

RESOLUTION NO. 86-149

A RESOLUTION FURTHER SUPPLEMENTING AND AMENDING RESOLUTION NO. 86-132 ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, ON SEPTEMBER 30, 1986, ENTITLED: "RESOLUTION PROVIDING FOR THE REFUNDING OF OUTSTANDING REVENUE OBLIGATIONS OF ST. JOHNS COUNTY, FLORIDA; MAKING CERTAIN FINDINGS; AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$5,000,000 REFUNDING REVENUE BONDS TO FINANCE THE COST THEREOF; PLEDGING THE LOCAL GOVERNMENT HALF-CENT SALES TAX TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE OWNERS OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE;" FOR THE PURPOSE OF CORRECTING CERTAIN REFERENCES TO THE INTERNAL REVENUE CODE REQUIRED BY THE ENACTMENT OF THE TAX REFORM ACT OF 1986; APPROVING THE OFFICIAL STATEMENT WITH RESPECT TO THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on September 30, 1986 the Board of County Commissioners (the "Board") of St. Johns County, Florida (the "Issuer"), duly adopted Resolution No. 86-132, the title of which is quoted in the title of this resolution (the "Enabling Instrument"), for the purpose of authorizing the issuance of not exceeding \$5,000,000 principal amount of Refunding Revenue Bonds (the "Bonds"), to finance the cost of refunding certain outstanding revenue obligations of the Issuer; and

WHEREAS, on October 21, 1986 the Board duly adopted Resolution No. 86-146 for the purpose of, among other things, ratifying the Enabling Instrument, approving a preliminary official statement with respect to the bonds and awarding the Bonds to the Underwriter (as defined in Resolution No. 86-146); and

WHEREAS, on October 22, 1986 the President of the United States signed into law the Tax Reform Act of 1986 having certain provisions affecting the tax-exempt status of the interest which shall be payable on the Bonds; and

WHEREAS, it is necessary and appropriate to amend the Enabling Instrument to reflect the appropriate sections of the new tax law, in substitution for the references in the Enabling Instrument to the Internal Revenue Code of 1954, as amended; and

WHEREAS, it is appropriate that the Issuer approve and authorize a final Official Statement containing pertinent information with respect to the Bonds for distribution by the Underwriter to purchasers and potential purchasers of the Bonds; and the Official Statement attached hereto as Exhibit A (the "Official Statement") for such purpose has been examined by the Board and by its counsel and by bond counsel, and it is appropriate that the same be approved and the distribution thereof be authorized;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, as follows:

Section 1. Amendments to Enabling Instrument. The Enabling Instrument is hereby amended as follows:

A. Section 3.04 thereof is hereby amended to read as follows:

"3.04 Compliance with Section 148. No use will be made of the proceeds of the Bonds which, if such use were reasonably expected on the date of issuance of the Bonds, would cause the same to be 'arbitrage bonds' within the meaning of the Internal Revenue Code of 1986 (the 'Code') and all valid and applicable rules and regulations promulgated thereunder. The Issuer will at all times while the Bonds and the interest thereon shall remain outstanding and unpaid comply with the requirements of Section 148 of the Code and all valid and applicable rules and regulations promulgated thereunder."

B. The references to Section 103(c) of the Internal Revenue Code of 1954, as amended, and to "Internal Revenue Code" in Subsection 3.06(J) thereof are hereby amended to read "Section 148 of the Code."

Section 2. Approval of Official Statement. The Official Statement is hereby approved for distribution to purchasers and potential purchasers of the Bonds from the Underwriter, and the Chairman of the Board is hereby authorized to evidence such approval by endorsing the Official Statement in substantially the form thereof attached as Exhibit A, with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman prior to the delivery thereof, such necessity and/or desirability and approval by the Chairman to be presumed by his endorsement and delivery thereof.

Section 3. Repealing Clause. All resolutions or parts thereof in conflict with the provisions herein contained are, to

the extent of such conflict, hereby superseded and repealed. Except as herein amended and as amended by said Resolution No. 86-146, the Enabling Instrument has not been modified, changed or revoked and is hereby declared to be in full force and effect.

Section 9. Effective Date. This resolution shall become effective immediately upon its adoption.

PASSED AND ADOPTED this 28th day of October, 1986.

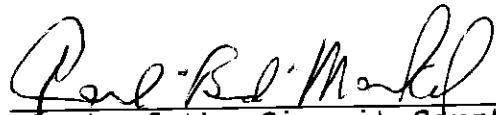
BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

By Francis M. Brubaker
Its Chairman

CERTIFICATE AS TO TRUE COPY

I, Carl "Bud" Markel, the duly appointed Clerk of the Circuit Court of St. Johns County, Florida, ex officio Clerk of the Board of County Commissioners of St. Johns County, DO HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by said Board on October 28, 1986, and has not been modified, changed or revoked, but is in full force and effect.

Dated this 28th day of October, 1986.



Clerk of the Circuit Court, ex
officio Clerk of the Board of
County Commissioners of St.
Johns County, Florida

(SEAL)

DG1SCRRS3

NEW ISSUE

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from all federal income taxation, except for the tax on corporations imposed on "modified alternative minimum taxable income" in excess of \$2,000,000 pursuant to Section 59A of the Internal Revenue Code of 1986 and except that interest on the Bonds is includible in the computation of adjustments to alternative minimum taxable income applicable to corporations based on book income or current earnings, and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes. St. Johns County has covenanted to take such actions as may be necessary to maintain the tax-exempt status of the Bonds; however, it is nevertheless possible that failure of the County to make certain rebate payments to the United States Treasury could cause interest on the Bonds to be subject to federal income taxation retroactive to the date of issuance.

\$4,060,000
St. Johns County, Florida
Refunding Revenue Bonds

Dated: October 15, 1986

Due: October 1,
as shown below

The Bonds are being issued as fully registered bonds in denominations of \$5,000 and integral multiples thereof. Interest on the Bonds (first payment due April 1, 1987 and semiannually on each April 1 and October 1 thereafter) will be payable by check or draft of First Union National Bank of Florida, Jacksonville, Florida, as Registrar, made payable and mailed to the registered owner, as shown on the registration books of the County on the fifteenth day of the month prior to each interest payment date. Principal of and redemption premium, if any, on the Bonds are payable to the registered owner upon presentation, when due, at the principal corporate trust office of the Registrar. The Bonds are not subject to redemption prior to their stated maturities.

The purposes for the issuance of the Bonds are (i) to refund the County's Certificates of Indebtedness, dated June 1, 1967, currently outstanding in the principal amount of \$1,110,000, and the County's Capital Improvement Revenue Notes, dated August 27, 1986, currently outstanding in the principal amount of \$2,950,000, and (ii) to pay certain costs and expenses relating to the issuance of the Bonds.

The Bonds and interest thereon are payable from and secured by a lien upon and pledge of the amount of the local government half-cent sales tax allocated from the Local Government Half-Cent Sales Tax Clearing Trust Fund to the County, together with all moneys on deposit to the credit of the funds and accounts created under the Resolution and the earnings on the investment thereof, all as described more fully herein.

Neither the Bonds nor the interest thereon constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but are payable solely from and secured by a prior lien upon and pledge of the Pledged Funds in accordance with the terms of the Resolution. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the County except from the Pledged Funds in the manner provided in the Resolution.

Payment of principal of and interest, when due, on the Bonds will be guaranteed by a municipal bond insurance policy to be issued by MUNICIPAL BOND INSURANCE ASSOCIATION simultaneously with the delivery of the Bonds.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

<u>Due October 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>
1987	\$740,000	4.25%	100%
1988	770,000	4.75	100
1989	805,000	5.00	100
1990	850,000	5.30	100
1991	895,000	5.50	100

(Accrued Interest to be added from October 15, 1986)

The Bonds are offered when, as and if issued, subject to the legal opinion of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed on for the County by James G. Sisco, Esquire, County Attorney. Certain legal matters will be passed upon for the Underwriter by Nabors, Giblin, Steffens & Nickerson, P.A., Tallahassee, Florida, Counsel to the Underwriter. The Bonds are expected to be delivered in definitive form to the Underwriter in New York, New York on or about October 29, 1986.

PaineWebber
Incorporated

Dated: October 21, 1986

ST. JOHNS COUNTY, FLORIDA

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Francis N. Brubaker, Chairman
Sarah W. Bailey
Lawrence Hartley
Phyllis L. Lydon
Harry Waldron

COUNTY ADMINISTRATOR

R. Daniel Castle

COUNTY CLERK

Carl "Bud" Markel

COUNTY ATTORNEY

James G. Sisco, Esq.

BOND COUNSEL

Foley & Lardner
Jacksonville, Florida

FINANCIAL ADVISOR

Public Financial Management, Inc.
Fort Myers, Florida

No dealer, broker, salesman or other person has been authorized by St. Johns County to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the County and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of the County since the date hereof.

The Bonds have not been registered under the Securities Act of 1933 in reliance upon an exemption contained in such Act.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$4,060,000

ST. JOHNS COUNTY, FLORIDA REFUNDING REVENUE BONDS

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information with respect to the issuance by St. Johns County, Florida (the "County") of its Refunding Revenue Bonds (the "Bonds") in the aggregate principal amount of \$4,060,000, authorized by Resolution No. 86-132, adopted by the Board of County Commissioners of the County on September 30, 1986, as amended and supplemented (the "Resolution").

The Bonds are being issued to provide funds for the purpose of (i) refunding the County's Certificates of Indebtedness, dated June 1, 1967 (the "Refunded Bonds"), currently outstanding in the aggregate principal amount of \$1,110,000, and the County's Capital Improvement Revenue Notes, dated August 27, 1986 (the "Refunded Notes"), currently outstanding in the aggregate principal amount of \$2,950,000, and (ii) paying certain expenses related to the issuance and sale of the Bonds. The Bonds are limited obligations of the County payable solely from and secured by a lien upon and a pledge of all moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to provisions of Chapter 218, Part VI, Florida Statutes, (1985), together with all moneys on deposit to the funds and accounts created under the Resolution and the earnings on the investment thereof, in the manner provided by the Resolution. The Bonds have not been validated pursuant to Chapter 75, Florida Statutes.

Capitalized terms used but not defined herein have the same meaning as when used in the Resolution unless the context would clearly indicate otherwise. Complete descriptions of the terms and conditions of the Bonds are set forth in the Resolution, certain provisions of which are summarized in this Official Statement. The descriptions of the Bonds, the documents authorizing and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the County.

THE BONDS

Description of the Bonds

The Bonds are being issued in fully registered form in the denominations of \$5,000 each or integral multiples thereof, will be dated October 15, 1986, and will bear interest at the rates and mature on the dates and in the amounts as shown on the cover page of this Official Statement.

Principal of the Bonds is payable to the registered owner thereof, or his legal representative, upon presentation when due at the principal corporate trust office of First Union National Bank of Florida, Jacksonville, Florida, as Registrar, or its successor. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 1987, by check or draft mailed to the registered owner at his address as it appears on the bond registration books kept by the Registrar, at the close of business on the fifteenth day (whether or not a business day) of the month next preceding the applicable interest payment date.

Redemption

The Bonds shall not be subject to optional or mandatory redemption.

Registration, Transfer and Exchange

The transfer of Bonds shall be registered on the registration books of the County, upon delivery to the Registrar, of a written instrument or instruments of transfer in form and with guarantee of signatures satisfactory to the Registrar, duly executed by the registered owner of the Bonds to be transferred, or by his attorney duly authorized in writing, containing such identification information for the transferee as the Registrar shall reasonably require, and the certificate for the Bond or Bonds to be transferred.

In all cases of the transfer of any Bond, the Registrar shall enter the transfer of ownership in the registration books and shall deliver in the name of the transferee or transferees a new registered Bond or Bonds, of authorized denominations of the same maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The County or the Registrar may charge the

registered owner of such Bond for every such transfer sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer and may require that such charge be paid before any such new Bond shall be delivered.

REFUNDING PLAN

The County has determined pursuant to the Resolution that it is in the best interest of the County to refund the Refunded Bonds and Refunded Notes. The moneys required to refund the Refunded Bonds and Refunded Notes will be obtained from the proceeds of the sale of the Bonds and other legally available sources. A portion of the proceeds of the Bonds, together with the moneys on deposit to the credit of the reserve account established pursuant to the resolution authorizing the issuance of the Refunded Bonds, will be deposited into an escrow fund established pursuant to the Escrow Deposit Agreement, dated as of October 15, 1986, between the County and First Union National Bank of Florida, Jacksonville, Florida, as Escrow Agent. Such moneys will be invested by the Escrow Agent in direct obligations of the United States of America in amounts and at rates sufficient to pay, when due, the principal of, redemption premium, if any, and interest on the Refunded Bonds by payment or redemption of the Refunded Bonds on December 1, 1986. A portion of the proceeds of the Bonds will also, simultaneously with the issuance of the Bonds, be applied to the prepayment of all outstanding principal of and interest on the Refunded Notes to effectuate the immediate refunding and discharge of the Refunded Notes. As a result of the prepayment of the Refunded Notes and the depositing of the aforementioned amounts with the Escrow Agent, any lien and pledge of the Pledged Funds for the benefit of the owners of the Refunded Bonds and the Refunded Notes will be defeased. The maturing principal and income from such obligations are not pledged to and will not be available to pay the Bonds.

SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds, including accrued interest on the Bonds to the date of delivery, shall be applied as follows:

Sources of Funds	
Principal Amount of	
Bonds	\$4,060,000.00
Other Available Moneys(1)	205,544.19
Accrued Interest	<u>7,876.94</u>
 Total Sources	 <u>\$4,273,421.13</u>

Uses of Funds	
Prepayment of Refunded Notes	\$2,961,600.19
Escrow Fund for Refunded Bonds	1,165,300.50
Deposit to Interest Account	7,876.94
Bond Insurance Premium	22,000.00
Underwriter's Discount	56,474.60
Costs of Issuance(2)	<u>60,168.90</u>
 Total Uses	 <u>\$4,273,421.13</u>

-
- (1) Represents moneys available to the County from amounts on deposit in the debt service reserve account established with respect to the Refunded Bonds and moneys accrued to pay principal and interest on the Refunded Notes.
 - (2) Includes bond counsel, administrative and other costs associated with the issuance of the Bonds.

SECURITY

Pledged Funds

The Bonds are payable solely from and secured by a pledge of and lien upon all moneys allocated to the County from the Local Government Half-Cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part VI, Chapter 218, Florida Statutes, (1985) (the "Local Government Half-Cent Sales Tax"), together with all moneys on deposit to the credit of the funds and accounts created under the Resolution and the earnings on the investment thereof, in the manner provided in the Resolution (collectively, the "Pledged Funds").

Neither the Bonds nor the interest thereon constitute general obligations or indebtedness of the County as "bonds" within the meaning of Article VII, Section 12 of the Constitution of the State of Florida, but are payable solely from and secured by a lien upon and a pledge of the Pledged Funds in accordance with the terms of the Resolution. No owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay any Bond, or be entitled to payment of such

from any other funds of the County except from the Pledged Funds in the manner provided in the Resolution.

Local Government Half-Cent Sales Tax

Pursuant to Chapter 212, Part I, Florida Statutes, the State of Florida is authorized to levy and collect a sales tax on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State of Florida, subject to certain exceptions and dealer allowances as set forth in Chapter 212. Chapter 212 was amended in 1982 by Chapter 82-154, Laws of Florida, to increase the sales tax from 4% to 5% and Chapter 218, Florida Statutes, was amended to add Part VI thereto entitled "Participation In Half-Cent Sales Tax Proceeds." Pursuant to Chapter 218, Part VI, 9.697% of the proceeds of the sales tax remitted to the State of Florida by a sales tax dealer located within a county is required to be deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Trust Fund") and earmarked for distribution to the governing body of that county and of each municipality within the county pursuant to a distribution formula. Such moneys are referred to in Chapter 218, Part VI, as the Local Government Half-Cent Sales Tax. The Local Government Half-Cent Sales Tax is distributed from the Trust Fund on a monthly basis to participating units of local government. To be eligible to participate in the Local Government Half-Cent Sales Tax the counties and municipalities must comply with certain requirements set forth in Section 218.63, Florida Statutes.

The Local Government Half-Cent Sales Tax collected within a county and distributed to local government units is distributed among the county and the municipalities therein in accordance with the following formula:

$$\begin{array}{l}
 \text{County Share} \\
 \text{(percentage of} \\
 \text{total Half-Cent Sales} \\
 \text{Tax receipts)} \\
 \\
 \text{Each Municipality Share} \\
 \text{(percentage of} \\
 \text{total Half-Cent Sales} \\
 \text{Tax receipts)}
 \end{array}
 =
 \begin{array}{l}
 \text{unincorporated area} \\
 \frac{\text{population}}{\text{total county}} \\
 \text{population} \\
 \\
 \frac{\text{municipality population}}{\text{total county}} \\
 \text{population}
 \end{array}
 \begin{array}{l}
 \frac{2}{3} \text{ incorporated} \\
 \text{area population} \\
 \frac{2}{3} \text{ incorporated} \\
 \text{area population} \\
 \frac{2}{3} \text{ incorporated} \\
 \text{area population}
 \end{array}$$

Population is the latest official state estimate of population certified prior to the beginning of the local government fiscal year.

The County has complied and is required by the provisions of the Resolution to comply with all of the requirements set forth in Chapters 200 and 218, Part VI, including the filing of a certificate of compliance with the State Department of Revenue,

which are necessary in order for the County to receive its portion of funds from the Trust Fund during the 1986-87 fiscal year. Although Chapter 218, Part VI, does not impose any limitation on the number of years during which the County can receive distributions of the Local Government Half-Cent Sales Tax from the Trust Fund, there may be future amendments to Chapter 218, Part VI, in subsequent years imposing additional requirements of eligibility for municipalities and counties participating in the Local Government Half-Cent Sales Tax. To be eligible to participate in the Trust Fund in future years, the County must comply with certain eligibility and reporting requirements of Section 218.23(1), Florida Statutes. Otherwise, the County loses its Trust Fund distributions for 12 months following a "determination of non-compliance" by the State Department of Revenue.

Additional Bonds

The County may issue revenue bonds ("Additional Bonds") payable from the Pledged Funds on a parity with the Bonds then outstanding pursuant to the Resolution, provided that:

(1) The County is in compliance with all covenants and undertakings of the County (i) contained in the Resolution, in connection with all Bonds and any Additional Bonds then outstanding and (ii) made with respect to any other bonds or other obligations of the County payable from the Pledged Funds or any part thereof and has not been in default as to any payments required to be made under the Resolution during at least the next preceding 24 months, or if at such time the Bonds shall not have been outstanding for 24 months then for the period that the Bonds shall have been outstanding.

(2) There shall have been obtained and filed with the County a statement of an independent certified public accountant of suitable experience and responsibility: (i) stating that he has examined the books and records of the County relating to the collection and receipt of the Local Government Half-Cent Sales Tax; (ii) setting forth the amount of the Local Government Half-Cent Sales Tax received by the County for any 12 consecutive month period within the 18 consecutive months immediately preceding the date of the issuance of the additional parity bonds with respect to which such statement is made; (iii) stating that the aggregate amount of the Local Government Half-Cent Sales Tax for such 12 consecutive month period equals or exceeds 125% of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on Bonds and additional parity bonds previously issued then outstanding and the Additional Bonds with respect to which such statement is made. If during such 12 consecutive month period the moneys allocated to the County from the Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such money in

the manner provided in the Resolution, the amount of the Local Government Half-Cent Sales Tax stated for such 12 consecutive month period may be adjusted to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such 12 consecutive month period.

The County shall have the right to issue one or more additional series of bonds which shall be junior and subordinate in all respects to the lien of the Bonds and any Additional Bonds and which, if expressly provided by the resolution authorizing the issuance thereof, shall achieve parity with such Bonds and Additional Bonds, in all respects, at such time as (i) the conditions prescribed in paragraph (1) above shall prevail and (ii) there shall have been obtained and filed with the County a statement of an independent certified public accountant containing the statements specified in paragraph (2) above and demonstrating that the County shall have received for a period of 12 consecutive months an aggregate amount of the Local Government Half-Cent Sales Tax equal to or exceeding 125% of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on the Bonds and any Additional Bonds previously issued then outstanding and the principal of and the interest on the formerly junior and subordinate bonds which shall then be achieving parity therewith; and if during such 12 consecutive month period the moneys allocated to the County from the Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Local Government Half-Cent Sales Tax for such 12 consecutive month period may be adjusted, for the purpose of junior and subordinate obligations achieving parity status with the Bonds, to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such 12 consecutive month period.

Bond Insurance

The County has received a commitment from the Municipal Bond Insurance Association ("MBIA") for a policy of insurance on the Bonds (the "MBIA Policy"). The MBIA Policy will unconditionally and irrevocably guarantee the timely payment of principal and interest on the Bonds when due. The MBIA Policy is noncancellable and the premium will be fully paid at delivery of the Bonds. See, "THE MBIA INSURANCE POLICY."

THE MBIA INSURANCE POLICY

The following information has been furnished by MBIA for use in this Official Statement. Reference is made to APPENDIX D for a specimen of the MBIA Policy.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the County to the Paying Agent or its successor of an amount equal to (i) the principal of (whether at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The MBIA Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The MBIA Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; or (iii) any Preference relating to (i) or (ii) above. The MBIA policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the General Manager of MBIA or its designee from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on behalf of its members on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments

of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA or the General Manager of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to Citibank, N.A., shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

Each insurance company comprising MBIA will be severally and not jointly obligated under the MBIA Policy in the following respective percentages: AETna Casualty and Surety Company, 33%; Fireman's Fund Insurance Company, 30%; The Travelers Indemnity Company, 15%; AETna Insurance Company, 12%; and The Continental Insurance Company, 10%. As a several obligor, each such insurance company will be obligated only to the extent of its percentage of any claim under the MBIA Policy and will not be obligated to pay any unpaid obligation of any other member of MBIA. Each insurance company's participation is backed by its entire resources. However, each insurance company is a multiline insurer involved in several lines of insurance other than municipal bond insurance, and the assets of each insurance company also secure all of its other insurance policy and surety bond obligations.

The following table sets forth financial information with respect to the five member companies of MBIA. The statistics, which have been furnished by MBIA, are as reported by the member companies to the New York State Insurance Department and are determined in accordance with statutory accounting principles. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date thereof. In addition, these numbers are subject to revision by the New York State Insurance Department which, if revised, could either increase or decrease the amounts.

MUNICIPAL BOND INSURANCE ASSOCIATION
 FIVE MEMBER COMPANIES ASSETS AND POLICYHOLDERS' SURPLUS
 AS OF JUNE 30, 1986
 (000's omitted)

	<u>New York Statutory Assets</u>	<u>New York Statutory Liabilities</u>	<u>New York Policyholders' Surplus</u>
The Aetna Casualty & Surety Company	\$9,232,269	\$7,707,420	\$1,524,849
Fireman's Fund Insurance Company	5,385,229	4,144,563	1,240,665
The Travelers Indemnity Company	6,354,125	5,482,318	871,807
Aetna Insurance Company	5,235,006	4,834,479	400,528
The Continental Insurance Company	<u>1,556,270</u>	<u>1,304,816</u>	<u>251,454</u>
Total	<u>\$27,762,899</u>	<u>\$23,473,596</u>	<u>\$4,289,303</u>

Standard & Poor's Corporation rates all new issues insured by MBIA "AAA" Prime Grade.

Moody's Investors Service rates all bond issues insured by MBIA "Aaa" and short term loans "MIG 1", both designated to be of the highest quality.

Each such rating should be evaluated independently of any other rating. No application has been made to any other rating agency in order to obtain additional ratings on the Bonds. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of either or both ratings may have an adverse effect on the market price of the Bonds.

ST. JOHNS COUNTY, FLORIDA
IMPUTED, ACTUAL AND PROJECTED LOCAL GOVERNMENT HALF-CENT SALES
TAX DISTRIBUTIONS(1)

Fiscal Year	St. Johns County Sales Tax Collections(2)	Half-cent Sales Tax Available for Distribution (3)	Distribution Factor (4)	Distribution to St. Johns County	Percentage Change (%)
1976-77	\$ 8,093,050	\$ 784,783	.7120	\$ 558,764(8)	N/A
1977-78	9,183,880	890,561	.7163	637,950(8)	14.17%
1978-79	10,043,968	973,964	.7268	707,885(8)	10.96
1979-80	12,096,966	1,173,043	.7346	861,775(8)	21.74
1980-81	13,754,509	1,333,775	.7403	987,360(8)	14.57
1981-82	15,387,960	1,492,170	.7701	1,149,047(8)	16.38
1982-83	16,325,339	1,583,068(6)	.7735	1,271,326(9)	10.64
1983-84	17,959,996	1,935,521(6)	.7843	1,571,381(9)	23.60
1984-85	22,191,188	2,151,880(6)	.7919	1,748,170(9)	11.25
1985-86	24,092,712(5)	2,336,270(7)	.7969	1,851,539(10)	5.91
1986-87	27,774,487(5)	2,693,292(7)	.8066	2,172,300(11)	17.32

- (1) This table represents, in part, an estimate of the sales tax proceeds the County would have received had the Local Government Half-Cent Sales Tax been in effect prior to the 1982-83 fiscal year. The 1982-83, 1983-84, and 1984-85 fiscal years represent actual amounts. The 1985-86 and 1986-87 fiscal years represent projected amounts.
- (2) Collections are based on a 4% sales tax, except fiscal years 1982-83 through 1986-87 which are based on the current 5% rate. The annual collections for St. Johns County are provided by the State of Florida, Department of Revenue and are based on the State's fiscal year (July 1-June 30).
- (3) Calculations of the amounts for fiscal years 1974-75 through 1981-82, inclusive, are based on the assumption that actual collections during these years represented four cents per dollar of taxable sales. Amounts are adjusted due to refunds and audits.
- (4) The Distribution Factor is calculated on the basis of the distribution formula detailed in Section 218.62(2), Florida Statutes. This factor uses Revenue Sharing population estimates (i.e., permanent population minus inmates and patients residing in institutions operated by the Federal government or by the State's Department of Health and Rehabilitative Services) and is constructed utilizing a one year lag in population estimates.
- (5) This amount represents the projected sales tax collections in St. Johns County, as projected by the State of Florida, Department of Revenue.
- (6) This amount represents the actual proceeds of the Local Government Half-Cent Sales Tax available for distribution.

- (7) This amount represents the projected proceeds of the Local Government Half-Cent Sales Tax available for distribution, as budgeted by the County. The amount shown for fiscal year 1985-86 represents the County's estimate based on 11 months of actual collections through August 31, 1986.
- (8) This amount represents an imputed distribution of sales tax proceeds which the County would have received based upon the distribution formula had the Local Government Half-Cent Sales Tax been in effect for the period indicated.
- (9) This amount represents the actual distribution to St. Johns County (i.e., actual proceeds of the Local Government Half-Cent Sales Tax), which differs slightly from the distribution formula due to refunds and audits.
- (10) The amount shown for fiscal year 1985-86 represents the County's estimate based on 11 months of actual collections through August 31, 1986, plus one month's estimated distribution.
- (11) This amount represents the projected distribution to the County based on amounts budgeted by the County.

**ST. JOHNS COUNTY, FLORIDA
LOCAL GOVERNMENT HALF-CENT SALES TAX DISTRIBUTIONS
AND DEBT SERVICE COVERAGES**

<u>Fiscal Year(1)</u>	<u>Actual and Projected Sales Tax Proceeds(2)</u>	<u>Maximum Annual Debt Service(3)</u>	<u>Debt Service Coverage</u>
1982-83	\$1,271,326	\$944,275	1.35x
1983-84	1,571,381	944,275	1.66
1984-85	1,748,170	944,275	1.85
1985-86	1,851,539	944,275	1.96
1986-87	2,172,300	944,275	2.30

- (1) St. Johns County fiscal years (October 1-September 30).
- (2) These amounts represent the proceeds of the Local Government Half-Cent Sales Tax actually received by the County during fiscal years 1982-83 through 1984-85, as well as the proceeds projected to be received by the County for fiscal years 1985-86 and 1986-87.
- (3) Maximum annual debt service on the Bonds, which occurs in 1990.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service payments on the Bonds.

Bond Year Ending <u>October 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
1987	\$740,000	\$194,673.06	\$934,673.06
1988	770,000	171,100.00	941,100.00
1989	805,000	134,525.00	939,525.00
1990	850,000	94,275.00	944,275.00
1991	<u>895,000</u>	<u>49,225.00</u>	<u>944,225.00</u>
	\$4,060,000	\$643,798.06	\$4,703,798.06

THE COUNTY

St. Johns County is located on the east coast of the State of Florida approximately 40 miles south of the City of Jacksonville and encompass an area of approximately 608 square miles. The County seat is St. Augustine. The County had an estimated 1985 population of approximately 65,993. Principal industries of the County include tourism and agriculture.

Board of County Commissioners

The Board of County Commissioners of St. Johns County is the principal legislative and governing body of the County, as provided by the Florida Constitution and Chapter 125, Florida Statutes. The Board consists of five Commissioners elected by the voters of the County for terms of four years each. The present Commissioners and the years in which their terms expire are as follows:

<u>Commissioner</u>	<u>Term Expires</u>
Francis N. Brubaker, Chairman	November 17, 1986
Sarah W. Bailey	November 21, 1988
Lawrence Hartley	November 21, 1988
Harry Waldron	November 17, 1986
Phyllis L. Lydon	November 21, 1988

For further general information concerning the County see Appendix A hereto.

LITIGATION

In the opinion of James G. Sisco, Esquire, County Attorney, no legal proceedings are pending or threatened which materially affect the County's ability to perform its obligations to the registered owners of the Bonds or materially affect the financial condition of the County.

There is no litigation or controversy of any nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting the validity of the Bonds or any proceedings of the County taken with respect to the authorization, sale or issuance of said Bonds or the pledge or application of any moneys provided for the payment of the Bonds.

LEGALITY

Certain legal matters incident to the validity of the Bonds and the issuance thereof by the County are subject to the approval of Foley & Lardner, Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by the County Attorney, James G. Sisco, Esquire. Certain legal matters will be passed on for the Underwriter by Nabors, Giblin, Steffens & Nickerson, P.A., Tallahassee, Florida, Counsel to the Underwriter.

TAX EXEMPTION

The Tax Reform Act of 1986 (the "Tax Reform Act"), which became law on October 22, 1986, imposes an alternative minimum tax of 20 percent on corporations and 21 percent on taxpayers other than corporations for taxable years beginning after December 31, 1986. Such tax is to be based on the taxpayer's "alternative minimum taxable income" for the taxable year, which includes certain tax preferences and other adjustments to a taxpayer's taxable income. Interest on the Bonds will not be considered a tax preference for purposes of the above alternative minimum tax and will not be included in the computation of alternative taxable income for taxpayers other than corporations. However, with respect to corporations, in taxable years beginning in 1987, 1988 and 1989, a corporation's alternative minimum taxable income is adjusted to include, among other things, fifty percent of the amount by which such corporation's "adjusted net book income" exceeds its alternative minimum taxable income as determined without regard to such adjustment and any "alternative

tax net operating loss deduction." In taxable years beginning after 1989, a similar adjustment at a rate of 75 percent is made to a corporation's alternative minimum taxable income using such corporation's "adjusted earnings and profits." Interest on the Bonds will be includible in the "adjusted net book income" and "adjusted earnings and profits" of a corporation for purposes of the alternative minimum tax.

The Superfund Amendments and Reauthorization Act of 1986 (the "Superfund Act"), which became law on October 17, 1986, imposes a deductible broad-based tax on a corporation's "modified alternative minimum taxable income" (alternative minimum taxable income before net operating losses and any deduction for the tax) at a rate of \$12 per \$1,000 of "modified alternative minimum taxable income" in excess of \$2,000,000. The tax will be imposed for taxable years beginning after December 31, 1986, and will be imposed even if the corporation pays no alternative minimum tax because the corporation's regular income tax liability exceeds its minimum tax liability. For purposes of the Superfund Act, alternative minimum taxable income includes interest on all tax-exempt bonds to the same extent and in the same manner as such interest is included in alternative minimum taxable income under the Tax Reform Act.

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from all federal income taxation, except for the tax on corporations imposed on "modified alternative minimum taxable income" in excess of \$2,000,000 pursuant to Section 59A of the Internal Revenue Code of 1986 and except that interest on the Bonds is includible in the computation of adjustments to alternative minimum taxable income applicable to corporations based on book income or current earnings, and the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes. The Bonds are not "private activity bonds" within the meaning of the Internal Revenue Code. Although the County has covenanted in the Resolution to take such actions as may be necessary to maintain the tax-exempt status of the Bonds, it is nevertheless possible that failure of the County to make certain rebate payments to the United States Treasury could cause interest on the Bonds to become subject to Federal income taxation retroactive to the date of issuance.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of (i) the mathematical computations of the adequacy of the United States Treasury obligations to be held in the escrow fund to pay, when redeemed, the principal of and

interest on the Refunded Bonds, and (ii) the mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954, as amended, will be verified for the County by Price Waterhouse, independent certified public accountants.

BOND RATINGS

Moody's Investors Service and Standard & Poor's Corporation have assigned the Bonds ratings of "Aaa" and "AAA", respectively. Such ratings have been assigned to the Bonds with the understanding that the standard policy of municipal bond insurance insuring the timely payment of principal of and interest on the Bonds will be issued by MBIA upon issuance of the Bonds. Such rating reflects only the views of the rating agencies, and an explanation of the significance of such rating may be obtained from the applicable rating agency. There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by such rating agencies, if in their judgment, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect upon the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by the Underwriter, PaineWebber Incorporated, at an aggregate purchase price of \$4,003,525.40, plus accrued interest to the date of delivery. The offer of the Underwriter to purchase the Bonds, accepted by the County, provides for the purchase of all but not less than all of the Bonds.

The Underwriter may offer to sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

Public Financial Management, Inc., Fort Myers, Florida, is serving as financial advisor to the County with respect to the sale of the Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, and issuance of the Bonds and provided other advice. Public Financial Management, Inc., is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments. Public

Financial Management, Inc., is a wholly owned subsidiary of Marine Midland Bank, N.A.

ACCOUNTANTS

The financial statements of St. Johns County, Florida, included in this Official Statement have been examined by Price Waterhouse, independent certified public accountants, to the extent and for the periods indicated in their report thereon. Such financial statements have been included in reliance upon the report of Price Waterhouse.

MISCELLANEOUS

The information in the foregoing pages is presented for the information of prospective purchasers of the Bonds described herein. The information has been compiled from official and other sources and, while not guaranteed by the County, is believed to be correct. So far as any statements made in this Official Statement and the Appendices hereto involve matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

AUTHORIZATION AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

This Official Statement has been authorized by the Board of County Commissioners of St. Johns County, Florida. Concurrently with the delivery of the Bonds, the undersigned will furnish his certificate to the effect that, to the best of his knowledge, this Official Statement did not, as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which this Official Statement is to be used, or which is necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

ST. JOHNS COUNTY, FLORIDA

/s/ Francis N. Brubaker
Chairman of the Board of
County Commissioners

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Information Regarding St. Johns County

THE FOLLOWING INFORMATION CONCERNING ST. JOHNS COUNTY, FLORIDA, IS INCLUDED ONLY FOR THE PURPOSE OF PROVIDING GENERAL BACKGROUND INFORMATION. THE BONDS ARE PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE OFFICIAL STATEMENT TO WHICH THIS IS APPENDED, AND ARE NOT GENERAL OBLIGATIONS OF THE COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE COUNTY, THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF IS REQUIRED TO LEVY ANY TAXES FOR PAYMENT OF THE BONDS.

Location

St. Johns County encompasses approximately 608 square miles and is located in the Northeast region of the State of Florida. The County is located directly South of Duval County, Florida, and it is bordered on the West by the St. Johns River, on the South by Flagler County, and on the East by the Atlantic Ocean.

There are four incorporated municipalities located in the County: St. Augustine, Hastings, portions of Marineland and St. Augustine Beach. St. Augustine, which was founded in 1565, is the oldest permanent European settlement in the United States and is the County Seat.

Population

St. Johns County currently ranks 32nd out of Florida's 67 counties in gross population and ranks fourth statewide in the percentage change in population growth.

St. Johns County has experienced steady population growth, as shown below:

<u>Year</u>	<u>Population</u>
1940 U.S. Census	20,012
1950 U.S. Census	24,998
1960 U.S. Census	30,034
1970 U.S. Census	31,025
1976 Estimate (1)	40,297
1977 Estimate (1)	42,751
1978 Estimate (1)	44,550
1979 Estimate (1)	45,961
1980 U.S. Census	51,303
1985 Estimate (1)	65,993
1990 Estimate (1)	80,300

(1) University of Florida Bureau of Economic and Business Research.

Commerce And Industry

While tourism ranks high in the economy with more than one million visitors annually, manufacturing and commercial activities, including boat building, food processing, airplane modification and repair, garment manufacturing, book binding, aluminum extrusion and commercial fishing play key roles. The County is also the location of the general offices of the Florida East Coast Railway and the headquarters for the Florida Department of Military Affairs.

The strength of the employment growth and the steady growth in population has brought a corresponding increase in housing construction. Since 1981, multi-family construction has exceeded that for single-family units, but the high population growth is generating a demand for single family housing as well as retailing and service employment.

Agriculture

Agribusiness remains a key sector of the state and Northwest region's economy. Agriculture is a major industry in St. Johns County and in 1985 provided the County with on-farm revenue in excess of \$45 million.

St. Johns County is known as the potato and cabbage capital of Florida, and leads the other counties in the State in value of those products. Agriculture commodities produced in the county and their respective values for 1985 are as follows:

Potatoes	\$26,500,000
Cabbage	10,700,000
Other Vegetables	1,200,000
Forest Products	3,000,000
Livestock, Dairy & Poultry	2,000,000
Corn and Grain Sorghum	400,000
Cut Flowers and Nurseries	<u>1,800,000</u>
	\$45,600,000

Source: Florida Department of Agriculture - St. Johns County Extension Service, 1986.

The County's temperate climate with a mean temperature of 70°F and an average annual rainfall of 50 inches make it ideal for the agriculture products described above.

Employment

The following table shows employment by category:

	<u>Number of Employees</u>	<u>Percentage of Total</u>
<u>Distribution</u>		
Manufacturing	1,740	10.5%
Construction	717	4.3
Transportation, Communications & Utilities	440	2.6
Wholesale Trade	680	4.0
Retail Trade	4,817	28.6
Finance, Insurance and Real Estate ...	565	3.4
Service	4,306	25.6
Government	2,915	17.5
Agriculture (Except Domestics, Self Employed, Unpaid Family Workers and Seasonal Workers) ...	<u>654</u>	<u>3.5</u>
TOTAL	16,834	100%

Source: St. Johns County Chamber of Commerce

Major Employers

The following table shows the major employers in the St. Augustine area and their approximate current level of employment:

<u>Establishment</u>	<u>Product</u>	<u>Approximate Employment</u>
Grumman St. Augustine Corporation	Aircraft overhaul and modification	1,000+
Florida School for the Deaf and Blind	Educational Institution	595
St. Augustine Technical Center	Vocational-Tech Center	450
V.A.W. of America, Inc.	Aluminum extrusion	300
Florida Department of Military Affairs	Florida National Guard Headquarters	191

Tree of Life	Health food distributor	185
Flagler College	Four-year Liberal Arts College	155
Florida East Coast Railway	Interstate railroad freight & express	150
Leonard's Studio	Photo Finishing	140
DuPont & Sons, Inc., W.D.	Construction	103
St. Augustine Record Inc.	Daily Newspaper	100
Wise Foods (Division of Borden, Inc.)	Potato Chip manufacturer	100

Source: St. Johns County Chamber of Commerce, 1985.

Tourism And Recreation

A combination of favorable climate and available recreational activities including public beaches, tennis courts, golf courses and cultural performances has made tourism a major industry in St. Johns County. Each year, more than one million persons visit the County to tour its 300 year old fortress, utilize the recreation facilities and to enjoy the antiquity of the nation's oldest city.

Transportation Facilities

Air: Commercial airline service is available at the Jacksonville International Airport located approximately 60 miles north of St. Augustine. The Daytona Beach Regional Airport is approximately 55 miles south of the City. Charter flights and flight training are available at the St. Augustine Municipal Airport.

Land: Three major north/south highways, Interstate 95, U.S. 1 and State Route 1A, serve the City. Bus transportation is provided by Greyhound with 11 northbound and 11 southbound buses each day.

Rail: The County is served by the Florida East Coast Railway with freight service only. Amtrak and piggyback facilities are located in Jacksonville, 38 miles north of the County.

Waterways: The Port of St. Augustine provides access to the St. Augustine inlet, the Intracoastal Waterway and the Atlantic Ocean. The nearest deep water port is Mayport near Jacksonville, approximately 36 miles north of the County.

Health Care Facilities

Medical facilities are provided by Flagler Hospital, which has 131 beds, and the St. Augustine General Hospital, which has 115 beds. There are approximately 102 physicians in the area, including specialists in most fields. The County has four nursing homes; two of which are funded by the County and two of which are private establishments.

Education

The public school system is operated by the County under authority of the St. Johns County Board of Public Instruction. There are ten elementary schools, two junior high schools, three high schools, two elementary parochial schools, and a parochial high school, a tri-county Vocational and Technical Center, and Flagler College, which is a four-year liberal arts institution in which more than 1,000 students are enrolled. The State operates the Florida School for the Deaf and Blind in St. Augustine, with primary school through senior high school levels.

Source: St. Augustine and St. Johns County Chamber of Commerce, 1985.

**ST. JOHNS COUNTY, FLORIDA
CIVILIAN LABOR FORCE
1978-1985
(unadjusted)**

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate</u>	<u>State Unemployment Rate</u>
1978	17,926	16,674	1,252	7.0%	6.6%
1979	18,260	16,961	1,299	7.1	6.0
1980	21,272	19,662	1,609	7.6	5.9
1981	22,716	20,936	1,780	7.8	6.8
1982	23,924	21,709	2,215	9.3	8.2
1983	24,752	22,073	2,679	10.8	8.6
1984	29,212	26,953	2,259	7.7	6.3
1985	30,613	28,264	2,348	7.6	6.0

Source: Florida Department of Labor and Employment Security, Bureau of Research and Information, 1978-1985.

University of Florida, Bureau of Business and Economic Research, 1978-1984.

**ST. JOHNS COUNTY, FLORIDA
TAXABLE ASSESSED PROPERTY VALUATIONS**

<u>Year</u>	<u>Non-Exempt Real Property Valuations</u>	<u>Non-Exempt Personal Valuations</u>	<u>Non-Exempt Utilities Railroads</u>	<u>Total Taxable Assessed Property Valuations</u>
1977	\$ 588,705,978	\$ 62,714,130	\$ 6,377,056	\$ 657,797,164
1978	628,833,959	65,572,400	7,534,157	701,940,516
1979	667,457,915	72,027,005	7,784,257	757,269,177
1980	732,710,802	89,720,340	9,631,143	832,062,285
1981	815,236,870	104,378,309	7,857,790	927,472,969
1982	1,126,962,798	102,451,844	10,138,271	1,259,552,913
1983	1,223,400,247	144,639,034	12,030,202	1,380,069,483
1984	1,385,119,864	164,540,508	12,110,455	1,561,770,827
1985	1,672,143,342	185,401,615	8,022,393	1,895,567,350

Source: St. Johns County, Florida, Office of the Property Appraiser.

**ST. JOHNS COUNTY, FLORIDA
AD VALOREM TAX LEVIES AND COLLECTIONS**

<u>Year</u>	<u>Property Taxes Levied</u>	<u>Total Tax Collections(1)</u>	<u>% of Levy Collected(2)</u>	<u>Delinquent Tax Uncollected</u>
1980	\$12,923,730	\$12,703,385		
1981	16,539,045	16,208,819	98.30%	\$220,345
1982	19,836,859	19,635,820	98.00	330,226
1983	23,677,638	23,320,383	98.99	201,039
1984	25,229,244	24,805,582	98.49	357,255
1985	31,295,519	31,042,190	98.32	423,622
			99.19	253,329

Source: Tax Collector, St. Johns County

- (1) Aggregate amount of tax collections as of close-out of fiscal year ending September 30, which includes the aggregate amount of discounts actually taken by taxpayers as allowed by Florida law. A 4% discount is allowed if the taxes are paid in November with the discount declining by 1% each month thereafter. Total tax collections include current taxes paid, tax certificate proceeds, delinquent tax payments upon taxable personal property, and any prior period payments on County-held tax certificates.
- (2) Represents percentage of current gross collections (total collections plus discounts taken) to property taxes levied.

**ST. JOHNS COUNTY, FLORIDA
SCHEDULE OF LONG-TERM DEBT
as of September 30, 1985**

<u>Issue Title</u>	<u>Amount Issued</u>	<u>Outstanding Principal</u>	<u>Pledged for Payment</u>
1966 General Obligation Bonds	\$1,300,000	\$ 440,000	ad valorem taxes
1967 Race Track and Jai Alai Fronton Revenue Bonds	2,000,000	1,180,000	race track and jai alai revenues
1973 Water and Sewer Revenue Bonds	350,000	306,572	water and sewer revenues
1981 Water Revenue Bonds	2,422,700	2,352,000	water revenues
1983 Jail and Criminal Justice Facilities Construction Bonds	5,000,000	4,775,000	ad valorem taxes
1984 and 1985 Water and Sewer Revenue Bonds	<u>4,649,700</u>	<u>4,049,000</u>	water and sewer revenues
TOTAL BONDED INDEBTEDNESS	\$15,722,400	\$13,102,572	

Police And Fire Protection

St. Johns County is served by the Sheriff's Department, which has approximately 121 full and part-time employees including deputies, the detective division, communications, jail and administrative personnel. There are sixteen fire stations operating within the County, serviced by volunteers. The Fire Department operates a special rescue unit manned by trained emergency medical technicians.

Government

St. Johns County has a five-member Board of Commissioners elected for staggered terms of four years. The Chairman and Vice-Chairman are elected by the Board. The Board apportions and levies County taxes and controls the expenditure of all County funds, except for schools, which are controlled by the Board of

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Public Instruction. The budget year of the County runs from October 1 to the following September 30. Operating revenue is raised from ad valorem taxes and real and personal property taxes, with supplements from state and federal sources for county roads, welfare and health. The Board operates a county road system and has power to establish, build, maintain, repair, protect and preserve these public facilities. The Board may issue bonds for all lawful purposes. The Board correlates and is responsible for various types of elections in the County. Other elected officials serving county-wide are a five-member Board of Public Instruction, a Superintendent of Public Instruction, a Property Appraiser, a Tax Collector, a Supervisor of Elections, a Sheriff, and a Clerk of the Circuit Court who is also Ex-Officio Clerk of the Board of County Commissioners. The Board appoints a County Administrator who serves at the will of the Board.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The Resolution contains various covenants and security provisions, certain of which are summarized below. Such summaries do not purport to be complete and reference to the Resolution should be made for a full and complete statement thereof. Copies of the Resolution may be obtained from the office of the Clerk of the Circuit Court for the County, ex officio Clerk of the Board of County Commissioners of the County (the "Clerk").

Resolution to Constitute Contract

The Resolution is declared to be and shall constitute a contract between the County and all Owners; and the covenants and agreements set forth in the Resolution to be performed by the County are and shall be for the equal benefit, protection and security of all Owners, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other, except as provided in the Resolution.

Bonds Mutilated, Destroyed, Stolen or Lost

In case any certificated Bond shall become mutilated, or be destroyed, stolen or lost, the County may in its discretion issue and deliver a new certificated Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Owner furnishing to the County satisfactory indemnity and complying with such other reasonable regulations and conditions as the County may prescribe and paying such expenses as the County may incur. All Bonds so surrendered shall be cancelled by the Clerk. If any such Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the County may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds shall constitute original, additional contractual obligations on the part of the County whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Pledged Funds to the same extent as all other Bonds issued under the Resolution.

Bonds Not to Be Indebtedness of County

Neither the Bonds nor the interest thereon shall be or constitute general obligations or indebtedness of the County as

"bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by a prior lien upon and pledge of the Pledged Funds as provided in the Resolution. No Owner of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond or be entitled to payment of such Bond from any moneys of the County except from the Pledged Funds in the manner provided in the Resolution.

Security for Bonds

The payment of the principal of and interest on the Bonds shall be secured forthwith equally and ratably by a pledge of and prior lien upon the Pledged Funds. The County irrevocably pledges the Pledged Funds to the payment of the principal of and interest on the Bonds and to the payment into the Sinking Fund at the times provided of the sums required to secure to the Owners the payment of the principal thereof and interest thereon at the respective maturities of the Bonds so held by them.

Application of Bond Proceeds

The proceeds derived from the sale of the Bonds, including accrued interest and premium, if any, shall, simultaneously with the delivery of the Bonds to the Underwriter, be deposited by the County in a special account in an Authorized Depository and applied by the County as follows:

(A) To the extent not paid or reimbursed by the Underwriter, all costs and expenses in connection with the issuance and sale of the Bonds, including without limitation bond insurance premium and the fees and expenses of accountants, attorneys and financial advisors, shall be paid by the County to those Persons who shall be entitled to receive the same.

(B) Accrued interest shall be deposited in the Interest Account.

(C) A sum which shall equal the amount necessary to prepay in full the Refunded Notes shall be paid to the owner thereof, First Union National Bank of Florida, St. Augustine, Florida.

(D) A sum which, together with all moneys held by the County or the paying agent for the payment of the principal of and interest on the Refunded Bonds, shall be sufficient to pay in full the outstanding principal amount of the Refunded Bonds and premium, if any, and interest accrued and to accrue thereon to the earliest date that the Refunded Bonds may be refunded in accordance with their terms, shall be deposited with the Trustee under the Escrow Deposit Agreement.

No use will be made of the proceeds of the Bonds which, if such use were reasonably expected on the date of issuance of the Bonds, would cause the same to be "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986 (the "Code") and all valid and applicable rules and regulations promulgated thereunder. The County will at all times while the Bonds and the interest thereon shall remain outstanding and unpaid comply with the requirements of Section 148 of the Code and all valid and applicable rules and regulations promulgated thereunder.

Refunding

Simultaneously with the delivery of the Bonds to the Underwriter, the County shall apply a sufficient portion of the proceeds of the Bonds to the prepayment of the outstanding principal of and interest on the Refunded Notes to effectuate the immediate retirement, discharge and defeasance of the Refunded Notes, and the County will enter into the Escrow Deposit Agreement with the Trustee. At such time of execution of the Escrow Deposit Agreement, the County will furnish to the Trustee appropriate documentation to demonstrate that the sum then being deposited with the Trustee shall be sufficient to produce the moneys required to make all payments described in the Escrow Deposit Agreement for the full and complete refunding, discharge and defeasance of the Refunded Bonds.

Covenants of the County

So long as any of the principal of or interest on any of the Bonds shall be outstanding and unpaid, or until provision for payment thereof shall have been made in the manner provided in the Resolution for defeasance, the County covenants with the Owners as follows:

(A) Revenue Fund. The County covenants and agrees that on or before the Issuance Date, it will establish with an Authorized Depository and maintain so long as any of the Bonds are outstanding, a special account to be known as the "St. Johns County Local Government Half-cent Sales Tax Revenue Fund." Into the Revenue Fund the County shall deposit promptly as received all Pledged Funds. All moneys on deposit at any time in the Revenue Fund shall be applied by the County only for the purposes and in the manner and order specified in the Resolution.

(B) Disposition of Revenues. The County covenants and agrees to establish with an Authorized Depository, a special account to be known as the "St. Johns County Refunding Revenue Bonds Sinking Fund." For accounting purposes, the County shall report Sinking Fund transactions through two accounts therein: the Interest Account and the Principal Account. All moneys at any time remaining on deposit in the Revenue Fund shall be applied by the

County on or before the twenty-fifth day of each month, commencing in the month immediately following the Issuance Date, only in the following manner and in the following order of priority:

(1) After appropriate adjustment for the amount of accrued interest deposited therein from Bonds proceeds, to deposit in the Interest Account the sum which, together with any investment earnings in the Interest Account not theretofore allocated to supplement any previous monthly deposit to the credit of the Interest Account, will be sufficient to pay one-sixth (1/6) of all interest becoming due on the Bonds on the next semiannual interest payment date, plus the full balance of any continuing deficiencies in prior deposits to the Interest Account, and

(2) To deposit in the Principal Account the sum which, together with any investment earnings in the Principal Account not theretofore allocated to supplement any previous monthly deposit to the credit of the Principal Account, will be sufficient to pay one-twelfth (1/12) of the principal amount of all Bonds maturing in the current Bond Year, if any, plus the full balance of any continuing deficiencies in prior deposits to the Principal Account.

Moneys in the Interest Account shall be used to pay interest on the Bonds as and when the same shall become due, and for no other purpose. Moneys in the Principal Account shall be used to pay the principal of the Bonds as and when the same shall mature, or upon the redemption of all of the Bonds, and for no other purpose. The County shall not be required to make any further deposits to any account in the Sinking Fund when the aggregate of the sums deposited in the accounts in the Sinking Fund equals or exceeds the aggregate principal amount of all Bonds then outstanding and interest then accrued thereon and which shall thereafter accrue thereon to the maturity thereof.

To the extent that provision for the payment thereof shall not be made from the proceeds of the Bonds, the County shall pay the reasonable fees and charges of the Registrar and paying agents for the Bonds, from time to time as the same shall be incurred, out of moneys in the Revenue Fund.

(3) The balance of any moneys remaining in the Revenue Fund on the twenty-fifth day of each month after all of the above-required transfers and deposits shall have been made shall be withdrawn from the Revenue Fund and deposited in the general fund of the County and may be used by the County for any lawful county purpose.

(4) The Revenue Fund and the Sinking Fund and all other special funds and accounts created and established in the Resolution shall constitute trust funds for the purposes provided in the Resolution. The Resolution creates a lien upon such funds

and accounts in favor of the Owners until the moneys deposited therein shall have been applied in accordance with the Resolution.

The cash required to be accounted for in each of the foregoing funds and accounts may be deposited in a single bank account, and funds allocated to the various accounts may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash on deposit therein and such investments for the various purposes of such funds and accounts as provided in the Resolution.

The designation and establishment of the various funds and accounts in and by the Resolution shall not be construed to require the establishment of any completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as provided in the Resolution.

All such moneys shall be continuously secured in the manner that county deposits are authorized to be secured by the laws of the State of Florida. The moneys in such funds and accounts may be invested and reinvested in Authorized Investments secured in the manner provided by the laws of the State of Florida maturing not later than the respective dates on which such moneys shall be needed for the purposes provided in the Resolution.

Any and all income received by the County from the investment of moneys in the Principal Account shall be deposited in the Principal Account; and any and all income received by the County from the investment of moneys in the Interest Account shall be deposited in the Interest Account. Such earnings deposited in the Principal Account and the Interest Account shall be applied to equivalent reductions in the monthly deposits to such accounts required pursuant to the Resolution. Any and all income received by the County from the investment of moneys in the Revenue Fund shall be deposited by the County in the Revenue Fund.

(C) Compliance with Part VI, Chapter 218, Florida Statutes. The County covenants and agrees that it will comply with all of the provisions of Chapter 218, Part VI, Florida Statutes, as amended, and all applicable regulations thereunder, in order that the County shall at all times receive the maximum allocation which it may be entitled to receive from the Local Government Half-cent Sales Tax Clearing Trust Fund. The County shall not knowingly acquiesce in any attempt to eliminate or reduce the rate of the Sales Tax or the base upon which it is imposed, if such reduction will result in diminishing the Sales Tax proceeds to be received by the County in each future Fiscal Year below an amount equal to 1.25 times the principal of and interest on the

Bonds falling due in that year, and will vigorously resist all such attempts by others to eliminate or reduce the same. The County shall comply at all times with the eligibility requirement for participation in the Sales Tax enumerated in Section 218.63, Florida Statutes. If for any reason the Sales Tax proceeds are found not legally sufficient to produce the full amount of Sales Tax proceeds which such tax might produce in order to meet all the requirements of the Resolution, the County covenants that to the extent permitted by law it will take all action reasonably practicable and feasible to cause the same to be replaced by another equivalent source of available non ad valorem revenues and will dedicate such revenues to the replacement of the Pledged Funds, to the extent necessary.

(D) Issuance of Other Obligations. The County covenants and agrees that while any Bonds shall be outstanding it will not issue any other obligations payable from or secured by the Pledged Funds or any part thereof unless the conditions set forth in the Resolution shall be met, or unless the lien of such obligations is junior and subordinate in all respects to the lien of the Bonds.

The County shall have the right to finance projects by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the Pledged Funds and any other security pledged to the Bonds, provided in each instance that:

(a) The County is in compliance with all covenants and undertakings of the County (i) contained in the Resolution, in connection with all Bonds then outstanding and (ii) made with respect to any other bonds or other obligations of the County payable from the Pledged Funds or any part thereof and has not been in default as to any payments required to be made under the Resolution during at least the next preceding 24 months, or if at such time the Bonds shall not have been outstanding for 24 months then for the period that the Bonds shall have been outstanding.

(b) There shall have been obtained and filed with the County in the minutes of the Board a statement of an independent certified public accountant of suitable experience and responsibility: (i) stating that he has examined the books and records of the County relating to the collection and receipt of the Pledged Funds; (ii) setting forth the amount of the Pledged Funds received by the County for any twelve (12) consecutive month period within the eighteen (18) consecutive months immediately preceding the date of the issuance of the additional parity bonds with respect to which such statement is made; and (iii) stating that the aggregate amount of the Pledged Funds for such twelve (12) consecutive month period equals or exceeds one hundred twenty-five per centum (125%) of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on Bonds and additional parity bonds previously issued then outstanding

and the additional parity bonds with respect to which such statement is made. If during such twelve (12) consecutive month period the moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Pledged Funds stated for such twelve (12) consecutive month period may be adjusted to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve (12) consecutive month period.

The County shall have the right to issue one or more additional series of bonds which shall be junior and subordinate in all respects to the lien of the Bonds and which, if expressly provided by the resolution authorizing the issuance thereof, shall achieve parity with the Bonds, in all respects, at such time as (i) the conditions prescribed in paragraph (a) above shall prevail and (ii) there shall have been obtained and filed with the County in the minutes of the Board a statement of an independent certified public accountant containing the statements specified in paragraph (b) above and demonstrating that the County shall have received for a period of twelve (12) consecutive months an aggregate amount of Pledged Funds equal to or exceeding one hundred twenty-five per centum (125%) of the maximum amount required in any subsequent Fiscal Year for the payment of the principal of and interest on the Bonds and additional parity bonds previously issued then outstanding and the principal of and the interest on the formerly junior and subordinate bonds which shall then be achieving parity therewith; and if during such twelve (12) consecutive month period the moneys allocated to the County from the Local Government Half-cent Sales Tax Clearing Trust Fund shall have increased pursuant to applicable legislation permitting the pledging of such increase in the manner provided in the Resolution, the amount of the Pledged Funds for such twelve (12) consecutive month period may be adjusted, for the purpose of junior and subordinate obligations achieving parity status with the Bonds, to reflect an amount which would have been allocated to the County had such increased rate been in effect throughout the entire term of such twelve (12) consecutive month period.

The County covenants and agrees that each additional series of bonds which shall be issued on a parity with the Bonds or shall achieve parity therewith after issuance shall mature on the final day of each Bond Year in which such series shall have Bonds maturing; and that the County will adjust the required deposits into the Sinking Fund on the same basis as prescribed for the Bonds, to reflect the debt service on the additional bonds.

(E) Records and Audits. The County shall keep books and records of the Pledged Funds, which such books and records shall be kept separate and apart from all other books, records

and accounts of the County, and any Owner shall have the right, at all reasonable times, to inspect such books and records.

So long as any of the Bonds shall be outstanding, the County will furnish on or before one hundred eighty (180) days after the close of each Fiscal Year, to any Owner who shall request the same in writing, copies of an annual audit report prepared by an independent certified public accountant or an auditing official of the State of Florida, covering for the preceding Fiscal Year, in reasonable detail, the record of the County's receipts of Pledged Funds.

(F) Fidelity Bond. The County will require each employee who may have possession of any Pledged Funds to be covered by a fidelity bond written by a responsible indemnity company in an amount fully adequate to protect the County from loss.

(G) Creation of Superior Liens. The County covenants that it will not issue any other notes, bonds, certificates or obligations of any kind or nature or create or cause or permit to be created any debt, lien, pledge, assignment or encumbrance or charge payable from or enjoying a lien upon any of the Pledged Funds ranking prior and superior to the lien created by the Resolution for the benefit of the Bonds.

(H) No Impairment of Contract. The County has full power and authority to irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bonds. The County shall take all actions and pursue such legal remedies as may be available to it either in law or in equity to prevent or cure any substantial impairment of the pledge of the Pledged Funds made by the Resolution.

(I) Arbitrage. The County covenants that it will not knowingly make any investments or acquiesce in the making of any investments by any depository pursuant to or under the provisions of the Resolution which could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations issued thereunder and will fully comply with all provisions thereof compliance with which shall be necessary to maintain the exemption of interest on the Bonds from federal income taxation. The County covenants that it shall pay any rebate amount required to be paid on behalf of the County to the U.S. Treasury pursuant to the Code. The County shall take the following actions to provide for payment to the U.S. Treasury pursuant to Section 148 of the Code:

(1) Unless the County is furnished with an opinion of counsel, which counsel's legal and tax opinion on municipal bond issues is nationally recognized ("Bond Counsel"), to the effect that failure to make such determinations will not adversely affect the tax-exempt status of the Bonds, either the County, or Bond

Counsel employed by the County, shall make a determination on behalf of the County of the amount required to be paid to the U.S. Treasury at least every year (as of the anniversary of the date of issue of the Bonds) and upon the final payment of the Bonds.

(2) An amount equal to the amount to be paid pursuant to paragraph (1) above shall be placed into a special account, which shall be held for the sole benefit of the U.S. Treasury and shall not be or be deemed to be a pledged fund (and no moneys deposited therein shall be or deemed to be Pledged Funds). The County shall promptly deposit into the special account any deficiency in such amount.

(3) The County shall make payment to the U.S. Treasury from the special account on the dates and in the manner required by law.

(4) The County shall take any additional action required to be taken pursuant to the nonarbitrage certificate, or other instructions from Bond Counsel, delivered in connection with or subsequent to the issuance and sale of the Bonds.

(5) The County shall keep records of the determinations made until six years after the final payment on the Bonds. The County shall keep adequate records, including any necessary certifications, to evidence the fair market value of any investments purchased with Bond proceeds.

(J) Events of Default and Remedies. If one or more of the following events, called "Events of Default," shall happen, that is to say, in case:

(1) default shall be made in the payment of the principal or redemption price of any Bond when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(2) default shall be made in the payment of any installment of interest on any Bond when and as such installment of interest shall become due and payable; or

(3) the County shall (1) admit in writing its inability to pay its debts generally as they become due, (2) file a petition in bankruptcy or take advantage of any insolvency act, (3) make an assignment for the benefit of its creditors, (4) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (5) be adjudicated a bankrupt; or

(4) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of the Pledged Funds, or of the whole or any substantial part of the County's property, or approving a petition seeking reorganization of the County under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Florida pertaining to bankruptcy or insolvency, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(5) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Pledged Funds or of the County or of the whole or any substantial part of the County's property, and such custody or control shall not be terminated or stayed within 60 days from the date of assumption of such custody or control; or

(6) the County shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Resolution on the part of the County to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given the the County by the Owners of not less than 25% in principal amount of the Bonds then outstanding;

then in each and every such case any Owner of the Bonds affected by the Event of Default and then outstanding or an agent or trustee therefor may proceed to protect and enforce its rights and the rights of the Owners by a suit, action or special proceeding in equity or at law, by mandamus or otherwise, either for the specific performance of any covenant or agreement contained in the Resolution or in aid or execution of any power granted in the Resolution or for any enforcement of any proper legal or equitable remedy (including the appointment of a receiver) as said Owner or Owners shall deem most effectual to protect and enforce the rights aforesaid.

No remedy conferred upon or reserved to the Owners by the Resolution is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute.

No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by

the Resolution to the Owners may be exercised from time to time, and as often as may be deemed expedient.

Nothing in the Resolution contained, however, shall be construed to grant to any Owner any right to or lien on any property or income of the County or situated within its territorial limits except the Pledged Funds.

(K) Modification or Amendment. The County may, from time to time and at any time, adopt resolutions supplemental to or amendatory of the Resolution without the consent of the Bondowners for any of the following purposes:

(1) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Resolution, as supplemented, or to clarify any matters or questions arising under the Resolution.

(2) To grant to or confer upon the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners.

(3) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Resolution other conditions, limitations and restrictions thereafter to be observed.

(4) To add to the covenants and agreements of the County in the Resolution other covenants and agreements thereafter to be observed by the County or to surrender any right or power reserved to or conferred upon the County by the Resolution.

(5) To specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect.

No other modification or amendment of the Resolution or of any resolution amendatory thereof or supplemental thereto may be made without the consent in writing of the Owners of 51% or more in principal amount of the Bonds then outstanding, but no modification or amendment of the Resolution or of any resolution amendatory thereof or supplemental thereto which shall be approved by the Insuror shall require such consent of Bondowners; provided, however, that no modification or amendment shall permit a change in the maturity of the Bonds or a reduction in the rate of interest thereon or in the amount of principal obligation thereof or affecting the promise of the County to pay the principal of and interest on the Bonds as the same shall become due from the Pledged Funds or reduce the number of such Bonds the written consent of the Owners of which are required for such modifications or amendments which shall be permissible under the Resolution.

Defeasance

If, at any time, the County shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds or any portion thereof, then, and in that event, the pledge of and lien on the Pledged Funds in favor of the Owners of such Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit by the County of Federal Securities or bank certificates of deposit fully secured as to principal and interest by Federal Securities (or deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) in irrevocable trust with a banking institution or trust company, for the sole benefit of the Owners of such Bonds, in respect to which such Federal Securities or certificates of deposit, the principal and interest received will be sufficient to make timely payment of the principal of and interest and redemption premiums, if any, on such Bonds, shall be considered "provision for payment." Nothing contained in the Resolution shall be deemed to require the County to call any of the outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the County in determining whether to exercise any such option for early redemption.

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APPENDIX C

Price Waterhouse



December 12, 1985

Board of County Commissioners
St. Johns County, Florida

We have examined the general purpose financial statements of St. Johns County, Florida as of and for the year ended September 30, 1985 as presented on pages 2 through 16. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements, referred to in the first paragraph above, examined by us present fairly the financial position of St. Johns County, Florida, at September 30, 1985, and the results of its operations, the changes in financial position of its proprietary fund types and changes in assets and liabilities of its fiduciary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination 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.

Price Waterhouse
Certified Public Accountants

ST JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNTS GROUPS
 SEPTEMBER 30, 1985

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects	Special Assessments
ASSETS					
Cash	(\$940,009)	\$1,368,783	\$9,053	(\$36,224)	\$275,308
Investments, at cost	3,506,155	863,147	197,022	2,255,627	
Receivables (net of allowance for uncollectibles):					
Accounts	39,403	1,019		2,077	
Special assessments					1,556
Other					
Due from other funds	473,208	37,379			172
Due from other governments	273,842	288,029		199,040	10
Inventory, at cost					
Restricted assets:					
Cash					
Investments, at cost					
Land					
Buildings and improvements					
Water and sewer systems					
Furniture and equipment					
Accumulated depreciation					
Prepaid expenses	16,835				
Other assets	2,211	2,339			
Construction in progress					
Amount available in Debt Service Funds					
Amount to be provided for retirement of general long-term debt					
Amount to be provided for retirement of general long-term compensated absences payable					
Total assets	\$3,371,645	\$2,560,696	\$206,075	\$2,420,520	\$277,046

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNTS GROUPS
 SEPTEMBER 30, 1985

Proprietary Fund Type	Fiduciary Fund type	Account Groups		Totals (Memorandum Only)
Enterprise	Trust and Agency	General Assets	Fixed Long- term Debt	
173,974	379,613			\$1,230,498
1,892,726	173,306			8,887,983
229,258				271,757
				1,556
	393			393
22,419				533,178
				760,921
83,998				83,998
5,755,955				5,755,955
167,613		\$1,575,694		1,743,307
303,081		5,062,004		5,365,085
8,217,624				8,217,624
270,812		7,204,513		7,475,325
(1,005,834)				(1,005,834)
				16,835
				113,446
3,655,494	108,896	6,668,667		10,324,161
			\$206,075	206,075
			6,246,436	6,246,436
			381,858	381,858
\$19,767,120	\$662,208	\$20,510,878	\$6,834,369	\$56,610,557

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNTS GROUPS
 SEPTEMBER 30, 1985

	Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects	Special Assessments
LIABILITIES AND FUND EQUITY					
Liabilities:					
Vouchers payable and accrued liabilities	\$323,473	\$385,567		\$391,593	\$41,826
Customers' deposits		7,000			
Due to individuals		50,655			
Due to other funds	3,272	421,357			
Due to other governmental units	49,937	10,036			
Other liabilities	83,163				
Revenue bonds payable					
General obligation bonds payable					
Lease purchase agreements	20,356				
General long-term compensated absences payable					
Total liabilities	480,201	874,615		391,593	41,826
Fund equity:					
Investment in general fixed assets					
Contributed capital (net of amortization)					
Retained earnings:					
Reserved for bond debt service					
Unreserved					
Fund balances: -					
Reserved:					
Capital Outlay				2,028,927	
Retirement of long-term debt			206,075		
Unreserved	2,891,444	1,686,081			235,220
Total fund equity	2,891,444	1,686,081	206,075	2,028,927	235,220
Total liabilities and fund equity	\$3,371,645	\$2,560,696	\$206,075	\$2,420,520	\$277,046

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNTS GROUPS
 SEPTEMBER 30, 1985

Proprietary Fund Type	Fiduciary Fund type	Account Groups		Totals (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets	General Long- term Debt	
732,763				\$1,875,222
177,736				184,736
	277,986			328,641
22,536	86,013			533,178
				359,207
1,025	298,209			83,163
11,357,272			\$1,180,000	12,537,272
				5,195,000
			77,511	5,195,000
				97,867
			381,858	381,858
12,291,332	662,208		6,834,369	21,576,144
				20,510,878
5,024,672				5,024,672
				95,158
95,158				2,355,958
2,355,958				2,028,927
				206,075
				4,812,745
7,475,788		20,510,878		35,034,413
\$19,767,120	\$662,208	\$20,510,878	\$6,834,369	\$56,610,557

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 ALL GOVERNMENTAL FUND TYPES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 1985

	General	Special Revenue	Debt Service
	-----	-----	-----
Revenues:			
Taxes	\$6,748,173	\$2,268,054	\$807,616
Special assessments levied		65,708	
Licenses and permits	582,012		
Federal revenues:			
Shared revenues		592,664	
Grants	3,221		
Other	147		
State revenue:			
Shared revenues	2,771,737	1,608,847	118,011
Grants	30,259	297,000	
Local grants and shared costs	21,984		
Charges for services	451,609	780,639	
Fines and forfeitures	785,949		
Interest income	561,854	209,587	49,155
Miscellaneous revenue	199,541	19,726	
	-----	-----	-----
Total revenues	12,156,486	5,842,225	974,782
	-----	-----	-----
Expenditures: -			
Current:			
General government	2,337,889	2,043,668	
Public safety	3,026,755	3,068,784	
Physical environment	463		
Transportation		2,709,452	
Economic environment	26,717		
Human services	546,958	556,892	
Culture and recreation	479,262	120,802	
Other			
Capital outlay	1,525,438	2,374,914	
Debt service:			
Principal retirement			340,000
Interest and fiscal charges			493,370
	-----	-----	-----
Total expenditures	7,943,482	10,874,512	833,370
	-----	-----	-----
Excess (deficit) of revenues over expenditures	4,213,004	(5,032,287)	141,412
Other financing sources (uses):			
Operating transfers in	429,640	5,236,223	
Operating transfers (out)	(5,220,946)	(493,714)	(219,686)
Other non-expenditures	(2,284)		
	-----	-----	-----
Excess (deficit) of revenues and other sources over expenditures and other uses	(580,586)	(289,778)	(78,274)
	-----	-----	-----
Fund balance, beginning of year	3,472,030	1,975,859	284,349
	-----	-----	-----
Fund balance, end of year	\$2,891,444	\$1,686,081	\$206,075
	=====	=====	=====

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 ALL GOVERNMENTAL FUND TYPES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 1985

Capital Projects	Special Assessments	Totals (Memorandum Only)
\$870		\$9,824,713
	\$961,528	1,027,236
		582,012
		592,664
545,745		548,966
		147
		4,498,595
268,040		595,299
		21,984
	220	1,232,468
		785,949
436,418		1,257,014
516,280	54,290	789,837
1,767,353	1,016,038	21,756,884
		4,381,557
	607,793	6,703,332
	11,417	11,880
	13,301	2,722,753
		26,717
		1,103,850
		600,064
5,252,305	574,111	9,726,768
		340,000
		493,370
5,252,305	1,206,622	26,110,291
(3,484,952)	(190,584)	(4,353,407)
514,752		6,180,615
	(5,406)	(5,939,752)
		(2,284)
(2,970,200)	(195,990)	(4,114,828)
4,999,127	431,210	11,162,575
\$2,028,927	\$235,220	\$7,047,747
=====	=====	=====

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 1985

	General Fund			Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	\$7,018,472	\$6,748,173	(\$270,299)	\$2,358,526	\$2,268,054	(\$90,472)	\$838,532	\$807,616	(\$30,916)
Special assessments levied				5,390	65,708	60,318			
Licenses and permits	531,275	582,012	50,737						
Federal revenues:									
Shared revenues				595,446	592,664	(2,782)			
Grants	12,771	3,221	(9,550)						
Other		147	147						
State revenue:									
Shared revenues	2,486,429	2,771,737	285,308	1,464,873	1,608,847	143,974	118,011	118,011	
Grants	25,173	30,259	5,086	110,891	297,000	186,109			
Local grants and shared costs		21,984	21,984						
Charges for services	364,920	451,609	86,689	727,000	780,639	53,639			
Fines and forfeitures	757,322	785,949	28,627						
Interest income	454,600	561,854	107,254	129,900	209,587	79,687	33,218	49,155	15,937
Miscellaneous revenue	80,850	199,541	118,691	3,000	19,726	16,726			
Total revenues	11,731,812	12,156,486	424,674	5,395,026	5,842,225	447,199	989,761	974,782	(14,979)
Expenditures: -									
Current:									
General government	2,438,819	2,337,889	100,930	2,104,459	2,043,658	60,791			
Public safety	3,249,317	3,026,755	222,562	3,076,291	3,068,784	7,507			
Physical environment	650	463	187						
Transportation				3,383,206	2,709,452	673,754			
Economic environment	28,777	26,717	2,060						
Human services	599,049	546,958	52,091	603,319	556,892	46,427			
Culture and recreation	488,220	479,262	8,958	255,577	120,802	134,775			
Other									
Capital outlay	1,858,285	1,525,438	332,847	2,497,798	2,374,914	122,884			
Debt service:									
Principal retirement							340,000	340,000	
Interest and fiscal charges							500,756	493,370	7,386
Total expenditures	8,663,117	7,943,482	719,635	11,920,650	10,874,512	1,046,138	840,756	833,370	7,386
Excess (deficit) of revenues over expenditures	3,068,695	4,213,004	1,144,309	(6,525,624)	(5,032,287)	1,493,337	149,005	141,412	(7,593)
Other financing sources (uses):									
Operating transfers in	151,000	429,640	278,640	5,132,896	5,236,223	103,327			
Operating transfers (out)	(5,113,023)	(5,220,946)	(107,923)	(206,822)	(493,714)	(286,892)	(219,687)	(219,686)	1
Other non-expenditures	(65,991)	(2,284)	63,707				(159,482)		159,482
Excess (deficit) of revenues and other sources over expenditures and other uses	(1,959,319)	(580,586)	1,378,733	(1,599,550)	(289,778)	1,309,772	(230,164)	(78,274)	151,890
Fund balance, beginning of year	3,472,030	3,472,030		1,975,859	1,975,859		284,349	284,349	
Fund balance, end of year	\$1,512,711	\$2,891,444	\$1,378,733	\$376,309	\$1,686,081	\$1,309,772	\$54,185	\$206,075	\$151,890

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA
 ALL GOVERNMENTAL FUND TYPES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 1985

Capital Projects Funds			Special Assessment Funds			Combined Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
6873	8870	(83)	8908,305	8961,528	853,223	810,216,403	89,824,713	(8391,690)
						913,695	1,027,236	113,541
						531,275	582,012	50,737
						595,446	592,664	(2,782)
						554,771	548,966	(5,805)
							147	147
542,000	545,745	3,745				4,069,313	4,498,595	429,282
						336,064	595,299	259,235
						3,250	21,984	18,734
200,000	268,040	68,040	71	220	149	1,091,991	1,232,468	140,477
3,250		(3,250)				757,322	786,049	28,627
						883,858	1,257,014	373,156
						595,025	789,837	194,812
265,940	436,418	170,478		54,290	54,290			
511,175	516,280	5,105				20,548,213	21,756,684	1,208,671
1,523,238	1,767,353	244,115	808,376	1,016,038	107,662			
						4,543,278	4,381,657	161,721
						7,027,206	6,703,332	323,874
						27,066	11,880	15,206
			701,698	607,793	93,906	3,398,643	2,722,753	675,890
			26,438	11,417	15,019	26,777	26,717	2,060
			15,437	13,301	2,136	1,202,368	1,103,850	98,518
						743,797	600,064	143,733
						11,149,127	9,726,768	1,422,359
6,197,686	5,262,305	945,380	595,359	574,111	21,248	340,000	340,000	
						500,756	493,370	7,386
						28,981,038	26,110,291	2,850,747
6,197,686	5,252,305	945,380	1,338,830	1,206,622	132,208			
						(8,412,825)	(4,353,407)	4,059,418
(4,674,447)	(3,484,952)	1,189,495	(430,454)	(100,584)	239,870	5,800,210	6,180,615	380,406
						(6,541,381)	(5,939,752)	(398,451)
516,314	514,752	(1,562)	(1,769)	(5,406)	(3,637)	(225,473)	(2,284)	223,189
						(8,379,389)	(4,114,828)	4,264,561
(4,158,133)	(2,970,200)	1,187,933	(432,223)	(195,896)	236,233	11,182,575	11,162,575	
			431,210	431,210		82,783,186	87,047,747	84,264,561
4,999,127	4,989,127		(81,013)	8235,220	8236,233			
8840,994	82,028,927	81,187,933						

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY, FLORIDA
 ENTERPRISE FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED
 SEPTEMBER 30, 1985

Operating revenues:	
Water sales	\$1,294,352
Sewage treatment charges	630,521
Service fees	110,746
Merchandise sales	40,133
Total operating revenues	2,075,752
Operating expenses:	
Contractual services	199,127
Salaries, wages and employee benefits	361,905
Operating expenses	434,119
Maintenance	142,477
Depreciation	216,031
Total operating expenses	1,353,659
Operating income	722,093
Nonoperating revenues (expenses):	
Interest income	413,095
Interest expense	(484,471)
Other revenues	4,206
Other expenses	(6,190)
Total nonoperating revenues (expenses)	(73,360)
Net income	648,733
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	92,944
Increase in retained earnings	741,677
Retained earnings, beginning of year	1,709,439
Retained earnings, end of year	\$2,451,116

See Accompanying Notes To Financial Statements.

ST JOHNS COUNTY,, FLORIDA
ENTERPRISE FUNDS
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED
SEPTEMBER 30, 1985

Cash was provided by:	
Net income	648,733
Add (deduct) items not affecting cash:	
Depreciation	216,031
Change in accounts payable and accrued liabilities	460,705
Increase in accounts receivable	(33,009)
Change in other current assets and liabilities	1,489
Decrease in inventory	(136)

Cash provided by operations	1,293,813
Capital contributions	1,249,870
Increase in customer deposits	55,893
Proceeds from sale of Revenue Bonds and Anticipation Notes	5,905,200

Total cash provided	8,504,776
Cash was used for:	
Net additions to fixed assets	4,062,950
Reduction of long-term debt	462,535
Increase in restricted assets	2,666,754

Total cash used	7,192,239
Net increase in cash & investments	1,312,537
Cash & investments, beginning of year	754,163

Cash & investments, end of year	\$2,066,700
	=====

See Accompanying Notes To Financial Statements.

**ST JOHNS COUNTY, FLORIDA
 COMBINED STATEMENT OF CHANGES IN ASSETS AND
 LIABILITIES - TRUST AND AGENCY FUNDS
 FOR THE ENDED SEPTEMBER 30, 1985**

	Balance September 30, 1984	Additions	Deductions	Balance September 30, 1985
ASSETS	-----	-----	-----	-----
Cash	\$439,600	\$35,887,833	\$35,947,820	\$379,613
Investments	244,126	709,324	780,144	\$173,306
Juror and Witness Payrolls	4,508	32,006	27,618	8,896
Documentary Stamps	62,602	2,812,780	2,775,382	100,000
Accounts Receivable	304	5,900	5,811	393
Total assets	----- \$751,140 =====	----- \$39,447,843 =====	----- \$39,536,775 =====	----- \$662,208 =====
LIABILITIES				
Due to individuals	\$476,440	\$3,757,047	\$3,955,501	\$277,986
Due to other county funds	49,657	11,708,090	11,671,734	86,013
Due to other governmental agencies	225,043	17,084,530	17,011,364	298,209
Total liabilities	----- \$751,140 =====	----- \$32,549,667 =====	----- \$32,638,599 =====	----- \$662,208 =====

See Accompanying Notes To Financial Statements.

ST. JOHNS COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting principles and policies used in the preparation of these financial statements:

Basis of Presentation - The financial statements presented represent the combined financial statements of St. Johns County, Florida which include the fund types and account groups of the Board of County Commissioners, Tax Collector, Property Appraiser, Clerk of the Circuit and County Courts and the Sheriff. The accounts of the Supervisor of Elections are maintained by the Board of County Commissioners and are thus included therein.

The public schools within St. Johns County are operated by the St. Johns County School Board, an independent entity, and are excluded from these financial statements as are the assets, liabilities and operations of other independent authorities and agencies.

Although the Anastasia Sanitary District (Anastasia) is an independent authority, its financial statements are included because it is governed by the same persons who constitute the Board of County Commissioners. The assets and revenues are not available to the County and the County is not liable for any expenses or liabilities of Anastasia.

The columns entitled "Totals (Memorandum Only)" are included for information purposes only and are not comparable to consolidated financial information. The basic reporting entities are fund types which utilize different bases of accounting. In addition, interfund type eliminations have not been made in arriving at the "totals" amounts.

Purposes of Funds and Account Groups - St. Johns County uses the following funds and account groups:

Governmental Fund Types

- o The General Fund is used to account for the general operations of the county government which are not accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

- o Special Revenue Funds are operating funds used to account for revenues which are restricted or designated as to use by outside sources. The general operating funds of the Clerk, Property Appraiser, Tax Collector and Sheriff are included as special revenue funds.
- o Debt Service Funds are used to account for the payment of principal, interest and related costs of general long-term debt. Debt service revenues are primarily from property taxes or state shared revenues.
- o Capital Project Funds are used to account for resources designated to construct or acquire general fixed assets and major improvements other than those financed by special assessments or enterprise funds.
- o Special Assessment Funds are used to account for special assessments levied to finance public improvements or services deemed to benefit the properties against which assessments are levied.

Proprietary Fund Types

- o Enterprise Funds are used to account for water and sewer services and merchandise sales that are financed and operated in a manner similar to profit-oriented business enterprises. The costs of sales and services are financed or recovered primarily through sales and user charges.

Fiduciary Fund Types

- o Trust and Agency Funds are used to account for assets held by the County as trustee or agent.

Account Groups

- o The General Fixed Asset Account Group is used to account for those fixed assets owned by the County except those accounted for in the Enterprise Funds.
- o The General Long-Term Debt Account Group is used to account for the outstanding principal balances of general long-term debt.

Basis of Accounting - The combined financial statements have been prepared in conformity with the accounting principles and reporting guidelines of the Government Accounting Standards Board.

The accounts of the governmental fund types are maintained on the modified accrual basis. Under the modified accrual basis, expenditures are recorded at the time liabilities are incurred except accrued interest on general long-term debt; revenues are recorded when they are both measurable and available.

The financial statements of the enterprise funds are prepared on the accrual basis.

Expenditures for the overall accounting and investment function are recorded in the General Fund, except where there is a contractual requirement to record such expenditures in another type fund or account group.

Budget - Expenditures are controlled by appropriations in accordance with the budget requirements set forth in the Florida Statutes. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of County Commissioners.

Investments - Cash in excess of operating requirements is pooled and invested. Investment income is recorded in the General Fund, except where there is a contractual requirement to record such revenues in another fund. Investments are stated at cost which approximates market value.

Inventories - Inventories included in the enterprise funds consist primarily of utility stores. The inventory is valued at the lower of first-in first-out cost or market.

Interfund Transactions - During the course of normal operations, the County has various transactions between funds. Those transactions which are operating subsidies are recorded as transfers.

NOTE 2 - Fixed Assets

General Fixed Assets (Governmental Funds) - General fixed assets are recorded, at cost, as capital outlay in the purchasing fund at the time of acquisition. General fixed assets acquired subsequent to 1971 are capitalized at cost in the General Fixed Assets Account Group. Rights-of-way and public improvements, such as roads and bridges, are not carried as assets. No depreciation is provided on those assets capitalized in the General Fixed Asset Account Group.

The County capitalizes major expenditures for additions and improvements. Interest on constructed assets is not capitalized. Expenditures for maintenance and repairs are charged to operations.

The following is a schedule of changes in fixed assets of the General Fixed Asset Account Group for the fiscal year ended September 30, 1985:

	Balance September 30, 1984	Additions	Dispositions	Balance September 30, 1985
Land	\$1,566,534	\$ 9,160	\$ -0-	\$ 1,575,694
Buildings and improve- ments	4,486,176	575,828	-0-	5,062,004
Furniture and equipment	5,998,075	1,419,634	436,877	6,980,832
Equipment under lease-purchase agreement	223,681	-0-	-0-	223,681
Construction in progress	1,809,399	6,091,116	1,231,848	6,668,667
	<u>\$14,083,865</u>	<u>\$8,095,738</u>	<u>\$1,668,725</u>	<u>\$20,510,878</u>

Fixed Assets (Enterprise Funds) - Acquisitions by the enterprise funds are capitalized at cost. Those acquired prior to 1972 are recorded at the 1971 appraised market values. Assets are depreciated on the straight-line method over the estimated lives of the assets, which range from 10 to 50 years. Major expenditures for additions and improvements have been capitalized. Expenditures for maintenance and repairs are charged to operations.

NOTE 3 - Interfund Balances

The summary of individual interfund balances at September 30, 1985 follows:

	<u>Due from other county funds</u>	<u>Due to other county funds</u>
<u>General</u>		
Board of County Commissioners	<u>\$473,208</u>	<u>\$ 3,272</u>
<u>Special Revenue</u>		
County Transportation	34,576	49
Clerk of the Courts	-0-	34,834
Sheriff	2,803	199,111
Tax Collector	-0-	187,363
	<u>37,379</u>	<u>421,357</u>
<u>Special Assessments</u>		
Vilano Street Lighting	59	-0-
St. Augustine South Street-Lighting	<u>113</u>	<u>-0-</u>
	<u>172</u>	<u>-0-</u>
<u>Enterprise</u>		
Anastasia Sanitary District	22,392	663
Mainland Water System	<u>27</u>	<u>21,873</u>
	<u>22,419</u>	<u>22,536</u>
<u>Trust and Agency</u>		
Clerk of the Courts	-0-	82,040
Sheriff	<u>-0-</u>	<u>3,973</u>
	<u>-0-</u>	<u>86,013</u>
Total	<u>\$533,178</u>	<u>\$533,178</u>

NOTE 4 - Long-Term Debt

Long-term debt transactions of the County for the year ended September 30, 1985 are summarized below:

	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
Long-term debt payable at September 30, 1984	\$7,185,004	\$5,914,607	\$13,099,611
New issue of long-term debt	-0-	5,881,200	5,881,200
Amortization of discount	-0-	465	465
Sinking fund payments & maturities	(392,731)	(439,000)	(831,731)
Increase in liability for compensated absences	<u>42,096</u>	<u>-0-</u>	<u>42,096</u>
Long-term debt payable at September 30, 1985	<u>\$6,834,369</u>	<u>\$11,357,272</u>	<u>\$18,191,641</u>

Long-term debt at September 30, 1985 is comprised of the following individual issues:

General Government:-

General obligation bonds:

\$1,300,000 1966 General Bonds due in annual installments of \$65,000 to \$85,000 through July 1, 1991; interest at 4.4% to 5.5% payable semi-annually

\$ 440,000

\$5,000,000 1983 Jail and Criminal Justice Facilities Construction bonds due in annual installments of \$135,000 to \$500,000 through March 1, 2003; interest at 5% to 9.1% payable semi-annually

4,775,000

5,195,000

Revenue bonds:

\$2,000,000 1967 Race track and Jai Alai
Fronton Revenue Bonds due in annual install-
ments of \$70,000 to \$130,000 through
July 1, 1997; interest at 5.7% to 5.75%
payable semi-annually 1,180,000

Lease-purchase agreement:

Secured by data processing equipment;
monthly payments of \$4,394 including
interest at 11.5% through August 1987 77,511

General long-term compensated absences
payable 381,858

Total General Government \$6,834,369

Enterprise:-

Revenue bonds:

\$350,000 1973 Water and Sewer Revenue
Bonds due in annual installments of \$15,000
to \$30,000 through July 1, 2000; interest at
6.45% payable semi-annually (less unamortized
discount) \$ 306,572

\$2,422,700 1981 Water Revenue Bonds, due in
annual installments of \$26,000 to \$137,000
through September 1, 2020; interest at 5%
payable annually 2,352,000

\$4,649,700 1984 and 1985 Water and Sewer
Revenue Bonds, due in installments of
\$82,425 to \$309,036 through September 1,
2026; interest at 9.125% and 10.5% payable
annually 4,049,000

Anticipation Notes:

\$4,649,700 1984 and 1985 Water and Sewer
Revenue Bonds Anticipation Notes; due
October 1, 1985; 7% interest payable at
maturity 4,649,700

Total Enterprise \$11,357,272

The annual requirements to amortize all debt outstanding as of September 30, 1985, including interest payments of \$17,203,412 are as follows:

<u>Year ending, September 30</u>	<u>General Government</u>	<u>Enterprise</u>	<u>Total</u>
1986	\$ 801,577	\$ 5,517,211	\$ 6,318,788
1987	783,923	558,193	1,342,116
1988	741,535	556,935	1,298,470
1989	748,450	569,617	1,318,067
1990	748,500	567,127	1,315,627
1991-2026	<u>7,761,214</u>	<u>18,758,912</u>	<u>26,520,126</u>
	<u>\$11,585,199</u>	<u>\$26,527,995</u>	<u>\$38,113,194</u>

The bond resolutions authorizing each of the above debt obligations specified certain restrictive covenants. The bond restrictions require establishment of separate funds to control the order in which pledged proceeds are utilized by the County.

The pledged proceeds in excess of debt service requirements may be used for any lawful purpose at the discretion of the Board of County Commissioners.

The proceeds received before and after year-end from the sale of the 1984 and 1985 Water and Sewer Revenue Bonds were used subsequent to year end to redeem the Revenue Bond Anticipation Notes which were called for redemption on October 1, 1985. Therefore, Long-Term Debt included both instruments at September 30, 1985.

NOTE 6 - Pension Plan

Substantially all of the County's employees are covered under the State of Florida Retirement System Pension Plan. Employer contributions of \$882,289 were recorded as expenditures or expenses during the current year.

NOTE 7 - Commitments and Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, could constitute liabilities of the applicable funds. Management does not anticipate any disallowances.

Litigation

The County is involved in various litigation arising in the normal course of governmental operations. The legal proceedings are not, in the opinion of the County Attorney, likely to have a material adverse impact on the County's financial position.

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MUNICIPAL BOND GUARANTY INSURANCE POLICY

APPENDIX D

Municipal Bond Insurance Association
White Plains, New York 10601

The insurance companies comprising the Municipal Bond Insurance Association (the "Association") which participates and is liable hereunder severally and not jointly in the respective percentage set forth opposite its name, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantee to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to

*

or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

The insurance companies constituting the members of the Association are as follows:

The Aetna Casualty and Surety Company	33%
Fireman's Fund Insurance Company	30%
The Travelers Indemnity Company	15%
Aetna Insurance Company	12%
The Continental Insurance Company	10%

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the General Manager of the Association or its designee from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Association on behalf of its members on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with Citibank, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Association, and appropriate instruments to effect the appointment of the Association or the General Manager as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to Citibank, N.A., Citibank, N.A. shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefore. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the members of the Association may be made to the Association, one of the members of the Association or the General Manager of the Association or the General Agent of the Association and such service of process shall be valid and binding as to the Association and each of its members. During the term of its appointment, Municipal Issuers Service Corporation will act as the General Manager of the Association and its offices are located at 34 South Broadway, White Plains, New York 10601.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, each of the members of the Association has caused this policy to be executed and attested on its behalf by the General Manager and General Agent of the Association, this _____ day of _____, 19_____.

MUNICIPAL BOND INSURANCE ASSOCIATION

The Aetna Casualty and Surety Company
Fireman's Fund Insurance Company
The Travelers Indemnity Company
Aetna Insurance Company
The Continental Insurance Company

By MUNICIPAL ISSUERS SERVICE CORPORATION

President

Attest: _____
Secretary

* Insert Name of Trustee or Paying Agent.

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FOLEY & LARDNER
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200 WEST FORSYTH STREET
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777 EAST WISCONSIN AVENUE
MILWAUKEE, WISCONSIN 53202-5387
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TELEX 26-819

WASHINGTON, D. C.
MADISON, WISCONSIN
TAMPA, FLORIDA
ORLANDO, FLORIDA

October 29, 1986

The Honorable Chairman and Members
of the Board of County Commissioners
St. Johns County, Florida

Ladies and Gentlemen:

We have examined the Constitution and Statutes of the State of Florida, particularly Part I, Chapter 125, Florida Statutes (1985), certified copies of the proceedings of the Board of County Commissioners of St. Johns County, Florida (the "Issuer"), authorizing the issuance by the Issuer of its Refunding Revenue Bonds hereinafter more particularly described (the "Bonds") in the principal amount of \$4,060,000, and other proofs submitted relative to the authorization, issuance and sale of and the security for the Bonds, more particularly described as follows:

\$4,060,000
ST. JOHNS COUNTY, FLORIDA
REFUNDING REVENUE BONDS
Dated as of October 15, 1986

Fully registered bonds in denominations of \$5,000 and integral multiples thereof; bearing interest payable semiannually on April 1 and October 1 of each year commencing April 1, 1987; and maturing on October 1 in the years and amounts and bearing interest at the rates as follows:

The Honorable Chairman and Members
of the Board of County Commissioners
October 29, 1986
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<u>Year</u>	<u>Amount</u>	<u>Rate</u>
1987	\$740,000	4.25%
1988	770,000	4.75
1989	805,000	5.00
1990	850,000	5.30
1991	895,000	5.50

The Bonds are not subject to redemption prior to their respective stated dates of maturity.

The Bonds are issued pursuant to Resolution No. 86-132 duly adopted by the Board of County Commissioners of the Issuer on September 30, 1986, as ratified, amended and supplemented (the "Resolution"), to provide financing of the cost of refunding certain outstanding obligations of the Issuer described in the Resolution.

The principal of and interest on the Bonds are payable solely from and secured by a prior lien upon and a pledge of moneys allocated to the Issuer from the Local Government Half-cent Sales Tax Clearing Trust Fund pursuant to the provisions of Part VI, Chapter 218, Florida Statutes (1985), together with all moneys on deposit to the credit of the funds and accounts created under the Resolution and the earnings on the investment thereof, in the manner provided in the Resolution.

We are of the opinion that:

1. The Issuer is a political subdivision created and existing under and by virtue of the laws of the State of Florida.

2. The Issuer had and has good right and lawful authority under the Constitution and the laws of the State of Florida to adopt the Resolution and to authorize the issuance of the Bonds; the Resolution has been duly adopted by the Issuer, is in full force and effect and constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms (subject as to enforceability of any remedies to any applicable bankruptcy or insolvency laws or other laws affecting creditors' rights generally, from time to time in effect); and the Issuer has duly authorized all necessary action to be performed in connection with the issuance of the Bonds pursuant to the Resolution.

The Honorable Chairman and Members
of the Board of County Commissioners
October 29, 1986
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3. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture under the Trust Indenture Act of 1939, as amended.

4. The Bonds and the interest thereon do not constitute a general indebtedness of the Issuer or a pledge of its faith and credit, but are payable solely from the special funds provided therefor in the manner provided in the Resolution. No owner of any of the Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the Issuer to pay the Bonds or interest thereon or be entitled to payment of the Bonds or interest thereon from any moneys of the Issuer except such special funds described in the Resolution.

5. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes on interest, income or profits on debt obligations owned by corporations, banks and savings associations as defined by Chapter 220, Florida Statutes (1985).

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from all federal income taxation, except for the tax on corporations imposed on "modified alternative minimum taxable income" in excess of \$2,000,000 pursuant to Section 59A of the Internal Revenue Code of 1986 and that interest on the Bonds is includable in the computation of adjustments to alternative minimum taxable income applicable to corporations based on book income or current earnings. The Bonds are not private activity bonds. We call to your attention that although the Issuer has covenanted to take such actions as may be necessary to maintain the tax-exempt status of the Bonds, it is nevertheless possible that failure of the Issuer to make certain rebate payments to the United States Treasury could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance.

Respectfully submitted,

SS7SCROLL