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**Independent Auditors' Report on Schedule of Expenditures
of Federal Awards and State Financial Assistance**

The Honorable County Commissioners
St. Johns County, Florida

We have audited the 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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2009. Our report on the financial statements included a paragraph explaining that the County restated beginning net assets of the Ponte Vedra Utilities Enterprise Fund. These financial statements are the responsibility of the County's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2009 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* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Board of County Commissioners and management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Monk, & Company
June 29, 2009
Gainesville, Florida

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2008
St. Johns County, Florida**

<u>Federal Agency</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF JUSTICE</u>				
Direct Assistance:				
Federal Equitable Sharing Proceeds	16.XXX	--	19,646	
Community Capacity Development - Weed and Seed	16.595	2006-WS-Q6-120	63,679	
Community Capacity Development - Weed and Seed	16.595	2007-WS-Q7-0107	124,430	188,109
Bulletproof Vest Partnership Program	16.607	2005D6B505029442	37	
Bulletproof Vest Partnership Program	16.607	2006BOBX06132418	5,418	
Bulletproof Vest Partnership Program	16.607	2007BOBX07039281	2,281	
Bulletproof Vest Partnership Program	16.607	2009BOBX08045055	141	7,877
Passed Through Florida Department of Law Enforcement:				
Byrne Formula Grant Program	16.738	2008-JACG-STJO-3-Q9-164	49,163	
Byrne Formula Grant Program	16.738	2007-DJ-BX-1195	47,813	96,976
Passed Through Florida Department of Children & Families:				
STOP Violence Against Women Formula Grant	16.588	LN026	132,277	
Passed Through Florida Office of the Attorney General:				
Victims of Crime Act	16.575	V7064	95,124	
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
West Augustine Sewer Extension	66.606	XP-97471903-0	203,830	
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through the Department of Community Affairs:				
Hazard Mitigation Grant	97.039	07HM-32-04-65-03-003	414,364	
Hazard Mitigation Grant	97.039	08-EC-30-04-65-01-009	416,582	830,946
Emergency Management Performance Grant	97.042	08BG-24-04-65-01-220	33,076	
Homeland Security Grant Program	97.067	07-DS-5N-04-65-01-129	31,481	
Passed Through the Florida Department of Law Enforcement:				
Homeland Security Grant Program	97.067	2007-SHSP-STJO-2-Q5-016	3,667	
Homeland Security Grant Program	97.067	2008-SHSP-STJO-1-S4-065	22,150	
Homeland Security Grant Program	97.067	2008-SHSP-STJO-3-S4-067	5,500	
Passed Through the Florida Department Financial Services:				
Homeland Security Grant Program	97.067	07DS-5N-13-00-16-217	13,580	76,378
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>				
Office of National Drug Control and Policy				
High Intensity Drug Trafficking	--	--	2,069,292	
<u>ELECTION ASSISTANCE COMMISSION</u>				
Passed through the Department of State, Division of Elections:				
Help America Vote Act Requirements Payment	90.401	--	73,228	
<u>DEPARTMENT OF TRANSPORTATION</u>				
Direct Assistance:				
Federal Transit Formula Grants	20.507	FL-03-0277-00	6,511	
Federal Transit Formula Grants	20.507	FL-03-0308-00	12,397	
Federal Transit Formula Grants	20.507	FL-90-X603-00	42,723	
Federal Transit Formula Grants	20.507	FL-04-0019-00	197,957	
Federal Transit Formula Grants	20.507	FL-90-X638-00	247,642	
Federal Transit Formula Grants	20.507	FL-90-X664-00	40,021	547,251
Passed Through Florida Department of Transportation:				
State and Community Highway Safety	20.600	AOY17	37,692	
Prevention Incentive Grant	20.601	AOZ23	18,658	
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Florida Department of State, Division of Elections:				
Voting Access for Individuals with Disabilities	93.617	--	7,194	
Passed Through Florida Department of Law Enforcement:				
Internet Crimes Against Children Task Force	93.643	ICAC3	1,200	
Passed Through Florida Department of Children & Families:				
Promoting Safe and Stable Families	93.556	DJ993	382,240	
Temporary Assistance for Needy Families	93.558	DH646	41,219	
Temporary Assistance for Needy Families	93.558	DJ993	372,845	414,064
Chafee Educational and Training Vouchers Program	93.599	DJ993	20,853	
Child Welfare Services -- State Grants	93.645	DJ993	72,639	
Foster Care -- Title IV-E	93.658	DJ993	773,731	
Adoption Assistance	93.659	DJ993	304,144	
Social Services Block Grant	93.667	DJ993	297,897	
Child Abuse Prevention and Treatment Act Grant	93.669	DJ993	4,228	
Chafee Independence Program	93.674	DJ993	39,342	
Medical Assistance Program	93.778	DJ993	6,119	
Block Grant for Community Mental Health Services	93.958	DH646	103,386	
Block Grant for Prevention & Treatment of Substance Abuse	93.959	DH646	443,662	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$7,301,059</u>	

**Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2008
St. Johns County, Florida**

<u>State Agency</u>	<u>State CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Program Totals</u>
<u>DEPARTMENT OF STATE</u>				
Public Library Construction Program	45.020	E4102	500,000	
State Aid to Libraries	45.030	08-ST-72	166,471	
Historic Preservation Grant	45.031	S0829	22,752	
Acquisition, Restoration of Historic Properties	45.032	SC601	74,653	
<u>DEPARTMENT OF HEALTH</u>				
County Grant Awards	64.005	C7058	44,747	
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Emergency Management Programs	52.008	08BG-24-04-65-01-220	102,959	
Emergency Management Programs	52.008	07HM-32-04-65-03-003	138,121	241,080
Local Emergency Management and Mitigation Initiatives	52.010	08-EC-30-04-65-01-009	1,160,499	
<u>DEPARTMENT OF TRANSPORTATION</u>				
NPDES Permit	55.XXX	214256-1-74-78	59,453	
Public Transit Block Grant Program	55.010	418441-1-84-01	36,717	
Public Transit Block Grant Program	55.010	418441-1-84-03	99,732	136,449
Public Transit Service Development Program	55.012	217141-2-84-07	75,850	
Transportation Regional Incentive Program	55.026	424714-1-48-01	2,890,985	
<u>FLORIDA HOUSING FINANCE CORPORATION</u>				
State Housing Initiative Partnership Program	52.901	2005-2006	80,456	
State Housing Initiative Partnership Program	52.901	2006-2007	563,555	
State Housing Initiative Partnership Program	52.901	2007-2008	1,179,660	
State Housing Initiative Partnership Program	52.901	2008-2009	55,279	1,878,950
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>				
Substance Abuse Treatment and Aftercare Services for Children	60.030	DH646	140,559	
Substance Abuse Detoxification Services for Adults	60.031	DH646	50,172	
Substance Abuse Treatment and Aftercare Services for Adults	60.033	DH646	111,848	
Indigent Psychiatric Outpatient Services	60.039	DH646	5,186	
Purchase Therapeutic Services Child Community Support Services	60.047	DH646	68,175	
Adult Community Mental Health Support Services	60.053	DH646	856,430	
Adult Community Mental Health Emergency Stabilization	60.054	DH646	42,494	
Children's Mental Health Community Support Services	60.055	DH646	18,898	
Children's Mental Health Emergency Stabilization	60.057	DH646	74,846	
Community Based Care Supports	60.094	DJ993	2,060,472	
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Sea Turtle Grant Program	--	07-026E	750	
Beach Erosion Control Program	37.003	05SJ1	46,422	
Florida Recreational Development Assistance Program	37.017	F7107	195,666	
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP0526	368,529	
Innovative Waste Reduction and Recycling	37.050	IG8-14	26,187	
2004 Hurricane Recovery Plan Grant Program	37.065	05SJ2	46,500	
Passed through St. Johns River Water Management District: Water Protection and Sustainability Program	37.066	SJ37012	365,090	
<u>DEPARTMENT OF MANAGEMENT SERVICES</u>				
Wireless 911 Emergency Telephone System	72.001	--	1,028,572	
<u>DEPARTMENT OF JUVENILE JUSTICE</u>				
Mental Health Services	80.011	X1309	101,710	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 12,860,395</u>	

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2008
St. Johns County, Florida**

NOTE 1 – BASIS OF PRESENTATION

Expenditures generally represent allowable costs, determined in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – SUBRECIPIENTS

The County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Federal Transit Formula Grants	20.507	\$ 547,251
Hazard Mitigation Grants	97.039	414,364

The County provided state awards to subrecipients as follows:

<u>Project Title</u>	<u>CSDA Number</u>	<u>Amount</u>
State Housing Initiative Partnership	52.901	\$ 319,902
Public Transit Block Grant Program	55.010	136,449
Public Transit Service Development Program	55.012	75,850



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**Report on Compliance and on Internal Control Over Compliance
Applicable to Each Major Federal Awards Program
and State Financial Assistance Project**

The Honorable County Commissioners
St. Johns County, Florida

Compliance

We have audited the compliance of St. Johns County, Florida (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, and the requirements described in the State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. The County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with Chapter 10.550, Rules of the Auditor General, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 08-2.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's response to the finding identified in our audit is described in its accompanying letter of response. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners and management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.



June 29, 2009
Gainesville, Florida

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2008
St. Johns County, Florida**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

- (i) The independent auditors’ report on the financial statements expressed an unqualified opinion.
- (ii) The audit disclosed a significant deficiency in internal control over financial reporting. The significant deficiency was not considered to be a material weakness.
- (iii) The audit did not disclose any noncompliance considered material to the financial statements.
- (iv) The audit did not disclose significant deficiencies in internal control over major federal programs or state projects.
- (v) The auditors’ report on compliance for the major federal award programs and state projects expressed an unqualified opinion.
- (vi) The audit disclosed a finding relative to one of the major state projects (CSFA 52.901). No findings were disclosed relative to the audit of major federal programs.
- (vii) The County’s major federal programs and state projects were:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>
Promoting Safe and Stable Families	93.556
Temporary Assistance for Needy Families	93.558
Adoption Assistance	93.659
Hazard Mitigation Grant	97.039
<u>State Projects</u>	<u>State CSFA Number</u>
Public Library Construction Program	45.020
Community Based Care Supports	60.094
Local Emergency Management and Mitigation Initiatives	52.010
State Housing Initiative Partnership Program	52.901
Transportation Regional Incentive Program	55.026
Wireless 911 Emergency Telephone System	72.001

- (viii) A threshold of \$300,000 was used to distinguish between Type A and Type B programs for federal programs, and \$385,812 was used for state projects.
- (ix) The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2008
St. Johns County, Florida**

SECTION II – FINANCIAL STATEMENT FINDINGS

08-1 **Condition** – The system of internal controls over the Ponte Vedra utility system does not always provide for a complete segregation of duties and responsibilities. The same individual has access to the billing system, cash receipts, and the reports submitted to be posted to the general ledger, without formal review by another person. Consequently, it is possible that misstatements could occur and not be detected in a timely manner.

Recommendation – If possible, steps should be taken to separate duties so that no one individual has access to both physical assets and the related accounting records. Alternatively, control procedures should be implemented to compensate for the lack of separation of employee duties and responsibilities.

SECTION III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

None.

SECTION IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

State Housing Initiative Partnership Program, CSFA 52.901

**Questioned
Costs**

08-2 **Condition** – Two out of twenty-five program disbursements that we tested exceeded the maximum award for the applicable strategy listed in the state-approved Local Housing Assistance Plan. These disbursements were in compliance with the County’s resolutions which amended the LHAP; however, those Resolutions had not been filed with the Florida Housing Finance Corporation.

\$--

Recommendation – The County should implement procedures to ensure that it notifies the Florida Housing Finance Corporation when it modifies its Local Housing Assistance Plan.



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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters**

The Honorable County Commissioners
St. Johns County, Florida

We have audited the 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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 2009. Our report on the financial statements included a paragraph explaining that the County restated beginning net assets of the Ponte Vedra Utilities Enterprise Fund. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

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

The County's response to the finding identified in our audit is described in its accompanying letter of response. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners and management, and oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.



June 29, 2009
Gainesville, Florida



St. Johns County Board of County Commissioners

Office of the County Administrator
Michael D. Wanchick, County Administrator

June 25, 2009

Mr. Alan G. Nast, C.P.A.P.A., Partner
Davis Monk & Company
P.O. Box 13494
4010 N.W. 25 Place
Gainesville, Florida 32606

Dear Alan:

The following represents St. Johns County management's response to the "Section II - Financial Statement Findings" for the "Year Ended September 30, 2008":

"08-1 Condition" Response – Steps have been taken to separate duties so that no one individual has access to both physical assets and the related accounting records. The Ponte Vedra Utility Customer Service Specialist that receives and enters payments will no longer prepare deposits. The Billing Specialist will verify and prepare deposits. An off-site utilities employee will process and prepare billing and financial reports. A utilities staff accountant will verify and provide daily financial information to the County Finance department for posting to the general ledger.

"08-2 Condition" Response – While unusual circumstances may have accounted for County resolutions not being properly filed with the Florida Housing Finance Corporation relative to the State Housing Initiative Partnership Program, County program staff responsibilities have been expanded to minimize the potential for any re-occurrence in the future.

If any other information or response is necessary, please contact Doug Timms, County Budget Officer, in the County's Office of Management and Budget at (904) 209-0566.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael D. Wanchick", is written over a horizontal line.

Michael D. Wanchick
County Administrator



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**St. Johns County, Florida
Summary Schedule of Prior Audit Findings
(Relative to Federal Programs and State Projects)
For the Year Ended September 30, 2008**

There were no prior audit findings relative to federal programs or state projects.



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Management Letter

The Honorable County Commissioners
St. Johns County, Florida

We have audited the financial statements of St. Johns County, Florida (the "County"), as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated June 29, 2009. We have also issued reports on internal control and on compliance and other matters. Those reports should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and U.S. Office of Management and Budget Circular A-133. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, the prior audit findings were resolved.

Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." in connection with our audit, we determined that the County has not met one or more of the conditions described in Section 218.503(1), Florida Statutes, that are indicative of a state of financial emergency.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

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Horwath International

Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the fiscal year ended September 30, 2008, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2008.

Investment of Public Funds

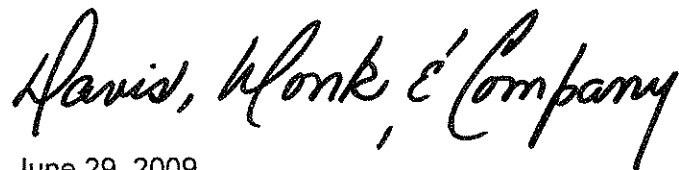
As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

This management letter is intended solely for the information and use of the Board of County Commissioners and management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



June 29, 2009
Gainesville, Florida