018. This is the District's fiscal year ending date. There is a one-year lag between the measurement date and the reporting date, as allowed by GASB 75.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**(8) Other Post-Employment Benefits (OPEB) (Continued):**

As of October 1, 2017, the most recent actuarial valuation date, the OPEB plan is funded on a pay-as-you-go basis with no accumulated net assets. The actuarial total OPEB liability was determined by an actuarial valuation as of October 1, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Net OPEB Obligation* - The District has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflow of resources, and expense/expenditures of OPEB that is provided to the employees of state and local governmental employers. This resulted in a \$538,007 prior period adjustment for the fiscal year ending September 30, 2017, necessary to transition to GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

Net OPEB Obligation/(asset) on September 30, 2017	\$3,587,173
Prior-period adjustment	<u>792,050</u>
Total OPEB liability on October 1, 2017	<u><u>\$4,379,223</u></u>
Beginning balance deferred outflow of resources: implicit rate subsidy	
On September 30, 2017	\$ 0
Prior-period adjustment	<u>254,043</u>
Balance deferred outflow of resources: implicit rate subsidy	
On October 1, 2017	<u><u>\$ 254,043</u></u>
Prior-period adjustment	\$ 792,050
Prior-period adjustment	<u>(254,043)</u>
Total prior-period adjustment total (see Note (t))	<u><u>\$ 538,007</u></u>

*Total OPEB Liability* - The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below. There have been no significant changes between the valuation date and the fiscal year end. Any significant changes during this period must be reflected as prescribed by GASB 75.

Total OPEB Liability	Reporting Date	9/30/2017	9/30/2018
	Measurement Date	<u>9/30/2016</u>	<u>9/30/2017</u>
Total OPEB Liability		\$ 4,379,223	\$ 4,369,253
Covered payroll		\$33,845,129	\$33,304,110
Total OPEB liability as a % of covered payroll		12.9%	13.1%

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(8) Other Post-Employment Benefits (OPEB) (Continued):**

Changes in Total OPEB Liability

	Amount Recognized Increase (Decrease) Total OPEB Liability
Balance as of September 30, 2017	\$ 4,379,223
Changes for the year:	
Service Cost	121,964
Interest on total OPEB liability	163,393
Effect of differences between expected and actual experience	(52,288)
Implicit Rate Subsidy	(243,039)
Balance of September 30, 2018	\$ 4,369,253

As of September 30, 2018, the District's OPEB expense for the reporting period are as follows:

OPEB Expense for Reporting Period	October 1, 2017 to September 30, 2018
Service Cost	\$ 121,964
Interest on total OPEB liability	163,393
Recognition of Deferred Inflows/Outflows of Resources	
-Differences between expected and actual experience	(8,300)
OPEB Expense	\$ 276,987

As of September 30, 2018, the deferred inflows and outflows of resources are as follows:

<u>Deferred Inflows/Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 43,988
Employer contributions subsequent to measurement date	243,039	-
Total	\$ 243,039	\$ 43,988

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(8) Other Post-Employment Benefits (OPEB) (Continued):**

The deferred outflows of resources related to OPEB, totaling \$243,039 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the total liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense, amortized over a closed period equal to the average of the expected remaining service lives of all employees that are proved with benefits through the OPEB plan beginning in the current period are as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2019	\$ 7,038
2020	7,038
2021	7,038
2022	7,038
2023	7,038
Thereafter	8,798
Total	<u>\$ 43,988</u>

Discount Rate - The discount rate was based on the Bond Buyer's 20-Bond GO Index. The discount rate used for the September 30, 2017 measurement date was 3.63 percent and the discount rate used for September 30, 2018 year end disclosures will be based on the index as of September 2018, which is 4.24 percent per annum.

Other Key Actuarial Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used includes techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The provisions of the Plan were assumed to remain in place in future years. No improvements to post-retirement benefits in future years were assumed.

2017 PPA Mortality Table (RP-2014, base year 2006, adjusted to 2017 with Mortality Improvement Scale MP-2016). Sample rates of mortality per 1000 lives are as follows:

<u>Age</u>	<u>Males</u>	<u>Females</u>
35	0.7	0.3
45	1.0	0.7
55	2.1	2.1
65	9.0	8.6
75	26.9	23.0
85	93.6	67.0

The above rates give consideration to future mortality improvements.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(8) Other Post-Employment Benefits (OPEB) (Concluded):**

The trend assumptions for medical and pharmacy costs are summarized below:

<u>Year</u>	<u>Percentage Trend</u>
2017	7.0%
2018	6.5%
2019	5.5%

The ultimate healthcare trend rate is 4.5 percent. Salary increases assumed at 2.5 percent.

Election of Coverage - It is assumed that 50 percent of retirees elect medical coverage. It is further assumed that no retirees continue coverage after Medicare eligibility. Currently, only one retiree has declined Medicare coverage, and this retiree is assumed to continue to decline Medicare coverage at a 50 percent rate.

It is also assumed that 30 percent of retirees elect spousal coverage. It is assumed that retirees do not choose dependent coverage other than for their spouse.

Sensitivity Analysis - The following presents the total OPEB liability of the District, calculated using the discount rate of 4.24 percent, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.24 percent) or one percentage higher (5.24 percent) than the current rate.

Discount Rate Sensitivity

	1% Decrease (3.24%)	Current Discount Rate (4.24%)	1% Increase (5.24%)
Total OPEB Liability	\$4,874,717	\$4,369,253	\$3,958,383

The following presents the total OPEB liability of the District, calculated using the current healthcare cost trend rates as well what the District's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

Health Trend Rate Sensitivity

	1% Decrease (6.0%)	Current Trend Rate (7.0%)	1% Increase (8.0%)
Total OPEB Liability	\$3,934,397	\$4,369,253	\$4,904,804

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(9) Long-Term Obligations:** Changes in long-term liabilities for the fiscal year ended September 30, 2017, are summarized as follows:

Governmental Activities:	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
General long-term obligations:					
Accrued compensated absences	\$ 5,036,045	\$ 2,387,041	\$ 3,423,691	\$ 3,999,395	\$ 506,323
Pension (FRS)	37,725,528	-	2,140,389	35,585,139	-
OPEB (Note 1(t))	4,379,223	-	9,970	4,369,253	-
Claims and judgments	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>
Total governmental activity long-term obligations	<u>\$48,340,796</u>	<u>\$ 2,387,041</u>	<u>\$ 6,774,050</u>	<u>\$ 43,953,787</u>	<u>\$ 506,323</u>

The District is committed under a 10-year non-cancelable operating lease for office space at its Maitland Service Center. Future minimum lease payments for this lease is as follows:

<u>Year-Ending September 30</u>	<u>Total</u>
2019	\$ 458,634
2020	472,487
2021	486,553
Total Lease Payments	<u>\$ 1,417,674</u>

Net pension and other post-employment benefit liabilities, claims and judgments, and compensated absences are generally liquidated by the general fund.

**(10) Contingent Liabilities:**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's management, the resolution of these matters will not have a material adverse effect on the financial condition of the District. There are no material contingent liabilities outstanding at this time.

The District settled the Coy A. Koontz v. St. Johns River Water Management District lawsuit for inversely condemning his property. The District paid \$602,990.31 to Mr. Koontz on 3/21/2016 as satisfaction of inverse condemnation judgment and paid for his legal fees of \$15,856.05 in FY 2012–2013, \$2,000,000.00 in FY 2016–2017 and \$645,463.70 in FY 2017–2018. The District finalized the Rose Bay project contract settlement along with our project partners, U.S. Army Corps of Engineers, Volusia County and city of Port Orange. The District paid \$287,307.98 towards the legal costs for the contract settlement. Of this amount, \$82,549 was paid in FY 2009–2010 and \$204,758.98 in FY 2017–2018.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(11) Retirement Plans:**

**Florida Retirement System (FRS):**

**General Information** — All of the District's employees participate in the FRS. As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the state of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The state of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com](http://www.dms.myflorida.com).

**Pension Plan**

**Plan Description** — The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

**Benefits Provided** — Benefits under the Pension Plan are computed on the basis of age, average final compensation and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6 percent of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0 percent of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age. Also, the final average compensation for all these members will be based on the eight highest years of salary.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(11) Retirement Plans (Continued):**

In Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of the three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

**Contributions** — Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2017, through June 30, 2018, and from July 1, 2018, through September 30, 2018, respectively, were as follows: Regular—7.92 percent and 8.26 percent; Senior Management Service—22.71 percent and 24.06 percent; and DROP participants—13.26 percent and 14.03 percent. These employer contribution rates include a 1.66 percent HIS Plan subsidy and a 0.06 percent administrative/educational fee.

The District's contribution to the FRS for the year ended September 30, 2018, was \$2,534,947.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** — At September 30, 2018, the District reported a liability of \$24,598,682 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017–2018 fiscal year contributions relative to the 2016–17 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.081667525 percent, which was a decrease of 6.22 percent from its share measured as of June 30, 2017.

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**(11) Retirement Plans (Continued):**

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2018, was 6.4 years for FRS and 7.2 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended September 30, 2018, are presented below for the FRS Pension Plan.

Service cost	\$ 1,979,610
Interest cost	10,492,586
Effect of plan changes	-
Effect of economic/demographic gains or losses (differences Between expected and actual experience)	528,046
Effect of assumptions changes or inputs	1,906,509
Member contributions	(609,542)
Projected investment earnings	(8,738,219)
Net difference between projected and actual investment earnings	(1,356,789)
Administrative expenses	16,478
Total	4,218,679
Net amortization of employer-specific amounts due to changes in employer proportion	(289,158)
Total employer total pension expense	<u>\$ 3,929,521</u>

For the fiscal year ended September 30, 2018, the District recognized pension expense of \$3,929,521. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**SEPTEMBER 30, 2018**

**(11) Retirement Plans (Continued):**

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 2,083,878	\$ 75,635
Change of assumptions	8,037,653	-
Net differences between projected and actual earnings on Pension Plan investments	-	1,900,548
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	204,747	1,793,227
District Pension Plan contributions subsequent to the measurement date	<u>565,707</u>	<u>-</u>
Total	<u>\$10,891,985</u>	<u>\$ 3,769,410</u>

The deferred outflows of resources related to the Pension Plan, totaling \$565,707 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2019	\$ 941,362
2020	941,362
2021	941,362
2022	941,362
2023	941,362
Thereafter	<u>1,850,060</u>
Total	<u>\$ 6,556,868</u>

**Actuarial Methods and Assumptions** — The FRS Actuarial Assumptions Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60 percent. Payroll growth, including inflation, for both plans is assumed at 3.25 percent. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.00 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**(11) Retirement Plans (Continued):**

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87 percent was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the FRS CAFR for more information – see Note 5). The following changes in actuarial assumptions occurred in 2018:

- FRS: The long-term expected rate of return and the discount rate was decreased from 7.10 percent to 7.00 percent, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.58 percent to 3.87 percent.

The long-term expected investment rate of return assumption of 7.00 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.40 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent adopted in October 2018 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 7.00 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 7.00 percent reported investment return assumption differs from the 7.4 percent investment return assumption chosen by the 2018 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate	11%	6.6%	6.0%
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
	<u>100%</u>		

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**(11) Retirement Plans (Continued):**

**Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** — The following represents the District's proportionate share of the net pension liability calculated using the discount rate of (7.00 percent), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of net pension liability(asset)	\$44,893,626	\$24,598,682	\$ 7,742,531

**Pension Plan Fiduciary Net Position** — Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**HIS Plan**

**Plan Description** — The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, *Florida Statutes*. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs.

**Benefits Provided** — For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, *Florida Statutes*. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of health insurance coverage, which may include Medicare.

**Contributions** — The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution rate was 1.66 percent. and the District's contributions totaled \$561,468. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
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**(11) Retirement Plans (Continued):**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** — At September 30, 2018, the District reported a liability of \$10,986,457 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation update as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017–2018 fiscal year contributions relative to the 2016–2017 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.103801405 percent, which was a decrease of 8.9 percent from its proportionate share measured as of June 30, 2017.

The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended September 30, 2018, are presented below for the HIS Plan.

Service cost	\$ 268,275
Interest cost	404,519
Effect of economic/demographic gains or losses (differences between expected and actual experience)	22,684
Effect of assumptions changes or inputs	125,979
Projected investment earnings	(7,563)
Member contributions	(246)
Net difference between projected and actual investment earnings	3,649
Administrative expenses	<u>175</u>
Total	817,473
Net amortization of employer-specific amounts due to changes in employer proportion	<u>(316,944)</u>
Total employer total pension expense	<u>\$ 500,529</u>

For the fiscal year ended September 30, 2018, the District recognized pension expense of \$500,529. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 168,198	\$ 18,666
Change of assumptions	1,221,830	1,161,580
Net difference between projected and actual earnings on HIS Plan investments	6,632	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	-	1,541,083
District HIS Plan contributions subsequent to the measurement date	<u>127,532</u>	<u>-</u>
Total	<u>\$ 1,524,192</u>	<u>\$ 2,721,329</u>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(11) Retirement Plans (Continued):**

The deferred outflows of resources related to the HIS Plan, totaling \$127,532 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2019	(\$ 183,577)
2020	(183,577)
2021	(183,577)
2022	(183,577)
2023	(183,577)
Thereafter	<u>(406,786)</u>
Total	<u><u>(\$1,324,669)</u></u>

**Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate** — The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 3.87 percent , as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87 percent) or one percentage point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
District's proportionate share of net pension liability (asset)	\$12,512,931	\$10,986,457	\$9,714,053

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the state of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, *Florida Statutes*, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(11) Retirement Plans (Continued):**

The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class and Senior Management), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. As established by Section 121.72, *Florida Statutes*, fiscal year 2018 contributions are based on a percentage of gross compensation, by class, as follows: Regular class 8.26 percent and Senior Management Service class 24.06 percent for the employer contribution and 3 percent for all employee contributions. For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings.

If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years.

If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The District's Investment Plan pension contributions totaled \$648,169 for the fiscal year ended September 30, 2018.

**Aggregate Financial Pension Disclosure** — Below are the aggregate pension liabilities, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense for the period associated with net pension liabilities:

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(11) Retirement Plans (Concluded):**

	Proportionate Share of Pension Liabilities	Pension Expense	Pension Deferred Outflows of Resources	Pension Deferred Inflows of Resources
FRS Pension Plan	\$ 24,598,682	3,929,521	10,891,985	3,769,410
HIS Plan	<u>10,986,457</u>	<u>500,529</u>	<u>1,524,192</u>	<u>2,721,329</u>
Total	<u>\$ 35,585,139</u>	<u>\$ 4,430,050</u>	<u>\$ 12,416,177</u>	<u>\$ 6,490,739</u>

**Deferred Compensation** — The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all regular payroll District employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen financial emergency. The District ceased matching contributions to the 401a plan as of September 30, 2011. Participation under the 457 plan is solely at the discretion of the employee.

As of September 30, 2018, 426 employees and former employees had \$7,666,300 actively invested in the 401a plan. The District has no liability for losses under the 457 or 401a plan but does have the duty of due care that would be required of an ordinary prudent investor. The District does not have a fiduciary relationship with the plan. Therefore, the assets and liabilities related to the plan are not recorded in the District's financial statements.

**(12) State Trust Funds:**

According to *Florida Statute*, the District is entitled to monies from the state of Florida that are allocated and appropriated to various trust funds. The Florida Department of Environmental Protection has oversight responsibility for the trust funds and releases funds to the District for various programs when eligibility requirements have been met. It is the District's policy to recognize monies received through these state trust funds as intergovernmental revenues at the time an eligible cost has been incurred. Some state trust fund monies are advanced to the District before all eligibility requirements are met. These monies are classified as unearned revenue in the special revenue fund until the eligibility requirements are met, then they are recognized as state revenue.

The Alternative Water Supply Program was established in 2005 pursuant to Chapter 373.1961, *Florida Statutes*. The program is funded through a distribution of a portion of revenues received by the Florida Water Protection and Sustainability Trust Fund from documentary stamp taxes collected by the state. The program was established for the development of alternative water supplies. The monies are available to assist counties, municipalities, special districts, publicly owned and privately owned water utilities, multi-jurisdictional water supply entities, or regional water supply authorities. Revenues received and expenditures made from the trust fund are accounted for in the special revenue fund.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(12) State Trust Funds (Concluded):**

The Land Acquisition Trust Fund was established in 2015 pursuant to Chapter 20.106, *Florida Statutes*. The program is funded through a distribution of a portion of revenues received by the trust fund from documentary stamp taxes collected by the state. The trust fund was established with the primary purpose of maintaining and enhancing the habitat value for fish and wildlife. Other uses may be allowed that are not contrary to this purpose. Revenues received and expenditures made from the trust fund are accounted for in the special revenue fund.

**(13) Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. For road vehicles, the District only insures for auto liability. All personal property (contents) are insured regardless of value at each insured location specifically listed on the property schedule. Settlements have not exceeded insurance coverage for any of the past three fiscal years.

**(14) Mitigation Bank Financial Responsibility Assurances:**

The District is authorized by Section 373.4136, *Florida Statutes*, to permit the establishment of mitigation banks. A permit applicant proposing the establishment of a mitigation bank is required to demonstrate the financial ability to conduct the mitigation activities, any necessary site management, monitoring of the mitigation, and any necessary corrective action indicated by the monitoring. The mitigation banks can provide the demonstrated financial assurance by obtaining a surety bond, performance bond, irrevocable letter of credit, or establishing a trust fund. If a bond or an irrevocable letter of credit is used, a standby trust fund shall be established in which all payments under the bonds or letters of credit shall be directly deposited. If the mitigation banks fail to comply with the terms and conditions of the permit, the District may draw upon the financial assurance provided by the mitigation bank. As of September 30, 2018, the District estimates the value of the financial assurances provided by the various mitigation banks is \$18,414,412.

**(15) Fund Balance Disclosure:**

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Nonspendable fund balance – includes fund balance amounts that cannot be spent either because they are (a) not in spendable form such as inventory assets and prepaid items, such as leases, software licenses, insurances, advanced employee Health Savings Account contributions and tax collector and property appraiser commissions or (b) legally or contractually required to be maintained intact such as a permanent endowment fund.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(15) Fund Balance Disclosure (Continued):**

Spendable Fund Balance –

- Restricted – includes fund balance amounts that are restricted to specific purposes. The restrictions placed on the use of resources that identify and describe circumstances under which a need for funds arise must either be (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use by taking the same type of action it employed to previously commit those amounts. Fund balance may be committed for such purposes including, but not limited to: (a) future major maintenance and repair projects; (b) meeting future obligations resulting from a disaster; (c) accumulating resources pursuant to stabilization arrangements; and/or (d) for setting aside amounts for specific projects.

Commitment of fund balance may be made from time-to-time by resolution of the Governing Board. Commitments may be changed or lifted only by the Governing Board taking the same formal action that imposed the constraint originally (i.e., by resolution).

- Assigned – includes fund balance amounts that executive management intends for specific purposes that do not meet the accounting standards definition of restricted or committed.
- Unassigned – includes the residual classification for the General Fund and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District's General Fund Balance and Reserves Policy is to set aside reserves to provide sufficient liquidity for operations pending initial property tax distributions, address unforeseen and unexpected events, emergencies, and to offset unexpected downturns in revenues from budgeted estimates, and constrain resources for specific future purposes. The District will maintain Fund Balance, as defined herein, in accordance with Governmental Accounting Standards Board (GASB) Standard Number 54 and as recommended by the Government Finance Officers Association.

The District reduces restricted fund balance amounts first when both restricted and unrestricted fund balances including committed, assigned and unassigned are available, and when expenditures are incurred for the purposes for which amounts in the restricted fund balance could be used unless there are legal documents/contracts that prohibit doing this or perpetual land management/acquisition endowments, which the District would prefer to preserve into the future, therefore, using other available revenues to fund these ongoing expenditures. Regarding unrestricted fund balance, committed amounts would be reduced first, followed by assigned fund

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(15) Fund Balance Disclosure (Continued):**

balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The District designates an Economic Stabilization Reserve within the District's General Fund balance equal to two months (16.7 percent) of operating expenditures (excludes fixed capital outlay and cooperative funding) of the General Fund based on the subsequent year's approved budget. The Economic Stabilization Reserve shall be reported as Committed Fund Balance and established annually for the next fiscal year prior to the end of the current fiscal year by inclusion in the Governing Board resolution establishing Committed Fund Balance amounts. The purpose of the Economic Stabilization Reserve is to provide sufficient funds for unforeseen and unexpected events, meet major emergencies and ensure the District's continued orderly operational and financial stability. Utilization of funds from the Economic Stabilization Reserve is limited to the following circumstances:

- (1) when a state of emergency is declared by the Governor or President of the United States; or
- (2) when the Governing Board determines through a resolution that: (a) an emergency or other circumstances has arisen that creates an unanticipated need for additional revenues that are not available through other funding sources; (b) the underlying condition directly impacts the citizens and/or environment within District boundaries; and (c) remedial action cannot wait until the next fiscal year. In the event of an emergency, the Executive Director or his/her designee may take necessary action as a time sensitive matter in accordance with District Policy 120; or
- (3) when anticipated or realized revenues from ad valorem sources within a specific fiscal period are at least 10 percent less than the revenue realized over the prior year.

If funds are appropriated from the Economic Stabilization Reserve, the District is required to re-establish the minimum Economic Stabilization Reserve balance within the three fiscal-year period following the year in which such funds are appropriated. A schedule of District fund balances at September 30, 2018, follows:

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(15) Fund Balance Disclosure (Concluded):**

<b>Fund Balances:</b>	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total All Funds</b>
<b><u>Nonspendable:</u></b>				
Inventories and Prepaid Costs	\$ 1,322,613	\$ -	\$ -	\$ 1,322,613
<b><u>Spendable:</u></b>				
<b><u>Restricted for:</u></b>				
Mitigation Endowment	-	13,778,216	-	13,778,216
Water Protection and Sustainability	-	578,810	-	578,810
<b>Total Restricted</b>	-	14,357,026	-	14,357,026
<b><u>Committed for:</u></b>				
Cooperative Projects Funding Program	54,268,365	-	-	54,268,365
Economic Stabilization Reserve	11,506,588	-	-	11,506,588
Land Management/Acquisition	-	6,095,032	-	6,095,032
North Florida Water Supply Partnership	4,498,960	-	-	4,498,960
Lake Apopka & UORB Restoration	3,911,407	-	-	3,911,407
St Johns River Basin Restoration	2,409,269	-	781,081	3,190,350
Flood Protection–Levee/Structure Rehab	2,269,053	-	23,488	2,292,541
Springs Protection	1,518,874	-	-	1,518,874
Indian River Lagoon Protection	1,304,303	-	72,633	1,376,936
<b>Total Committed</b>	81,686,819	6,095,032	877,202	88,659,053
<b><u>Assigned for:</u></b>				
Future Service Center	9,913,085	-	-	9,913,085
Surface Water Projects	888,343	-	93,082	981,425
Works	143,464	-	245,700	389,164
Minimum Flows and Levels	270,826	-	-	270,826
Research, Data Collection and Analysis	267,208	-	-	267,208
Water Resource Development Projects	249,872	-	-	249,872
Emergency Management	93,193	-	-	93,193
Facilities	79,998	-	-	79,998
Technology and Information Services	25,003	-	-	25,003
Other Water Source Development	12,348	-	-	12,348
<b>Total Assigned</b>	11,943,340	-	338,782	12,282,122
<b><u>Unassigned:</u></b>	9,008,187	-	-	9,008,187
<b>Totals All Funds</b>	<b>\$ 103,960,959</b>	<b>\$ 20,452,058</b>	<b>\$ 1,215,984</b>	<b>\$125,629,001</b>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(16) Classification of Expenditures by State of Florida Categories:**

The state of Florida uses the following expenditure categories in their Comprehensive Annual Financial Report – Other Required Supplementary Information and Combining and Individual Fund Statements and Schedules – Nonmajor Funds sections, Budgetary Comparison Schedules, below is a schedule of the District’s budget and expenditures classified by these categories:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Salaries and benefits	\$50,542,686	\$50,542,686	\$48,278,442	\$ 2,264,244
Expenses	31,193,593	29,817,715	22,122,628	7,695,087
Grants and aids	102,407,314	116,193,570	65,300,770	50,892,800
Operating capital outlay	3,986,611	4,076,936	2,319,346	1,757,590
Fixed capital outlay	<u>10,668,940</u>	<u>13,394,145</u>	<u>8,215,382</u>	<u>5,178,763</u>
Total expenditures	<u>\$198,799,144</u>	<u>\$214,025,052</u>	<u>\$146,236,568</u>	<u>\$ 67,788,484</u>

A further breakdown using the state of Florida model detailed by fund is presented in the Required Supplemental Information Other Than MD&A and Combining and Other Supplemental Information sections in the Budget and Actual schedules presented as set forth in Section under 373.536(5)(e)4, *Florida Statutes*.

**(17) Implementation of Accounting Standards:**

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the District’s fiscal year beginning October 1, 2018. The objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The District is currently evaluating the effect that Statement No. 87 will have on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Indirect Placements*, effective for the District’s fiscal year beginning October 1, 2018. The objective of Statement No. 88 is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The District is currently evaluating the effect that Statement No. 88 will have on its financial statements.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**(17) Implementation of Accounting Standards (Concluded):**

In June 2018, the GASB issued Statement No. 89, *Accounting For Interest Cost Incurred Before The End Of A Construction Period*, effective for the District's fiscal year beginning October 1, 2018. The objectives of Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of the construction period. The District is currently evaluating the effect that Statement No. 89 will have on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment Of GASB Statements No. 14 and No. 61*, effective for the District's fiscal year beginning October 1, 2018. The primary objectives of Statement No. 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The District is currently evaluating the effect that Statement No. 90 will have on its financial statements.





*Required Supplementary Information  
Other Than MD&A (Unaudited)*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES</b>			
Ad valorem property taxes	\$ 85,347,445	\$ 85,347,445	\$ 85,496,445
Investment earnings	1,000,000	1,000,000	(82,872)
Regulatory permits	2,100,000	2,100,000	1,968,953
Fines and penalties	-	-	329,859
Other	215,000	215,000	442,493
<b>Total revenues</b>	<b>88,662,445</b>	<b>88,662,445</b>	<b>88,154,878</b>
<b>EXPENDITURES</b>			
Water resources planning and monitoring			
Salaries and benefits	10,709,195	10,774,089	10,758,356
Contracted services	3,140,782	3,096,682	2,056,974
Expenses	1,046,438	1,053,847	769,890
Operating capital outlay	675,541	675,541	573,946
Fixed capital outlay	586,329	515,481	168,021
Grants and aids	-	15,000	15,000
<b>Total water resources planning and monitoring</b>	<b>16,158,285</b>	<b>16,130,640</b>	<b>14,342,187</b>
Acquisition, restoration and public works			
Salaries and benefits	9,647,759	9,568,517	9,032,821
Contracted services	2,293,701	2,359,901	1,361,711
Expenses	142,229	155,611	124,108
Operating capital outlay	1,628,000	1,609,628	6,400
Fixed capital outlay	92,590	92,962	72,359
Grants and aids	51,475,780	51,210,580	28,930,477
<b>Total acquisition, restoration and public works</b>	<b>65,280,059</b>	<b>64,997,199</b>	<b>39,527,876</b>
Operation and maintenance of lands and works			
Salaries and benefits	7,327,830	7,393,302	7,007,946
Contracted services	1,608,271	1,724,973	1,446,137
Expenses	6,957,499	5,646,804	3,688,154
Operating capital outlay	810,000	905,992	863,618
Fixed capital outlay	273,208	1,579,557	1,361,679
<b>Total operation and maintenance of lands and works</b>	<b>16,976,808</b>	<b>17,250,628</b>	<b>14,367,534</b>

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
Regulation			
Salaries and benefits	11,310,677	11,409,135	10,541,680
Contracted services	92,500	82,500	68,300
Expenses	182,529	185,320	119,244
Operating capital outlay	-	1,285	1,285
Total regulation	<u>11,585,706</u>	<u>11,678,240</u>	<u>10,730,509</u>
Outreach			
Salaries and benefits	981,971	939,521	877,562
Contracted services	18,000	18,000	-
Expenses	92,086	81,655	64,259
Operating capital outlay	-	7,231	7,179
Grants and aids	30,000	30,000	-
Total outreach	<u>1,122,057</u>	<u>1,076,407</u>	<u>949,000</u>
Management and administration			
Salaries and benefits	10,152,126	10,044,993	9,761,590
Contracted services	3,431,612	3,546,477	2,634,351
Expenses	4,910,644	4,919,574	4,115,230
Operating capital outlay	513,171	486,310	485,974
Total management and administration	<u>19,007,553</u>	<u>18,997,354</u>	<u>16,997,145</u>
<b>Total expenditures</b>	<u>130,130,468</u>	<u>130,130,468</u>	<u>96,914,251</u>
<b>Excess of revenues over</b>			
<b>    (under) expenditures</b>	<u>(41,468,023)</u>	<u>(41,468,023)</u>	<u>(8,759,373)</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	330,320
Transfers out	(5,695,000)	(5,695,000)	(3,400,666)
Sale of capital assets	125,000	125,000	92,850
Insurance/ loss recovery	-	-	228,214
Total other financing sources (uses)	<u>(5,570,000)</u>	<u>(5,570,000)</u>	<u>(2,749,282)</u>
<b>Net change in fund balance</b>	<u>(47,038,023)</u>	<u>(47,038,023)</u>	<u>(11,508,655)</u>
<b>Fund balance, beginning of year</b>	<u>115,469,614</u>	<u>115,469,614</u>	<u>115,469,614</u>
<b>Fund balance, end of year</b>	<u><u>\$ 68,431,591</u></u>	<u><u>\$ 68,431,591</u></u>	<u><u>\$ 103,960,959</u></u>

The accompanying notes to the Required Supplemental Information are an integral part of this schedule.

(Concluded)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted		
	Original	Final	Actual
REVENUES			
State			
Dept. of Environmental Protection	\$ 45,427,871	\$ 43,998,903	\$ 19,656,700
Fish & Wildlife Conservation Commission	5,779,607	5,879,607	2,842,291
Dept. of Transportation	944,974	944,974	458,629
Dept. of Highway Safety & Motor Vehicles	160,000	160,000	130,663
Total State	52,312,452	50,983,484	23,088,283
Federal			
Department of Agriculture	140,000	140,000	137,568
Department of Defense	-	15,251,815	14,479,252
Environmental Protection Agency	93,362	409,362	94,473
Department of Commerce	10,940	10,940	10,940
Total Federal	244,302	15,812,117	14,722,233
Investment earnings	-	-	255,851
Local mitigation	-	-	70,859
Cities and counties	509,859	509,859	496,034
Lease and timber sales	2,090,000	2,090,000	1,610,489
Other			
Florida Inland Navigation District	1,578,864	1,578,864	1,500,000
Water management districts	212,440	212,440	194,720
Other local - well plugging	-	-	26,389
Total Other	1,791,304	1,791,304	1,721,109
Total revenues	56,947,917	71,186,764	41,964,858
EXPENDITURES			
Water resources planning and monitoring			
Salaries and benefits	234,364	234,364	167,754
Contracted services	318,995	368,996	270,111
Expenses	83,625	83,625	48,359
Operating capital outlay	8,900	8,900	5,941
Grants and aids	265,000	265,000	122,259
Total water resources planning and monitoring	910,884	960,885	614,424

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	
Acquisition, restoration and public works			
Salaries and benefits	178,764	178,764	130,734
Contracted services	563,813	563,813	495,243
Expenses	10,000	10,000	4,256
Fixed capital outlay	3,458,043	4,869,601	3,087,709
Grants and aids	50,490,860	64,652,206	36,233,034
Total acquisition, restoration and public works	54,701,480	70,274,384	39,950,976
Operation and maintenance of lands and works			
Contracted services	3,186,196	2,876,553	2,269,232
Expenses	2,734,373	2,655,315	2,227,182
Operating capital outlay	350,998	382,049	375,002
Fixed capital outlay	307,585	385,359	245,536
Grants and aids	145,675	20,784	-
Total operation and maintenance of lands and works	6,724,827	6,320,060	5,116,952
Management and administration			
Contracted services	379,300	386,820	358,836
Expenses	1,000	1,250	1,051
Total management and administration	380,300	388,070	359,887
<b>Total expenditures</b>	<b>62,717,491</b>	<b>77,943,399</b>	<b>46,042,239</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(5,769,574)</b>	<b>(6,756,635)</b>	<b>(4,077,381)</b>
<b>Other financing sources (uses)</b>			
Transfers out	-	-	(330,320)
Sale of capital assets	195,555	1,182,616	1,137,646
Total other financing sources (uses)	195,555	1,182,616	807,326
<b>Net change in fund balance</b>	<b>(5,574,019)</b>	<b>(5,574,019)</b>	<b>(3,270,055)</b>
<b>Fund balance, beginning of year</b>	<b>23,722,113</b>	<b>23,722,113</b>	<b>23,722,113</b>
<b>Fund balance, end of year</b>	<b>\$ 18,148,094</b>	<b>\$ 18,148,094</b>	<b>\$ 20,452,058</b>

The accompanying notes to the Required Supplemental Information are an integral part of this schedule.  
(Concluded)





## *Notes to Budgetary Comparison Schedules*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**SEPTEMBER 30, 2018**

**Budgetary Information** — Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for all governmental funds and may be amended by the District's Governing Board for supplemental budgetary appropriations. Appropriations validly encumbered at year end are carried forward to the following fiscal year and added to the adopted budget. Appropriations that are not expended or encumbered lapse at the end of the fiscal year.

Budgetary control is exercised by fund and major expenditure program category. The major categories are water resources planning and monitoring; acquisition, restoration and public works; operation and maintenance of lands and works; regulation; outreach; and District management and administration [see note 1(f) of the Notes to Financial Statements for more information]. Any excess of appropriations over estimated revenues represents an appropriation of beginning fund balance.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as commitments and assignments of fund balances and do not constitute expenditures or liabilities because the commitments or assignments will be re-appropriated and honored during the subsequent year.

The following procedures are followed by the Governing Board, acting in its capacity as the Taxing Authority of the District, in establishing the budget for the District.

On or before July 15, the executive director, as District budget officer, submits to the Governing Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes all proposed expenditures and all anticipated balances and receipts, including millage rates pursuant to Chapter 373.536, (F.S.)

Two public hearings are held to obtain taxpayers' comments. The budget is tentatively adopted during the first public hearing. The budget is finally adopted during the second public hearing. The budget is legally enacted through passage of a millage resolution and a budget resolution.

In accordance with *Florida Statute 373.536*, the Governing Board is authorized to amend the adopted budget for the receipt of unanticipated revenues, following the review and approval by the Executive Office of the Governor. Governing Board authorization to transfer budgeted amounts within each fund is delegated to the executive director between programs, major expenditure categories, object codes and/or projects within certain limits as specified within the District's Internal Budget Transfer Policy #330, The Governing Board must approve any transfers that exceed the policy thresholds.

Formal budgetary integration is employed as a management control device during the year for all governmental fund types.



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**Required Supplementary Information**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**(unaudited)**

	<b>2018</b>	<b>2017</b>
Total OPEB Liability-Beginning Balance	\$4,379,223	\$3,932,725
Service Cost	121,964	105,467
Interest on total OPEB liability	163,393	161,528
Effect of differences between expected and actual experience	(52,288)	389,909
Implicit Rate Subsidy	(243,039)	(210,406)
Net Change in total OPEB liability	(9,970)	446,498
Total OPEB liability-Ending Balance	4,369,253	4,379,223
Annual Covered Payroll	33,304,110	33,845,129
Total OPEB liability as a % of covered payroll	13.1%	12.9%

The amounts presented for each fiscal year were determined as of the measurement date.

Schedule is intended to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. Additional years will be displayed as they become available.

The discount rate used for the September 30, 2017, measurement date was 3.63 percent and the discount rate used for September 30, 2018, year end disclosures will be based on the index as of September 2018, which is 4.24 percent per annum.

See accompanying notes to required supplementary information.

See accompanying Independent Auditors Report

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**Notes to Required Supplementary Information**  
**For the years Ended September 30, 2018**  
**(unaudited)**

**Florida Retirement System (FRS) Pension Plan**

*Changes in assumptions*-Amounts reported in 2017 reflect an adjustment to the discount rate used for the Florida Retirement System (FRS) Pension Plan. The discount rate used to measure the total pension liability decreased from 7.1 percent to 7.0 percent as of June 30, 2018. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 7.0 percent rate of return assumption used in the June 30, 2018, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per the Actuarial Standard of Practice Number 27 (ASOP 27). For additional information regarding the depletion date projection, refer to the 2017 GASB 67 Supplement to the FRS Actuarial Valuation available from Valuations on the Publications page of the Division of Retirement's website at [www.frs.myflorida.com](http://www.frs.myflorida.com).

Mortality rate were based on the Generational RP-2000 with Projection Scale BB tables. The active member mortality assumption was updated.

**Florida Retirement System (FRS) Pension Plan Contribution Rates**

For information on the actuarial methods and assumptions used in the July 1, 2018, funding valuation, refer to the valuation report dated December 1, 2018, located on the Publications page of the Division of Retirement's website at [www.frs.myflorida.com](http://www.frs.myflorida.com).

**Health Insurance Subsidy (HIS) Program**

*Changes in assumptions*-Amounts reported in 2018 reflect an adjustment to the discount rate used for the Health Insurance Subsidy. The discount rate used to measure the total pension liability was increased from 3.58 to 3.87 percent as of June 2018. In general, the discount rate for calculating the total pension liability under GASB 67 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The discount rate used in 2018 and 2017 differ due to the changes in the applicable municipal bond index. The discount rate reflects the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

**Health Insurance Subsidy (HIS) Program Contribution Rates**

The HIS essentially uses "pay-as-you-go" funding structure. As of June 30, 2018, accumulated HIS assets constituted approximately five months of projected benefit payments. The ability of the current statutory contribution rate to pay full HIS benefits is very sensitive to near-term demographic experience, particularly the volume and timing of retirements and the amount of payroll on which the statutory rate is charged.

### **Other Postemployment Benefits (OPEB)**

*Actuarial Valuation.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employments, mortality, and the healthcare cost trend. The OPEB plan is funded on a pay as you go basis; there are no assets accumulated in a trust to pay related benefits. Liability for retiree dental and vision benefits are reflected as 0 in the valuation. The estimated impact of including dental and vision benefits is less than 1.0 percent.

See accompanying Independent Auditor's Report.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
St. Johns River Water Management District's proportion of the net pension liability (asset)	0.081667525%	0.087082390%	0.088007698%	0.098383092%
St. Johns River Water Management District's proportionate share of the net pension liability (asset)	\$ 24,598,682	\$ 25,758,387	\$ 22,222,013	\$ 12,707,496
St. Johns River Water Management District's covered payroll	33,903,289	35,691,411	36,080,549	37,304,382
St. Johns River Water Management District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	72.56%	72.17%	61.59%	34.06%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

\*The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Florida Retirement System's Comprehensive Annual Financial Report.

Note 3: Refer to GASB 68, paragraph 81a - the information in this schedule should be determined as of the measurement date of the collective net pension liability.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,327,459	\$ 2,266,969	\$ 2,146,208	\$ 2,398,663	\$ 2,194,839
Contributions in relation to the contractually required contribution	<u>(2,327,459)</u>	<u>(2,266,969)</u>	<u>(2,146,208)</u>	<u>(2,398,663)</u>	<u>(2,194,839)</u>
Contribution deficiency (excess)	-	-	-	-	-
St. Johns River Water Management District's covered payroll	<u>33,794,563</u>	<u>34,080,781</u>	<u>35,484,176</u>	<u>37,348,315</u>	<u>37,207,322</u>
Contributions as a percentage of covered payroll	6.89%	6.65%	6.05%	6.42%	5.90%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: Refer to GASB 68, paragraph 81 - the information in this schedule should be determined as of the employer's most recent fiscal year.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**HEALTH INSURANCE SUBSIDY PROGRAM**  
**LAST TEN FISCAL YEARS\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
St. Johns River Water Management District's proportion of the net pension liability (asset)	0.103801405%	0.111921289%	0.116868817%	0.122961734%
St. Johns River Water Management District's proportionate share of the net pension liability (asset)	\$ 10,986,457	\$ 11,967,141	\$ 13,620,577	\$ 12,540,163
St. Johns River Water Management District's covered payroll	33,903,289	35,691,411	36,080,549	37,304,382
St. Johns River Water Management District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.41%	33.53%	37.75%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

\*The amounts presented for each fiscal year were determined as of 6/30.

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Florida Retirement System's Comprehensive Annual Financial Report.

Note 3: Refer to GASB 68, paragraph 81a - the information in this schedule should be determined as of the measurement date of the collective net pension liability.

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**HEALTH INSURANCE SUBSIDY PROGRAM**  
**LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 562,918	\$ 592,320	\$ 599,027	\$ 470,036	\$ 428,042
Contributions in relation to the contractually required contribution	<u>(562,918)</u>	<u>(592,320)</u>	<u>(599,027)</u>	<u>(470,036)</u>	<u>(428,042)</u>
Contribution deficiency (excess)	-	-	-	-	-
St. Johns River Water Management District's covered payroll	<u>33,794,563</u>	<u>34,080,781</u>	<u>35,484,176</u>	<u>37,348,315</u>	<u>37,207,322</u>
Contributions as a percentage of covered payroll	1.67%	1.74%	1.69%	1.26%	1.15%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: Refer to GASB 68, paragraph 81 - the information in this schedule should be determined as of the employer's most recent fiscal year.







## *Other Supplementary Information*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>REVENUES</b>			
<b>Total revenues</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Acquisition, restoration and public works			
Fixed capital outlay	4,056,185	3,573,085	1,237,670
Total acquisition, restoration and public works	4,056,185	3,573,085	1,237,670
Operation and maintenance of lands and works			
Fixed capital outlay	1,895,000	2,378,100	2,042,408
Total operation and maintenance of lands and works	1,895,000	2,378,100	2,042,408
<b>Total expenditures</b>	5,951,185	5,951,185	3,280,078
<b>Excess of revenues over (under) expenditures</b>	(5,951,185)	(5,951,185)	(3,280,078)
<b>Other financing sources (uses)</b>			
Transfers in	5,695,000	5,695,000	3,400,666
Transfers out	-	-	-
Total other financing sources (uses)	5,695,000	5,695,000	3,400,666
<b>Net change in fund balance</b>	(256,185)	(256,185)	120,588
<b>Fund balance, beginning of year</b>	1,095,396	1,095,396	1,095,396
<b>Fund balance, end of year</b>	\$ 839,211	\$ 839,211	\$ 1,215,984

# Comprehensive Annual Financial Report

## Statistical Section (Unaudited)



**Financial Trends**  
**Revenue Capacity**  
**Debt Capacity**  
**Demographic and Economic Information**  
**Operating Information**



## ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA

### STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information to provide context to understand what the information presented in the financial statements, note disclosures, and required supplemental information says about the District's overall financial health.

#### Contents

**Financial Trends** — These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

**Revenue Capacity** — These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

**Debt Capacity** — These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**Demographic and Economic Information** — These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

**Operating Information** — These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



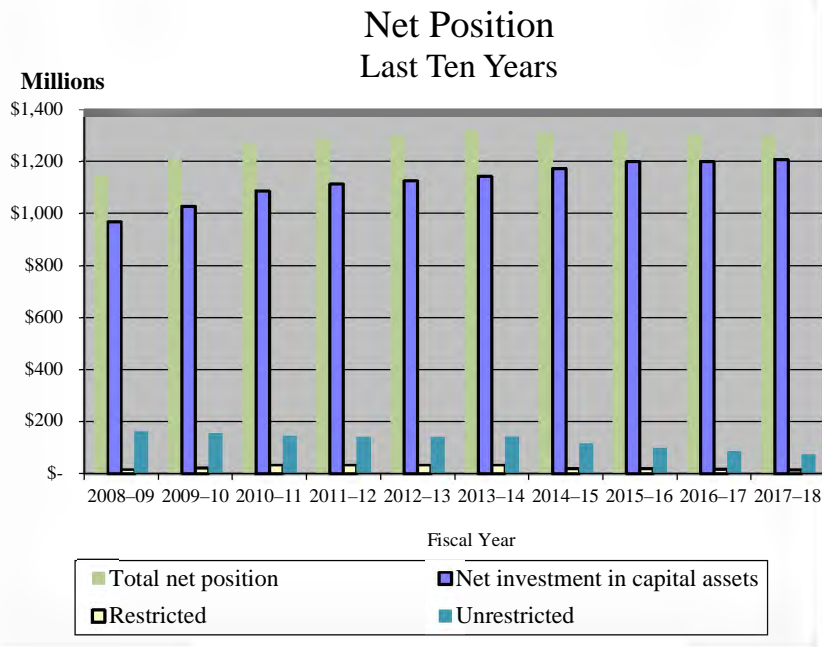




## *Financial Trends*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Governmental activities</b>					
Net investment in capital assets	\$ 968,109,402	\$ 1,027,438,251	\$ 1,086,938,685	\$ 1,112,241,722	\$ 1,125,006,751
Restricted	15,588,704	21,531,338	33,005,869	32,804,322	33,148,716
Unrestricted	162,317,143	156,160,128	145,222,829	140,860,620	140,577,543
<b>Total net position, governmental activities</b>	<b>\$ 1,146,015,249</b>	<b>\$ 1,205,129,717</b>	<b>\$ 1,265,167,383</b>	<b>\$ 1,285,906,664</b>	<b>\$ 1,298,733,010</b>





<b>2013–14</b>	<b>2014–15</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>
\$ 1,142,674,165	\$ 1,172,379,975	\$ 1,199,234,566	\$ 1,200,386,597	\$ 1,207,622,764
32,435,993	19,334,646	18,648,086	16,364,766	14,357,026
143,202,750	115,889,657	98,291,727	85,959,027	73,442,677
<b>\$ 1,318,312,908</b>	<b>\$ 1,307,604,278</b>	<b>\$ 1,316,174,379</b>	<b>\$ 1,302,710,390</b>	<b>\$ 1,295,422,467</b>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Expenses:</b>				
Water resources planning and monitoring	\$ 19,442,113	\$ 17,531,746	\$ 15,524,373	\$ 11,695,698
Acquisition, restoration and public works	80,833,949	63,183,862	33,110,658	27,605,019
Operation and maintenance of land and works	23,325,492	24,064,175	23,241,335	20,414,644
Regulation	18,347,155	17,548,909	17,629,095	13,391,590
Outreach	4,972,162	3,594,555	2,988,580	942,373
District management and administration	30,986,501	31,514,536	31,156,428	24,425,597
Interest on long-term debt	1,747,117	1,577,063	1,408,335	1,001,946
Total expenses	179,654,489	159,014,846	125,058,804	99,476,867
<b>Program revenues:</b>				
Charges for services:				
Gain on disposal of land	-	-	-	-
Regulatory permitting	1,742,275	1,461,708	1,700,317	1,155,765
Operations and land management	1,719,299	1,162,611	1,593,119	1,060,208
Operating grants and contributions	55,036,822	38,166,419	19,002,122	18,106,785
Capital grants and contributions	25,116,714	47,631,576	49,169,451	15,901,918
Total program revenues	83,615,110	88,422,314	71,465,009	36,224,676
<b>Net (expense)/ revenue</b>	(96,039,379)	(70,592,532)	(53,593,795)	(63,252,191)
<b>General revenues and other changes in net position</b>				
Ad valorem property taxes	138,108,192	124,930,368	111,317,677	82,083,164
Unrestricted earnings on investments	7,708,352	4,214,405	2,041,261	1,705,494
Gain(loss) on sale of capital assets	256,274	74,105	90,476	-
Miscellaneous	333,537	488,122	182,047	202,814
Total general revenues and other changes in net position	146,406,355	129,707,000	113,631,461	83,991,472
<b>Change in net position</b>	<b>\$ 50,366,976</b>	<b>\$ 59,114,468</b>	<b>\$ 60,037,666</b>	<b>\$ 20,739,281</b>

<b>2012–13</b>	<b>2013–14</b>	<b>2014–15</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>
\$ 13,955,220	\$ 15,048,512	\$ 16,525,822	\$ 14,941,578	\$ 15,857,328	\$ 14,335,314
22,903,593	27,583,602	45,545,311	45,556,251	67,405,308	76,409,655
24,134,473	23,901,054	25,818,520	22,949,525	24,220,770	23,916,602
14,145,560	13,230,805	16,035,824	12,183,780	11,950,330	10,869,409
904,300	940,621	1,229,915	1,056,451	1,035,590	952,170
17,289,120	16,217,840	16,371,881	16,881,745	16,642,647	16,799,405
955,965	599,241	329,367	-	-	-
94,288,231	97,521,675	121,856,640	113,569,330	137,111,973	143,282,555
-	-	1,231,071	1,613,492	-	1,124,821
1,152,520	1,510,633	1,728,512	2,082,799	1,909,607	2,298,812
1,234,117	1,885,825	1,387,381	1,778,961	2,120,253	1,610,489
14,206,955	15,072,037	27,128,105	17,912,774	26,169,214	37,852,367
10,062,697	16,783,189	12,582,684	13,742,293	8,060,160	7,534,233
26,656,289	35,251,684	44,057,753	37,130,319	38,259,234	50,420,722
(67,631,942)	(62,269,991)	(77,798,887)	(76,439,011)	(98,852,739)	(92,861,833)
79,630,212	80,285,876	81,505,441	82,873,945	84,103,364	85,496,445
720,372	1,131,270	2,386,129	1,941,294	848,612	172,979
-	-	-	-	-	-
107,704	432,743	230,492	193,873	436,774	442,493
80,458,288	81,849,889	84,122,062	85,009,112	85,388,750	86,111,917
<b>\$ 12,826,346</b>	<b>\$ 19,579,898</b>	<b>\$ 6,323,175</b>	<b>\$ 8,570,101</b>	<b>\$ (13,463,989)</b>	<b>\$ (6,749,916)</b>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>General fund</b>				
Nonspendable	\$ 510,034	\$ 632,775	\$ 532,773	\$ 591,701
Restricted	-	-	-	-
Committed	111,196,633	123,630,887	128,147,398	124,302,980
Assigned	1,030,388	796,787	2,124,416	525,224
Unassigned	29,245,723	15,589,493	12,623,284	16,464,398
Total general fund	<u>141,982,778</u>	<u>140,649,942</u>	<u>143,427,871</u>	<u>141,884,303</u>
<b>All other governmental funds</b>				
Restricted:				
Special revenue funds	41,071,427	42,205,381	26,328,999	25,993,223
Debt service fund	6,307,140	6,359,777	6,406,625	6,439,146
Committed:				
Special revenue funds	-	-	-	-
Capital projects fund	-	-	13,088,051	11,508,890
Assigned:				
Capital projects fund	<u>1,100,000</u>	<u>1,329,574</u>	<u>-</u>	<u>160,872</u>
<b>Total all other governmental funds</b>	<u>48,478,567</u>	<u>49,894,732</u>	<u>45,823,675</u>	<u>44,102,131</u>
<b>Total fund balances</b>	<u><b>\$ 190,461,345</b></u>	<u><b>\$ 190,544,674</b></u>	<u><b>\$ 189,251,546</b></u>	<u><b>\$ 185,986,434</b></u>

2012–13	2013–14	2014–15	2015–16	2016–17	2017–18
\$ 914,668	\$ 1,030,023	\$ 1,581,027	\$ 2,059,241	\$ 1,551,238	\$ 1,322,613
-	-	-	-	160,120	-
126,500,000	125,260,000	123,265,302	111,136,700	99,368,966	81,686,819
16,423,721	16,013,221	9,854,264	13,036,517	4,480,110	11,943,340
2,104,987	42,514	-	-	9,909,180	9,008,187
145,943,376	142,345,758	134,700,593	126,232,458	115,469,614	103,960,959
26,867,688	26,088,129	19,334,646	18,648,086	16,204,646	14,357,026
6,454,533	6,471,774	-	-	-	-
-	7,200,000	12,426,071	8,067,297	7,517,467	6,095,032
6,000,000	5,040,000	4,477,398	1,200,115	1,095,396	877,202
1,094,300	536	64,528	-	-	338,782
40,416,521	44,800,439	36,302,643	27,915,498	24,817,509	21,668,042
<b>\$ 186,359,897</b>	<b>\$ 187,146,197</b>	<b>\$ 171,003,236</b>	<b>\$ 154,147,956</b>	<b>\$ 140,287,123</b>	<b>\$ 125,629,001</b>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Revenues:				
Taxes	\$ 138,108,192	\$ 124,930,368	\$ 111,317,677	\$ 82,083,164
State	67,187,487	61,237,748	29,739,031	18,358,377
Federal	3,496,518	3,070,006	9,507,599	1,813,621
Investment earnings	7,708,353	4,214,405	2,041,261	1,705,494
Local mitigation	92,034	89,453	-	58
Licenses and permits	1,539,179	1,254,133	1,571,181	1,150,280
Cities and counties	756,858	834,729	56,330	-
Other local	1,467,655	375,602	73,608	94,707
Land management	1,742,275	1,162,611	1,593,119	1,060,208
Miscellaneous revenue	513,658	695,697	311,183	208,299
Total revenues	222,612,209	197,864,752	156,210,989	106,474,208
Expenditures:				
Water resources planning and monitoring	19,573,417	17,831,132	15,875,904	11,870,469
Acquisition, restoration and public works	103,383,143	105,468,801	68,012,187	42,959,409
Operation and maintenance of land and water	16,575,241	16,492,021	15,319,751	12,955,727
Regulation	17,949,435	17,452,002	18,025,323	13,311,975
Outreach	4,917,846	3,647,805	3,100,368	935,412
District management and administration	34,910,348	34,071,764	30,821,505	21,460,015
Debt service:				
Principal retirement	4,880,000	5,045,000	5,315,000	5,475,000
Interest and fiscal charges	1,542,213	1,372,843	1,201,000	1,041,850
Total expenditures	203,731,643	201,381,368	157,671,038	110,009,857
Excess of revenues over(under) expenditure	18,880,566	(3,516,616)	(1,460,049)	(3,535,649)
Other financing sources (uses):				
Transfers in	3,455,254	5,876,998	27,848,862	12,825,762
Transfers out	(3,455,254)	(5,876,998)	(27,848,862)	(12,825,762)
Sale of capital assets	383,885	3,463,807	164,722	207,307
Transfer out - refund to state	-	-	-	-
Insurance - loss recovery	88,189	136,138	2,199	63,230
Total other financing sources (uses)	472,074	3,599,945	166,921	270,537
<b>Net change in fund balances</b>	<b>\$ 19,352,640</b>	<b>\$ 83,329</b>	<b>\$ (1,293,128)</b>	<b>\$ (3,265,112)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.68%</b>	<b>4.17%</b>	<b>5.39%</b>	<b>7.04%</b>

<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
\$ 79,630,212	\$ 80,285,876	\$ 81,505,441	\$ 82,873,945	\$ 84,103,364	\$ 85,496,445
19,809,645	19,165,372	26,009,183	18,633,171	26,944,590	23,088,283
1,071,230	1,630,939	2,428,612	4,792,762	1,559,917	14,722,233
720,372	1,131,270	2,386,129	1,941,294	848,612	172,979
8,750	25,477	646	69,829	807	70,859
1,141,451	1,504,706	1,721,156	2,076,949	1,897,307	1,968,953
92,925	358	400,268	20,493	67,798	496,034
223,517	205,770	1,031,639	1,952,128	818,867	1,721,109
1,234,117	1,885,825	1,387,381	1,778,961	2,120,253	1,610,489
118,773	438,670	237,848	199,723	449,074	772,352
<u>104,050,992</u>	<u>106,274,263</u>	<u>117,108,303</u>	<u>114,339,255</u>	<u>118,810,589</u>	<u>130,119,736</u>
14,643,303	15,647,669	18,851,892	17,276,381	16,388,650	14,956,611
34,297,823	33,986,990	52,076,117	66,315,200	65,132,072	80,716,522
17,276,250	19,049,507	20,225,937	20,025,471	21,938,325	21,526,894
14,056,424	13,511,073	14,021,045	11,840,656	11,483,652	10,730,509
896,417	963,860	1,092,884	1,027,234	994,787	949,000
16,418,073	15,748,277	14,602,886	16,113,130	17,042,243	17,357,032
5,645,000	5,830,000	12,290,000	-	-	-
872,125	688,362	532,328	-	-	-
<u>104,105,415</u>	<u>105,425,738</u>	<u>133,693,089</u>	<u>132,598,072</u>	<u>132,979,729</u>	<u>146,236,568</u>
(54,423)	848,525	(16,584,786)	(18,258,817)	(14,169,140)	(16,116,832)
307,150	7,988,246	48,226,466	4,222,565	3,672,135	3,730,986
(307,150)	(7,988,246)	(48,226,466)	(4,222,565)	(3,672,135)	(3,730,986)
416,062	94,343	437,830	1,401,001	307,543	1,230,496
-	(156,568)	-	-	-	-
11,824	-	3,995	2,536	764	228,214
<u>427,886</u>	<u>(62,225)</u>	<u>441,825</u>	<u>1,403,537</u>	<u>308,307</u>	<u>1,458,710</u>
<u><b>\$ 373,463</b></u>	<u><b>\$ 786,300</b></u>	<u><b>\$ (16,142,961)</b></u>	<u><b>\$ (16,855,280)</b></u>	<u><b>\$ (13,860,833)</b></u>	<u><b>\$ (14,658,122)</b></u>
<b>7.21%</b>	<b>6.95%</b>	<b>10.58%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>







*Revenue Capacity*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**TAXABLE PROPERTY VALUES AND ESTIMATED**  
**JUST VALUES OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Assessed Property Value (Millions) <sup>1</sup>	\$ 345,827	\$ 310,894	\$ 277,754	\$ 257,587
Estimated Just Value (Millions) <sup>2</sup>	538,227	475,787	425,392	393,127
Assessed Value as a Percentage of Just Value	64.3%	65.3%	65.3%	65.5%
Millage Levy	0.4158	0.4158	0.4158	0.3313

<sup>1</sup> Florida Department of Revenue, Annual DR-420 Forms - Certification of Taxable Value

<sup>2</sup> It is estimated by multiplying the calculated percentage of just value for the whole county by assessed value for individual counties that are either wholly or partly within SJRWMD.

<u>2012–13</u>	<u>2013–14</u>	<u>2014–15</u>	<u>2015–16</u>	<u>2016–17</u>	<u>2017–18</u>
\$ 249,187	\$ 253,093	\$ 266,509	283,964	301,971	325,455
376,267	377,799	412,989	445,836	473,945	508,680
66.2%	67.0%	64.5%	63.7%	63.6%	64.0%
0.3313	0.3283	0.3164	0.3023	0.2885	0.2627

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**TAXABLE PROPERTY VALUES AND ESTIMATED**  
**JUST VALUES OF TAXABLE PROPERTY BY COUNTY**  
**FISCAL YEAR 2017–2018**

<b><u>County</u></b>	<b><u>Estimated Just Value<sup>1</sup></u></b>	<b><u>Taxable Value<sup>2</sup></u></b>	<b><u>Taxable as Percentage of Just Value</u></b>
Alachua*	\$19,046,091,164	\$9,459,200,211	49.7%
Baker*	1,675,024,771	819,217,503	48.9%
Bradford*	114,489,237	62,211,861	54.3%
Brevard	63,718,010,440	35,051,577,009	55.0%
Clay	16,079,621,735	10,007,583,474	62.2%
Duval	96,303,737,849	59,120,184,104	61.4%
Flagler	12,026,256,717	8,073,934,618	67.1%
Indian River	24,371,353,730	16,320,663,861	67.0%
Lake*	27,986,741,583	19,091,030,560	68.2%
Marion*	18,021,130,673	10,908,958,766	60.5%
Nassau	11,717,907,308	7,893,881,282	67.4%
Okeechobee*	177,441,908	81,772,810	46.1%
Orange*	83,565,387,069	58,026,458,398	69.4%
Osceola*	184,285,467	119,230,279	64.7%
Putnam	6,756,658,958	3,525,759,447	52.0%
St. Johns	33,598,950,865	24,138,393,470	71.8%
Seminole	43,230,995,770	31,116,888,125	72.0%
Volusia	50,106,369,749	31,637,697,742	63.1%
<b>Total</b>	<b>\$ 508,680,454,992</b>	<b>\$ 325,454,643,520</b>	<b>64.0%</b>
Florida Total	\$ 2,595,610,707,350	\$ 1,729,759,530,907	66.6%

Source: Florida Department of Revenue. 2017 DR-420 Reports and 2017 Florida Property and Tax Data book; Internet site

Internet site <http://floridarevenue.com/property/Pages/DataPortal.aspx>

\*County that is partly within St. Johns River Water Management District

<sup>1</sup> Estimated by multiplying the calculated percentage of just value for the whole county by assessed value for individual counties that are either wholly or partly within

<sup>2</sup> County taxable value reported to District in DR 420 forms

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**PRINCIPAL TAXPAYERS BY COUNTY**  
**FISCAL YEAR 2017–2018**

<u>County</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>
Alachua	\$ 2,504,168	2.93%
Baker	209,831	0.25%
Bradford	16,578	0.02%
Brevard	9,251,550	10.82%
Clay	2,629,108	3.08%
Duval	15,589,052	18.23%
Flagler	2,114,667	2.47%
Indian River	4,284,650	5.01%
Lake	4,986,929	5.83%
Marion	2,869,307	3.36%
Nassau	2,061,623	2.41%
Okeechobee	301,211	0.35%
Orange	14,934,355	17.47%
Osceola	62,257	0.07%
Putnam	922,858	1.08%
St. Johns	8,107,415	9.48%
Seminole	6,543,937	7.65%
Volusia	8,106,949	9.48%
<b>Total</b>	<b>\$ 85,496,445</b>	<b>100.00%</b>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**PROPERTY TAX REVENUES BY COUNTY**  
**LAST TEN FISCAL YEARS**

	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
<b>Millage Levy</b>	<b>0.4158</b>	<b>0.4158</b>	<b>0.4158</b>	<b>0.3313</b>
Alachua	\$ 3,691,898	\$ 3,656,160	\$ 3,497,940	\$ 2,675,170
Baker	335,454	343,421	340,025	261,829
Bradford	24,980	24,836	24,792	19,178
Brevard	15,278,575	13,575,140	11,810,565	8,066,680
Clay	4,003,031	3,804,185	3,483,868	2,617,584
Duval	24,424,441	23,274,026	21,647,534	16,002,679
Flagler	4,522,956	3,827,635	3,130,542	2,151,730
Indian River	7,191,682	6,384,914	5,718,818	4,247,784
Lake	8,406,518	7,765,521	6,909,378	5,048,775
Marion	5,194,509	4,750,603	4,269,650	3,142,319
Nassau	3,257,302	3,129,703	2,842,640	2,097,930
Okeechobee	48,457	40,030	34,702	24,052
Orange	23,216,222	20,626,141	17,625,396	13,377,083
Osceola	48,835	47,018	43,555	33,031
Putnam	1,613,157	1,596,445	1,512,976	1,122,965
St. Johns	9,488,809	8,329,791	7,397,412	5,659,490
Seminole	12,828,954	11,384,313	10,314,040	7,745,493
Volusia	14,532,412	12,370,486	10,713,844	7,789,392
<b>Total</b>	<b>\$138,108,192</b>	<b>\$124,930,368</b>	<b>\$111,317,677</b>	<b>\$ 82,083,164</b>
<b>Percentage increase of property tax revenues</b>	-4.8%	-9.5%	-10.9%	-26.3%

<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<b>0.3313</b>	<b>0.3283</b>	<b>0.3164</b>	<b>0.3023</b>	<b>0.2885</b>	<b>0.2627</b>
\$ 2,577,902	\$ 2,526,907	\$ 2,504,523	\$ 2,461,229	\$ 2,444,567	\$ 2,504,168
251,296	230,868	228,881	214,861	211,945	209,831
18,293	17,762	17,647	17,360	16,698	16,578
7,968,861	8,261,567	8,658,663	8,763,008	9,020,609	9,251,550
2,563,141	2,587,480	2,598,482	2,591,210	2,607,299	2,629,108
15,353,964	15,093,496	15,221,818	15,418,596	15,467,620	15,589,052
2,030,623	2,015,491	2,044,842	2,085,126	2,106,712	2,114,667
4,082,189	4,114,964	4,121,433	4,202,249	4,252,387	4,284,650
4,750,592	4,746,674	4,783,007	4,804,644	4,856,147	4,986,929
2,942,777	2,919,095	2,914,399	2,916,170	2,891,986	2,869,307
1,989,635	1,972,362	1,989,852	2,001,801	2,015,448	2,061,623
23,934	22,543	21,456	21,170	23,001	301,211
13,164,264	13,429,265	13,738,249	14,387,847	14,795,934	14,934,355
34,601	34,379	34,254	32,296	30,468	62,257
1,071,860	1,083,026	1,027,046	970,997	943,839	922,858
5,479,842	5,582,815	5,707,498	5,947,220	6,181,467	8,107,415
7,631,408	7,787,506	7,905,846	7,976,463	8,018,485	6,543,937
7,695,030	7,859,676	7,987,545	8,061,698	8,218,753	8,106,949
<b>\$ 79,630,212</b>	<b>\$ 80,285,876</b>	<b>\$ 81,505,441</b>	<b>\$ 82,873,945</b>	<b>\$ 84,103,364</b>	<b>\$ 85,496,445</b>
-3.0%	0.8%	1.5%	1.7%	1.5%	1.7%



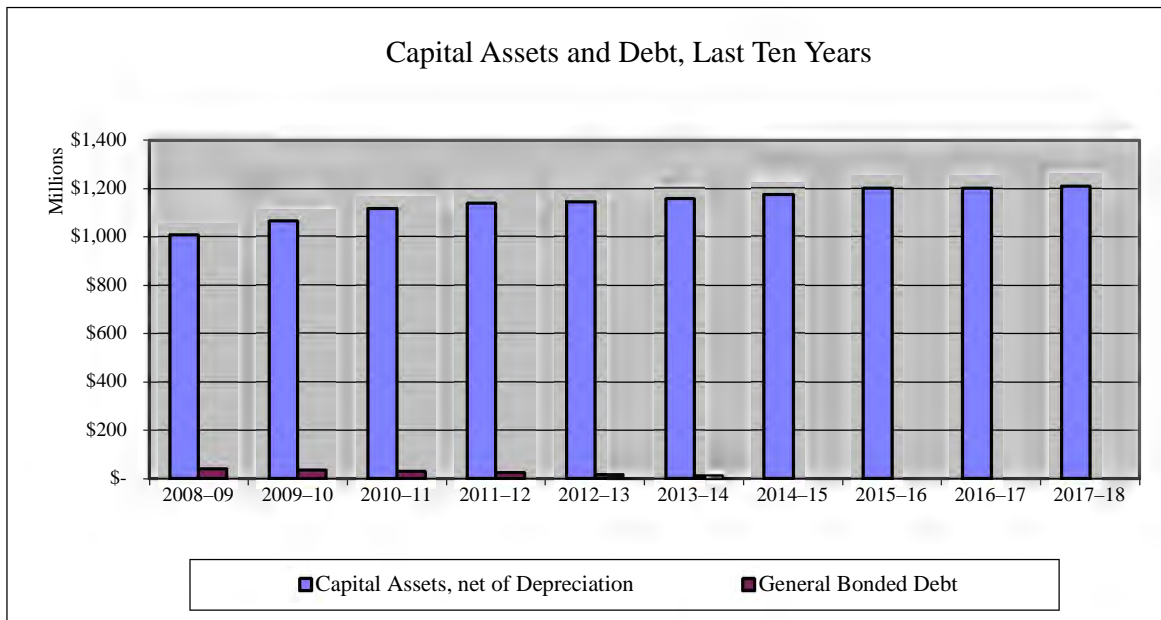




## *Debt Capacity*

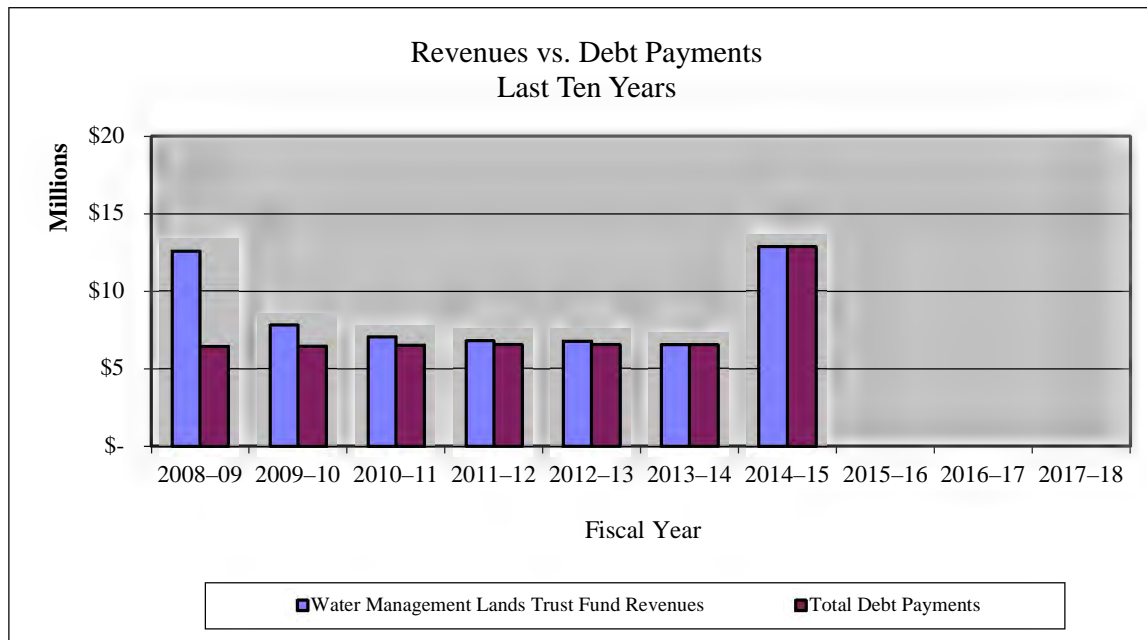
**ST. JOHNS RIVER MANAGEMENT DISTRICT, FLORIDA**  
**RATIO OF GENERAL BONDED DEBT TO CAPITAL ASSETS, NET OF**  
**DEPRECIATION AND GENERAL BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt	Capital Assets, net of Depreciation	Ratio Debt to Net Capital Assets	Estimated Population at April 1	General Bonded Debt Per Capita
2008–09	\$ 39,600,000	\$ 1,007,199,969	3.93%	\$ 4,726,827	8.38
2009–10	34,555,000	1,061,731,344	3.25%	4,702,123	7.35
2010–11	29,240,000	1,116,164,303	2.62%	4,721,223	6.19
2011–12	23,765,000	1,135,995,216	2.09%	4,776,073	4.98
2012–13	18,120,000	1,143,245,328	1.58%	4,800,498	3.77
2013–14	12,290,000	1,155,043,216	1.06%	4,811,981	2.55
2014–15	-	1,172,379,975	0.00%	4,867,285	-
2015–16	-	1,199,234,566	0.00%	4,954,159	-
2016–17	-	1,200,386,597	0.00%	5,022,469	-
2017–18	-	1,207,636,839	0.00%	5,125,012	-



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Water Management Lands Trust Fund Revenues	Principal	Interest and Fiscal Charges	Total	Coverage
2008-09	\$ 12,521,014	\$ 4,880,000	\$ 1,542,213	\$ 6,422,213	1.95
2009-10	7,762,669	5,045,000	1,372,843	6,417,843	1.21
2010-11	7,048,129	5,315,000	1,201,000	6,516,000	1.08
2011-12	6,735,207	5,475,000	1,041,850	6,516,850	1.03
2012-13	6,715,383	5,645,000	872,125	6,517,125	1.03
2013-14	6,518,363	5,830,000	688,362	6,518,362	1.00
2014-15	12,822,328	12,290,000	532,328	12,822,328	1.00
2015-16	-	-	-	-	-
2016-17	-	-	-	-	-
2017-18	-	-	-	-	-









## *Demographic and Economic Information*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**DEMOGRAPHIC STATISTICS - POPULATION BY COUNTY**  
**LAST TEN FISCAL YEARS**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Alachua*	203,807	196,731	196,732	196,281	197,261	206,852
Baker*	25,404	26,597	26,413	26,423	26,368	26,397
Bradford*	1,233	1,209	1,215	1,155	1,154	5,557
Brevard	555,657	543,376	545,184	545,625	548,424	552,427
Clay	185,208	190,865	191,143	192,071	192,843	197,403
Duval	900,518	864,263	864,601	869,729	876,075	890,066
Flagler	94,901	95,696	96,241	97,160	97,843	99,121
Indian River	141,634	138,028	138,694	139,446	139,586	140,955
Lake*	291,263	296,309	297,519	298,928	302,559	309,117
Marion*	230,548	231,147	231,458	232,326	233,735	210,572
Nassau	72,588	73,314	73,684	73,745	74,661	75,321
Okeechobee*	742	748	746	744	744	1,434
Orange*	833,325	861,186	869,743	883,720	904,038	875,560
Osceola*	955	940	959	983	1,009	296
Putnam*	74,608	74,364	74,052	73,158	72,605	72,523
St. Johns	183,572	190,039	192,852	196,071	201,541	207,443
Seminole	423,759	422,718	424,587	428,104	431,074	437,086
Volusia	507,105	494,593	495,400	497,145	498,978	503,851
<b>SJRWMD Total</b>	<b><u>4,726,827</u></b>	<b><u>4,702,123</u></b>	<b><u>4,721,223</u></b>	<b><u>4,752,814</u></b>	<b><u>4,800,498</u></b>	<b><u>4,811,981</u></b>
Annual						
Percentage Increase	-0.1%	-0.5%	0.4%	0.7%	1.0%	0.2%

*Source: University of Florida Bureau of Economic and Business Research & SJRWMD Annual Water Use Projections*

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

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
198,585	200,251	193,338	195,783
26,423	26,372	26,606	27,057
5,544	5,570	2,438	2,475
561,714	568,919	575,211	583,563
201,277	205,321	208,549	212,034
905,574	923,647	936,811	952,861
101,353	103,095	105,157	107,511
143,326	146,410	148,962	151,825
315,936	323,337	331,027	342,196
218,965	221,971	217,489	220,373
76,536	77,841	80,456	82,748
1,442	1,469	1,460	1,459
870,632	889,869	912,358	937,160
259	323	1,553	1,621
72,756	72,972	73,176	72,981
213,566	220,257	229,715	238,742
442,903	449,124	454,757	463,560
510,494	517,411	523,405	531,062
<b><u>4,867,285</u></b>	<b><u>4,954,159</u></b>	<b><u>5,022,469</u></b>	<b><u>5,125,012</u></b>
1.1%	1.8%	1.4%	2.0%

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Number of Employees <sup>1</sup>	717	717	718	591	591
District Population <sup>2</sup>	4,726,827	4,702,123	4,721,223	4,752,814	4,800,498
Employees Per 100,000 Population	15.2	15.2	15.2	12.4	12.3

<sup>1</sup>Number of Full Time Equivalent (FTEs) at the beginning of fiscal years.

<sup>2</sup>St. Johns River Water Management District estimates



<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
588	591	582	574	565
4,811,981	4,867,285	4,954,159	5,022,469	5,125,012
12.2	12.1	11.7	11.4	11.0

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**TOP TEN NON-GOVERNMENT EMPLOYERS WITHIN A SINGLE COUNTY**  
**FISCAL YEAR 2017–2018**

<u><b>Employer</b></u>	<u><b>2017</b></u>			<u><b>2008</b></u>		
	<u><b>Number of Employees</b></u>	<u><b>Rank</b></u>	<u><b>County</b></u>	<u><b>Number of Employees</b></u>	<u><b>Rank</b></u>	<u><b>County</b></u>
Walt Disney World Co.	73,000	1	Orange	62,000	1	Orange
Universal Orlando Resort	23,000	2	Orange	13,000	4	Orange
Florida Hospital/Adventist Health	21,815	3	Orange	16,000	2	Orange
Orlando Health	19,032	4	Orange	14,300	3	Orange
UF Health Shands System	12,000	5	Alachua	12,588	5	Alachua
Baptist Health	10,500	6	Duval	8,100	6	Duval
University of Central Florida*	9,134	7	Orange	-	-	-
Health First	8,500	8	Brevard	5,500		Brevard
Bank of America Merrill Lynch*	8,000	9	Duval	-	-	-
Lockheed Martin	9,000	10	Orange	7,000	8	Orange
Westgate Resorts^	-	-	-	7,220	7	Orange
Florida Blue^	-	-	-	7,000	8	Duval
Harris Corporation^	-	-	-	6,500	9	Brevard

\* 2008 information not available

^ 2017 information not available

Source: 2017 county and city CAFRs within the District's boundaries

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**DEMOGRAPHIC STATISTICS - UNEMPLOYMENT RATES**  
**LAST TEN FISCAL YEARS**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018*</b>
Alachua	6.9%	8.2%	7.7%	6.6%	5.4%	5.2%	4.2%	4.3%	3.0%	2.7%
Baker	10.3%	10.9%	9.9%	7.8%	6.7%	6.3%	4.9%	4.9%	3.2%	2.9%
Bradford	8.0%	9.6%	8.8%	7.2%	5.7%	5.6%	5.0%	4.3%	3.0%	2.7%
Brevard	10.8%	11.5%	11.1%	9.2%	7.9%	6.9%	5.4%	5.2%	3.5%	3.0%
Clay	9.4%	10.5%	9.3%	7.6%	6.3%	5.7%	4.5%	4.5%	3.1%	2.8%
Duval	10.7%	11.7%	10.6%	8.8%	7.4%	6.7%	5.2%	5.0%	3.5%	3.0%
Flagler	15.5%	15.5%	14.1%	11.6%	10.2%	7.5%	5.9%	5.5%	3.8%	3.5%
Indian River	13.6%	14.0%	12.6%	10.6%	9.1%	7.8%	6.7%	6.2%	4.3%	3.7%
Lake	11.4%	12.0%	11.2%	9.0%	7.5%	6.4%	5.0%	4.9%	3.4%	2.9%
Marion	12.8%	13.8%	12.3%	10.0%	8.3%	7.3%	5.9%	5.8%	4.0%	3.6%
Nassau	9.8%	10.9%	9.6%	7.7%	6.2%	5.8%	4.6%	4.6%	3.2%	2.7%
Okeechobee	12.1%	12.7%	11.7%	10.2%	8.7%	7.3%	6.0%	5.4%	3.8%	3.1%
Orange	10.7%	11.4%	10.3%	8.3%	6.8%	5.8%	4.5%	4.4%	3.1%	2.6%
Osceola	11.7%	12.4%	11.6%	9.3%	7.5%	6.7%	5.3%	5.0%	3.6%	3.0%
Putnam	11.9%	12.6%	11.9%	11.2%	9.4%	8.7%	6.9%	6.3%	4.4%	4.1%
St. Johns	8.7%	9.5%	8.5%	6.9%	5.6%	4.7%	3.6%	3.7%	2.7%	2.6%
Seminole	10.0%	10.7%	9.7%	7.8%	6.4%	5.6%	4.4%	4.3%	3.0%	2.5%
Volusia	11.2%	12.0%	10.8%	8.8%	7.3%	6.7%	5.3%	5.1%	3.6%	3.2%
<b>SJRWMD</b>	<b>11.0%</b>	<b>12.0%</b>	<b>10.5%</b>	<b>8.6%</b>	<b>7.1%</b>	<b>5.9%</b>	<b>4.9%</b>	<b>4.8%</b>	<b>3.3%</b>	<b>2.9%</b>
<b>Florida</b>	<b>10.2%</b>	<b>12.0%</b>	<b>10.5%</b>	<b>8.6%</b>	<b>7.2%</b>	<b>6.1%</b>	<b>5.4%</b>	<b>4.9%</b>	<b>3.6%</b>	<b>3.0%</b>
<b>U.S.</b>	<b>9.3%</b>	<b>9.6%</b>	<b>8.9%</b>	<b>8.1%</b>	<b>7.4%</b>	<b>5.7%</b>	<b>5.3%</b>	<b>4.9%</b>	<b>3.9%</b>	<b>3.5%</b>

*\*Source: <http://www.floridajobs.org/workforce-statistics/workforce-statistics-data-releases/monthly-data-releases> 11/16/18*





## *Operating Information*

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT  
ACRES OF LAND OR CONSERVATION EASEMENT OWNERSHIP  
LAST TEN FISCAL YEARS**

<b>Type of Ownership</b>	<b>Acres of Land or Conservation Easement Ownership</b>									
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Full Fee:</b>										
Acquired	2,778	4,883	5,374	4	3,679	-735	-997	4,756	-155	-90
Cumulative	594,410	599,292	604,666	604,670	608,349	607,614	606,617	611,373	611,218	611,128
<b>Conservation Easement :</b>										
Acquired	990	1,635	5,086	1,178	4,800	3,520	15,424	1,172	979	-33
Cumulative	92,564	94,199	99,285	100,463	105,263	108,783	124,207	125,379	126,358	126,325
<b>Total Acres</b>	<b>686,974</b>	<b>693,491</b>	<b>703,951</b>	<b>705,133</b>	<b>713,612</b>	<b>716,397</b>	<b>730,824</b>	<b>736,752</b>	<b>737,576</b>	<b>737,453</b>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT**  
**MILES OF LEVEES**  
**LAST TEN FISCAL YEARS**

<b>Construction</b>	<b>Miles of Levees</b>									
<b><u>Type of Levee</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
USACE & Flood										
Control	118.70	159.00	165.00	170.10	170.10	121.08	121.08	121.08	121.08	121.08
Farm	<u>185.33</u>	<u>147.00</u>	<u>147.00</u>	<u>147.00</u>	<u>147.00</u>	<u>196.02</u>	<u>196.02</u>	<u>196.02</u>	<u>196.02</u>	<u>196.02</u>
<b>Total Miles</b>										
<b>of Levees</b>	<b><u>304.03</u></b>	<b><u>306.00</u></b>	<b><u>312.00</u></b>	<b><u>317.10</u></b>	<b><u>317.10</u></b>	<b><u>317.10</u></b>	<b><u>317.10</u></b>	<b><u>317.10</u></b>	<b><u>317.10</u></b>	<b><u>317.10</u></b>

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT  
PERMIT APPLICATIONS RECEIVED  
LAST TEN FISCAL YEARS**

<b>Permit Category</b>	<b>Number of Permit Applications Processed</b>									
	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Environmental Resource	1,881	1,571	1,387	1,338	1,731	2,113	2,271	2,571	2,645	1,932
Consumptive Use	235	320	225	275	205	171	108	118	141	327
Water Well Construction	<u>394</u>	<u>565</u>	<u>631</u>	<u>442</u>	<u>480</u>	<u>529</u>	<u>324</u>	<u>267</u>	<u>247</u>	<u>237</u>
<b>Total Applications</b>	<b><u>2,510</u></b>	<b><u>2,456</u></b>	<b><u>2,243</u></b>	<b><u>2,055</u></b>	<b><u>2,416</u></b>	<b><u>2,813</u></b>	<b><u>2,703</u></b>	<b><u>2,956</u></b>	<b><u>3,033</u></b>	<b><u>2,496</u></b>

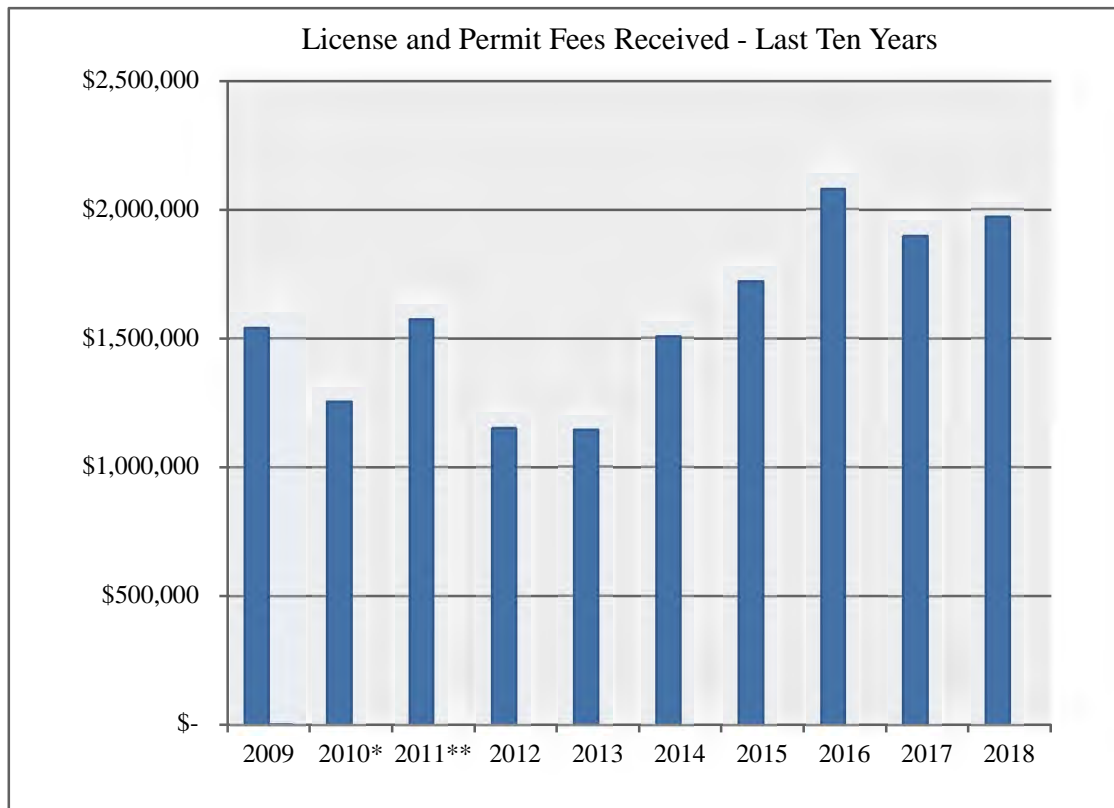


**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
LICENSE AND PERMIT FEES RECEIVED  
LAST TEN FISCAL YEARS**

<b>2009</b>	<b>2010*</b>	<b>2011**</b>	<b>2012</b>	<b>2013</b>
\$ 1,539,179	\$ 1,254,133	\$ 1,571,181	\$ 1,150,280	\$ 1,141,451
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 1,504,706	\$ 1,721,156	\$ 2,076,949	\$ 1,897,307	\$ 1,968,953

\* \$4,523 of this amount was collected for C-1 Rediversion Permit Fees

\*\* \$430,258 of this amount was collected for C-1 Rediversion Permit Fees





# Comprehensive Annual Financial Report

## Other Reports Section





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Board of Governors of  
St. Johns River Water Management District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Johns River Water Management District (the District), a component unit of the State of Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 25, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

121 Executive Circle  
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Telephone: 386-257-4100

133 East Indiana Avenue  
DeLand, FL 32724-4329  
Telephone: 386-738-3300

5931 NW 1st Place  
Gainesville, FL 32607-2063  
Telephone: 352-378-1331

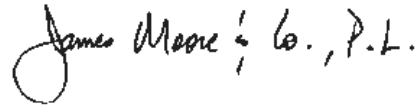
2477 Tim Gamble Place, Suite 200  
Tallahassee, FL 32308-4386  
Telephone: 850-386-6184

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

Daytona Beach, Florida  
February 25, 2019

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

<b>Federal/State Agency, Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Pass - through Entity/Contract Identifying Number</b>	<b>Total Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Agriculture-Natural Resources Conservation Service</b>				
<b>Direct Programs</b>				
Turkey Creek WRP	10.931	32029	\$ 137,568	
<b>U.S. Department of Commerce</b>				
<b>Pass through Florida NOAA</b>				
Habitat Conservation				
Florida Estuarine Habitat Restoration	11.463	27775	10,940	
<b>U.S. Department of Defense</b>				
<b>Pass through National Guard Bureau</b>				
National Guard Military Operations and Maintenance (O&M) Projects	12.401	ELLISGREEN	25,907	
National Guard Military Operations and Maintenance (O&M) Projects	12.401	NGBNFLT18	14,453,345	
			14,479,252	
<b>U.S. Environmental Protection Agency</b>				
<b>Pass through Florida Department of Environmental Protection</b>				
Water Quality Management Planning				
Water Sampling for Temporal Variability Monitoring Network	66.454	32568	94,473	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 14,722,233</b>	<b>\$ -</b>
<b>STATE FINANCIAL ASSISTANCE</b>				
<b>Florida Department of Environmental Protection</b>				
<b>Direct Projects</b>				
Water Management Districts - Land Acquisition and Improvement				
*Land Sale - First Coast Expressway 5/1/18	37.022	FF-6	942,091	
Restoration Activities - Stormwater Treatment Improvements	37.022	28615	195,555	195,555
Restoration Activities - Land Management	37.022	2017-01	431,731	
Restoration Activities - Land Management	37.022	2017-15	2,250,000	
			3,819,377	195,555
Statewide Surface Water Restoration and Wastewater Projects				
Aquatic Plant Control Program	37.039	27387	165,188	
Restoration Activities - St. Johns River	37.039	2013-10	102,372	102,372
Eau Gallie River Muck Dredging	37.039	27974	2,233,195	
Lake Apopka Restoration	37.039	28344	279,356	
City of Deland Reclaimed Water Retrofit Project, Phase 1	37.039	30314	30,302	30,302
City of Deland Reclaimed Water Retrofit Project, Phase 2	37.039	30424	219,702	219,702
Surface Water Sampling for the Status and GWTV Network	37.039	31873	199,602	
Indian River Lagoon 2017 Sea Grass Mapping	37.039	32287	110,000	

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

<b>Federal/State Agency, Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Pass - through Entity/Contract Identifying Number</b>	<b>Total Expenditures</b>	<b>Expenditures to Subrecipients</b>
District Wide Surface Water Restoration Projects	37.039	2000-24	10,012	
Lower St. Johns River Basin - Initiative Plan Projects	37.039	2007-06	322,245	322,245
Lake Apopka Restoration Project	37.039	2017-03	95,659	
St. Johns River and/or Keystone Heights Lake Region Restoration	37.039	2017-06	3,179,466	
Lake Apopka Restoration Project	37.039	2017-08	2,236,724	
			<u>9,183,823</u>	<u>674,621</u>
Florida Springs Grant Program				
Spring Initiative Projects	37.052	27788	68,283	5,783
City of Ocala Well and Septic Tank Reduction Program	37.052	28159	441,957	441,957
City of Apopka Water Reclamation Facility Nutrient Removal Treatment	37.052	28438	795,392	795,392
City of Winter Garden Reclaimed and Stormwater Aquifer Recharge System	37.052	28543	755,960	755,960
Volusia County Advanced Wastewater Treatment	37.052	28546	319,246	319,246
City of Apopka Reclaimed Water Main Extension- Schopke Road	37.052	28553	876	876
City of Apopka Reclaimed Water Main Extension- Keene Road	37.052	28554	19,613	19,613
Marion County Retrofit of Drainage Retention Areas	37.052	28873	92,875	92,875
Deltona Alexander Avenue Water Management Site	37.052	28875	1,616,769	1,616,769
Silver Springs Forest Hydrologic and Springs Restoration Project	37.052	28876	36,586	
Alachua Co, Orange Co, GRU and Santa Fe College Retrofit and Rebate	37.052	28890	142,795	139,734
City of Winter Garden Reuse Distribution Retrofits	37.052	32250	16,190	16,190
Longwood Transmission Main for Septic Tank Abatement Program	37.052	32294	193,428	193,428
Ocala Wetland Groundwater Recharge Park	37.052	32296	260,423	260,423
Marion County Utilities US441 Water Main Interconnect	37.052	32314	353,248	353,248
City of Apopka Reclaimed Water System	37.052	32317	196,519	196,519
Orange County Utilities Water Wise Program	37.052	32385	26,864	26,864
Agricultural Best Management Practices	37.052	32411	65,565	
Volusia County Gemini Springs Baffle Box	37.052	32428	76,000	76,000
Prairie Creek Diversion Structure Replacement	37.052	32498	9,195	
			<u>5,487,784</u>	<u>5,310,878</u>
Water Protection and Sustainability Program				
St. Johns County - Reclaimed Water Transmission Main	37.066	07-12-061/28778	27,682	27,682
Clermont-South Lake Water Initiative Sunburst Well #1 and #2	37.066	07-12-064/28473	60,681	60,681
Clay Co Utility Authority CR209 Reclaimed Water Transmission Main	37.066	07-12-065/28795	16,722	16,722

(Continued)



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

<b>Federal/State Agency, Pass-through Entity Federal Program/State Project</b>	<b>CFDA/ CSFA Number</b>	<b>Pass - through Entity/Contract Identifying Number</b>	<b>Total Expenditures</b>	<b>Expenditures to Subrecipients</b>
Clay Co Utility Authority Old Jennings Reclaimed Water Plant	37.066	07-12-066/28810	36,373	36,373
JEA RG Skinner Parkway RW Transmission	37.066	07-12-069/28815	247,500	247,500
JEA William Burgess Road Reclaimed Water Project	37.066	07-12-070/28806	88,154	88,154
Ormond Beach South Peninsula Reclaimed Water Expansion	37.066	07-12-071/28846	277,668	277,668
Daytona Beach 2.5 MG Reuse Tank	37.066	07-12-073/28812	476,943	476,943
Green Cove Springs North Grid RCW System	37.066	07-12-076/28807	263,393	263,393
Orange Co Utilities Malcolm Road Minimized Impact Project LFW	37.066	07-12-077/28087	79,898	79,898
Orange Co Utilities Malcolm Road Minimized Impact Project LFW PhII	37.066	07-12-078/28493	9,188	9,188
JEA Mandarin WWTP RW Capacity Upgrades	37.066	07-12-081/28428	72,584	72,584
Tater Farms Palatka Ranch Reclaimed Water Line	37.066	07-12-083/32459	7,395	
Orlando - Sanford International Airport Expansion Phase 2	37.066	07-12-086/31969	60,493	60,493
Chuluota Reclaimed Water Storage Tank	37.066	07-12-087/32002	195,068	195,068
JEA Gate Parkway Shiloh Mill to Town Center Reclaimed Water Project	37.066	07-12-088/31855	60,612	60,612
JEA Hidden Hills Reclaimed Water Connection Project	37.066	07-12-089/31856	118,456	118,456
Flagler County Plantation Bay WWTF Modifications	37.066	07-12-095/32653	63,700	63,700
			<u>2,162,511</u>	<u>2,155,116</u>
Water Quality Best Management Practices				
TriCounty Agricultural Area Best Management Practices	37.080	27871	291,964	
<b>Total Florida Department of Environmental Protection</b>			<u>20,945,459</u>	<u>8,336,170</u>
<b>Florida Fish and Wildlife Conservation Commission</b>				
<b>Direct Projects</b>				
Lake Apopka Restoration				
Lake Apopka Water Quality and Ecology Improvements	77.030	27876	2,402,970	
Aquatic Habitat Conservation and Restoration Projects				
C-54 Retention Area (T.M. Goodwin WMA)				
Enhancement	77.016	28579	154,426	
Emeralda Marsh Area 3 Reconnection	77.016	28516	68,029	
			<u>222,454</u>	
<b>Total Florida Fish and Wildlife Conservation Commission</b>			<u>2,625,424</u>	
<b>Florida Department of Highway Safety and Motor Vehicles</b>				
<b>Direct Projects</b>				
Indian River Lagoon License Plate				
Revenue Transfer Agreement for Indian River Lagoon License Plate	76.010	IRLTAG	130,663	130,663
			<u>130,663</u>	<u>130,663</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u>23,701,546</u>	<u>8,466,832</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>			<u>\$ 38,423,779</u>	<u>\$ 8,466,832</u>

(Continued)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

<b>Federal Grantor/Pass-Through Grantor/State Grantor/Matching Program Title</b>	<b>Grantor's Contract Number</b>	<b>Program Award/ Matching Amount</b>
<b>FEDERAL AWARDS</b>		
Florida Estuarine Habitat Restoration	27775	\$ 34,922
<b>TOTAL FEDERAL AWARDS</b>		<u>34,922</u>
<b>STATE FINANCIAL ASSISTANCE</b>		
Springs Initiative Projects	27788	68,283
Prairie Creek Diversion Structure Replacement	32498	33,783
Alternative Water Supply Projects:		
St. Johns County - Reclaimed Water Transmission Main	07-12-061/28778	27,682
Clermont-South Lake Water Initiative Sunburst Well #1 and #2	07-12-064/28473	60,681
Clay Co Utility Authority CR209 Reclaimed Water Transmission Main	07-12-065/28795	16,722
Clay Co Utility Authority Old Jennings Reclaimed Water Plant	07-12-066/28810	36,373
JEA RG Skinner Parkway RW Transmission	07-12-069/28815	247,500
JEA William Burgess Road Reclaimed Water Project	07-12-070/28806	88,154
Ormond Beach South Peninsula Reclaimed Water Expansion	07-12-071/28846	277,668
Daytona Beach 2.5 MG Reuse Tank	07-12-073/28812	476,943
Green Cove Springs North Grid RCW System	07-12-076/28807	263,393
Orange Co Utilities Malcolm Road Minimized Impact Project LFW	07-12-077/28087	79,898
Orange Co Utilities Malcolm Road Minimized Impact Project LFW PhII	07-12-078/28493	9,188
JEA Mandarin WWTP RW Capacity Upgrades	07-12-081/28428	72,584
Tater Farms Palatka Ranch Reclaimed Water Line	07-12-083/32459	7,395
Orlando - Sanford International Airport Expansion Phase 2 Project	07-12-086/31969	60,493
Chuluota Reclaimed Water Storage Tank	07-12-087/32002	195,068
JEA Gate Parkway - Shiloh Mill Blvd to Town Center RCW	07-12-088/31855	60,612
JEA Hidden Hills Reclaimed Water Connection Project	07-12-089/31856	118,456
Flagler County Plantation Bay WWTF Modifications	07-12-095/32653	63,700
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>2,264,576</u>
<b>TOTAL FEDERAL &amp; STATE MATCHING</b>		<u>\$ 2,299,498</u>

(Concluded)

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT, FLORIDA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

**Basis of Presentation**

The Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the modified accrual basis of accounting. Expenditures are recognized when they become a demand on current available financial resources. Encumbrances are used during the year for budgetary control purposes. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 215.97, Florida Statutes, and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**Reporting Entity**

The St. Johns River Water Management District (the District), for purpose of the Schedule of Expenditures of Federal Awards and State Financial Assistance, includes all the funds of the primary government as defined by GASB 14, The Financial Reporting Entity.

**Pass-Through Awards**

Pass-through entity identifying numbers are presented where available. Amounts passed through by the District to its subrecipients during the fiscal year ended September 30, 2018 are reported on the Schedule in a separate column.

**Administrative Cost Allowance**

The St. Johns River Water Management District has elected not to use the 10% de minimus indirect cost rate as outlined in the Uniform Guidance.



# Comprehensive Annual Financial Report

## Management Letter Section





**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND MAJOR STATE PROJECT AND REPORT ON  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, SECTION 215.97,  
FLORIDA STATUTES, AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Board of Governors of  
St. Johns River Water Management District:

**Report on Compliance for Each Major Federal Program and State Project**

We have audited St. Johns River Water Management District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the District's major Federal programs and State projects for the year ended September 30, 2018. The District's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of the District's compliance.

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### ***Opinion on Each Major Federal Program and State Project***

In our opinion, St. Johns River Water Management District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended September 30, 2018.

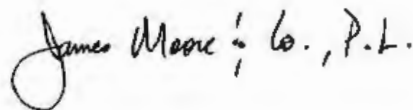
### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Daytona Beach, Florida  
February 25, 2019



**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

**I. Summary of Auditors' Results:**

***Financial Statements:***

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

***Federal Awards:***

Internal control over major Federal programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ none reported

Auditee qualified as a low-risk auditee? ☒ yes ☐ no

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major Federal programs:

CFDA Number	Program Name
12.401	National Guard Military Operations & Maintenance Projects

**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
(Continued)**

***State Financial Assistance:***

Internal control over major State projects:

Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

Any audit findings disclosed that are required to be reported for state financial assistance projects in accordance with Chapter 10.550? \_\_\_\_\_ yes      X   none reported

Dollar threshold used to distinguish between type A and type B programs: \$711,046

Identification of major State projects:

<u>CSFA Number</u>	<u>Project Name</u>
37.022	Water Management Districts – Land Acquisitions and Improvement
37.039	Statewide Surface Water Restoration and Wastewater
77.030	Lake Apopka Restoration

II. **Financial Statement Findings:** None

III. **Federal Awards Programs Findings and Questioned Costs:** None

IV. **State Financial Assistance Projects Findings and Questioned Costs:** None

V. **Prior Audit Findings:** Not applicable as no prior year findings have been reported.

VI. **Corrective Action Plan:** Not applicable as no current year findings have been reported.

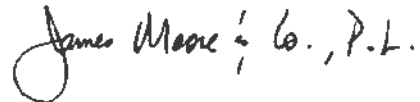
## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Board of Governors of  
St. Johns River Water Management District:

We have examined the St. Johns River Water Management District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018. The District's management is responsible for compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018, in all material respects. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, St. Johns River Water Management District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.



Daytona Beach, Florida  
February 25, 2019

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Board of Governors of  
St. Johns River Water Management District:

**Report on the Financial Statements**

We have audited the financial statements of St. Johns River Water Management District's (the District) as of and for the year ended September 30, 2018, and have issued our report thereon dated February 25, 2019.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Section 215.97, Florida Statutes, Florida Single Audit Act; and Chapter 10.550, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 25, 2019, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The District has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

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## **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. St. Johns River Water Management District was established by Chapter 373 of the Florida Statutes, known as the Florida Water Resources Act of 1972. There are no component units of the District to be disclosed as required by accounting principles generally accepted in the United State of America.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Monthly Financial Statements**

Sections 10.554(1)(i)6.a. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District provided monthly financial statements to its governing board and made such monthly statements available for public access on its Web site. In connection with our audit, we determined that the District provided monthly financial statements to its governing board and made such monthly statements available for public access on its Web site.

## **Transparency**

Section 10.554(1)(i)6.b. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District provided a link on its Web site to the Florida Department of Financial Service's Web site to view the District's annual financial report submitted to the Department. In connection with our audit, we determined that the District provided a link on its Web site to the Florida Department of Financial Service's Web site.

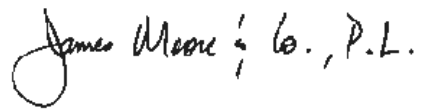
Section 10.554(1)(i)6.c. and 10.556(9), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the District posted its tentative and final budgets on its Web site. In connection with our audit, we determined that the District posted its tentative and final budgets on its Web site.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Governors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J".

Daytona Beach, Florida  
February 25, 2019



St. Johns River Water Management District  
Office of Financial Services  
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