ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by:
CLERK OF COURTS
FINANCE DEPARTMENT

Cheryl Strickland
Clerk of Court

Richard A. MacDonald, Jr.
Finance Director

ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page

Letter of Transmittal 1
Principal County Officials 11
Certificate of Achievement 12
Organizational Chart 13

FINANCIAL SECTION

Independent Auditors' Report 15
Management's Discussion and Analysis 19

Basic Financial Statements
- County-wide Financial Statements
  - Statement of Net Position 33
  - Statement of Activities 34
- Fund Financial Statements
  - Balance Sheet-Governmental Funds 35
  - Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 36
  - Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds 37
  - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 38
  - Statement of Net Position-Proprietary Funds 39
  - Statement of Revenues, Expenses and Changes in Fund Net Position-Proprietary Funds 41
  - Statement of Cash Flows-Proprietary Funds 43
  - Statement of Fiduciary Net Position-Fiduciary Funds 45
  - Statement of Changes in Fiduciary Net Position-Other Post-Employment Benefits Trust Fund 46
- Notes to the Financial Statements 47

Required Supplementary Information
- Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual - General Fund and Major Special Revenue Funds 94

ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

Page

Notes to Budgetary Comparison Schedules 97

Schedules of Funding Progress and Employer Contributions –
Other Post-Employment Benefits 99

Supplementary Information

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet-
Board and Officer General Fund Sub-funds 101

Combining Schedule of Revenues,
Expenditures and Changes in Fund Balances-Budget and
Actual-Board and Officer General Fund Sub-funds 104

Nonmajor Governmental Funds Descriptions 109

Governmental Funds
Combining Balance Sheet-Nonmajor Governmental Funds 115

Combining Statement of Revenues, Expenditures and Changes
In Fund Balances-Nonmajor Governmental Funds 132

Schedule of Revenues, Expenditures and Changes in Fund
Balances-Budget and Actual-Nonmajor Governmental Funds 149

Nonmajor Business-Type Activities Descriptions 181

Proprietary Funds
Combining Statement of Net Position-Nonmajor Enterprise Funds 182

Combining Statement of Revenues, Expenses and Changes in
Fund Net Position-Nonmajor Enterprise Funds 183

Combining Statement of Cash Flows-Nonmajor Enterprise Funds 184

Governmental Activities-Internal Service Funds Descriptions 185

Internal Service Funds
Combining Statement of Net Position-Internal Service Funds 186

Combining Statement of Revenues, Expenses and Changes in
Fund Net Position-Internal Service Funds 187

Combining Statement of Cash Flows-Internal Service Funds 188

ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

Page

Fiduciary Funds Descriptions 189

Combining Statement of Fiduciary Net Position – Agency Funds 190

Supporting Schedules

Combining Statement of Changes in Assets and Liabilities – Agency Funds 192

Board of County Commissioners
Schedule of Expenditures by Department – Budget and Actual 195

STATISTICAL SECTION

Descriptions 199

SCHEDULE 1 Net Position by Component, Last Ten Fiscal Years 200

SCHEDULE 2 Changes in Net Position, Last Ten Fiscal Years 202

SCHEDULE 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years 206

SCHEDULE 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years 208

SCHEDULE 5 Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years 210

SCHEDULE 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years 211

SCHEDULE 7 Principal Property Taxpayers, Current Year and Nine Years Ago 213

SCHEDULE 8 Property Tax Levies and Collections, Last Ten Fiscal Years 214

SCHEDULE 9 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years 215

SCHEDULE 10 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years 216

SCHEDULE 11 Pledged-Revenue Coverage, Last Ten Fiscal Years, ... 219

SCHEDULE 12 Legal Debt Margin Information, Last Ten Fiscal Years 222

SCHEDULE 13 Demographic and Economic Statistics, Last Ten Fiscal Years 223

SCHEDULE 14 Principal Employers, Current Year and Nine Years Ago 224

SCHEDULE 15 Actual Full-Time Equivalent County Government Employees by Function,
Last Ten Fiscal Years 225

SCHEDULE 16 Operating Indicators by Function, Last Ten Fiscal Years 227

ST. JOHNS COUNTY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

Page

SCHEDULE 17 Capital Asset Statistics by Function, Last Ten Fiscal Years 229

SINGLE AUDIT

Schedule of Expenditures of Federal Awards and State Financial Assistance 231

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance 234

Independent Auditor's Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control Over compliance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General; and Report on the Schedule of Federal Awards and State Financial Assistance 235

Schedule of Findings and Questioned Cost 238

Independent Auditor's 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* 240

Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes 242

Summary Schedule of Prior Audit Findings 243

MANAGEMENT LETTER

Management Letter 245

Cheryl Strickland
Clerk of the Circuit Court
Historical St. Johns County
4010 Lewis Speedway
St. Augustine, Florida 32084

FINANCE DEPARTMENT
RICHARD A. MACDONALD, JR.
FINANCE DIRECTOR
TELEPHONE 904-819-3669

June 30, 2015

The Honorable Rachael L. Bennett, Chair
Board of County Commissioners
500 San Sebastian View
St. Augustine, FL 32084

Dear Commissioner Bennett:

In accordance with Section 218.39 of the Florida Statutes, we are pleased to submit to you, the Board of County Commissioners and the citizens of St. Johns County, the Comprehensive Annual Financial Report of St. Johns County, Florida, for the fiscal year ended September 30, 2014.

This report has been prepared by the Finance Department which is a department of the Clerk of the Circuit Court. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rests with the Clerk of the Circuit Court as Chief Financial Officer of St. Johns County. It is our belief that the data contained in this report is accurate in all material respects and is shown in a manner that fairly presents the financial position of the County at September 30, 2014 and the results of its operations and its cash flows.

The County is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits. The evaluation of this relationship is a responsibility of County management. We believe these controls adequately safeguard County assets, as well as provide reasonable assurance of properly recording transactions.

The independent accounting firm of Carr, Riggs & Ingram, LLC, whose report is included herein, has audited the County's Financial Statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by County management and evaluating the overall financial statement presentation. Based upon the audit, Carr, Riggs & Ingram, LLC concluded that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America for the fiscal year ended September 30, 2014.

Additionally, in accordance with the requirements of the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as Section 215.97 of the Florida Statutes, the independent audit of the County financial statements was part of a mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing these engagements require the auditor to report on the County's internal controls and legal compliance requirements as they specifically relate to federal and state awards. These reports are presented in the section entitled Single Audit.

Generally Accepted Accounting Principals (GAAP) 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 designed to complement MD&A and should be read in conjunction with it. The MD&A for St. Johns County can be found in the financial section immediately following the report of independent auditors.

GOVERNMENT PROFILE

St. Johns County was established in 1821. St. Augustine, which was the County seat, was founded over 400 years ago by Spanish explorers and is the nation's oldest city. The County encompasses approximately 608 square miles and is located in the northeast region of the State of Florida directly south of the City of Jacksonville, and is bordered on the west by the St. Johns River, on the south by Flagler County, and on the east by the Atlantic Ocean.

The Board of County Commissioners of St. Johns County ("Board") is organized under Article III of the Constitution of the State of Florida, which empowers the creation of counties as a political subdivision of the State. St. Johns County is a non-chartered County and has the power of self government as provided by general and special law through County ordinances. Under the Constitution of the State of Florida, the offices of Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections are specifically authorized and empowered to provide their functional services independently of the Board, and they maintain separate accounting records and budgets. The County School Board is a separately organized taxing entity not under the jurisdiction of the Board of County Commissioners and has specific legislative authority granted by the Constitution.

The Board of County Commissioners is composed of five members, one from each district within the County. However, each commissioner is elected Countywide. The Board serves as the taxing authority for those entities authorized by the Constitution of the State of Florida including the constitutional officers and special taxing districts that are authorized under legislation and approved by the Board. Dependent County taxing districts also come under the purview of the Board's taxing limitation.

The County is financially accountable for an organization when the County appoints a voting majority of the organization's governing body and is able to impose its will on the organization; there is a potential for the organization to provide a financial benefit or impose a financial burden on the County; or the organization is fiscally dependent on the County.

The St. Johns County Housing Finance Authority, St. Johns County Industrial Development Authority and the St. Johns County Educational Facilities Authority are included as component units in the County's reporting entity either because of the significance of the operational relationship or the County is financially accountable for the component unit.

Furthermore, the County has determined that the St. Johns County School District, Anastasia Mosquito Control District, the St. Augustine Airport Authority, and the St. Johns Water Management District do not meet the criteria for inclusion in this reporting entity.

The County budget process begins in January with the Capital Improvement Plan. This Plan not only identifies important capital project funding needs, but may also impact the County debt management plan. The results of this process determine which capital programs appear to be under-funded over the five-year period of the plan. While additional debt financing may be evaluated to resolve the funding requirements, available resources through additional taxes, inter-governmental revenues in the form of additional gas taxes and grants, and possible increases in charges for services are also reviewed and evaluated for consideration.

Next, the Office of Management and Budget conducts an operating budget review. The process takes place from March through August and includes public meetings with citizen participation. All County department and agency expenditures, accomplishments and objectives are reviewed. In particular, additional personnel, vehicles, computer equipment and software, and capital outlay appropriation requests are scrutinized. The final adoption of the County budget occurs in September after two advertised public hearings.

There are also legal and policy controls over the County's budget. One of the major legal controls establishes the fund as the budget level that actual spending cannot exceed the appropriated (budgeted) amount. This is the legal level of control for the offices of Clerk of the Circuit Court, Property Appraiser, Sheriff, Tax Collector and Supervisor of Elections. The County, however, has adopted, by local ordinance, a more restrictive budget policy requiring County Commission action to change the total of a department's budget. This establishes the department as the legal level of control. As a matter of policy, the County includes in its accounting records a detailed version of each fund's budget. This policy is referred to as formal budgetary integration. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, and all budgeted amounts lapse at year-end. This means authorization for the use of funds must be restated in the subsequent year's budget and funds are not "rolled over" if not spent. Please refer to Note 2 for further information regarding the dates associated with the property tax calendar, which is an integral part of the budget process, as well as information pertaining to the legal level of control for budget amendments.

Finally, the Board enacted Ordinance 96-70. This ordinance established the office of the County Administrator, who serves as an appointed official for the Board and provides for the day-to-day administration of County government as specifically authorized by the Board.

ECONOMIC CONDITION AND OUTLOOK

As the state and national economy continues to improve after a period of unprecedented economic decline, statistics show that St. Johns County is faring better than neighboring counties in Northeast Florida. As a result, the local economic outlook is growing more positive. St. Johns County continues to be one of the fastest growing counties in Florida and in the United States, having grown approximately 50% within the last decade, and is projected to continue increasing annually.

Contributing to St. Johns County’s popularity are noteworthy attributes such as the County’s low tax rate, top-ranked public school system, low overall cost of living, and unique natural amenities – all which make the County a highly-desirable location in Northeast Florida to live, work and play. In 2014, a University of Wisconsin study ranked St. Johns County Florida’s Healthiest

County for the third year in a row. Other noteworthy accolades include St. Johns County and St. Augustine being selected by:

- CNN *Money Magazine*– as #5 of Top 25 Counties for Best Places to Live: Where the Jobs Are
- *U.S. News & World Report* – as One of the Ten Best Places to Live in the United States
- *Forbes Magazine* – as One of the Ten Prettiest Towns in the United States
- *Coastal Living* – as One of America's Ten Happiest Seaside Towns

Business locations within St. Johns County are connected to multi-modal transportation networks through Interstate 95 and U.S. 1 corridors, which provide convenient access to regional assets such as Jacksonville International Airport and JAXPORT, as well as local assets like the Northeast Florida Regional Airport in St. Augustine. Continued improvements to roadway infrastructure in and around St. Johns County such as the SR 9B extension and CR 210 overpass projects support local economic development interests.

Historically, the County's primary economic sectors have been agriculture, tourism and retail, which correlate to the state's economic drivers. As growth continues, the County has made a concerted effort to diversify its economic base and promote high-wage job creation for local residents through the growth of existing businesses and attraction of new businesses to the County.

The County's philosophy is to be a pro-business community encouraging a balance in economic growth, environmental stewardship and quality of life. Upon approval by the Board of County Commissioners, the County hired their first-ever Director of Economic Development in 2011 to implement a proactive, sustained effort to attract and retain businesses and work cooperatively with community partners to achieve this goal. Funding was also increased to support these new economic development programs and activities to promote and enhance the County's business-friendly climate.

The County's economic development office is a collaborative partner with Enterprise Florida, having been designated by the County Commission as the primary designated economic development office for St. Johns County. To enhance targeted industry marketing efforts, the County maintains membership in JAXUSA Partnership to leverage resources with the regional agency promoting Northeast Florida on a national scale to enhance economic development. Additionally, the County contracts with the St. Johns County Chamber of Commerce to provide support for businesses interested in locating and expanding into the County, and the University of North Florida Small Business Development Center (SBDC) who provides technical assistance to entrepreneurs and small businesses.

The County maintains a competitive business incentive program to attract new business development and enhance existing business expansion within the County. Upon approval by the Board of County Commissioners, qualified projects are eligible for economic development grants reimbursing up to 100% of impact fees, water and sewer connection fees, and general county ad valorem and tangible personal property taxes paid for a specified period of time.

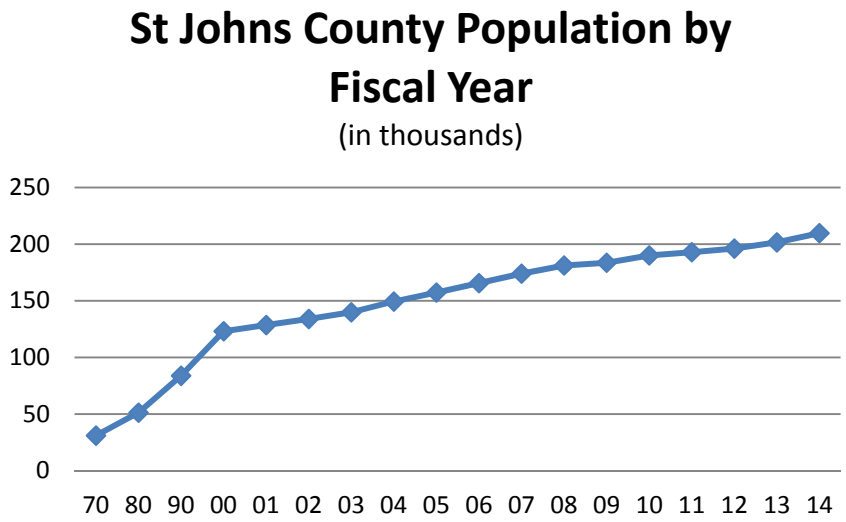
Updates to the incentive ordinance in 2014 provide additional consideration for County residents in a business ownership or executive management position to encourage expansion or relocation of those businesses to St. Johns County. Additional incentive consideration may also be provided to qualifying businesses who locate within designated school overcapacity zones to encourage appropriate commercial development and tax base diversification.

Other incentive programs the County also participates in includes the State's Qualified Target Industry (QTI) Program and the State's Qualified Defense Contractor (QDC) Program, to leverage

incentive resources to assist in the recruitment of new businesses. These programs are managed by the state's Department of Economic Opportunity (DEO).

In 2011, St. Johns County was approved to be included in the JAXPORT Foreign Trade Zone 64 (FTZ) service area. This program allows participating businesses the ability to receive tax-deferred or exempt status on internationally imported and exported products, providing an additional cost-savings benefit.

As population increased from 201,541 to 207,443, St. Johns County was identified as the 20th fastest growing County in the United States with a 3.6% annual growth rate. Estimated sales tax revenue generated per capita in 2014 was $77.51, representing a healthy increase of 9.7% during this period.



Job growth increased as well in 2014, resulting in a continuing decline in unemployment rate. St. Johns County continues to have one of the lowest unemployment rates in the state. As of September 2014, the county unemployment rate was 4.8%, reflecting a continued decrease within the last 12 months. The local rate remained lower than the state average of 6.1% and this positive trend is continuing into 2015. The County's labor force grew by over 7,000 within that period to 109,513, thereby indicating economic recovery has continued to strengthen.

Local job growth may be attributed to the continued high rate that single family residential permits are being issued, as well as increasing commercial activity. In Northeast Florida, homebuilders secured more permits in St. Johns County than any other regional county again in fiscal year 2014, marking the fourth year in a row that this milestone has been achieved since first accomplished in 2011. With mortgage interest rates remaining at historically low levels, it is anticipated that this trend will continue into 2015.

The County issued 2,585 residential permits and 726 commercial permits in fiscal year 2014, which includes a 9.2% increase in the number of commercial permits. A significant contributor to the County's residential growth is Nocatee, which is the nation's third top-selling master-planned community in the United States for the second year in a row.

Market valuations for permits issued during this period were $977,372,097, representing a moderate increase of 11.9% in total permit valuations. For tax year 2013, commercial property ad valorem taxable valuation, including tangible personal property was 15.9% of the total tax base.

During the same period, residential ad valorem taxable valuation increased 3.3%. Therefore, during this period of considerable residential permit activity, it is likely that the commercial ad valorem tax base will remain stable, despite increases in commercial permit activity.

St. Johns County has attracted a well-educated population, with statistics reflecting 92% of residents (age 25+) having a high school education and 67% having attained post-secondary education. This local employment base provides a ready, willing and skilled workforce for the growing business sector. A correlating factor of a well-educated population is a higher than average household income. The County maintains a relatively wealthy demographic profile with an estimated 2013 median household income of $64,876, and per-capita income of $54,082 *(BEA)*.

Several commercial projects were announced or commenced in 2014. The most significant project underway in St. Johns County is the construction of Northrop Grumman's Aircraft Integration Center of Excellence, announced in 2013. The first phase of the $80 million, 361,000 square-foot facility is nearing completion which will ultimately house 1,400 employees, including the addition of 400 new high-wage manufacturing jobs announced in conjunction with the project.

Ideal Aluminum Products announced in 2014 that they selected St. Johns County to relocate their headquarters and manufacturing operation from Deland, FL and will create 120 new jobs at an average wage of $40,000. The company is investing $6.5 million in the purchase of a vacant 145,000 sq. ft. facility at 3200 Parker Drive and associated renovations and equipment, and anticipates occupying the new facility in early 2015.

Defenshield announced in 2014 that they will relocate their ballistics protection equipment headquarters and manufacturing operations from Syracuse, NY to St. Johns County, eventually employing 15-20 skilled workers.

Frontier Airlines initiated new passenger service from Northeast Florida Regional Airport (NEFRA) to Trenton, NJ, flying three flights/week. Frontier also initiated seasonal passenger service from St. Augustine to Washington D.C. (Dulles) in fall 2014. Via Airlines initiated new seasonal passenger service from NEFRA to Charlotte, NC, flying flights/week in December 2014, and will evaluate future destinations upon demand.

The second largest home builder in the country, D.R. Horton completed the relocation of their regional headquarters by moving into a new 35,100 sq. ft. office building on Race Track Road in northwest St. Johns County. At move-in, the company employed 150 people and they forecast having up to 270 employees within the next three years. Other home builders that have a new regional office presence in St. Johns County include Toll Brothers and David Weekley, both of whom are located in Nocatee, one of the fastest-growing master-planned communities in the United States.

Hotel interest is beginning to pick up after several years of inactivity. The former San Marco Inn in downtown St. Augustine reopened as a 100-room DoubleTree Hilton Hotel in September 2014. More brand-name hotels are being proposed in the city along U.S. 1, and a new Guy Harvey Outpost Resort has been announced on St. Augustine Beach as a redevelopment to the Holiday Isles Oceanfront Resort.

Retail and restaurant activity is increasing as well. The County welcomed new retailers Petsmart, Ulta and Aldi, along with Chipotle Mexican Grill restaurant in the Seabridge Square development at SR 312 and U.S. 1. Chase Bank and Vystar Credit Union are under construction on four new branches and Fidelity Southern Corp. has applied to the FDIC to construct three new bank branches in the County. Volkswagen opened their first automobile dealership in the County on U.S. 1 South. Dollar General opened on SR 16 in Murabella, and Family Dollar is under construction with a new store on SR 16. Discount Tire opened at SR 16 and I-95, and Goodyear

Tire is under construction on CR 210. Salt Life Restaurant opened in St. Augustine Beach, PDQ restaurant opened their first location in Fruit Cove and Wendy's Restaurant is under construction in Nocatee.

St. Johns County is also seeing more interest in assisted living and memory care facilities. Construction is underway in 2014 with Arbor Terrace and The Palms projects in Ponte Vedra, as well as the long-awaited Silver Creek development along SR 207. Renovations are also underway at the Vicar's Landing property in Ponte Vedra and Westminster Woods in Julington Creek. Other centers are also in the planning stage indicating continued strength in this market segment.

The combined impact from these projects is more than 1,000 new jobs to be created within the County, and a capital investment well over $100 million. St. Johns County Small Business Development Center continues to produce impressive results and has assisted 1,219 individuals, helped open 122 new businesses and created/retained 669 jobs since opening in October, 2009. Business prospect activity is solid and it is anticipated to maintain positive momentum into 2015.

FINANCIAL PLAN

Goals and Objectives

The County's prudent budgeting, cash management and funding additional resources through debt structuring has allowed the County to meet emerging infrastructure needs while still improving and providing the resources necessary to meet operational and program goals established by the various departments of the Board of County Commissioners. The Board identified and updated their goals and objectives in 2013 and they continued during 2014. They are:

Promote Economic Development. The Board has made this goal its top priority. The goal continues to be twofold: attract new business and industry to the County and help existing businesses and industries prosper. An Economic Development Director was hired in 2012 to help foster a more aggressive and coordinated effort.

Promote the County's Health, Safety, and Welfare. The transition to a professional firefighter force began in 1997 with over 243 positions added since that time. The County Sheriff's budget requests have also been consistently addressed by the Board. A new 800-Megahertz emergency radio communications system was substantially completed during 2014.

Address the County's Long-term Financial Stability. The Board is emphasizing the following objectives: County debt restructuring, consideration of new revenue sources, maintaining equitable employee compensation, continued effective and efficient delivery of County services, and contracting for lower cost.

Address the County's Deferred and Emerging Infrastructure Needs. Several years of budget reductions has resulted in deferred infrastructure needs particularly for transportation infrastructure and pavement management. In addition, water quality improvement has been federally mandated.

Participate in Regional Initiatives. Partnering with other northeast Florida counties or other governmental entities helps coordinate regional efforts and can result in better efficiencies.

Maintain and Enhance the County's Quality of Life. The Board is further emphasizing the following specific areas: County beaches, parks, libraries and bicycle/hiking trails.

Protect and Promote the County's Environment. The County's Environmental Services division was created in 2009 within Growth Management. In addition, water quality improvement remains a continued focus as well as initiating the conversion of a substantial portion of the County vehicle fleet to compressed natural gas (CNG) as an environmental improvement initiative that also will generate significant fuel cost savings.

Enhance County Beautification and Appearance. The Board's emphasis is the enhancement of County entryways, signage, and scenic corridors.

Emphasize Community Redevelopment. The Board has emphasized other communities in the County in need of redevelopment or economic revitalization, such as Hastings and Armstrong, in addition to the Community Redevelopment Agency of St. Johns County (the CRA), as formed in 2002 and 2003, which constitutes West Augustine, Vilano Beach, and Flagler Estates.

Enhance Communication with Community. Improving communications and citizen services continues as a top objective. Every County department has the objective of improving service and operating more efficiently. County Administration in particular is focusing on enhancing communications.

The Plan

The Plan is a set of guidelines for the management of funds or financial resources. It provides for the effective planning of government expenditures and services, revenues and the long term financing of capital improvements and infrastructure. It helps ensure that the County is able to meet its short-term and long-term objectives and helps prevent financial problems or emergencies from unnecessarily changing previous policy decisions.

Another primary purpose is to provide guidelines for the issuance and management of debt. Proper debt management promotes the accomplishment of service objectives, contributes to financial health and stability, and assures access to debt markets to meet both scheduled and unscheduled financing needs.

The decision to issue debt is made on a case-by-case basis and only after careful and timely evaluation of all relevant factors. Factors, which are considered, are:

- Legal constraints on debt capacity and various financing alternatives
- Constraints contained in currently issued debt offerings
- The urgency of the capital requirements related to the economic cost of delays
- The willingness and financial ability of taxpayers to pay the capital improvements
- Evaluating the balance between internal and external funding mechanisms
- Current interest rate climate and other market considerations
- The County's financial condition
- The type, availability and stability of revenues pledged for debt repayment
- The type of debt anticipated to be issued
- Whether or not the project to be financed creates ongoing operating expenditures that will be supported by available revenue resources

Additionally, it provides for the services of an outside financial advisor to periodically evaluate the County's debt management strategies, as well as the County's debt capacity regarding various intergovernmental and local revenue resources.

Another Plan purpose is to provide policies and guidelines for the investment of the County's limited financial resources.

In accordance with Section 218.415, Florida Statutes, the County adopted Ordinance No. 2008-1, which describes the various investment products allowed under the ordinance for County's surplus assets ("Surplus Fund") and the Post-Employment Welfare Benefits Program Trust ("Trust Fund") for assets held on behalf of county retirees for other post-employment benefits than pensions. Additionally, Resolution No. 08-151 was adopted to apply rules pertaining to the Trust Fund. Finally, Resolution No. 2001-58 pertains to the rules that apply to all financial assets of the Board and funds related to the issuance of debt. Funds held by state agencies (e.g., Department of Revenue) are not subject to the provisions of this policy. Additionally, neither policy includes any financial assets under the direct control of any of the Constitutional Officers of St. Johns County. The policies become applicable at such time as direct control of the funds passes to the Board.

Relevant Financial Policies

While reviewing revenue comparisons of budget amounts to actual receipts in preparation for the mid-year budget report to the Board, which is an integral part of the Plan, County Administration again recommended several austere budgetary measures for implementation. These were intended to provide immediate and future cost reductions to offset the accumulated revenue declines due to the recession and its aftermath. Additional discussion regarding the implementation of the measures is presented in the section entitled Management's Discussion and Analysis.

Major Initiatives

Finally, during 2014 the County anticipated a return to modest revenue growth and continued to address deferred maintenance as well as County vehicle replacement. The County also continued its compliance effort with water quality improvement projects.

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 St. Johns County for its Comprehensive Annual Financial Report for the year ended September 30, 2013. This was the twenty second consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

Additionally, for the last twenty two years, the County Office of Management and Budget has also received the Distinguished Budget Presentation Award from GFOA for publishing a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

Acknowledgments. A Comprehensive Annual Financial Report of this nature could not have been prepared without the dedicated efforts from the staff of the Board of County Commissioners and each of the Elected Officials. Special thanks goes to the staff of the Finance Department, the

Office of Management and Budget and the Department of Economic Deveopment. Each member of these departments has our sincere appreciation for their contributions made in the presentation of this report.

Additionally, we would also like to thank the Chair and the members of the County Commission for their leadership and support in planning the financial operations of the County in a responsible and progressive manner.

Sincerely yours,

Cheryl Strickland
Clerk of the Circuit Court

Richard A. MacDonald, Jr.
Finance Director

RAM:cd

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Rachael L. Bennett, Chair
Jeb Smith, Vice-Chair
James K. Johns
William A. McClure
John H. Morris

CONSTITUTIONAL OFFICERS

David B. Shoar, Sheriff
Cheryl Strickland, Clerk of Court
Dennis Hollingsworth, Tax Collector
Sharon P. Outland, Property Appraiser
Vicky Oakes, Supervisor of Elections

COUNTY ADMINISTRATION

Michael D. Wanchick, County Administrator
Jerry T. Cameron, Assistant County Administrator for Community Services
Darrell M. Locklear, Assistant County Administrator for Operations

FINANCE

Richard A. MacDonald, Jr., Finance Director
Linda C. Payne, Assistant Finance Director

OFFICE OF MANAGEMENT AND BUDGET

Doug Timms, Director
Jesse Dunn, Assistant Director

OFFICE OF ECONOMIC DEVELOPMENT

Melissa S. Glasgow, Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

St. Johns County

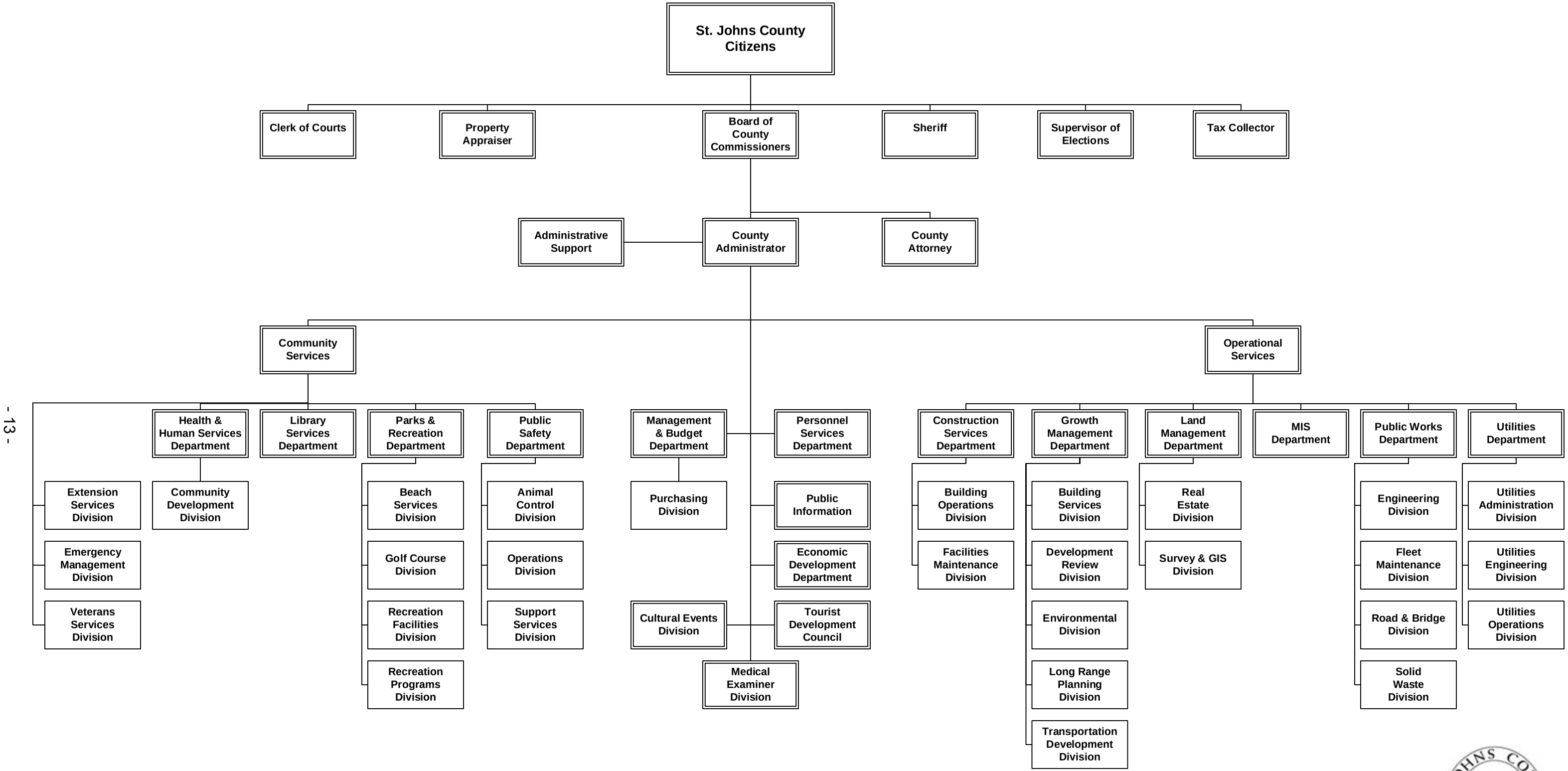
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

St. Johns County Board of County Commissioners Organization Chart



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INDEPENDENT AUDITOR'S REPORT

The Honorable County Commissioners
St. Johns County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of St. Johns County, Florida (the "County"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's 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 statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 15 to the financial statements, the County corrected an error involving the construction advance between the General Fund and a nonmajor fund. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 the 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 County's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 June 30, 2015 on our consideration of the County'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 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 County's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 30, 2015

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MANAGEMENT'S DISCUSSION and ANALYSIS

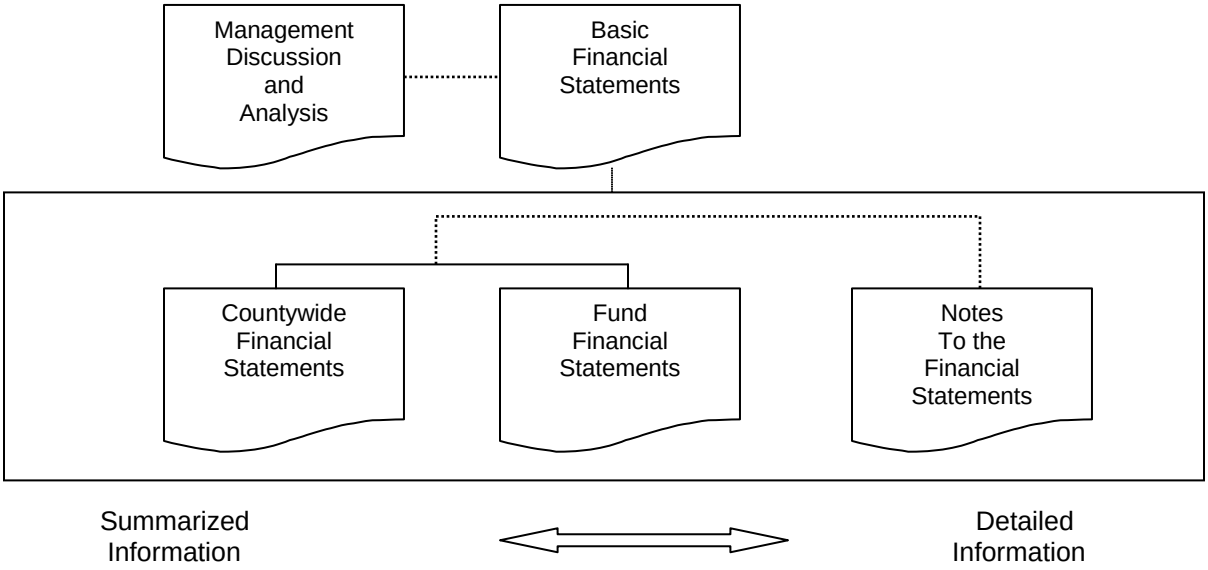
This section of St. Johns County, Florida's Comprehensive Annual Financial Report presents a narrative overview and analysis of the County's financial performance during our most recent fiscal year, which ended September 30, 2014. It is designed to provide an objective and easy to read overview analysis of the County's financial activities; significant financial issues; material deviations from the Financial Plan (budget); changes in the County's financial position and individual fund concerns. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter in the front of this report and the County's financial statements.

1. Financial Highlights.

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows, which are reported as net position, by $1,444,934,488 as of September 30, 2014.
- Total net position of the County increased by $1,335,887.
- Unrestricted net position of $133,577,660 represents the amount that may be used to meet the County's ongoing obligations to citizens and creditors.
- The net change in total governmental fund balance decreased by $4,146,761. This is primarily attributed to the increased use of other governmental funds to meet the County's debt service obligations and the increased use of resources for capital construction, infrastructure and deferred maintenance projects through the use of other governmental fund reserves.

2. Overview of the Financial Statements.

This discussion is intended to introduce St. Johns County, Florida's basic financial statements. The basic financial statements are comprised of two kinds of statements that present different views of the County: (1) countywide statements, and (2) fund statements. The basic financial statements also include notes essential to a full understanding of both kinds of statements. This report also has a separate section for supplementary and statistical information in addition to the basic financial statements themselves as indicated below.



The first two statements are countywide financial statements that focus on the County as a whole and provide both long-term and short-term information about the County's overall financial condition. These statements provide readers with a broad view of the County's finances, similar to a private sector business.

The remaining statements are fund financial statements that are similar to traditional governmental financial statements. These statements report on individual parts of the County's operations and include more detail than the countywide statements.

A. Countywide financial statements. The countywide statements report on St. Johns County as a whole using accounting rules very similar to those used by private companies. There are two countywide statements. The statement of net position combines and reports all of the County's assets, deferred outflows, liabilities and deferred inflows. The statement of activities combines and reports all of the County's revenues and expenses regardless of when cash is paid or received. These two financial statements demonstrate how the County's net position has changed. Net position is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows. It is one way of assessing the County's current financial condition. Increases or decreases in net position are good indicators of whether the County's financial health is improving or deteriorating over time. Other non-financial factors, such as diversity in the local economy, are important in evaluating the County's overall financial condition.

The countywide financial statements are grouped into three categories:

- *Governmental Activities*. Most of the County's basic services are included here, such as police, fire, public works, recreation, and general administration. Property taxes, sales and gas taxes, and federal and state funding finance most of the cost of these activities.

- *Business-type Activities*. The County and Ponte Vedra water and sewer utilities, solid waste, golf course, and convention center are classified here. In these activities, the County charges customer fees to cover all or a portion of the cost of providing these goods and services.

- *Component Units.* These are other governmental units over which the County exercises influence, and are presented as separate columns in the countywide statements. The Component Units are as follows; the St. Johns County Housing Finance Authority, the St. Johns County Industrial Development Authority, and the St. Johns County Educational Facilities Authority.

B. Fund financial statements. The County's fund statements report in greater detail than the countywide statements the County's most significant funds. A fund is a group of related accounts used to exercise control over specific resources set apart for specific activities. The County, like other state and local governments, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants, and local administrative and legislative actions.

The County maintains 71 individual governmental funds. The General Fund, Transportation Trust and the St. Johns County Community Redevelopment Agency are presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances. All other governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements in a separate section of this report.

All of the County's funds are classified in one of the following categories:

- Governmental funds tell how basic governmental services were paid for in the short-term as well as what remains for near future spending. These funds account for essentially the same services as those reported as governmental activities in the countywide statements. Because the fund view does not include the additional long-term focus of the countywide statements, we provide additional information following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances that explains the differences between the two views.

- Enterprise funds report on business-type operations of the utility funds, solid waste fund, golf course, and convention center where the fees for services typically cover all or most of the costs of operations. These statements offer both long and short-term financial information and offer more detailed reporting of the amounts classified as business-type activities in the countywide statements.

- Internal service funds are used to account for the financing of activities provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

- Fiduciary funds report information about financial arrangements in which the County acts solely as an agent or trustee for others. The County is responsible for ensuring these resources are used for their intended purposes. Since these funds are not resources of the County, but are held for the benefit of others, we exclude these activities from the countywide statements.

C. Notes to the financial statements. The notes provide additional information and explanation that is necessary for a full understanding of both the countywide and fund statements.

D. Required supplementary information. Budgetary comparisons between beginning, ending, and actual results for the general fund and each individual major special revenue fund are located in the Supplementary Information section of the report. Additionally, the Schedules of Funding Progress and Employer Contributions – Other Post-Employment Benefits are located here.

E. Other supplementary information. The combining statements for the nonmajor governmental funds, nonmajor enterprise funds, internal service and agency funds, as well as individual fund budget and actual comparison schedules are found in the Supplementary Information section of this report; after the required supplementary information section.

Additional statistical information is presented to give users of the report a historical perspective and to assist in determining current financial trends of the County.

3. Financial Analysis of the County as a Whole.

At the end of fiscal year 2014, the financial position of the County remains stable and is able to report positive balances in each component of net position as reflected below, in the Summary Statement of Net Position. This is consistent with the prior fiscal year.

Summary Statement of Net Position
September 30, 2014
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Cash and Investments	$ 158,731	$ 159,985	$ 110,072	$ 114,884	$ 268,803	$ 274,869
Other Current Assets	8,269	9,774	8,573	8,195	16,842	17,969
Other Non-current Assets	6,009	6,142			6,009	6,142
Capital Assets	1,181,318	1,182,843	415,660	403,415	1,596,978	1,586,258
TOTAL ASSETS	1,354,327	1,358,744	534,305	526,494	1,888,632	1,885,238
DEFERRED OUTFLOWS OF RESOURCES						
Bond Refunding Losses	5,731	6,043	4,215	4,610	9,946	10,653
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,731	6,043	4,215	4,610	9,946	10,653
LIABILITIES						
Current Liabilities	29,854	27,864	17,681	13,438	47,535	41,302
Non-current Liabilities	207,196	210,781	198,874	200,210	406,070	410,991
TOTAL LIABILITIES	237,050	238,645	216,555	213,648	453,605	452,293
DEFERRED INFLOWS OF RESOURCES						
Advance Grant	38		-		38	-
TOTAL DEFERRED INFLOWS OF RESOURCES	38	-	-	-	38	-
NET POSITION						
Net Investment in Capital Assets	971,830	972,172	244,639	237,378	1,216,469	1,209,550
Restricted	83,161	80,168	11,727	11,921	94,888	92,089
Unrestricted	67,979	73,802	65,599	68,156	133,578	141,958
Total net position	$ 1,122,970	$ 1,126,142	$ 321,965	$ 317,456	$ 1,444,935	$ 1,443,598

- This year, total net position for Governmental activities decreased by .28% or $3.2 million dollars. The decrease is attributed to the increase in expense related to the early disposition of capital assets relating to the sale of the Health and Human Services building and site to Lowe's Home Improvement and the additional disposition of County equipment from the acquisition this year of new equipment and vehicles to replace those held beyond their useful lives because of the

recession. This is expected to occur again next year as the County's plan is to continue the purchases through fiscal year 2015. Ending net position for Business-type activities changed by $4.5 million. The increase is attributed to the increase in capital assets net of related debt during the period less any debt repayments used to acquire the assets.

- Governmental activities decreased unrestricted net position by $5.8 million, while Business-type activities unrestricted net position decreased by $2.6 million.

- Primary Government assets and deferred outflows of resources exceeded liabilities and deferred inflows at the end of this fiscal year by $1.4 billion. The greatest portion of net position reflects the County's investment in capital assets net of the related debt used to acquire them less bond balances remaining within the capital improvement and proprietary funds. Additionally, $94.9 million of net position is subject to restrictions regarding how it may be used to meet these ongoing obligations; leaving $133.6 million as unrestricted. Unrestricted net position can be used to meet the County's ongoing obligations to citizens and creditors. The current year unrestricted balance showed an decrease of $8.4 million from last year due to management's use of unrestricted reserves to meet increased costs related to capital vehicle replacements and operational increases attributed to implementing several deferred maintenance programs and projects Countywide. The County's financial position remains stable.

- Finally, included in the $65 million of unrestricted net position balances for business-type activities is:

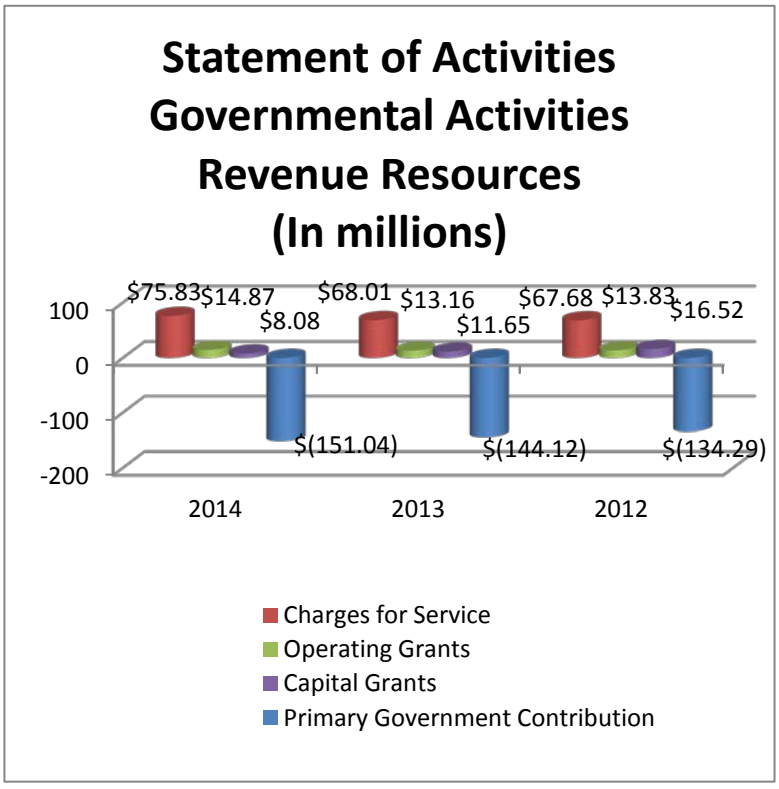
  - Approximately $17.2 million in approved contract balances for capital improvements associated with a regional sewer treatment facility and several smaller water and sewer infrastructure projects that will be completed between fiscal year 2015 and 2016 for the County utility funds. Additionally, there is approximately $26.7 million in reserved developer contributions and unit connection fee balances from the utility funds available to offset part of this plan.

  - $5.4 million in landfill long-term care balance

  - The balance may be utilized for rate stabilization.

Although accounting principles do not restrict these amounts, they have been earmarked for future uses governed by the County's capital improvement plan and prudent managerial decisions.

The Statement of Activities graphically portrays where the program revenue resources came from to cover the expenses associated with the various governmental activities of the County. Program revenues do not include general revenues such as taxes, intergovernmental revenue streams, transfers and interest earnings.



The County increasingly relies upon increased charges for service, operational grants, taxes, and shared unrestricted intergovernmental revenues to meet governmental expenses.

The decrease in net position of governmental activities of $3.2 million is attributable to the net loss in fund balance of $4.1 million; an increase of $4.2 million in capital assets and infrastructure; plus an increase of $2.6 million in bond payments net of the related new debt issuance; less the early loss on the disposal of County assets that were not fully depreciated of $5.7 million; and an increase of $461 thousand from the internal service fund balance allocation and the related net changes in employee compensated absences, and the OPEB employer contribution.

Statement of Activities
(In Thousands)
for the year ended September 30, 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for services	$ 75,829	$ 68,014	$ 58,807	$ 57,322	$ 134,636	$ 125,336
Operating grants & contributions	14,871	13,157	90		14,961	13,157
Capital grants & contributions	8,079	11,649	3,251	2,357	11,330	14,006
General Revenues:						
Taxes	139,427	135,263			139,427	135,263
Intergovernmental	6,786	9,333			6,786	9,333
Unrestricted earnings on investments	905	469	489	187	1,394	656
Miscellaneous	1,860	8,750	4,234	4,194	6,094	12,944
Total Revenues	247,757	246,635	66,871	64,060	314,628	310,695
Expenses:						
General government	36,168	38,408			36,168	38,408
Public safety	109,469	100,359			109,469	100,359
Physical environment	1,773	1,769			1,773	1,769
Transportation	37,876	42,912			37,876	42,912
Economic environment	3,144	3,485			3,144	3,485
Human services	17,232	11,110			17,232	11,110
Culture and recreation	26,520	23,193			26,520	23,193
Court related	9,109	6,614			9,109	6,614
Interest on long-term debt	8,533	9,092			8,533	9,092
Utilities			41,169	39,091	41,169	39,091
Solid w aste			19,950	18,833	19,950	18,833
Golf course			1,476	1,341	1,476	1,341
Convention center			873	916	873	916
Total Expenses	249,824	236,942	63,468	60,181	313,292	297,123
Increase in Net Position Before Transfers and Special Items	(2,067)	9,693	3,403	3,879	1,336	13,572
Transfers	(1,106)	(384)	1,106	384	-	-
Change in net position	(3,173)	9,309	4,509	4,263	1,336	13,572
Net position, beginning of year	1,126,142	1,116,833	317,456	313,193	1,443,598	1,430,026
Net position, end of year	$ 1,122,969	$ 1,126,142	$321,965	$317,456	$ 1,444,934	$ 1,443,598

As in previous fiscal years, a much less significant resource that impacted the primary government's increase in net position is the developers' contribution of land, rights of way, and infrastructure. This is seen as having a positive effect on future growth within the County. Program revenues were the main resources in meeting business-type expenditures, which is the same as in the previous year.

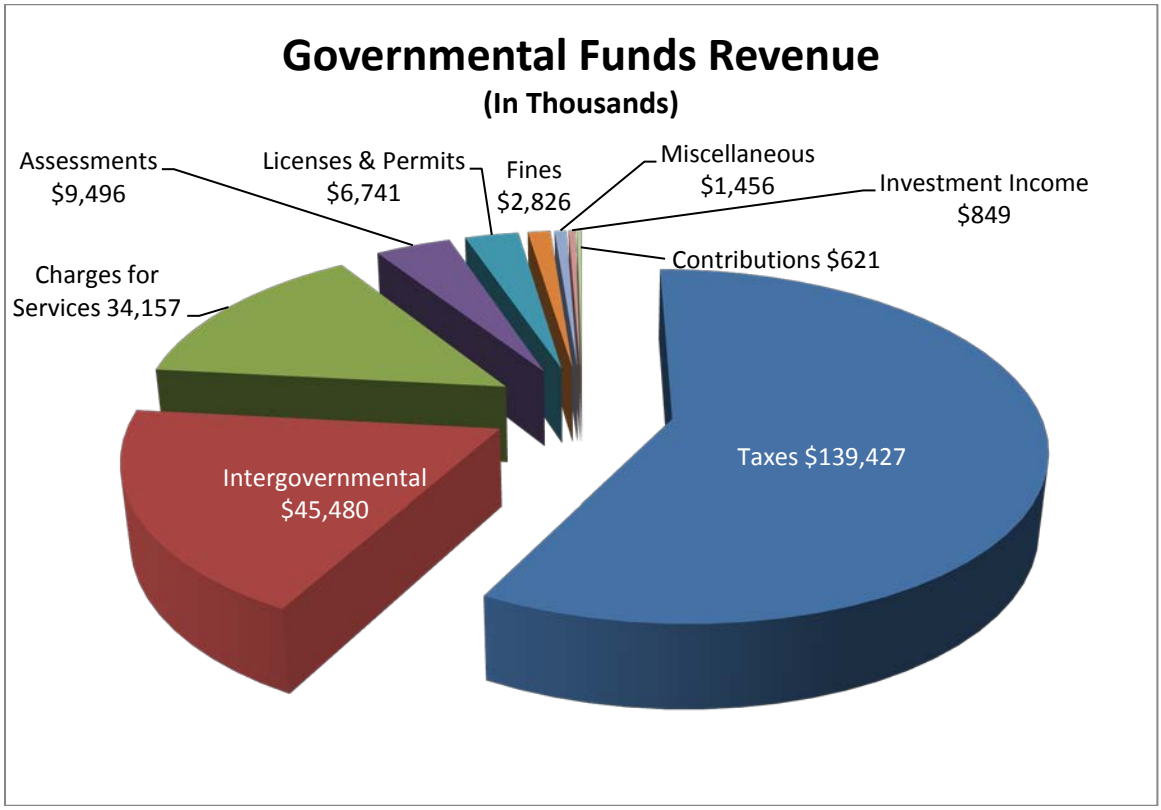
Finally, there were increases between fiscal years in expenses for the County utilities and solid waste programs. The remaining business-type programs were flat in comparison.

4. Financial Analysis of the County's Funds.

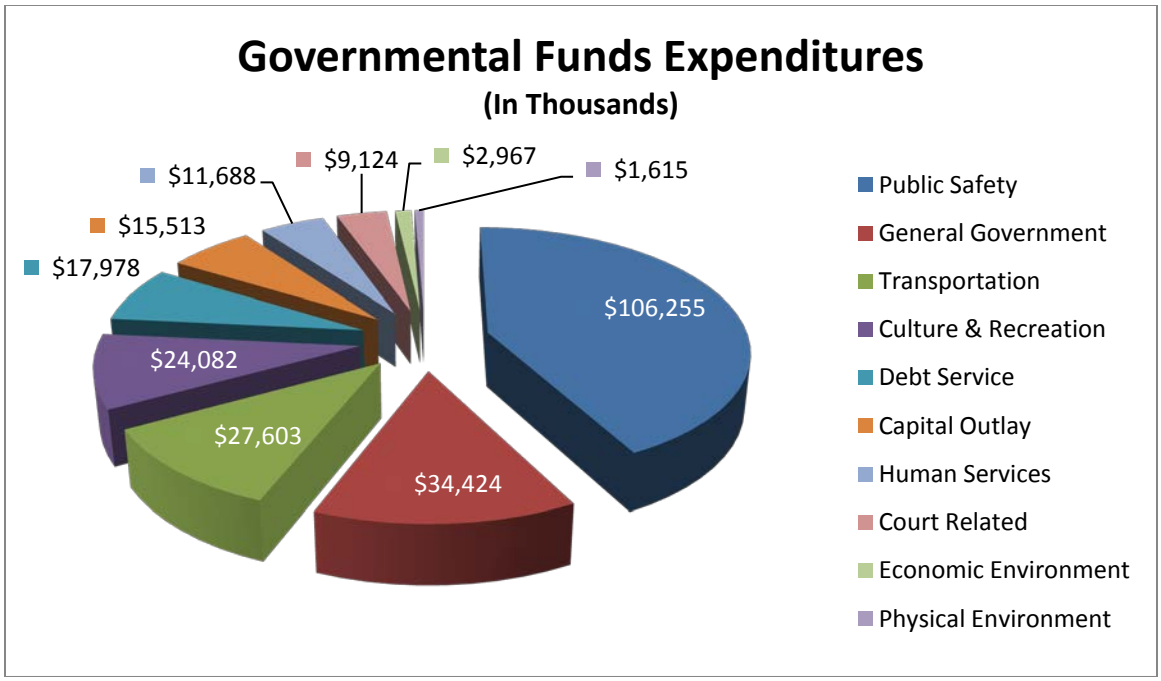
The focus of St. Johns County's governmental funds is to provide information on near-term inflows, outflows, and balances of available spending resources. This information is useful in assessing the County's potential financing requirements. Unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At September 30, 2014, the County's governmental funds reported combined ending fund balances of $140.4 million, which is a decrease of $4.1 million when compared with the prior fiscal year. This decrease is primarily attributed to operating revenues increasing slightly by $1.1 million; while total operating expenditures, including capital costs relating to infrastructure and debt service increased by $12.9 million. Additionally, resources necessary to meet expenditures came from other financing resources, additional debt issuance and prior year's fund balances.

The County expects to see a continued decline in these balances over the next couple of years as capital and deferred maintenance projects are completed, and operating expenditure increases from payroll increases are met through the use of reserves.



The County's expenditures cover a range of services; over half are related to public safety, general government, and transportation.



Excluding capital outlays and the County debt service requirements, the County's governmental fund expenditures increased by $11.0 million or 5.32% from prior year expenditures. This was primarily attributed to County wage increases; the continuation of deferred maintenance projects and capital expenditures that were postponed in previous years; and increased contributions during the fiscal year towards future Other Post Employment Benefits. The primary functional expenditure, which had the greatest increases were Public Safety, Human Services, Court Related expenditures and Culture and Recreation. All other expenditure function decreased from the prior fiscal year.

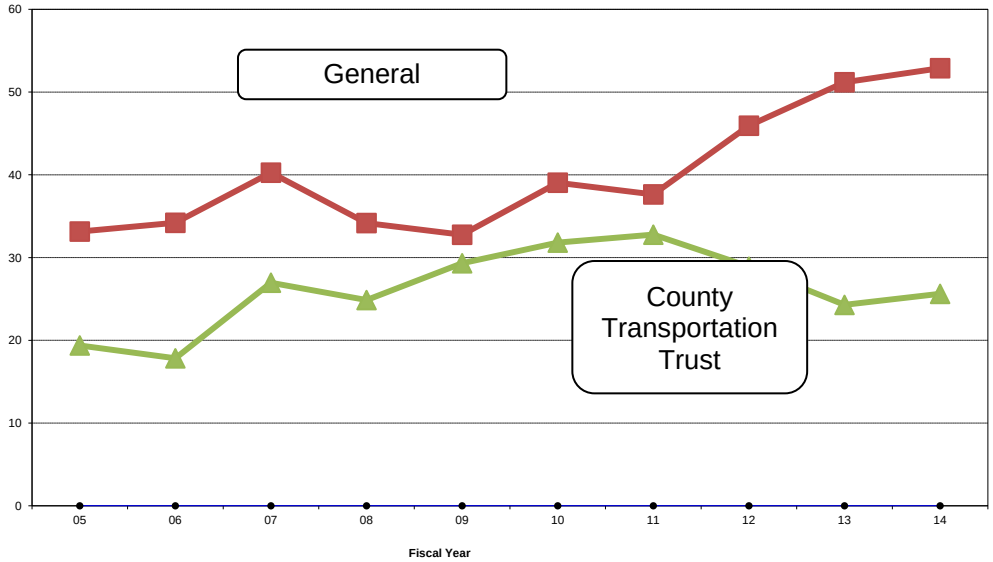
The net change in fund balance for the General Fund and County Transportation Trust Fund (CTTF) was $1.7 million and $1.3 million increase respectively. This represented a 3.3% increase in General Fund fund balance; and a 5.5% increase in CTTF fund balance. The increases are the result of using alternative funding resources from impact fees for debt service and continued utilization of Other Governmental Funds for capital infrastructure needs.

The St. Johns County Community Redevelopment Agency net decrease in fund balance was $25,478 due primarily to the slow change in property values in the blighted areas based on the original values at the time the areas were established. This is expected to change over time as property values begin their recovery in the areas.

Major Governmental Funds

Fund Balance Adjusted for Special Items

(In millions)



As seen in the above table, General Fund ending fund balance increased during the fiscal year. The increase is considerably greater than originally projected during the final budget process and amendments. The anticipated ending budget projection was approximately $34.2 million which is $18.7 million less than actually occurred. The difference primarily is based on increased revenues of $4.6 million over budget, which was primarily from the statutory 5% reduction required under statute; and expenditure savings of $8.2 million. The expenditure savings were achieved through the continued use of various measures implemented during the fiscal year by management to ensure sufficient unassigned balances would be available for future years.

County Transportation Trust ending fund balance increased to $25.6 million due primarily to budgetary expenditure savings of $15.8 million. As with the County General Fund, the ending budget projected only $11.5 million in ending fund balance. Management achieved these expenditure savings through utilizing Other Governmental Funds, primarily Road Impact Fees to meet debt service obligations; austerity measures and capital improvement plan resource adjustments to offset using additional Transportation Trust reserve balances.

Although the County anticipated utilizing all the reserves of the St. Johns County Community Redevelopment Agency during this fiscal year, there was a negligible balance at the close of the fiscal year. This was primarily achieved through decreased operating costs during the year.

The ending fund balances for the major funds are considerably greater than the County expected, or by guidelines, but were considered prudent by management based on the continued economic climate.

5. General Fund budgetary highlights.

Total adjustments that were made to the General Fund's original budget and final amended budget included the following major transactions:

- $208,265 was added in additional General Fund appropriations for various increases relating to unanticipated revenues that were awarded during the fiscal year for grants and various unanticipated receipts.

- Approximately $2.9 million in General Fund appropriations for various increases in operating expenditures and operational transfers to other nonmajor funds.

- During this year, the difference between the County's final adopted budget and total General Fund expenditures was $8.2 million. The following table highlights the savings by function/programs:

Projects	Appropriation Balance In Thousands	Percent
General Government	$ 2,685	33%
Public Safety	2,466	30%
Physical Environment	340	4%
Economic Environment	289	3%
Human Services	485	6%
Culture and Recreation	1,561	19%
Court Related	379	5%
Total	$ 8,205	100%

  - Approximately $1.6 million in personnel savings were recognized.

  - Additionally, the largest savings was $4.8 million in operating appropriations across all County General Fund departments.

  - And finally, approximately $1.8 million in savings was from equipment or capital projects that were not completed as anticipated.

6. Capital Asset and Debt Administration.

- **Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of September 30, 2014 was $1,596,978,700 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, infrastructure, and construction in progress as presented in the following table.

Capital Assets
Net of Depreciation
as of September 30, 2014
(In Thousands)

	Governmental Activities	Business-type Activities	Total
Land	$ 465,629	$ 111,215	$ 576,844
Building & improvements	274,549	36,069	310,618
Equipment	80,278	9,281	89,559
Infrastructure	569,650	360,200	929,850
Construction in progress	49,825	30,720	80,545
Less accumulated depreciation	(258,613)	(131,825)	(390,438)
Total	$ 1,181,318	$ 415,660	$ 1,596,978

Additional information on the County's capital assets can be found in the Notes of this report; Note 5.

- **Long-term Debt.** At the end of fiscal year 2014, the County had total debt outstanding of approximately $426 million. The majority of the County's debt represents bonds secured by specific revenue sources.

Outstanding Debt
(In Thousands)
as of September 30, 2014

	Governmental Activities	Business-type Activities	Total
Revenue bonds and notes	$ 200,868	$ 185,541	$ 386,409
Loans, commercial paper and obligations under capital lease	9,066	14,134	23,200
Landfill Closure/Postclosure care		5,424	5,424
Compensated Absences	9,954	900	10,854
Total	$ 219,888	$ 205,999	$ 425,887

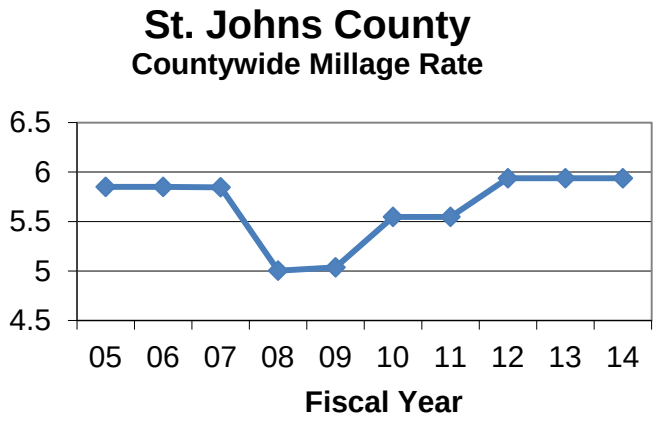
  - The County's outstanding bonded debt and notes payable net increase was about $3.5 million from the prior fiscal year.
  - $15.5 million was expensed to retire principal that was due during the fiscal year on County bonds, notes and capital leases.
  - $11.2 million in bonds, notes, and capital leases was issued during the fiscal year.

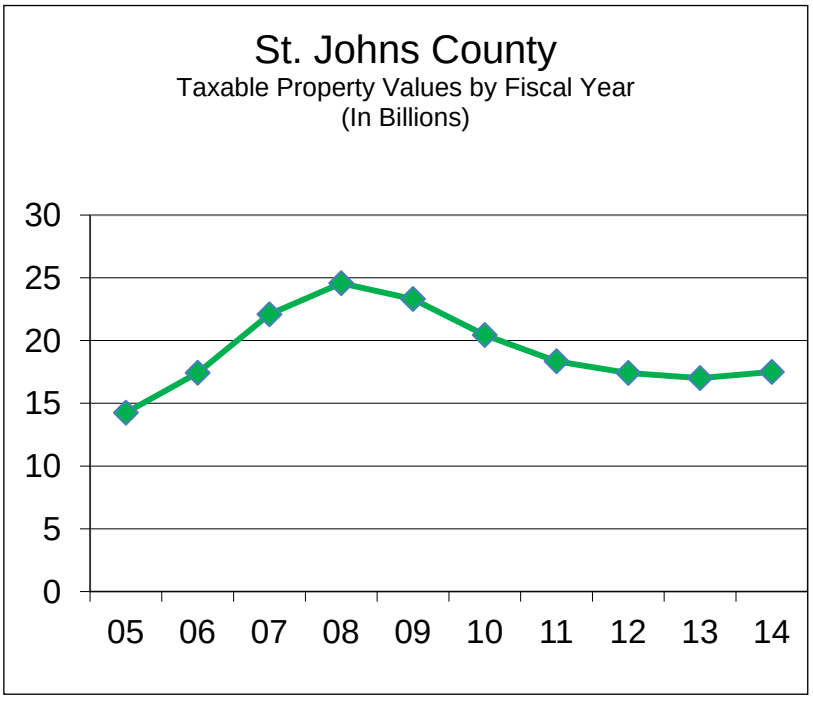
Additional information on the County's long-term debt can be found in the Notes of this report; Note 6.

7. Economic Factors and Next Year's Budgets and Rates.

St. Johns County primarily relies on property taxes, inter-governmental resources, impact fees, and a limited number of service charges for governmental activities. The County did not change the overall aggregate county millage rate of 5.9371 mills from the prior fiscal year. However, along with the St. Johns County School District, the county-wide millage decreased by 1.02% to 13.4811 mills. Based on current legislation, the County is preparing to adjust future appropriations in accordance with the property tax requirements so that there will possibly not be the need for future ad-valorem tax increases.

Additionally, based on the decrease in taxable property values this year, the County has still been able to hold government services steady though ad valorem revenues decreased; continue to add additional culture and recreation facilities/programs; and increase governmental services including greater public safety through increased fire-rescue services during this fiscal year. However, the nation's economic condition and the decline in major revenue streams continues to effect County staff's ability to provide necessary funding levels for County functions and programs, and will certainly need to be addressed in future budgets.





The County adjusted the five year capital improvement plan. This included necessary improvements in parks and recreational facilities; the acquisition of large tracts of environmentally sensitive land for preservation and transportation mitigation; and major general government building construction within St. Johns County.

Economic development within the three designated blighted areas within the County continues to be a high priority of the County's Housing Department and the St. Johns County Community Redevelopment Agency.

Next, as expressed in the County's budget documents for fiscal year 2015, there were a number of critical accomplishments that were achieved.

- The combined effect of property tax reform and the economic downturn led to the County Commission to approve an aggregate millage rate increase in the prior fiscal year after several town hall meetings were held by the County Administrator. However, during this fiscal year the overall millage rate remained unchanged.

- The continued implementation of a professional firefighter force; rather than a volunteer force. However, this transition has added increased ad valorem rate pressure due to the increase in personnel, operating and capital expenditures over the last ten years.

- The minimal use in unassigned balances to cover governmental activities will allow the County to transition to better economic conditions over the next few years. In addition, the Board of County Commissioners is committed to increase economic development within the County. It is their number one concern and additional resources have been appropriated for that function.

- And finally, growth management issues continue to be a critical concern of county residents. Growth management through revisions of the County's Comprehensive Plan and stricter land development regulations will provide the necessary tools to help direct county staff in managing future development within the County.

The County has addressed revenue decreases primarily through the use of prior year balances; instituted a non-essential personnel hiring chill; postponed a number of capital improvement and maintenance projects and directed department heads to further reduce operating expenditures. The reductions, which were instituted during the fiscal year, were necessary to provide additional resources to prepare future Financial Plans.

8. Requests for Information.

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of St. Johns County's finances and to demonstrate the County's accountability to each of those groups. If you have questions about this report or need additional financial information, please contact the County Finance Department, Attn: Richard A. MacDonald, Jr., 4010 Lewis Speedway, St. Augustine, FL, 32084.

BASIC FINANCIAL STATEMENTS

St Johns County, Florida
Statement of Net Position
September 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	St Johns County Housing Finance Authority	St Johns County Industrial Development Authority	St Johns County Educational Facility Authority
ASSETS						
Cash and cash equivalents	$ 62,057,773	$ 4,703,515	$ 66,761,288	$ 53,640	$ 194,858	$ 5,375
Cash with claims administrator	642,000		642,000			
Investments	96,050,503	81,433,203	177,483,706	1,737		
Accounts receivable, net	2,580,112	3,436,300	6,016,412		147	
Notes receivable, less than 1-year	319,218	140,532	459,750	51,124		
Interest receivable	214,661	189,463	404,124	469		
Internal balances	117,224	(117,224)	-			
Due from other governments	4,056,590	3,047,636	7,104,226	59,403		
Inventories	371,057	981,050	1,352,107	602,177		
Restricted assets:						
Cash and cash equivalents		13,159,468	13,159,468			
Investments		10,817,562	10,817,562			
Other assets	363,353	836,812	1,200,165			
Notes receivable	300,000		300,000	216,619		
Negative net OPEB obligation asset	5,709,332		5,709,332			
Capital Assets:						
Land, and construction in progress	515,454,399	141,934,648	657,389,047			
Other capital assets, net	665,863,992	273,725,661	939,589,653			
TOTAL ASSETS	1,354,100,214	534,288,626	1,888,388,840	985,169	195,005	5,375
DEFERRED OUTFLOWS OF RESOURCES						
Bond refunding losses	5,731,139	4,215,402	9,946,541			
TOTAL DEFERRED OUTFLOW OF RESOURCES	5,731,139	4,215,402	9,946,541	-	-	-
LIABILITIES						
Accounts payable and accrued expenses	11,572,725	8,105,833	19,678,558	80,895	1,213	200
Due to other funds			-			
Due to other governments	1,906,013	3,339	1,909,352			
Interest payable		1,207,064	1,207,064			
Estimated liability for self insured losses	2,242,914		2,242,914			
Customer deposits		1,202,946	1,202,946			
Due within one year:						
Bonds, capital leases, and contracts	9,444,572	6,828,859	16,273,431	319,218		
Landfill closure and post-closure costs		319,086	319,086			
Compensated absences	3,247,918	251,391	3,499,309			
Other liabilities	1,213,183	21,302	1,234,485	129,034		
Due in more than one year:						
Bonds, capital leases, and contracts	200,490,095	192,845,324	393,335,419			
Accrued landfill closure and post-closure costs		5,105,380	5,105,380			
Compensated absences	6,705,743	648,784	7,354,527			
TOTAL LIABILITIES	236,823,163	216,539,308	453,362,471	529,147	1,213	200
DEFERRED INFLOWS OF RESOURCES						
Advance Grant	38,422		38,422			
TOTAL DEFERRED INFLOW OF RESOURCES						
NET POSITION						
Net investment in capital assets	971,829,736	244,655,555	1,216,485,291			
Restricted for:						
Future Development Impacts	21,657,230		21,657,230			
Transportation	24,280,981		24,280,981			
Fire District	12,216,857		12,216,857			
Community Redevelopment				602,177		
Court operations and improvements	5,427,218		5,427,218			
Building Services	8,228,781		8,228,781			
Debt service	3,302,027	9,909,828	13,211,855			
State Housing Initiatives Program	1,010,454		1,010,454			
Tourist Development and Recreation	3,827,519		3,827,519			
Law enforcement	1,847,062		1,847,062			
Other purposes	1,363,118	1,816,761	3,179,879			
Unrestricted	67,978,785	65,582,576	133,561,361	(146,155)	193,792	5,175
TOTAL NET POSITION	$ 1,122,969,768	$ 321,964,720	$ 1,444,934,488	$ 456,022	$ 193,792	$ 5,175

The accompanying notes are an integral part of the financial statements

St Johns County, Florida

Statement of Activities
For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: St Johns County Housing Finance Authority	Component Units: St Johns County Industrial Development Authority	Component Units: St Johns County Educational Facilities Authority
Primary Government:										
Governmental activities:										
General government	$ 36,167,538	$ 41,118,744	$ 25,615		$ 4,976,821		$ 4,976,821			
Public Safety	109,468,681	10,659,040	6,032,975	$ 2,795	(92,773,871)		(92,773,871)			
Physical environment	1,772,521	577,514	1,485,455		290,448		290,448			
Transportation	37,875,723	14,163,016	1,155,260	7,823,469	(14,733,978)		(14,733,978)			
Economic environment	3,144,006	53,137	457,589		(2,633,280)		(2,633,280)			
Human Services	17,232,483	103,762	5,099,458		(12,029,263)		(12,029,263)			
Culture and recreation	26,520,443	9,153,321	614,974	252,380	(16,499,768)		(16,499,768)			
Court related	9,108,822				(9,108,822)		(9,108,822)			
Interest on long term debt	8,532,606				(8,532,606)		(8,532,606)			
Total governmental activities	249,822,823	75,828,534	14,871,326	8,078,644	(151,044,319)	$ -	(151,044,319)			
Business-type activities:										
Utilities	41,169,304	37,103,770	89,724	3,250,573		(725,237)	(725,237)			
Solid waste	19,950,180	19,297,954				(652,226)	(652,226)			
Golf course	1,476,604	1,044,964				(431,640)	(431,640)			
Convention center	872,668	1,360,726				488,058	488,058			
Total business-type activities	63,468,756	58,807,414	89,724	3,250,573	-	(1,321,045)	(1,321,045)			
Total primary government	$ 313,291,579	$ 134,635,948	$ 14,961,050	$ 11,329,217	$ (151,044,319)	$ (1,321,045)	$ (152,365,364)			
Component units:										
Housing programs	1,812,199	37,333	1,705,091					$ (69,775)		
Economic development programs	45,239	106,807							$ 61,568	
Economic development - education	1,129									$ (1,129)
Total component units	$ 1,858,567	$ 144,140	$ 1,705,091	$ -				(69,775)	61,568	(1,129)
General revenues:										
Taxes:										
Property taxes					128,922,091		128,922,091			
Communication services tax					2,284,924		2,284,924			
Tourist development tax					8,220,259		8,220,259			
Shared revenues - intergovernmental unrestricted					6,785,968		6,785,968			
Unrestricted earnings on investments					904,859	488,658	1,393,517	6,235	208	-
Franchise Taxes						659,238	659,238			
Miscellaneous					1,859,954	3,575,300	5,435,254			
Transfers					(1,106,413)	1,106,413	-			
Total general revenues and transfers					147,871,642	5,829,609	153,701,251	6,235	208	-
Change in net position					(3,172,677)	4,508,564	1,335,887	(63,540)	61,776	(1,129)
Net position, beginning of year					1,126,142,445	317,456,156	1,443,598,601	519,562	132,016	6,304
Net position, end of year					$ 1,122,969,768	$ 321,964,720	$ 1,444,934,488	$ 456,022	$ 193,792	$ 5,175

The accompanying notes are an integral part of the financial statements

ST. JOHNS COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2014

ASSETS	General Fund	Transportation Trust	St. Johns County Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Equity in pooled cash and cash equivalents	$ 16,263,095	$ 4,178,800	$ 37,990	$ 37,534,134	$ 58,014,019
Investments	36,267,876	21,359,656		31,486,680	89,114,212
Accounts and notes receivable (net of allowance for uncollectibles)	1,723,357	65,754		767,178	2,556,289
Notes receivable	319,218			300,000	619,218
Interest receivable	88,037	37,978		74,371	200,386
Advances to other funds	3,429,022	56,056			3,485,078
Due from other funds	908,280	351,194		556,852	1,816,326
Due from other governments	1,634,911	1,501,031		959,770	4,095,712
Inventory		371,057			371,057
Other assets	303,471	10,726		49,157	363,354
TOTAL ASSETS	$ 60,937,267	$ 27,932,252	$ 37,990	$ 71,728,142	$ 160,635,651
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	$ 4,934,166	$ 1,602,071	$ 3,334	$ 4,476,164	$ 11,015,735
Customer deposits	449,764	75,000		3,181	527,945
Advances from other funds				2,945,078	2,945,078
Due to other funds	769,983	639,595		1,215,123	2,624,701
Due to other governments	1,809,917	191		95,905	1,906,013
Unearned revenue	47,197			1,165,986	1,213,183
TOTAL LIABILITIES	8,011,027	2,316,857	3,334	9,901,437	20,232,655
DEFERRED INFLOWS OF RESOURCES					
Advance Grant	38,422				38,422
TOTAL DEFERRED INFLOWS OF RESOURCES	38,422				38,422
FUND BALANCES					
Nonspendable	3,748,240	427,113		300,000	4,475,353
Restricted	283,564		30,899	53,321,565	53,636,028
Committed				274,450	274,450
Assigned		25,188,282	3,757	9,446,013	34,638,052
Unassigned	48,856,014			(1,515,323)	47,340,691
TOTAL FUND BALANCES	52,887,818	25,615,395	34,656	61,826,705	140,364,574
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 60,937,267	$ 27,932,252	$ 37,990	$ 71,728,142	$ 160,635,651

The accompanying notes are an integral part of the financial statements.

St Johns County, Florida

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2014

Total fund balances- governmental funds	$ 140,364,574
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	1,181,318,391
Bond refunding losses	5,731,137
Bonds and notes payable ($197,149,663); unamortized bond premiums and discounts (8,281,216); lease obligations ($4,503,788); and compensated absences for governmental funds ($9,953,661) are not due and payable in the current period and therefore are not reported in the funds.	(219,888,328)
Net OPEB obligations are created through the estimated calculation of the county's employer contribution toward the retiree's benefits. The amount greater or less than the annual required contribution is posted as an asset/(liability).	5,709,332
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	9,734,662
Net position of governmental activities	$ 1,122,969,768

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Transportation Trust	St. Johns County Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 92,631,808	$ 13,162,926	$ 491,465	$ 33,141,075	$ 139,427,274
Special assessments				9,495,586	9,495,586
Licenses and permits	280,828			6,460,106	6,740,934
Intergovernmental	20,551,249	4,724,506		20,203,970	45,479,725
Charges for services	17,880,715	6,007,168		10,269,166	34,157,049
Fines and forfeitures	1,267,781			1,557,791	2,825,572
Contributions	181,227	231,000		208,295	620,522
Investment income	488,373	114,498	424	246,172	849,467
Miscellaneous revenue	1,358,101	36,800		61,151	1,456,052
TOTAL REVENUES	134,640,082	24,276,898	491,889	81,643,312	241,052,181
EXPENDITURES:					
Current:					
General government	29,393,681			5,030,691	34,424,372
Public safety	71,969,227			34,286,038	106,255,265
Physical environment	1,556,492			58,215	1,614,707
Transportation		23,114,812		4,488,287	27,603,099
Economic environment	2,453,811		46,745	466,143	2,966,699
Human services	6,073,630			5,614,809	11,688,439
Culture and recreation	13,310,883			10,770,627	24,081,510
Court Related	8,268,445			855,195	9,123,640
Capital Outlay				15,513,121	15,513,121
Debt service:					
Principal retirement	776,325			8,172,668	8,948,993
Interest and fiscal charges	23,917			8,954,970	8,978,887
Arbitrage rebate				9,874	9,874
Issuance costs				40,250	40,250
TOTAL EXPENDITURES	133,826,411	23,114,812	46,745	94,260,888	251,248,856
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	813,671	1,162,086	445,144	(12,617,576)	(10,196,675)
OTHER FINANCING SOURCES (USES):					
Transfers in	8,751,583	812,634		14,686,294	24,250,511
Transfers out	(9,478,933)	(641,885)	(470,622)	(14,765,484)	(25,356,924)
Long-term debt issued	1,199,879			5,537,000	6,736,879
Sale of capital assets	413,111			6,337	419,448
TOTAL OTHER FINANCING SOURCES (USES)	885,640	170,749	(470,622)	5,464,147	6,049,914
NET CHANGE IN FUND BALANCES	1,699,311	1,332,835	(25,478)	(7,153,429)	(4,146,761)
FUND BALANCES, BEGINNING OF YEAR AS RESTATED	51,188,507	24,282,560	60,134	68,980,134	144,511,335
FUND BALANCES, END OF YEAR	$ 52,887,818	$ 25,615,395	$ 34,656	$ 61,826,705	$ 140,364,574

The accompanying notes are an integral part of the financial statements.

St Johns County, 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, 2014

Net change in fund balances - total governmental funds		$	(4,146,761)
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, certain capital assets are contributed to the County by developers upon completion, requiring recognition of income not reported in the funds:			
Capital assets acquired by use of financial resources	28,186,588		
Capital assets contributed by developers	6,245,084		
Reclassification of capital items in construction in progress	(477,833)		
Current year depreciation	(29,741,290)		
			4,212,549
Repayment of bond principal is an expenditure in governmental funds, but the repayment results in a reduction of long-term liabilities in the statement of net position. Issuing debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. This is the amount by which debt and debt premium issued of $6,736,879 was less than principal payments of $8,933,447 net of the amortization of bond premiums and issuance discount of $415,691.			2,612,259
Some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds:			
Loss on disposal of assets			(5,737,596)
Decrease in bond refunding losses			(312,488)
Increase in compensated absences			(228,661)
OPEB contributions are reported as expenditures in the governmental funds. The difference between the annual required contribution and the county's estimated employer contribution is posted as an (increase)/reduction of the expenditure.			(32,758)
Internal service funds are used to charge the cost of certain activities to individual funds. The net revenue (expense) is reported in the county-wide statements with governmental activities.			460,779
Change in net position of governmental activities		$	(3,172,677)

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	St. Johns County Utilities	Ponte Vedra Utilities	Solid Waste
ASSETS			
Current assets:			
Equity in pooled cash and cash equivalents		$ 572,149	$ 3,480,624
Cash with claims administrator			
Investments	$ 66,363,894	2,513,942	13,035,683
Accounts receivable, net	1,722,669	624,857	599,421
Unit connection fee notes receivable	112,553	27,979	
Interest receivable	157,963	12,915	18,585
Other assets	308,433	511,495	5,370
Due from other funds		425,000	23,369
Due from other governments	1,272,934	1,774,702	
Inventory	930,829		
Restricted assets:			
Cash and cash equivalents	11,730,928	202,715	27,081
Investments	6,166,571	4,650,991	
Total current assets	88,766,774	11,316,745	17,190,133
Non-current assets:			
Capital assets:			
Land	58,533,784	45,151,413	1,727,127
Land - golf course			
Buildings and improvements	12,747,835	2,019,934	8,182,789
Golf course improvements			
Water and sewer systems	340,102,023	20,097,840	
Furniture and equipment	6,108,951	947,782	1,204,168
Accumulated depreciation	(116,731,316)	(6,257,795)	(3,087,673)
Construction in progress	28,293,821	2,426,295	
Total non-current assets	329,055,098	64,385,469	8,026,411
TOTAL ASSETS	417,821,872	75,702,214	25,216,544
DEFERRED OUTFLOWS OF RESOURCES			
Bond refunding losses	2,945,237		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,945,237	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	4,258,004	1,796,661	1,953,285
Estimated liability for self insured losses			
Customer deposits	973,150	202,715	27,081
Due to other funds	480,316	15,648	24,823
Due to other governments			
Landfill closure and post-closure costs			319,086
Revenue bonds and notes payable	2,641,114	1,550,000	
Interest payable	1,068,430	723	
State loan payable	506,324		
Capital lease payable	839,355	13,754	
Compensated absences	177,916		24,237
Other current liabilities			
Total current liabilities	10,944,609	3,579,501	2,348,512
Long-term liabilities:			
Accrued landfill closure and post-closure costs			5,105,380
Revenue bonds and notes payable	116,282,836	54,697,996	
State loan payable	8,450,527	1,774,702	
Capital lease payable	1,998,559	186,068	
Accrued compensated absences	409,077	196,849	35,387
Total long-term liabilities	127,140,999	56,855,615	5,140,767
TOTAL LIABILITIES	138,085,608	60,435,116	7,489,279
NET POSITION			
Net investment in capital assets	227,005,812	6,162,949	8,026,411
Restricted for:			
Debt service	4,562,261	4,149,744	
Renewal and replacement reserve	1,315,514	501,247	
Unrestricted	49,797,914	4,453,158	9,700,854
TOTAL NET POSITION	$ 282,681,501	$ 15,267,098	$ 17,727,265

(continued)

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Enterprise Funds (concluded)		
	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
ASSETS			
Current assets:			
Equity in pooled cash and cash equivalents	$ 668,613	$ 4,721,386	$ 3,491,131
Cash with claims administrator		-	642,000
Investments		81,913,519	6,936,291
Accounts receivable, net	489,353	3,436,300	23,824
Unit connection fee notes receivable		140,532	
Interest receivable		189,463	14,275
Other assets	11,514	836,812	
Due from other funds	-	448,369	885,887
Due from other governments		3,047,636	
Inventory	50,221	981,050	
Restricted assets:			
Cash and cash equivalents	1,198,744	13,159,468	
Investments		10,817,562	
Total current assets	2,418,445	119,692,097	11,993,408
Non-current assets:			
Capital assets:			
Land	1,850,943	107,263,267	
Land - golf course	3,951,265	3,951,265	
Buildings and improvements	11,884,186	34,834,744	
Golf course improvements	1,234,120	1,234,120	
Water and sewer systems		360,199,863	
Furniture and equipment	1,020,606	9,281,507	
Accumulated depreciation	(5,747,789)	(131,824,573)	
Construction in progress		30,720,116	
Total non-current assets	14,193,331	415,660,309	-
TOTAL ASSETS	16,611,776	535,352,406	11,993,408
DEFERRED OUTFLOWS OF RESOURCES			
Bond refunding losses	1,270,165	4,215,402	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,270,165	4,215,402	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	97,883	8,105,833	13,731
Estimated liability for self insured losses			2,242,914
Customer deposits		1,202,946	
Due to other funds	2,993	523,780	2,101
Due to other governments	3,339	3,339	
Landfill closure and post-closure costs		319,086	
Revenue bonds and notes payable	1,175,000	5,366,114	
Interest payable	137,911	1,207,064	
State loan payable		506,324	
Capital lease payable	103,312	956,421	
Compensated absences	49,238	251,391	
Other current liabilities	21,302	21,302	
Total current liabilities	1,590,978	18,463,600	2,258,746
Long-term liabilities:			
Accrued landfill closure and post-closure costs		5,105,380	
Revenue bonds and notes payable	9,193,701	180,174,533	
State loan payable		10,225,229	
Capital lease payable	260,935	2,445,562	
Accrued compensated absences	7,471	648,784	
Total long-term liabilities	10,002,107	199,139,488	-
TOTAL LIABILITIES	11,593,085	217,603,088	2,258,746
NET POSITION			
Net investment in capital assets	3,460,383	244,655,555	
Restricted for:			
Debt service	1,197,823	9,909,828	
Renewal and replacement reserve		1,816,761	
Unrestricted	1,630,650	65,582,576	9,734,662
TOTAL NET POSITION	$ 6,288,856	$ 321,964,720	$ 9,734,662

(concluded)

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION- PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	St. Johns County Utilities	Ponte Vedra Utilities	Solid Waste
OPERATING REVENUES:			
Charges for services	$ 25,542,027	$ 9,594,128	$ 19,297,954
Special assessment revenue			
Donation			
Other operating revenue	1,770,523	197,092	
Merchandise sales			
Total operating revenues	27,312,550	9,791,220	19,297,954
OPERATING EXPENSES:			
Contractual services	4,951,803	1,252,139	17,386,237
Salaries and benefits	7,148,430	1,750,679	872,689
Landfill closure and post-closure expense			1,083,507
Operating and maintenance expenses	4,994,656	1,846,004	272,595
Depreciation	10,041,357	1,011,006	335,152
Total operating expenses	27,136,246	5,859,828	19,950,180
OPERATING INCOME (LOSS)	176,304	3,931,392	(652,226)
NON-OPERATING REVENUES (EXPENSES):			
Investment income	367,914	31,424	86,878
Interest expense	(5,543,336)	(2,629,894)	
Operating grant revenue	89,724		
Franchise taxes			659,238
Unit connection fees	3,465,457	332,392	
(Loss) gain from asset disposition	(174,956)	502	19,029
Total non-operating revenues (expenses)	(1,795,197)	(2,265,576)	765,145
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,618,893)	1,665,816	112,919
Capital contributions	2,475,717	774,856	
Transfer in			
INCREASE IN NET POSITION	856,824	2,440,672	112,919
NET POSITION, BEGINNING OF YEAR	281,824,677	12,826,426	17,614,346
NET POSITION, END OF YEAR	$ 282,681,501	$ 15,267,098	$ 17,727,265

(continued)

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION- PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds (concluded)		
	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
OPERATING REVENUES:			
Charges for services	$ 1,538,774	$ 55,972,883	$ 22,882,059
Special assessment revenue	742,688	742,688	
Donation		-	75,000
Other operating revenue	82,603	2,050,218	175,080
Merchandise sales	41,625	41,625	
Total operating revenues	2,405,690	58,807,414	23,132,139
OPERATING EXPENSES:			
Contractual services	295,472	23,885,651	22,335,928
Salaries and benefits	434,371	10,206,169	334,288
Landfill closure and post-closure expense		1,083,507	
Operating and maintenance expenses	717,280	7,830,535	56,536
Depreciation	388,855	11,776,370	
Total operating expenses	1,835,978	54,782,232	22,726,752
OPERATING INCOME (LOSS)	569,712	4,025,182	405,387
NON-OPERATING REVENUES (EXPENSES):			
Investment income	2,442	488,658	55,393
Interest expense	(513,294)	(8,686,524)	
Operating grant revenue		89,724	
Franchise taxes		659,238	
Unit connection fees		3,797,849	
(Loss) gain from asset disposition	(67,124)	(222,549)	
Total non-operating revenues (expenses)	(577,976)	(3,873,604)	55,393
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(8,264)	151,578	460,780
Capital contributions	-	3,250,573	
Transfer in	1,106,413	1,106,413	
INCREASE IN NET POSITION	1,098,149	4,508,564	460,780
NET POSITION, BEGINNING OF YEAR	5,190,707	317,456,156	9,273,882
NET POSITION, END OF YEAR	$ 6,288,856	$ 321,964,720	$ 9,734,662

(concluded)

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	St. Johns County Utilities	Ponte Vedra Utilities	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 29,150,862	$ 7,627,391	$ 19,305,465
Payments to suppliers	(7,085,326)	(1,489,377)	(17,597,203)
Payments to employees	(7,107,153)	(1,679,900)	(867,416)
Net cash provided by operating activities	14,958,383	4,458,114	840,846
NONCAPITAL FINANCING ACTIVITIES:			
Transfer in			
Grants received	89,724		
Franchise taxes			659,238
Net cash provided by noncapital financing activities	89,724	-	659,238
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(18,582,155)	(2,226,059)	(83,147)
Sale of capital assets	68,775	12,000	19,300
Net proceeds from issuance of long-term debt	2,481,980	1,774,702	
Capital Lease proceeds			
Principal payments on revenue bonds	(2,571,430)	(1,490,000)	
Principal payments on State Revolving Loan	(113,243)		
Principal payments on long-term lease	(787,502)	(13,408)	
Interest paid on revenue bonds, loans and lease obligations	(5,735,430)	(2,662,901)	
Impact and developer fees	3,465,457	332,392	
Net cash provided by (used in) capital and related financing activities	(21,773,548)	(4,273,274)	(63,847)
INVESTING ACTIVITIES:			
Investment purchases	(9,058,160)	(1,645,104)	(2,320,610)
Proceeds from sale of investments	3,879,116	114,456	2,069,147
Investment income received	357,367	27,383	95,328
Net cash provided by (used in) investing activities	(4,821,677)	(1,503,265)	(156,135)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(11,547,118)	(1,318,425)	1,280,102
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,278,046	2,093,289	2,227,603
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,730,928	$ 774,864	$ 3,507,705
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:			
Accretion of interest on capital appreciation bonds	2,660,735		
Change in fair value of investments	(300,646)	(6,707)	(103,392)
Capital assets contributed by developers	2,475,717	774,856	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 176,304	$ 3,931,392	$ (652,226)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:			
Depreciation	10,041,357	1,011,006	335,152
Amortization of bond debt service reserve insurance premiums	182,799	23,236	
Change in escrow balance			
Change in accounts receivable	188,736	31,813	13,795
Change in notes receivable	7,318	3,893	
Change in due from other funds		(425,000)	(8,793)
Change in due from other governments	1,632,809	(1,774,702)	
Change in inventory	40,302		
Change in other assets	9,449	167	2,509
Change in accounts payable and accrued liabilities	2,160,959	1,578,579	280,003
Change in customer deposits	43,903	3,704	600
Change in estimated liability for self insured losses			
Change in due to other funds	433,140	3,247	8,261
Change in due to other governments	30		
Change in accrued landfill closure and post-closure costs			856,272
Change in accrued compensated absences	41,277	70,779	5,273
Change in other liabilities			
Net cash provided by operating activities	$ 14,958,383	$ 4,458,114	$ 840,846

(continued)

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds (concluded)		Governmental Activities - Internal Service Funds
	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 2,379,275	$ 58,462,993	$ 22,721,199
Payments to suppliers	(783,855)	(26,955,761)	(22,472,990)
Payments to employees	(441,103)	(10,095,572)	(334,288)
Net cash provided by operating activities	1,154,317	21,411,660	(86,079)
NONCAPITAL FINANCING ACTIVITIES:			
Transfer in	1,106,412	1,106,412	
Grants received		89,724	
Franchise taxes		659,238	
Net cash provided by noncapital financing activities	1,106,412	1,855,374	-
CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(256,604)	(21,147,965)	
Sale of capital assets	4,528	104,603	
Net proceeds from issuance of long-term debt		4,256,682	
Capital Lease proceeds	232,610	232,610	
Principal payments on revenue bonds	(1,130,000)	(5,191,430)	
Principal payments on State Revolving Loan		(113,243)	
Principal payments on long-term lease	(69,000)	(869,910)	
Interest paid on revenue bonds, loans and lease obligations	(526,764)	(8,925,095)	
Impact and developer fees		3,797,849	
Net cash provided by (used in) capital and related financing activities	(1,745,230)	(27,855,899)	-
INVESTING ACTIVITIES:			
Investment purchases	-	(13,023,874)	(686,509)
Proceeds from sale of investments	-	6,062,719	1,472,323
Investment income received	2,443	482,521	50,523
Net cash provided by (used in) investing activities	2,443	(6,478,634)	836,337
NET INCREASE IN CASH AND CASH EQUIVALENTS	517,942	(11,067,499)	750,258
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,349,415	28,948,353	2,740,873
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,867,357	$ 17,880,854	$ 3,491,131
NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:			
Accretion of interest on capital appreciation bonds		2,660,735	
Change in fair value of investments		(410,745)	25,021
Capital assets contributed by developers		3,250,573	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 569,712	$ 4,025,182	$ 405,387
Adjustments to reconcile operating income (loss) to cash provided by operating activities:			
Depreciation	388,855	11,776,370	
Amortization of bond debt service reserve insurance premiums	226,143	432,178	
Change in escrow balance		-	(24,000)
Change in accounts receivable	(28,561)	205,783	(14,934)
Change in notes receivable		11,211	
Change in due from other funds		(433,793)	(396,006)
Change in due from other governments		(141,893)	
Change in inventory	5,695	45,997	
Change in other assets	2,146	14,271	
Change in accounts payable and accrued liabilities	1,112	4,020,653	(214,500)
Change in customer deposits		48,207	
Change in estimated liability for self insured losses		-	155,873
Change in due to other funds	852	445,500	2,101
Change in due to other governments	845	875	
Change in accrued landfill closure and post-closure costs		856,272	
Change in accrued compensated absences	(6,732)	110,597	
Change in other liabilities	(5,750)	(5,750)	
Net cash provided by operating activities	$ 1,154,317	$ 21,411,660	$ (86,079)

(concluded)

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	Agency Funds	OPEB Trust Fund
ASSETS		
Equity in pooled cash and cash equivalents	$ 12,389,960	$ 1,177,587
Accounts receivable	33,500	4,805
Interest receivable		3,562
Investments, at fair value:		
Money Market Funds		25,985
Taxable Bonds - Fixed Income Funds		7,170,487
Stocks - Equity Funds		16,396,754
TOTAL ASSETS	12,423,460	24,779,180
LIABILITIES		
Accounts payable		12,617
Assets held for others	12,423,460	
TOTAL LIABILITIES	12,423,460	12,617
NET POSITION		
Held in trust for other post employment benefits		24,766,563
TOTAL NET POSITION	$ -	$ 24,766,563

The accompanying notes are an integral part of the financial statements.

ST. JOHNS COUNTY, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

ADDITIONS		
Contributions:		
Employer	$	2,199,840
Retirees		1,259,332
Investment maturities		338,258
Investment income:		
Interest		97,019
Dividends		724,312
Net appreciation in the fair value of investments		912,218
Total investment earnings (loss)		1,733,549
Less investment expense		137,577
Net investment income (loss)		1,595,972
TOTAL ADDITIONS		5,393,402
DEDUCTIONS		
Benefits		2,091,461
Administrative services		8,500
TOTAL DEDUCTIONS		2,099,961
CHANGE IN NET POSITION		3,293,441
NET POSITION HELD IN TRUST FOR OTHER POST EMPLOYMENT BENEFITS, BEGINNING		21,473,122
NET POSITION HELD IN TRUST FOR OTHER POST EMPLOYMENT BENEFITS, ENDING	$	24,766,563

The accompanying notes are an integral part of the financial statements.

1. REPORTING ENTITY

St. Johns County ("County") is a political subdivision of the State of Florida established in 1821. The County is organized under Article III of the Constitution of the State of Florida that empowers the creation of political subdivisions of the State. It is governed by an elected Board of County Commissioners ("Board"), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers that are legally separate entities: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

For the purpose of these financial statements the financial reporting entity includes St. Johns County (the primary government) and its component units as required by accounting principles generally accepted in the United State of America ("Generally Accepted Accounting Principles").

The component units discussed below are included in the County's reporting entity either because the County is considered to be financially accountable for the entity, or it would be misleading to exclude the entity.

The County is financially accountable for an organization when the County appoints a voting majority for the organization's governing body and is able to impose its will on the organization; there is a potential for the organization to provide a financial benefit or impose a financial burden on the County; or the organization is fiscally dependent on the County.

Blended Component Units, although legally separate entities, are, in substance, part of the government's operations and so data from these units is combined with data of the primary government.

Blended Component Units

The Anastasia Sanitary District, St. Johns County Community Redevelopment Agency, Elkton Drainage District, Ponte Vedra Zoning & Adjustment Board, and the Vilano Street Lighting District are blended component units of the County. These units are included in the County's reporting entity because they have the same governing board as the primary government, and county management has operational responsibility.

The Anastasia Sanitary District maintains its legal existence; however, there has been no accounting activity for the Anastasia Sanitary District since 1992.

Discretely Presented Component Units

Discretely Presented Component Units are reported in separate columns on the government-wide financial statements to emphasize they are legally separate from the County. The following agencies Board of Directors are appointed by the County, and the County has the ability to impose its will and has final approval authority for the corporate purposes they were chartered under Florida Statute.

- The St. Johns County Housing Finance Authority ("HFA") was created as a Florida public corporation in accordance with Florida Housing Finance Authority Law, Part IV of Chapter 159, Florida Statutes (1979), following the adoption of an approving ordinance (No. 80-7, dated February 26, 1980) by the Board. The purpose of the HFA is to encourage the investment of private capital and stimulate the construction of residential housing for low to moderate income families through the use of public financing. The

1. REPORTING ENTITY (continued)

HFA is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.

- The St. Johns County Industrial Development Authority ("IDA") was created as a Florida public corporation in accordance with Florida Finance Authority Law, Part III of Chapter 159, Florida Statutes (1979), following the adoption of an approving ordinance (No. 80-9, dated January 22, 1980) by the Board. The purpose of the IDA is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.

- The St. Johns County Educational Facilities Authority ("Authority") was activated as a Florida public corporation in accordance with the Florida Authority Law, Part II of Chapter 243, Florida Statutes, following the adoption of an approving resolution (No. 2011-94, dated April 19, 2011) by the Board. The purpose of the Authority is to assist institutions for higher education in the construction, financing, and refinancing of projects. The Authority is authorized to issue bonds to fulfill its corporate purpose in principal amounts specifically authorized by the County.

Separately issued financial statements are available as follows:

St. Johns Housing Finance Authority
P.O. Box 1533
St. Augustine, Florida 32085-1533

St. Johns County Industrial Development Authority
2825 Lewis Speedway, Suite 104
St. Augustine, Florida 32084

St. Johns County Educational Facilities Authority
2825 Lewis Speedway, Suite 104
St. Augustine, Florida 32084

At September 30, 2014, St. Johns County had not entered into any joint ventures with any other governmental agencies.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the county conform to Generally Accepted Accounting Principles ("GAAP") as applicable to governments. The following is a summary of the more significant policies.

A. Basis of Presentation

The accompanying financial statements of the County have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board ("GASB"), GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for units of local government.

B. Basic Financial Statements

The basic financial statements include both government-wide and fund level statements. The government-wide statements report on all of the nonfiduciary activities of the County and its component units. Both the government-wide and fund level statements classify primary activities of the County as either governmental activities, which are primarily supported by taxes and intergovernmental revenues, or business-type activities, which are primarily supported by user fees and charges.

The government-wide statement of net position reports all assets and liabilities of the County, including both long-term assets and long-term debt and other obligations. The statement of activities reports the degree to which direct expenses of county functions are offset by program revenues, which include program specific grants and charges for services provided by a specific function. Direct expenses are those that are clearly identifiable with a specific function or program. The net cost of these programs which was not reported in the previous statement model, is funded from general revenues such as taxes, intergovernmental revenue, and interest earnings.

The fund level statements are similar to the statements presented in the previous reporting model. The fund level statements report on governmental, proprietary, and fiduciary fund activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund level financial statements.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the government-wide statements governmental column (as discussed under Basis of Accounting in this summary of significant accounting principles), a reconciliation is presented on the page following governmental fund level statements that briefly explains the adjustments necessary to convert the fund level statements into the government-wide column presentations.

Finally, the effect of interfund activity has been eliminated from the government-wide statements unless elimination of the payments, such as the indirect general fund administration charges for services between the several special revenue funds and the proprietary funds, distorts the direct cost reported for these functions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Structure

The County's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of accounts recording assets and other financing resources, together with liabilities and residual equities or balances, and changes therein. For financial statement presentation, funds with similar characteristics, including those component units referenced above, are grouped into generic classifications as required by GAAP. A brief description of these classifications follows:

Governmental Funds

These funds report transactions related to resources received and used for those services traditionally provided by governmental agencies. The following are major governmental funds used by the County.

General Fund - The General Fund is the general operating fund of the County. It is used to account for and report all financial resources not accounted for and reported in another fund.

Transportation Trust Fund – This fund is used to account for all revenues, including ad-valorem taxes, federal and state grants, state shared and local fuel taxes, local charges for services and interest earnings, and expenditures for the County's transportation system.

St. Johns County Community Redevelopment Agency – This fund accounts for additional tax increment revenue spending within several County redevelopment areas. The purpose is to increase the economic activity, opportunities and overall development within the areas.

Enterprise Funds

These funds report transactions related to activities similar to those found in the private sector. Major enterprise funds include:

St. Johns County Utilities – This fund accounts for the operations of the County's water and wastewater treatment services in certain areas of St. Johns County.

St. Johns County Ponte Vedra Utilities – This fund accounts for the operations of the Ponte Vedra water and wastewater treatment services.

St. Johns County Solid Waste – This fund accounts for the operations of the County's landfill and transfer stations.

Enterprise funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the funds' principal ongoing operation. The principal operating revenues for the County's enterprise

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

funds are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods or services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

Other Funds

Internal Service Funds – Internal service funds account for services provided primarily to other departments and elected officials of the County on a cost-reimbursement basis. The county has two internal service funds for collecting premiums and handling the payment of claims. They are the County's Workers Compensation and Health Insurance Funds.

Trust and Agency Funds – Trust and agency funds are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. The County reports these funds for the Board of County Commissioners, Clerk of Courts, Sheriff and Tax Collector. These funds account for the receipt and disbursement of funds that are custodial in nature, such as ad valorem taxes, cash bonds, traffic fines, support payments and other post-employment benefits for employees.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and trust fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met.

Agency fund statements report assets and liabilities on accrual basis of accounting only and, since there is no change in County equity from the receipt and disbursement of funds, it is not necessary to prepare operating statements and therefore agency funds do not have measurement focus of accounting.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major revenues that are determined to be susceptible to accrual include state shared revenue, intergovernmental revenue, charges for services and investment income. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues collected on an advance basis, including certain federal grant revenue, to which the County does not yet have legal entitlement, are not recognized as revenue until the related commitment arises. Generally, the County considers a 60-day availability period of revenue recognition.

Expenditures are recorded when the related fund liability is incurred, except for items that are not planned to be liquidated with expendable available resources.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

D. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less when acquired. This includes cash in banks, petty cash, repurchase agreements, investments held by US Bank in the First American Funds Money Market Fund and balances in the Local Government Surplus Funds Trust Fund (the "State Pool") administered by the State Board of Administration.

E. Investments

Investments are valued at fair value as determined from quoted market prices at September 30, 2014.

F. Property Taxes

The Tax Collector bills and collects property taxes. Tax revenues are recognized when levied, to the extent that they result in current receivables. At September 30, 2014, there were no property tax receivables.

Details of the County's tax calendar are presented below:
Lien date January 1st
Levy date October 1st
Delinquent date April 1st

G. Inventories

Inventories, consisting primarily of expendable items (materials and supplies), are determined by physical count at the fiscal year end and valued at cost on the basis of the "first-in first-out" method of accounting.

Governmental Fund and Proprietary Fund inventories are recorded as an expenditure when consumed rather than when purchased (consumption method) for financial statement purposes.

H. Deferred Outflows and Inflows

Deferred outflows represent the consumption of resources that is applicable to future reporting periods. Deferred inflows represent the acquisition of resources that is applicable to future reporting periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because a restriction is either imposed by law through constitutional provisions or enabling legislation, or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, applicable laws and regulations limit their use. It is the practice of the County to utilize restricted net position before unrestricted net position.

J. Capital Assets

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. Generally, capital assets costing more than $1,000 and having a useful life of more than one year are capitalized. However, varying asset capitalization thresholds are established for the various types of infrastructure assets and, normally, the County does not capitalize interest.

Intangible assets, including easements and internally generated computer software, are capitalized at cost or at the fair market value when received from the developer. Easements, which are attached to land, have indefinite useful lives and are not amortized. Internally generated computer software is amortized over the useful life of the software and values as determined by the County's Information Technology Department.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are reported in the applicable governmental or business-type column in the government-wide financial statements, and in the proprietary fund level statements.

The County began prospective reporting of general infrastructure assets as of the effective date of GASB Statement No. 34. Effective October 1, 2005, the County began retroactive reporting of all major general governmental infrastructure assets.

Depreciation on all capital assets is calculated using the straight-line method over the following useful lives:

Infrastructure	25-75 years
Bridges	35-75 years
Buildings and improvements	10-60 years
Furniture and equipment	4-10 years
Water and Sewer Systems	10-50 years

K. Accrual for Landfill Closure and Post-Closure Costs

Based on the consulting engineer's cost estimates, a portion of the estimated closure and post-closure cost for the Tillman Ridge Landfill is recognized as expense each year to match the flow of revenues. The estimated closure and post-closure cost accrued at September 30, 2014 is based on the current estimate to perform long-term care annually over the next 17 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Unearned Revenue

Unearned revenue reported in the Governmental Funds represents revenues that are received, but not earned until a future period. The revenue will be recognized in the fiscal year it is earned. Unearned revenue is recorded in liabilities.

M. Long-Term Obligations

In the government-wide financial statements, governmental long-term debt and other governmental long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Position. Long-term debt and other long-term obligations of the proprietary funds are reported as liabilities in the business-type activities column of the Statement of Net Position and the appropriate proprietary fund in the fund level statements.

N. Accrued Compensated Absences

County Employees may accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in the County's Administrative Code. This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB Statement No. 16, Accounting for Compensated Absences.

Compensated absences liabilities are accrued when incurred in the government-wide financial statements and the proprietary fund level statements. No expenditure is reported in the governmental fund level statements for these amounts until payment is due. No liability is recorded for non-vesting accumulated sick pay benefits. Compensated absences liability is based on current rates of pay.

O. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows reported for the governmental activities, business-type activities, proprietary funds and fiduciary funds. Net position is reported as *restricted* when there are externally imposed restrictions. *Unrestricted* net position is net position that does not meet the definition of the classification previously described. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted sources as they are needed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fund Balances

The County follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance classifications are described below:

Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are wither (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Restricted fund balances are restricted when constraints place on the use of resources are either: (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 Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the County's highest level of decision-making authority, which is by Ordinance approved by the Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Only the Board has the authority to assign amounts used for specific purposes through the St. Johns County Administrative Code adopted by Resolution 2006-128.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The County's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Q. Use of Estimates

The preparation of financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

A. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and have an original maturity of three months or less when required. This includes cash in banks, cash in bank deposit accounts for construction projects and debt service reserve obligations, petty cash, repurchase agreements, investments administered by US Bank in the First American Funds Money Market Fund ("Money Market Fund") and balances in the Local Government Surplus Funds Trust Fund ("State Pool") administered by the State Board Administration ("SBA"). The State Pool is an investment pool authorized by Section 218.405, Florida Statutes and operates under investment guideline established by Section 215.47, Florida Statutes. The Florida PRIME has adopted operating procedures consistent with the requirements for a Securities and Exchange Commission Rule 2a7-like external investment. The weighted average maturity (WAM) of the Florida PRIME at September 30, 2014 was 39 days.

The county's investment in the State Pool exposes it to credit risk. The risk is described as follows:

- *Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

  The Florida PRIME is rated by Standard and Poors and has a rating at September 30, 2014 of AAAm.

The Florida PRIME balance of $36,460,566 is reported at amortized cost. The fair value of the position in the pool is the same as the value of the pooled shares held at September 30, 2014.

The Wells Fargo Advantage Heritage Money Market Fund is a Securities and Exchange Commission Rule 2a7 investment pool organized under the Investment Company Act 1940. It is required to invest exclusively in securities that mature within 397 days from the date of purchase and to maintain an average weighted maturity of not more than 90 days. As of September 30, 2014, the Money Market Fund balance was $176,896 and had an average of 38 days to maturity. The Money Market Fund's investment strategy seeks to provide maximum current income and daily liquidity by purchasing high-quality short-term debt securities such as commercial paper, repurchase agreements, variable rate demand notes, and bank instruments.

At September 30, 2014, all of the County's bank deposits were held in qualified public depositories, pursuant to Chapter 280, Florida Statutes and are fully insured or collateralized.

Component Units – At September 30, 2014 the Housing Finance Authority, Industrial Development Authority, and Educational Facilities Authority's cash on deposit was entirely insured or collateralized pursuant to Chapter 280, Florida Statutes.

B. Investments

On January 8, 2008 and subsequently amended on September 15, 2009, the County formally adopted a comprehensive change to the investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the County's investment assets. The County maintains common investment pool portfolios for the use of all available surplus funds ("Surplus

3. CASH AND INVESTMENTS (continued)

Funds") and a separate portfolio which is held in an irrevocable trust for the St. Johns County OPEB Employee Trust Fund ("OPEB Trust Fund").

In addition, investments are separately held by the County's special revenue, debt service, capital project and enterprise funds.

Investments are reported at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain investments and for External Investment Pools".

Section 218.415, Florida Statutes, Limits the types of investments that the County can invest in unless specifically authorized in the County's investment policy. The County has a formal investment policy that allows for the following investments: the State Pool, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Non-negotiable Interest Bearing Certificates of Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Mutual Funds) and Inter-governmental Investment Pool.

The allowable investments of the OPEB Trust Fund include Registered Investment Companies (Equity, Real Estate and Fixed Income Mutual Funds) organized under the Investment Company Act of 1940 with holdings of domestic and/or international equities, high quality domestic fixed income investments, real estate and/or cash equivalents; Registered Investment Companies (Money Market Mutual Funds) that are rated AAm or AAm-G or better by Standard & Poor's, or the equivalent by another rating agency; and Commingled Trusts (Equity, Real Estate and Fixed Income Trusts) organized by a bank under the Office of the Controller of the Currency guidelines with holding of domestic and/or international equities, high quality domestic fixed income investments, real estate and/or cash equivalents. Additionally, the OPEB Trust Fund may include Banker's Acceptances; Certificates of Deposits; Savings Accounts; Short-Term Corporate Obligations; Fixed Income Securities; U.S. Treasury, Federal Agencies and U.S. Government Guaranteed Obligation; Investment Grade Municipal Issues: Investment Grade Corporate Issues Including Convertibles; Common and Preferred Stocks; Real Estate Trusts and Private Real Estate in pooled vehicles.

1. Interest Rate Risk

The County's Surplus Funds investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds will have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants. From time to time the above parameters may require modification in order to meet specific construction draw schedules or other predetermined operating, capital needs or to satisfy debt obligation but in no event shall exceed five years.

3. CASH AND INVESTMENTS (continued)

As of September 30, 2014, the County's Surplus Fund portfolios had the following investments and effective duration presented in terms of years:

Surplus Fund Investments		Fair Value	Weighted Duration (Years)
US Treasury - Bond/Notes		80,914,464	1.97
Federal Instrumentalities - Bond/Notes			
FHLB Notes	12,913,527		1.19
FHLMC Notes	18,180,768		2.21
FNMA Notes	18,524,681		2.60
		49,618,976	
Commercial Paper		13,605,574	0.18
Corporate Notes		30,001,388	2.79
Municipal Obligations		14,641,182	1.39
		188,781,584	1.96

This risk is minimized in the OPEB Trust Fund because the County utilizes "effective duration" as a measurement of interest rate risk for Trust assets. Trust Assets are a mix of both equity and fixed income-oriented mutual funds. As of September 30, 2014, the portion of assets susceptible to interest rate risk (including Fixed Income and Cash Equivalent asset classes) was 30.55% and had an effective duration of 4.46 years. Effective duration is not a characteristic applicable to equity-oriented mutual funds (including Domestic and International Equity, REIT and inflation Hedged asset classes) and thus is not relevant to GASB Statement No. 40.

As of September 30, 2014, OPEB Trust Fund investment holdings consist of $24,770,813 in Domestic Equity, International Equity, Fixed Income and Cash Equivalent investments which are reported at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

As of September 30, 2014, the Trust consisted of the following asset classes and percent allocation:

Asset Class		*FAIR Value*	*Percent Allocation*
Domestic Equity	$	11,878,075	47.95%
International Equity		4,518,679	18.24%
Fixed Income		7,170,487	28.95%
Cash Equivalent		1,203,572	4.86%
Total	$	24,770,813	100.00%

Interest receivable on the County's investment portfolios amounted to $404,124 as of September 30, 2014.

Included in the Surplus Fund portfolio, the County has $12.4 million in Federal Instrumentalities that have, at the issuer's discretion, provisions to call their obligations.

3. CASH AND INVESTMENTS (continued)

2. Credit Risk

The County's Surplus Funds investment policy permits for investments in the following investments, which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- Money Market Mutual funds shall be rated "AAm" or "AAm-G" or better by Standard & Poor's or the equivalent by another national rating agency.
- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue Bonds, rated at least "Aa" by Moody's or "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-2" by Moody's and "SP-2" by Standard & Poor's for short-term debt.
- Bankers' acceptances issued by a domestic bank, which has at the time of purchase an unsecured, uninsured and un-guaranteed obligation rating, at the time of purchase, of at least "Prime-1" by moody's Investors Services or "A-1" by Standard & Poor's. The bank must be ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report. Additionally, the bank shall not be listed with any recognized credit watch information service.
- Commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper). Additionally, if backed by a letter of credit (LOC"), the long term debt of the LOC provider must be rated at lease "A" by at least two nationally recognized rating agencies and must be ranked in the top fifty (50) United States banks in terms of total assets by the American Banker's yearly report. The company shall not be listed with any recognized credit watch information service.

Additionally, the OPEB Trust Fund's investment policy for investments in fixed income securities and cash equivalents that are limited to credit quality ratings from nationally recognized rating agencies as follows:

- *Fixed Income*
  Fixed Income Investments shall be high quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury, Federal Agencies and U.S. Government guaranteed obligations, and (2) investment grade municipal or corporate issues including convertibles. The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard and Poor's).

- *Cash Equivalents*
  Cash equivalent reserves shall consist of cash instruments having a quality rating of "a-1", "P-1" or higher, as established by Moody's or Standard & Poor's. Bankers' acceptances, certificate of deposit and savings accounts must be made of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least $50 million. Short-term corporate obligations must be rated "A" or better by Moody's or by Standard & Poor's.

3. CASH AND INVESTMENTS (continued)

As of September 30, 2014, the portion of assets susceptible to credit risk (including Fixed Income and Cash Equivalent asset classes) had a weighted average credit quality of "BB-AAA". Credit quality is not a characteristic applicable to equity-oriented mutual Funds (including Domestic and International Equity, REIT and inflations Hedged asset classes) and this is not relevant for GASB Statement No. 40 purposes.

Investment Type	Fair Value	Exempt	AAA	A or greater	B or greater
Surplus Fund					
US Treasuries-Bond/Notes	$ 80,914,464	$ 80,914,464			
Federal Instrumentalities-Bond Notes	49,618,976			$ 49,618,976	
Commercial Paper	13,605,574			13,605,574	
Corporate Notes	30,001,388			30,001,388	
Municipal Obligations	14,641,182			14,641,182	
Subtotal	$188,781,584	$ 80,914,464	$ -	$107,867,120	$ -
OPEB Trust Fund					
Investment Assets:					
Taxable Bonds-Fixed Income Funds	$ 7,170,487				$ 7,174,047
Stocks-Equity Funds	16,396,754	$ 16,396,754			
Liquidity Assets:					
Cash Equivalents	1,203,572		$ 1,203,573		
Subtotal	24,770,813	16,396,754	1,203,573	$ -	7,174,047
Total	$213,552,397	$ 97,311,218	$ 1,203,573	$107,867,120	$ 7,174,047

3. Custodial Credit Risk

The County's investment policy requires securities, with the exception of certificates of deposits, to be held with a third party custodian; an all securities purchased by, and all collateral obtained by the County should be properly designated as an asset of the County.

The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.)

Finally, the County's investment policies require all assets be held with the custodial bank under a contractual agreement signed by the Chairman of the Board and the Clerk as Chief Financial Officer. All securities purchased by and all collateral obtained by the investment managers and/or the Clerk are designated as assets of the Surplus Fund or OPEB Trust Fund respectively. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by written authorization by the Clerk. Securities transactions between a broker/dealer and the custodial bank involving the purchase of sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodial bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

3. CASH AND INVESTMENTS (continued)

As of September 30, 2014, The County's Surplus Fund and OPEB Trust Fund investment portfolios were held with a third-party custodian as required by the County's investment policies.

4. Concentration of Credit Risk

The County's investment policies have established asset allocation and issuer limits on the following investments. This is designed to reduce concentration of credit risk of the County's Surplus Fund and OPEB Trust Fund portfolios. The table below reflects the allowed distribution by investment type.

Security Type		Surplus Fund Allocation Permitted by Policy	Trust Fund Allocation Permitted by Policy	Trust Fund Allocation Target
Investment Assets				
Domestic Equity			26-46%	36%
International Equity			13-33%	23%
REIT			0-12%	6%
Fixed Income			20-60%	35%
Liquidity Assets				
Cash Equivalents			0% - 100%	100%
United States Treasury Securities		100%		
United States Government Agency Securities		50%		
Federal Instrumentalities	1	80%		
Certificates of Deposit		50%		
Repurchase Agreements		50%		
Commercial Paper		35%		
Mortgage-Backed Securities	1	25%		
Bankers' Acceptances		35%		
State and/or Local Government Debt		20%		
Money Market Mutual Funds		50%		
Intergovernmental Investment Pool		25%		
Guaranteed Investment Contracts	2	100%		

Notes:

1. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 80%.

2. The Guaranteed Investment Contracts, which are not allowed under the County Investment Policy, were specifically adopted and authorized under the terms of the Resolution for the Series 2006, Transportation and Sales Tax Revenue Bonds. The permitted allocation was 100% of total bond proceeds.

3. CASH AND INVESTMENTS (continued)

Additionally, an effort shall be made, to the extent practical, prudent and appropriate, to select investments, commingled funds and/or mutual funds that have investment objectives and policies that are consistent with the County's policies. However, given their nature, it is recognized that there may be deviations between the policies and the objectives of the investments. A commingled fund or mutual fund will not be included in OPEB Trust Fund portfolio unless it complies with the Investment Company Act of 1940's diversification requirement.

Equity

Investment in common stocks, preferred stocks and publicly traded Real Estate Investment Trusts shall be limited to not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market may be held in any one industry category.

Fixed Income

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, including, U.S. Treasury/Federal Agency issues, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies.

5. Foreign Currency Risk

The County investment policy does not allow for investments in foreign currency therefore the County has no exposure to foreign currency risk. However, the Trust's investment policy allows for non-U.S. investments through the use of commingled funds and/or mutual funds. All assets of the Trust are invested in funds denominated in U.S. Dollars. There is no direct foreign currency rick; however, underlying securities of these funds may be denominated in currencies other than the U.S. Dollar.

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable of the General Fund consist primarily of ambulance service accounts of $2.5 million and are reported net of an allowance for doubtful accounts of $1.7 million at September 30, 2014. The allowance represents 68% of the gross ambulance service accounts receivable at September 30, 2014. The balance of the receivable consists of restitution, returned checks, and miscellaneous service fees.

Additionally, 40% of the total is due to the Clerk of Courts. This also consists of returned checks, restitution of court related fees, and service charges.

Accounts receivable of the Nonmajor Governmental Funds consist primarily of cultural event receivables, returned checks, and other miscellaneous fees. An allowance for doubtful accounts is not considered necessary.

4. ACCOUNTS AND NOTES RECEIVABLE (continued)

Accounts receivable contained in the Enterprise Funds consist of the following receivables and their related allowance for doubtful accounts at September 30, 2014:

	Balance	Allowance	Net
St. Johns County Utilities Fund	$1,790,293	$67,624	$1,722,669
Ponte Vedra Utilities Fund	632,804	7,947	$624,857
Solid Waste Fund	600,421	1,000	$599,421
Nonmajor:			
Golf Course Fund	2,844		$2,844
Convention Center	703,834	217,322	$486,512
	$3,730,196	$293,893	$3,436,303

Notes receivable contained in the Statement of Net Position for Governmental Activities includes $319,218 in General Fund short-term notes with the Housing Finance Authority. The notes were for construction costs on Community Workforce Housing Innovation Pilot homes. The notes require interest at LIBOR plus 150 basis points and will be repaid with the proceeds from the sale of the homes at closing.

Also, notes receivable contained in the Statement of Net Position for Governmental Activities includes $300,000 in State Housing Initiatives Partnership (SHIP) program funds. The notes were provided as a “zero-percent interest” loan to assist in the development of multifamily housing units for low and very-low income rental housing.

Finally, included in notes receivable on the Statements of Net Position for the Business Activities is $140,532 of unit connection fee notes receivable. The amount due during the next fiscal year is $35,092. Water and sewer unit connection fees are non-refundable fees charged to new customers of the utility system as a capacity charge. The related notes receivable bear interest at 5.00% and are generally due in annual or monthly installments of principal and interest, with maturities of two to twenty years.

None of the above notes receivable are collateralized. At September 30, 2014, an allowance for doubtful accounts was not considered necessary.

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5. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended September 30, 2014, was as follows:

Primary Government

	Beginning Balance September 30, 2013	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 465,030,240	$ 642,398	$ 43,247	$ 465,629,391
Construction in progress	54,225,632	17,860,277	22,260,901	49,825,008
Total capital assets not being depreciated	519,255,872	18,502,675	22,304,148	$ 515,454,399
Other capital assets:				
Building & other improvements	262,699,565	21,173,699	9,324,564	274,548,700
Equipment	80,710,824	6,839,930	7,272,627	80,278,127
Infrastructure	559,951,993	9,698,436	-	569,650,429
Total other capital assets	903,362,382	37,712,065	16,597,191	924,477,256
Less accumulated depreciation for:				
Building & other improvements	73,443,433	7,442,350	3,704,858	77,180,924
Equipment	57,277,098	7,386,159	7,197,984	57,465,273
Infrastructure	109,054,286	14,912,781		123,967,067
Total accumulated depreciation	239,774,817	29,741,290	10,902,842	258,613,264
Other capital assets, net	663,587,565	7,970,775	5,694,349	665,863,992
Governmental activities capital assets, net	$ 1,182,843,437	26,473,450	27,998,497	$ 1,181,318,391

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5. CAPITAL ASSET ACTIVITY (continued)

Primary Government

	Beginning Balance September 30, 2013	Additions	Dispositions/ Reclassifications	Ending Balance September 30, 2014
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 106,291,917	$ 971,350	$ -	$ 107,263,267
Land - golf course	3,951,265			3,951,265
Construction in progress	52,739,799	19,504,930	41,524,613	30,720,116
Total capital assets not being depreciated	162,982,981	20,476,280	41,524,613	$ 141,934,648
Other capital assets:				
Buildings & other improvements	34,861,788	2,005	29,049	34,834,744
Golf Course improvements	1,234,120			1,234,120
Equipment & systems	326,250,086	45,490,390	2,259,106	369,481,370
Total other assets	362,345,994	45,492,395	2,288,155	405,550,234
Less accumulated depreciation for:				
Buildings & other improvements	31,904,517	1,119,044	29,047	32,994,514
Equipment & systems	89,047,593	10,627,055	1,837,159	97,837,489
Golf course improvements	962,299	30,271	-	992,570
Total accumulated depreciation	121,914,409	11,776,370	1,866,206	131,824,573
Other capital assets, net	240,431,585	33,716,025	421,949	273,725,661
Buiness-type activities capital assets, net	$ 403,414,566	$ 54,192,305	$ 41,946,562	$ 415,660,309

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5. CAPITAL ASSET ACIVITY (concluded)

Depreciation expense was charged to the functions of the primary government as follows:

Governmental activities:		
General government	$	1,962,105
Public safety		8,782,905
Physical environment		125,876
Transportation		16,021,561
Economic environment		21,982
Human services		152,497
Culture and recreation		2,595,547
Court related		78,817
Total depreciation expense - Governmental activities	$	29,741,290

Depreciation expense was charged to the functions of the primary government as follows:

Business-type activities:		
St. Johns County Utilities	$	10,041,357
Ponte Vedra Utiltiies		1,011,006
Solid Waste		335,152
Golf Course		168,114
Convention Center		220,741
Total depreciation expense - Business-type activities	$	11,776,370

6. LONG-TERM OBLIGATIONS

A. Long-term obligations at September 30, 2014 are comprised of the following:

General Long-Term Obligations

Revenue Bonds:

$4,500,000 - 2014 Taxable Capital Improvement Revenue Bonds; secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of a new health and human services building and pay certain costs of issuance; due in annual installments of $240,000 to $395,000 through October 1, 2028 and interest at 3.99%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is $5,773,457. During FY14 $49,309,000 was recognized as the average legally available amount of non-ad valorem revenues and $250,224 was paid for debt service.	$4,360,000

6. LONG-TERM OBLIGATIONS (continued)

$13,137,000 - 2012 Capital Improvement Revenue Bonds; secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction, equipping, and installation of an intergovernmental communications system and pay certain costs of issuance; due in annual installments of $1,071,000 to $1,255,000 through October 1, 2023 and interest at 1.9999%, payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest, is $11,517,046. During FY14 $49,309,000 was recognized as the average legally available amount of non-ad valorem revenues and $1,279,889 was paid for debt service.	$10,445,000
$41,030,000 - 2012 Sales Tax Revenue Refunding Bonds: secured by a lien upon and pledge of local government half-cent sales tax to refund the outstanding Sales Tax Revenue Refunding Bonds, Series 2004, which included funding of capital improvements for the Vilano Beach CRA, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $220,000 to $3,085,000 through October 1, 2034, plus interest at 3.0% to 5.0% payable semiannually, plus unamortized premium of $3,251,987. The approximate balance of the pledge, which equals the remaining principal and interest is $60,093,400. During FY14, $14,519,192 was recognized in sales tax revenues and $1,917,418 was paid for debt service.	$ 43,866,987
$25,050,000 - 2012 Transportation Improvement Revenue Refunding Bonds: secured by a lien upon and pledge of gas tax revenues for the cost of refunding a portion of the County's outstanding Transportation Improvement Revenue Bonds, Series 2003, and pay certain costs of issuance; due in annual installments of $960,000 to $1,920,000 through October 1, 2032; plus interest at 4.0% to 5.0% payable semiannually plus unamortized premium of $1,460,609. The approximate balance of the pledge, which equals the remaining principal and interest is $37,726,021. During FY 14, $8,386,930 was recognized in gas tax revenues and $1,112,275 was paid for debt service.	$ 26,400,609
$10,950,000 - 2009A Sales Tax Revenue Refunding Bonds: secured by a lien upon and pledge of local government half-cent sales tax to refund the outstanding Sales Tax Revenue Refunding Bonds, Series 1998, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $1,300,000 to $1,505,000 through October 1, 2019; plus interest at 3.25% to 4.25% payable semiannually less unamortized discount of $62,090. The approximate balance of the pledge, which equals the remaining principal and interest is $7,791,885. During FY 14, $14,519,192 was recognized in sales tax revenues and $1,569,719 was paid for debt service.	$ 6,932,910

6. LONG-TERM OBLIGATIONS (continued)

$23,520,000 - 2009 Sales Tax Revenue and Refunding Bonds; secured by a lien upon and pledge of local government half-cent sales tax revenues for the construction of various capital improvements, to refund the outstanding Commercial Paper Revenue Note, Draw No. A-2-3, fund the cash debt service reserve account and pay certain costs of issuance; due in annual installments of $965,000 to $1,820,000 through October 1, 2028; plus interest at 4.99% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is $26,758,561. During FY14 $14,519,192 was recognized in sales tax revenues and $1,905,265 was paid for debt service.	$ 18,930,000
$29,245,000 - 2006 Transportation Improvement Revenue Bonds: secured by a lien upon and pledge of gas tax revenues for the cost of acquisition, construction and installation of certain capital transportation projects, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $550,000 to $3,745,000 through October 1, 2035; plus interest at 3.5% to 5.0% payable semiannually, plus unamortized premium of $1,473,613. The approximate balance of the pledge, which equals the remaining principal and interest, is $46,295,213. During FY14 $8,386,930 was recognized in gas tax revenues and $1,838,275 was paid for debt service.	$ 27,388,613
$46,500,000 - 2006 Sales Tax Revenue Bonds; secured by a lien upon and pledge of local government half-cent sales tax for the construction of various capital improvements, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installment of $955,000 to $5,475,000 through October 1, 2036; plus interest at 5.0% payable semiannually, plus unamortized premium of $2,369,285. The approximate balance of the pledge, which equals the remaining principal and interest is $72,478,285. During FY14 $14,519,192 was recognized in sales tax revenues, $2,999,750 was paid for debt service and $9,874 was paid the IRS for final arbitrage expenditure.	$ 43,209,285
$21,685,000 - 2005 Capital Improvement Revenue and Refunding Bonds; secured by a lien upon and pledge of State Revenue Sharing Funds for the construction of various general government capital improvements including the West Augustine CRA, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $525,000 to $1,060,000 through July 1, 2035; and interest at 3.8% to 4.5%, payable semiannually less unamortized discount of $212,188. The approximate balance of the pledge, which equals the remaining principal and interest, is $24,524,260. During FY14 $4,770,748 was recognized in state revenue sharing revenues and $1,231,095 was paid for debt service.	$ 16,002,812

6. LONG-TERM OBLIGATIONS (continued)

$4,701,000 - 2011 St. Johns County Community Redevelopment Agency Redevelopment Revenue Refunding Note - Flagler Estates Project; secured by a lien upon and pledge of tax increment financing revenues within the Flagler Estate Road and Water Control District to refund the outstanding Series 2007 note and pay certain costs of issuance; due in annual installments of $450,000 to $504,000 through August 1, 2021; and interest at 1.80%; payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is $3,566,462. During FY14, $75,034 was recognized in tax increment financing revenues and $508,914 was paid for debt service.	$	3,332,000
Total Revenue Bonds and Notes Payable	$	200,868,216
$2,169,000 Pooled Commercial Paper Loan; secured with a governmental commitment to budget and appropriate necessary non-ad valorem revenues for the construction of various capital improvement; due in annual installments of $408,000 to $418,000 through December 4, 2012; interest rates vary depending on market on the day of sale and are charged as a blended rate of the notes outstanding in any particular month; due monthly. The approximate balance of the pledge, which equals the remaining principal and estimated interest, is $1,204,149. During FY14 $49,309,000 was recognized as the average legally available amount of non-ad valorem revenues and $687,676 was paid for debt service.	$	1,194,000
$5,134,778 Obligations under the State Revolving Loan Trust Fund; secured by a lien upon and pledge of revenues received within the Municipal Service Benefit Unit ("MSBU") for the construction ($5,134,778) and capitalized interest ($134,100) of capital projects within the Ponte Vedra Municipal Service District; due in semiannual installments of $173,777 for principal of $124,089 to $171,251 through October 15, 2025; and interest of 2.95%. The approximate balance of the pledge, which equals the remaining principal and interest, is $3,682,766. During FY14 $351,939 was recognized in MSBU revenues and $364,499 was paid for debt service.	$	3,368,663
Obligations under Capital Leases	$	4,503,788
Accrued compensated absences	$	9,953,661
Total General Long-Term Obligations	$	219,888,328

6. LONG-TERM OBLIGATIONS (continued)

Proprietary Fund Long-Term Obligations

Revenue Bonds:

$55,440,274 - 2013 St Johns County Utilities Water and Sewer Revenue Refunding Bonds; secured by a lien upon and pledge of County water and sewer net revenues for the current refunding of the outstanding Water and Sewer Revenue Refunding Bonds, Series 1998 and the advance refunding of a portion of the the outstanding Water and Sewer Revenue Bonds, Series 2004, construct various County utility capital improvements, fund the debt service reserve account, pay certain cost of issuance and pay capitalized interest on the Series 2013 bonds; due in annual installments of $105,000 to $2,992,058 through June 1, 2034; interest at 2% to 5%, payable semiannually and annually for capital appreciation bonds where interest is due at maturity plus accredited interest on capital appreciation bonds of $1,853,507 including un-amortized premium of $3,052,347. The approximate balance of the pledge, which equals the remaining principal and interest is $79,164,069. During FY14 $10,809,651, was recognized in net revenues and $1,041,123 was paid debt service.	$	60,221,128
$30,620,000 - 2007 Ponte Vedra Utilities Water and Sewer Revenue Bonds; secured by a lien upon and pledge of the Ponte Vedra water and sewer net revenues for the acquisition of Intercoastal Utility, construction of various Ponte Vedra utility capital improvements, capitalize a portion of the interest, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $755,000 to $2,025,000 through October 1, 2037; and interest at 4.0% to 5.0% payable semiannually plus unamortized premium of $283,333. The approximate balance of the pledge, which equals the remaining principal and interest, is $49,216,376. During FY14, $4,942,398 was recognized in net revenues and $2,117,725 was paid for debt service.	$	29,473,333
$30,920,000 - 2006 Ponte Vedra Utilities Water and Sewer Revenue Bonds; secured by a lien upon and pledge of the Ponte Vedra water and sewer net revenues for the acquisition of St Johns Service Co. Utility, construction of various Ponte Vedra utility capital improvements, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $795,000 to $1,920,000 through October 1, 2035; interest at 3.75% to 5.0% payable semiannually plus unamortized premium of $449,664. The approximate balance of the pledge, which equals the remaining principal and interest, is $42,803,789. During FY14 $4,942,398 was recognized in net revenues and $1,996,825 was paid for debt service.	$	26,774,664

6. LONG-TERM OBLIGATIONS (continued)

$42,830,000 - 2006 St. Johns County Utilities Water and Sewer Revenue Bonds; secured by a lien upon and pledge of county water and sewer net revenue for the construction of various county utility capital improvement, funds the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $1,210,000 to $2,325,000 through June 1, 2036; and interest at 4.0% to 5.0% payable semiannually plus unamortized premium of $1,201,606. The approximate balance of the pledge, which equals the remaining principal and interest is $61,455,164. During FY14 $10,809,651 was recognized in net revenues and $2,964,632 was paid for debt service.	$	38,876,606
$21,685,000 - 2005 Capital Improvement Revenue and Refunding Bonds; secured by a lien upon and pledge of State Revenue Sharing Funds for refunding the Series 1998 Capital Improvement Revenue Bonds, fund the debt service reserve account surety bond and pay certain costs of issuance; due in annual installments of $40,000 to $90,000 through July 1, 2035; and interest at 3.8% to 4.5%, payable semiannually less unamortized discount of $16,299. The approximate balance of the pledge, which equals the remaining principal and interest is $1,912,838. During FY14, $4,770,748 was recognized in state revenue sharing revenues and $90,999 was paid for debt service.	$	1,233,701
$18,275,000 - 2004 Gulf Breeze, Florida Local Government Loan Program, secured by a lien upon and pledge of County Convention Center revenues and transfers to refund the outstanding Series 1996 Convention Center bonds and pay certain costs of issuance; due in annual installments of $1,135,000 to $1,490,000 through December 1, 2020; interest at 3.75% to 4.125% payable semiannually. The approximate balance of the pledge, which equals the remaining principal and interest is $10,390,785. During FY14 $1,631,976 was recognized in Convention Center revenues and transfers; $1,506,782 was paid for debt services.	$	9,135,000
$14,680,398 - 1991A St. Johns County Utilities Water and Sewer Revenue Bonds; secured by a lien upon and pledge of County water and sewer net revenues for the acquisition of St. Augustine Shores Utility, construction of various County utility capital improvements, fund the debt service reserve account surety bond and pay certain cost of issuance; due in annual installments of $460,629 to $706,114 through June 1, 2021; interest at 7.00% to 7.05% payable annually for capital appreciation bonds where interest is due at maturity including accreted interest on capital appreciation bonds of $15,859,348; less unamortized discount of $48,798. The approximate balance of the pledge, which equals the remaining principal and interest is $19,826,217. During FY14 accrued interest on the capital appreciation bonds was $1,498,467; $10,809,651 was recognized in net revenues and $3,625,000 was paid for debt service.	$	19,826,215
Total Revenue Bonds	$	185,540,647

6. LONG-TERM OBLIGATIONS (continued)

$1,950,268 Obligations under St. Johns County Utilities State Revolving Loan Trust Fund; secured by a subordinated lien upon and pledge of County Water and Sewer net revenues for the construction ($1,924,814) and capitalized interest ($25,454) of County utility capital projects; due in semiannual installments of $57,724 to $60,772; and interest at 2.59%. The approximate balance of the pledge, which equals the remaining principal and interest $305,239. During FY14 $2,615,521 was recognized in net revenues available subordinated debt and $122,140 was paid for debt service.	$	296,190
$8,850,619 Obligations under St. Johns County Utilities State Revolving Loan Trust fund; secured by a subordinated lien upon and pledge of County water and sewer net revenues for the construction ($8,018,469) and capitalized interest ($331,000) of County utility capital projects; due in semi annual installments to be determined upon final close-out during next fiscal year, at an interest rate of 2.61%. The approximate balance of the pledge, which equals the remaining principal and interest, is $9,264,425. During FY14 $2,615,521 was recognized in net revenues available for subordinated debt, and no debt service was paid.	$	8,660,661
$6,838,510 Obligations under Ponte Vedra Utilities State Revolving Fund Loan; secured by a subordinated lien upon and pledge of water and sewer net revenues for the construction ($6,742,410) and capitalized interest ($96,100) of Ponte Vedra Utility capital projects; due in semiannual installments to be determind at final closeout, at an interest rate of 2.12%. During FY14, $794,117 was recognized in net revenues available for subordinated debt. No debt service was paid during the year.		$1,774,702
Obligations under Capital Leases		$3,401,983
Landfill closure/post-closure care		$5,424,466
Accrued Compensated Absences		$900,175
Total Proprietary Fund Long-Term Obligations	$	205,998,824

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6. LONG-TERM OBLIGATIONS (continued)

B. Debt service requirements to maturity on the County's Long-Term Debt at September 30, 2014 are as follows:

Year Ending Sept. 30	Governmental Activities		Business-Type Activities		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal
2015	$ 8,558,476	$ 8,252,009	$ 8,988,362	$ 5,872,437	$ 17,546,838	$ 14,124,446
2016	8,286,520	8,096,438	8,613,207	6,012,840	16,899,727	14,109,278
2017	7,999,766	8,125,089	8,215,066	6,126,216	16,214,832	14,251,305
2018	7,689,241	8,356,966	7,824,908	6,260,482	15,514,149	14,617,448
2019	7,366,454	8,680,078	7,449,996	6,433,521	14,816,450	15,113,599
2020-24	31,150,630	47,162,762	27,600,161	38,087,485	58,750,791	85,250,247
2025-29	21,130,605	47,576,321	18,586,174	39,519,530	39,716,779	87,095,851
2030-34	10,772,582	45,560,000	11,891,524	41,504,982	22,664,106	87,064,982
2035-39	1,307,569	15,340,000	3,722,112	18,985,000	5,029,681	34,325,000
2040-42		-	669,870	4,835,000	669,870	4,835,000
	$ 104,261,843	$ 197,149,663	$ 103,561,380	$ 173,637,493	$ 207,823,223	$ 370,787,156

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6. LONG-TERM OBLIGATIONS (continued)

C. Long-term debt transactions of the County Fiscal Year 2014 are summarized below:

GOVERNMENTAL ACTIVITIES

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014	Due within one year
Taxable capital improvement revenue bonds, Series 2014		$ 4,500,000	$ 140,000	$ 4,360,000	$ 240,000
Capital improvement revenue bonds, Series 2012	$ 11,495,000		1,050,000	10,445,000	1,071,000
Capital improvement revenue sharing & refunding revenue bonds, Series 2005	16,725,000		510,000	16,215,000	525,000
Sales tax revenue refunding bonds, Series 2012	40,830,000		215,000	40,615,000	220,000
Sales tax revenue refunding bonds, Series 2009A	8,255,000		1,260,000	6,995,000	1,300,000
Sales tax revenue bonds, Series 2009	19,845,000		915,000	18,930,000	965,000
Sales tax revenue refunding bonds, Series 2006	41,755,000		915,000	40,840,000	955,000
Transportation improvement revenue bonds, Series 2012	24,995,000		55,000	24,940,000	960,000
Transportation improvement revenue bonds, Series 2006	26,450,000		535,000	25,915,000	550,000
Transportation improvement revenue bonds, Series 2003	870,000		870,000	-	
Community Redevelopment Agency refunding note, Series 2012	3,773,000	-	441,000	3,332,000	450,000
Total Revenue Bonds	194,993,000	4,500,000	6,906,000	192,587,000	7,236,000
Plus original issue premium	8,994,334		438,840	8,555,494	-
Less original issue discount	297,427		23,149	274,278	-
Total Revenue Bonds	203,689,907	4,500,000	7,321,691	200,868,216	7,236,000
Obligations under capital leases	4,419,563	1,199,879	1,115,654	4,503,788	1,192,564
Obligations under State Revolving Loan Series 2005	3,611,456		242,793	3,368,663	250,008
$30M Commercial Paper Program	826,000	1,037,000	669,000	1,194,000	766,000
Accrued compensated absences	9,725,000	9,986,569	9,757,908	9,953,661	3,247,918
Total General Long-Term Obligations	$ 222,271,926	$ 16,723,448	$ 19,107,046	$ 219,888,328	$ 12,692,490

6. LONG-TERM OBLIGATIONS (continued)

BUSINESS-TYPE ACTIVITIES

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014	Due within one year
Water and sewer revenue bonds					
Series 2007, Ponte Vedra	$ 29,920,000		$ 730,000	$ 29,190,000	$ 755,000
Series 2006, Ponte Vedra	27,085,000		760,000	26,325,000	795,000
Series 2013	55,420,274		105,000	55,315,274	725,000
Series 2006	38,835,000		1,160,000	37,675,000	1,210,000
Series 2004	550,000		550,000	-	
Series 1991	4,772,096		756,430	4,015,666	706,114
Capital improvement revenue sharing and refunding revenue bonds, Series 2005	1,285,000		35,000	1,250,000	40,000
2004 Gulf Breeze, Florida Local Government Loan Program	10,230,000		1,095,000	9,135,000	1,135,000
Total Bonds	168,097,370	-	5,191,430	162,905,940	5,366,114
Add accreted interest on capital appreciation bonds					
Series 1991A	17,236,926	1,490,994	2,868,572	15,859,348	
Series 2013	691,239	1,162,268	-	1,853,507	
	17,928,165	2,653,262	2,868,572	17,712,855	-
Plus original issue premium	5,191,591	-	204,642	4,986,949	
Less original issue discount	74,274		9,177	65,097	-
Total Revenue Bonds	191,142,852	2,653,262	8,255,467	185,540,647	5,366,114
Obligations under State Revolving Loan					
Series 1996	409,433		113,243	296,190	116,195
Series 2012	6,178,681	2,481,980		8,660,661	390,129
Series 2013	-	1,774,702		1,774,702	-
	6,588,114	4,256,682	113,243	10,731,553	506,324
Obligations under capital lease	4,039,283	232,610	869,910	3,401,983	956,421
Landfill closure/post closure	4,568,194	856,272	-	5,424,466	319,086
Accrued compensated absences	789,578	784,711	674,114	900,175	251,391
Total proprietary Fund Long-Term Obligations	$ 207,128,021	$ 8,783,537	$ 9,912,734	$ 205,998,824	$ 7,399,336

6. LONG-TERM OBLIGATION (continued)

Compensated absences typically have been liquidated in the general, other governmental and enterprise funds.

D. The County has entered into lease agreements for office facilities and equipment that are cancelable operating leases. The total cost of such leases was $496,403 for governmental activities and $38,864 for business-type activities for the year ended September 30, 2014.

E. The County is obligated under the terms of capital leases as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Building Improvements	$ 3,456,023	$ 37,547
Equipment	2,662,020	499,222
Water and Sewer Systems		8,086,961
Less: Accumulated Depreciation	663,523	2,265,832
Total	$ 5,454,520	$ 6,357,898

The annual requirements under these capital lease obligations as of September 30, 2014 are as follows:

Year Ending Sept. 30,	Governmental Activities	Business-Type Activities
2015	1,277,300	1,059,911
2016	947,918	1,098,552
2017	445,580	949,533
2018	241,153	122,297
2019	241,142	60,162
2020-24	1,205,545	242,637
2025-27	602,660	138,282
Total minimum lease payment	4,961,300	3,671,374
Less amount representing interest	(457,512)	(269,391)
Present value of minimum payments	$ 4,503,788	$ 3,401,983

F. As of September 30, 2014, there were not any bonds outstanding that are considered defeased.

G. Conduit Debt, Component Units

The Industrial Development Authority ("IDA") has from time to time issued Industrial Development Revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds,

6. LONG-TERM OBLIGATION (continued)

ownership of the acquired facilities transfers to the private sector entity served by the bond issuance.

Neither the IDA, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2014, there were several series of bonds outstanding. The aggregate principal amount payable could not be determined.

Additionally, the Housing Finance Authority ("HFA") has issued bonds to provide financial assistance to private sector entities for the acquisition and construction of housing developments deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the HFA, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2014, there were two series of bonds outstanding. The aggregate principal amount payable could not be determined; however, the aggregate original issue amount was $20,670,000.

Finally, the Educational Facilities Authority ("EFA") issued bonds to a private sector entity for the acquisition, construction, rehabilitation and/or equipping of various academic buildings. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance.

Neither the EFA, the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2014, there was one series of bonds outstanding. The aggregate principal amount payable could not be determined; however, the aggregate original issue amount was $10,000,000.

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7. INTERFUND BALANCES AND TRANSFERS

A. The compositions of interfund transfers:

Fund Type/Fund		Transfer-in	Transfer-out
MAJOR GOVERNMENTAL FUNDS:			
General Fund		$ 8,751,583	$ 9,478,933
County Transportation Trust Fund		812,634	641,885
St. Johns County Community Redevelopment Agency			470,622
NONMAJOR GOVERNMENTAL FUNDS:			
SPECIAL REVENUE FUNDS:			
County Health Department		4,000	
Building Services			360,636
Court Facilities			402,098
Law Enforcement Trust			25,000
State Housing Initiatives Program			
Community Based Care		94,806	
Crime Prevention Fund			67,755
Beach Fund		569,538	384,625
Pier		93,706	
Tourist Development Tax			1,382,125
Tree Bank Fund			291,000
Communication Surcharge			
County Cultural Center		540,995	
Public Building Impact Fees			1,480,362
Police Impact Fee			750,000
Impact Fees Fire/EMS			626,949
Impact Fees Roads		545,414	1,500,000
Impact Fees Parks			285,865
E-911 Communications			1,047,684
Fire District			831,533
St. Johns County Transit System		276,489	
Alarm Fund			12,017
	Subtotal:	2,124,948	9,447,649
DEBT SERVICE FUNDS:			
Transportation Improvement Revenue Refunding Bonds, Series 2003		625,000	
Transportation improvement Revenue Bonds, Series 2006		875,000	
St Johns County CRA Note		508,164	
GE Capital Lease		188,217	
Trane Capital Lease		239,729	
TD Bank Public Facilities Note, Series 2014		336,412	
Sales Tax Bonds, Series 2006		1,490,237	
Sales Tax Bonds, Series 2009		931,517	5,201
Sales Tax Bonds, Series 2012		285,865	
Chase Note, Series 2012		1,276,889	
$30M Commercial Paper Loan Program		688,558	
	Subtotal:	7,445,588	5,201
CAPITAL PROJECT FUNDS:			
Beach Re-nourishment Project		324,758	
HHS Facility		4,791,000	4,500,000
Racetrack Road			812,634
	Subtotal:	5,115,758	5,312,634
Non-Major Governmental Funds Total:		14,686,294	14,765,484
NONMAJOR PROPRIETARY FUNDS:			
Golf Course		835,163	
Convention Center		271,250	
	Subtotal:	1,106,413	-
	Total:	$ 25,356,924	$ 25,356,924

7. INTERFUND BALANCES AND TRANSFERS (continued)

B. At September 30, 2014, interfund balances are as follows:

Fund Type/Fund		Due To	Due From
MAJOR GOVERNMENTAL FUNDS:			
General Fund		$ 769,983	$ 908,280
County Transportation Trust Fund		639,595	351,194
NONMAJOR GOVERNMENTAL FUNDS:			
SPECIAL REVENUE FUNDS:			
Building Services		18,945	
State Housing Initiatives Program		36	
Community Based Care		15,775	1,942
Court Technology		81	
Crime Prevention Fund		15,314	
Beach Fund		116,431	
Pier		85	
Tourist Development Tax		1,752	
County Cultural Center		2,432	
Fire/EMS Impact Fees		4,295	
Road Impact Fees			545,414
E-911		91,534	
Fire District		115,286	
Private Roads MSBU		21,028	
St. Johns County Transit System		163,861	
Summerhaven MSTU		5,854	
Canteen		1,185	
HIDTA Fund		274,192	
Alarm Ordinance		12,017	
Clerk's Court Modernization		792	
Clerk's Records Modernization		31	
Clerk's Teen Court		311	
Title IVD Fund		18,753	
	Subtotal:	879,990	547,356
DEBT SERVICE FUNDS:			
Series 2009 Sales Tax Bonds			9,496
CAPITAL PROJECT FUNDS:			
Sales Tax Revenue Bond Projects, Series 2009		5,201	
Transportation Improvement Bonds, Series 2006		164,555	
Treasure Beach MSBU		165,377	
	Subtotal:	335,133	-
Nonmajor Governmental Funds Total:		1,215,123	556,852
MAJOR PROPRIETARY FUNDS:			
St. Johns County Utilities		480,316	
Ponte Vedra Utilities		15,648	425,000
Solid Waste		24,823	23,369
Major Proprietary Funds Total:		520,787	448,369
NONMAJOR PROPRIETARY FUNDS:			
Golf Course		2,993	
INTERNAL SERVICE FUNDS:			
Health Insurance		761	861,022
Workers Compensation		1,340	24,865
	Subtotal:	2,101	885,887
	Total:	$ 3,150,582	$ 3,150,582

7. INTERFUND BALANCES AND TRANSFERS (concluded)

C. Outstanding interfund balances result mainly from working capital loans made from the County's General Fund, Road Impact Fees Fund and Transportation Trust Fund to other county funds.

D. Transfers between funds are used to move unrestricted available revenues from one fund to another county fund to finance various programs, pay debt service, fund capital acquisitions and to provide subsidies for various grant programs.

E. In addition, long-term advances were made as follows:

	Advance To Other Funds	Advance From Other Funds
General Fund:		
Treasure Beach	$ 2,862,876	
CH Arnold	25,820	
Rusty Anchor	326	
	2,889,022	
Golf Course	540,000	
Total General Fund:	3,429,022	
County Transportation Trust:		
Deerwood	56,056	
Special Revenue Funds:		
Treasure Beach		$2,862,876
CH Arnold		25,820
Rusty Anchor		326
Deerwood		56,056
		2,945,078
Proprietary Funds:		
Golf Course		540,000
Total:	$ 3,485,078	$ 3,485,078

The primary purpose of the advances, by the Board of County Commissioners, was to provide Capital and operating resources for private road construction, canal dredging and golf course operations that will be paid back over future periods, including interest, by establishing a Municipal Service Benefit Unit for the residents served by the roads, canals and to provide adequate operating revenues at the golf course.

8. EMPLOYEE BENEFITS

A. Defined Benefit Retirement Plan

Plan Description – St. Johns County participates in the Florida Retirement System (the "System"), a cost-sharing multiple-employer public employee retirement system administered by the State of Florida, Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 122, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the Florida Department of Management Services, Division of Retirement, and P.O. Box 9000, Tallahassee, Florida 32315-9000 or by calling (850) 488-6491.

8. EMPLOYEE BENEFITS (continued)

Funding Policy – The employee contribution rate at September 30, 2014 was 3.00%. The County is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. The contribution rates are as follows (including a health insurance subsidy of 1.26%).

	Through June 30, 2014	Through September 30, 2014
Elected County Officials	33.03%	43.24%
Senior management services	18.31%	21.14%
Regular employees	6.95%	7.37%
Special risk	19.06%	19.82%
DROP participants	12.84%	12.28%

B. Defined Contribution Retirement Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

The County's contributions to the FRS amounted to approximately $12,285,154,$9,053,513, $9,119,405, for the years ended September 30, 2014, 2013, 2012 respectively. Since the County contributed 100% of the required contributions for each of these years, at the end of the fiscal year, the net pension obligation was zero.

C. Other Post Employment Benefits

Plan Description – By County Resolution 08-151, St. Johns County established the St. Johns County Post Employment Welfare Benefits Trust Fund ("SJCPEWB") which provides partial premium payments of eligible county retirees and their dependents for health care benefits; including health, prescription drugs, dental, vision and life insurance. Benefits are provided through a single employer defined benefit plan for post-employment benefits other than pension benefits for retirees and the eligible dependents of the Clerk of Courts, Sheriff, Tax Collector, Supervisor of elections, Property Appraiser and the County. The Board of County Commissioners can amend the benefits and retiree contributions associated with the plan.

The life insurance benefit is provided at no charge to retirees. The life insurance benefit is $5,000 for all retirees.

In accordance with Florida Statutes 112.0801, the health insurance subsidy is provided to employees who retire and immediately begin receiving benefits from the Florida Retirement System ("FRS") after at least 6 years of creditable service. The County will maintain current subsidy levels for all current retirees. However, as of January 1, 2009, future retirees will be expected to share in the increasing costs of the program through increase rate adjustments. Retirees with more than 20 years of creditable service will receive an additional monthly subsidy. The amount of the monthly subsidy is based on the number of years of service with the County or

8. EMPLOYEE BENEFITS (continued)

Constitutional Officer, and is equal to one dollar and fifty cents for each year of total service until they are eligible for Medicare.

On January 8, 2008, the County adopted Ordinance 2008-1 which established the permitted investments for SJCPEWB, which is a qualifying trust, and began funding its annual required contribution obligation through a direct contribution from unrestricted cash balances. A separate stand-alone financial statement for the Trust is not prepared.

At October 1, 2013, the date of the latest full actuarial valuation,

Active employees (fully eligible)	526
Active employees (not fully eligible)	1,266
Retirees receiving benefits	247
Total OPEB participants	2,039

Funding Policy – The contribution requirements of plan members and the County are established and may be amended by the St. Johns County Board of County Commissioners. The employer's contribution to the OPEB Trust Fund to prefund benefits is accounted for in the County's OPEB Trust Fund. For the year ended September 30, 2014, the County contributed a total of $2,731,940 towards the OPEB Plan, which includes a contribution of $2,199,840 to the Trust Fund from government programs. In subsequent years, the County will base future Trust Fund contributions on the actuarially determined annual required contribution (ARC), less an adjustment for the current asset balance of the County's Net OPEB Obligation until the balance has been eliminated. However, no future Trust Fund contributions are legally or contractually required.

Retiree plan members receiving benefits contributed $1,259,332 through their required monthly premiums.

Annual OPEB Cost and Net OPEB Obligation – The annual cost (expense) of the County's OPEB Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for this fiscal year, the amount contributed by the employer, and the changes in the net OPEB asset.

DEVELOPMENT OF EMPLOYER CONTRIBUTION FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

Annual Required Contribution	$ 2,703,028
Interest on Net OPEB Obligation	(401,946)
Adjustment to Annual Required Contribution	463,616
Total Annul OPEB Cost	$ 2,764,698
Contributions Made:	
Contributions of assets to the OPEB Trust Fund	2,731,940
Change in net OPEB asset	32,758
Net OPEB asset - beginning of year	(5,742,090)
Net OPEB asset - end of year	$ (5,709,332)

8. EMPLOYEE BENEFITS (continued)

Trend Information

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contribution	Net Ending OPEB Obligation/ (Asset)
9/30/2012	$ 3,375,135	$ 3,396,132	100.62%	$ (7,074,765)
9/30/2013	$ 3,559,587	$ 2,226,912	62.56%	$ (5,742,090)
9/30/2014	$ 2,764,698	$ 2,731,940	98.82%	$ (5,709,332)

Funding Status and Funding Progress – The OPEB payments made for the 2014 fiscal year were 98.82% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2013, the actuarial value of assets was $21,473,122; the actuarial accrued liability for benefits was $38,854,386; the unfunded actuarial accrued liability (UAAL) was $17,381,264; the UAAL as a percentage of covered payrolls, which was $83,170,894 as of the valuation date, was 20.90%; and the funded ratio was 55.27%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projects 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 projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Several acceptable actuarial cost methods were investigated. The County's goal was to achieve the lowest measure of OPEB Cost and the potential liability.

8. EMPLOYEE BENEFITS (continued)

The actuarial methods are:	
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of payroll, closed
Amortization period	15 years
Asset valuation	Funded
The actuarial assumptions are:	
Investment rate of return	7%
Projected annual payroll growth	4.0% (incl. inflation)
Inflation rate	3.0%
Mortality	RP-2000 Employee Mortality Tables
Healthcare cost trend rate	Initial trend 6.0%; Ultimate trend 5.38%

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9. FUND BALANCE CLASSIFICATIONS

Balances of reported fund balances at September 30, 2014 are as follows:

	General Fund	County Transportation Trust Fund	St. Johns County Community Redevelopment Agency	Other Governmental Funds	Total
Nonspendable:					
Notes receivable	$ 319,218			$ 300,000	$ 619,218
Advances	3,429,022	$ 56,056			3,485,078
Inventory		371,057			371,057
	3,748,240	427,113	-	300,000	4,475,353
Restricted for:					
Community Redevelopment Agency debt service			30,899		30,899
Capital outlay for public facilities				1,146,957	1,146,957
Fire Rescue, Sheriff's operations and facilities, County permitting operations, & public safety grants				22,163,190	22,163,190
Roadway landscaping and maintenance				2,629,152	2,629,152
Roadway capital improvements & operations				14,049,602	14,049,602
State Housing Initiatives Program				708,140	708,140
Foster Care Program, Alcohol & Drug Abuse				371,997	371,997
Project Buckle Up	6,600				6,600
Tourist development & park improvements				4,147,490	4,147,490
Utility Regulatory Operations	211,993				211,993
Court facilities, technology, record's modernization & Teen Court	64,971			6,226,886	6,291,857
Capital improvement projects				588,753	588,753
Debt service				1,289,398	1,289,398
	283,564	-	30,899	53,321,565	53,636,028
Committed for:					
Inmate benefits				274,450	274,450
Assigned for:					
Community Redevelopment Agency operating expenditures			3,757		3,757
Capital outlay for public facilities				3,982	3,982
Fire Rescue, Sheriff's operations and facilities, & Inmate benefits				2,598,071	2,598,071
Roadway capital improvements & operations		25,188,282		780,291	25,968,573
State Housing Initiatives Program & CRA Programs				2,314	2,314
Alcohol & Drug Abuse Program				8,476	8,476
Tourist development, cultural entertainment & parks				208,202	208,202
Court technology				46,305	46,305
Capital improvement projects				3,785,743	3,785,743
Debt service				2,012,629	2,012,629
	-	25,188,282	3,757	9,446,013	34,638,052
Unassigned:	48,856,014			(1,515,323)	47,340,691
Total:	$ 52,887,818	$ 25,615,395	$ 34,656	$ 61,826,705	$ 140,364,574

10. RISK MANAGEMENT

A. Public Entity Risk Pool

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County belongs to the Florida Association of Counties Trust (the "FACT"), a public entity risk pool currently operating as a common risk management and insurance program for twenty-eight member counties. The County pays an annual premium to FACT for its general liability coverage. The premiums are designed to fund the liability risks assumed by the Trust and are based on certain actual exposures of each member. There were no claims paid which exceeded coverage during the last three fiscal years.

B. Self Insurance

The Board carries worker's compensation coverage with Bituminous Insurance. The Board believes it is more economical to manage its risks internally and set aside assets for claim settlement within the Worker's Compensation Internal Service Fund. The Worker's Compensation Internal Service Fund paid the monthly premiums.

Additionally, St. Johns County provides health, life and accidental death and dismemberment insurance for its employees via a Self Insurance Internal Service Fund to account for and finance its self insured risks of loss. Under this program, the Health Insurance Internal Service Fund provides coverage up to a maximum of $175,000 per employee per incident. The Board purchases commercial insurance for claims in excess of coverage provided by the Fund.

Previously, the County elected to discontinue coverage of the maximum Aggregate Stop Loss re-insurance liability because re-insured claims have historically never reached the maximum threshold and settled amounts have not exceeded collected premiums. During this year, there were two claims totalling $827,183 which exceeded the $250,000 stop loss deductible for a total of $314,953 in anticipated reimbursements.

The September 30, 2014 estimated claims liability of $2.24 million is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior of the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and that the amount of loss can be reasonably estimated, including an estimate for liabilities incurred but not reported. Claims liabilities are an estimate based on the monthly average of lag claims paid for the most recent three quarters that were made between 30 – 120 days after the initiation of the claim plus an annual average of all claims paid that exceeded 120 days. The claims liability at fiscal year end is shown at current dollar value.

Additionally, section 112.08, Florida Statute, requires the County Health Plan to hold a cash surplus of 60-days in anticipated claims. The required level, as determined by the County's actuary was $2.13 million.

10. RISK MANAGEMENT (continued)

All County departments and the other elected constitutional officers of the County participate in both programs. The cost of providing claim's administrative services and payments is allocated by charging a "premium" to each department and constitutional officer based on a fixed premium or a percentage of each organization's estimated current-year payroll. The premium charged considers recent trends in actual claims experience of the County as a whole and makes provision for catastrophe losses.

Changes in the Health Insurance Fund's claims liability amount were as follows:

Fiscal Year	Beginning Balance	Claims/Changes in Estimates	Claim Payments	Ending Balance
2011/2012	$ 1,803,190	$ 20,833,492	$ 20,361,596	$ 2,275,086
2012/2013	$ 2,275,086	$ 18,582,334	$ 18,770,379	$ 2,087,041
2013/2014	$ 2,087,041	$ 21,474,341	$ 21,318,468	$ 2,242,914

C. Conventionally Insured Claims and Losses

The County retains conventional insurance coverage on all other types of insurable risks. Settled claims resulting from these risks have not exceeded conventional insurance coverage in any of the past three fiscal years.

11. DEFICIT BALANCE - INDIVIDUAL FUNDS

At September 30, 2014 the following funds had deficit equity balances in the amounts shown:

Nonmajor Government Funds:	
County Cultural Center	$ 14,088
Private Road MSBU	82,202
St Johns County Transit Projects	1,579
Treasure Beach MSBU	1,417,454

Deficits will be corrected by adjustments in future revenues through increased charges for services; future revenues; or transfer increases.

12. OTHER REQUIRED INDIVIDUAL FUND AND COMPLIANCE DISCLOSURES

Accrual for Landfill Closure and Post-Closure Costs - State and Federal laws and regulations require the County to place a final cover on its Tillman ridge Phase II landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $5,424,466 reported as landfill closure and post-closure care liability at September 30, 2014, represents the cumulative amount reported as post-closure care costs for both phases of the Tillman Ridge Landfill. The annual estimated cost is approximately $319,086, and there remains 17 years of estimated post-closure care.

The amount is estimated based on what it would cost to perform all post-closure care in 2014. The actual cost may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by state and federal laws and regulations to provide proof of financial responsibility for closure and post-closure care. The County's method, which is established by State law, relies on various financial tests to provide this proof. The County is in compliance with these requirements at September 30, 2014.

13. RELATED PARTY DISCLOSURES

A. Revenue Sharing Agreement

In Fiscal Year 2010, the County entered into a Revenue Sharing Interlocal Agreement, under Section 163, Florida Statutes, with the City of St. Augustine Beach ("City") and the Florida Department of Environmental Protection ("FDEP") Clean Water State Revolving Loan Program ("Program") to connect approximately 620 residential units in seven neighborhoods to the St. Johns County Utility System. Through the Program, the City obtained funding in the amount of $6,937,571. Upon completion of the project, $4,507,926 of the outstanding loan balance was forgiven. The remaining one third will be amortized and payable over 20 years.

The City contracted with the county to extend their current utility system into these neighborhoods. As construction costs were incurred, the County invoiced the City. The City in turn paid the County from the loan proceeds. The new lines will be operated and maintained by St. Johns County. The City has been deemed the owner of the new utility lines until such time as the debt instrument that was used to finance the project is retired, upon which ownership shall vest solely with the County.

The County shares system revenues generated from the new connections with the City in the amount equal to $83,683 paid semiannually for debt service on the City's loan which were not forgiven.

B. Federal Grant Subaward

The St. Johns County Housing Finance Authority ("HFA") which is a component unit of the County was authorized to participate in the Neighborhood Stabilization Program (NSP") grant. The County was awarded $2,489 million through the Florida Department of Community Affairs for the purpose of stabilizing communities that suffered from foreclosures

13. RELATED PARTY DISCLOSURES (continued)

and abandonment by providing resources to purchase and redevelop local housing properties.

The HFA, which operates as a sub-recipient of the NSP funds, will improve and market the homes as residential or rental properties on behalf of the County.

During the year ended September 30, 2014, the grant program was successfully concluded. The HFA was sub-awarded approximately $131 thousand through the County from additional grant and program income from properties which have been completed and sold.

14. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports $94,887,836 of restricted net position, of which, $45,769,746 is restricted by enabling legislation.

15. RESTATEMENTS

Effective October 1, 2013, the county restated certain beginning fund balances in order to correct a misstatement for the construction advance between the County General Fund and the Treasure Beach MSBU Fund. The effects of these restatements are summarized below.

	General Fund	Other Governmental Funds
Fund Balance, September 30, 2013 as previously reported	$ 48,170,507	$ 71,998,134
Restatements	3,018,000	(3,018,000)
Fund Balance, October 1, 2013 as restated	$ 51,188,507	$ 68,980,134

16. COMMITMENTS AND CONTINGENCIES

A. Commitments

At September 30, 2014 the County had approximately $35 million in outstanding commitments relating to construction contracts.

B. Contingencies

Pending Litigation

The County is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of county management, based on

17. SUBSEQUENT EVENTS (continued)

the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the County.

After the close of the fiscal year, the County issued several financing instruments for bond refunding and to finance multiple capital improvements for fiscal year 2015. They include the following debt:

- Series 2014 Taxable Capital Improvement Revenue Refunding Bonds dated November 25, 2014. The $8,081,000 issue refunded the outstanding Gulf Breeze Florida Local Government Loan Program, Series 2004 maturing after December 1, 2014 and provided funds for certain costs of issuance associated with the bonds. The issuance resulted in debt service savings of approximately $83,840 annually for a total of $503,039. The County achieved a net economic gain from the transaction and net present value savings of $443,930 or 5.5% of the refunding bonds par amount.

- Series 2014 Capital Improvement Revenue Refunding Bonds dated 12/11/14 - The $15,300,000 issue advance refunded, on a current basis, a portion of the County's outstanding St. Johns County Capital Improvement Revenue and Refunding Bonds, Series 2005, defease, with legally available moneys of the County, the portion of the County's outstanding Capital Improvement Revenue and Refunding Bonds, Series 2005 attributable to the Golf course Enterprise Funds, and pay the costs of issuance. The issuance resulted in average debt service savings of approximately $61,413 annually for a total of $1,289,669. The County achieved a net economic gain from the transaction and net present value savings of $931,545 or 6.1% of the refunding bonds par amount.

- Series 2014 Water and Sewer Revenue and Revenue Refunding Bonds dated 12/11/2014 – The $28,270,000 issue advance refunded a portion of the outstanding Water and Sewer Revenue Bonds, Series 2006 maturing after June 1, 2017 and paid certain costs of issuance associated with the bonds. The issuance resulted in average annual debt service savings of approximately $169,259 annually for a total of $3,723,689. The County achieved a net economic gain from the transaction and net present value savings of $2,767,102 or 9.8% of the refunding bonds par amount.

- Series 2015 Sales Tax Revenue and Refunding Bonds dated 4/16/2015 – The $52,315,000 issue refunded a portion of the County's outstanding Sales Tax Revenue Bonds, Series 2006 pay all or a portion of the cost of acquisitions, and construction of several County Capital Improvements, pay the costs of issuance, and pay the premium for a reserve account insurance policy. The issuance resulted in average annual debt service savings of approximately $257,041 for a total of $5,654,906. The County achieved a net economic gain from the transaction and net present value savings of $4,175,815 or 11.3% of the refunding bonds par amount.

- Series 2015 Transportation Improvement Revenue Refunding Bonds – The $24,755,000 issue advance refund a portion of the outstanding Transportation Improvement Revenue Bond, Series 2006 and provided funds for certain costs of issuance associated with the bonds. The issuance resulted in average annual debt service savings of $172,524 annually for a total of $3,622,994. The County achieved a net economic gain from the transaction and net present value savings of $2,677,322 or 10.8% of the refunding bonds par amount.

18. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in fiscal year 2015. The statements address:

A. Accounting and financial reporting for pensions; and

B. Mergers, acquisitions and transfers of operations.

The County is currently evaluating the effects that these statements will have on its 2015 financial statements.

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